

SIGAR

Special Inspector General for
Afghanistan Reconstruction

APR 30
2017

QUARTERLY REPORT TO THE UNITED STATES CONGRESS





The National Defense Authorization Act for FY 2008 (Pub. L. No. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).

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

- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations, and 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.

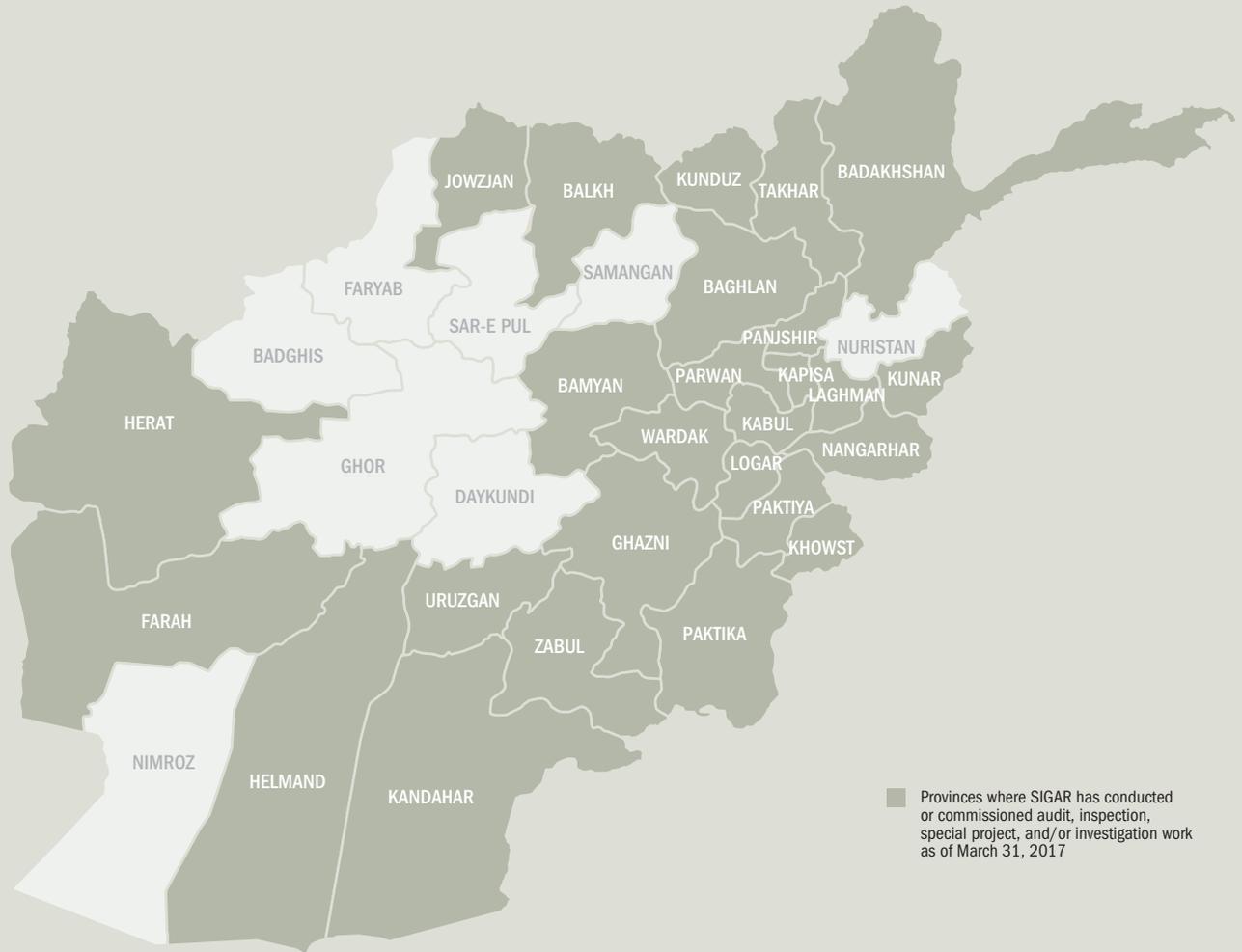
Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

Source: Pub. L. No. 110-181, "National Defense Authorization Act for FY 2008," 1/28/2008.

(For a list of the congressionally mandated contents of this report, see Section 3.)

Cover photo:

A U.S. Marine Corps helicopter crew chief maintains visual observation while flying over Helmand Province, Afghanistan. (USMC photo by Lance Cpl. Robert R. Carrasco)



■ Provinces where SIGAR has conducted or commissioned audit, inspection, special project, and/or investigation work as of March 31, 2017



SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, and the Secretaries of State and Defense, SIGAR's 35th quarterly report on the status of the U.S. reconstruction effort in Afghanistan.

This quarter, the new Administration has been engaged in a review of U.S. policy in Afghanistan. National Security Advisor Lieutenant General H.R. McMaster visited Kabul, meeting with senior Afghan and Coalition officials to gather first-hand impressions for the review. To support this review, this quarterly report includes an essay describing how Afghanistan's reconstruction might be reexamined by the Administration. In particular, SIGAR proposes that federal agencies working in Afghanistan:

1. Identify stronger and weaker programs to facilitate more informed decisions on priorities and possible adjustments.
2. Prepare for triage by indicating what programs could be reduced, postponed, or cancelled if budget constraints required.
3. Impose enhanced management practices by examining programs and confirming that they have clearly defined objectives, measurable benchmarks, and sustainable end states.
4. Examine programs to check safeguards against losing funds to corruption or inadvertently providing support to the Taliban or terrorist networks.
5. Establish a U.S. counternarcotics strategy, now years overdue, to reduce the illicit commerce that provides the Taliban with the bulk of their revenue.
6. Determine if some capabilities eliminated during the previous U.S. efforts to "right-size" reconstruction need to be reinstated, including those dealing with contract vetting and threat financing.

In 2013, SIGAR asked the Departments of Defense and State, and the U.S. Agency for International Development, to identify 10 of their more successful and 10 of their less successful programs. The agencies deflected the request, but SIGAR continues to believe comprehensive and comparative evaluations are important tools. Four years later, the state of affairs in Afghanistan and in the federal budget process makes the need for comparison and options for triage more vital than ever.

Afghanistan remains in the grip of a deadly war. Casualties suffered by the Afghan National Defense and Security Forces (ANDSF) in the fight against the Taliban and other insurgents continue to be shockingly high: 807 were killed in the first six weeks of this year. Likewise, civilian casualties in 2016 were the highest since the United Nations Assistance Mission in Afghanistan began reporting them in 2009. Among those killed in Kabul were more than 50 at Afghanistan's largest military hospital on March 8, and two investigators from the Major Crimes Task Force on April 10.

The first U.S. combat death of 2017 in Afghanistan occurred on April 8. The Army Special Forces soldier was killed while conducting counterterrorism operations against the Islamic State-Khorasan Province.

Despite the security situation, SIGAR manages to continue meeting Afghan and Coalition officials and inspecting programs and projects around the country. For example, among many

other meetings on my most recent trip this quarter, I met with both President Ashraf Ghani and Chief Executive Abdullah Abdullah, as well as the ministers of finance, interior, defense, commerce and industries, and public health, and the ambassadors of the United Kingdom, Canada, Germany, and Denmark. I also traveled to the German-led Train Advise Assist Command (TAAC) in Mazar-e Sharif to witness the biometric registration of Afghan soldiers as part of an expanded effort by the Combined Security Transition Command-Afghanistan (CSTC-A) and the Ministry of Defense to ensure that the Afghan National Army's personnel rolls are both accurate and credible.

This quarter, SIGAR issued 16 audits, inspections, special projects, and other products. SIGAR work to date has identified approximately \$2.1 billion in savings for the U.S. taxpayer.

SIGAR published two performance audit reports. These audits examined DOD's management and oversight of uniforms and equipment acquired for the ANDSF, and the impact and sustainability of USAID's Land Reform in Afghanistan program.

SIGAR completed five financial audits of U.S.-funded contracts, grants, and cooperative agreements to rebuild Afghanistan. These financial audits identified more than \$7.3 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than \$387 million in questioned costs.

SIGAR also published two inspection reports. These reports examined the structurally damaged buildings SIGAR previously identified at Baghlan Prison and construction of the Balkh University women's dormitories.

SIGAR's Office of Special Projects issued seven products examining a range of issues including locations and operating conditions at 30 USAID-supported public health facilities in Ghazni Province; the general usability of and potential structural, operational, and maintenance issues for 26 schools in Balkh Province; and six Bureau of International Narcotics and Law Enforcement Affairs-funded Good Performers Initiative infrastructure projects in Ghazni Province.

SIGAR investigations resulted in three criminal information charges, two convictions, one sentencing, \$150,000 in restitutions, and a civil settlement of \$40 million. Additionally, SIGAR initiated 15 cases and closed 14, bringing the total number of ongoing investigations to 262.

This quarter, SIGAR's suspension and debarment program referred 12 individuals and 16 companies for debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 837, encompassing 465 individuals and 372 companies to date.

Many other projects are under way, including seeking clarity on the systems used to assess the readiness and capabilities of ANDSF tactical formations, and the adequacy of U.S. agencies' access to Afghan data systems. These are important issues for judging the effectiveness of U.S. financial and technical assistance in promoting Afghan security and ministry capacity.

Oversight remains a mission-critical function in Afghanistan. My SIGAR colleagues and I intend to keep working with Congress and the Administration to support our mission in Afghanistan by identifying and preventing the waste, fraud, and abuse of U.S. taxpayer funds in that country.

Sincerely,



John F. Sopko

EXECUTIVE SUMMARY

This report summarizes SIGAR’s oversight work and updates developments in four major sectors of Afghanistan’s reconstruction effort from January 1, 2017, to March 31, 2017.* It also includes an essay on reprioritizing Afghanistan reconstruction as the new Administration reviews its Afghan policy. During this reporting period, SIGAR issued 16 audits, inspections, special projects, and other products assessing U.S. efforts to build the Afghan security forces, improve governance, facilitate economic and social development, and combat the sale and production of narcotics. During the reporting period, SIGAR criminal investigations resulted in three criminal information charges, two convictions, one sentencing, \$150,000 in restitutions, and a civil settlement of \$40 million. SIGAR initiated 15 new investigations and closed 14, bringing the total number of ongoing investigations to 262. Additionally, SIGAR’s suspension and debarment program referred 12 individuals and 16 companies for debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

SIGAR OVERVIEW

AUDITS

This quarter, SIGAR issued two performance audits, five financial audits, and two inspection reports.

The **performance audits** found:

- USAID spent a total of \$96.7 million from 2004 through 2014 to reform the existing system of land administration. SIGAR found that USAID and Tetra Tech ARD did not fully measure the Land Reform in Afghanistan (LARA) program’s performance. Without such information, the agency cannot demonstrate the full extent to which LARA achieved its goals and objectives, or the impact the \$41.2 million program had on improving land administration in Afghanistan.
- The ability of DOD’s Combined Security Transition Command-Afghanistan (CSTC-A) to develop and validate clothing and equipment requirements

for the Afghan National Defense and Security Forces (ANDSF) is limited by poor data, reliance on questionable assumptions, and a lack of clear roles and responsibilities.

The **financial audits** identified \$7,301,539 in questioned costs as a result of internal-control deficiencies and noncompliance issues. Although one program was found to be in full compliance in all material respects, deficiencies and noncompliance issues identified in other programs included inadequate documentation to support selection and hiring of consultants, a failure to perform checks to see if vendors were eligible to participate in U.S. government-funded activities, and inadequate documentation to support the reasonableness of costs incurred by subcontractors.

* SIGAR may also report on products and events occurring after March 31, 2017, up to the publication date.

EXECUTIVE SUMMARY

The **inspection reports** found:

- On September 28, 2010, the Department of State's (State) Bureau of International Narcotics and Law Enforcement Affairs (INL) awarded an \$8.8 million contract to Omran Holding Group, an Afghan firm, to build a 495-inmate prison in Baghlan Province. After an original inspection in May 2014, SIGAR initiated a follow-up inspection in August 2015 and conducted a site visit in November 2015. During its November 2015 site visit, SIGAR identified 10 construction deficiencies that INL did not identify before it transferred the prison to the Afghan government. In June 2016 and again in December 2016, State officials informed SIGAR that no work has been done at the prison since the November 2015 site visit.
- State contracted an Afghan firm to construct the Balkh University women's dormitories in 2013. SIGAR found that the dormitories had not been completed by their initial March 28, 2016, scheduled completion date, and the project had experienced delays throughout the construction performance period. In January 2017, the Kabul's Public Affairs Section of the U.S. Embassy informed SIGAR that the new scheduled completion date is June 2017.

SPECIAL PROJECTS

This quarter, SIGAR's Office of Special Projects wrote seven reviews, review letters, and inquiry letters, examining a range of issues including:

- observations on 30 USAID-supported health facilities in Ghazni Province
- the condition of 26 schools in Balkh Province
- 13 completed infrastructure projects in Ghazni and Khowst Provinces that the

Bureau of International Narcotics and Law Enforcement Affairs funded through the Good Performers Initiative

- ongoing and planned USAID, State, and DOD-funded infrastructure projects

INVESTIGATIONS

During the reporting period, SIGAR criminal investigations resulted in three criminal-information charges, two convictions, one sentencing, \$150,000 in restitutions, and a civil settlement of \$40 million. Additionally, SIGAR initiated 15 new cases and closed 14, bringing the total number of ongoing investigations to 262. SIGAR's suspension and debarment program also referred 12 individuals and 16 companies for debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

Investigations highlights include:

- a \$40 million civil settlement in which MAERSK Limited Lines agreed to pay for false claims submitted to the U.S. government
- a U.S. contractor pleaded guilty to failing to file tax returns
- a U.S. contractor was charged with making false statements
- charges were filed against two former U.S. military members for theft of government property
- SIGAR's investigative operations received a compliant rating following peer review by the Council of Inspectors General on Integrity and Efficiency

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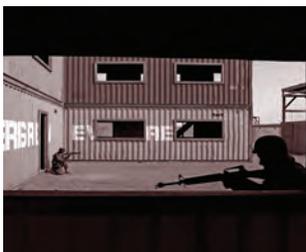
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“With a new Administration and a new Congress, it is a good idea and opportune time to reevaluate our efforts in Afghanistan and find out what’s working, and what’s not. . . . One smart first step would be to do what SIGAR recommended years ago, which is for each of the three major agencies in the reconstruction effort—State, USAID, and DOD—to ‘rack and stack’ their top and worst performing projects so they know where to invest further and where to cut their losses.”

—*Special Inspector General John F. Sopko*

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An Afghan boy washes his feet at a bazaar in Logar Province, Afghanistan.
(Joint Combat Camera Afghanistan photo by Sgt. Sean Casey)

REPRIORITIZING AFGHANISTAN RECONSTRUCTION

America's longest war is now in its sixteenth year, driven by the long-standing goal of ensuring that Afghanistan never again serves as a platform for terrorist attacks on the United States.

The fighting continues, as does a reconstruction effort that has so far absorbed more than \$117 billion in congressional appropriations. Both the security and civil aspects of reconstruction—ranging from developing Afghan security forces and advising ministry staff, to building clinics and electrifying towns—have yielded mixed results.

The United States and other international donors have helped Afghanistan make some progress. Afghan military and police forces have grown, taken lead responsibility for the country's security, and show increased effectiveness. Public health has improved, as reflected in lower infant mortality and increased life spans. School construction and student enrollments have expanded. Women's status is slowly improving. President Ashraf Ghani and Chief Executive Abdullah Abdullah both have personal involvement in attacking corruption, and better cooperation with U.S. investigators such as SIGAR in seeking indictments. These are no small achievements.

Yet serious problems persist. A dangerous and stubborn insurgency controls or exerts influence over areas holding about a third of the Afghan population. Heavy casualties and capability gaps limit the effectiveness of Afghan soldiers and police. Opium production stands near record levels. Illiteracy and poverty remain widespread. Corruption reaches into every aspect of national life. The rule of law has limited reach. Multiple obstacles deter investors and complicate business operations. The ranks of the jobless grow as the economy stagnates.

Efforts to combat these problems will also persist. At international conferences last year, the United States and other international donors committed to four more years of continued assistance to Afghanistan, and to delivering an increasing share of that aid on-budget—that is, under control of Afghan ministries and consequently with less visibility and influence for donors.

All of these considerations raise questions about the objectives, assumptions, funding, execution, and oversight of the reconstruction effort.



Farmers learn how to produce livestock feed from scrap vegetation as part of a USAID-supported Ministry of Agriculture program. (USAID photo)

REPRIORITIZING AFGHANISTAN

The new Administration is reportedly in the early stages of reviewing Afghanistan policy that could lead to revised approaches and priorities for reconstruction.

SIGAR believes those reviews are essential, not least because demands on the U.S. military are growing and cuts in foreign-assistance budgets have been proposed. A frank review would likely lead to reprioritizing reconstruction in Afghanistan. As part of that process, as explained further in this essay, SIGAR believes the White House and Congress should consider requiring the principal federal agencies involved in reconstruction to:

- Identify stronger and weaker programs to facilitate more informed decisions on priorities and possible adjustments.
- Prepare for triage by indicating what programs could be reduced, postponed, or cancelled if budget constraints required.
- Enhance management practices by examining programs and confirming that they have clearly defined objectives, measurable benchmarks, and sustainable end states.
- Examine programs to check safeguards against losing funds to corruption or inadvertently providing support to the Taliban or to terrorist networks.
- Establish a U.S. counternarcotics strategy, now years overdue, to reduce the illicit commerce that provides the Taliban with the bulk of their revenue.
- Determine if some capabilities eliminated during the previous U.S. “right-sizing” initiatives need to be reinstated, such as those dealing with contract vetting and counter-terror threat financing.

SECURITY AND OTHER CHALLENGES

The time is ripe for revisiting reconstruction. Afghanistan presents a varied landscape of progress that must be preserved, opportunities that must be expanded, and challenges that must be confronted.

Security is the most obvious and urgent challenge. In February 2017, the chairman of the U.S. Senate Armed Services Committee asked General John W. Nicholson Jr., commander of NATO’s Resolute Support mission and of U.S. Forces-Afghanistan, whether the United States and its partners were winning or losing the 15-year war.

“I believe we’re in a stalemate,” the general replied. He noted that Afghan security forces—largely trained, sustained, and paid by the United States—have been fighting hard and taking heavy casualties in the struggle against the Taliban insurgency and terrorist groups, have developed high-quality special forces units, and have prevented insurgents from taking and holding population centers. He also observed, however, that the drain of casualties is keeping force strength under authorized levels, and

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Soldiers of the Afghan 215th Corps train to perform forcible entry of an enemy-held building. (DOD photo by Cpl. Cody Haas, USMC)

that “of the 98 U.S.-designated terrorist groups globally, 20 operate in the Afghanistan-Pakistan region along with three violent extremist organizations. This is the highest concentration of terrorist groups anywhere in the world.”¹ (The State Department has not designated the Taliban as a Foreign Terrorist Organization; the Obama Administration characterized them as an “armed insurgency.”²)

The general’s view of the military situation weighs heavily on any consideration of the overall condition of the reconstruction effort in Afghanistan. More than \$71 billion of U.S. appropriations for Afghanistan reconstruction since 2002—about 61% of the total—have gone toward training, clothing, housing, equipping, moving, and sustaining the 300,000-plus members of the Afghan National Defense and Security Forces, the ANDSF. The growing numbers and fighting capability of the ANDSF have permitted the United States to reduce its own military presence in Afghanistan by 90% over the past five years, to fewer than 9,000 personnel.

The ANDSF faces many problems: unsustainable casualties, temporary losses of provincial and district centers, weakness in logistics and other functions, illiteracy in the ranks, often corrupt or ineffective leadership, and over-reliance on highly trained special forces for routine missions. In addition, about 35% of the force does not reenlist each year, so even full recruitment to cover attrition might dilute its quality.³ One recent indicator of the severity of difficulties confronting U.S. efforts to stand up and sustain an effective ANDSF were apparent in a March 28, 2017, announcement by the Afghan Ministry of Defense that the ministry had sacked 1,394 of its officials for corruption in the past year.⁴

These challenges are corrosive. If the military and police cannot provide honest and effective protection against insurgents, the result is to undercut

nonmilitary initiatives in health care, education, rule of law, commerce, governance, and counternarcotics.

Fighting insurgents and mentoring, and supporting Afghan security forces since 2002 has cost more than 2,400 American military members their lives, and has left more than 20,000 wounded. Additional thousands of Coalition personnel and contractors have also died during the conflict. Afghan losses have been the greatest of all: more than twice as many ANDSF members were killed in the single year of 2016 than U.S. forces in Afghanistan have lost since 2001.⁵

RUNNING GOOD PROJECTS IS A TOUGH BUSINESS

Disappointments and occasional outright failures in security and other aspects of reconstruction should come as no surprise. Program and project management is difficult even for wealthy and technologically advanced countries, whether in government, business, or nonprofit settings, even in peacetime.

In its worldwide operations, DOD, for example, “loses billions of dollars annually on canceled or failed acquisition programs,” according to a journal published by the military’s Defense Acquisition University. Projects studied ranged from helicopters and Navy cruisers to sensors and airborne lasers. All exhibited one or more of 11 main factors in project failure, such as issues with planning, budgets, scope, management, risk mitigation, and contracting.⁶

Project difficulties also occur in other developed countries. The National Audit Office—the British equivalent of the U.S. Government Accountability Office (GAO)—has reported that “two-thirds of public sector projects are completed late, over budget, or do not deliver the outcomes expected,” adding “the track record of project delivery in the private sector is equally mixed.”⁷ Frank, off-the-record conversations between IG Sopko and many donor-nation ambassadors and development officials confirm that almost all face similar project difficulties.

In Afghanistan, all the risk factors that plague other nations’ project and program management—including needs assessment, planning, design, implementation, monitoring, and evaluation—are magnified and have been evident for decades.

SIGAR’s January 2017 *High-Risk List* cites some of the major challenges to operating programs in Afghanistan today:⁸

- limited institutional and human-capital capacity in Afghan institutions
- operational demands and constraints imposed by an active insurgency
- widespread corruption in Afghan society and government entities
- Afghan reluctance or inability to impose accountability, especially on wealthy or well-connected persons in government and society



Women entrepreneurs meet suppliers of agricultural products from Kabul, Kandahar, and Herat. (USAID photo)

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- poor record keeping and data retention by U.S. agencies and Afghan entities
- frequent personnel turnover and loss of U.S. agencies' in-country institutional memory
- U.S. oversight personnel's noncompliance with existing rules and regulations
- lack of adequate, coordinated, context-sensitive planning to guide program conduct
- failure to give due weight to sustainability in considering projects for Afghan control

A major study by a USAID consultant in 1988 examined U.S. projects in Afghanistan between 1950 and 1979, when U.S. activity there was interrupted by the Soviet invasion. The report found U.S. projects “over-ambitious, both as to scale and timing,” and often “larger than could be effectively administered by either the US or Afghan governments.”⁹

Difficulties did not disappear once the United States resumed Afghan operations after the Soviet withdrawal and the overthrow of the Taliban regime. Before SIGAR was created, USAID's Office of Inspector General audited a USAID road-rehabilitation program that was part of an agency effort to rebuild Afghan agricultural markets. That 2006 audit found that the contractor had not completed all its tasks, and that USAID/Afghanistan “did not properly administer its contract” or apply the Federal Acquisition Regulation as required.¹⁰

A decade later, and despite nearly \$3 billion of U.S. aid for Afghan roads, a 2016 SIGAR audit revealed that problems remain.¹¹ “Weak capacity, corruption, funding issues, and insecurity limit the [Ministry of Public Works'] ability to maintain Afghanistan's road infrastructure,” the auditors observed, noting that the ministry receives less than 25% of the \$100 million deemed necessary every year for adequate maintenance.¹²

SIGAR reports compiled over extended periods have detailed other troublesome projects.¹³ Nearly a half-billion dollars' worth of transport aircraft procured for the Afghans were found unfit for use and were scrapped for pennies a pound.¹⁴ Some buildings were built with concrete that dissolved in rain, or with walls and roofs that could collapse, or with unsafe wiring and inadequate plumbing.¹⁵ An \$8.5 billion U.S. counternarcotics effort failed to prevent Afghan opium production from setting new records.¹⁶ At the governance level, U.S.-funded programs to build ministerial capacity, promote rule of law, and combat endemic corruption have had mixed results.

DIAGNOSING FAILINGS IS DIFFICULT BUT VITAL

Government programs, GAO says, “must have an identifiable purpose or set of objectives if an evaluator is to assess how well the purpose or objectives are met”—and possibly assess “whether a program had unintended (perhaps undesirable) outcomes.”¹⁷

Unintended outcomes have often been an issue in Afghanistan, even if a program is completed on schedule and within budget, and attains all its stated objectives. Improving irrigation for farmers, for example, can also facilitate more opium-poppy cultivation and boost revenues for insurgents; eradicating poppy has alienated many farmers, who need the income; building and staffing more schools in remote areas can give insurgents opportunities to dictate teaching that promotes their ideology.

The sheer scale of donor spending also has had unintended consequences. The International Monetary Fund has reported that “Significant off-budget spending by donors contributed to the buildup of a better-paid ‘parallel’ civil service, which demotivated the regular [Afghan] civil service and weakened program ownership.”¹⁸

The way government agencies structure their operations, execute their programs, and document their results may frustrate efforts to assess their success. According to the Congressional Research Service, “Historically, most foreign assistance programs are never evaluated for the purpose of determining their impact, either at the time of implementation or retrospectively.”¹⁹

Analysts at the independent Center for Global Development, for example, have found that USAID “does not systematically collect data, lacks basic metrics for comparing programs, and relies on contractors who do not report on subcontractors, which makes it impossible to compare project performance.” The Center noted, however, that USAID has been chronically under-resourced and has to follow congressional and presidential directives that commit it to specific activities.²⁰

Systematic approaches to monitoring and evaluation are required by statute and are part of Office of Management and Budget guidance to federal agencies. Compliance, however, is mixed. GAO, in September 2016, reported that “All the agencies we reviewed, except DOD, have established [monitoring and evaluation] policies that apply to their major foreign assistance programs.” DOD said it was developing the policies.²¹

Government programs would benefit from better documentation and reporting leading to more and better evaluations. However, this also requires recognizing and mitigating the impulses of human nature. The Congressional Research Service noted that foreign assistance officials tend to “avoid formal evaluation for fear of drawing attention to the shortcomings of the programs on which they work” which could have “personal career implications, such as loss of control over a project, damage to professional reputation, budget cuts,” or other repercussions.²²



Workers install concrete for a highway project in southeast Afghanistan. (USAID photo)

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Workers assemble a tower for an electrical project to connect regional transmission systems. (USAID photo)

Obtaining frank, fresh, and full reviews is difficult, but can pay huge dividends. In 2013, SIGAR identified 52 military construction projects that appeared unlikely to meet a December 2014 completion deadline before being handed off to the ANDSF. The Combined Security Transition Command-Afghanistan (CSTC-A) had identified only one such project. After meeting with SIGAR, CSTC-A launched a reassessment that found up to 47 projects might still be under construction at the deadline. After scrubbing the list for projects that were no longer needed or could be downsized, and after its own routine reviews, CSTC-A reported a reduction of over \$432 million in needed U.S. and coalition funding.²³

But even such program-focused reviews are not enough. SIGAR believes that just as in the private sector, good management and responsible stewardship of taxpayer money also require that programs be *compared* among themselves. That is not only good common sense, but good business sense.

COMPARISONS MUST FOLLOW EVALUATIONS

Revisiting and possibly reprioritizing Afghanistan reconstruction requires more than simply accumulating individual program evaluations, no matter how scrupulous or candid. It also requires *comparisons*. A GAO report on evaluation design observes that one function of evaluation can be to “*compare* the performance of a program across time and to the performance of other programs or organizations to ascertain whether it is *more or less effective* than other efforts to achieve a given objective.”²⁴ (Emphasis added.)

That point was made explicit in guidance the Office of Management and Budget issued to executive agencies in 2012:

Agencies are encouraged to include measurement of costs and costs per outcome as part of the routine reporting of funded programs to allow for *useful comparison* of cost effectiveness across programs. . . such a [return-on-investment] analysis can improve agency resource allocation and inform public understanding.²⁵ (Emphasis added.)

SIGAR made that need for comparative-evaluation part of its oversight approach in 2013. In what became known as the “Top 10” letter to the Secretaries of State and Defense, and to the Administrator of USAID, Special Inspector General John F. Sopko asked the officials to submit their selections of each agency’s 10 most and 10 least successful programs or projects.

The request met agency resistance based on the difficulties of making comparisons among many different types of operations and over an extended period of time. Acknowledging that difficulty, SIGAR responded with a July 5, 2013, request for each agency to identify 10 “*more* successful” and 10 “*less* successful” programs. The agencies deflected this request, too.

Nonetheless, SIGAR believes comprehensive and comparative evaluations are important tools. As the Special IG’s July 5, 2013, letter noted:

The State/USAID response explicitly said, “we do not compare individual projects against others.” . . . [Yet] program evaluation inevitably entails or at least facilitates comparisons of projects. If not, what basis would agency managers have for deciding—say, in the face of budget cuts, sequestrations, or new mission directives—which projects to prioritize, expand, contract, terminate, transfer, or redesign? How do they decide which project managers deserve greater responsibility or career advancement, or the obverse, without comparing outcomes? How do they capture lessons learned to improve agency performance without making comparisons?²⁶

Four years later, the state of affairs in Afghanistan and in the federal budget process make those concerns and questions more relevant than ever.

In private conversations with SIGAR, USAID officials, for example, have suggested that USAID is considering shifting focus and resources away from broad-reach “nation-building” and institutional capacity-building

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approaches, to more targeted efforts for relieving poverty, empowering women, promoting economic growth, and encouraging civil and political engagement, especially in urban centers and more secure areas.

To the extent such shifts may occur—whether driven by policy changes in pragmatic tactical adjustment, or budgetary force majeure, the need for a full, formal assessment of Afghanistan reconstruction is compelling.

A fresh, frank look at the reconstruction program in Afghanistan with the possible result of a new selection and prioritization of efforts will be a useful undertaking. The process should extend to all agencies working on reconstruction in Afghanistan. As the Congressional Research Service (CRS) said in its latest update of its report, *Does Foreign Aid Work?*, “for maximum learning, an effort must be made at the cross-agency or even whole-of-government level.”²⁷

The CRS observation is sound. But like other inspectors general, SIGAR has no executive authority over federal departments. Inducing agencies to produce the information needed for a fresh, frank, and full review of the U.S. reconstruction effort in Afghanistan requires direction from the President and relevant committees in Congress.



Rula Ghani, First Lady of Afghanistan, speaks at a graduation ceremony for one of the Promote programs to assist Afghan women. (USAID photo)

WHAT SHOULD THE WHITE HOUSE AND CONGRESS REQUIRE?

Given the mission challenges of reduced military presence in Afghanistan, continued stress on the Afghan government, multi-billion-dollar aid pledges stretching years into the future, and possible cuts in the U.S. foreign-assistance budget—the March 2017 White House budget proposal includes a 31% drop in funding for the State Department and U.S. Agency for International Development (USAID)²⁸—SIGAR believes that the President and Congress should consider taking appropriate steps to require the principal agencies involved in Afghanistan reconstruction work to:

- 1. Identify stronger and weaker programs:** Address the modified “Top 10” question posed by SIGAR in 2013, stating what each agency considers to be 10 more- and 10 less-successful programs, indicating the factors that support the judgments, and focusing on qualitative outcomes rather than simply quantitative outputs. Any department unable or unwilling to produce such ratings should be asked to explain how, in the absence of systematic tools for comparison, they can make informed management decisions on program resourcing, modification, or triage if budget constraints forced such decisions.
- 2. Prepare for triage:** Indicate what programs could be reduced, postponed, or cancelled if budget constraints required; how the analysis was conducted; and whether any such actions would adversely affect other agencies’ operations in Afghanistan or attainment of U.S. policy objectives there.

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USAID's Stability in Key Areas-South program features live-theater performances on themes of governance, development, and community engagement. (USAID photo)

- 3. Clean up practices:** Following sound private-sector business practices, explain what steps have been or are being taken to ensure that major reconstruction programs for Afghanistan have (a) clear objectives, measurable benchmarks, and sustainable end states; (b) consistent monitoring, documentation of outcomes as well as outputs, and accountability; (c) agreement on core reconstruction objectives and adequate coordination with other U.S. entities, Afghan institutions and civil society, other international donors, and with nongovernmental organizations; and (d) protections against losses to corruption or other abuse.
- 4. Prevent funding from reaching insurgents:** Explain what steps have been or are being taken to prevent U.S. reconstruction funds from being diverted to, or inadvertently providing support to, the Taliban or terrorist networks.
- 5. Establish a counternarcotics strategy:** A new U.S. government strategy to fight the narcotics trade in Afghanistan has been on hold for more than two years, and will need coordination with the host-country strategy approved by the Afghan parliament. Meanwhile Afghanistan remains the world's leading producer of opium, and Resolute Support and U.S. forces commander General John W. Nicholson Jr. estimates that the Taliban receive 60% of their funding from the opium trade.²⁹
- 6. Determine if capabilities need to be restored:** Earlier initiatives toward "right-sizing" the U.S. military presence in Afghanistan and staffing at Embassy Kabul may have reduced or sacrificed important

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capabilities in countering terrorist threat financing, overseeing contracts, and other oversight areas. Without full and effective oversight, reconstruction cannot succeed.

Responding to these common-sense requirements will require a substantial effort by federal agencies' staff, in addition to the continuing monitoring and evaluations of projects that they already perform. And further comparative and integrative analysis will be required of executive and legislative staff. But it is better to do the hard thinking and comparing now than to wait for events to force hurried and ill-considered action later.

A frank top-to-bottom assessment and prudent readjustment of the reconstruction program could be a significant benefit to both the United States and Afghanistan, whether by improving the outcomes of current initiatives, raising their cost-effectiveness, or optimizing approaches if funding is cut.

As Abraham Lincoln said in his 1858 "A House Divided" speech, "If we could first know where we are, and whither we are tending, we could then better judge what to do, and how to do it."³⁰

“The number one reason for the misuse of U.S. taxpayer dollars has been that we spent too much money, too fast, in too small an economy, with too little oversight.”

—*Deputy Inspector General Gene Aloise*