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GOVERNANCE

As of January 17, 2014, the United States had provided more than \$25 billion to support governance and economic development in Afghanistan. Most of this funding, nearly \$17 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department and the United States Agency for International Development (USAID).²⁴¹

KEY EVENTS

Preparations for the April 2014 presidential and provincial council elections continued this quarter. The Asia Foundation released their annual survey that reported more than half of those interviewed (56%) said they think the outcome of the presidential election will make their lives better. The survey also found an overwhelming majority of Afghans (90%) agree that everyone should have equal rights under the law, regardless of gender. Three elections polls were also released with no candidate registering over 50%, making a second round of voting likely.²⁴²

The Afghan parliament confirmed nominations of five ministers and two Supreme Court justices.²⁴³

In January, the Afghan government said it intended to release 72 high-profile detainees accused of killing U.S. and Afghan troops, despite U.S. and International Security Assistance Force (ISAF) protests that the release undermined the Afghan rule of law and Afghan relations with the United States. The United States had transferred 88 prisoners to Afghan custody last year in a move intended to show confidence in the Afghan judiciary. However, a spokesman for President Karzai said only 16 are to face trial. The spokesman said the Afghan government considered the evidence collected by the Afghan intelligence service and U.S. military insufficient to further detain the other 72 individuals.²⁴⁴

The quarter also saw the release of several surveys and polls as well as a report on implementation of Elimination of Violence Against Women (EVAW) law. The United Nations report on implementation of the EVAW law, however, found both progress and problems, including a 28% increase in registration of reported incidents, but only a 2% increase in use of the law as a basis for indictment.²⁴⁵

ELECTIONS

Special Representative for Afghanistan and Pakistan Ambassador James Dobbins continued to stress the importance of the April 5, 2014, presidential and provincial council elections this quarter, calling them the “critical event” of 2014.²⁴⁶ The United Nations Secretary-General said in December that a timely and inclusive election is the surest basis of internal and international legitimacy.²⁴⁷

The newly established Electoral Complaints Commission (ECC) received 1,056 objections and complaints about the eligibility of 27 presidential tickets, each with two vice-presidential nominees, and 3,057 provincial candidates starting October 22.²⁴⁸ Following adjudication, the ECC released on November 20 a list of 11 presidential tickets and 2,713 provincial council candidates.²⁴⁹ The 11 presidential candidates, in the order that they will appear on the ballot, are: Abdullah Abdullah, Daud Sultonzoy, Abdul Rahim Wardak, Abdul Qayum Karzai, Mohammad Ashraf Ghani Ahmadzai, Sardar Mohammad Nader Naim, Zalmai Rassul, Qutbudin Hilal, Mohammed Sahfiq Gul Agha Sherzai, Abdul Rab Rasul Sayyaf and Hedayat Amin Arsala. Three of the vice-presidential nominees and 308 of the provincial council candidates are women.²⁵⁰

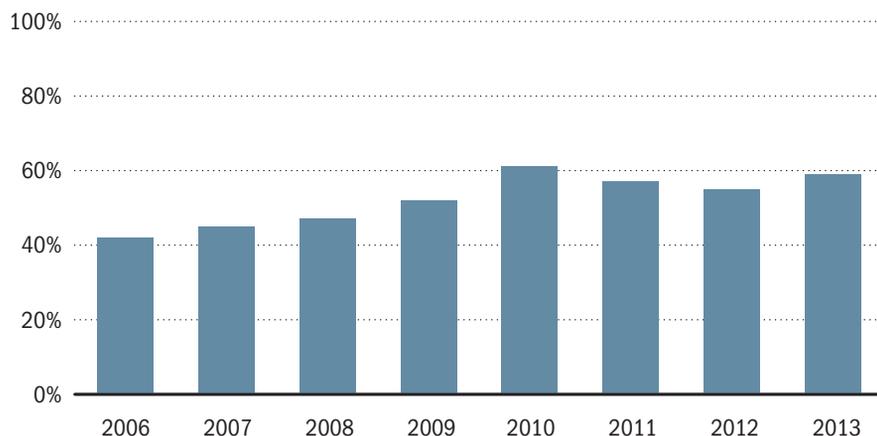
Although the November 20 list was supposed to be final, there may be additional changes to the slate of candidates. The head of the ECC told *Tolo News* in December that “there are war criminals among the presidential candidates.” The ECC head offered no specifics or names, but said additional presidential candidates may be ruled ineligible on the basis of war crimes, corruption, land grabbing, or dual nationality.²⁵¹ The ECC in January said it would refer criminal complaints against presidential candidates to the Afghan Attorney General’s Office.²⁵² Two weeks later, however, the Attorney General’s Office said that they would drop the investigation of presidential candidates due to a lack of specific charges against the candidates.²⁵³

The National Democratic Institute (NDI) made a seven-day visit to Afghanistan in December and reported that recent election reforms have led to “guarded optimism among many political and civic actors that the 2014 polls would be an improvement over previous elections.” An NDI statement said reforms must be faithfully enforced to improve the electoral process. NDI also noted that since President Karzai will not be running, “a new political contest is possible.”²⁵⁴

According to NDI, it is generally accepted that a second round of presidential balloting will be required.²⁵⁵ Three polls released in December, some of which were funded by the State Department, seem to support that belief: none of the front-runners polled over 50%.²⁵⁶ The contractor for one of the three polls told National Public Radio that the polls were intended to inform voters and candidates and reduce the potential for election fraud. An analyst with the Afghanistan Research and Evaluation Unit has warned in the same article, however, that polling is new to Afghanistan, and Afghans sometimes tell interviewers what they think the interviewer wants to hear.²⁵⁷

FIGURE 3.25

PERCENTAGE OF AFGHANS WHO WOULD PARTICIPATE IN NATIONAL OR PROVINCIAL ELECTIONS WITH SOME OR A LOT OF FEAR



Source: The Asia Foundation, *Afghanistan in 2013: A Survey of the Afghan People*, 12/2013, p. 94.

In The Asia Foundation's 2013 *Survey of the Afghan People*, also released in December, Afghans expressed generally positive feelings about the coming elections. More than half of those interviewed (56%) said they think the outcome of the presidential election will make their lives better, as shown in Figure 3.26.²⁵⁸ Despite the evidence of extensive fraud in the 2009 elections, 61% said that in general, elections in Afghanistan are free and fair. Respondents' reasons for thinking elections are not free and fair mostly concerned corruption: for example, corruption in counting the votes (23%), corruption in the election process in general (16%), and vote-buying (14%). Only 11% mentioned the lack of security.²⁵⁹ Majorities, however, said they would be afraid to run for public office (58%) and afraid to vote in a national or provincial election (59%), as shown in Figure 3.25. The Asia Foundation claims a margin of error of +/- 2.25% due to an increase in the sample size to 9,260 respondents surveyed between July 17 and July 25, 2013.²⁶⁰

Project Summary

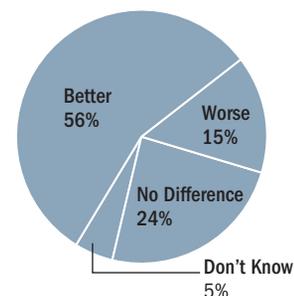
SIGAR reported extensively on the election support programs in the last quarter. Please see pages 110–119 of the October 2013 Quarterly Report for more detail. A summary of USAID programs intended to support the 2014 presidential and provincial elections appears in Table 3.13 on the following page.

Opportunities for Fraud

Independent observers highlighted the potential for fraud offered by Afghanistan's chaotic voter registration system. As NDI pointed out, there

FIGURE 3.26

EXPECTED IMPACT OF 2014 PRESIDENTIAL ELECTION ON AFGHANS' LIVES (PERCENT)



Source: The Asia Foundation, *Afghanistan in 2013: A Survey of the Afghan People*, 12/2013.

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TABLE 3.13

USAID PROGRAMS INTENDED TO SUPPORT THE 2014 PRESIDENTIAL AND PROVINCIAL COUNCIL ELECTIONS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements as of 12/31/2013 (\$)
Promoting Afghan Civic Education (PACE)	12/4/2013	12/3/2018	77,000,000	-
Enhancing Legal and Electoral Capacity for Tomorrow (ELECT) II	9/29/2013	12/31/2015	55,000,000	-
Electoral Reform and Civic Advocacy (AERCA)	7/13/2009	6/30/2014	29,208,419	28,053,544
Supporting Political Entities and Civil Society (SPECS)	7/7/2013	7/6/2016	18,000,000	2,484,815

Source: USAID, response to SIGAR data call, 1/7/2014.

is no voter registry, voter list, or census, making it impossible for accurate checks on voter registration and voter participation figures.²⁶¹ The Afghanistan Analysts Network (AAN) says the large discrepancy between the estimated number of voters and the number of voter cards may facilitate election manipulation. In addition to recent voter-registration drives, the Afghan government has allowed voter registration cards from past elections to remain valid. AAN reports that immediately before the 2010 poll, in which the Independent Election Commission (IEC) estimated the number of eligible voters to be 12.5 million and the UN estimated 10.5 million, a total of 17.5 million voter cards were distributed.²⁶² According to USAID, in November 2013 the IEC finalized the voter registration “top-up” campaign through a registration campaign that covered 395 out of 399 districts and added another 3.1 million voters.²⁶³

The total number of voters registered now stands at approximately 20.7 million, something the AAN said it found “unbelievable,” given that the estimated population of Afghanistan is 27 million with half, or 13.5 million people, of non-voting age.²⁶⁴

An IEC spokesman gave an even lower estimate of eligible voters in November, saying only about 12 million Afghans are eligible to vote.²⁶⁵ The IEC spokesman said the IEC does not know the true number of voters because multiple registrations have resulted in almost twice the number of registered voters as eligible voters. Further, the IEC spokesman said voter registration cards do not have an expiration date, were not tracked in a database, and are valid for any election. Without a voter list, there is no way to check eligibility on the election day.²⁶⁶

In December 2013, the ECC reported that 10,000 to 11,000 individuals had been placed on an IEC blacklist due to suspected improprieties in past elections.²⁶⁷ The IEC announced shortly thereafter that it would not hire the blacklisted individuals for the April 2014 elections.²⁶⁸ The IEC plans to recruit and train more than 100,000 polling staff starting in

March.²⁶⁹ According to NDI, candidates and civic groups expressed concern that the IEC will have difficulty recruiting and training such a large number of poll workers. NDI noted that in 2009, areas that suffered from poor recruitment and training of election officials also were likely to experience ballot box stuffing.²⁷⁰

According to news reports, the Free and Fair Election Foundation of Afghanistan announced they would field 10,000 observers for the April presidential and provincial council elections.²⁷¹ USAID said the USAID Supporting Political Entities and Civil Society (SPECS) program plans to award subgrants for domestic election monitoring in order to deploy approximately 2,200 observers (1,253 male and 947 female) to 34 provinces and 270 districts. USAID also plans to fund international observers but has not yet extended any contracts.²⁷²

The IEC has instituted several changes to mitigate fraud including improved tracking of ballots through packing numbers displayed on individual ballots, results sheet envelopes, and results forms; security features on the ballot; the use of both an invisible ultraviolet ink and indelible ink; and use of transparent tamper-resistant evidence bags.²⁷³

The Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) issued a statement that highlighted the lack of a monitoring and oversight mechanism to ensure that the presidential campaigns do not go beyond the allowable expenditure limit, currently 10 million afghanis (AFN), or approximately \$177,000 with an exchange rate of 56.52 AFN to USD, for presidential elections.²⁷⁴ The MEC also noted that sources of income and assets of presidential candidates are not verified.²⁷⁵

NDI pointed out that in past elections, the areas of the country most affected by the insurgency were also the most plagued by fraud. Because these areas were beyond the scrutiny of observers, they were highly vulnerable to electoral wrongdoing.²⁷⁶

Election Security

Afghan authorities are planning security for the 2014 elections much earlier than in the past. NDI considers this a significant improvement over the 2009 presidential election, when the list of polling stations was released just days before the election.²⁷⁷ The Ministry of Interior (MOI) has established a special commission on electoral security to work in close coordination with the IEC.²⁷⁸ The Afghan National Police (ANP) will guard polling stations while the Afghan National Army (ANA) will provide a second perimeter of defense. The MOI is currently using this system in support of the voter registration process and notes that voter registration has faced fewer security incidents than anticipated.²⁷⁹

In January, the MOI said that about 95% of polling centers are expected to be open for the April election. 6,431 polling sites will be open and 414 are planned to be closed. The IEC submitted a list of approximately 7,000

polling sites 14 months ago to Afghan security forces and requested a security assessment in advance of the polls.²⁸⁰

In a review of the 2009 presidential elections, Democracy International found that insecurity was exploited to commit fraud. Insecurity meant that more fraud could be carried out because there were fewer observers, agents, and IEC officials present at insecure polling locations. The report quotes the United Nations Development Programme's (UNDP) Enhancing Legal and Electoral Capacity for Tomorrow (ELECT) project:

The [Afghan] security forces indicated they could secure all locations and had to be pushed for a more realistic assessment—either they did not want to admit for political reasons, that they were not in control of significant parts of the country, or were directly complicit in lining up the process for fraud... Security forces insisted on polling centres opening that could not be secured and where fraud eventuated.²⁸¹

The report further quotes UNDP ELECT stating that it had “powerfully advocated resistance to security ministries’ calls for polling centres almost certain to be for ‘ghost voters.’”

According to State, the Afghan government has made no specific requests for security or logistical support during the reporting period, except that ISAF provide six air missions to transport senior-level Afghan National Security Forces (ANSF) delegations to regional coordination centers for advanced election security planning.²⁸²

In a November report, the United States Institute of Peace (USIP) found that the Taliban, represented by its Peshawar and Quetta arms, have a mixed strategy for opposing the 2014 elections. The Peshawar arm has reportedly established an electoral office with electoral commissioners who are expected to dissuade elders from participating in the elections, burn registration cards, and disrupt the elections in the final week before the polls. Other reports say Taliban commissioners from the Peshawar arm have been purchasing voter registration cards, possibly in an attempt to influence the election or to raise funds by selling cards to candidates. The Quetta arm is reportedly split between commander networks vehemently opposed to the election (with strength in Zabul and Ghazni provinces) and those more willing to undertake limited negotiations with the Afghan government (in Kandahar, Helmand, and Farah provinces).²⁸³

USIP concludes that despite the Afghan government's efforts to have elders lobby local Taliban commanders to allow voting, elders appear to be less willing than in the 2009–10 elections to petition the Taliban, given that such efforts proved mostly ineffectual or dangerous in the past.²⁸⁴

Also during this quarter, the leader of the Islamist party Hizb-e Islami, Golbuddin Hikmatyar, reversed his previous boycotts of Afghan elections and asked his supporters to participate in the April 2014 election.²⁸⁵

The MOI has launched the Female Searcher Program, which aims to improve security as well as female voter turnout by recruiting and training up to 13,000 female volunteers to serve as subsidized searchers at each of Afghanistan's more than 6,800 designated polling centers. The project intends to train 700 female searcher trainers in Kabul and 11 other locations. The trainers can then be dispersed to multiple locations in each province to conduct searcher training for an approximate 12,300 female searchers.²⁸⁶ Deploying female searchers is important because Afghan custom forbids men to touch unrelated women. Lack of female searchers might therefore enable women with weapons, or disguised men, to enter polling places to make attacks.

According to NDI, the MOI has allocated resources to support travel of male relatives to accompany these deploying female personnel.²⁸⁷ State and other international donors are providing technical and financial support for the \$4.2 million project via UNDP's Law and Order Trust Fund for Afghanistan. However, State said the process has been stymied by internal fighting, with the MOI missing deadlines for providing lists of female volunteers, including female police.²⁸⁸

NATIONAL GOVERNANCE

The United States provides assistance to Afghan governing institutions to build capacity to perform critical services and thereby increase their legitimacy in the eyes of the Afghan population.²⁸⁹ U.S. agencies are providing this support in two ways: through contracts, grants, and cooperative agreements, and increasingly, through on-budget assistance. In this final year of transition, the U.S. government is particularly focused on increasing the financial and program management capabilities of Afghan government institutions, and uses a combination of capacity building and on-budget programs to achieve this end.²⁹⁰

On-Budget Assistance

To improve governance and align development efforts with Afghan priorities, international donors including the United States committed to increase the proportion of development aid delivered on-budget through the Afghan government to at least 50% at the 2010 London Conference. The donors reiterated this pledge at the July 2012 Tokyo Conference.²⁹¹ However, donor support depends on the Afghan government's fulfilling a set of commitments outlined in the Tokyo Mutual Accountability Framework. These commitments include, among other things, improved management of public funds.²⁹²

To determine the degree to which the Afghan ministries could manage and account for funds, USAID hired two accounting firms to assess 16 Afghan ministries. This quarter, SIGAR published its audit report which analyzed USAID's process for conducting and using ministerial assessments

SIGAR AUDIT

This quarter SIGAR published an audit on USAID's process for conducting ministerial assessments when awarding direct assistance. For more information, see Section 2, page 28.

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Conditions precedent: a condition or set of conditions that must be met before USAID will agree to disburse funding (for example, if the host country laws require legislative approval of the Assistance Agreement, then USAID must receive evidence of that approval before funds disbursement).

Source: USAID, Glossary of ADS Terms, 10/24/2012.

when awarding direct assistance to the Afghan government. SIGAR identified a number of areas where Afghan ministries need to strengthen their capabilities to effectively manage and execute funds. For example, although all Afghan ministries receiving direct assistance met **conditions precedent** before disbursing money, SIGAR found that USAID/Afghanistan has only required the ministries to implement 24 of the 333 identified risk mitigation measures prior to receiving funds.²⁹³ See Section 2 of this report for a summary of SIGAR's findings.

The United States is currently providing on-budget assistance through bilateral agreements with seven Afghan government entities and through contributions to two multi-donor trust funds: the Afghanistan Reconstruction Trust Fund (ARTF) and the Afghanistan Infrastructure Trust Fund (AITF). According to USAID, the majority of on-budget funds has been and will continue to be directed through the multi-donor trust funds, particularly the ARTF.²⁹⁴ The National Solidarity Program (NSP), which is the largest single ARTF-supported program, is discussed in greater detail in the subnational and reintegration sections of this report.

TABLE 3.14

USAID ON-BUDGET PROGRAMS					
Project Title	On-Budget Partner	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements as of 12/31/2013 (\$)
Afghanistan Reconstruction Trust Fund (ARTF)*	Multiple (via World Bank)	6/20/2002	6/20/2020	2,669,320,295	1,743,234,795
Power Transmission Expansion and Connectivity (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	1/1/2013	12/31/2016	329,100,000	-
Partnership Contracts for Health (PCH) Program	Ministry of Public Health	7/20/2008	1/31/2015	236,455,840	151,913,665
Contribution to Afghanistan Infrastructure Trust Fund (AITF)	Multiple (via Asian Development Bank)	3/7/2013	3/6/2014	180,300,000	105,000,000
Sheberghan Gas Development Project	Ministry of Mines and Petroleum	5/15/2012	4/30/2015	90,000,000	-
Agriculture Development Fund (ADF)	Ministry of Agriculture, Irrigation and Livestock	7/18/2010	12/31/2014	74,407,662	29,000,000
Basic Education, Literacy, and Technical-Vocational Education (BELT) Community Based Education	Ministry of Education	10/29/2013	10/28/2017	56,000,000	-
Basic Education, Literacy, and Technical-Vocational Education (BELT)	Ministry of Education	11/16/2011	12/31/2014	43,296,813	18,829,265
Cash Transfer Assistance to Support the Civilian Technical Assistance Plan (CTAP)	Ministry of Finance	9/30/2009	9/30/2014	36,256,560	28,810,610
Afghanistan Workforce Development Program (AWDP)	Ministry of Education	9/18/2013	4/3/2016	30,000,000	-
Policy Capacity Initiative Activity	Ministry of Communications and IT	4/9/2009	3/31/2011	1,000,000	989,701

Notes: *This includes all USAID contributions to the ARTF. According to the agreement with the World Bank, donors can only express a preference on how their donations are used up to 50% of their total contribution. In the 2012 agreement with the World Bank, USAID expressed a preference for 47% of its contributions to be used on the National Solidarity Program (NSP).

Source: USAID, response to SIGAR data call, 1/7/2014.

As shown in Table 3.14, USAID expected to spend \$896.5 million on active direct bilateral assistance.²⁹⁵ It expects to contribute almost \$2.7 billion to the ARTF, which is managed by the World Bank, and more than \$180 million to the AITF, which is managed by the Asian Development Bank.

According to USAID and as shown in Table 3.14, the actual disbursement of funds through bilateral on-budget programs is slower than either side would like. USAID attributes the low budget-execution rate to limited Afghan government capacity and the risk-mitigation measures USAID applies to on-budget assistance.²⁹⁶ However, USAID also notes that execution rates are not directly linked to program results.²⁹⁷

The U.S. and Afghan governments disagree about how much progress the United States has made toward its commitment to provide more funding through the Afghan government budget.²⁹⁸ USAID says the Afghan government counts funds when disbursed (when money has actually been spent), while USAID counts commitments and obligations (when the donor reserves the funds for a specific purpose but money has not been spent).²⁹⁹ SIGAR reported last quarter that the United Nations Secretary-General said the Afghan government and donors were seeking to develop a consensus regarding on-budget terminology.³⁰⁰

Capacity-Building programs

USAID capacity-building programs seek to improve central ministries' performance to prepare, manage, and account for on-budget assistance. As shown in Table 3.15, programs include USAID's \$26 million Leadership, Management, and Governance Project that aims to strengthen Afghan financial-management systems and the capacity of the Ministry of Public Health and the Ministry of Education to help meet requirements set at the 2010 Kabul International Conference for increased on-budget aid.³⁰¹ USAID is also funding the \$15 million Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE) project, which among other things assists the ministry to improve its financial management, as required for future on-budget assistance.³⁰²

TABLE 3.15

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements as of 12/31/2013 (\$)
Leadership, Management, and Governance Project	Ministry of Public Health Ministry of Education	9/25/2011	9/24/2016	26,000,000	13,612,927
Assistance to Legislative Bodies of Afghanistan (ALBA)	Parliament	4/3/2013	4/3/2018	23,455,326	1,692,977
Ministry of Women's Affairs Restructuring and Empowerment (MORE)	Ministry of Women's Affairs	12/20/2012	12/19/2015	15,000,000	1,526,620

Source: USAID, response to SIGAR data call, 1/7/2014.

National Assembly

USAID has noted that parliamentary power is very limited since the parliament does not have the authority to determine its own budget and rarely initiates legislation.³⁰³ Most bills originate in the executive branch.³⁰⁴

USAID funds the \$23.5 million Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan's parliament operate as an independent and effective legislative, representative, and oversight body.³⁰⁵ The project, which will run through April 2017, recently supported a comprehensive parliamentary review of the Afghan fiscal year 1391 (March 20 to December 20, 2012) development and operating expenditures and revenues. The review uncovered several Afghan ministry/agency budget violations, including inappropriately reclassifying 1.9 billion AFN, or approximately \$36.5 million with an exchange rate of 52.04 AFN to USD, in salaries and goods and services, which obscured the actual purpose of the expenditures.³⁰⁶

According to State, both chambers of the National Assembly demonstrated increased institutional capabilities during the quarter, especially in holding various government ministries accountable during question-and-answer sessions before the full parliament.³⁰⁷ For example, both chambers requested leaders of the Ministry of Finance, Ministry of Economy, Ministry of Interior, Independent Election Commission, Ministry of Refugees and Repatriation, and others, to appear before parliament.³⁰⁸

During this reporting period, parliament also confirmed five ministers and two Supreme Court justices:

- Din Mohammad Mobarez Rashidi as Minister of Counter Narcotics
- Zarar Ahmad Osmani as Minister of Foreign Affairs
- Akbar Barezai as Minister of Mines
- Mohammad Aref Noorzai as Minister of Energy and Water
- Mohammad Shakir Kargar as Minister of Commerce and Industry
- Din Mohammad Giran and Abdul Qader Adalatkha for seats on the Supreme Court³⁰⁹

SUBNATIONAL GOVERNANCE

The United States government supports initiatives at the subnational level to give Afghans a greater stake in their own government. The goal is to make local government more visible, accountable, and responsive to the Afghan people, particularly in the south and east, where the insurgency has been tenacious.³¹⁰ These programs target rural areas, including districts and villages, as well as provincial centers and municipalities.

The withdrawal of U.S. forces, closure of Provincial Reconstruction Teams (PRTs), and downsizing of the U.S. civilian presence in Afghanistan, raise a number of concerns about the ability of the U.S. government to assess program effects. With the withdrawal of combat forces and the

closure of U.S. and coalition PRTs, the international community has less direct insight into the presence and performance of the Afghan government in provinces and districts. Of the five PRTs SIGAR inquired about in the south and east, all but the Helmand PRT have been closed.³¹¹

Responses from the implementing agencies to SIGAR's quarterly request for information about programs reflect the reduced visibility at the local level.

For the past two quarters, SIGAR has asked USAID to provide information on the status of Afghan civil service staffing at the provincial and district level.³¹² USAID twice reported the Afghan government had not responded to its queries.³¹³ USAID also said insecurity presents a challenge to filling civil service positions in some areas of Afghanistan, but it is very difficult to quantify.³¹⁴ The presence of civil servants is a necessary foundation for local government, but USAID no longer appears to be able to track this and other indicators.

This quarter, SIGAR received no update on the Village Stability Operations (VSO), a bottom-up counterinsurgency strategy that is supposed to expand security while connecting local governance to district government, and district governance to the national government.³¹⁵ SIGAR reported last quarter that, according to the Department of Defense (DOD), team assessments and survey data suggested gains in governance from the VSO remained steady once districts transitioned from Coalition control to Afghan government control. This quarter, SIGAR requested additional detail from DOD on governance definitions applied to VSO, an assessment of how VSO initiatives have connected local governance to formal government, and the proportion of VSO districts that maintained governance gains compared to those that did not. DOD replied that the group that provided governance responses to the July and November 2013 versions of the *Report on Progress Toward Security and Stability in Afghanistan* (which had similar language to that provided to SIGAR last quarter) does not track governance matters despite past DOD reporting on the governance effects of the initiative.³¹⁶

Moreover, many U.S.-funded contracts, grants, and cooperative agreements for developing subnational governance outsource the majority of their work to nongovernmental groups. This raises the question whether the programs can improve the legitimacy of the Afghan government if it is not directly involved.

Rural Stabilization Programs

USAID has several stabilization programs aimed at helping the Afghan government extend its reach into unstable areas and build local governance capacity. These programs include USAID's four Stability in Key Areas (SIKA) projects, the \$161 million Community Cohesion Initiative (CCI), and \$2.67 billion in U.S. support to the ARTF which funds the Afghan government's National Solidarity Program (NSP).³¹⁷ Table 3.16 on the following page summarizes total program costs and disbursements to date.

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TABLE 3.16

USAID SUBNATIONAL (RURAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements as of 12/31/2013 (\$)
Afghanistan Reconstruction Trust Fund (ARTF)*	6/20/2002	6/20/2020	2,669,320,295	1,743,234,795
Stabilization in Key Areas (SIKA) East	12/7/2011	9/6/2015	177,054,663	46,413,247
SIKA West	1/29/2012	8/31/2015	62,998,824	21,028,210
SIKA South**	4/10/2012	2/28/2014	58,784,676	25,862,523
SIKA North	3/14/2012	7/14/2015	45,633,274	13,495,838

Notes:

*This includes all USAID contributions to the ARTF. According to the agreement with the World Bank, donors can only express a preference on how their donations are used up to 50% of their total contribution. In the 2012 agreement with the World Bank, USAID expressed a preference for 47% of its contributions to be used on the National Solidarity Program (NSP).

**This includes the totals for both SIKA South awards.

Source: USAID, response to SIGAR data call, 1/7/2014.

The Kandahar Model: developed in 2007 by the MRRD as a variant of the NABDP. The Kandahar Model features decentralized procurement and financial procedures, community contracting directly with community bodies, rapid decision making, and a reduction of red tape. Additionally, the Kandahar Model involves a written security agreement between the beneficiary community and the MRRD ensuring MRRD access to project NABDP project sites. The Kandahar Model generally uses community contracting without the involvement of external commercial companies or nongovernmental organizations.

National Area Based Development Program (NABDP): developed in 2002 as a joint initiative of the Ministry of Rural Rehabilitation and Development (MRRD) and the UNDP. The goal of NABDP is to contribute to a sustainable reduction of poverty and improve livelihoods in rural Afghanistan.

USAID intended the four SIKA programs to “be seen as an extension of the [Afghan government], not as increased foreign presence,” and stipulated that SIKA “must work within Afghan structures.”³¹⁸ Additionally, the contracts mandate the SIKA programs follow the **Kandahar Model** (a variant of the **National Area Based Development Program**), which includes written community-security guarantees to facilitate Ministry of Rural Rehabilitation and Development (MRRD) staff visits to project sites.³¹⁹ The four SIKA contracts require the MRRD, the primary partner for the SIKA programs, to have representation in the district in order to operate in that district. The degree of required MRRD presence ranges from an individual MRRD representative who comes to work on “a semi-regular basis” (SIKA South) to MRRD representation that is able to effectively operate and monitor SIKA activities in the district as well as provide support and leadership (SIKA West).³²⁰

Although the MRRD is supposed to be involved in every aspect of the projects, it appears that the SIKA projects are not requiring Afghan government personnel to physically monitor projects. For example, USAID reported that 78% of the monitoring of SIKA South projects was conducted exclusively by SIKA South personnel. About 70% of SIKA East projects were monitored exclusively by SIKA East personnel. USAID said “very few” Afghan government personnel made individual monitoring visits despite the encouragement and constant follow-up by SIKA North. In SIKA West, district governors or their representatives conducted only 20 individual project site visits of the 190 ongoing or completed projects for the region.³²¹ In the case of SIKA West, USAID reports that a MRRD representative is expected to sign handover documentation when a project is completed despite

Sources: SIGAR, *Stability in Key Areas (SIKA) Programs: After 16 Months and \$47 Million Spent, USAID Had Not Met Essential Program Objectives*, 7/2013, p. 3; Ministry of Rural Rehabilitation and Development, “The Kandahar Model,” 2010, p. 2.

security threats preventing MRRD officials from visiting the project sites.³²² This raises questions about Afghan ownership and the ultimate sustainability of the SIKA efforts.

Although USAID reports Afghan government involvement in project identification meetings and events at provincial and district centers, this has not translated into involvement in the program by Afghan government civil servants.³²³ On the contrary, according to a joint USAID/MRRD survey administered to all MRRD personnel associated with the SIKA programs, most of the MRRD offices reported that (1) SIKA contractors had not sufficiently coordinated activities with Afghan government officials and (2) SIKA contractors had taken the lead with the communities while the MRRD was left with little or no role.³²⁴

Despite the apparent lack of Afghan government involvement in the SIKA programs, there are plans to transfer portions of the programs on-budget to the Afghan government. A SIKA sustainability conference is planned for late January/February 2014 to lay out the parameters for graduating SIKA districts in order to transfer the program on-budget. According to USAID, it is most likely that SIKA will slowly transfer the SIKA training component and parts of the grants implementation to the MRRD and the Independent Directorate of Local Governance (IDLG) by the end of 2014.³²⁵

Another program, USAID's Community Cohesion Initiative (CCI), aims to build what it calls "resilience" in areas that are both important to Afghanistan's political and security transition and vulnerable to violence and insurgent exploitation. USAID defines resilience as "a measure of the sustained ability of an area (e.g., village, village cluster, district) to mobilize available resources to respond to, withstand, and recover from adverse situations; to resist and withstand insurgent pressures; to safely and effectively communicate with customary and formal governance structures; and to create and mobilize social and cultural networks."³²⁶ CCI implements projects such as local community development projects that engage community leaders and government officials in their identification and oversight along with peace advocacy campaigns at sporting events.³²⁷

Unlike with SIKA, USAID has not explicitly defined the role of the Afghan government in implementing the CCI. Although the CCI does not require the presence of the Afghan government to go forward with activities, it does say that Afghan civil servants should play an important role in grant monitoring and oversight of the vast majority of CCI activities. According to USAID, this not only serves to improve oversight, but also strengthens ties by bringing government officials to local communities.³²⁸

High turnover rates among some district and provincial government personnel have had a negative impact on program implementation, according to USAID.³²⁹ USAID reports that the CCI contractor conducted 32% of all grant monitoring on its own, Afghan government personnel conducted approximately 38%, and joint groups of Afghan government officials and



A resident of the Ghor provincial capital reads an SMS highlighting government achievements sent by the Ghor deputy provincial governor. (USAID photo)

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CCI contractor staff conducted approximately 30% of all grant-monitoring visits.³³⁰ CCI expects Afghan government turnover to be less of a challenge in the year ahead as the CCI moves away from providing grants to government entities and implements more grants through the community-based organizations.³³¹ It is not clear why Afghan government officials appear to participate more in CCI project monitoring than the SIKAs projects.

The ARTF supports both Afghanistan's operating and development budget. As part of the development budget it funds the Afghan government's National Solidarity Program (NSP), which was designed to strengthen community level governance and to improve the access of rural communities to social and productive infrastructure and services by channeling resources to democratically-elected Community Development Councils (CDCs). The U.S. government supports the Afghan government's NSP through the ARTF and is its largest donor.³³²

Although NSP has been described in a 2011 Senate Foreign Relations Committee majority staff report as the best example of a national program that reinforces the social compact between the Afghan state and citizens,³³³ SIGAR has raised questions regarding the extent of the Afghan government's role and the ability of the World Bank to effectively oversee the program.³³⁴

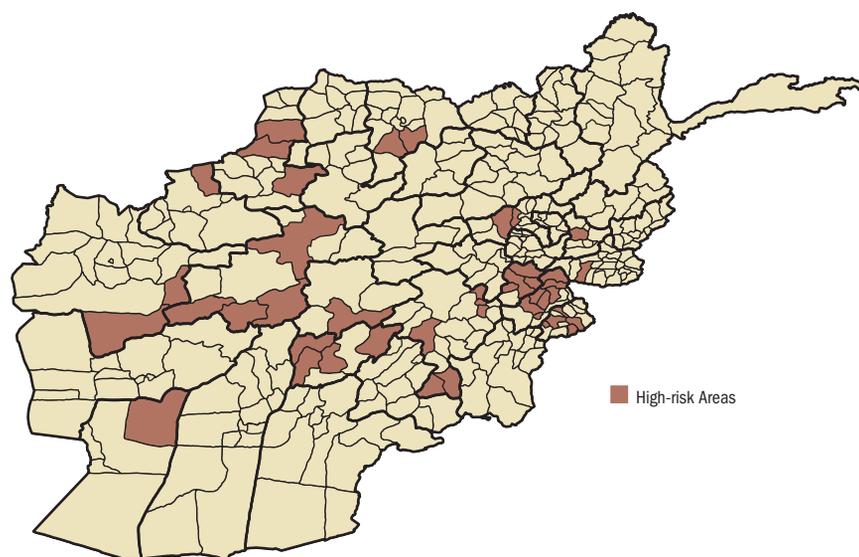
To its credit, USAID acknowledged that there is a lack of evidence indicating that NSP increases stability in insecure parts of Afghanistan. Therefore, USAID no longer preferences funds to the program through the ARTF. According to USAID, NSP does achieve some positive results, including community level engagement in decision-making. However, USAID does not rely on the program to achieve specific development objectives. While USAID continues to engage with the World Bank to seek improvements in programs like NSP as a part of the broader effectiveness of the ARTF portfolio, USAID does not consider NSP to be a significant element of its assistance strategy in Afghanistan.³³⁵

NSP outsources project implementation to nongovernmental organizations. These groups serve as facilitating partners that (1) mobilize communities to form CDCs and (2) provide CDCs technical guidance for managing block grants and planning and implementing subprojects at the village level.³³⁶ In 2011, SIGAR issued an audit of NSP with several recommendations including the need to show improvements in linkages between local communities and the Afghan government, and the need for close monitoring and evaluation of NSP activities in insecure areas.³³⁷

According to the MRRD, NSP has modified its approach, the High Risk Areas Implementation Strategy, in 44 districts across 14 provinces due to insecurity as seen in Figure 3.27.³³⁸ This approach allows nongovernmental facilitating partners to hire community members to act on their behalf, subcontract to a local nongovernmental organization, and modify CDC election procedures.³³⁹ As noted in the 2011 SIGAR audit, this approach may reduce the effectiveness of NSP activities and permit less oversight.³⁴⁰

FIGURE 3.27

MAP OF NATIONAL SOLIDARITY PROGRAM (NSP) HIGH-RISK AREAS IMPLEMENTATION STRATEGY DISTRICTS



Notes: NSP classifies the security of a given district once every six months. "High-risk" indicates that the security environment does not allow for consistent access to communities.

Source: Ministry of Rural Rehabilitation and Development, NSP Quarterly Report, 9/22/2013.

This quarter, SIGAR asked USAID to provide an assessment of the way NSP operates in insecure areas to better understand if the program facilitates connecting the government to the population. USAID responded that this information is not available.³⁴¹

Urban and Provincial Centers

USAID's four Regional Afghan Municipalities Program for Urban Populations (RAMP UP) projects, extended to March 2014, aim to improve the capacity of the provincial and urban levels of government to improve budgeting and, in the case of municipalities, improve revenue collection. The RAMP UP programs followed the Afghanistan Municipal Strengthening Program which focused on municipalities in 11 provinces and operated from May 2007 to August 2010 with a final disbursement of \$25 million dollars.³⁴² Table 3.17 on the following page details USAID's subnational (urban and provincial) programs, including RAMP UP.

The RAMP UP projects aim to assist governments in urban centers to increase the capacity of municipal officials, improve the delivery of municipal services, support economic growth initiatives, and increase own-source

GOVERNANCE

TABLE 3.17

USAID SUBNATIONAL (URBAN AND PROVINCIAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements as of 12/31/2013 (\$)
Regional Afghan Municipalities Program for Urban Populations South	6/10/2010	3/31/2014	149,023,047	88,351,892
Regional Afghan Municipalities Program for Urban Populations East	6/10/2010	3/31/2014	147,011,369	84,955,414
Economic Growth and Governance Initiative (EGGI)	8/15/2009	8/31/2013	92,371,523	80,745,277
Performance Based Governor Fund (PBGf)	11/1/2009	9/30/2013	48,924,296	48,055,668
Regional Afghan Municipalities Program for Urban Populations North	2/8/2011	3/31/2014	40,000,000	31,884,079
Regional Afghan Municipalities Program for Urban Populations West	11/1/2010	3/31/2014	35,000,000	28,095,884

Source: USAID, response to SIGAR data call, 1/7/2014.

revenues. The RAMP UP projects fund small service delivery projects to develop municipal management capacity.³⁴³ A recent RAMP UP performance evaluation summarized the state of municipal governance across the country:

The problems of Afghan cities are numerous and daunting. Many administrators, who have served 20 years or more in the municipality, have little motivation or knowledge of the ways of a functioning bureaucracy. They arrive at around 7:00 am at a municipal building that often-times has no electricity, sit idly chatting and drinking tea with individuals who drop into their office as if it were a corner barbershop in a US neighborhood, and go home for the day around noon. Most cities have few resources, and employees typically receive less than \$100 per month for their work. Citizens expect little, and receive it. Meanwhile corruptions, ranging from kickbacks on large contracts to the obligatory ‘fee’ that typically must be paid any time a signature or action is required from the government, is pervasive.³⁴⁴

The review found that, nevertheless, “incremental and slow” progress was being made and that municipalities offered the best hope for democracy to take hold in Afghanistan:

Critically, Afghan municipalities are the only subnational government entities to collect and keep local revenues, and many have moved aggressively to apply this authority. Municipalities operate in a system that, for all of its

problems, provides them revenue collection latitude far greater than their counterparts in other developing countries, and provides the country a path to the establishment of a strong system of local self-governance.³⁴⁵

The experiences of the four RAMP UP projects provide a perspective on two important aspects of municipal governance: revenue collection and service delivery. Afghan municipalities have the unique ability to both collect and use locally collected revenue and are expected to be largely fiscally self-sustaining.³⁴⁶

Municipal Revenue Collection

The performance evaluation of RAMP UP found that program reporting inflated the role of the four RAMP UP programs in increasing municipal revenue. While property-tax and business-license revenue increased thanks to RAMP UP efforts, they were dwarfed by other municipal income, including land sales, upon which the RAMP UP programs had no impact.³⁴⁷ For example, the report found that there was no causal relationship between RAMP UP West program efforts and revenue generated in target municipalities.³⁴⁸ The evaluation report raised concern that municipalities rely on selling public land for revenue, as it is a finite resource.³⁴⁹

The evaluation concluded that the key determinants for increased municipal revenue include mayors' commitment to collection, the number of businesses and properties that constitute the tax base, the adoption of RAMP UP revenue reforms, and, in the case of Ghazni municipality, the outsourcing of tax collection to a private company.³⁵⁰

Municipal Service Delivery

The RAMP UP performance evaluation found that in larger cities supported by RAMP UP, mayors became disillusioned with the program due to unfulfilled promises of projects. Smaller cities that had fewer promises were reportedly less disillusioned according to the evaluation.³⁵¹

Under the RAMP UP program, municipalities were expected to contribute to the cost of projects, but these contributions varied widely across the four regions. The willingness of a municipality to contribute funds for projects may serve as an important indicator of municipal ownership. For example, the expected municipal cost share was less than 2%—about \$330,000 of the \$17.1 million obligated for RAMP UP projects.³⁵² Some of the municipalities appear to be selective in their contributions by contributing to projects that may benefit the municipally through future revenue. In RAMP UP South, three of the 45 projects have a municipal cost share of land. The three RAMP UP South projects for which the municipalities contributed land included a slaughterhouse, a women's marketplace, and a parking lot.³⁵³ According to the RAMP UP performance evaluation, a popular strategy for municipal revenue generation is for the city to act as a landlord by constructing slaughterhouses, wedding halls, business centers, and other facilities to be owned

by the municipality, then leased out to a private business.³⁵⁴ The projects for which municipalities contributed land in RAMP UP South appear to be in keeping with the interests of the city as a landlord.

Provincial Budgeting

The tentative gains in municipal capacity stand in contrast with the experience of provincial governments that are required to remit revenues to and receive allocations from the central government.³⁵⁵ From May 2010 to August 2012, USAID's Economic Growth and Governance Initiative (EGGI) project sought to develop capacity in 14 ministries in all 34 provinces in support of the Ministry of Finance's (MOF) provincial budgeting pilot.³⁵⁶ According to the MOF, the budget pilot utilized existing ministry programs and produced project nominations from all provinces that were incorporated into the national budget.³⁵⁷

According to USAID, the provincial budget pilot program ultimately failed due to a lack of funding and political will in the Afghan government.³⁵⁸ The Afghan government claimed to be unable to fund nominated proposals and asked donors for additional funds. However, donors felt that the Afghan government should tap unspent discretionary development budget funds for the pilot since its budget-execution rate was so low. The issue remained unresolved until August 2012, when the Deputy Minister of Finance requested that USAID stop providing capacity-building support to provincial budgeting.³⁵⁹ USAID's assistance was predicated on dialogue with the MOF, which requested USAID and UNDP support to build Afghan government capacity to implement provincial budgeting. According to USAID, MOF backed its request with planning and budgeting documents that showed its commitment, at the time, to financing the initiative.³⁶⁰ Despite this, it appears that funding for the provincial budget pilot was not seriously discussed until after USAID had already made significant investments in capacity building and after the provincial ministry directorates had already submitted project nominations.

International donors remain interested in the provincial budgeting process and continue to track progress as a key deliverable of the Tokyo Mutual Accountability Framework.³⁶¹ However, the fact that the previous USAID attempt to support a provincial budgeting pilot failed due to lack of Afghan government funding and political will does not bode well.

As reported in the latest Tokyo Mutual Accountability Senior Officials' report, there remains a lack of strategic vision at the provincial level due to the disconnect between provincial planning processes and national plans.³⁶² This is apparently despite the U.S.-supported provincial budget pilot that was meant to link the local priorities and preferences of ministry provincial offices to national priority programs.³⁶³ According to USAID, the MOF has developed a new provincial budgeting policy which donors have reviewed



Zabul Province Deputy Governor
Mohammad Jan Rasulyaar attends a shura meeting in Qalat District. (U.S. Army photo)

and commented on, and that the MOF submitted in late December 2013 to the cabinet, which is deliberating on the approval of this new policy.³⁶⁴

RECONCILIATION AND REINTEGRATION

The U.S. Civilian-Military Framework views political reconciliation between the Afghan government and insurgency as “the solution to ending the war in Afghanistan.”³⁶⁵ However, the United Nations Secretary-General described progress on a peace process as having been “disappointing in recent months.”³⁶⁶

The Afghan government may be unable to reach an enforceable agreement at this time with Taliban leadership. According to the UN’s Security Council Resolution 1988 Sanctions Committee, it is unclear how much direct control Taliban leadership exercises over the movement as a whole. A recent committee monitoring report observes that the Taliban combine centralized authority with significant scope for decentralized action by field commanders. The movement has an elaborate command structure that is not anchored solely in the “Quetta Shura” leaders’ council. The report concludes that the persistent presence and autonomy of other armed groups raises questions about the true extent of the influence exerted by the Taliban leadership.³⁶⁷ The Congressional Research Service also noted that the insurgency as a whole has grown increasingly fractured and is particularly divided politically in its views regarding political settlement efforts.³⁶⁸

Reconciliation

According to State, the High Peace Council (HPC) continues to hold meetings to strengthen cooperation and achieve unity among different layers of the Afghan society in support of the peace process. In addition, HPC leadership continues to travel to the region and overseas to advance the HPC’s reconciliation goals. Overall, however, State is not able to assess the utility of HPC Executive Board meetings and did not offer SIGAR an assessment of HPC reconciliation efforts in the region.³⁶⁹

President Karzai and Pakistani Prime Minister Nawaz Sharif met in Kabul in late November to discuss “practical steps” to bring the Taliban to the negotiating table. According to *The Wall Street Journal*, Mr. Sharif stated that Pakistan is interested in a stable Afghanistan, but neither he nor President Karzai offered specifics.³⁷⁰ In the view of the AAN, the publicly available transcripts were vague and gave no indication of any substantial progress.³⁷¹

HPC members traveled to Pakistan in November with the intention of meeting with Mullah Abdul Ghani Baradar, the former Taliban second-in-command. It is unclear, however, whether Mullah Baradar can or will advance the peace process, or even whether a meeting with him occurred.³⁷²

The HPC also traveled to Saudi Arabia to attend the Islamic Countries Conference in December. HPC representatives called on participants to help with Afghanistan's peace process.³⁷³

Afghanistan Peace and Reintegration Program

DOD reported last quarter that the Afghanistan Peace and Reintegration Program (APRP) has succeeded in reintegrating former insurgents, but is not a major influence on the conflict.³⁷⁴ The APRP is an Afghan-led reintegration program targeted towards low-level foot soldiers and their commanders, and financed through \$182.3 million in contributions from twelve donor nations. Operational funding for the program is provided by seven donor nations (primarily Japan and Germany), while the United States provides funding towards community recovery efforts administered by the World Bank.³⁷⁵

According to State and DOD, the \$50 million U.S. contribution in support of APRP via the MRRD's NSP Community Recovery Intensification and Prioritization (CRIP) mechanism has not been linked to the APRP for fear of endangering NSP nongovernmental facilitating partners. The U.S. funds have instead been subsumed into the broader ARTF budget rather than being used in support of specific reintegration initiatives. A recent DOD report states, "Due to its unique focus in insecure districts, CRIP delivery is by nature indirect, limited, and unannounced, relying on the overall stabilization effect attributed to NSP III rather than direct programming of activities to APRP reintegrees or their communities" [emphasis added].³⁷⁶

SIGAR asked DOD to clarify how an "indirect, limited, and unannounced" approach for NSP/CRIP facilitates the APRP. According to the U.S. Embassy Kabul and the Force Reintegration Cell (FRIC), an ISAF element supporting the APRP, it is not necessary on a programmatic level for assistance to CRIP districts to be "indirect, limited, and unannounced," nor does this approach facilitate the APRP. Rather, the low profile of NSP/CRIP programming prevents and/or limits the program from securing the



A reintegree accepted by the Afghan government in Panjwai District, Kandahar Province, Afghanistan. (U.S. Army photo)

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peace dividends it seeks to establish by failing to link community recovery benefits with the return of reintegrees. According to State, the presence of reintegrees does not drive NSP/CRIP programming.³⁷⁷

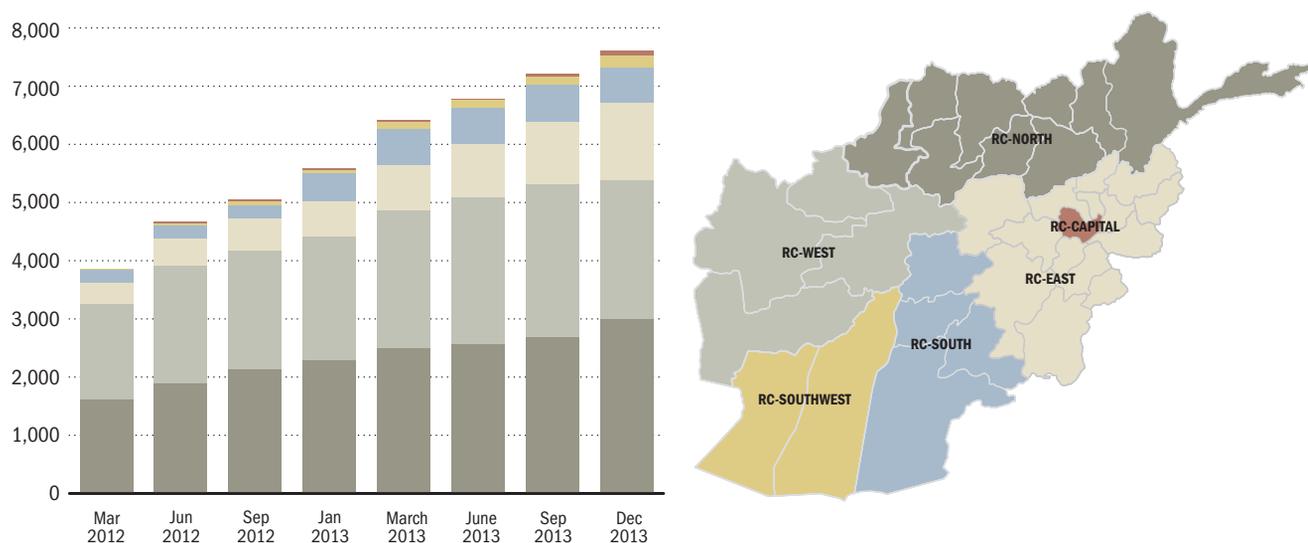
The U.S. Embassy Kabul has reportedly raised the issue repeatedly with the Afghan government Joint Secretariat and the MRRD, but has been advised that the MRRD is reluctant to publicly identify projects in NSP/CRIP districts with the APRP for fear of reprisal attacks. The FRIC also notes that it is impossible to track individual NSP/CRIP projects because the funds for APRP are comingled with other funds.³⁷⁸

The fear of associating NSP with the reconciliation program is not a new concern. During the course of the audit of NSP by SIGAR in 2010, the director for one of the NSP facilitating partners stated that having NSP involved in APRP would cause facilitating partners to stop working with MRRD because nongovernmental organizations do not wish to damage their reputation with the communities through associating with APRP.³⁷⁹ It may be that NSP is not the optimal delivery mechanism for APRP to advance the political objectives.

During the quarter, 328 new reintegrees joined the program increasing the total to 7,599 reintegrees, as shown in Figure 3.28.³⁸⁰ According to State and the FRIC, the APRP has a robust vetting process to confirm that individuals who want to join the program are legitimate insurgents. The process mostly involves Afghan civil government and ANSF officials at the

FIGURE 3.28

CUMULATIVE REINTEGREES BY REGIONAL COMMAND



Note: Sources did not explain why the cumulative number in RC-West and RC-Southwest decreased this quarter; the current number of confirmed recidivists is 16 individuals.

Sources: SIGAR Quarterly Report, 1/30/2013, p. 97; State, responses to SIGAR data call, 4/2/2013, 1/2/2013, 10/2/2012, 7/5/2012, 3/30/2012, 7/1/2013, 10/4/2013; DOD, response to SIGAR data call, 12/31/2013.

provincial and national levels who negotiate and administratively process the reintegree. The international role is limited to being able to access the Reintegration Tracking and Monitoring Database.³⁸¹

The FRIC said elimination of national-level bottlenecks in the MOI reintegree vetting processes have resulted in much greater efficiency in enrollment procedures. The Joint Secretariat has reportedly improved the processes to ensure potential reintegrees are actual insurgents, possess serviceable weapons, and have been accepted by their receiving community. The FRIC suggests the vetting process is functioning by noting that 140 out of a list of 300 applicants in Baghlan province were rejected by the Afghan government on the basis of not meeting one or more of the required criteria.³⁸²

The FRIC reported that the APRP has a rigorous process to determine whether an individual has become a recidivist and returned to the insurgency. Recidivism is determined on an individual basis and is usually based on Coalition intelligence and Afghan provincial governmental reporting. The evidence against a suspected recidivist must be substantiated and presented to the ISAF Joint Command (JLC) Reintegration Team and the FRIC. According to the FRIC, the requirement for verifiable reporting keeps the overall recidivism number fairly low. However, the FRIC believes the likely number of actual recidivists exceeds the official number of 16.³⁸³ The process for being declared a recidivist involves several Coalition entities, unlike the process for being labeled a reintegree which is almost exclusively Afghan. There is no requirement for reintegrees to continue contact to confirm reintegree status. Reintegrees are expected to contact officials to receive up to six months of transition-assistance payments, but need make no contact after that as they are considered regular Afghan citizens.³⁸⁴

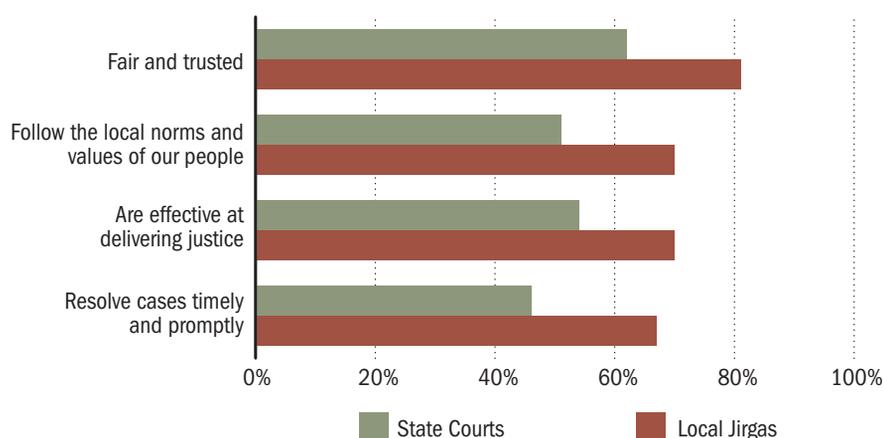
RULE OF LAW AND ANTICORRUPTION

The geographic coverage and effectiveness of Afghanistan's formal justice sector is unclear. In his Presidential Decree 45, President Karzai requested that the Supreme Court activate all inactive courts in the provinces and districts, and staff them with professional personnel by March 21, 2013.³⁸⁵ The Supreme Court of Afghanistan and the Afghan Attorney General's Office reported that all districts have prosecutors assigned and all districts have functioning courts.³⁸⁶ Insecure districts that do not physically host prosecutors or judges, however, are still labeled "functioning" so long as cases are processed in provincial capitals. For example, the prosecutors for the 51 most insecure districts work from their assigned provincial centers, which may be outside of those districts.³⁸⁷ State notes that positions remain unfilled and cases continue to be referred to provincial justice centers.³⁸⁸

According to The Asia Foundation's *Survey of the Afghan People*, 19% of the respondents say that in the past two years they have taken a dispute to either the formal justice system or local informal justice system. The

FIGURE 3.29

AFGHANS' CONFIDENCE IN STATE COURTS VS. LOCAL JIRGAS/SHURAS



Source: The Asia Foundation, *Afghanistan in 2013: A Survey of the Afghan People*, 12/2013, p. 86.

survey also reports that 67% say informal bodies resolve cases in a timely and prompt fashion, while only 46% say the same of the state courts. There was also a varying degree of confidence between the state court system and informal local systems, with informal systems rated higher, as shown in Figure 3.29.³⁸⁹

Project Summary

The United States has provided assistance to the formal and informal justice sectors through several mechanisms. These include the USAID/Rule of Law Stabilization Formal and Informal Components (RLS-F and RLS-I), the USAID/Assistance to Afghanistan Anti-Corruption Authority Program (4As), and the State Department Justice Training Transition Program (JTTP). These and other rule of law and anticorruption programs are detailed in Table 3.18 on the following page.

RLS-F provides assistance to the formal justice sector to increase access to justice, strengthen the capacity of the legal education system, and promote transparency and accountability at the district, provincial, and national levels. USAID reports that RLS-F improves the capacity of sitting judges and court staff by providing comprehensive legal training. RLS-F includes the Supreme Court formal training program for new judges, which 81% of Afghan judges have completed. RLS-F also implemented public outreach efforts informing Afghans of rights and responsibilities and strengthening civic awareness of legal rights and judicial processes.³⁹⁰

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TABLE 3.18

USAID RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements as of 12/31/2013 (\$)
Rule of Law Stabilization - Formal Component	7/16/2012	2/15/2014	18,900,000	13,809,331
Rule of Law Stabilization - Informal Component	7/16/2012	3/13/2014	15,651,679	12,973,595
Assistance to Afghanistan Anti-Corruption Authority Program (4As)	10/1/2010	11/15/2013	9,400,000	8,338,049
Fight Corruption Tooth and Nail	7/4/2012	7/5/2014	997,000	435,935
GAPS Anti-Corruption Grant	6/7/2012	6/6/2014	992,379	555,000

Source: USAID, response to SIGAR data call, 1/7/2014.

RLS-I provides assistance to the traditional justice sector to increase the quality of justice services provided and facilitate formal-traditional justice sector linkages. According to USAID, RLS-I has enhanced the dispute-resolution skills of community leaders in 48 districts in southern, eastern, and northern Afghanistan. With USAID assistance, 4,095 elders have pledged to cease traditional justice practices such as *baad*, the practice of exchanging women to settle a dispute, and 38 women's elders groups have been established. USAID stated that RLS-I will complete an impact evaluation of activities next quarter to measure project results.³⁹¹

JTTP provides regional training to justice-sector officials, including police, prosecutors, judges, and defense attorneys on a wide range of criminal justice topics, including anticorruption. JTTP also provides mentoring on specific cases and legal issues to justice sector officials, including prosecutors and judges. According to State, beneficiaries of JTTP training have demonstrated increased capacity and knowledge, leading to improved effectiveness. However, State indicated that it was unable to assess the state of Afghan court administration.³⁹²

This quarter, SIGAR released an audit on State programs in support of the Afghan justice sector. Since 2005, the State has spent at least \$223 million on justice-sector development programs in Afghanistan, including State's Bureau of International Narcotics and Law Enforcement Affairs' (INL) programs to train Afghan justice-sector personnel. The Justice Sector Support Program (JSSP) is one of these programs and comprises two main components: developing a case-management system and building administrative capacity at Afghan ministries. SIGAR found that INL's management and oversight of the JSSP contract with PAE Incorporated limited its ability to assess the contractor's performance and the JSSP's contribution to

justice sector development. See Section 2 of this report for a summary of SIGAR's findings.³⁹³

The Supreme Court and the Formal Justice Sector

Under the Afghan constitution, Supreme Court justices serve set terms. State previously reported that four Supreme Court justices with expired terms were still serving; however, during this quarter, two new Supreme Court justices were appointed.³⁹⁴ According to USAID, the Supreme Court broadly lacks political will to support women's participation in the judiciary and to increase judicial transparency and accountability.³⁹⁵ State considers three recent court rulings involving women this quarter as evidence that the court is increasing its application of legal protections to women:

- The case of Lal Bibi, 18, a woman from Kunduz province who was abducted by a group of policemen who beat and raped her for five days. The primary court sentenced all four policemen to 16 years' imprisonment. The Appellate Court and Supreme Court affirmed the decision.³⁹⁶
- The case of Sahar Gul, 14, who was forced into marriage. When she refused to accept the marriage, the family she was married into brutally tortured her and locked her away in the basement. The procedural history of the case is unclear, but during the appeals process, the lower court set the abusers free. The Supreme Court issued a public statement expressing its anger, and recently sentenced the mother-in-law and father-in-law to five years in prison. The sister-in-law's acquittal was affirmed, but the Court said her husband, who arranged the forced marriage, and a brother-in-law should be prosecuted. Finally, the Court said claims for marriage annulment and damages should be heard in civil court. The Sahar Gul case marks the first time a victim of domestic violence in Afghanistan sought criminal and civil action herself against her abusers.³⁹⁷
- The case of four people accused in the attempted rape and murder of Zarifa, a provincial representative of Jawzjan province. The primary court sentenced each perpetrator to 14 years in prison. The Appellate Court applied Article 396 of penal code and Article 17 of the EAW law and sentenced each to 18 years imprisonment. The Supreme Court approved the decision, indicating that courts are in fact utilizing and enforcing, if unevenly at times, the EAW law.³⁹⁸

Afghan Correctional System

The inmate population of Afghanistan's prisons managed by the General Directorate of Prisons and Detention Centers (GDPDC) has continued to increase at a rate of 16.4% annually over the past five years, leading to overcrowding, according to State. As of October 20, 2013, the last date for which data is available, the GDPDC incarcerated 29,140 individuals. The Ministry of Justice's Juvenile Rehabilitation Directorate (JRD) incarcerated 1,209 juveniles. This total does not include detainees held by any

SIGAR INSPECTIONS

This quarter SIGAR initiated inspections of the Pol-i-Charki provincial prison east of Kabul and the provincial prison in Baghlan Province. The inspections will assess whether construction of the facilities is in accordance with contract requirements and construction standards, and if the facilities are being used as intended and maintained.

other Afghan governmental organization as State's Bureau of International Narcotics and Law Enforcement Affairs (INL) does not have access to data for other organizations.³⁹⁹

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities. As of October 20, 2013, the total male provincial prison population was at 282% capacity, as defined by International Committee of the Red Cross' (ICRC) minimum 3.4 square meters per inmate. The total female provincial prison population was at 137% of the ICRC capacity. Data from Herat Provincial Prison exemplifies the severity of the overcrowding in GDPDC facilities: according to a 2011 ICRC assessment, Herat Provincial Prison has the capacity for 491 prisoners, yet data from October 2013 indicates that over 3,100 prisoners are housed in the facility. Information on the capacity of GDPDC-operated district detention centers and the JRD's juvenile rehabilitation centers is not available, however, anecdotal reporting by INL advisors visiting facilities indicates that overcrowding is a substantial problem in many provinces.⁴⁰⁰

According to State, INL possesses the financial and workforce resources to monitor its contracts, grants, and construction projects throughout Afghanistan. State acknowledges that a lack of security makes it difficult at times for INL to reach locations and because of this, State said INL is developing contingency plans and weighing site accessibility when making decisions on future efforts. For example, INL is investigating the viability of using third-party contractors to supplement direct oversight of infrastructure projects by INL's American and Afghan engineering staff.⁴⁰¹

Anticorruption

Afghan anticorruption efforts demonstrated no significant progress during the quarter. State is not aware of any corruption charges filed against high-level officials and is not able to comment on the existence of any pending investigations. The Afghan government continues to prosecute lower-level government officials for corruption, but prosecutions are generally not pursued for those beyond the lowest-level supervisors.⁴⁰²

Transparency International this quarter issued its latest update to the Corruption Perception Index in which Afghanistan shared last place with North Korea and Somalia. Afghanistan's score was established on the basis of three data sources that rely upon expert perceptions of corruption: the 2014 Bertelsmann Foundation Transformation Index, the 2012 World Bank Country Policy and Institutional Assessment, and the 2013 Global Insight Country Risk Ratings.⁴⁰³

According to The Asia Foundation's *Survey of the Afghan People*, 84% of respondents stated that corruption was either a major or minor problem in daily life, a decrease by 3 percentage points from last year. According to respondents who have had to give cash or a gift to, or perform a favor for, a government official, the most frequent situation involved seeking

public healthcare services (38%), applying for jobs (31%), interacting with the judiciary/courts (33%), receiving official documents (28%), in dealing with the Afghan National Police (31%), and in contacting the Afghan National Army (21%).⁴⁰⁴

During the quarter, the mayor of Pul-e-Alam, the provincial capital of Logar province, was accused of corruption and embezzling funds. An official of the MEC is quoted as saying the mayor has illegally appointed and dismissed employees, illegally seized land, and committed forgery, major theft, and bribery. MEC officials reportedly conducted an investigation and found that documents were forged in order to embezzle tens of millions of AFN from municipal revenues. The MEC reportedly recommended legal action several months ago but the central government has not responded.⁴⁰⁵

Afghan Attorney General's Office

There were no significant changes in the technical capacity or effectiveness of the Attorney General's Office (AGO).⁴⁰⁶ The Anti-Corruption Unit (ACU) of the AGO has seen a decrease in INL and Department of Justice (DOJ) engagement due to reduced interest by the ACU. Although the ACU has demonstrated capacity to prosecute minor corruption cases, it remains ineffective against higher-level corruption. State INL assesses this as being almost entirely due to a lack of will.⁴⁰⁷

The AGO has made little progress on Kabul Bank asset recovery. According to State, the AGO signed off on several mutual legal assistance requests, but all were reportedly prepared by international mentors and there has been limited follow-up. Moreover, the AGO has not yet assigned a full-time prosecutor to focus on asset recovery.⁴⁰⁸

The Major Crimes Task Force (MCTF) is the investigatory arm for the AGO internal control and monitoring unit. In February 2013, Federal Bureau of Investigation mentors disengaged from the MCTF and were succeeded by personnel from the Combined Joint Interagency Task Force-Afghanistan (CJATF-A).⁴⁰⁹ According to reports from CJATF-A mentors, MCTF investigators remain interested in pursuing significant corruption cases. The chief of the MCTF was removed on December 25, 2013. His successor is a professional police officer, with ten years' experience leading several investigative departments in Kabul. His appointment is seen as a positive development. The MCTF remains frustrated with the lack of cooperation by AGO.⁴¹⁰

Independent Joint Anti-Corruption Monitoring and Evaluation Committee

Despite demonstrating political will to address some of the toughest corruption-related questions, the MEC was assessed by State as lacking the authority to do more than illuminate poor or corrupt practices.⁴¹¹

The MEC recommended during the quarter that the Afghanistan Investment Support Agency (AISA) be the subject of an independent audit

because of its lack of accountability and ambiguous legal status. AISA is meant to support the development of the private sector and claims to be both an Afghan government entity as well as a limited liability corporation. According to the MEC, AISA was audited only in 2005, when several financial and accounting deficiencies were found. MEC also has concerns that AISA was improperly given responsibility for the development of industrial parks (previously a responsibility of the Ministry of Commerce and Industries).⁴¹²

Supreme Audit Office

According to USAID, political will for auditing is declining in the current political climate. However, the situation may change due to the anticorruption rhetoric of presidential candidates.⁴¹³

Under the 1392 Audit Law, the Supreme Audit Office (SAO) is the body responsible for auditing the Afghan government. According to USAID, the office has been responding reasonably well to requests and meeting minimum standards for audits.⁴¹⁴

The SAO is responsible for meeting auditing benchmarks as part of the ARTF Incentive Program (IP). The objective of the IP is to support the Afghan government with a reform program that aims at improving fiscal sustainability through increasing domestic revenue mobilization and strengthening expenditure management.⁴¹⁵ According to USAID, the World Bank received audits covering 27.5% of total expenditures for the 1391 budget year in November 2013.⁴¹⁶ The benchmark for auditing increases year by year with 1391 being at least one audit representing 5% of total expenditures, 1392 being 20%, and 1393 being 25%.⁴¹⁷ According to USAID, both the 1391 and 1392 IP auditing benchmarks are on track.⁴¹⁸

According to the SAO, their recent audit covered four ministries (Education; Public Health; Public Works; and Labor, Social Affairs, Martyrs & Disabled) that collectively represented 27% of the 1391 core development and operating budget. The SAO states that field work occurred at a sample of locations both the central ministry offices and provincial directorates.

The SAO found that:

- The ministries at the center and provinces have not adequately complied with the Public Finance and Expenditure Management Law, Income Tax Laws, or the Procurement Law, as well as other budgetary authorities in making payments, managing expenditures, procurements of goods and services, and execution of development projects.
- The ministries demonstrated weak control in executing contracts.
- The execution of the four ministries' development budgets was very low.
- The majority (67.9%) of the Ministry of Public Health's development expenditure in 1391 was transferred to nongovernmental organizations and the Ministry spent only 32.1% directly through its agencies.

- Large sums of the expenditures have been recorded under “Not Elsewhere Classified” and are not identified with any appropriate object of expenditure.

The SAO recommended that the ministries strengthen their controls and monitoring systems to ensure compliance with provisions of applicable rules, statutes, agreements, and budgetary authorities for appropriate deduction of tax-expenditure management, procurement and contracts managements, and execution of development budget projects.⁴¹⁹

High Office of Oversight and Anticorruption

State and USAID reported last quarter that the High Office of Oversight and Anticorruption (HOO) is dysfunctional, ineffective, and politicized.⁴²⁰ USAID reports that the HOO has adequate administrative and technical capacity to carry out its programs and mandate.⁴²¹ According to USAID, however, the HOO suffers from a lack of political will and seriousness of purpose at the upper echelons of government in fighting corruption, especially when it involves the powerful political elite. The HOO has had little effect in confronting the issue of high-level corruption, though sometimes low-level corruption is addressed. As a result, USAID assess the HOO as having had little positive impact.⁴²²

According to USAID, 1,150 Afghan officials are confirmed to have completed an asset-declaration form, although the High Office of Oversight (HOO) claims that the number is between 2,500 and 5,000. The HOO maintains that 7,000 officials are required to file asset-declaration forms. If so, then at least 35% and at most 70% have complied. USAID admits that there is no way to independently verify the HOO’s figures and notes that while most officials are required to disclose annually, most of those who have declared have done it only once since 2010.⁴²³

Corruption in Afghan Security Forces

According to DOD, the Combined Security Transition Command-Afghanistan (CSTC-A) has for the first time introduced a “financial levers strategy” that is meant to use direct financial contributions to the MOD and MOI as a lever to change Afghan government behaviors. CSTC-A will begin the process once audit or assessment findings are communicated to the relevant ministry. On Day 30, the Commanding General or Deputy Commanding General of CSTC-A will send a letter of audit recommendations with all open and closed recommendations to the MOD or MOI. If the matter is not resolved by a review board on Day 45, CSTC-A will delay disbursement of 50% of the affected funds or take more serious action if warranted. On Day 60, CSTC-A will conduct a follow-up to determine the status of audit recommendations. Finally, on Day 61, CSTC-A will either decrease funding on the commitment letter or delay disbursement of the affected funds.⁴²⁴

GOVERNANCE

The levers strategy seeks to change behavior at the ministry level. The first audit to go through the process reached the 45/46-day mark around December 23, 2013.⁴²⁵

Ministry of Defense

According to DOD, the MOD Transparency & Accountability Working Group (TAWG) is an Afghan-led initiative that was established by the President of Afghanistan to (1) develop and maintain a common understanding of the problems of corruption and organized crime, (2) identify obstacles to reducing the threat of corruption and organized crime, and (3) overcome those obstacles through coordinated action among Afghan government ministries and the international community. The MOD Inspector General last briefed the ISAF commander, CSTC-A commander, and other ISAF leaders on the status of the TAWG in October 2012, but there has been no update since.

Transparency and Accountability Committees (TACs) were established in all corps and central units in mid-2013 for oversight of contracting, procurement, and budget execution at the corps. Each TAC is led by the Corps Deputy Commander and comprises the corps inspector general, staff judge advocate, command sergeant major, and religious and cultural affairs officer. According to DOD, TACs have met only sporadically and without a uniform agenda or reporting schedule.

DOD assesses the TAWG and TACs as marginally effective due to lack of direction and failure to expand the inspection and audit sections of the MOD Inspector General.⁴²⁶

Ministry of Interior

According to DOD, there are several anticorruption initiatives within the MOI. The MOI currently lacks the ability to track investigations from case initiation to disposition and lacks the ability to follow investigations that have a strategic impact and coordinate the response with international partners. DOD offered an assessment of several MOI anticorruption bodies that found little overall impact. Several of the committees and working groups have been established but not met since. DOD did highlight two successes in which support from the European Union Police Mission in Afghanistan prompted an antibribery operation in December which resulted in a number of arrests. Additionally, the committee to identify areas within MOI vulnerable to corruption recently cited problems in the MOI Departments of Traffic, Tashkera, and Passport that resulted in additional audits.⁴²⁷

In October 2013, the MOI replaced its inspector general, Major General Masood Ragheb, with Brigadier General Hakim Najrabi. DOD considered the replacement an improvement in terms of attitude and receptiveness to reform.

In July 2013, the Afghan Council of Ministers signed an internal-discipline regulation placing the MOI under the same courts martial system as the MOD. DOD believes the new discipline system is a setback as it leaves the MOI reliant on what has proved to be an unreliable Attorney General's Office for criminal prosecution, and prevents the MOI from administratively removing bad actors except in limited egregious cases. The Minister of Interior is therefore limited to operational actions such as transfers or removal to the reserves, which usually results in reinstatement at a later date.⁴²⁸

HUMAN RIGHTS

Gender Equity

In December, the United Nations Assistance Mission in Afghanistan (UNAMA) released a progress report on the Elimination of Violence Against Women Law (EVAW). The report found both progress and continuing gaps in the implementation of the EVAW law by judicial and law enforcement institutions. It observed that while registration of reported incidents increased by 28%, the use of the EVAW law as a basis for indictment increased by only 2%. According to UNAMA, Afghan courts this year applied the EVAW law in 60 decisions (55% of 109 indictments filed) compared to 52 decisions (72% of indictments filed) last year, a 17 percentage-point decrease in courts' use of the EVAW law to decide cases in the current period. Of concern, the overall number of criminal indictments filed by prosecutors in violence against women cases under all applicable laws decreased this year despite the rise in reported and registered incidents. UNAMA observed that increased reporting and registration of incidents of violence against women by police and prosecutors did not lead to a similar



Afghan National Army soldiers pin purple ribbons on themselves in support of elimination of violence against women. (U.S. Army photo)

increase in the use of the EAW law to resolve cases by prosecutors and courts particularly through criminal prosecution.⁴²⁹

The Afghanistan Research and Evaluation Unit issued a report on women's economic empowerment that found that Afghan women's economic engagement has generally been overlooked by donors in favor of vocational training and micro-jobs, which have had no specific market outlets and which, moreover, have had extremely limited impact on income enhancement. Additionally, the report found that in 2011, the female labor-force participation rate for those 15 or older was 15.8%.⁴³⁰

In The Asia Foundation's 2013 *Survey of the Afghan People*, an overwhelming majority of Afghans (90%) agree with the idea that everyone should have equal rights under the law, regardless of their gender, including 59% who strongly agree. There is also a notable urban-rural split on this question: while 71% of urban respondents strongly agree, only 56% of rural respondents strongly agree that women and men should have equal rights under the law. Women's rights were high on respondents' minds when asked about the biggest problems facing women. The top three responses for problems facing women were education/illiteracy (27%), lack of job opportunities (12%), and women's rights issues in general (10%).⁴³¹

Refugees and Internal Displacement

According to State, there has been a 54% decrease in Afghan refugee returnees as of November 30, 2013, as compared to the same period in 2012. State attributes the decrease in the rate of returns in 2013 to the uncertain security situation in Afghanistan, the unknown outcome of the April 2014 Afghan presidential and provincial council elections, and the extension of the proof of registration cards for Afghan refugees in Pakistan.⁴³²

The United Nations High Commissioner for Refugees (UNHCR) noted an increase of 34,377 in the number of conflict-related internally displaced persons (IDP) since the last SIGAR quarterly report bringing the total registered conflict-affected IDPs to 624,561.⁴³³ UNHCR notes, however, that official figures for the number of IDPs are widely considered to under-represent the scale of the displacement problem in Afghanistan as they exclude those dispersed in urban and semi-urban areas, as well as those displaced to rural locations in areas inaccessible to humanitarian actors.⁴³⁴ Figure 3.30 shows trends in refugee returnees and conflict-related internally displaced persons.

Human Rights Watch issued a report on the state of Afghan refugees in Iran. According to the report, Afghans represent the largest refugee population in the world with the vast majority residing in Pakistan (1.7 million) and Iran (1 million). At least half of the Afghan refugees in Iran have received forms of temporary status in Iran. In addition to the 1 million registered as refugees, an estimated additional 1.4 to 2 million Afghans living and working in Iran have not registered as refugees.⁴³⁵ According to Human Rights Watch, many Afghans living in Iran have a higher quality of life than

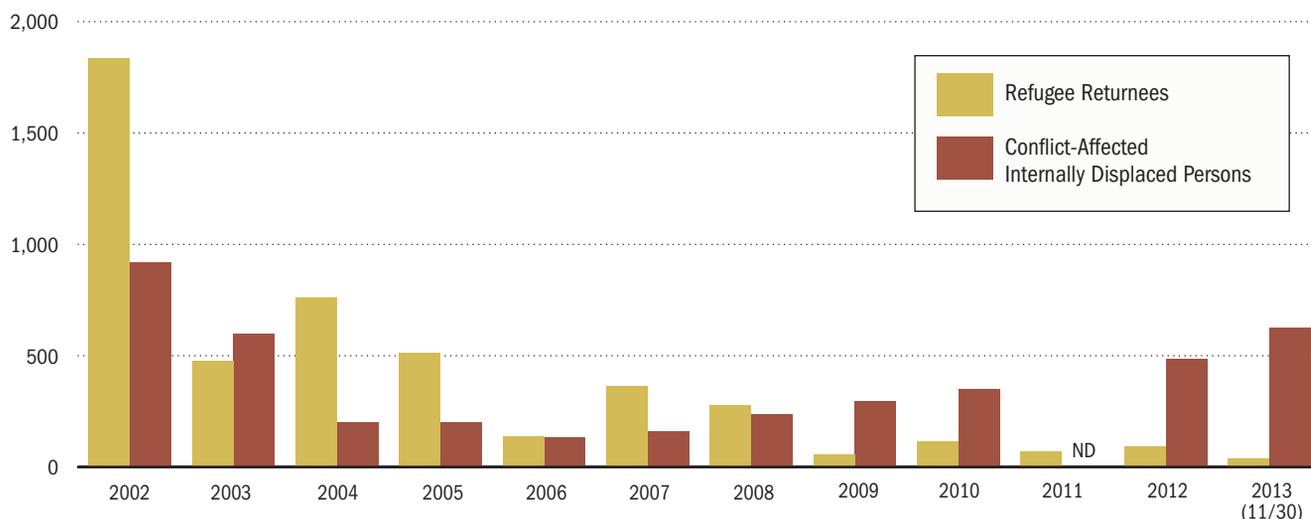
would likely be available in Afghanistan.⁴³⁶ Despite the benefits Iran has provided past refugees, the report concludes that since at least 2007, Iran is falling short of its obligations because it is failing to provide newly arriving asylum seekers access to protection and is subjecting many Afghans to a range of rights abuses including arbitrary arrests and detention.⁴³⁷

Afghanistan Independent Human Rights Commission

According to State, the Afghanistan Independent Human Rights Commission (AIHRC) continues to do model work on human rights in a difficult environment, but a lack of independence resulting from the Afghan government's appointment of AIHRC commissioners may threaten its reaccreditation ranking.⁴³⁸ Last quarter, the top UN human rights official warned that the AIHRC could lose its international "A" status—which signifies compliance with the Paris Principles and is a reflection of the institution's legitimacy and credibility—as recognized by the International Coordinating Committee (ICC) due to the appointments President Karzai made to the commission last quarter.⁴³⁹ State reports that it remains unclear what impact a change in ICC "A" status would have on international support for the AIHRC.⁴⁴⁰

FIGURE 3.30

REFUGEE RETURNS AND CONFLICT-AFFECTED INTERNAL DISPLACEMENTS IN AFGHANISTAN (THOUSANDS)



Notes: During 2003-2005, numbers represent the highest estimate in a range. ND = No data available.

Sources: State, response to SIGAR data call, 12/30/2013; UNHCR, "VOLREP and Border Monitoring Monthly Update," 4/2013; UNHCR, "Conflict-Induced Internal Displacement - Monthly Update," 1/2013; Internal Displacement Monitoring Centre, "Internal Displacement Caused by Conflict and Violence," accessed 1/2014.