The Special Inspector General for Afghanistan Reconstruction (SIGAR) has created the High-Risk List to call attention to program areas and elements of the U.S.-funded reconstruction effort in Afghanistan that are especially vulnerable to significant waste, fraud, and abuse. With the list, SIGAR seeks to identify and address systemic problems facing U.S.-funded reconstruction efforts. The list will highlight program areas on which SIGAR believes the implementing agencies need to focus. It will also discuss how specific agencies are failing to mitigate risks in areas that involve their operations.

Congress created SIGAR in 2008 via Public Law 110-181 as an independent inspector-general body tasked with oversight of all aspects of the U.S. reconstruction effort in Afghanistan. The High-Risk List also will serve as an internal planning tool for SIGAR to guide its oversight work and build a body of knowledge necessary to develop macro-level recommendations to help Congress and the agencies correct major problems. It proposes key questions to help Congress, U.S. agencies, and the public improve reconstruction programs. It should also assist the new Afghan national unity government in implementing its reform agenda.

There are numerous reconstruction challenges in Afghanistan. The High-Risk List focuses on program areas and elements that are:

- essential to the success of the reconstruction effort;
- at risk of significant and large-scale failure due to waste, fraud, or abuse;
- part of ongoing or planned reconstruction efforts; and
- subject to the control or influence of the U.S. government.

Using these criteria, SIGAR has identified seven issues for this initial SIGAR High-Risk List:

- Corruption/Rule of Law
- Sustainability
- Afghan National Security Forces (ANSF) Capacity and Capabilities
- On-Budget Support
- Counternarcotics
- Contract Management and Oversight Access
- Strategy and Planning
Sources of Risk

SIGAR’s experience in Afghanistan, as well as the experience of other oversight agencies, has shown that there are several sources of risk in implementing reconstruction programs in Afghanistan. These include (but are not limited to):

- 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 the wealthy or well-connected in government and society
- 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
- limited visibility into Afghan records

Even in conflict-free areas, no reconstruction or development project is without risk of waste, fraud, and abuse. In conflict areas where security concerns and instability are high, the risk is much greater. But the evidence is clear that American taxpayer dollars and American strategic and humanitarian interests in Afghanistan are being placed at unnecessarily high levels of risk by widespread failure to anticipate problems and to implement prudent countermeasures.
Corruption is one of the most serious threats to the U.S.-funded Afghanistan reconstruction effort. As former International Security Assistance Force (ISAF) commander General John Allen testified before the Senate Foreign Relations Committee in April 2014, “The existential threat to the long-term viability of modern Afghanistan is corruption.” General Allen’s remarks echoed the findings of an important study issued in spring 2014 by the Department of Defense’s (DOD) Joint Staff, who found that “Corruption alienates key elements of the population, discredits the government and security forces, undermines international support, subverts state functions and rule of law, robs the state of revenue, and creates barriers to economic growth.” The report drew in part on SIGAR audits as well as the observations of academics and individuals involved in the Coalition effort to stabilize and develop Afghanistan. It concluded:

- The initial U.S. strategy in Afghanistan fostered a political climate conducive to corruption.
- Massive military and aid spending overwhelmed the Afghan government’s ability to absorb it. This, coupled with weak oversight, created opportunities for corruption.
- The lack of a common understanding of the nature of corruption stymied efforts to combat it.
- The lack of political will on the part of both the international community and the Afghan government to combat corruption resulted in a culture of impunity that frustrated anticorruption efforts.
- The failure to develop a comprehensive U.S. anticorruption strategy reduced the effectiveness of various anticorruption initiatives.

Reducing corruption and increasing accountability are important components of the U.S. reconstruction strategy in Afghanistan. Since 2002, the United States has designated numerous programs or activities to directly or indirectly help strengthen the ability of Afghan government institutions to combat corruption. In 2010, in line with a commitment to provide more assistance directly to the Afghan government, the United States and other donors committed, in part, to providing technical assistance to develop the Afghan government’s capacity to reduce corruption.

SIGAR has long been concerned about the threat that corruption poses to the reconstruction effort. Every one of SIGAR’s quarterly reports to Congress has highlighted this threat—from the looting of the Kabul Bank and the failures of Afghanistan’s Attorney General to prosecute senior officials, to the illegal land seizures and endemic extortion of ordinary Afghans for everyday services. SIGAR also has conducted audits of U.S. efforts to combat corruption, on the weaknesses...
of Afghanistan’s anticorruption bodies, and the challenges corruption poses to customs and revenue collection.

In 2010, SIGAR reported that more than $50 billion in U.S. assistance had been provided for reconstruction in Afghanistan without the benefit of a comprehensive anticorruption strategy, and that U.S. anticorruption efforts had provided relatively little assistance to some key Afghan institutions. In a September 2013 follow-up review, SIGAR found that although an additional $46 billion had been appropriated for reconstruction, the United States still did not have a comprehensive strategy or related guidance that defined clear goals and objectives for U.S. efforts to fight corruption.

SIGAR was informed that two documents guide the current U.S. anticorruption efforts in Afghanistan: the Tokyo Mutual Accountability Framework and the U.S. Civil-Military Strategic Framework for Afghanistan. SIGAR found, however, that both documents lacked specific goals and objectives with measurable outcomes for anticorruption activities against which the U.S. government can measure its progress. SIGAR recommended that State develop a comprehensive, coordinated strategy for U.S. anticorruption efforts in Afghanistan, including goals, objectives, and measurable outcomes. It also recommended that State develop an updated operational plan for implementing anticorruption goals and objectives.

More recently, SIGAR reported in April 2014 that the single biggest issue limiting Afghanistan’s collection of customs revenue is corruption. This represents a significant loss since customs revenue has accounted for between 44% and 48% of Afghanistan’s total domestic revenue for the past three years. Increasing domestic revenue is a key goal of both the U.S. and the Afghan governments. Yet despite the U.S. allocation of $198 million to develop Afghan capacity to assess and collect customs revenue, its potential as a stable source of government income remains uncertain. SIGAR was told that significantly reducing or eliminating corruption could double customs revenues. However, U.S. programs have failed to do that.

Transparency International reported in its 2013 annual survey of public opinion that Afghans consider the judiciary the most corrupt segment of their society. Since 2005, State has spent at least $223 million on justice-sector development programs in Afghanistan, including State’s Bureau of International Narcotics and Law Enforcement Affairs’ (INL) programs to train Afghan justice-sector personnel such as judges, prosecutors, and defense attorneys. However, a SIGAR audit released in January found that INL’s management and oversight of its Justice Sector Support Program (JSSP) contract with PAE Incorporated limited its ability to assess the contractor’s performance and the JSSP’s contribution to justice-sector development.

The Kabul Bank saga exemplifies how the patronage system and the failure to prosecute people guilty of gross fraud and abuse under-
mines the Afghan economy and puts future development efforts at grave risk. Before its collapse in 2010, the Kabul Bank was Afghanistan's largest private bank. Individuals and companies associated with the bank stole about $935 million, largely through fraudulent loans. About 92% of the funds went to 19 individuals and companies. Afghanistan's central bank covered the losses, which were equivalent of more than half of the government’s entire revenue in 2010 and represented about 5% of GDP at the time.

The Kabul Bank disaster raised major concerns among the United States and other international donors about the ability of Afghanistan's central bank, Da Afghanistan Bank (DAB), to regulate Afghanistan's commercial banks through its Financial Supervision Department. A SIGAR audit released in January 2014 found that Afghanistan’s banking sector remains fragile and in need of robust regulation by DAB. Further, forensic audits of major commercial banks in Afghanistan have identified systemic weaknesses in many areas of banking governance and operations, including personnel capacity, internal controls, accounting, credit analysis, and compliance with regulations. DAB's ongoing limitations and inability to conduct robust oversight allows such weaknesses in Afghan banks to remain unchecked, heightening the risk of another banking crisis.

SIGAR's work on corruption raises some key questions:

• Has State developed a comprehensive U.S. government anti-corruption strategy for the reconstruction effort in Afghanistan?

• Has the U.S. government dedicated sufficient resources to protect U.S. reconstruction funds from further fraud and theft?

• Have U.S. technical assistance programs dedicated sufficient resources to reducing corruption within the Afghan government?
High-Risk Area: Sustainability

Much of the more than $104 billion the United States has committed to reconstruction projects and programs risks being wasted because the Afghans cannot sustain the investment without massive continued donor support. For programs or projects established under the aegis of Afghan reconstruction for immediate or eventual ownership, control, and operation by Afghans, functional sustainability requires adequate provision of, among other things:

- organizational structure and authorities
- reasonably predictable funding, facilities, and access to materiel
- human resources in managerial, technical, operational, maintenance, and enforcement capacities
- political will to pursue objectives and provide governmental support

The evidence strongly suggests that Afghanistan lacks the capacity—financial, technical, managerial, or otherwise—to maintain, support, and execute much of what has been built or established during more than a decade of international assistance.

For 2013, the government of Afghanistan’s domestic annual revenue was only about $2 billion, while its overall budget expenditures were $5.4 billion. In other words, domestic revenue covered only 37% of the total budget. Afghanistan’s current budget, approved in January 2014, is nearly $7.6 billion. Afghanistan expects revenues to cover only $2.8 billion of that, with donor grants making up the rest.¹⁹

Without donor contributions, the Afghan government will not be able to meet most of its operating or development expenditures. The International Monetary Fund (IMF) expects the financing gap between domestic revenue and operating expenses, including security spending, to remain about $7.7 billion on average, annually through 2018.²⁰ The IMF projects that while international aid will decline as a percentage of GDP, the annual assistance required to sustain gains made in Afghanistan will continue to increase. During this period, rising operation and maintenance (O&M) costs will place increasing pressure on the Afghan budget as the government takes responsibility for delivering social services and sustaining infrastructure projects, and gradually increases its financial support of the army and police.²¹

ANSF Sustainability

The United States has committed the bulk of its reconstruction funds, nearly $62 billion as of September 30, 2014, to build up the Afghan National Security Forces (ANSF), which consists of the Afghan National Army (ANA) and the Afghan National Police (ANP).²² Ensuring that Afghanistan never again becomes a haven for international terrorists depends on the ANSF’s ability to secure the country. But under current and future plans, the ANSF is not fiscally sustainable.
The ANSF’s current authorized size is 352,000. To make the cost of sustaining it more affordable, North Atlantic Treaty Organization (NATO) plans call for reducing its size to 228,500 in 2017, if security conditions permit. The estimated cost of sustaining this smaller force is $4.1 billion annually. NATO expects that the Afghan government would pay at least $500 million annually to sustain the ANSF beginning in 2015, with the aim that it assume full financial responsibility for its own security forces by 2024. However, Afghan officials told SIGAR that they see the Afghan government contributing 3% of GDP annually to security, growing their contribution as the economy grows. Under even the most optimistic GDP growth scenarios, this contribution would not result in the Afghan government fully funding the ANSF by 2024.

Moreover, the latest independent assessment by the Center for Naval Analyses (CNA) concludes that the ANSF will require a force of 373,400. The CNA estimates that to sustain a force this size would cost roughly $5–6 billion per year. At these levels, if the Afghan government were to dedicate all of its domestic revenue toward sustaining the Afghan army and police, it still could only pay for about a third of the associated costs. Moreover, all other costs—those required to pay its civil servants, and to operate and maintain all its roads, schools, hospitals, and other non-military infrastructure and programs—would also have to come from international donors.

Since 2009, SIGAR has published 23 inspection and audit reports addressing the fiscal and/or physical sustainability of U.S.-funded reconstruction programs and projects in Afghanistan. In addition, SIGAR has 19 ongoing audits and inspections examining the sustainability of reconstruction efforts. SIGAR’s work has shown that DOD, the U. S. Agency for International Development (USAID), State, and other U.S. agencies have not always considered sustainability when planning programs or projects, jeopardizing the massive investment that the United States and other international donors have made.

With regard to the ANSF, in 2013 SIGAR issued an audit report that examined $4.7 billion in planned and ongoing ANSF construction projects. The report concluded that DOD is funding a program that is potentially building permanent facilities in excess of the ANSF’s eventual needs, and is doing so without knowledge of current facilities’ utilization or the Afghan government’s willingness or ability to sustain them.

A 2012 SIGAR audit specifically examined the ANSF’s capacity to provide the O&M necessary to sustain reconstruction-funded projects. The report determined that the ANSF would be incapable of fully sustaining ANSF facilities after the transition in 2014 and the expected decrease in U.S. and Coalition support.

While security is a significant driver of costs, public-sector development in Afghanistan has also contributed to the country’s growing fiscal gap. Each new development project that the United States and other international donors fund increases the country’s O&M costs,
adding pressure to Afghanistan’s operating budget. Indeed, Afghanistan has one of the lowest rates of domestic-revenue collection in the world averaging 9% of GDP from 2006–2013, according to the IMF. In the first seven months of FY 1393 (December 21, 2013–December 20, 2014), Afghanistan missed its Ministry of Finance projections by $274 million (-22%) and decreased by $39.46 million from the same period in FY 1392.

The World Bank estimated a budget shortfall of $500 million in FY 1393 and reported Afghanistan is headed for a fiscal crisis. Government cash balances are low and it is behind in operations and maintenance as well as discretionary development spending. As a result, Afghanistan's ability to pay for discretionary services will become increasingly limited, and its progression toward self-reliance will be further delayed.

**Energy-Sector Sustainability**

In the energy sector, the problem of planning and implementing programs without considering the cost and feasibility of sustaining them is strikingly evident. Both the international community and the Afghan government agree that improving the energy sector is essential to Afghanistan’s economic progress and long-term viability. However, the Afghans cannot afford to pay for much of the electric power infrastructure that the U.S. reconstruction effort has provided.

Until 2012, Afghanistan lacked an energy-sector master plan to establish priorities, timeframes, and costs associated with energy-sector goals. A January 2010 SIGAR audit found that although the energy supply had more than doubled since 2001, the Afghan government was unable to fully fund operation and maintenance for the donor-provided facilities. Also in January 2010, SIGAR issued an audit report on USAID’s efforts to build the Kabul Power Plant, a 105 megawatt power plant on the outskirts of Kabul. The Afghan government had committed to commercializing the operations to cover fuel costs and O&M expenses within one year of its creation. However, SIGAR found that the Afghan government would likely require assistance to cover these expenses for several years after the plant’s completion. Four years later, a 2014 USAID
audit of the same power plant found that it was still not being operated and maintained in a sustainable manner by the Afghan national power utility, Da Afghanistan Breshna Sherkat (DABS).31

The U.S. government expects to cover the O&M costs of a number of critical energy sector projects that face similar challenges. In July 2012, SIGAR issued an audit report on the Afghanistan Infrastructure Fund (AIF), which provides funding for large-scale infrastructure projects jointly managed and implemented by USAID and U.S. Forces-Afghanistan (USFOR-A). Many of these projects are in the energy sector and include such significant initiatives as two high-voltage transmission networks and the Kandahar Bridging Solution, which provides fuel, operation, and maintenance for U.S.-supported diesel generators in Kandahar.32 One of Afghanistan’s energy challenges is that it produces no diesel fuel, but rather depends on costly imports.33

SIGAR found that although USAID and USFOR-A prepared sustainment plans for these projects, the plans included no analysis of the costs of sustainment. It is questionable whether the Afghan entities charged with financing these projects can afford them. Original estimates called for the U.S. government to support the Kandahar Bridging Solution through calendar year 2013, by which time Afghanistan’s national power utility would buy the fuel itself or other power sources would come online.34 Those estimates proved overly optimistic; the United States continues to pay for the Kandahar Bridging Solution.35 DOD allocated $20 million in FY 2014 funds to provide fuel through September 2015.36

An April 2013 SIGAR audit examined USAID’s efforts to commercialize DABS, the Afghan national power utility, at a cost of $61 million. Because of a lack of data about other directorates, SIGAR focused its report on DABS-Kabul. Despite some improvements in revenue collection, DABS-Kabul is still not self-sufficient. Rather, DABS-Kabul was operating at a financial loss at the time of the audit, and would be deemed unable to pay its bills as of March 2014, when the Afghan government subsidy was due to expire.37 The U.S. investment in this project is not sustainable.

Other Infrastructure Sustainability
The United States has also invested heavily in the Afghan health sector. A 2013 SIGAR audit examined the $18.5 million in USAID funds spent to build two hospitals in Afghanistan. The audit report determined that USAID did not fully assess the Ministry of Public Health’s (MOPH) ability to operate and maintain the facilities. Furthermore, USAID did not coordinate final design plans with the MOPH prior to construction. The new operation and maintenance costs for these hospitals could be five times the costs of the hospitals they replaced, a burden that neither USAID nor the MOPH has agreed to assume.38
This $18.5 million investment is likely unsustainable, given USAID’s lack of coordination with the Afghan government and the insufficient sustainability planning regarding operation and maintenance costs.

SIGAR’s recent Special Project inquiry letter about $7.2 million spent on communications towers addresses the problem of sustainability for a State Department project. The contract to build the towers was completed before O&M contracts were even solicited. Prior to soliciting these O&M contracts, State estimated the cost at $2 million, but bids came back four to five times higher and as a result, the service contracts were not awarded. The towers remain unused. It is not clear what the plans are for their future use, or who will maintain them.

Although the Afghan government has committed to reducing its dependence on international donors for non-security expenditures by 2025 to the levels of other least-developed nations, it faces significant challenges to achieving this goal. Customs revenue has accounted for 44% to 48% of Afghanistan’s total domestic revenue for the past three fiscal years. Yet a SIGAR audit published in April 2014 found that customs revenues remain uncertain as a potential stable source of government income. Full development of Afghan mineral resources, which could bring in revenues of up to $1.5 billion a year, remains decades away. Other efforts to increase or create new revenue streams, such as a value-added tax, are not likely to generate sufficient revenue to fill the fiscal gap.

Some key questions facing policy makers in the near future are:
• Has the international community done enough to ensure that the Afghan government has the financial and technical capacity to sustain these programs and investments?
• Has the Afghan government made progress in generating revenues to fund government operations?
• Has the United States decided how much financial support it will provide to Afghanistan over the long term and communicated that information to the Afghan government so that it can plan?
• Has the Afghan government performed triage to determine which programs and investments it will be able to maintain and which ones will be jettisoned?
A stable security environment is vital to prevent Afghanistan from again becoming a safe haven for terrorists. The U.S. plan for ensuring security within Afghanistan is to build up the capacity of the Afghan National Security Forces (ANSF). More than half of all U.S. reconstruction dollars since 2002 have gone toward establishing the ANSF to prevent al-Qaeda and other terrorist groups from establishing sanctuaries in Afghanistan. NATO has warned that much work remains to be done to develop and maintain a modern army and national police, and to build ministerial capacity in military and police planning, budgets, program operation, acquisition, and personnel processes.

As of September 30, 2014, the U.S. Congress had appropriated more than $61.5 billion to support the ANSF. Most of these funds ($57.3 billion) were provided through the Afghanistan Security Forces Fund (ASFF) to the Combined Security Transition Command-Afghanistan (CSTC-A). Congress established the ASFF to build, equip, train, and sustain the ANSF, which comprises the Afghan National Army (ANA) and the Afghan National Police (ANP). Of the $57.3 billion appropriated for the ASFF, approximately $51.8 billion had been obligated and $48.9 billion disbursed as of September 30, 2014.

This substantial investment in Afghanistan’s security is at risk. In March of this year, General Joseph F. Dunford, Commander of the International Security Assistance Force (ISAF) and U.S. Forces-Afghanistan (USFOR-A), warned Congress that the ANSF will need continued support if they are to succeed in their role of keeping Afghanistan secure. On March 12, 2014, he testified before the Senate Armed Services Committee, “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.”

On March 13, 2014, General Dunford told the House Armed Services Committee:

Although the Afghans require less support in conducting security operations, they still need assistance in maturing the systems, the processes and the institutions necessary to support a modern national army and police force. To address these gaps a “train, advise and assist” mission will be necessary after this year to further develop Afghan self-sustainability.

In a 2014 independent assessment of the strength, force structure, force posture, and capabilities required to make the ANSF capable of providing security for Afghanistan, the federally-funded Center for Naval Analyses (CNA) predicted that the insurgency in Afghanistan will be a greater threat in 2015–2018 than it is now due to the reduction in U.S. and NATO forces and the continued presence of insurgent sanctuaries in Pakistan. The CNA report forecasts that the Taliban will keep pressure on the ANSF, expand its influence in areas vacated by Coalition forces, encircle key cities, and conduct high-profile attacks in Kabul and other cities. It also said that the...
Taliban will conserve resources in the short term as it recovers from years of Coalition operations before launching “a larger and more intense military effort.”

The CNA assessment concluded that if the ANSF are successful through 2018, a negotiated political settlement is more likely in 2019–2023. To allow the ANSF to provide security until a possible political settlement, the CNA reported that the ANSF needs a strength of 373,400 personnel, with some changes to its existing force structure, through 2018. CNA concluded that the ANSF and the ministries that support it will require international assistance and advisors “through at least 2018” with “similar authorities to the mission in Afghanistan today.” This will also require the continued commitment of the international community. According to CNA, “withdrawal of international community support is likely to have consequences up to and including renewed civil war in Afghanistan and increased instability in the region.”

Since its creation in 2008, SIGAR has developed a substantial body of work on U.S. reconstruction activities in the security sector, including 39 performance-audit and inspection reports. These reports highlighted areas in which ANSF capacity and capabilities are at risk and provided recommendations to strengthen and improve reconstruction efforts. Most of SIGAR’s security-sector audit products fall into six issue areas; others overlap issue areas. In general, the products cover the following issues:

- infrastructure (15 reports)
- equipment and other resources provided to the ANSF, and maintenance of that equipment (14 reports)
- training (1 report)
- personnel management of the ANSF (1 report)
- capabilities of the ANSF, and assessment of those capabilities (3 reports)
- contracting and management (5 reports)

For example, in the area of ANSF capability, SIGAR has actively monitored ANSF assessment reporting and has issued two audit reports on the systems and processes used to rate ANSF capability, one in 2010 and another in February 2014. Assessments of the ANA and ANP are indicators of the effectiveness of U.S. and Coalition efforts to build, train, equip, and sustain the ANSF. These assessments also provide both U.S. and Afghan stakeholders with updates on the status of these forces as transition continues and Afghanistan assumes responsibility for its own security.

SIGAR’s 2010 audit report found that the rating system in use at that time, the Capability Milestone (CM) rating system, had not provided reliable or consistent assessments of ANSF capabilities, had overstated ANSF operational capabilities, had inadvertently created disincentives for ANSF development, and had included outdated data.
Moreover, the highest-level rating criteria for ANSF units did not include the capability of sustaining independent operations. In April 2010, during SIGAR's audit, ISAF Joint Command (IJC) replaced the CM rating system with the Commander's Unit Assessment Tool (CUAT). However, SIGAR's February 2014 report noted that the IJC had developed a new assessment tool, the Regional Command ANSF Assessment Report (RASR), because the CUAT was too difficult to read, inconsistently applied, and not useful. Until October 2014, SIGAR used the unclassified executive summary of the RASR as a primary metric to show Congress and the public the effectiveness of the U.S. investment in the ANSF. However, in response to SIGAR's data call, ISAF told SIGAR that it had classified the executive summary. In a press statement, ISAF said classification would protect the operational security of the ANSF. SIGAR maintains that there is no evidence that the public release of aggregated data on ANSF capabilities has or could deliver any tactical benefit to Afghan insurgents and argues that the classification does a disservice to the interests of informed national debate. SIGAR has also raised questions in its February 2014 report about the reliability and accuracy of the overall RASR after U.S. and Coalition forces withdraw from Afghanistan and are forced to rely more on the ANSF for assessment data.

SIGAR also looked at the capability of the ANSF's Special Mission Wing (SMW) and the Afghan Public Protection Force (APPF). The SMW audit report found that the Afghans lacked the capacity—in both personnel numbers and expertise—to operate and maintain both the SMW's existing fleet of 30 aging aircraft and a planned fleet of 48 new aircraft costing a total of $771.8 million. The APPF audit report found that, although the APPF were not able to perform some basic functions, transition of project-security responsibility to the APPF had been minimal for the projects in SIGAR's sample, but only because implementing partners hired private risk-management companies (RMCs) to fill APPF capacity gaps and perform critical functions. Without RMCs, the APPF would be unable to provide the full range of security services needed by USAID implementing partners. SIGAR also found that relying on the APPF as the sole provider of security services raises concerns for future unrestrained

SIGAR auditors join SMW flight crews as they prepare for a training mission in Kabul. (SIGAR photo)
cost increases. On February 17, 2014, Afghanistan’s Council of Ministers dissolved the state-owned enterprise that manages the APPF. According to DOD, the Ministry of Interior (MOI) restructured its security services provider into three component parts:

- Convoy security will be provided by the Convoy Transportation Guard Brigade (CTGB). CTGB, under the MOI, will provide fee-for-service convoy-escort services, using uniformed civilian contract employees. According to NATO Training Mission-Afghanistan (NTM-A), CTGB was 70% manned at the end of July 2014.
- Fixed site-facility security services will continue to be provided by the APPF.
- Business operations will continue to be provided by the national business operations center, supported by the APPF, to provide scheduling and invoicing for security services, collect funds, and reimburse the CTGB and APPF for guard salaries and operating expenses until an alternative is established. NTM-A reported that the National Security Council (NSC) rejected the MOI proposal to select a risk-management company to perform these functions.

In the area of ANSF infrastructure, SIGAR has issued 15 performance audit reports. Collectively, these audit reports found that lack of planning and proper project oversight resulted in risk to the considerable U. S. investment in ANSF infrastructure. For example, in an audit of U.S. planning for ANSF infrastructure, SIGAR found that CSTC-A lacked a comprehensive basing plan for the ANSF that considers future ANSF reductions and excess capacity in existing facilities. SIGAR had previously looked at ANSF infrastructure planning in January 2011. At that time, SIGAR found that despite the considerable funding and large number of facilities involved, CSTC-A has not developed a long-range construction plan, placing its multi-billion dollar construction program at risk of building facilities that were inadequate or did not meet ANSF strategic and operational needs. Unfortunately, more than two and a half years after the first audit report, proper planning was still an issue.

In the area of ANSF equipment, SIGAR looked at DOD’s accountability for vehicles provided to the ANSF. In that audit report, SIGAR found that CSTC-A had not previously submitted claims for vehicles damaged or equipment and parts lost or stolen during transit and, therefore, CSTC-A was not reimbursed by the transportation contractors. Rather, CSTC-A paid separately for repairs and replacement of missing equipment and parts. SIGAR also observed that CSTC-A was providing fuel to the ANA for vehicles that had in fact been destroyed.

In the area of ANSF training, SIGAR looked at the program to provide literacy training to ANSF personnel. Literacy affects mission
success: widespread illiteracy undermines effective training, use of technical manuals, understanding orders, inventorying equipment, documenting operations, and other vital military functions. SIGAR was concerned that, despite a $200 million literacy-training contract, no one appeared to know the overall literacy rate of the ANSF. SIGAR’s audit report found that the NTM-A and CSTC-A did not have the ability to measure the effectiveness of its literacy training program and determine the extent to which overall literacy of the ANSF had improved. None of the three literacy-training contracts required independent verification of testing for proficiency or identified recruits in a way that permitted accurate tracking as the recruits move on to army and police units. The training programs focus on numbers of graduates; no one appears to be tracking how many graduates remain on active duty, compared to those who become casualties or leave the service.60

As reconstruction efforts wind down and Afghans take responsibility for the infrastructure and equipment provided to them, sustainment becomes increasingly important. For this reason, SIGAR has placed a high value on ensuring that U.S. efforts and taxpayer dollars are not wasted because the ANSF lacks the capacity to maintain and sustain the U.S. investment.

In an audit report on ANSF facilities, SIGAR found that the Afghan government would likely be incapable of fully sustaining ANSF facilities after the transition in 2014 and the expected decrease in U.S. and Coalition support. The Afghan government’s challenges in assuming O&M responsibilities included a lack of sufficient numbers and quality of personnel, as well as undeveloped budgeting, procurement, and logistics systems.61 In an audit report of ANP maintenance contracts, SIGAR found that CSTC-A unnecessarily paid $6.3 million from April 2011 to September 2012 because the U.S. Army Contracting Command and CSTC-A based the firm fixed-price rates on vehicles purchased for the ANP, but did not account for vehicles that had not
been seen for service in over a year or had been destroyed. SIGAR also looked at U.S.-funded fuel provided to the ANA and ANP for vehicles and generators. SIGAR found that CSTC-A lacked sufficient accountability in the process used to order, receive, and pay for fuel for ANA vehicles, generators, and power plants. That lack of accountability increased the risk that U.S. funds and fuel would be stolen.

SIGAR found a similar problem with accountability when it looked at spare vehicle parts for the ANP. In that audit report, SIGAR found that CSTC-A was placing orders for vehicle spare parts without accurate information on what parts were needed or were already in stock.

In the area of contracting and management, SIGAR looked at DOD’s contracting practices to ensure that U.S. funds were not inadvertently benefiting enemies of the United States or Afghanistan. To reduce the risk of inadvertently contracting with individuals or entities that provide funds to groups that oppose U.S. and Coalition forces, Congress included Section 841 in the FY 2012 National Defense Authorization Act. Section 841 permits DOD to authorize the head of a contracting activity to restrict, terminate, or void a DOD contract, grant, or cooperative agreement with an entity or individual determined to be actively supporting an insurgency or otherwise opposing U.S. or Coalition forces.

In its audit report, SIGAR identified several weaknesses in DOD’s process for implementing Section 841 that prevent the department from having reasonable assurance that U.S. government contracting funds are not being provided to persons and entities supporting the insurgency and opposing U.S. and coalition forces. As a result, millions of contracting dollars could have been diverted to forces seeking to harm U.S. military and civilian personnel in Afghanistan and derail the reconstruction effort.

In addition, SIGAR’s Office of Special Projects has issued several inquiry letters on security-sector reconstruction issues, as well as a comprehensive risk assessment to review DOD’s safeguards for ensuring that funds provided to the Ministries of Defense and Interior are properly managed and safeguarded to protect against waste, fraud, and abuse. The risk assessment found that CSTC-A’s current process for assessing the ministries did not, among other things, identify core functional capacity across each ministry or identify risks associated with capacity weaknesses.

SIGAR’s work over the past six years, in tandem with the work of the wider community of inspectors general, can be used to develop key lessons learned to inform future reconstruction efforts.

In developing these lessons learned, some key questions to consider include the following:

- To what extent does DOD’s established requirements and planned acquisitions for Afghan security assistance align
with Afghan security force structure, unit activations and deployments, and sustainment capabilities?

• Is the ANSF making sufficient progress in building capacity and capabilities needed to fully assume security responsibilities?

• What safeguards can DOD implement to strengthen accountability for U.S.-funded equipment and infrastructure? Do the Afghans have the capacity and capability to account for and fully utilize the equipment and infrastructure they have received? How can DOD prepare the Afghans to remain accountable after 2014?
SIGAR has long been concerned about the risk to U.S. funds provided to Afghanistan in the form of on-budget assistance, which includes direct assistance (also referred to as bilateral, government-to-government assistance) and assistance that travels through multi-donor trust funds before reaching the Afghan government. The major multi-donor trust funds for Afghanistan are the Afghanistan Reconstruction Trust Fund managed by the World Bank ($2.04 billion in cumulative U.S. contributions); the Afghanistan Infrastructure Trust Fund managed by the Asian Development Bank ($105 million in cumulative U.S. contributions); and the Law and Order Trust Fund Afghanistan managed by the United Nations Development Programme ($1.45 billion in U.S. contributions). Since 2002, the United States has committed a total of more than $7.7 billion in the form of on-budget assistance to Afghanistan.70

Before 2010, the United States provided most of its assistance to Afghanistan through contracts, grants, and cooperative agreements executed “off-budget”—outside the Afghan budget and beyond the reach of Afghan officials. Since 2010, the United States has been gradually increasing the amount of non-security, on-budget development assistance it provides to the Afghan government in line with donor commitments made at a series of conferences:

At the 2010 London Conference, donors agreed to “increase the proportion of development aid delivered through the Government of Afghanistan to 50% in the next two years, including through multi-donor trust funds that support the Government budget.”72

At the 2010 Kabul Conference, donors restated their support to “channeling at least 50% of development aid through the Afghan Government’s core budget within two years.”73

At the July 2012 Tokyo Conference, participants committed to “channeling at least 50% of its development assistance through the national budget of the Afghan Government.”74 The Tokyo Declaration that resulted from the conference refers to the 50% goal as a “50% on-budget commitment.”75 This commitment was reiterated in the follow-up 2013 Senior Officials Meeting and at the Special Joint Coordination and Monitoring Board Meeting in January 2014.76

On-budget assistance is intended to allow the Afghans more freedom to manage their own budget and to build their capacity for doing so. However, this commitment to increase on-budget assistance, whether directly or through multilateral trust funds, will lead to reduced U.S. control and visibility over these funds.

Special Inspector General John F. Sopko twice testified before the Congress in 2013 to outline three serious concerns about on-budget assistance:

- lack of Afghan government capacity to manage and account for donor funds
- pervasive corruption
- need to ensure adequate, long-term oversight
Many Afghan government agencies do not appear to have the capacity and strong internal controls to manage the levels of funding envisioned in the international community’s pledges of increased on-budget assistance. SIGAR’s audit of USAID’s assessments of seven Afghan ministries receiving on-budget assistance from the U.S. government found that all of these assessments and reviews required risk-mitigation measures to ensure that ministries were capable of effectively managing and accounting for funds. Nevertheless, USAID waived Automated Directive System 220 requirements in Afghanistan for all direct-assistance funds through FY 2013 and signed agreements with each of the reviewed ministries for on-budget assistance. USAID did not conduct quality-control reviews of the public financial-management assessments, USAID/Afghanistan’s risk reviews, or any risk-mitigation strategies. SIGAR has not found evidence of waste, fraud, and abuse, but without strong internal controls and aggressive U.S. oversight, however, funds increasingly delivered on-budget may be at risk.

Moreover, in a review of DOD’s safeguards for funds provided to Afghanistan’s Ministries of Defense (MOD) and Interior (MOI), SIGAR identified a number of weaknesses that increased the risk that on-budget funds provided to the ANSF through a Ministry of Finance account at Afghanistan’s central bank were particularly vulnerable to waste, fraud, and abuse. At the time of SIGAR’s review, CSTC-A’s process did not provide its trainers and decision makers with an overall understanding of each ministry’s financial management capacity, or help them identify risks associated with capacity weaknesses.

According to CSTC-A, once funds enter the Afghan government’s bank account, oversight becomes significantly more challenging. CSTC-A currently makes a weekly comparison of data reported on Afghanistan Financial Management Information System (AFMIS) against approved amounts in its commitment letters with the ministries. CSTC-A also uses audits designed to detect and correct improper spending to monitor high-risk areas such as fuel and pay. Based on results of those efforts, CSTC-A employs a process by which its financial contributions are withheld until Afghan ministries can demonstrate that they have corrected oversight mechanisms and weaknesses. CSTC-A examined USAID’s approach for providing direct contributions, but has not deviated from its current process.

A 2013 SIGAR audit of the $236 million Partnership Contracts for Health (PCH) program raised serious concerns about another on-budget program that supports the Afghan Ministry of Public Health’s (MOPH) delivery of health-care services to local clinics and hospitals. The audit found that, despite MOPH financial-management deficiencies, USAID continues to provide millions of U.S. taxpayer dollars in direct assistance with little assurance that MOPH is using these funds as intended. Specifically, USAID’s April 2012 assessment
of the MOPH’s financial-management capability identified significant internal-control deficiencies that put U.S. funds provided under the PCH program at risk of waste, fraud, and abuse. SIGAR has an ongoing criminal investigation into the protection of U.S. funds for the PCH program.

In this final year of the security transition, the U.S. government is particularly focused on increasing the financial and program-management capabilities of Afghan government institutions. It is using a combination of capacity-building and on-budget programs to achieve this end.

USAID capacity-building programs seek to improve ministries’ performance to prepare, manage, and account for on-budget assistance. They include the $31 million Leadership, Management, and Governance Project, which aims to strengthen Afghanistan’s financial-management systems and the capacity of the MOPH and the Ministry of Education to meet requirements set at the 2010 Kabul International Conference for increased on-budget aid; the $15 million Ministry of Women’s Affairs Organizational Restructuring and Empowerment project, which includes assistance to the ministry to improve its financial management, as required for future on-budget assistance; and the $23.5 million Assistance to Legislative Bodies of Afghanistan, which helps parliament operate as an independent and effective legislative, representative, and oversight body.

Despite international assistance to develop government capacity, Afghanistan has institutional-capacity weaknesses that threaten on-budget aid. U.S. officials are waiting to see if Afghanistan will succeed in addressing deficiencies and make necessary progress in improving its Anti-Money Laundering/Combating the Financing of Terrorism (AML-CFT) regime. Afghanistan narrowly avoided a Financial Action Task Force (FATF) blacklist designation after its parliament passed AML-CFT legislation just days before the June 2014 FATF plenary. Although FATF was not able to thoroughly review the legislation at that time, Afghanistan was moved off FATF’s “dark-gray” list of jurisdictions not making sufficient progress, and was promoted to the “gray” list of Improving Global AML/CFT Compliance: On-Going Process where it remains today. A blacklisting by the 36-member intergovernmental body could have affected Afghanistan’s banking relationships around the world and weakened its economy.

Some international on-budget assistance is provided subject to conditions. The International Monetary Fund’s (IMF) Extended Credit Facility Arrangement (ECF) loan agreement makes disbursements contingent upon completion of program reviews. The ECF demonstrates the Afghan government’s political will to enact necessary reforms. Adherence to the IMF benchmarks and fulfilling macroeconomic requirements also has a direct effect on the levels of for-
eign aid the international community contributes to the Afghanistan Reconstruction Trust Fund (ARTF). For example, from March 2011 through March 2012, the donor community withheld 85% of the total $933 million in donations to the ARTF until the IMF approved a new ECF agreement for Afghanistan in November 2011.

However, since the ECF was approved in November 2011, donor funds have flowed relatively unimpeded despite Afghanistan’s missed performance targets, inadequate policy responses to economic shocks, and delays in making structural reforms. In November 2013, the World Bank and donors discussed whether to disburse some or any ARTF Incentive Program (IP) funds. While Afghanistan achieved several ARTF IP benchmarks, its long delay in meeting required ECF benchmarks prompted the recommendation to withhold some funds. If the donor community had determined that this ECF delay constituted a “lapse” in the program, ARTF IP funds would have been withheld entirely. Some $44.8 million was eventually released based on achievement of four ARTF IP benchmarks and IMF guidance that the ECF program is still active.

The Tokyo Mutual Accountability Framework (TMAF), established by the Afghan government and international community at the donors’ conference in 2012, was created to structure international on-budget development assistance to Afghanistan through 2017. The release of donor funds is also predicated on Afghanistan’s fulfillment of agreed-upon requirements. At the Senior Officials Meeting in July 2013, the United States announced establishment of a $175 million bilateral incentive fund to support Afghan reforms with the stipulation that “funds will only be available if specific progress is made.” The program is to provide these funds in two tranches—$75 million and $100 million—with disbursements dependent on Afghan progress.
At the January 29, 2014, Special Joint Coordination and Monitoring Board meeting, USAID announced it had released $30 million of the $75 million in first-tranche bilateral incentive funding after determining that the Afghan government had made sufficient progress in two of five areas: (1) elections, and (2) government revenues, budget execution, and subnational governance. These funds were disbursed to the World Bank’s ARTF Recurrent Cost Window. The remaining $45 million was not disbursed due to insufficient Afghan progress.92

SIGAR has reported for years that Afghanistan fiscal gap—currently filled by donors—is large and growing.93 Media outlets reported in September 2014 that the MOF asked international donors for an emergency infusion of $537 million to cover the budget shortfall for remainder of FY 1393. Without this bailout, the government said it would have to defer bill payments, including civil servants’ salaries.94 The State Department transferred $75 million from FY 2013 funds to the Afghan government to close this budget gap in November 2014 after receiving certain unspecified assurances about transparency and sustainability. The money was disbursed through the World Bank-administered Afghanistan Reconstruction Trust Fund recurrent cost window. State is considering a second transfer of funds.95

Some key questions are:

• What conditions should the United States impose before it distributes on-budget funding to the Afghan government?

• Is Afghanistan demonstrating adequate performance against the on-budget support benchmarks of the 2012 Tokyo Accountability Framework?

• How will the United States enforce Afghan commitments in future donor assistance packages and what is the threshold for Afghan compliance?

• How committed is the United States to gaining access to and using all available Afghan data to determine and verify Afghan budget needs as the basis to inform the U.S. response?

• What is the United States doing to achieve Afghan transparency in the use of U.S. on-budget assistance?

• What contingency plans does the U.S. have for delivering on-budget assistance to Afghanistan should it be blacklisted by the Financial Action Task Force, and how will this affect U.S. oversight of these funds?

• What level of oversight access will U.S. officials have to documents, personnel, and locations funded through on-budget support?
The expanding cultivation and trafficking of drugs puts the entire U.S. and international investment in the reconstruction of Afghanistan at risk. As Special Inspector General John F. Sopko testified before the Senate Caucus on International Narcotics Control in January 2014, “All of the fragile gains we have made over the last twelve years on women's issues, health, education, rule of law, and governance are now, more than ever, in jeopardy of being wiped out by the narcotics trade, which not only supports the insurgency, but also feeds organized crime and corruption.”

Although the United States has invested approximately $7.8 billion as of September 30, 2014, in counternarcotics efforts in Afghanistan, that country still leads the world in opium production, and Afghan farmers are growing more opium than ever before. The United Nations Office of Drugs and Crime (UNODC) estimates the value of Afghan opium and its heroin and morphine derivatives at nearly $3 billion—or the equivalent of about 15% of Afghanistan's Gross Domestic Product (GDP)—in 2013. That was a substantial increase over 2012, when the value of Afghan opiates totaled about $2 billion and was equivalent to about 11% of Afghanistan's GDP. A slowdown in economic growth resulting from the U.S. troop drawdown and reduction in international assistance could lead to the opium trade's accounting for an even greater slice of the Afghan economy.

Counternarcotics touches on every aspect of the U.S. reconstruction effort. The President’s 2010 Inaugural Drug Control Strategy calls upon U.S. implementing agencies to disrupt the narcotics-insurgency nexus and the narcotics-corruption nexus in Afghanistan. Five implementing agencies—DOD, State, USAID, Department of Justice (DOJ) and Department of Treasury (Treasury)—all support aspects of the counternarcotics effort. However, the latest UNDOC report warned that aid, development, and security officials were not taking the drug problem seriously enough. The report concluded, “What is needed is an integrated, comprehensive response to the drug problem, embedded in a long-term security, development and institution-building agenda.”

Despite the 2010 Strategy and the UNDOC plea for a comprehensive response to the drug problem, the latest U.S. strategy documents indicate that combating narcotics in Afghanistan is no longer a top priority. For example, the new U.S. Civil-Military Strategic Framework for Afghanistan, which articulates the “vision for pursuing U.S. national goals in Afghanistan,” barely mentions counternarcotics. It notes that the U.S. counternarcotics strategy for 2010 informs the framework, but for the first time since the U.S. government began outlining its reconstruction goals, it did not include counternarcotics as a major crosscutting focus area. The latest DOD Report on Progress Toward Security and Stability in Afghanistan says that the number of operations by the Counternarcotics Police of Afghanistan (CNPA) and other Afghan counter-
narcotics agencies declined during the reporting period because of the loss of ISAF-supported enablers such as air support and the reduced number of ISAF-partnered operations.\textsuperscript{101}

SIGAR’s October 2014 \textit{Quarterly Report to Congress} and a Special Project on opium cultivation highlighted the ineffectiveness of law enforcement and alternative livelihoods programs in combating opium cultivation.\textsuperscript{102} The CNPA and its specialized units have led successful drug and precursor chemical seizure operations. However, compared to UNODC annualized estimate, the amount of opiates and chemical seized is negligible.\textsuperscript{103} Certain reconstruction efforts such as improved irrigation, roads, and agricultural assistance can actually lead to increased opium cultivation. SIGAR’s Special Project found that affordable deep-well technology turned 200,000 hectares of desert in southwestern Afghanistan into arable land over the past decade. Due to relatively high opium prices and the rise of an inexpensive, skilled, and mobile labor force, much of this newly arable land is dedicated to opium cultivation. Poppy-growing provinces that were once declared “poppy free” have seen a resurgence in cultivation.\textsuperscript{104}

In October 2014, SIGAR released an audit on the provincial units of the CNPA, an Afghan force dedicated to combating the drug trade which receives support from State, DOD, and the Drug Enforcement Administration (DEA). The audit found that resources were concentrated at CNPA headquarters and specialized units in the capital. Direct assistance to provincial units could not be tracked or determined. Moreover, the dual reporting structure, in which the Deputy Minister of Interior for Counternarcotics manages and oversees the CNPA while the Deputy Minister of Interior for Security oversees resources, impacted the provincial units’ ability to obtain funding and supplies. For instance, SIGAR found that three units received no funds to maintain their DOD-refurbished facilities, while other units lacked the funds to transport certain drug-related prisoners to Kabul within mandated deadlines.\textsuperscript{105}

SIGAR has found that U.S. programs critical to the counternarcotics effort—such as building the capacity of the Afghan Special Mission Wing (SMW) to execute counternarcotics and
counterterrorism missions, or establishing special counternarcotics justice centers—have made limited progress and may not be sustainable. SIGAR has also reported that the United States lacks a comprehensive anticorruption strategy, even though Afghanistan is recognized as one of the most corrupt countries in the world, with the narcotics trade fueling corruption.

SIGAR’s audit report on the SMW highlighted the serious challenges DOD faces standing up a unit that is supposed to provide critical air support for counternarcotics and counterterrorism missions in Afghanistan. At the time of the audit, DOD had obligated more than $900 million to establish the SMW. DOD had awarded two contracts totaling approximately $771.8 million to purchase 48 new aircraft for the SMW, including 18 fixed- and 30 rotary-wing aircraft. DOD told SIGAR it also intended to provide $109 million per year over the next several years for oversight, maintenance, training, and logistics support.

SIGAR found that the SMW lacked the manpower and the expertise to operate and maintain its existing fleet of 30 aging Mi-17 helicopters, let alone the planned addition of 48 new planes and helicopters. The audit also identified the following serious concerns:

- The SMW had less than one-quarter of the 806 personnel—pilots, flight engineers, mechanics, and security staff needed to reach full operational capacity.
- Recruiting challenges had slowed the growth of the SMW.
- Only 7 of the 47 pilots assigned to the SMW were qualified to fly with night-vision goggles, a necessary skill for executing most counterterrorism missions.
- DOD contractors were performing about 50% of the maintenance and repair services for the existing fleet and 70% of the critical maintenance and logistics management, as well as procurement of spare parts.
- DOD had not developed a plan for transferring maintenance and logistics management functions to the Afghans. The Afghan Ministry of Defense (MOD) and the Afghan Ministry of Interior (MOI) had not come to an agreement on the command and control structure of the SMW.

Despite these problems, DOD is moving ahead with the two contracts to purchase the 48 new aircraft for the SMW. SIGAR recommended that DOD suspend purchase of the new aircraft.

A SIGAR report on the Counternarcotics Justice Center (CNJC) alerted U.S. officials that the CNJC’s $11 million detention facility was not being used for high-profile drug traffickers as intended. Rather, the cells were being occupied by low-profile detainees. Since the detention center was filled with low-profile detainees, no cells were available to house mid- and high-profile drug traffickers. SIGAR also
noted that, at the time, the CNJC did not have procedures in place to handle a high case load.\textsuperscript{107}

State and USAID have both supported rural development programs to wean farmers from dependence on poppy cultivation by increasing access to alternative livelihoods such as providing alternative crops or economic development projects creating access to markets and financial credit. SIGAR’s lessons learned report reviewing the entire counternarcotics effort will take a close look at the extent to which USAID programs have helped farmers transition out of opium-poppy cultivation. One program SIGAR is interested in is the Helmand Food Zone, a project funded by the United Kingdom with support from the United States that became a model for the Kandahar Food Zone project.

The Helmand program included distribution of heavily subsidized wheat seeds in combination with some eradication and a public-awareness campaign in the province’s agricultural heartland. From 2008 to 2011, while Coalition forces were active in the province, poppy cultivation in Helmand as a whole steadily decreased from 103,590 hectares to 63,307 hectares. Since 2012, the trend has reversed dramatically. The total area under poppy cultivation in Helmand has increased 34%.\textsuperscript{108} Even more alarming, the area under poppy cultivation within the Helmund Food Zone has increased by 50%.\textsuperscript{109}

The Helmand experience raises an important question as U.S. policymakers look beyond 2014. Can the southern and eastern provinces, centers of both opium production and the insurgency, survive the withdrawal of coalition forces and the corresponding reduction in international military assistance without becoming governed by the very “narcotics-insurgency-corruption nexus” that the United States and its allies have spent so much blood and treasure to combat?

Other important questions are:

- Has U.S. assistance for counternarcotics efforts in Afghanistan succeeded in achieving its overarching goals and objectives?
- Is the Afghan government capable of assuming a lead role, and sustaining, the fragile progress made by U.S.-supported counternarcotics operations?
In Afghanistan, as in Iraq, U.S. military and civilian agencies rely heavily on contractors to carry out their missions. In both countries, the number of contractor employees has at times exceeded the number of in-country U.S. military personnel. In both countries, contracting has provided indispensable support of the U.S. mission, as well as a massive opportunity for waste, fraud, and abuse, and an enormous challenge to effective oversight of funding and performance.

No one knows the precise value of contracting in the Afghanistan reconstruction effort that began in 2002: the federal government has no central database on the subject. Mining existing databases is complicated by the fact that not all contracts awarded in support of Afghan reconstruction have Afghanistan as their place of performance—goods and services for use in Afghanistan could be procured, for example, in Maryland, Wisconsin, California, or other locations—and that some contracts require detailed analysis to sort spending on military operations from spending on reconstruction.

It is clear, however, that the stakes in contract management and oversight are high. In 2013, SIGAR estimated that U.S. agencies had obligated nearly $37 billion in contracts, grants, and cooperative agreements for Afghan reconstruction from FY 2002 through February 2013.

Unfortunately, U.S. agencies have not applied consistent and effective contract management in Afghanistan. The Government Accountability Office (GAO) observed in a 2010 report on contingency contracting that “DOD, State, and USAID [the principal U.S. contracting agencies] relied on contractors to perform a wide range of administration functions for contracts and grants with performance in Iraq and Afghanistan, but did not know the full extent of their use of contractors to perform such functions.” In 2013, GAO reported that the three agencies continue to “face contract management and oversight challenges” and need to provide “continued attention to matters such as providing adequate numbers of trained federal personnel and ensuring effective vetting of contractor and subcontractor personnel—especially as the military drawdown may increase the contractor-to-oversight-personnel ratio. The GAO report also noted agencies’ past difficulties in reporting reliable information on contracts and contractor personnel, and ad hoc decisions on contracting at State and USAID for lack of a strategic plan.

Recent reports confirm that contract-oversight problems continue. SIGAR and other oversight agencies have repeatedly noted contract-management problems, including:

- poor requirements definition and inadequate statements of work
- inadequate or neglected site visits and work monitoring by contract-oversight personnel
- acceptance of incomplete or defective work and unjustified releases of contractor liability
poor or no documentation of project progress and contractor performance

widespread lack of compliance with published rules, policies, and standards

For example, DOD’s Office of Inspector General (DOD OIG) reported in March 2014 that U.S. Transportation Command and U.S. Central Command “did not establish adequate oversight of processes and practices” related to the Afghan Rotary Wing Transport project with contracts worth up to $3.3 billion, and therefore had “limited assurance” of contractor performance. The same audit revealed that a Transportation Command officer had awarded the contract to a firm that did not meet Central Command’s security requirements. Also in March 2014, USAID’s inspector general reported that USAID/Afghanistan had not contracted for a legally required incurred-cost audit of a financial-access contract with Chemonics International Inc., even though the $79 million-obligation contract had started in 2011 and is scheduled to end in August 2014.

SIGAR’s oversight work similarly underscores failings in contract management and oversight and the risk they create. In May of this year, SIGAR issued an inspection report which assessed INL’s management and oversight of the construction of a regional prison in Baghlan Province. After construction was completed in November 2012, settling occurred, leading to serious structural damage, including wide cracks in three buildings. As a result, one building was demolished. Two other buildings experienced collapsing walls and cracked structural beams and columns, and will likely need to be rebuilt. INL and its contractor, Omran Holding Group (OHG), agreed that OHG did not fully comply with all contract requirements. SIGAR is also concerned that many of the construction deficiencies may have been the result of fraudulent actions by the project’s original contracting officer’s representative—a former Embassy employee—and, possibly, by OHG personnel. SIGAR is conducting a preliminary inquiry to determine whether any OHG or Embassy officials may have been complicit in these alleged activities.

In July 2013, a special section of SIGAR’s Quarterly Report to Congress focused on contracting in Afghanistan. The section featured examples of poor planning, bad contractor performance, ineffective management and oversight (including noncompliance with federal oversight rules), lack of documentation, improper release of contractor liability, and weak accountability—all contributing to waste, fraud, abuse, costly rework, and sustainability problems for the Afghan government.

SIGAR’s April 2014 Quarterly Report to Congress observed that DOD contracting has been on the GAO’s high-risk list since 1992—almost a quarter of a century. A January 2012 contracting shura in
Kabul produced broad agreement among U.S. military commands in Afghanistan that widespread noncompliance with existing rules and guidance was a continuing problem. A June 2012 DOD report to Congress mentioned the shura and 26 agreed-upon follow-up measures. In its April–September 2013 semiannual report to Congress, however, the DOD OIG noted that “The Department continues to struggle to consistently provide effective oversight of its contracting efforts.”

SIGAR asked DOD in preparation for its October 2013, and later for its January and April 2014 reports to Congress, to identify steps taken to improve compliance with existing regulations. SIGAR also asked if noncompliance continued, if any accountability measures had been adopted to impose substantial individual consequences for noncompliance, and if anyone had in fact suffered consequences. During an October 2014 meeting with SIGAR staff, a senior DOD official confirmed that DOD was not aware of any tracking mechanisms or metrics to determine whether the 26 follow-up actions, if implemented, had achieved desired results. While contract management and oversight are particularly difficult in combat zones, this lack of provision for monitoring and review of follow-up actions is troubling. As DOD’s current action plan states, “Operational contract support (OCS) is a core defense capability and a critical component of total force readiness,” requiring “an ‘owner’ for every task” and “continuous monitoring.”

Another SIGAR investigation uncovered a contract issue with deadly consequences. Since 2009, DOD has awarded contracts worth approximately $32 million for construction of a variety of projects, some of which include installation of culvert-denial systems. Culvert denial entails placing heavy metal grates at the ends of culverts that extend beneath roads so that insurgents cannot easily place explosive

**Culvert-denial systems** like this grid of steel rods prevent insurgents from easily placing explosives beneath roads. (SIGAR photo)
charges there. In January 2013, two Afghan citizens were arrested on fraud charges after SIGAR investigators determined that they had failed to install culvert-denial systems that could have saved the lives of two U.S. soldiers. SIGAR later had the men and their companies suspended and disbarred from receiving U.S. government contracts.

A 2013 SIGAR review of culvert-denial system contracts identified at least 2,500 specific grid points where the systems were supposed to be installed, but lack of quality-assurance/quality-control documentation in the contract files left it unclear how many of the culvert-denial systems were actually completed.

Other examples of SIGAR work showing how poor contract management and oversight threatens the reconstruction include:

- A SIGAR audit in 2013 determined that USAID had disbursed $47 million under contracts in its Stability in Key Areas (SIKA) program without providing any grants for labor-intensive or productive-infrastructure projects required by the contracts. Progress was delayed by USAID’s failure to sign cooperative agreements with Afghan government units for months after its contract signings.

- USAID and DOD components have provided tens of millions of dollars for equipment, billing systems, and other efforts to improve the commercial viability of Da Afghanistan Breshna Sherkat (DABS), the national electric utility. A SIGAR audit, however, found that millions of dollars worth of equipment remained in storage with no plans for installation, that USAID made sole-source awards when multiple vendors may have been available, and that USAID failed to enforce contract requirements to ensure that a DABS billing system established in Kandahar would be compatible with the one used in Kabul.

- SIGAR wrote to USAID in December 2013 to express concern that a $75 million obligation to the Afghan national electric utility appeared to lack customary provisions regarding documentation, personnel vetting, and USAID access to the project. The project involves installing an additional power turbine at the Kajaki Dam complex, which lies in an area that may be out of reach for U.S. oversight visits after 2014. Another oversight challenge lies in the fact that the project will be funded via direct, bilateral assistance to the Afghan government.

- In July 2013, SIGAR alerted the Secretary of State that the nearly $48 million sole-source agreement between State’s INL and the International Development Law Organization (IDLO) for justice-sector training in Afghanistan had serious deficiencies. State had not provided for contracting officers’ representatives to monitor IDLO’s performance, ostensibly because State had no authority over international organizations. SIGAR observed that State could have written
access protocols into the agreement, as required by a 1999 policy memo, but had not. SIGAR also noted concerns about IDLO’s financial and execution capacity, and its refusal to cooperate with information requests.  

- SIGAR’s November 2013 inspection of Salang Hospital found that the Afghan contractor had been paid the fixed price of nearly $598,000 for building and furnishing the 20-bed hospital even though the company had not provided the well, solar-power system, and generator called for in the contract. The inspectors noted that for want of clean water, newborns were being bathed in river water. Meanwhile, lack of power and furnishings prevented the staff from offering full services as intended. In addition, the contractor had failed to complete construction per plan, and had built walls of unreinforced brick in an active earthquake zone. The contract had been awarded under DOD’s Commander’s Emergency Response Program.

- A January 2014 SIGAR inspection report noted that a teacher-training facility in Mazar-i-Sharif in Balkh Province could not be transferred to the Afghan government because of incomplete or substandard construction five years after work began. Among other problems, the school had a leaking roof, defective wiring, and uncased sewer lines passing over water pipes. The school was one of 16 facilities constructed with about $17 million in USAID funds, with the U.S. Army Corps of Engineers acting as contracting agency.

- In June 2011 a DOD/State-funded contract to build the Justice Center courthouse in Parwan Province was awarded to CLC Construction Company, with completion set for November 2011. SIGAR and other U.S. inspectors found construction flaws and use of inferior materials. SIGAR found no evidence that the project’s contracting officer representative (COR) conducted monthly reviews or submitted required reports to the contracting center—but did hear from the COR that he felt unqualified to determine whether the contractor was performing according to contract. In October 2013, the behind-schedule contract was terminated for default after the contractor had been paid nearly $400,000.

- Construction of a 100-bed hospital in Gardez is more than two years behind original schedule, despite USAID’s implementing partner having granted extensions to contractor Sayed Bilal Construction Co. SIGAR inspectors found construction incomplete, internal controls inadequate to detect overpayments of at least $507,000, including diesel-fuel charges of $500 per gallon when the market price was $5 per gallon or less. SIGAR had earlier noted that the Gardez
hospital may be unsustainable by the Afghan government because O&M costs are expected to be five times those of the hospital it will replace.\textsuperscript{130}

- In June 2013, a SIGAR alert letter advised Ambassador James B. Cunningham and senior USAID officials that USAID did not review and approve the work plan for a nearly $70 million cooperative agreement with International Relief and Development Inc. (IRD) for projects to promote agriculture, reduce instability, and “improve the confidence of Afghans in their government” until four months into its execution, when about $44 million had already been obligated.\textsuperscript{131}

Even if U.S. contract-management and oversight personnel were fully staffed, adequately trained, consistently conscientious in applying rules and documenting results, and uniformly diligent in imposing accountability, there would still be a critical obstacle in their way—access to contract worksites and records. The ongoing reductions in U.S. and Coalition military forces, closures of bases, and declining capabilities for transport, escort, and medical-evacuation teams, are steadily reducing the ability of oversight personnel to travel in Afghanistan. SIGAR has cautioned that, “Although it is difficult to predict the future of the U.S. presence in Afghanistan, it is likely that no more than 21% of Afghanistan will be accessible to U.S. civilian oversight personnel by the end of the transition [December 2014], a 47% decrease since 2009.”\textsuperscript{132} The shrinking “oversight-access bubbles” may be mitigated by agencies’ use of remote or third-party monitoring—which may present their own management issues.

A SIGAR letter of inquiry to DOD, State, and USAID pointed out the stewardship issues raised by the shrinking “oversight bubbles” in Afghanistan. The letter noted that “direct oversight of reconstruction programs in much of Afghanistan will become prohibitively hazardous or impossible as U.S. military units are withdrawn, Coalition bases are closed, and civilian reconstruction offices in the field are closed.” It asked about high-value or mission-critical projects under way or planned in areas outside the bubbles, and what plans the agencies had for effective monitoring.\textsuperscript{133} SIGAR also co-hosted a symposium in February 2014 on the challenges of providing oversight in Afghanistan after the transition.

In sum, the scale of the Afghan reconstruction mission, the standard challenges of contract management and oversight, the specific challenges of operating in Afghanistan, and the constricting access to Afghan sites, all combine to form a setting of substantial and continuing risk to financial stewardship and mission success.

Ongoing and planned SIGAR oversight activity will generate new findings and recommendations regarding high-risk issues. In the meantime, policy makers might wish to consider whether existing
laws, regulations, and agency guidance are adequately addressing questions such as the following:

- Have DOD, State, and USAID adequately considered whether security conditions will permit effective management and oversight of individual reconstruction programs and projects?
- If security conditions, including lack of transport and medical evacuation, prevent U.S. access for direct management and oversight in some areas, have DOD, State, and USAID made reasonable plans for adequate and verifiable remote or third-party monitoring of contractor performance?
- Given repeated findings of agency personnel’s widespread noncompliance with existing regulations and policies, have agencies taken effective steps to improve compliance?
- Do the implementing agencies broadly and consistently impose accountability, including genuine consequences, for personnel who fail to exercise due diligence in carrying out their contract-oversight tasks?
U.S. government agencies have sought to coordinate their efforts to achieve the U.S. objectives in Afghanistan through a series of Civil-Military Strategic Frameworks (2012 and 2013) and United States Integrated Civilian-Military Campaign Plans (2009 and 2011). At the same time, with the vast amounts of reconstruction funding appropriated since fiscal year 2007, reconstruction projects and programs have proliferated throughout the country. Unfortunately, a gap appears to have developed between high-level strategic documents and the various projects and programs being implemented. This lack of “implementation/operational planning” —making sure that U.S. activities in Afghanistan actually contribute to overall national goals there—threatens to cause agencies and projects to work at counterpurposes, spend money on frivolous endeavors, or fail to coordinate efforts to maximize impact.

SIGAR recognizes that the U.S. Foreign Assistance for Afghanistan Post Performance Management Plan (2011–2015), which covers the U.S. non-security foreign-assistance portfolio, appears nested within the 2009 Civilian-Military Campaign Plan and defines 349 indicators (without defined targets) across eight assistance objectives. Similarly, the 2011 Civilian-Military Campaign Plan contains 61 proposed metrics (without defined targets) for assessing progress across 13 campaign objectives. The more recent 2012 and 2013 Civil-Military Strategic Frameworks do not, however, provide metrics beyond those contained in the Tokyo Mutual Accountability Framework.

SIGAR has found that the absence of clear goals and targets can lead to confusion in critical cross-cutting areas, such as anticorruption. For example, State never finalized the draft 2010 U.S. anticorruption strategy for Afghanistan and, according to agency officials, the draft strategy and its related implementation plan are no longer in effect. In the absence of a relevant and specific anticorruption strategy, agency officials informed us that two documents guide their current anticorruption efforts in Afghanistan: the Tokyo Mutual Accountability Framework and the U.S. Civil-Military Strategic Framework for Afghanistan. However, SIGAR found that both documents lacked specific goals and objectives with measurable outcomes for anticorruption activities against which the U.S. government can measure its progress. This suggests that the U.S. government lacks a comprehensive anticorruption strategy that (1) clearly links specific program goals and objectives to the U.S. strategic goals and objectives for combating corruption in Afghanistan, (2) aligns necessary interagency resources to achieve those strategic goals and objectives, and (3) describes the performance measures that will be used to assess anticorruption activities and their outcomes against the strategic objectives.

A recent SIGAR audit found that although the United States has developed a comprehensive water strategy for U.S. agencies working
in Afghanistan, USAID did not meet three of its key objectives in four of the nine water projects it has funded since fiscal year 2010. USAID, State, the U.S. Army Corps of Engineers (USACE), U.S. Forces-Afghanistan (USFOR-A) and others developed the U.S. Government Inter-Agency Water Strategy for Afghanistan in 2010. However, USAID did not meet the strategy’s objective to implement an agency work plan that would, among other things, link projects and activities to the goals cited in the strategy. The strategy stated that each U.S. agency, including USAID, should develop and implement an annual work plan detailing its activities for meeting the strategy’s goals.

However, rather than developing an agency work plan, USAID intended to use the work plan for a proposed water program—the $653 million Water Resources Development Program—as the “agency work program.” However, this program was never implemented because USAID did not have the funds to do so. As a result, no work plan was developed to meet the water strategy’s provision. Without a work plan that links projects and activities to goals, it is unclear the extent to which individual USAID water projects contribute to the broader U.S. government’s efforts to develop Afghanistan’s water sector, and USAID may have additional difficulty planning and implementing ongoing water sector development efforts.

USAID also did not meet the strategy’s objective to use key performance indicators to measure and evaluate its performance toward meeting the strategy’s goals. The strategy itself identified potential outputs and outcomes, such as increasing agricultural productivity and improving soil and water conservation, but USAID has not evaluated its projects’ performance against these indicators. As a result, USAID cannot determine how its work achieves the strategy’s goals. Another objective of the strategy called for USAID to update its strategy to reflect the changing needs in Afghanistan’s water sector. However, this did not occur. By failing to update the strategy to reflect current priorities, USAID risks planning and implementing water projects that are not aligned with its goals for the development of Afghanistan’s water sector. SIGAR recommended that USAID develop a new water strategy for Afghanistan with updated short-, medium-, and long-term goals and objectives that reflect USAID’s current water sector priorities.
During the course of a recent audit of State’s Justice Sector Support Program, embassy officials told SIGAR that they were currently updating the 2009 U.S. Government Rule of Law Strategy for Afghanistan to, among other things, assist them to identify overall goals for the Afghan justice sector and help them develop policies and programs to achieve those goals. However, this strategy has not been finalized and there is no clear timeline for its completion.\textsuperscript{144}

There needs to be a clear, logical connection between the objective and indicators of progress. In 2012, the USAID Inspector General (OIG) found that a program designed to dissuade Afghans from growing poppies dropped indicators dealing with assistance to voluntary opium poppy eradication and to farms following poppy eradication. According to USAID OIG, USAID deprived itself of information needed to make sound programming decisions by retaining the objective but removing the indicators most connected to that objective.\textsuperscript{145}

Similarly, SIGAR found in a recent audit of the Justice Sector Support Program that State had not defined a performance management plan detailing specific performance metrics until approximately two and a half years after the contract was signed.\textsuperscript{146} These are but two cases of programming seemingly divorced from the metrics for ensuring programs advance higher order objectives.

In 2012, SIGAR found that DOD, State, and USAID were expected to form a Joint Project and Delivery Team to ensure joint project management, create transparency and accountability, and enable joint decision making for the Afghanistan Infrastructure Fund (AIF). In practice, these teams do not jointly implement all AIF projects. Additionally, SIGAR found that DOD, State, and USAID faced challenges in monitoring and coordinating the execution of AIF projects due to the lack of a shared database. Without insight into the implementation of interdependent projects, DOD, State, and USAID officials may not have adequate information to make effective project management decisions.\textsuperscript{147}

Much has changed since the U.S. Foreign Assistance for Afghanistan Post Performance Management Plan was issued. The primary mechanisms for subnational interagency coordination, Provincial Reconstruction Teams and District Support Teams, essentially no longer exist.\textsuperscript{148} The United States increasingly relies on the Afghan government as a source of data, which presents new challenges for data reliability.\textsuperscript{149} There does not appear to be an update to a comprehensive Post Performance Management Plan to reflect the changed situation on the ground and the revised objectives contained in the civilian-military frameworks and campaign plans.\textsuperscript{150} It is also concerning that more recent civilian-military frameworks no longer define indicators of progress to aid in national-level campaign assessment.
Possible questions include:
• Do implementing agencies explain how their individual projects contribute to achieving the strategic goals laid out in the Civil-Military Strategic Framework for Afghanistan?
• Do agencies monitor and evaluate the contributions of specific projects to strategic goals?
• What mechanisms exist to facilitate interagency coordination? How effective are these mechanisms?
Conclusion

This initial release of the SIGAR High-Risk List has highlighted seven critical areas in the vast and expensive effort to rebuild Afghanistan that deserve close attention from implementing agencies, the oversight community, and Congress.

The facts presented here are a richly documented matter of public record. Their potential for massive waste of taxpayers’ money and for frustration of national objectives is clear. Countering the problems called out in the SIGAR High-Risk list will require additional information to address the key questions SIGAR has raised, as well as careful analysis to identify root causes and practicable mitigations and countermeasures. SIGAR will pursue those challenges and continue to publish relevant alerts, findings, and recommendations involving these matters, and will cooperate with congressional and oversight bodies to reduce the number of reconstruction areas at high risk.

The High-Risk List will be updated as conditions warrant.
Endnotes

15. SIGAR, Audit 14-26, Support for Afghanistan’s Justice Sector: State Department Programs Need Better Management and Stronger Oversight, 1/2014.
19. SIGAR, Quarterly Report to the United States Congress, 7/30/2014, p. 3.
22. SIGAR, Quarterly Report to the United States Congress, 10/30/2014, p. 85.
<table>
<thead>
<tr>
<th>Reference</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>SIGAR, Audit 13-1, Afghan National Security Forces Facilities: Concerns with Funding, Oversight, and Sustainability for Operation and Maintenance, 10/2012.</td>
</tr>
<tr>
<td>29</td>
<td>World Bank, South Asia Economic Focus, Fall 2014, p. 40.</td>
</tr>
<tr>
<td>30</td>
<td>SIGAR, Audit 10-4, Afghanistan Energy Supply has Increased but an Updated Master Plan is Needed and Delays and Sustainability Concerns Remain, 1/2010 and Fichtner, TA 7637 (AFG) Power Sector Master Plan, 11/2012.</td>
</tr>
<tr>
<td>31</td>
<td>SIGAR, Quarterly Report to the United States Congress, 7/30/2014, p. 175.</td>
</tr>
<tr>
<td>32</td>
<td>SIGAR, Audit 12-12, Fiscal Year 2011 Afghanistan Infrastructure Fund Projects are Behind Schedule and Lack Adequate Sustainment Plans, 7/2012.</td>
</tr>
<tr>
<td>34</td>
<td>SIGAR, Audit 12-12, Fiscal Year 2011 Afghanistan Infrastructure Fund Projects are Behind Schedule and Lack Adequate Sustainment Plans, 7/2012.</td>
</tr>
<tr>
<td>38</td>
<td>SIGAR, Audit 13-9, Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not Be Sustainable and Existing Hospitals Are Facing Shortages in Some Key Medical Positions, 4/2013.</td>
</tr>
<tr>
<td>41</td>
<td>SIGAR, Audit 14-47-AR, Afghan Customs: U.S. Programs Have Had Some Successes, But Challenges Will Limit Customs Revenue as a Sustainable Source of Income for Afghanistan, 4/15/2014.</td>
</tr>
<tr>
<td>44</td>
<td>SIGAR, Quarterly Report to the United States Congress, 10/30/2014, p. 85.</td>
</tr>
<tr>
<td>51</td>
<td>CENTCOM/IJC, response to SIGAR, data call, 10/3/2014.</td>
</tr>
</tbody>
</table>
54 SIGAR, Audit 13-13, Afghan Special Mission Wing: DOD Moving Forward With $771.8 Million Purchase of Aircraft the Afghans Cannot Operate or Maintain, 6/2013.
56 SIGAR, Quarterly Report to the United States Congress, 10/30/2014, pp. 88–89; CENTCOM, response to SIGAR, data call, 9/20/2014.
58 SIGAR, Audit 11-6, Inadequate Planning for ANSF Facilities Increases Risk for $11.4 Billion Program, 1/2011.
61 SIGAR, Audit 13-1, Afghan National Security Forces Facilities: Concerns with Funding, Oversight and Sustainability for Operations and Maintenance, 10/2012.
63 SIGAR, Audit 13-4, Afghan National Army: Controls Over Fuel For Vehicles, Generators and Power Plants Need Strengthening to Prevent Fraud, Waste, and Abuse, 1/2013.
64 SIGAR, Audit 14-1, Afghan National Police Fuel Program: Concerted Efforts Needed To Strengthen Oversight of U.S. Funds, 10/2013.
67 SIGAR, Audit 13-6, Contracting With the Enemy: DOD Has Limited Assurance that Contractors With Links to the Enemy are Identified and Their Contracts Terminated, 4/2013.
68 SIGAR, Audit 13-6, Contracting With the Enemy: DOD Has Limited Assurance that Contractors With Links to the Enemy are Identified and Their Contracts Terminated, 4/2013.
70 SIGAR, Quarterly Report to the United States Congress, 10/30/2014, pp. 67, 83, 135.
71 Sopko, John F., Testimony Before the House Committee on Oversight and Government Reform, Challenges Affecting U.S. Foreign Assistance to Afghanistan, 4/10/2013, p. 1.
77 Sopko, John F., Testimony Before the House Committee on Oversight and Government Reform, Challenges Affecting U.S. Foreign Assistance to Afghanistan, 4/10/2013, p. 1; Sopko, John F., Testimony Before the House Committee on Armed Services, Subcommittee on Oversight and Investigations, Oversight Challenges and Their Implications for Afghan Women and Girls, 10/29/2013, p. 9.
78 SIGAR, Audit 14-32-AR, Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries’ Ability to Manage Donor Funds, But Concerns Remain, 1/2014, pp. 2, 3, 9, 10 and 76.
81 SIGAR, Audit 13-17, Health Services in Afghanistan: USAID Continues Providing Millions of Dollars to the Ministry of Public Health Despite the Risk of Misuse, 9/2013, p. 2.
85 USAID, ODG, response to SIGAR, data call, 3/31/2014.
92 USAID, response to SIGAR, data call, 3/31/2014.
95 SIGAR, Special Projects Directorate Email to Research and Analysis Directorate Regarding U.S. Funding to Fill Afghan Budget Gap, 11/10/2014 and 11/12/2014.


101 Department of Defense, Progress Toward Security and Stability in Afghanistan, 10/2014, p. 82.

102 SIGAR, Quarterly Report to the United States Congress, 10/30/2014, pp. 3–17; SIGAR, Special Project Report 15-10-SP, Poppy Cultivation in Afghanistan: After a Decade of Reconstruction and Over $7 Billion in Counternarcotics Efforts, Poppy Cultivation Levels Are at an All-Time High, 10/14/2014.

103 SIGAR, Quarterly Report to the United States Congress, 10/30/2014, p. 7.

104 SIGAR, Special Project Report 15-10-SP, Poppy Cultivation in Afghanistan: After a Decade of Reconstruction and Over $7 Billion in Counternarcotics Efforts, Poppy Cultivation Levels Are at an All-Time High, 10/14/2014, p. 2.

105 SIGAR, Audit Report 15-12-AR, Counternarcotics Police of Afghanistan: U.S. Assistance to Provincial Units Cannot Be Tracked and Formal Capability Assessments of These Units are Needed, 10/2014.

106 SIGAR, Audit 13-13, Afghan Special Mission Wing: DOD Moving Forward With $771.8 Million Purchase of Aircraft that the Afghans Cannot Operate or Maintain, 6/2013.

107 SIGAR, Audit 09-7, Documenting Detention Procedures Will Help Ensure Counternarcotics Justice Center is Utilized as Intended, 9/30/2009.


109 Based on geospatial data analysis by David Mansfield.


111 SIGAR, Quarterly Report to the United States Congress, 7/30/2013, p. 216, note 1: “A preliminary review of data submitted by agencies to SIGAR’s Special Projects unit thus far indicates that from 2002 through February 2013, U.S. agencies have obligated nearly $37 billion in contracts, grants, and cooperative agreements for Afghan reconstruction. The U.S. Department of Defense (DOD) obligated about $25.7 billion for more than 12,000 contracts, while the U.S. Agency for International Development (USAID) obligated about $11.2 billion for more than 280 contracts, cooperative agreements, and grants. Continuing data analysis is expected to increase these totals: among other tasks, analysts are conferring with Army personnel to distinguish between contracts executed in Afghanistan for U.S. forces as opposed to those supporting Afghan National Security Forces. The U.S. State Department has also obligated funds for Afghan-reconstruction contracting, but its data submissions are still under review. Total U.S. reconstruction obligations exceed contract obligations because some commitments, e.g., salaries for Afghan soldiers and police, are not implemented through contracts. A more definitive report will follow.”

118 SIGAR, Quarterly Report to the United States Congress, 4/30/2014, p. 89.
120 SIGAR, Quarterly Report to the United States Congress, 10/30/2013, p. 2.
125 SIGAR, Alert Letter 14-7, to the USAID Administrator and the USAID Afghanistan Mission Director, 12/31/2013.
126 SIGAR, Alert Letter 13-6, to the Secretary of State, 7/22/2013.
129 SIGAR, Inspection Report 14-7, Justice Center in Parwan Courthouse: Poor Oversight Contributed to Failed Project, 10/2013.
130 SIGAR, Inspection Report 14-6-IP, Gardez Hospital: After almost 2 Years, Construction Not Yet Completed because of Poor Contractor Performance, and Overpayments to the Contractor Need to Be Addressed by USAID, 10/2013.
132 SIGAR, Inquiry Letter 14-4, to the Secretaries of Defense and of State, and to the USAID Administrator, 10/13/2013, p. 2.
133 SIGAR, Inquiry Letter 14-4, to the Secretaries of Defense and of State, and to the USAID Administrator, 10/13/2013, p. 2.
| 140 | SIGAR, Audit 14-52, Afghanistan’s Water Sector: USAID’s Strategy Needs to be Updated to Ensure Appropriate Oversight and Accountability, 4/2014. |
| 141 | SIGAR, Audit 14-52, Afghanistan’s Water Sector: USAID’s Strategy Needs to be Updated to Ensure Appropriate Oversight and Accountability, 4/2014. |
| 142 | SIGAR, Audit 14-52, Afghanistan’s Water Sector: USAID’s Strategy Needs to be Updated to Ensure Appropriate Oversight and Accountability, 4/2014. |
| 143 | SIGAR, Audit 14-52, Afghanistan’s Water Sector: USAID’s Strategy Needs to be Updated to Ensure Appropriate Oversight and Accountability, 4/2014. |
| 144 | SIGAR, Audit 14-26, Support for Afghanistan’s Justice Sector: State Department Programs Need Better Management and Stronger Oversight, 1/2014. |
| 145 | USAID OIG, Audit of USAID/Afghanistan’s Incentives Driving Economic Alternatives for the North, East, and West Program, 6/29/2012, p. 5. |
| 150 | USAID, OPPD, response to SIGAR, data call, 10/9/2014. |
FRAUD, WASTE, OR ABUSE MAY BE REPORTED TO SIGAR’S HOTLINE

By phone: Afghanistan
Cell: 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