



SIGAR

Testimony

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Lessons Learned from Oversight
of the U.S. Agency for
International Development's
Efforts in Afghanistan

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Mr. Chairman, Ranking Member Tierney, and Members of the Subcommittee,

I am pleased to be here today to discuss oversight of the U.S. Agency for International Development's (USAID) reconstruction efforts in Afghanistan. Since 2002, USAID has obligated over \$18 billion to help rebuild Afghanistan through a wide range of projects and programs in areas such as healthcare, education, and agriculture, among others. This effort has been unprecedented in its cost and scope. It has also provided a unique opportunity to examine the challenges of undertaking a large-scale reconstruction initiative in an environment like Afghanistan.

Since the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) was established in 2008, it has developed a large body of work focused on USAID's efforts in Afghanistan. This work has involved every facet of SIGAR's organization and has been communicated through almost 50 audit and inspection reports, 22 quarterly reports to Congress, and other special publications. Taken individually, these reports provide specific examples of how various USAID projects were planned, implemented, and overseen. They also highlight concrete instances of waste, fraud, and abuse, where it has occurred. Taken as a whole, however, these reports reveal broader lessons about what has worked and what has not—lessons that can be used to inform future contingency operations and, to the extent possible, to strengthen and improve the U.S. government's continued efforts in Afghanistan throughout the "Transformation Decade" and beyond. In my testimony today, I discuss four of those lessons.

Lesson 1: Reconstruction Programs Must Take into Account the Recipient Country's Ability to Afford the Costs of Operating and Sustaining Them

In 1988, USAID released a review of U.S. Assistance to Afghanistan between the years 1950 and 1979.¹ This report, conducted by a private firm with which USAID had contracted, identified a number of lessons learned, based on the U.S. government's experience in Afghanistan. Chief among them was that U.S. assistance to Afghanistan had been "over-ambitious, both as to scale and timing" and that, "in many ways, the program was larger than could be effectively administered by either the US or Afghan governments." This conclusion, although retrospective in its orientation, was prescient. As the work of SIGAR and others has shown, the size of the U.S. government's current reconstruction effort in Afghanistan has placed both a financial and operational burden on the Afghan government that it simply cannot manage.

As SIGAR has noted on several occasions, the U.S. government has committed more money to rebuild Afghanistan than it has any other single nation in its history—over \$100 billion. While this figure is noteworthy when compared to other foreign aid investments that the U.S. has made in its history, it is staggering when considered in the context of Afghanistan's economy.

By most estimates, Afghanistan's domestic annual revenue is only about \$2 billion, while its overall budget is \$7.5 billion. This means that, without donor contributions, the Afghan government will not be able to meet most of its operating expenditures. For example, NATO has estimated that the cost of sustaining an Afghan National Security Force (ANSF) of 228,500 would be \$4.1 billion annually. Therefore, if the Afghan government were to dedicate all of its domestic revenue toward sustaining the ANSF at its projected levels, it still could only pay for half of the associated costs. Moreover, all other costs—those required to operate and maintain infrastructure and programs in the non-military sectors—would have to come from international donors.

¹ "Retrospective Review of US Assistance to Afghanistan: 1950-1979," Submitted to USAID by Devres, Inc., October 31, 1988.

While security is a significant driver of costs and one that often receives the most attention, development in Afghanistan is also a major contributor to that country's growing fiscal gap. Each new development project that the U.S. and other international donors fund increases overall operation and maintenance costs, adding pressure to Afghanistan's operating budget. Indeed, Afghanistan's fiscal sustainability ratio—domestic revenues versus operating expenses—remains one of the lowest in the world. Recent World Bank calculations show that Afghanistan's fiscal sustainability ratio has declined, from 66.5 percent in fiscal year 2011 to 60.1 percent in fiscal year 2012. And this ratio is projected to drop even lower in coming years.² 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.

USAID has acknowledged this reality. For example, a 2011 report on Afghanistan's fiscal sustainability, prepared for USAID by Chemonics International, Inc., found that, even under conservative assumptions, the size of operation and maintenance expenditures associated with all external development spending is almost equal to Afghanistan's current operating budget.³ USAID officials have also told SIGAR they are concerned that the United States and the Afghan government could be left with "stranded assets" if project implementation and follow-up are not handled correctly. SIGAR has found, however, that USAID has not consistently translated this understanding into a realistic approach for designing and implementing projects.

Limited Sustainability of Energy Sector Programs

The problem of planning and implementing programs without considering the cost and feasibility of sustaining them is, perhaps, no more strikingly evident than in the U.S. government's efforts to develop Afghanistan's energy sector. As highlighted in the Afghanistan National Development Strategy and other key planning documents, the United States, other international donors, and the Afghan government agree that improving the energy sector is essential to Afghanistan's economic progress and long-term viability.

² World Bank, *Afghanistan Economic Update*, October 2013.

³ Afghanistan Fiscal Sustainability Model Summary Report, produced for USAID by Chemonics International, Inc., September 2011.

However, the energy sector remains largely undeveloped. According to the World Bank, Afghanistan has one of the lowest rates of electric-service connection in the world, with only 28 percent of its population connected to the power grid. Of those who are connected, an estimated 77 percent live in urban areas.⁴

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 city.⁵ The decision to build the plant had been made jointly by the U.S. and Afghan governments and, in 2007, the Afghan government had committed to, among other things, paying for the fuel required to operate the plant and commercializing the operations of Afghanistan's electricity revenues to cover fuel costs and operation and maintenance expenses of the plant within one year of its creation.

In June 2008, the USAID Mission Director in Afghanistan certified to Congress that USAID had concluded the Afghan government was capable of meeting these commitments.⁶ However, it soon became apparent that this conclusion was highly unrealistic. One key basis for USAID's certification was the expectation that the Afghan government would be able to commercialize its utility sector. By 2010, though, the utility sector for the Kabul area was projected to suffer an annual operating loss of \$250 million. Similarly, although the Afghan government had committed to paying fuel costs for the plant, the Afghan Minister of the Economy requested in 2009 that USAID reserve \$28 million in funds originally set aside for its contribution to the Afghanistan Reconstruction Trust Fund, in part to cover fuel costs at the Kabul Power Plant and other power plants in southern Afghanistan.

One contributing factor behind the high costs associated with operating and maintaining the Kabul Power Plant was the Afghan and U.S. governments' joint decision to build a dual fuel plant—one capable of operating on diesel or heavy fuel. According to staff of the contractor

⁴ World Bank, "Afghanistan Partnership: Country Program Snapshot," 8/29/2013.

⁵ SIGAR Audit 10-6, Contract Delays Led to Cost Overruns for the Kabul Power Plant and Sustainability Remains a Key Challenge, January 2010.

⁶ This certification was submitted in compliance with Section 611(e) of the Foreign Assistance Act of 1961, which provides that whenever certain types of funds are proposed to be used for a capital assistance project exceeding \$1 million, the USAID Mission Director must certify that the country has the capability to effectively maintain and utilize the project.

hired by USAID to build the plant, a senior Afghan government official had advocated for a dual fuel plant since heavy fuel oil is considerably cheaper than diesel fuel and would increase the chances that the Afghan government could operate the plant with its own resources. The USAID contractor's staff noted, however, that the full costs of using heavy fuel oil include additional infrastructure investments, handling costs, and operation and maintenance expenses associated with greater wear and tear placed on the generators. Moreover, heavy fuel oil is not available in Afghanistan and would require the creation of a heavy fuel import and distribution network solely for the Kabul Power Plant. The contractor estimated that up to \$4 million could be saved if the plant were converted to a diesel-only plant, but USAID officials declined to pursue this option due to political sensitivities surrounding the issue and prior commitments they had made to the Afghan government.

Last year, SIGAR reexamined USAID's efforts to strengthen the electricity sector in Kabul. In an audit report focused on USAID assistance to support commercialization of the Kabul regional department of Da Afghanistan Breshna Sherkat (DABS), Afghanistan's national power utility, SIGAR found that USAID's assistance had helped DABS-Kabul reduce its losses and increase revenues, a positive development.⁷ However, SIGAR also found that DABS-Kabul—the same power utility that USAID had expected in 2008 to produce enough revenue to cover operation and maintenance costs of the Kabul Power Plant—was not self-sufficient and, without an Afghan government subsidy, scheduled to expire in March 2014, would operate at a loss unless it significantly improved its revenue generation capability.

Troublingly, DABS-Kabul is well ahead of other DABS regional departments, including that in Kandahar, which the U.S. government expects to cover the costs of a number of critical energy sector projects funded by the U.S. and other international donors in that region. In July 2012, SIGAR issued a report on the Afghanistan Infrastructure Fund, which provides funding for large-scale infrastructure projects jointly managed and implemented by USAID and the U.S. Forces-Afghanistan (USFOR-A).⁸ Many of these projects are in the energy sector

⁷ SIGAR Audit 13-7, Afghanistan's National Power Utility: Commercialization Efforts Challenged by Expiring Subsidy and Poor USFOR-A and USAID Project Management, April 2013.

⁸ SIGAR Audit 12-12, Fiscal Year 2011 Afghanistan Infrastructure Fund Projects Are behind Schedule and Lack Adequate Sustainment Plans, July 2012.

and include such significant initiatives as the Kandahar Bridging Solution, which provides fuel, operation, and maintenance for all Department of Defense and USAID-procured generators in Kandahar, and improvements to the Northeast and Southeast Power Systems, two high voltage transmission networks. SIGAR found that, although USAID and USFOR-A prepared sustainment plans for these projects, as required, the plans did not include any analysis of the costs of sustaining them. Moreover, the likelihood that the Afghan entities charged with financing these projects can afford them is questionable. For instance, DABS-Kandahar, which is responsible for sustainment of the Southeast Power System and, ultimately, the operation of U.S. government-procured generators in Kandahar, has limited capability to bill customers, collect revenues, and maintain its infrastructure. As SIGAR noted in this July 2012 report, estimates at the time called for the U.S. government to support the Kandahar Bridging Solution through calendar year 2012, when either DABS would take over fuel procurement or other power sources would come online. Not surprisingly, those estimates were overly optimistic, and U.S. funding for the Kandahar Bridging Solution has continued.

During my most recent trip to Afghanistan, a senior U.S. military official told me the fuel provided through the Kandahar Bridging Solution will start declining this year and end by December. Afghan officials also told me that if the U.S. military stops providing the fuel, DABS will probably not have the financial resources necessary to purchase the fuel needed to maintain the power provided by the generators funded through the Afghanistan Infrastructure Fund. In other words, unless the U.S. government or another international donor provides more fuel to DABS, thousands of homes and businesses in Kandahar will no longer have access to power beginning in early 2015, even assuming the most optimistic estimates for the time needed to complete the Kajaki Dam and other key electrical grid projects designed to connect Kandahar to the country's larger electrical grid.

USAID and DABS officials in Kandahar are well aware of this potential problem. To help offset the gap in power generation, they have developed a "bridging solution to the bridging solution." Under their draft proposal, DABS will obtain power through a new solar power plant in eastern Kandahar and a hydro-electric turbine at Dahla Dam. Although I commend USAID and DABS for trying to develop a solution to this serious challenge, I have concerns

about the ability of USAID and the Afghan government to jointly develop, undertake, and complete two new large-scale infrastructure projects before the end of this year.

Limited Sustainability of Health Sector Programs

Over-ambitious expectations of the Afghan government's ability to afford development projects have not been limited to the energy sector. In April of last year, SIGAR reported that USAID built two hospitals for the Afghan Ministry of Public Health (MOPH) that the ministry would likely not be able to afford.⁹ Specifically, SIGAR found that the estimated annual operation and maintenance costs of the two new hospitals could be over five times more than the annual operating costs for the hospitals they were replacing. For example, while the old Gardez provincial hospital had operating costs of approximately \$611,000, including costs for operation and maintenance, salaries, and supplies, the International Organization for Migration, which received a USAID cooperative agreement to build the hospital, estimated that operation and maintenance costs alone for the new Gardez hospital would exceed \$1.1 million annually. A USAID-contracted engineering firm, which conducted a study of projected operating costs for the new facilities, estimated that annual operation and maintenance costs for Gardez hospital would be even higher—as much as \$2.1 million. And USAID estimated higher fuel costs for the new hospital, ranging from \$1.6 million to \$3.2 million annually. Similarly, the old hospital in Khair Khot district had total operating costs of about \$98,000, including costs for operation and maintenance, salaries, and benefits, but USAID estimated annual operating costs for the new facility of more than \$587,000.

Despite these projections, neither USAID nor the Afghan government allocated funds to cover these additional costs. And, although the USAID Mission Director in Kabul had certified in 2007 that the Afghan government would be capable of effectively maintaining and using the hospitals, USAID could not provide SIGAR any documentation to indicate that its review and approval of the design plans for the two hospitals took into account the higher operating costs estimated for the new facilities or the Afghan government's financial capability to maintain them once completed. The problems with these two hospitals are indicative of

⁹ 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, April 2013.

larger problems with USAID's efforts to build a sustainable health sector. In a September 2011 report on USAID's health services program,¹⁰ the USAID Office of Inspector General (OIG) reported that sustainability has emerged as a risk to USAID investments in Afghanistan's health sector and that about 94 percent of the Afghan Government's expenditures on health care programs are donor supported.

Other Examples of Sustainability Concerns in Reconstruction Programs

USAID OIG has identified other instances in which USAID has implemented projects or built infrastructure without articulating a clear plan for ensuring that the Afghan government can sustain them. In a June 2007 report on Afghanistan's urban water and sanitation program,¹¹ for instance, USAID OIG reported that USAID/Afghanistan's overall objective underlying this program was to develop sustainable supplies of suitable quality water for certain areas of Afghanistan. However, during project implementation USAID/Afghanistan did not take appropriate measures to ensure financial and operational sustainability of the constructed water systems beyond the project completion date. As a result, USAID OIG concluded that the constructed water distribution systems could have significant short and long-term financial and operational problems, ultimately impacting the supply of water to the intended populations of Afghanistan.¹²

In a December 2008 report on Afghanistan's higher education project,¹³ USAID OIG reported that, although sustainability was a core element of USAID program design, professional development centers constructed under the program would not be self-sustaining because the program design did not include an exit strategy that identified ways to keep the centers operating after the project ended.

¹⁰ USAID OIG, *Audit of USAID/Afghanistan's On-Budget Funding Assistance to the MOPH in Support of the Partnership Contracts for Health Services Program*, Audit Report No. F-306-11-004.

¹¹ USAID OIG, *Audit of USAID/Afghanistan's Urban Water and Sanitation Program*, Audit Report No. 5-306-07-006-P, June 2007.

¹² Next month, SIGAR will release an audit report broadly assessing USAID's efforts to help Afghanistan develop a sustainable water sector.

¹³ USAID OIG *Audit of USAID/Afghanistan's Higher Education Project*, Audit Report No. 5-306-09-002-P, December 2008.

Failure to consistently and adequately plan for the Afghans to sustain reconstruction projects has not been USAID's alone. In January 2011, SIGAR released an audit report on the Department of Defense's Commander's Emergency Response Program (CERP) in Laghman Province.¹⁴ SIGAR found that nine asphalt roads, which accounted for the vast majority of CERP funds spent in that province, were at risk for waste because they were approved without adequate assurance that the Afghan government had the resources to maintain them. According to officials on Laghman Province's Provincial Reconstruction Team, the Afghan Directors of Public Works and Rural Rehabilitation and Development did not have the resources to maintain roads, particularly asphalt roads, which require more resources and equipment to maintain than dirt roads.

Whether it be the energy sector or the health sector or any other, the pitfalls of placing unreasonable expectations on the Afghan government regarding its ability to afford the costs of operating and maintaining development projects are clear. Among them are cost overruns, delays, and waste of reconstruction funds, to name a few. Perhaps most significant, though, is the possibility that the Afghan public and the Afghan government will lose confidence that their key partner in the reconstruction effort, the U.S. government, has their best interest at heart.

Lesson Two: Reconstruction of a Conflict-Ridden State Is Inherently Risky and That Risk Must Be Properly Mitigated

As one of the world's most impoverished, insecure, and corrupt countries, Afghanistan presents remarkable challenges to those committed to helping it address its very serious problems. USAID and other donors must not only worry about the safety of all those who work in Afghanistan on their behalf; they must also take every possible step to safeguard the funds their governments have entrusted them with spending in Afghanistan from waste, fraud, and abuse.

¹⁴ SIGAR Audit 11-07, Commander's Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste, January 2011.

Corruption poses the most severe threat to the integrity of U.S. government reconstruction aid to Afghanistan. And, as the U.S. military noted in a recent study it published, “corruption directly threatens the viability and legitimacy of the Afghan state.”¹⁵ Afghans themselves agree. In a number of internationally recognized surveys, Afghans identify corruption as one of the most serious challenges facing their country. In a 2013 survey conducted by the International Security Assistance Force, for instance, 80 percent of Afghans described corruption as a major problem, and 65 percent said it was worse than a year before. Integrity Watch Afghanistan, a nongovernmental organization committed to improving governance, has reported that about one in every seven Afghans, or 15 percent, paid at least one bribe in 2012.¹⁶

One of SIGAR’s earliest reports related to safeguarding reconstruction funds was an audit of USAID’s efforts to safeguard funds provided for salary support to Afghan government employees and technical advisors.¹⁷ SIGAR found that, although USAID had provided salary support to Afghanistan since at least 2005, it did not begin collecting information on that support until 2008. Moreover, it was only through the process of compiling an inventory of salary support it had funded that it discovered it had been violating its own policy. Specifically, USAID had supplemented the salaries of Afghan ministers and senior presidential advisors, even though its policy prohibited supplementing policy-making officials’ salaries under any circumstances.¹⁸ SIGAR also found that, although USAID had conducted an assessment of the Afghan government’s financial management capabilities, it had not conducted similar assessments of the human resources and payroll systems used to implement U.S. salary support to determine if necessary internal controls were in place to protect salary payments from mismanagement, waste, or misuse. SIGAR’s own analysis of these systems found they had a number of significant weaknesses, such as incomplete

¹⁵ Joint Coalition Operational Analysis (JCOA), a division of Joint Staff J-7, *Operationalizing Counter/Anti-corruption Study*, 2/28/2014.

¹⁶ Integrity Watch, “National Corruption Surveys,” www.iwaweb.org.

¹⁷ SIGAR Audit 11-05, *Actions Needed to Mitigate Inconsistencies in and Lack of Safeguard over U.S. Salary Support to Afghan Government Employees and Technical Advisors*, October 2010.

¹⁸ See USAID Automated Directives System 201.3.11.10, “Policy Guidance on Criteria for Payment of Salary Supplements for Host Government Employees” [Cable 88 State 119780, April 1988]. After discovering these violations, successive USAID Administrators twice waived the policy to allow for continued salary support to the Office of the President.

implementation of an electronic payroll system and an inability to detect multiple supplements paid to single recipients.

In SIGAR's opinion, failing to adequately assess the internal controls within Afghan ministries responsible for handling U.S. salary support payments assumed an unacceptable level of risk. And this problem was not isolated to the issue of salary support. In July 2008, USAID and the MOPH signed an implementation letter establishing the Partnership Contracts for Health (PCH) program—a five-year program to provide funding to the ministry for the delivery of health services throughout Afghanistan. USAID had conducted two assessments of the ministry prior to establishment of the PCH program. The first concluded that the ministry's operations were adequate for the purposes of accounting for and managing USAID funds provided directly to the ministry. The second found that the ministry had adequate experience and procurement capabilities to handle procurements funded under USAID host-country procurement procedures. However, in November 2010, USAID OIG reported that these pre-award assessments—which USAID used to certify the ministry's ability to manage the \$236 million PCH program—were inadequate and did not provide reasonable assurance of detecting significant vulnerabilities.¹⁹ Indeed, SIGAR's own review of these assessments found that they consisted primarily of observations, walk throughs, and documentation reviews and that USAID conducted little testing of internal controls.²⁰

When SIGAR examined USAID's management of this program in 2013, it found that, despite USAID OIG's 2010 findings, USAID had not reassessed operations within the ministry to determine whether funds provided under the PCH program were at risk. Moreover, although a later, more thorough assessment of the ministry was conducted through a USAID contract with Ernst & Young, and that assessment found significant internal control weaknesses at the ministry, USAID officials told SIGAR they had no obligation to address the deficiencies

¹⁹ USAID OIG, *Review of USAID/Afghanistan's Ministerial Assessment Process*: F-306-11-001-s, November 6, 2010.

²⁰ 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 of Funds*, September 2013.

identified or to verify any corrective actions that the ministry may have implemented for the ongoing PCH program.²¹

USAID cited two main arguments for this position. First, the PCH program was executed through what USAID calls a host-country contract. And, according to certain USAID officials, that type of contracting did not constitute “direct government-to-government assistance,” thereby negating any need to address the findings of the Ernst & Young assessment, which was conducted solely as part of a different program that fell explicitly under the rubric of direct bilateral assistance. Second, USAID stated that the weaknesses identified through the Ernst & Young assessment did not matter because USAID had established a separate unit, the Grants Contracts and Management Unit (GCMU), through which all PCH funds would flow—separate from the rest of the ministry and better able to protect USAID’s funds. In its comments on SIGAR’s draft audit report, USAID stated plainly, “It is in part because of the GCMU that the [ministry] and USAID have had such a strong success with the PCH program over the past several years and confidence in the management of the funds for the PCH program.”

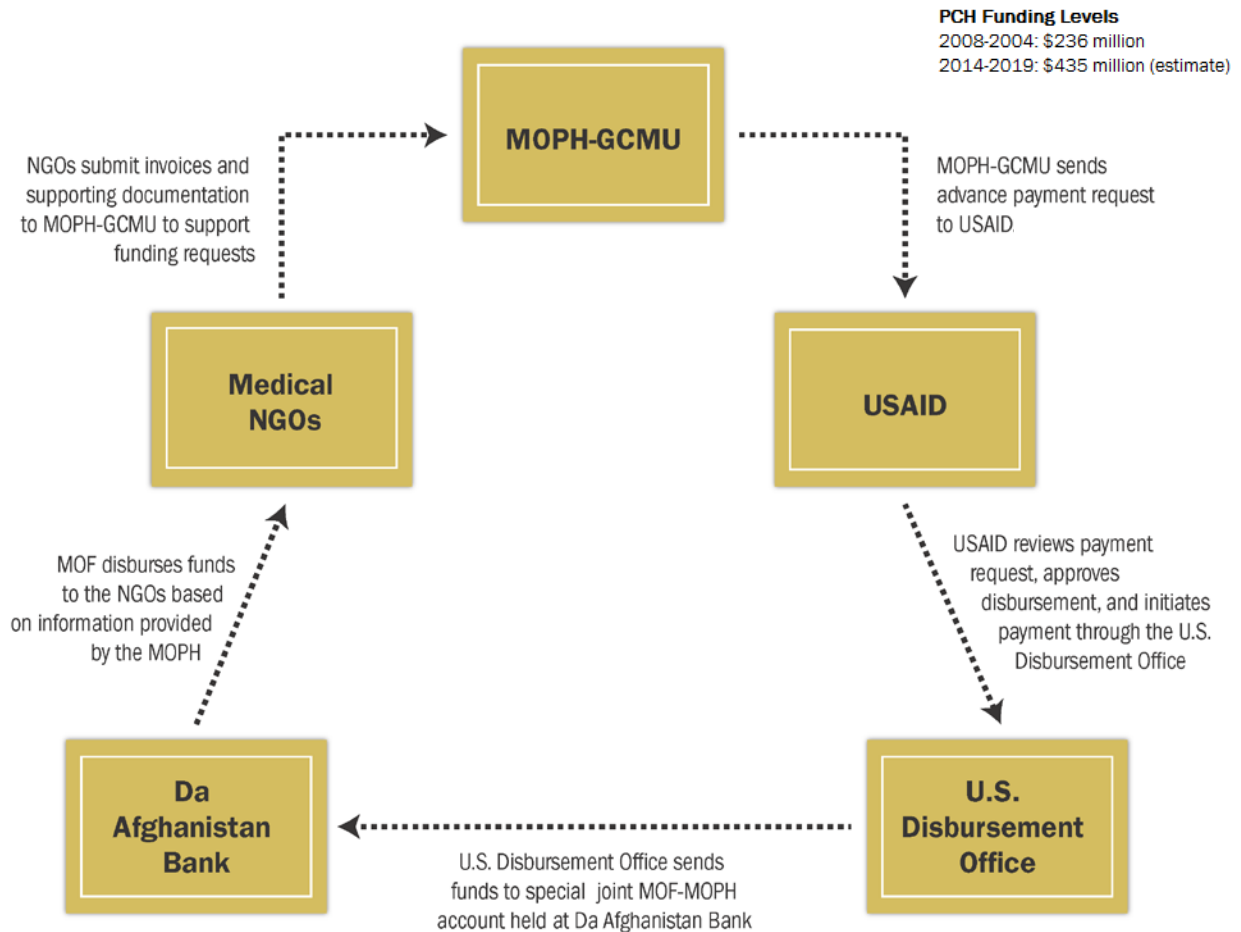
These arguments were troubling for a number of reasons but, particularly, because SIGAR’s own investigative work has found that the GCMU has done little to protect USAID’s funds from waste and mismanagement. While details of SIGAR’s ongoing criminal investigation cannot be shared at this point, it is safe to say that, based on information SIGAR’s auditors and investigators have collected and corroborated, the GCMU constitutes, in many ways, a single point of failure when it comes to the protection of USAID funds for the PCH program.

To provide direct assistance funds to MOPH for the PCH program, USAID depends heavily on cooperation and information from MOPH’s GCMU. As shown in figure 1, MOPH-GCMU submits an advance payment request to USAID every 45 days to cover the estimated cost of the PCH program. This estimate is based on requests and supporting information provided to MOPH-GCMU by the nongovernmental organizations providing goods and services under the program. USAID reviews MOPH-GCMU’s payment request, approves disbursement, and initiates payment through the U.S. Disbursement Office. The U.S. Disbursement Office then

²¹ See SIGAR Audit 13-17, p.4, for a more complete discussion of this matter.

sends funds to an account at Afghanistan’s central bank, Da Afghanistan Bank, jointly held by the Ministry of Finance and MOPH for the PCH program. Using information provided by MOPH-GCMU, the Ministry of Finance disburses funds to individual nongovernmental organizations to cover their anticipated expenses for goods and services.

Figure 1 - MOPH-PCH Payment Process



Source: SIGAR analysis of interviews and documentation.

This system presents a number of vulnerabilities.

- First, although the nongovernmental organizations implementing PCH submit invoices and other supporting documentation to MOPH-GCMU, MOPH-GCMU does not, as Ernst & Young found in its assessment of MOPH, have strong monitoring capabilities. Notably, Ernst & Young found that internal audit was a critical area

within MOPH that needed improvement. Moreover, there is a risk that nongovernmental organizations and individuals within MOPH-GCMU could collude to inflate the estimated costs of the program.

- Second, MOPH-GCMU does not have to provide any supporting documentation to USAID. Therefore, there is nothing to prevent MOPH-GCMU from submitting payment requests to USAID for more than is actually needed for the program.
- Third, the Ministry of Finance releases funds to the nongovernmental organizations based on information provided to it by MOPH-GCMU. Again, there is no control preventing MOPH-GCMU from falsifying the information it provides to the Ministry of Finance regarding the amount of funding that each nongovernmental organization should receive.

USAID has, however, made substantial progress since the days of its salary support program and, even, since the PCH program. Most notably, USAID has strengthened its efforts to assess the capacity of a number of Afghan ministries to manage U.S. direct assistance funds. As SIGAR reported earlier this year, USAID contracted with both Ernst & Young and KPMG to conduct thorough public financial management assessments of 16 Afghan ministries.²² These assessments were a significant improvement over the earlier, more limited assessments that USAID had conducted and that USAID OIG had criticized in its 2010 report. For example, SIGAR found that the contracted firms not only identified the internal controls in place at each of the ministries, but tested these internal controls, as well. Moreover, USAID conducted an additional internal risk review of seven Afghan ministries in an effort to better understand the risks associated with using their systems to manage USAID's direct assistance funds.

Unfortunately, USAID's progress in assessing the risks associated with awarding funds directly to the Afghan ministries has not been matched by an equally robust strategy to ensure the Afghan government mitigates those risks. As noted in SIGAR's recent report on the ministerial assessments, Ernst & Young and KPMG concluded that all of the 16 ministries assessed were unable to manage and account for funds unless they implemented

²² SIGAR 14-32-AR, Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries' Ability to Manage Donor Funds, but Concerns Remain, January 2014.

specific recommendations outlined in the assessments. Similarly, USAID found, in each of its seven internal risk reviews, that the ministry was unable to manage direct assistance funds without a risk mitigation strategy and that the mission would not award direct assistance to the ministry “under normal circumstances.” Issues uncovered through the risk reviews include such serious problems as internal control environments inadequate to safeguard assets against theft and unauthorized use; failure to fully comply with Afghan procurement laws and regulations; and limited capacity to encourage and enforce code of government ethics.

Some of USAID/Afghanistan’s risk reviews also discussed each ministry’s ability and willingness to combat corruption. Specifically, USAID/Afghanistan found that DABS and the Ministries of Agriculture, Irrigation, and Livestock; Communication and Information Technology; Education; Mines and Petroleum; and Public Health had control environments that were “not adequate to mitigate risk of corruption.” Of those ministries, USAID/Afghanistan only identified DABS as demonstrating, “to a certain degree, the will to address concerns that could lead to corrupt acts.” Although USAID formulated 333 mitigating measures in total to address the serious risks identified within the seven ministries, it only required the ministries to implement 24 of them before they received direct assistance funds.

In response to SIGAR’s report on the ministerial assessments, USAID noted that it has taken a number of additional safeguards to protect direct assistance funds from waste, fraud, and abuse. For example, unlike its arrangement with MOPH for the PCH program, it now provides funds to ministries on a reimbursement basis for specific projects using separate, non-interest bearing bank accounts to which it has viewing access to provide the funds—a practice that USAID sometimes refers to as “projectizing” the money. These steps are important and, in many ways, represent a best practice. Indeed, as SIGAR will report next quarter, USAID has done a better job of protecting direct assistance funds than other U.S. agencies, particularly the Department of Defense.²³

²³ SIGAR is currently conducting an audit of the processes USAID and the Departments of State and Defense use to provide direct assistance funds to Afghanistan and the extent to which these agencies implement

However, it is important to note that these safeguards are primarily external measures and, as such, do not directly address the underlying problems within the ministries identified through the risk reviews. In other words, they do little to build ministries' organic capabilities to manage donor funds—one of the primary purposes of providing direct assistance to the Afghan government. To illustrate, the risk mitigation measures included in USAID's risk review of the Ministry of Agriculture, Irrigation, and Livestock identified several concrete actions that the ministry could take to address its internal problems. These actions included, among others, "define and restrict systems access to staff according to their roles and functions," "develop a policy for accounting for revenue," and "verify that adequate reference checks have been made on every prospective employee and properly documented." None of USAID's external measures—whether it be creation of separate bank accounts or distribution of funds on a reimbursement basis—would require the ministry to implement these basic and important steps.

Moreover, the effectiveness of USAID's external risk mitigation measures may be limited by ongoing problems within the ministries. For example, although USAID has developed a written monitoring and evaluation plan specific to its direct assistance program with the MOPH—as it has with a number of other ministries—USAID's risk review of that ministry found there was a serious risk of the ministry "concealing vital monitoring and evaluation information." In SIGAR's opinion, failing to address the underlying problems within the ministries constitutes, once again, an unacceptable assumption of risk.

Lesson Three: Oversight Is a Critical Element of Reconstruction

Another lesson learned is that an essential element of mitigating risk is the implementation of robust oversight. Last month, SIGAR hosted a symposium on managing and overseeing programs in contingency environments. This event, attended by a host of nongovernmental, think tank, and government officials, including USAID officials, highlighted the specific challenges of remote monitoring—assessing how projects are proceeding in areas that U.S.

certain safeguards to protect those funds from waste, fraud, and abuse. A report on that audit is expected next quarter.

government officials typically cannot visit. SIGAR's work has shown that USAID's adoption of oversight techniques has been impressive in some cases and less so in others.

For example, in April 2012, SIGAR reported on one of USAID's flagship stabilization programs, the Local Governance and Community Development Program, designed to contribute to the creation of a stable environment for medium- and long-term political, economic, and social development.²⁴ SIGAR found that because USAID personnel were limited in their ability to visit sites where the program was being implemented, even as early as 2003, USAID had authorized the use of alternative methods to keep mission personnel safe while satisfying the need to visit project sites and meet with project beneficiaries to assess project implementation. These methods included the collection of photographic evidence; the use of local and/or third-party monitoring; engagement with other U.S. government agencies, such as regional security officers or the U.S. military; the use of other technology for consultation or oversight; and cooperation with other donors.

SIGAR found that USAID's contracting personnel did a good job of employing these alternative oversight methods. However, SIGAR also found that USAID contracting personnel were hampered in their oversight because neither the contractors' task orders for the program nor the overall contract under which the task orders were issued required the contractor to submit documentation in support of invoices.

Moreover, SIGAR found that USAID delayed arranging a financial audit of the Local Governance and Community Development Program. This type of audit is intended to be a key control to help ensure that prices paid by the government for needed goods and services are fair and reasonable and that contractors are charging the government in accordance with applicable laws, the Federal Acquisition Regulation, Cost Accounting Standards, and contract terms. Indeed, in a larger audit of USAID's compliance with requirements for financial audits, SIGAR found a significant backlog of incurred cost audits

²⁴ SIGAR Audit 12-08, USAID Spent Almost \$400 Million on an Afghan Stabilization Project despite Uncertain Results, but Has Taken Steps to Better Assess Similar Efforts, April 2012.

of USAID projects.²⁵ Specifically, SIGAR identified nearly \$1.1 billion disbursed by USAID since 2003 for reconstruction projects in Afghanistan that had not been audited. SIGAR also found that, although as much as half of the funds that USAID provided for contracts, grants, and cooperative agreements may flow down to sub-recipients, USAID lacked transparency with regard to whether financial audits of sub-awards were being conducted, as required.

USAID OIG has also had mixed reviews of USAID's oversight of its programs in Afghanistan and elsewhere. For example, in September 2012, USAID OIG released a report on USAID's monitoring and evaluation system in Afghanistan.²⁶ This review found that USAID's Afghanistan mission had implemented several elements of an effective monitoring and evaluation system. At the same time, however, USAID OIG reported that the mission did not have a current mission order addressing monitoring either generally or for on-site monitoring, in particular. Further, no mission order detailed the roles and responsibilities of mission staff members in monitoring on-budget assistance.

Lessons can also be learned from USAID's experience in a similar environment—Pakistan. There, USAID OIG found that USAID had not taken full advantage of a five-year, \$71 million program on independent monitoring and evaluation.²⁷ Although the mission implemented some recommendations from five of eight monitoring and evaluation reports produced as part of the program, USAID OIG also found that the majority of the mission's project activities had not made use of information learned through the program. In addition, neither the contractor implementing the program nor USAID had established a monitoring and evaluation plan to ensure that ongoing development programs were aligned with relevant project objectives of the mission.

In one of the broadest looks at USAID's oversight of its Afghanistan programs, the Government Accountability Office (GAO) reported that there were systematic weaknesses in

²⁵ SIGAR Audit 12-09, USAID Has Disbursed \$9.5 Billion for Reconstruction and Funded Some Financial Audits as Required, but Many Audits Face Significant Delays, Accountability Limitations, and Lack of Resources, April 2012 (reissued on May 2, 2012).

²⁶ USAID OIG, Review of USAID/Afghanistan's Monitoring and Evaluation System (Report No. F-306-12-00 2-S) September 26, 2012.

²⁷ USAID OIG, Audit of USAID/Pakistan's Independent Monitoring and Evaluation Program [Revised] (G-391-13-003-P) October 28, 2013.

USAID's oversight and monitoring of project and program performance.²⁸ For example, USAID did not consistently follow its established performance management and evaluation procedures for Afghanistan agriculture and water sector projects. Moreover, GAO found that the USAID mission in Kabul was operating without a required performance plan.

In sum, while USAID has exercised due diligence in some cases to ensure proper oversight, it has not done so in others. SIGAR is, however, sensitive to the fact that oversight in an environment like Afghanistan is uniquely challenging. Without a doubt, one of the greatest impediments to strong oversight is the problem of limited mobility due to insurgent violence. As SIGAR has reported, it is likely that no more than 21 percent of Afghanistan will be accessible to U.S. civilian oversight personnel by the end of the transition—a 47 percent decrease since 2009.²⁹ Recent examinations of Department of Defense projects constructed in these inaccessible areas illuminate how significant this challenge is.

Last month, for example, SIGAR issued an inspection report on an Afghan National Army base in Jawzjan province—Camp Monitor, built under contract with USFOR-A.³⁰ When SIGAR inspectors visited the site, they found that the facility had, for the most part, been constructed in accordance with contract requirements, with one notable exception. The contractor had run out of funds and, therefore, stopped work before building a dining facility at the site. As a result, the camp was unusable. In March 2013, USFOR-A told SIGAR inspectors that action was underway to find a new contractor to build the dining facility, but its efforts were hampered because the camp was in a location that would soon be inaccessible to U.S. government contracting personnel. As a result, in November 2013, the Combined Security Transition Command-Afghanistan (CSTC-A), the USFOR-A organization responsible for managing construction of ANSF facilities, gave \$1.2 million directly to the Afghan Ministry of Defense to complete construction of Camp Monitor. At this point, CSTC-A's oversight of the project essentially ceased. Although CSTC-A documents indicated that the NATO Training Mission-Afghanistan (NTM-A) would track the expenditure of this direct

²⁸ GAO, Afghanistan: USAID Oversight of Assistance Funds and Programs (GAO-12-802T) June 6, 2012.

²⁹ SIGAR 14-4-SP, Oversight Access Inquiry Letter to Department of Defense, Department of State and U.S. Agency for International Development, October 2013.

³⁰ SIGAR 14-41-IP, Camp Monitor: Most Construction Appears to Have Met Contract Requirements, but It Is Unclear if Facility Is Being Used as Intended, March 2014.

assistance and the project's progress, CSTC-A/NTM-A officials were unable to tell SIGAR the status of the dining facility, when and if Afghan National Army personnel began occupying the camp, or the number of personnel currently occupying it. A draft of SIGAR's inspection report contained a recommendation to the Commander, USFOR-A, to direct the Commanding General, CSTC-A, to determine and report on the status of U.S. funds provided to the Afghan government for construction of the dining facility at Camp Monitor and that such reporting should continue until the facility is completed. In response, CSTC-A stated that once funds are "donated" to the Afghan government, it may use those funds without further coordination with the U.S. Department of Defense.³¹

SIGAR strongly disagrees with the notion that once funds have been committed as direct assistance to the Afghan government, the U.S. government's stewardship over those funds ends. While USAID has not done all it could to address significant weaknesses within the ministries slated to receive direct USAID assistance, to its credit, it has also not espoused this view that the Afghan government can use U.S. government funds freely and without oversight. As SIGAR continues its examination of U.S. direct assistance to Afghanistan, it will look to ensure that this perspective is shared more widely within the U.S. government.

Lesson Four: A Reconstruction Effort Must Have Clearly Articulated Goals and a Sound Way to Measure Progress toward Those Goals

Taking a strategic approach to program implementation promotes transparency and helps ensure that a program is based on a sound plan that can achieve results and reduce potential risks to U.S. investments. Yet, while it is widely acknowledged that strategic planning is a must, SIGAR has repeatedly found that it has often been ignored throughout the Afghanistan reconstruction effort. For example, SIGAR has noted that the U.S. government has never articulated a clear anti-corruption strategy in Afghanistan. In August 2010, for example, SIGAR reported that, even though U.S. agencies had been heavily involved in Afghan reconstruction since 2002, the U.S. government did not begin developing

³¹ Although CSTC-A did not concur with SIGAR's recommendation, USFOR-A committed, in its response to SIGAR's draft inspection report, to track the status of construction at Camp Monitor and provide updates to SIGAR. As a result, SIGAR deleted the recommendation from its final inspection report.

an anti-corruption strategy for Afghanistan until 2009.³² And, although a draft strategy was substantially completed by the end of 2009, it had still not been approved by the State Department by July 2010. As a result, as SIGAR reported, more than \$50 billion in U.S. assistance had been provided for reconstruction in Afghanistan without the benefit of a comprehensive anti-corruption strategy.

SIGAR recommended in that 2010 report that the U.S. government approve and implement the draft comprehensive anti-corruption strategy. However, last year, when SIGAR's Office of Special Projects followed up on the status of this recommendation, it found that the U.S. anti-corruption activities in Afghanistan were still not guided by a comprehensive U.S. strategy or related guidance that defines clear goals and objectives for U.S. efforts to strengthen the Afghan government's capability to combat corruption and increase accountability.³³ The Department of State had never finalized the draft 2010 U.S. anti-corruption strategy for Afghanistan and, according to agency officials, the draft strategy and its related implementation plan were no longer in effect.

SIGAR has also found that, even when nominal strategic plans exist, U.S. government implementing agencies, including USAID, do not consistently articulate the goals they hope to achieve with each reconstruction program or project and the metrics they intend to use to assess whether those goals have been achieved.

For example, in July 2010, SIGAR reported that, while the United States had a stated policy to support women's rights and gender integration, it did not clarify how U.S.-funded activities supported these goals.³⁴ Nor did the policy provide linkages between U.S.-funded activities and Afghan goals and benchmarks detailed in its National Action Plan for Women of Afghanistan, the Afghan government's primary vehicle for promoting women's rights and participation in building Afghanistan.

³² SIGAR Audit 10-15, U.S. Reconstruction Efforts in Afghanistan Would Benefit from a Finalized Comprehensive U.S. Anti-Corruption Strategy, August 2010.

³³ SIGAR SP-13-9, U.S. Anti-Corruption Efforts: A Strategic Plan and Mechanisms to Track Progress Are Needed in Fighting Corruption in Afghanistan, October 2013.

³⁴ SIGAR Audit 10-13, Greater Coordination Needed in Meeting Congressional Directives to Address and Report on the Needs of Afghan Women and Girls, July 2010.

Similarly, in March 2011, SIGAR reported that, although the National Solidarity Program, designed to build local governance by setting up community development councils and training them to manage small-scale projects funded by block grants, had met or exceeded most of its quantitative goals, it had not effectively measured progress toward its qualitative objective of improving local governance in Afghanistan.³⁵ Metrics tracked, for instance, outputs such as the number of communities mobilized and the number of projects funded. But, it was not until more than seven years into the program that more qualitative and meaningful metrics tied to the program's core purpose were established, such as the percentage of communities that recognize community development councils as legitimate bodies; the percentage of women representatives on community development councils involved in decision making; and the number of community development councils that attempt to form linkages with government and non-government actors.

Finally, in October 2011, SIGAR reported that the U.S. Embassy in Kabul was not able to determine how much progress had been made to date in building the capacity of the Ministry of Agriculture, Irrigation, and Livestock because it did not have sufficient or complete data for doing so.³⁶ Although some meaningful, outcome-oriented measures had been defined, no effort had been made to collect the data needed to assess progress against them. Moreover, SIGAR found that USAID's evaluation efforts had not been coordinated with other U.S. government agencies involved in strengthening the ministry, most notably the U.S. Department of Agriculture. For example, while USAID's program on agricultural research and extension was the only program designated to provide performance data on improving Afghan government agricultural and extension services, the U.S. Department of Agriculture also had a program focused on the same goal. Failure to consider all agencies' efforts in this area ran counter to USAID's guidance on performance management, which recognizes that, while individual projects and activities produce specific outcomes, it takes the combined effect of several projects to produce a sustainable impact.

³⁵ SIGAR Audit 11-08, Afghanistan's National Solidarity Program Has Reached Thousands of Afghan Communities, but Faces Challenges that Could Limit Outcomes, March 2011.

³⁶ SIGAR Audit 12-01, Actions Needed to Better Assess and Coordinate Capacity-Building Efforts at the Ministry of Agriculture, Irrigation, and Livestock, October 2011.

USAID is certainly not alone in its tendency to emphasize outputs over outcomes. Outputs are easier to measure and, therefore, present an expedient way to justify program expenditures. But, they offer little meaningful information about whether a program is working and worth the investment to begin with.

The importance of performance measurement was underscored most notably in correspondence between SIGAR and USAID and the Departments of State and Defense last year. In March 2013, SIGAR asked each of these three agencies to provide SIGAR with information on what each considered to be the 10 most and 10 least successful of its projects or programs for the reconstruction of Afghanistan, supplemented with explanations of selection and evaluation criteria for the choices.³⁷ Unfortunately, while each agency provided anecdotes of what it deemed successful programs and cited general improvements within Afghanistan related to health, education, and other important areas, none could show how any of its programs had directly contributed to these positive outcomes.

For example, in its joint response letter to SIGAR, USAID and the Department of State noted that the proportion of the Afghan population within an hour's walk of a health care facility has risen from 9 percent in 2001 to more than 60 percent today. This statistic is, indeed, impressive. However, it is not clear to what extent, if any, USAID and the State Department's efforts contributed to this improvement. Afghanistan has been slowly urbanizing for decades, with estimates of 4.7 percent annual growth in urban populations in the 2010-2015 period. So some part of the observed increase in the one hour's walk parameter simply reflects a demographic trend. Moreover, the indicator may also reflect the presence of more direct or better-surfaced roads and paths, rather than programs to build health care facilities. It simply is not clear and never will be without more robust performance measurement.

³⁷ See "SIGAR Asks State Department, Defense Department, and USAID to Identify 10 Best and 10 Worst Projects in Afghanistan; Request Will Improve Evaluation of Afghan Reconstruction Efforts," April 1, 2013; "SIGAR Receives State Department-USAID and Department of Defense Response to Inquiry Requesting Lists of 10 Best and 10 Worst Reconstruction Projects in Afghanistan," June 24, 2013; and "SIGAR Response to State Department-USAID and Department of Defense List of 10 Best and 10 Worst Reconstruction Projects in Afghanistan," July 5, 2013. SIGAR News Releases, www.sigar.mil.

Conclusion

Implementing, managing, and overseeing reconstruction programs in Afghanistan is uniquely challenging. No government and no agency will do it perfectly. In many ways, USAID has made substantial progress since it began its efforts following the U.S. military's invasion in 2001. However, there are additional steps that USAID can take to strengthen its reconstruction programs. It can incorporate more realistic expectations of the Afghan government's ability to afford the costs of operating and sustaining projects into individual project plans. It can be bolder in holding Afghan ministries accountable for addressing severe problems as a condition for receiving direct assistance.³⁸ It can engage in more robust financial oversight of its reconstruction regime. It can experiment with more meaningful outcome measures. And it can be more forthright in providing complete information to both Congress and the American people about its reconstruction activities in Afghanistan.³⁹

But, it is not up to USAID, alone, to bring greater integrity to the U.S. government's reconstruction effort in Afghanistan. Congress, too, has a role to play. It can continue to ask the tough questions that this committee is asking today, and it can help articulate for USAID and other agencies charged with rebuilding Afghanistan what it is that the U.S. government hopes to achieve in Afghanistan in the years to come.

³⁸ Although USAID has withheld some funding due to the Afghan government's failure to meet certain conditions, such as withholding \$30 million from the Afghan Reconstruction Trust Fund (ARTF) due to inadequate progress on meeting certain Tokyo Mutual Accountability Framework benchmarks, these amounts are small, compared to the \$16.7 billion in Economic Support Fund monies committed for Afghanistan reconstruction.

³⁹ SIGAR has reported that USAID and the State Department did not fully disclose to Congress the risks associated with providing direct assistance to the Afghan ministries. For example, while USAID notified Congress in November 2012 that, with the "successful implementation" of risk mitigation strategies, the Afghan ministries were qualified to manage direct assistance funds, it did not disclose the full extent of the risks identified at each of the ministries or that over 90 percent of the mitigating measures identified in the risk reviews had not been implemented. See SIGAR 14-32-AR, pp. 14-16 for further discussion.

Finally, SIGAR can continue to provide strong oversight and, most importantly, constructive recommendations for protecting U.S. taxpayer funds and improving the effectiveness and efficiency of the reconstruction effort.

Thank you for the opportunity to testify today. I look forward to answering your questions.

Appendix I - SIGAR, GAO, and USAID OIG Reports on USAID's Reconstruction Efforts in Afghanistan

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1. "Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries' Ability to Manage Donor Funds, but Concerns Remain," Audit Report 14-32, January 2014.
2. "Afghanistan's Banking Sector: The Central Bank's Capacity to Regulate Commercial Banks Remains Weak," Audit Report 14-16, January 2014.
3. "Health Services in Afghanistan: USAID Continues Providing Millions of Dollars to the Ministry of Public Health despite the Risk of Misuse of Funds," Audit Report 13-17, September 2013.
4. "Stability in Key Areas (SIKA) Programs: After 16 Months and \$47 Million Spent, USAID Had Not Met Essential Program Objectives," Audit Report 13-16, July 2013.
5. "Afghanistan Public Protection Force: Concerns Remain about Force's Capabilities and Costs," Audit Report 13-15, July 2013
6. "Contracting with the Enemy: State and USAID Need Stronger Authority to Terminate Contracts When Enemy Affiliations Are Identified," Audit Report 13-14, July 2013.
7. "Health Services in Afghanistan: Two New USAID Funded Hospitals May Not Be Sustainable and Existing Hospitals Are Facing Shortages in Some Key Medical Positions," Audit Report 13-9, April 2013.
8. "Taxes: Afghan Government Has Levied Nearly a Billion Dollars in Business Taxes on Contractors Supporting U.S. Government Efforts in Afghanistan," Audit Report 13-8, May 2013.
9. "Afghanistan's National Power Utility: Commercialization Efforts Challenged by Expiring Subsidy and Poor USFOR-A and USAID Project Management," Audit Report 13-7, April 2013.
10. "Afghanistan's National Power Utility: \$12.8 Million in DoD-Purchased Equipment Sits Unused, and USAID Paid a Contractor for Work Not Done," Audit Report 13-2, December 2012.
11. "Fiscal Year 2011 Afghanistan Infrastructure Fund Projects Are behind Schedule and Lack Adequate Sustainment Plans," Audit Report 12-12, July 2012.

12. "Progress Made Toward Increased Stability under USAID's Afghanistan Stabilization Initiative-East Program but Transition to Long Term Development Efforts Not Yet Achieved," Audit Report 12-11, June 2012.
13. "Increases in Security Costs Are Likely under the Afghan Public Protection Force; USAID Needs to Monitor Costs and Ensure Unlicensed Security Providers Are Not Used," Audit Report 12-10, June 2012.
14. "USAID Has Disbursed \$9.5 Billion for Reconstruction and Funded Some Financial Audits as Required, But Many Audits Face Significant Delays, Accountability Limitations, and Lack of Resources," Audit Report 12-09, April 2012.
15. "USAID Spent Almost \$400 Million on an Afghan Stabilization Project despite Uncertain Results, but Has Taken Steps to Better Assess Similar Efforts," Audit Report 12-08, April 2012.
16. "Afghan First Initiative Has Placed Work with Afghan Companies, but Is Affected by Inconsistent Contract Solicitation and Vetting, and Employment Data Is Limited," Audit Report 12-06, January 2012.
17. "Actions Needed to Better Assess and Coordinate Capacity-Building Efforts at the Ministry of Agriculture, Irrigation, and Livestock," Audit Report 12-01, October 2011.
18. "The World Bank and the Afghan Government Have Established Mechanisms to Monitor and Account for Funds Contributed to the Afghanistan Reconstruction Trust Fund, but Some Limitations and Challenges Should Be Addressed," Audit Report 11-14, July 2011.
19. "Limited Interagency Coordination and Insufficient Controls over U.S. Funds in Afghanistan Hamper U.S. Efforts to Develop the Afghan Financial Sector and Safeguard U.S. Cash," Audit Report 11-13, July 2011.
20. "USAID's Kabul Community Development Program Largely Met the Agreement's Terms, but Progress Toward Long-Term Goals Needs to be Better Tracked," Audit Report 11-11, June 2011.
21. "Afghanistan's National Solidarity Program Has Reached Thousands of Afghan Communities, but Faces Challenges that Could Limit Outcomes," Audit Report 11-08, March 2011.
22. "Actions Needed to Mitigate Inconsistencies in and Lack of Safeguards over U.S. Salary Support to Afghan Government Employees and Technical Advisors," Audit Report 11-05, October 2010.
23. "Weakness in Reporting and Coordination of Development Assistance and Lack of Provincial Capacity Pose Risks to U.S. Strategy in Nangarhar Province," Audit Report 11-01, October 2010.

24. "Greater Coordination Needed in Meeting Congressional Directives To Address and Report on the Needs of Afghan Women and Girls," Audit Report 10-13, July 2010.
25. "Afghanistan's Control and Audit Office Requires Operational and Budgetary Independence, Enhanced Authority, and Focused International Assistance to Effectively Prevent and Detect Corruption," Audit Report 10-08
26. "Contract Delays Led to Cost Overruns for the Kabul Power Plant and Sustainability Remains a Key Challenge," Audit Report 10-06, January 2010.
27. "Afghanistan Energy Supply has Increased but an Updated Master Plan is Needed and Delays and Sustainability Concerns Remain," Audit Report 10-04, January 2010.
28. "Afghanistan's High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution," Audit Report 10-02, December 2009.
29. "Strategy and Resources Needed to Sustain Afghan Electoral Capacity," Audit Report 09-06, September 2009.
30. "A Better Management Information System Is Needed to Promote Information Sharing, Effective Planning, and Coordination of Afghanistan Reconstruction Activities," Audit Report 09-03, July 2009.

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1. "Balkh Education Facility: Building Remains Unfinished and Unsafe to Occupy after Nearly 5 Years," Inspection Report 14-24, January 2014.
2. "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," Inspection Report 14-6, October 2013.

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2. "USAID's Health Service Support Project: Audit of Costs Incurred by Jhpiego Corporation," Financial Audit Report 14-34, February 2014.
3. "USAID's Food Insecurity Response for Urban Populations Program: Audit of Costs Incurred by CARE International," Financial Audit Report 14-29, January 2014.
4. "USAID's Food Insecurity Response for Urban Populations Program: Audit of Costs Incurred by World Vision, Inc.," Financial Audit Report 14-23, January 2014.
5. "USAID's Community Development Program: Audit of Costs Incurred by Central Asia Development Group, Inc.," Financial Audit Report 14-20, January 2014.

6. "USAID's Community Development Program: Audit of Costs Incurred by Mercy Corps ,” Financial Audit Report 14-19, January 2014.
7. "USAID's Initiative to Promote Afghan Civil Society Project: Audit of Costs Incurred by Counterpart International, Inc.,” Financial Audit Report 14-15, January 2014.
8. "USAID's Rural Finance and Cooperative Development Project: Audit of Costs Incurred by World Council of Credit Unions, Inc.,” Financial Audit Report 14-14, December 2013.
9. "USAID's Alternative Livelihoods Program–Eastern Region: Audit of Costs Incurred by Development Alternatives, Inc.,” Financial Audit Report 13-10, July 2013.
10. "USAID's Alternative Development Project South/West: Audit of Costs Incurred by Tetra Tech ARD SIGAR Financial,” Financial Audit Report 13-9, July 2013.
11. "USAID's Human Resources and Logistical Support Program: Audit of Costs Incurred by International Relief and Development, Inc.,” Financial Audit Report 13-8, July 2013.
12. "USAID's Program to Support the Loya Jirga and Election Process in Afghanistan: Audit of Costs Incurred by The Asia Foundation,” Financial Audit Report 13-5, June 2013.
13. "USAID's Technical Support to the Central and Provincial Ministry of Public Health Project: Audit of Costs Incurred by Management Sciences for Health,” Financial Audit Report 13-4, June 2013.
14. "Audit of Costs Incurred by Futures Group International, LLC in Support of USAID's Project for Expanding Access to Private Sector Health Products and Services in Afghanistan ,” Financial Audit Report 13-3, June 2013.
15. "Audit of Costs Incurred by Cardno Emerging Markets Group, LTD. in Support of USAID's Afghanistan State- Owned Enterprises Privatization, Excess Land Privatization, and Land Titling Project ,” Financial Audit Report 13-2, June 2013.
16. "Audit of Costs Incurred by Chemonics International, Inc. in Support of USAID's Alternative Livelihoods Program - Southern Region,” Financial Audit Report 13-1, June 2013.

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1. "Inquiry Letter: Kajaki Unit 2 Project,” Special Project 14-40, March 2014.
2. "Geospatial Fact Sheet: Oversight Access for Selected U.S. Army Corps of Engineers Projects and the Kajaki Dam Project,” Special Project 14-28, January 2014.
3. "USAID Assistance to Afghanistan Reconstruction: \$13.3 Billion Obligated Between 2002 and 2013,” Special Project 14-27, January 2014.

4. "Kajaki Dam Direct Assistance-Oversight Provisions," Special Project Alert Letter, December 2013.
5. "Oversight Access Inquiry Letter to Department of Defense, Department of State and U.S. Agency for International Development," Special Project 14-4, October 2013.
6. "U.S. Anti-Corruption Efforts: A Strategic Plan and Mechanisms To Track Progress Are Needed In Fighting Corruption in Afghanistan," Special Project 13-9, September 2013.
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2. "Audit of USAID/Afghanistan's Management Controls Over Overtime Compensation," Audit Report F-306-14-001-P, March 2014.
3. "Audit of USAID/Afghanistan's Kandahar Helmand Power Project," Audit Report F-306-13-001-P, September 2013.
4. "Audit of USAID/Afghanistan's Use of Third-Country National Employees," Audit Report F-306-13-002-P, August 2013.
5. "Audit of USAID/Afghanistan's Incentives Driving Economic Alternatives for the North, East, and West Program," Audit Report F-306-12-004-P, June 2012.
6. "Audit of USAID/Afghanistan's Internal Controls in the Administration of the Involuntary Separate Maintenance Allowance," Audit Report F-306-12-003-P, June 2012.
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12. "Audit of USAID/Afghanistan's Agriculture, Water, and Technology Transfer (AWATT) Program," Audit Report F-306-11-001-P, February 2011.
13. "Audit of USAID/Afghanistan's Support to the American University of Afghanistan," Audit Report 5-306-11-002-P, November 2010.
14. "Audit of USAID/Afghanistan's Partnership for Advancing Community-Based Education in Afghanistan (PACE-A) Program," Audit Report 5-306-11-001-P, October 2010.
15. "Audit of USAID/Afghanistan's Alternative Development Program Expansion-South West," Audit Report 5-306-10-011-P, July 2010.
16. "Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan," Audit Report 5-306-10-009-P, May 2010.
17. "Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) Program," Audit Report 5-306-10-008-P, April 2010.
18. "Audit of USAID/Afghanistan's Human Resources and Logistical Support Program," Audit Report 5-306-10-007-P, March 2010.
19. "Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project," Audit Report 5-306-10-006-P, January 2010.
20. "Audit of USAID/Afghanistan's Afghan Civilian Assistance Program," Audit Report 5-306-10-004-P, December 2009.
21. "Audit of USAID/Afghanistan's Power Sector Activities Under Its Afghanistan Infrastructure Rehabilitation Program," Audit Report 5-306-10-002-P, November 2009.
22. "Audit of USAID/Afghanistan's Land Titling and Economic Restructuring in Afghanistan Project," Audit Report 5-306-09-004-P, June 2009.
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29. "Audit of USAID/Afghanistan's Agriculture, Rural Investment and Enterprise Strengthening Program," Audit Report 5-306-08-001-P, January 2008.
30. "Audit of Selected Follow-On Activities Under USAID/Afghanistan's Economic Program," Audit Report 5-306-07-009-P, August 2007.
31. "Audit of USAID/Afghanistan's Urban Water and Sanitation Program," Audit Report 5-306-07-006-P, June 2007.
32. "Audit of Critical Power Sector Activities Under USAID/Afghanistan's Rehabilitation of Economic Facilities and Services (REFS) Program," Audit Report 5-306-07-004-P, May 2007.
33. "Audit of USAID/Afghanistan's Alternative Livelihoods Program-Eastern Region," Audit Report 5-306-07-002-P, February 2007.
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35. "Audit of USAID/Afghanistan's Rural Expansion of Afghanistan's Community-Based Healthcare (REACH) Program," Audit Report 5-306-06-007-P, August 2006.
36. "Audit of USAID/Afghanistan's Reconstruction of the Kandahar-Herat Highway Under the Rehabilitation of Economic Facilities and Services Program," Audit Report 5-306-06-005-P, May 2006.
37. "Audit of USAID/Afghanistan's Rebuilding Agricultural Markets Program," Audit Report 5-306-06-002-P, March 2006.
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39. "Audit of Funds Earmarked by Congress to Provide Assistance for Displaced Persons in Afghanistan," Audit Report 9-306-06-004-P, December 2005.

40. "Audit of USAID/Afghanistan's Primary Education Program," Audit Report 5-306-05-005-P, April 2005.
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