

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

OFFICE OF SPECIAL PROJECTS

**DEPARTMENT OF LABOR FUNDS USED FOR
AFGHANISTAN RECONSTRUCTION: \$11.05
MILLION OBLIGATED BETWEEN SEPTEMBER 2002
AND NOVEMBER 2015**



MAY 2016

SIGAR-16-37-SP



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

May 9, 2016

Congressional Committees:

As of December 31, 2015, the United States had appropriated approximately \$113 billion since FY 2002 for relief and reconstruction in Afghanistan. SIGAR has reported that \$96 billion of that amount has been appropriated for reconstruction funds managed by the Department of Defense, the Department of State, and the U.S. Agency for International Development, and \$17 billion was distributed to multiple other U.S. government entities for reconstruction projects in Afghanistan.¹

In addition to those amounts we have previously reported on, we found that other federal agencies have also obligated their appropriations for reconstruction projects in Afghanistan. This fact sheet summarizes the funds appropriated to the Department of Labor (Labor) and used for projects or programs supporting Afghanistan reconstruction. After analyzing the information provided by Labor, we determined that it obligated \$11.05 million for reconstruction assistance between September 2002 and November 2015. Labor obligated these funds to support a variety of efforts, including projects to provide vocational training, protect workers' rights through capacity building with the Afghan government, and remove child soldiers from the battlefield and reintegrate them into civil society. SIGAR has not previously reported on Labor's use of its appropriated funds for Afghanistan reconstruction.

We received comments on a draft of this report on April 28, 2016 from the Department of Labor, Deputy Undersecretary for International Affairs. Those comments provided some updated information, which was incorporated as appropriate, and are reproduced in Appendix I.

We conducted this special project in Washington, D.C. from June 2014 to March 2016, in accordance with SIGAR's quality control standards. These standards require that we carry out work with integrity, objectivity, and independence, and provide information that is factually accurate and reliable. For more information on the policies and procedures and quality control standards for conducting special project work, please see SIGAR's website (www.SIGAR.mil). SIGAR performed this special project under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Should you or your staff have any questions about this project, please contact Mr. Matthew Dove, Director of Special Projects, at [REDACTED] or [REDACTED].

Sincerely,

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

¹ During that period, DOD managed five reconstruction accounts supporting the Afghan Security Forces Fund, Commander's Emergency Response Program, Afghanistan Infrastructure Fund, Task Force for Business and Stability Operations, and DOD Drug Interdiction and Counter-Drug Activities. State managed accounts for International Narcotics Control & Law Enforcement, and USAID managed the Economic Support Fund (see SIGAR, *Quarterly Report to the United States Congress*, January 30, 2016, p.49).

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As of December 31, 2015, the United States had appropriated approximately \$113 billion for relief and reconstruction in Afghanistan. Of that amount \$96 billion has been appropriated for reconstruction funds managed by the Department of Defense and State, and the U.S. Agency for International Development.² The remaining \$17 billion was distributed to multiple other U.S. government entities for reconstruction projects in Afghanistan.³ Among other things, reconstruction funds are used to build or rebuild the physical infrastructure of Afghanistan, establish training or technical assistance programs for the Afghan government, deliver relief assistance to the people of Afghanistan, and provide security or other support functions to facilitate reconstruction efforts.⁴

To gain a more complete perspective on the total amount of U.S. appropriations spent on Afghanistan reconstruction, on June 26, 2014, SIGAR sent an inquiry letter to 11 federal departments⁵ and the Environmental Protection Agency seeking information on all completed, ongoing, and planned reconstruction projects in Afghanistan since fiscal year 2002. SIGAR requested the following specific information:

- Name and description of the project or program activity;
- Vendor or implementing partner (if applicable);
- Contract identifier and type of legal instrument, i.e., contract, grant, cooperative agreement, or government-to-government agreement (if applicable);
- Estimated total project cost;
- Start and end date (or expected end date if the project is ongoing);
- Funding source; and,
- Location, including province, district, city/village, and Global Positioning System or Military Grid Reference System coordinates.

In response to the June 26, 2014, inquiry, SIGAR received responses from several of those agencies stating that they were involved in reconstruction efforts in Afghanistan about which we have not previously reported. However, those agencies involved in reconstruction provided disparate information, which required additional follow-up. On November 5, 2015, SIGAR completed its follow-up inquiries with the Department of Labor (Labor). This fact sheet provides a summary of Labor's reconstruction spending in Afghanistan.

² During that period, DOD managed five reconstruction accounts supporting the Afghan Security Forces Fund, Commander's Emergency Response Program, Afghanistan Infrastructure Fund, Task Force for Business and Stability Operations, and DOD Drug Interdiction and Counter-Drug Activities. State managed accounts for International Narcotics Control & Law Enforcement, and USAID managed the Economic Support Fund (see SIGAR, *Quarterly Report to the United States Congress*, January 30, 2016, p.49).

³ Id.

⁴ SIGAR, USAID Assistance to Afghanistan Reconstruction: \$13.3 Billion Obligated between 2002 and 2013, SIGAR 14-27-SP, January 2014, p. 2, and SIGAR, *Afghan First Initiative Has Placed Work with Afghan Companies, but Is Affected by Inconsistent Contract Solicitation and Vetting, and Employment Data is Limited*, SIGAR 12-6, January 31, 2012, p.1.

⁵ Departments of Justice, Homeland Security, Transportation, Commerce, Treasury, Energy, Health and Human Services, Agriculture, Labor, Interior, and Veterans Affairs (see SIGAR, *Inquiry Letter: Request for Reconstruction Program Data Information*, SIGAR 14-71-SP, June 26, 2014).

LABOR REPORTED OBLIGATING \$11.05 MILLION FOR AFGHANISTAN RECONSTRUCTION BETWEEN 2002 AND 2015

SIGAR's analysis of Labor data showed that the department obligated \$11.05 million of its appropriated funds for reconstruction projects in Afghanistan between September 2002 and November 2015.⁶ Labor worked with implementing partners and awarded six cooperative agreements⁷ worth a total of \$10.45 million and one task order under a blanket purchase agreement⁸ worth \$600,000 to carry out its reconstruction efforts in Afghanistan.⁹ The seven awards were given to seven different implementing partners conducting work in Afghanistan.¹⁰

Of the seven organizations that received awards, the top recipient was the International Rescue Committee (IRC). IRC received \$3.4 million to provide skills and vocational training to vulnerable Afghans to improve their social and economic conditions. UNICEF received the second-largest award, \$3 million to remove child soldiers from the battlefield and provide them with reintegration support services such as education in literacy and life skills.¹¹ Labor awarded the for-profit corporation ICF International with a \$600,000 task order under a blanket purchase agreement to collect and analyze data regarding child labor and raise awareness of the issue.¹² The remaining four organizations received \$4.05 million in awards that ranged from \$300,000 to \$2 million for activities that included training Afghan women to produce school uniforms for Afghan girls; assisting the Ministry of Labor, Social Affairs, Martyrs, and Disabled to improve protection of workers' rights; and reforming labor laws and regulations.

Of the total awards between September 2002 and November 2015, six of the seven projects have been completed.¹³ Table 1 shows Labor's reported obligations of its appropriated funds for reconstruction projects in Afghanistan, as well as the contractor, duration, and purpose of projects it funded.

⁶ Between FY2002 and FY2015, the Department of Labor, specifically the Bureau of International Labor Affairs, was appropriated funds to implement bilateral and multilateral technical assistance and other international labor activities and projects. Labor data shows that it obligated \$11.05 million of those appropriated funds for projects in Afghanistan over that period. One of the projects is slated to end in September 2017; however, because the funding for the project has already been obligated, it is included in this analysis.

⁷ Cooperative agreements are appropriate when the awarding agency expects to be substantially involved in carrying out the objective of a given project. Agencies may award cooperative agreements to individuals, organizations, nonprofits, or for-profit entities.

⁸ Blanket purchase agreements are understandings that establish terms and conditions of potential services between an agency and contractor without binding the government to obligate funds or order services. They are appropriate when the awarding agency wants to use a flexible procurement system for anticipated future orders.

⁹ Types of implementing partners can include for-profit corporations, multilateral organizations, nongovernmental organizations, Afghan government agencies, and U.S. government agencies.

¹⁰ According to the Department of Labor, it specified Afghanistan to be included in its Country Level Engagement and Assistance to Reduce Child Labor (CLEAR) project in November 2015. The purpose of the CLEAR project is to increase capacity of host governments in target countries to reduce child labor. Funding levels and specific activities will be determined in FY2016.

¹¹ UNICEF then worked with six partners to implement the program, including Child Fund Afghanistan, Christian Children's fund, BRAC, Save the Children-UK, Save the Children-Sweden, and the International Rescue Committee.

¹² In 2009, ICF International acquired Macro International (Macro); Macro was the organization that received the blanket purchase agreement. The study was commissioned as a task order under a blanket purchase agreement. The task order was funded at \$600,000 and called for the completion of several activities, including the child labor study in Afghanistan.

¹³ Labor awarded a \$2 million cooperative agreement to GoodWeave to reduce child labor in home-based carpet production services. The project started on September 30, 2013, and is scheduled to conclude on September 29, 2017.

Table 1 - Labor Reconstruction Projects and Spending

Project	Total Obligations	Implementing Partner	Dates Active	Purpose
Vocational Training for Vulnerable Afghans	\$3,400,000	International Rescue Committee	10/1/2002-12/31/2005	Provide skills and vocational training programs and increase wages and self-employment.
Demobilization of Child Soldiers and Socio-economic Reintegration of War-affected Young People in Afghanistan	3,000,000	UNICEF	5/5/2003-12/31/2007	Demobilized 7,444 child soldiers and provided reintegration support including education in literacy and life skills, vocational skills training, and psycho-social and medical support to 12,614 child soldiers and war-affected children.
Prevent Child Labor in the Home-based Carpet Production in Afghanistan	2,000,000	GoodWeave	9/30/2013-9/29/2017	Reduce child labor by designing and piloting a sustainable social compliance system in collaboration with Ariana Rugs.
Better Protect the Rights of Workers in Afghanistan	1,150,000	The Asia Foundation	1/1/2009-12/31/2011	Enhance the ability of the Ministry of Labor, Social Affairs, Martyrs, and Disabled to better understand new Afghan labor laws and support its compliance with internationally recognized core labor standards.
Strengthening Labor Law Governance in Afghanistan	600,000	International Labour Organization	9/30/2010-9/29/2014	Reform labor law administration and revise the labor laws and regulations to be in line with international labor standards.
Child Labor in Afghanistan Study	600,000	ICF International	2006-2007	Collect and analyze quantitative and qualitative data regarding child workers in general and those engaged in agriculture, construction, manufacturing, and selling.
Income Generation and Skills Training for Afghan Women Project	300,000	Vital Voices	9/30/2002-8/31/2004	Provide school uniforms for Afghan girls, generate income and employment opportunities, and skills training for Afghan women through the production of uniforms.
Total	\$11,050,000			

Source: Labor, November 5, 2015

APPENDIX I – LABOR COMMENTS ON DRAFT REPORT, DATED APRIL 28, 2016

U.S. Department of Labor

Deputy Under Secretary for
International Affairs
Washington, D.C. 20210



April 28, 2016

Mr. Matthew Dove
Director, Special Projects
Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR)

Dear Mr. Dove:

Thank you for the opportunity to comment on the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) draft fact sheet, *DEPARTMENT OF LABOR FUNDS USED FOR AFGHANISTAN RECONSTRUCTION; \$10.9 MILLION OBLIGATED BETWEEN SEPTEMBER 2002 AND NOVEMBER 2015*.

Upon review of the draft fact sheet, we have identified the following items that we believe should be revised:

- Page 5: Add a footnote after the last sentence of the first paragraph, as follows: "In November 2015 the Department of Labor specified Afghanistan to be included in its Country Level Engagement and Assistance to Reduce Child Labor (CLEAR) project. The purpose of the CLEAR project is to increase capacity of host governments in target countries to reduce child labor, including its worst forms. Funding levels and specific activities will be determined in FY2016."
- Page 6: The "Better Protect the Rights of Workers in Afghanistan" project implemented by the Asia Foundation had Total Obligations of \$1,150,000, and the award date of the project was 9/30/2008. This means that the overall Total Obligations should also be updated to reflect the revised total of \$11,050,000.
- Page 6: There is a misspelling of an organization name. Ariana Rugs is the correct spelling for the collaborating organization named in the Purpose section for the project implemented by GoodWeave.

If you have any questions regarding the Department's response, please contact Bruce Yoon at [REDACTED] or [REDACTED].

Sincerely,

Carol Pier
Deputy Undersecretary for International Affairs

APPENDIX II – ACKNOWLEDGEMENTS

Kevin K. Streeter, Senior Analyst
Tobi Rosenzweig, Intern

This project was conducted
under project code SP-121.

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

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Public Affairs Officer

- Phone: 703-545-5974
- Email: sigar.pentagon.ccr.mbx.public-affairs@mail.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202