

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

OFFICE OF SPECIAL PROJECTS

**DEPARTMENT OF AGRICULTURE, INCLUDING THE
COMMODITY CREDIT CORPORATION, OBLIGATED
OVER \$275 MILLION FOR AFGHANISTAN
RECONSTRUCTION ASSISTANCE FROM FISCAL
YEARS 2003 THROUGH 2014**



OCTOBER 2016

SIGAR-17-04-SP



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

October 17, 2016

Congressional Committees:

As of June 30, 2016, the United States had appropriated \$114.9 billion since fiscal year (FY) 2002 for relief and reconstruction in Afghanistan.¹ SIGAR has reported that \$96.7 billion of that amount has been appropriated for seven reconstruction funds managed by the Department of Defense, the Department of State, and the U.S. Agency for International Development. Congress distributed the remaining \$18.2 billion through other funding sources used by multiple U.S. government agencies.²

This fact sheet provides a summary analysis of the funds obligated by the U.S. Department of Agriculture (USDA), including the Commodity Credit Corporation (CCC),³ and used for projects supporting Afghanistan reconstruction.⁴ Between FY 2003 and FY 2014, USDA and the CCC obligated \$275,123,910 for reconstruction projects in Afghanistan.⁵ USDA and the CCC used these funds to support a variety of efforts, including food assistance, strengthening animal disease diagnostics, and small business development.⁶

We provided USDA with a draft of this fact sheet on July 15, 2016. In response, USDA provided technical comments which we incorporated, as appropriate. USDA did not provide formal comments.

We conducted this special project in Washington, D.C. from October 2015 to July 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

¹ SIGAR, *Quarterly Report to the United States Congress*, June 30, 2016, p. 65.

² These federal entities include: the Departments of Agriculture, Labor, Defense, State, Treasury, Justice, Interior, Health and Human Services; the U.S. Agency for International Development; the Drug Enforcement Administration; the Broadcasting Board of Governors; and SIGAR.

³ The CCC is a federal corporation established within USDA and under the general supervision and direction of the Secretary of Agriculture. See 15 U.S.C. §714.

⁴ Many of the projects discussed in this fact sheet are funded through USDA appropriations or through the CCC, and have been, and remain, active globally in other emerging markets, emerging democracies, and developing or middle income countries, and are not confined to Afghanistan. However for the purposes of this fact sheet, SIGAR distinguished between projects taking place in Afghanistan and those taking place in other countries.

⁵ USDA also reported obligating additional funds to reconstruction work in Afghanistan, including \$1 million for agricultural advisors to Provincial Reconstruction Teams under authority of Section 632(a) of the Foreign Assistance Act of 1961, as amended, and \$15,576,817 for the Afghanistan Agriculture Extension Project using funds transferred to it from the U.S. Agency for International Development. This report only analyzes USDA obligations of its appropriated funds and obligations made by the CCC for projects in Afghanistan.

⁶ SIGAR previously reported on one USDA project included in this fact sheet, a \$34.4 million project implemented by the American Soybean Association, the Soybeans for Agricultural Renewal in Afghanistan Initiative (SARAI) program (see SIGAR, *Inquiry Letter: USDA Response to Soybean Inquiry*, SIGAR 14-69-SP, June 9, 2014, and SIGAR, *USDA's Soybeans for Agricultural Renewal in Afghanistan Initiative: Audit of Costs Incurred by the American Soybean Association*, SIGAR 16-20-FA, March 9, 2016). Data submitted by USDA for this report lists the project cost at \$28,688,780. SIGAR, in its previous report, found the project cost to be \$34.4 million. That figure includes commodities, transportation, and administrative funds to the American Soybean Association for the SARAI project. For the purposes of this report, the USDA submitted figure of \$28,688,780 is used.

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,

A handwritten signature in black ink, appearing to read 'J. F. Sopko', with a long horizontal flourish extending to the right.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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As of June 30, 2016, the United States had appropriated \$114.9 billion since fiscal year (FY) 2002 for relief and reconstruction in Afghanistan.⁷ SIGAR has reported that \$96.7 billion of that amount has been appropriated for seven reconstruction funds managed by the Department of Defense, the Department of State, and the U.S. Agency for International Development. Congress distributed the remaining \$18.2 billion through other funding sources used by multiple U.S. government agencies.⁸

On June 26, 2014, SIGAR sent an inquiry letter to 11 federal departments⁹ and the Environmental Protection Agency, seeking information on all completed, ongoing, and planned reconstruction projects in Afghanistan since FY 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, we received replies from several departments stating that they were involved in reconstruction efforts in Afghanistan.¹⁰ However, those departments involved in reconstruction provided information which required additional follow up. On February 25, 2016, SIGAR completed its follow-up inquiries with the Department of Agriculture (USDA). This fact sheet provides a summary analysis of USDA, including the Community Credit Corporation (CCC),¹¹ reconstruction spending in Afghanistan.

USDA AND THE CCC OBLIGATED OVER \$275 MILLION FOR AFGHANISTAN RECONSTRUCTION FROM FY 2003 THROUGH FY 2014

Data provided by USDA showed that of the \$275,123,910 in total obligations by USDA and the CCC for Afghanistan, roughly \$274,908,500 was used for reconstruction projects focused on food assistance. This

⁷ SIGAR, *Quarterly Report to the United States Congress*, June 30, 2016, p. 65.

⁸ These federal entities include: the Departments of Agriculture, Labor, Defense, State, Treasury, Justice, Interior, Health and Human Services; the U.S. Agency for International Development; the Drug Enforcement Administration; the Broadcasting Board of Governors; and SIGAR.

⁹ 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).

¹⁰ We received responses from the Departments of Labor, Commerce, Interior, Health and Human Services, and Agriculture.

¹¹ The CCC is a federal corporation established within USDA and under the general supervision and direction of the Secretary of Agriculture. See 15 U.S.C. §714. According to one USDA official, “The CCC is the Federal government’s primary financing arm for many domestic and international agricultural programs. The CCC helps maintain balanced and adequate supplies of agricultural commodities and aids in their orderly distribution and is essentially a financing institution for USDA’s Food for Progress program, among other commodity-related programs.”

included school food and market development projects between FY 2003 and FY 2014 implemented through 20 cooperative agreements¹² with eight different implementing partners.

USDA's reconstruction activities, including those receiving CCC funds, primarily fell under the broad category of food assistance, and can be further broken down into three primary projects: Food for Progress, McGovern-Dole International Food for Education and Child Nutrition, and Section 416(b) projects.¹³ These three projects provided \$274,908,500, in food assistance for Afghanistan.

A fourth program, the Cochran Fellowship program, administered five projects in Afghanistan that SIGAR identified as reconstruction activities.¹⁴ The five Cochran Fellowship projects provided an additional \$215,410, bringing total USDA and CCC obligations to \$275,123,910. Table 1 shows total obligations, and percentage of total obligations, for each program.

Table 1 - USDA (inclusive of CCC) Reconstruction Projects and Spending, FY 2003–FY 2014

Project	Description	Total Obligations (\$)	% of Total Obligation
Food for Progress ¹	Food Assistance	\$157,390,650	57.21%
Food for Education ²	Food Assistance	68,790,540	25.00%
Section 416(b)	Food Assistance	48,727,310	17.71%
Cochran Fellowship Program	Agriculture/Veterinary Training	215,410	0.08%
Total for USDA Reconstruction/Afghanistan		\$275,123,910	100.00%

Source: SIGAR analysis of USDA data, February 25, 2016

Notes:

¹ “The Food for Progress Program helps developing countries and emerging democracies modernize and strengthen their agricultural sectors. U.S. agricultural commodities donated to recipient countries are sold on the local market and the proceeds are used to support agricultural, economic, or infrastructure development programs.” See <http://www.fas.usda.gov/programs/food-progress>.

² “The McGovern-Dole International Food for Education and Child Nutrition Program helps support education, child development and food security in low-income, food-deficit countries around the globe. The program provides for the donation of U.S. agricultural commodities, as well as financial and technical assistance, to support school feeding and maternal and child nutrition projects.” See <http://www.fas.usda.gov/programs/mcgovern-dole-food-education-program>.

USDA OBLIGATED OVER \$69 MILLION FOR AFGHANISTAN RECONSTRUCTION FROM FY 2003 THROUGH FY 2014

Between FY 2003 and FY 2014, USDA obligated approximately \$68,790,540 in non-CCC funds for reconstruction projects that supported school feeding and maternal and child nutrition projects. These funds were obligated to the USDA's Food for Education McGovern-Dole program. World Vision implemented the five

¹² Cooperative agreements are legal instruments, “the principal purpose of which is to carry out a public purpose of support or stimulation . . . instead of acquiring . . . property or services” See 31 U.S.C. §6305. Federal agencies may enter into cooperative agreements with other governments, nongovernment organizations, and others. Cooperative agreements are appropriate when the awarding agency expects to be substantially involved in carrying out the objective of a given project.

¹³ Section 416(b) projects provide for overseas donations of surplus commodities acquired by the CCC, as authorized by section 416(b) of the Agricultural Act of 1949, Pub. L. No. 81-439 (codified as amended at 7 U.S.C. §1431).

¹⁴ The Cochran Fellowship program provides short-term, U.S.-based training opportunities to agricultural professionals from developing and middle-income countries, emerging markets and emerging democracies. Cochran fellows come to the United States, generally for 2-3 weeks, to work with U.S. universities, government agencies and private companies. They receive hands-on training to enhance their technical knowledge and skills in areas related to agricultural trade, agribusiness development, management, policy and marketing.

separate Food for Education McGovern-Dole agreements in FY 2003 (\$9,272,173), FY 2004 (\$6,117, 391), FY 2005 (\$10,024,928), FY 2006 (3-year) (\$25,076,048), and FY 2012 (2-year) (\$18,300,000).

USDA also reported that it implemented five reconstruction projects in Afghanistan as part of the Cochran Fellowship Program. USDA obligated approximately \$215,410 for these five projects. Two of these projects were conducted under Interagency Agreements, and three were conducted under cost-reimbursable agreements with universities. Table 2 shows the five Afghanistan reconstruction projects of the Cochran Fellowship Program, as well as the implementing partner, total obligations, and percent of the obligations.

Table 2 - Cochran Fellowship Program Obligations in Afghanistan

Project	Implementing Partner	Description	Total Obligations (\$)	% of Total Obligation
Cochran Small Business Entrepreneurship	University of Missouri	Agriculture Training	\$25,155	11.68%
Cochran APHIS International Foreign Animal Disease Diagnosis Course	APHIS ¹	Agriculture/Veterinary Training	3,250	1.51%
Cochran APHIS International Course on Transboundary Animal Diseases	APHIS ¹	Agriculture/Veterinary Training	2,711	1.26%
Cochran Livestock Extension	Colorado State University	Agriculture/Veterinary Training	184,293 (shared with Veterinary)	85.56%
Cochran Veterinary Extension	Colorado State University	Agriculture/Veterinary Training	184,293 (shared with Livestock)	Shared with Livestock
Total			\$215,410	100.00%

Source: SIGAR analysis of USDA data, February 25, 2016

Notes:

Table does not equal 100% due to rounding.

¹ APHIS is USDA's Animal and Plant Health Inspection Service. APHIS is responsible for protecting and promoting U.S. agricultural health, administering the Animal Welfare Act (7 U.S.C. §2131 et. seq.), and carrying out wildlife damage management.

THE CCC OBLIGATED APPROXIMATELY \$206 MILLION FOR AFGHANISTAN RECONSTRUCTION IN THE FORM OF FOOD ASSISTANCE FROM FY 2003 THROUGH FY 2014

USDA also reported that the CCC, a federal corporation established within USDA and subject to the general supervision and direction of the Secretary of Agriculture, was also active in Afghan reconstruction. The CCC receives funding through the same appropriations legislation as USDA,¹⁵ but, according to a USDA official, the CCC also has funding sources that are distinct from other USDA appropriations.

¹⁵ See, for example, Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2016, Pub. L. No. 114-113.

The CCC contributed roughly \$206 million towards reconstruction projects in Afghanistan through a series of cooperative agreements with eight different implementing partners.¹⁶ The CCC funded reconstruction activities in Afghanistan through Section 416(b) projects and the Food for Progress program. The largest recipient of funds from the CCC was the Afghan government, which received approximately \$71 million (roughly 35 percent of all funds). Table 3 shows the CCC funding recipients by total obligations, as well as the implementing partner, and purpose of the projects, as reported by USDA.

Table 3 - CCC Food Assistance Reconstruction Projects and Spending from FY 2003 to FY 2014

Project	Implementing Partner	Description	Total Obligations (\$)	Percentage of Total Obligations
Food for Progress	Afghan Government	Agricultural Extension, Education, Infrastructure Development, Borlaug Fellows Program ¹ , Sales commissions ²	\$71,235,987.00	35%
Section 416(b)	Agha Khan Foundation USA	Administration, Education, Infrastructure Development, Health & Nutrition, Health Clinics, Water Supply	48,727,310.00	24%
Food for Progress	American Soybean Association	Cooperative Development, Educations (Scholarships, training, etc.), Evaluations Studies, Infrastructure Development (highways, bridges, etc.), Machinery (soycow, bottling, packaging plants), Market Development, Micro Credit, Technical Assistance	28,688,780.00	14%
Food for Progress	Mercy Corps	Agro Forestry, Civil Society, Education, Health & Nutrition Education, Infrastructure Development, Seed Pilot Project, Trade Capacity Building	15,628,792.00	8%
Food for Progress	Shelter for Life International	Agribusiness Loans, Irrigation, Market Development	14,335,250.00	7%
Food for Progress	Roots of Peace	Agro Forestry, Civil Society, Education, Health & Nutrition Education, Infrastructure Development, Seed Pilot Project, Trade Capacity Building	10,233,250.00	5%
Food for Progress	Cultivating New Frontiers in Agriculture	Market Development, Micro Credit, Training	9,083,273.00	4%
Food for Progress	International Fertilizer Development Center	Market Development, Technical Assistance	8,185,318.00	4%
Total			\$206,117,960.00	100%

Source: SIGAR analysis of USDA data, February 25, 2016

Notes:

Table does not equal 100% due to rounding.

¹ The Borlaug Fellowship Program promotes food security and economic growth by providing training and collaborative research opportunities to fellows from developing and middle-income countries.

² According to USDA, the sales commissions are the monies received by the monetization agent for selling the soybeans to generate the necessary income to implement the activities and is similar to a commission paid in other brokered transactions.

¹⁶ The CCC worked with eight partners to implement the projects, including the Afghan government, Agha Khan Foundation USA, Mercy Corps, the American Soybean Association, Shelter for Life International, Roots of Peace, Cultivating New Frontiers in Agriculture, and the International Fertilizer Development Center.

APPENDIX I – ACKNOWLEDGEMENTS

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This project was conducted
under project code SP-122.

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.

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publically released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
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