

3 RECONSTRUCTION UPDATE



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Farmers of the mountainous Wakhan District in northeast Afghanistan. (UNDP Afghanistan photo)



RECONSTRUCTION IN BRIEF

Section Three of this quarterly report summarizes the key events of the reporting period as well as programs and projects concerning Afghanistan reconstruction across five sectors: Funding, Security, Governance, Economic and Social Development, and Counternarcotics.

OVERLAPPING CEASEFIRES BUT NO PEACE BREAKTHROUGH YET

- **President Ghani declared a unilateral ceasefire** in June covering the Taliban that was respected by U.S. and NATO forces.
- **The Taliban issued a shorter ceasefire** that overlapped for three days with the Afghan government-declared ceasefire.
- **Fighting resumed** following the end of the coinciding ceasefires.

THE ANDSF STILL STRUGGLED TO MAKE ADVANCES ON SOME KEY PROGRESS METRICS

- As of May 2018, **the Afghan government's control** or influence of the country's population and districts saw no change from last quarter.
- **Insurgent control or influence** of Afghanistan's districts decreased for the first time since August 2016 but its control of the population stayed the same as last quarter.
- **The number of districts and the amount of territory contested** between the government and the insurgency rose slightly this quarter.
- When adjusting for transfers of personnel from the Ministry of Interior (MOI) to the Ministry of Defense (MOD), **the ANDSF lost 8,500 personnel** from April 2017 to April 2018 (8,431 from the ANA, and 69 from the ANP).
- **ANDSF and Coalition forces launched major operations** against Taliban leadership and IS-K strongholds in May and June, inflicting heavy enemy casualties.
- The U.S. Congress confirmed Resolute Support Commander **General Nicholson's replacement**, Lieutenant General Austin Miller, on June 28. Lt. Gen. Miller currently leads the Joint Special Operations Command.

PREPARATIONS FOR THE OCTOBER 2018 PARLIAMENTARY AND DISTRICT COUNCIL ELECTIONS CONTINUE

- The Afghan government announced the long-debated roll-out of **electronic national identity cards**.
- The Independent Election Commission (IEC) conducted a nationwide polling-center-based voter registration exercise (which requires voters to cast their ballots at the polling center at which they register) in an effort to **establish Afghanistan's first national voters list**.

AFGHANISTAN'S ECONOMIC GROWTH RATE REMAINED SUBDUED AT 2.5 PERCENT

- **Widespread drought** conditions are likely to render **more than 2 million people** severely food insecure, according to the UN.
- **Reimposed U.S. sanctions on Iran could impact the Afghan economy**, but the effects are not yet clear.

NARCOTICS REMAIN A CHALLENGE

- **Opium-poppy** cultivation set another **new record**.
- USFOR-A's campaign against insurgent revenue streams, conducted **40 strikes against narcotics processing** and storage facilities and stockpiles between January and May 2018.
- **The revised U.S. counternarcotics strategy is still not finalized**.

FUNDING AS OF JUNE 30, 2018

- **Cumulative appropriations** for relief and reconstruction in Afghanistan since FY 2002 totaled approximately **\$126.30 billion**, of which \$106.54 billion, or **84.4 percent**, was appropriated to the seven major reconstruction funds.
- Of the amount appropriated to the **seven major funds** since FY 2002, approximately **\$7.28 billion** remained to be disbursed.

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STATUS OF FUNDS

STATUS OF FUNDS

To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2018, the United States had appropriated approximately \$126.30 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

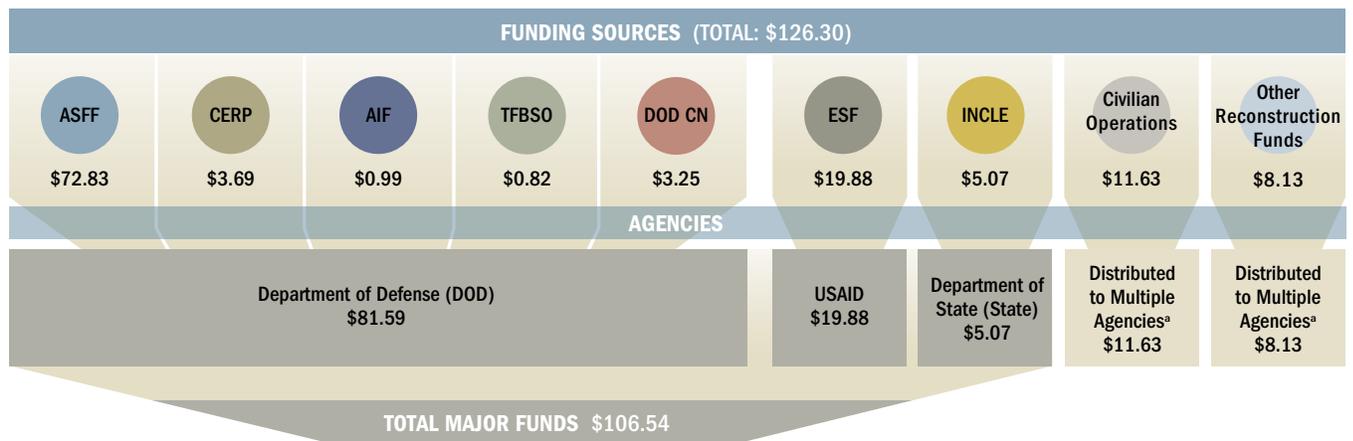
- \$78.22 billion for security (\$4.57 billion for counternarcotics initiatives)
- \$33.01 billion for governance and development (\$4.24 billion for counternarcotics initiatives)
- \$3.44 billion for humanitarian aid
- \$11.63 billion for civilian operations

Figure 3.1 shows the major U.S. funds that contribute to these efforts.

- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International Narcotics Control and Law Enforcement

FIGURE 3.1

U.S. FUNDS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS (\$ BILLIONS)

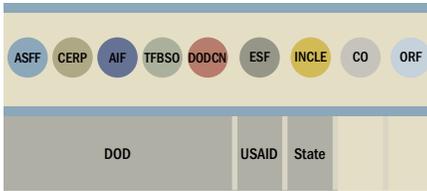


Note: Numbers have been rounded.

^a Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, BBG, and SIGAR.

Source: DOD, response to SIGAR data call, 7/11/2018, 7/9/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 7/17/2018, 7/10/2018, 1/10/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 6/25/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 7/9/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DEA, response to SIGAR data call, 6/11/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018,” 7/19/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS



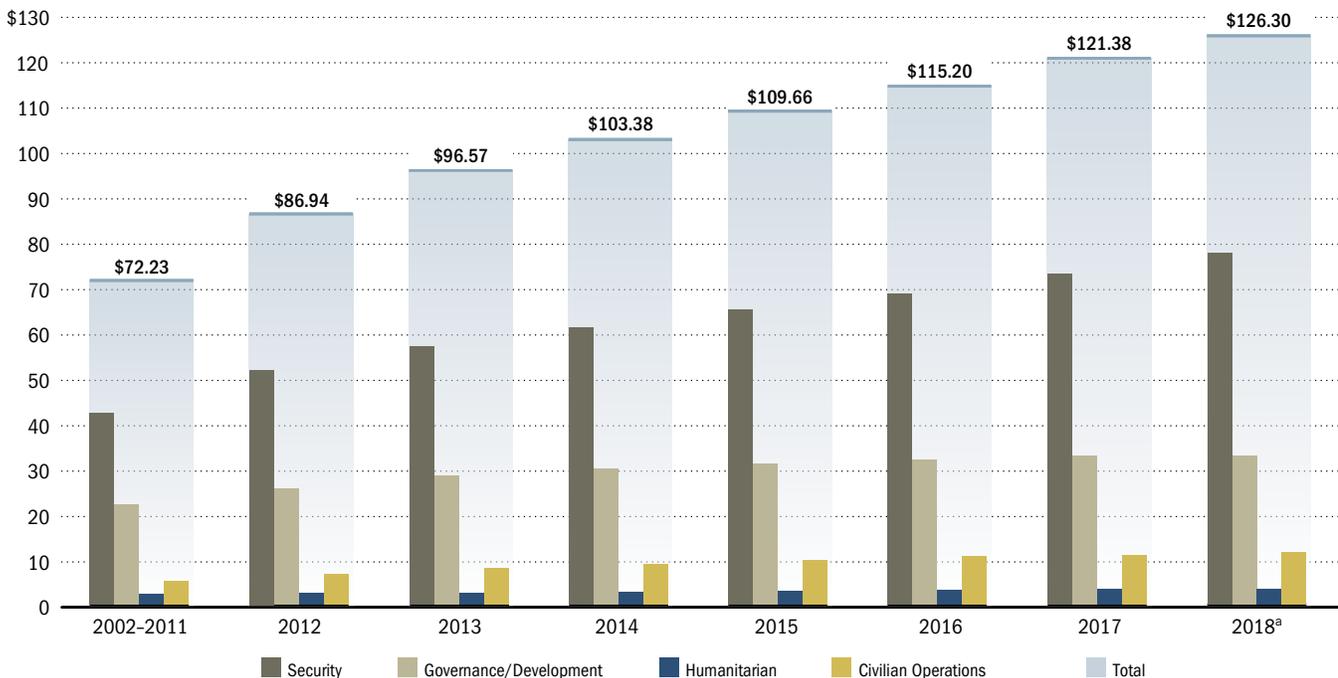
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of June 30, 2018, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$126.30 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.81 billion of these funds support counter-narcotics initiatives which crosscut both the security (\$4.57 billion) and governance and development (\$4.24 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The amounts appropriated to the seven major U.S. funds represent nearly 84.4% (more than \$106.54 billion) of total funds appropriated for reconstruction assistance in Afghanistan since FY 2002. Of the amounts appropriated for these seven funds, more than 91.8% (nearly \$97.85 billion) has been obligated, and over 88.1% (nearly \$93.84 billion) has been disbursed. An estimated \$5.42 billion of the amount appropriated for these funds has expired.

On March 23, President Donald J. Trump signed the Consolidated Appropriations Act, 2018, funding the U.S. government for the rest of the fiscal year. When this report went to press, final FY 2018 allocations for State and USAID accounts were still being determined. The amount reported as appropriated for FY 2018 will increase from the \$4.93 billion shown in Figure 3.3 when funding levels for these accounts are known.³²

FIGURE 3.2
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY AS OF JUNE 30, 2018 (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, \$150 million from FY 2016 in Pub. L. No. 115-31, and \$100 million for FY 2017 in Pub. L. No. 115-141. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

^a FY 2018 allocation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data call, 7/11/2018, 7/9/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 7/17/2018, 7/10/2018, 1/10/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 6/25/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 7/9/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DEA, response to SIGAR data call, 6/11/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018," 7/19/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

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The United States provides billions in on-budget assistance to the Government of Afghanistan. This assistance is provided either directly to Afghan government entities or via contributions to multilateral trust funds that also support the Afghan government's budget.³³ Since 2002, the United States has provided nearly \$10.75 billion in on-budget assistance. This includes about \$5.70 billion to Afghan government ministries and institutions, and nearly \$5.05 billion to three multinational trust funds—the World Bank's Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme's Law and Order Trust Fund (LOTFA), and the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

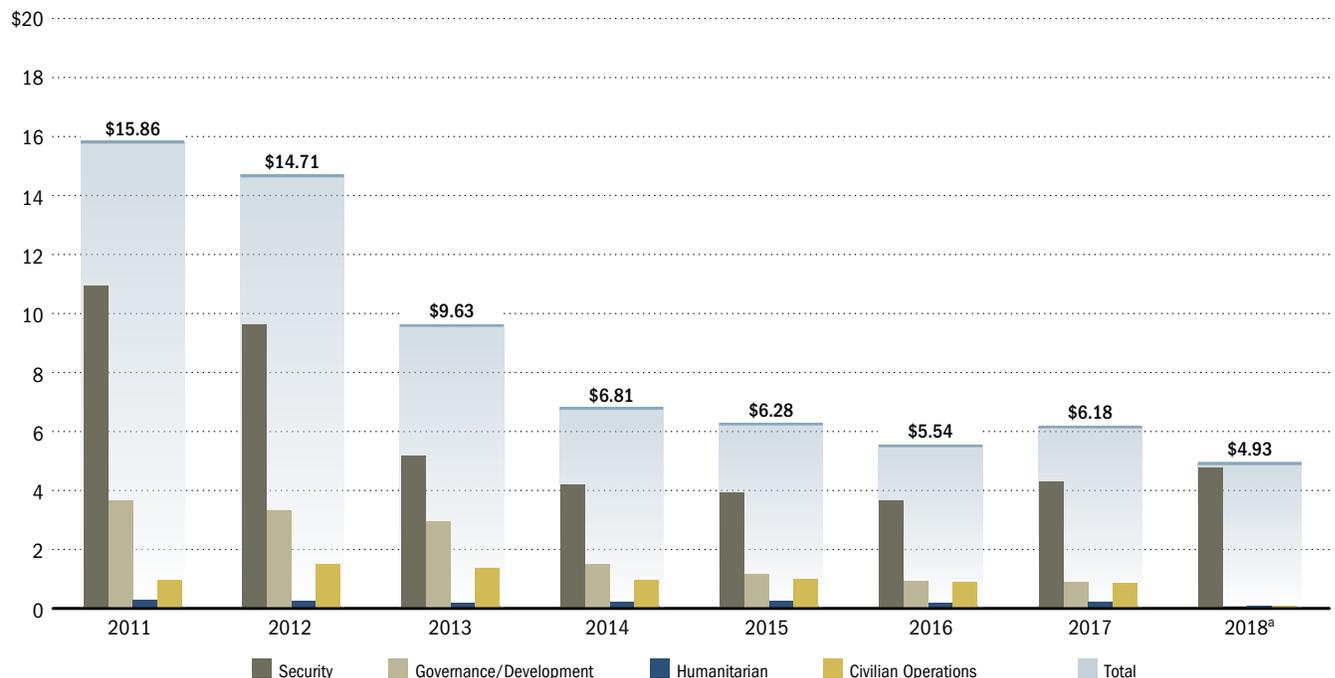
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$4,946
State	92
USAID	661
Multilateral Trust Funds	
LOTFA	\$1,669
ARTF	3,228
AITF	154

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of June 30, 2018, USAID had obligated approximately \$858 million for government-to-government assistance.

Source: USAID, response to SIGAR data call, 7/12/2018; DOD, response to SIGAR data call, 6/25/2015; World Bank, ARTF: Administrator's Report on Financial Status as of May 21, 2018 (end of 5th month of FY 1397), p. 4; UNDP, response to SIGAR data call, 7/16/2018.

FIGURE 3.3

APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND CATEGORY (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, \$150 million from FY 2016 in Pub. L. No. 115-31, and \$100 million for FY 2017 in Pub. L. No. 115-141. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.
^a FY 2018 allocation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data call, 7/11/2018, 7/9/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 7/17/2018, 7/10/2018, 1/10/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 6/25/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 7/9/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DEA, response to SIGAR data call, 6/11/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018," 7/19/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated approximately \$126.30 billion for Afghanistan relief and reconstruction. Of this amount, \$106.54 billion (84.4 percent) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

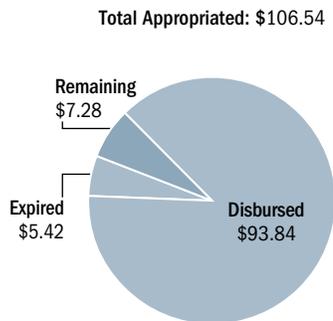


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2018 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$72.83	\$67.54	\$66.73	\$3.40
Commander's Emergency Response Program (CERP)	3.69	2.28	2.28	0.00
Afghanistan Infrastructure Fund (AIF)	0.99	0.77	0.73	0.05
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.65	0.00
DOD Drug Interdiction and Counterdrug Activities (DOD CN)	3.25	3.25	3.25	0.00
Economic Support Fund (ESF)	19.88	18.45	16.02	3.08
International Narcotics Control & Law Enforcement (INCLE)	5.07	4.79	4.17	0.75
Total Major Funds	\$106.54	\$97.85	\$93.84	\$7.28
Other Reconstruction Funds	8.13			
Civilian Operations	11.63			
Total	\$126.30			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$5.4 billion that expired without being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2018.

As of June 30, 2018, approximately \$7.28 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to train, equip, and sustain the ANDSF; complete large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and promote rule of law, justice sector, and human rights.

Reconstruction costs for Afghanistan are large, but account for only about 15 percent of all U.S. funds obligated for Afghanistan since 2001. As of December 31, 2017—the most recent data available—the United States had obligated an estimated \$749 billion for efforts in Afghanistan including some \$114 billion for relief, reconstruction, and civilian operations. The \$749 billion total includes war funding, relief and reconstruction, diplomatic and consular programs, Afghanistan-related operations of U.S. government entities, military and embassy construction projects, and oversight. About

STATUS OF FUNDS

\$708 billion of the estimated \$749 billion—almost 95 percent of the total—was obligated by the Department of Defense.³⁴

Congress appropriated more than \$15.15 billion to the seven major reconstruction funds for FYs 2014–2016: \$5.63 billion for FY 2014, \$5.03 billion for FY 2015, and \$4.49 billion for FY 2016. Of the combined total, more than \$2.01 billion remained for possible disbursement, as of June 30, 2018, as shown in Table 3.3 and Figure 3.5.

TABLE 3.3

FY 2014–2016 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$11,403.93	\$11,086.48	\$10,897.04	\$189.44
CERP	45.00	11.10	11.11	0.00
AIF	144.00	130.81	93.53	37.28
TFBSO	122.24	106.52	86.00	0.00
DOD CN	377.72	377.72	377.72	0.00
ESF	2,372.17	2,220.82	889.66	1,331.17
INCLE	685.00	681.09	232.21	448.88
Total Major Funds	\$15,150.06	\$14,614.55	\$12,587.26	\$2,006.77

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$391 million that expired without being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2018.

Congress appropriated more than \$5.11 billion to five of the seven major reconstruction funds for FY 2017. Of that amount, nearly \$1.28 billion remained for possible disbursement, as of June 30, 2018, as shown in Table 3.4 and Figure 3.6.

TABLE 3.4

FY 2017 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$4,162.72	\$3,892.81	\$3,672.40	\$490.32
CERP	5.00	4.92	3.97	0.95
DOD CN	135.61	135.61	135.61	0.00
ESF	650.00	0.00	0.00	650.00
INCLE	160.00	25.10	19.71	140.29
Total Major Funds	\$5,113.32	\$4,058.43	\$3,831.68	\$1,281.56

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2018.

FIGURE 3.5

FY 2014–2016 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

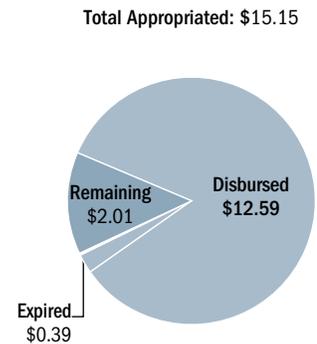
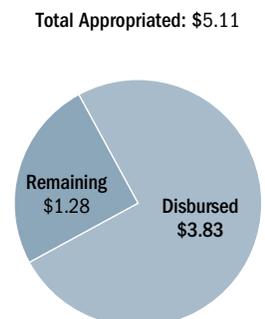
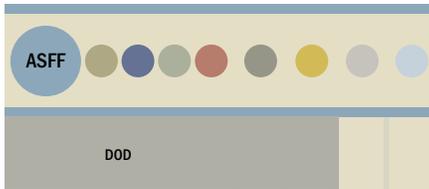


FIGURE 3.6

FY 2017 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)



STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

AFGHANISTAN SECURITY FORCES FUND

Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.³⁵ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan (CSTC-A).³⁶ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.³⁷

The Consolidated Appropriations Act, 2018, appropriated nearly \$4.67 billion for the ASFF for FY 2018 and rescinded \$100 million of FY 2017 funds, bringing cumulative funding to more than \$72.83 billion since 2005, as shown in Figure 3.7.³⁸ Of this amount, more than \$67.54 billion had been obligated, of which nearly \$66.73 billion had been disbursed.³⁹ The President's budget request for FY 2019 asks for nearly \$5.20 billion for the ASFF for FY 2019.⁴⁰

DOD reported that cumulative obligations increased by nearly \$1.06 billion over the quarter, and cumulative disbursements increased by nearly \$1.17 billion.⁴¹ Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

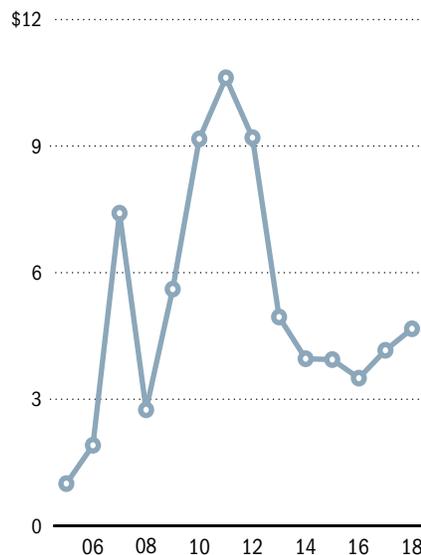
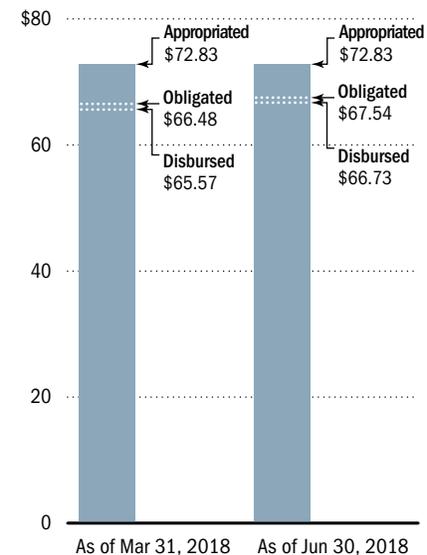


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



Note: Numbers have been rounded. Data reflects reprogramming actions and rescissions. DOD reprogrammed \$1 billion of FY 2011, \$1 billion of FY 2012, and \$1.78 million of FY 2013 out of the ASFF to fund other DOD requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. Pub. L. No. 115-141 rescinded \$100 million from FY 2017. Pub. L. No. 115-31 rescinded \$150 million from FY 2016. Pub. L. No. 113-6 rescinded \$1 billion from FY 2012. Pub. L. No. 113-235 rescinded \$764.38 million from FY 2014. Pub. L. No. 114-113 rescinded \$400 million from FY 2015.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018," 7/19/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018," 4/18/2018; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

STATUS OF FUNDS

ASFF BUDGET ACTIVITIES

DOD allocates funds to three budget activity groups within the ASFF:

- Defense Forces (Afghan National Army, ANA)
- Interior Forces (Afghan National Police, ANP)
- Related Activities (primarily Detainee Operations)

Funds for each **budget activity group** are further allocated to four **subactivity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.⁴² The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any non-standard equipment requirement in excess of \$100 million.⁴³

As of June 30, 2018, DOD had disbursed over \$66.73 billion for ANDSF initiatives. Of this amount, nearly \$45.44 billion was disbursed for the ANA, and nearly \$20.97 billion was disbursed for the ANP; the remaining \$388.74 million was directed to related activities such as detainee operations. The combined total—\$66.73 billion—is about \$59.19 million higher than the cumulative total reported as disbursed due to an accounting adjustment which arises when there’s a difference between the amount of disbursements or collections reported to the Defense Finance and Accounting Service and the Department of the Treasury.⁴⁴

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$21.61 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than \$8.92 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.⁴⁵

Budget Activity Groups: categories within each appropriation or fund account that identify the purposes, projects, or types of activities financed by the appropriation or fund

Subactivity Groups: accounting groups that break down the command’s disbursements into functional areas

Source: DOD, *Manual 7110.1-M Department of Defense Budget Guidance Manual*, accessed 9/28/2009; Department of the Navy, *Medical Facility Manager Handbook*, p. 5, accessed 10/2/2009.

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005–JUNE 30, 2018 (\$ BILLIONS)

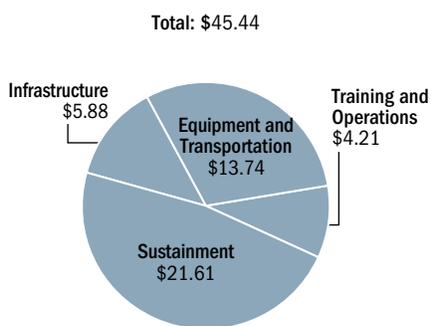
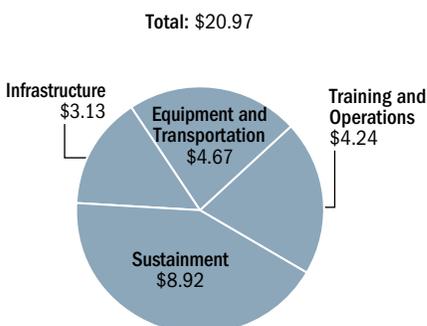


FIGURE 3.10

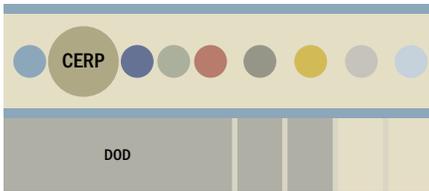
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–JUNE 30, 2018 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018,” 7/19/2018.

STATUS OF FUNDS



CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/14/2010.

COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than \$500,000 each.⁴⁶ CERP-funded projects may not exceed \$2 million each.⁴⁷

The Consolidated Appropriations Act, 2018, appropriated \$5 million for CERP for FY 2018, which is the third consecutive year at that amount. Figure 3.11 displays the amounts appropriated for CERP by fiscal year. As of June 30, 2018, total cumulative funding for CERP amounted to more than \$3.69 billion. Of this amount, more than \$2.28 billion had been obligated, of which more than \$2.28 billion had been disbursed.⁴⁸

Over the quarter, DOD obligated nearly \$0.62 million and disbursed nearly \$1.15 million from CERP.⁴⁹ Figure 3.12 provides a comparison of amounts appropriated, obligated, and disbursed for CERP for FY 2016–2018.

FIGURE 3.11

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

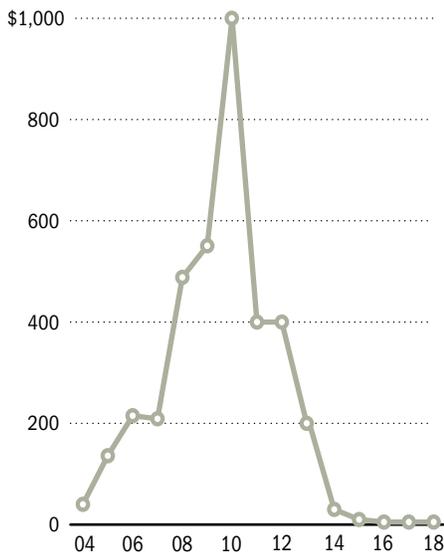
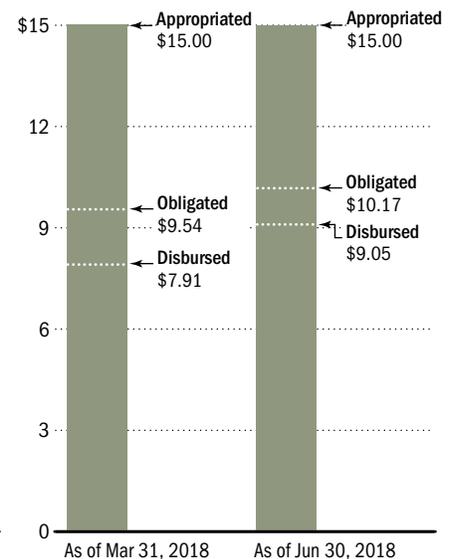


FIGURE 3.12

CERP FUNDING ACTIVITY, FY 2016–2018
(\$ MILLIONS)



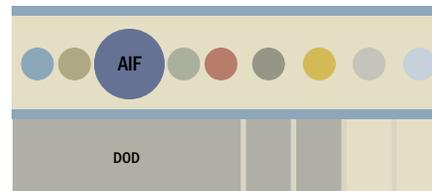
Note: Numbers have been rounded. Data may include inter-agency transfers. Analysis includes data from a draft DOD financial report because the final version had not been completed when this report went to press.

Source: DOD, response to SIGAR data call, 7/11/2018 and 4/17/2018; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

AFGHANISTAN INFRASTRUCTURE FUND

The AIF was established in FY 2011 to pay for high-priority, large-scale infrastructure projects to support the U.S. civilian-military effort. Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Each AIF-funded project was required to have a plan for its sustainment and a description of how it supports the counterinsurgency strategy in Afghanistan.⁵⁰ The AIF received appropriations from FY 2011 through FY 2014. Although the AIF no longer receives appropriations, up to \$50 million of funds appropriated under the Overseas Contingency Operations/Global War on Terrorism title may be used to complete these projects. DOD has only once used non-AIF monies to complete an AIF project, transferring \$3.38 million of FY 2017 ASFF funds to complete phase one of the NEPS Arghandi-to-Gardez transmission line project.⁵¹

The AIF received cumulative appropriations of over \$1.32 billion; however, \$335.50 million of these funds were transferred to the Economic Support Fund (ESF) for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to \$988.50 million.⁵² Figure 3.13 shows AIF appropriations by fiscal year. As of June 30, 2018, more than \$777.91 million of total AIF funding had been obligated, and nearly \$733.55 million had been disbursed, as shown in Figure 3.14.⁵³



AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2012.

FIGURE 3.13

AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

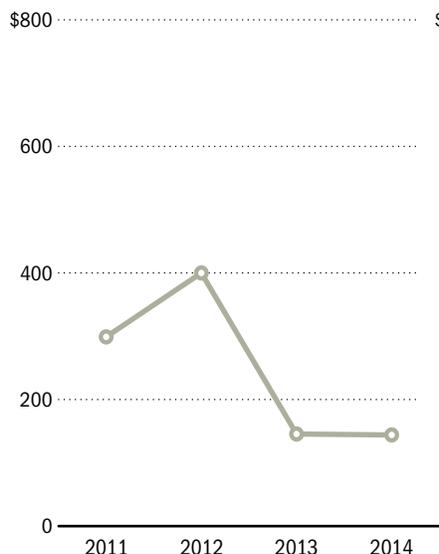
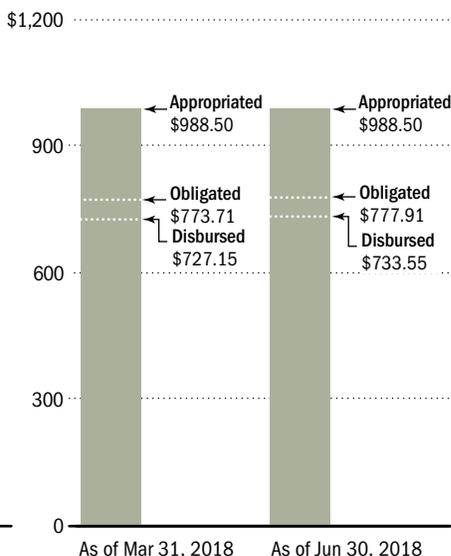


FIGURE 3.14

AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to USAID's Economic Support Fund: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014. No new appropriations for the AIF have been made since FY 2014.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018," 7/19/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018," 4/18/2018; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.



TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.⁵⁴

Because TFBSO authorities have expired, SIGAR no longer requests updated funding data from DOD. TFBSO figures used in this report are through the end of FY 2017—the last update SIGAR received from TFBSO.⁵⁵

Through September 30, 2017, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, nearly \$754.43 million had been obligated and more than \$648.73 million had been disbursed.⁵⁶ Figure 3.15 displays the amounts appropriated for the TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR (\$ MILLIONS)

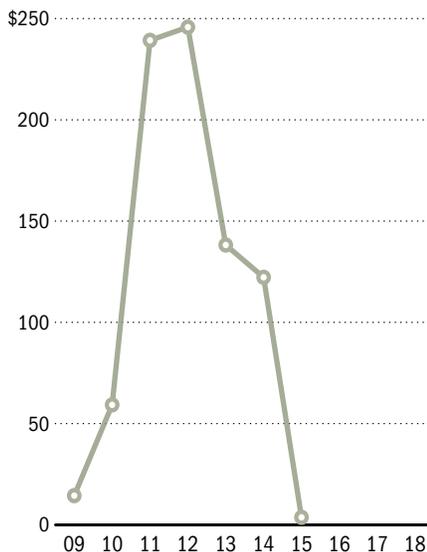
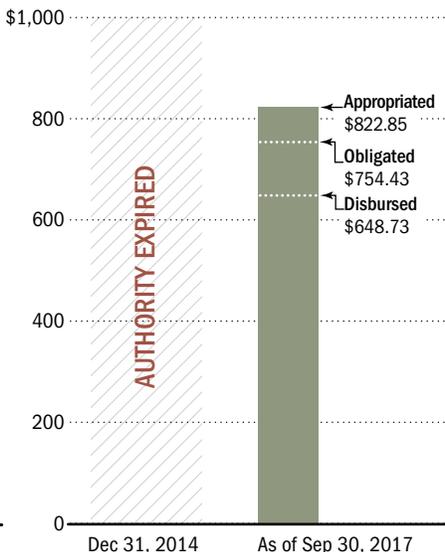


FIGURE 3.16

TFBSO FUNDS, CUMULATIVE APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)



Note: Numbers have been rounded. TFBSO authorities expired on December 31, 2014. Of the \$822.85 million appropriated the TFBSO, \$366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

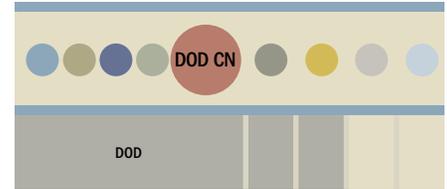
Source: DOD, response to SIGAR data call, 10/12/2017, 7/17/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-drug Activities (DOD CN) fund supports efforts to stabilize Afghanistan by combatting the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.⁵⁷

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.⁵⁸

DOD reported that DOD CN received nearly \$121.93 million for Afghanistan for FY 2018, bringing cumulative funding for DOD CN to more than \$3.25 billion since FY 2004. All of these funds had been transferred to the military services and defense agencies for DOD CN projects as of June 30, 2018.⁵⁹ Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



DOD CN FUNDS TERMINOLOGY

DOD reported DOD CN funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

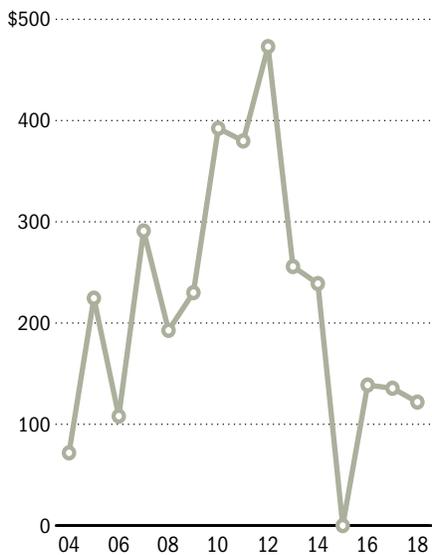
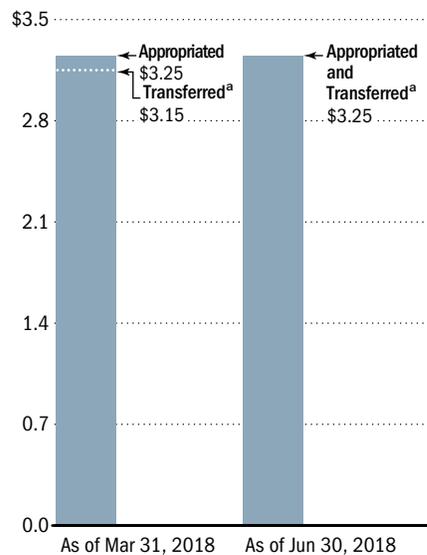


FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

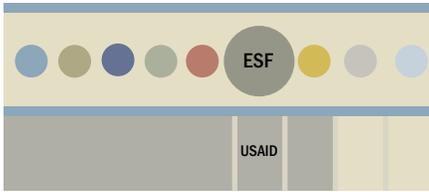


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

^a DOD reprograms all DOD CN funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data call, 7/9/2018 and 3/30/2018; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: USAID, response to SIGAR data call, 4/15/2010.

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counterterrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.⁶⁰

When this report went to press, final FY 2018 ESF allocations for Afghanistan had not been determined. The ESF was appropriated \$650 million for FY 2017, and USAID reported no additional funding under FY 2018 continuing resolutions, resulting in no change to ESF's cumulative funding of \$19.88 billion, which includes amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, more than \$18.45 billion had been obligated, of which more than \$16.02 billion had been disbursed.⁶¹ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported a \$4.45 million decrease in cumulative obligations over the quarter, while cumulative disbursements increased by more than \$230.84 million over the amount reported last quarter.⁶² Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)

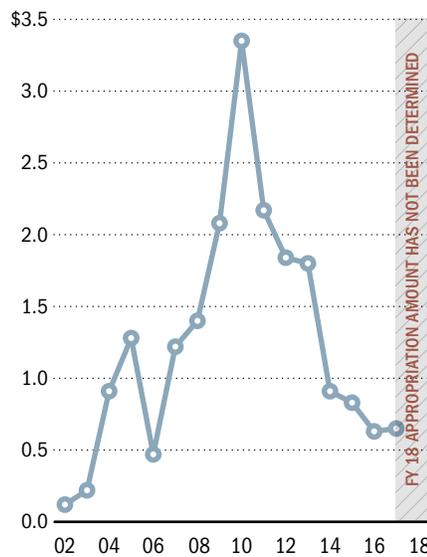
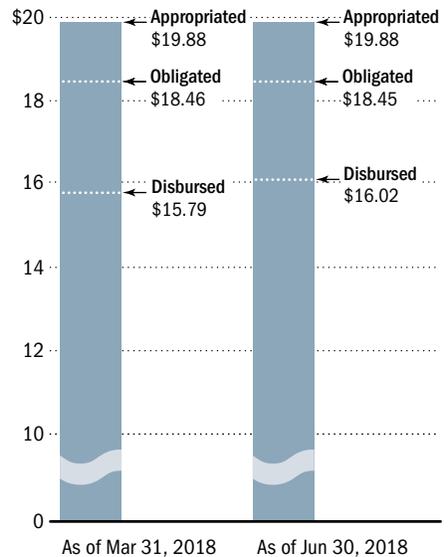


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014. FY 2016 ESF for Afghanistan was reduced by \$179 million and put toward the U.S. commitment to the Green Climate Fund.

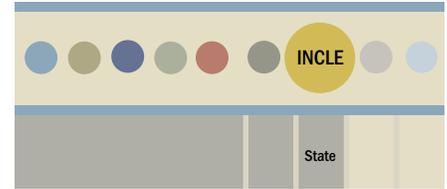
Source: USAID, response to SIGAR data call, 7/9/2018 and 4/17/2018; State, response to SIGAR data call, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages the International Narcotics Control and Law Enforcement (INCLE) account which funds projects and programs for advancing rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.⁶³

When this report went to press, final FY 2018 INCLE allocations for Afghanistan had not been determined. State reported that INCLE was appropriated \$160 million for FY 2017 and received an additional \$6.04 million under FY 2018 continuing resolutions. As of June 30, 2018, total cumulative funding was more than \$5.06 billion. Of this amount, nearly \$4.79 billion had been obligated, of which nearly \$4.17 billion had been disbursed.⁶⁴ Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of June 30, 2018, increased by more than \$12.7 million and cumulative disbursements increased by nearly \$40.5 million from the amounts reported last quarter.⁶⁵ Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

INL reported INCLE and other INL funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: State, response to SIGAR data call, 4/9/2010.

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

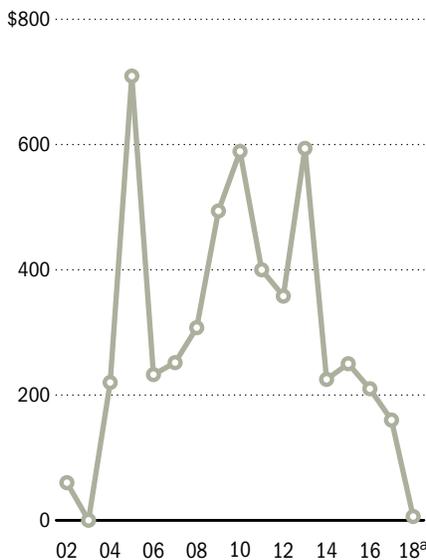
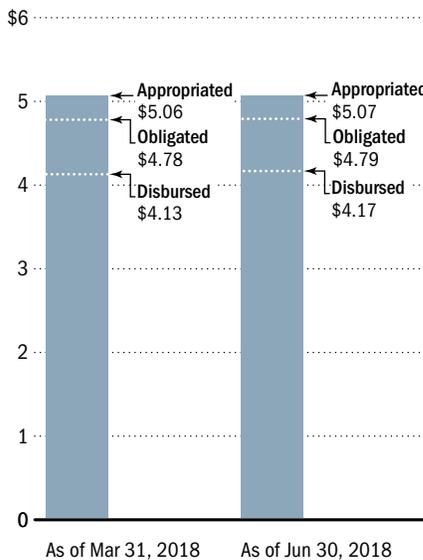


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers.

^a FY 2018 figure reflects amount made available for obligation under continuing resolutions. The FY 2018 allocation for Afghanistan had not been determined.

Source: State, response to SIGAR data call, 7/10/2018, 4/5/2018, and 10/10/2017.

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

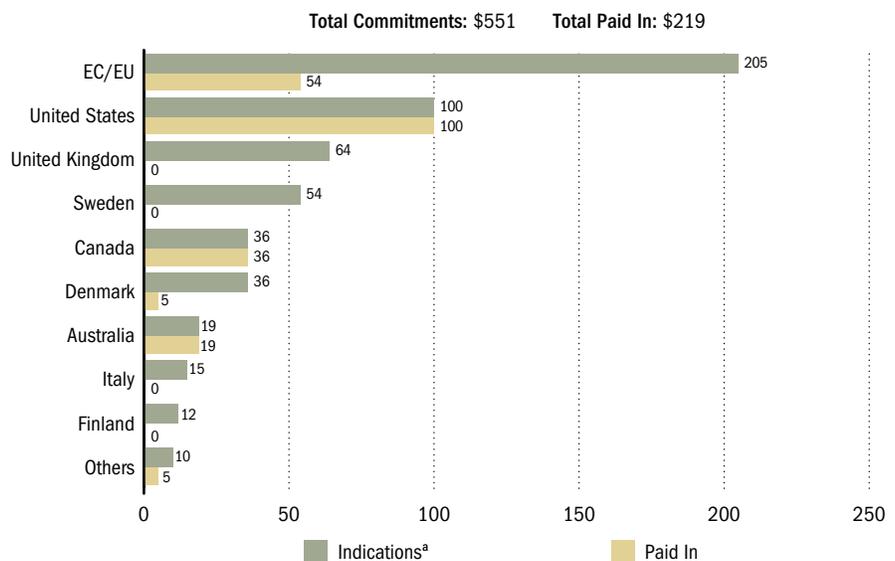
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. Most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).⁶⁶

Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to May 21, 2018, the World Bank reported that 34 donors had indicated contributions of nearly \$10.91 billion, of which more than \$10.57 billion had been paid in.⁶⁷ According to the World Bank, donors had indicated contributions of \$551.11 million to the ARTF for Afghan fiscal year 1397, which runs from December 22, 2017, to December 21, 2018. Figure 3.23 shows the nine largest donors to the ARTF for FY 1397. Contributions are recorded as indicated when written notification is received from the ARTF partners indicating intent to contribute a specified amount.⁶⁸

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1397 BY DONOR AS OF MAY 21, 2018 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1397 = 12/22/2017–12/21/2018.

^a Contributions are recorded as indicated when written notification is received from the ARTF partners indicating intent to contribute a specified amount.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of May 21, 2018 (end of 5th month of FY 1397)," p. 1.

STATUS OF FUNDS

As of May 21, 2018, the United States had indicated and paid in contributions of nearly \$3.28 billion since 2002.⁶⁹ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing 48 percent of its total funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.⁷⁰ As of May 21, 2018, according to the World Bank, more than \$4.76 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.⁷¹ The RC Window supports the operating costs of the Afghan government because the government's domestic revenues continue to be insufficient to support its recurring costs.⁷²

The Investment Window supports the costs of development programs. As of May 21, 2018, according to the World Bank, more than \$5.00 billion had been committed for projects funded through the Investment Window, of which nearly \$4.21 billion had been disbursed. The World Bank reported 35 active projects with a combined commitment value of more than \$3.66 billion, of which nearly \$2.87 billion had been disbursed.⁷³

Contributions to the Law and Order Trust Fund for Afghanistan

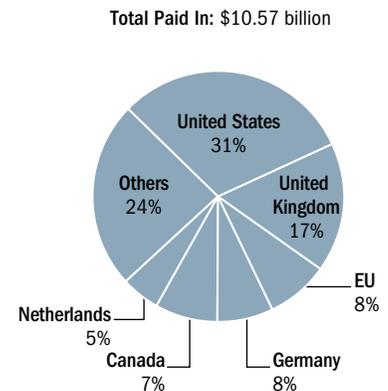
The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).⁷⁴ Since 2002, donors have paid in more than \$5.31 billion to the LOTFA as of June 24, 2018. The United States had paid in nearly \$1.67 billion since the fund's inception. Japan, the second largest donor, had paid in \$1.52 billion. Although the United States remains the largest donor, its contributions to the LOTFA have decreased since 2016. Through June 24, 2018, the United States had only contributed \$1.04 million to the LOTFA for 2018.⁷⁵ Figure 3.25 shows the five largest donors to the LOTFA since 2016.

On July 1, 2015, UNDP divided LOTFA support into two projects: the Support to Payroll Management (SPM) project and the MOI and Police Development (MPD) project. The SPM project aims to develop the capacity of the Afghan government to independently manage all non-fiduciary aspects of its pay budget for the ANP and Central Prisons Directorate (CPD) staff.⁷⁶ While capacity building is an important aspect of the SPM project, almost 99 percent of SPM project funding goes toward ANP and CPD staff remunerations.⁷⁷ The MPD project, which ended June 30, 2018, focused on institutional development of the MOI and police professionalization of the ANP. UNDP is designing successor projects in consultation with MOI and expects to launch them soon.⁷⁸

At the end of 2017, UNDP and MOI agreed to extend the SPM project through December 31, 2018.⁷⁹ From July 1, 2015, through March 31, 2018, UNDP had expended nearly \$1.18 billion on the SPM project. Of this amount, more than \$1.16 billion was transferred to the MOF to pay for ANP and CPD staff. In addition, more than \$40.50 million had been expended on the MPD project through March 31, 2018.⁸⁰

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–MAY 21, 2018

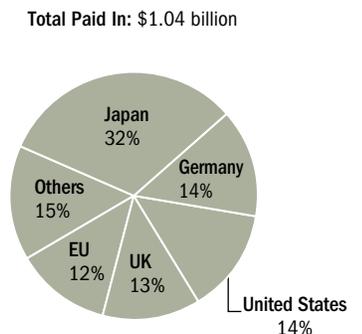


Note: Percentages may not add to 100% due to rounding. "Others" includes 28 donors.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of May 21, 2018 (end of 5th month of FY 1397)."

FIGURE 3.25

DONOR CONTRIBUTIONS TO LOTFA SINCE 2016, AS OF JUNE 24, 2018



Note: Numbers have been rounded. EU = European Union. UK = United Kingdom. "Others" includes 26 donors. Since 2002, 31 donors have paid in a total of \$5.31 billion.

Source: UNDP, response to SIGAR data call, 7/16/2018.

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SECURITY

KEY ISSUES AND EVENTS

This quarter the commander of NATO's Resolute Support mission and United States Forces-Afghanistan (USFOR-A), General John Nicholson, said the security situation in Afghanistan can best be characterized by "talking and fighting." He added that "violence and progress can coexist" while both sides of the conflict work toward peace. The situation reflects the cornerstone of the U.S. administration's South Asia strategy for American forces and their Afghan and Coalition counterparts: to increase pressure on the insurgency on the battlefield in order to compel them to negotiate and, eventually, to reconcile with the Afghan government.⁸¹

Two main events have shaped the "talking" aspect of this equation: first, Afghan President Ashraf Ghani's late-February offer to the Taliban to engage in peace talks "without preconditions," and second, the June 9–12, 2018, ceasefire between the Afghan National Defense and Security Forces (ANDSF) and the Taliban over the Eid al-Fitr holiday, which led to widely publicized scenes of Afghan soldiers and insurgents socializing and embracing.⁸²

While there was no formal Taliban response to President Ghani's offer of talks, General Nicholson attributed that to "a robust dialogue going on inside the Taliban" over pursuing reconciliation, which he said showed "tremendous potential" to advance the peace process. General Nicholson cast this as a promising development, coupled with a reduction in enemy-initiated violence from late February through late April, which he said was down 30 percent from the average of the same periods in the previous five years.⁸³

In late April, however, security incidents increased. United Nations (UN) Secretary-General Antonio Guterres said the Taliban's April 25 annual-offensive announcement coincided with a significant uptick in violence, beginning with over 50 security incidents in 21 provinces on the day of the announcement. Despite President Ghani's offer of peace talks, the UN noted that in this year's announcement, unlike last year's, the Taliban referred directly to the South Asia strategy and focused almost entirely on their military plan and not on their governance and political objectives.⁸⁴ Acknowledging the increased violence, General Nicholson said enemy-initiated violence after late April was still 10–12 percent below the five-year average, and that the Taliban had generally shifted to attacking "more remote district centers" to avoid more frequent U.S. air strikes. He also

"A series of brutal attacks in early 2018 made the task of bringing about a negotiated settlement to the [Afghan] conflict both more difficult and more urgent."

—UN Secretary-General
Antonio Guterres

Source: UN, *The situation in Afghanistan and its implications for international peace and security*, report of the Secretary-General, 6/6/2018, p. 13.

noted that over the spring, the ANDSF had defeated 80 percent of enemy attacks on district centers, and that the ANDSF retook the five district centers captured in the other attacks, “some of them within hours, and the longest one . . . [within] 10 days.”⁸⁵

The main exception to the ANDSF’s spring success was the Taliban’s mid-May assault on Farah City, the capital of Farah Province, their first sizeable incursion into a provincial capital since 2016. The Taliban overran eight police checkpoints before temporarily seizing several government and ANDSF buildings in the city. The UN said the attack “lasted for several days before the Taliban was eventually repelled by the ANDSF with international air support.” USFOR-A said ANDSF and Coalition forces converged on Farah quickly and expelled the enemy from the city within 24 hours, pursuing them in the days that followed. USFOR-A added that operational reporting from the ANDSF and NATO Resolute Support (RS) intelligence and imagery collection clearly showed the limits of the insurgents’ advance: the insurgents never had control of a significant portion of the city, as they did over portions of Kunduz in 2015 and 2016.⁸⁶

The Taliban’s bold operation had significant consequences: using intelligence data, USFOR-A conducted precision strikes on Taliban leadership in multiple locations from mid- to late-May. One strike on a May 24 meeting of Taliban commanders gathered at a command and control base in Musa Qala, inflicted more than 50 casualties, including key provincial-level Taliban leaders from Kandahar, Herat, Farah, Uruzgan, and Helmand Provinces. General Nicholson said of the strikes, “As we continue the season of fighting and talking, we will continue to increase pressure on the Taliban and remain vigilant to opportunities for negotiated peace.”⁸⁷

On June 7, President Ghani decided to commence a unilateral ceasefire with the Taliban from June 12 to 20. The Taliban responded by announcing on June 9 that they would honor a three-day ceasefire with Afghan forces over Eid al-Fitr, a celebration marking the end of Ramadan. However, when



A U.S. strike makes impact on a May 24 Taliban commanders’ meeting in Musa Qala, Helmand Province. (Screenshot of a U.S. Air Force Central Command video)

President Ghani declared a 10-day extension of the ceasefire on June 16, the Taliban refused to reciprocate and began to regroup and launch attacks. As the Afghan government ended its unilateral ceasefire extension on June 30, President Ghani assessed that the three-day coinciding ceasefires had been “98 percent successful.” He said it was the Taliban’s turn to give a positive response to another ceasefire, and signaled that the Afghan government would be prepared to extend one when the Taliban is ready.⁸⁸

The ceasefire did not include the Islamic State-Khorasan (IS-K), the Islamic State’s affiliate in Afghanistan, which continued to be very active over the quarter. General Nicholson said a recent increase in IS-K attacks had somewhat offset the reduction of violence seen in the country overall. In a major push against IS-K in June, U.S. and Afghan special forces reportedly killed more than 160 IS-K militants in Deh Bala District in Nangarhar Province, one of their few remaining strongholds. A U.S. Special Forces commander said the operation denied IS-K a staging area for conducting operations in southern Nangarhar and high-profile attacks in Kabul; but after U.S. and Afghan special forces left, local officials worried about holding the district without proper security reinforcements to prevent IS-K from reinfiltrating.⁸⁹

The UN reported in early June that IS-K claimed responsibility for 11 mass-casualty suicide attacks this spring. One attack on April 30 in Kabul included two suicide bombings near the U.S. embassy and Resolute Support headquarters that left at least 25 people dead, including nine journalists, and 45 injured.⁹⁰ General Nicholson emphasized in late May that the ANDSF had successfully thwarted other attacks on Afghanistan’s capital and that a “full-court press” continued to harden security in Kabul to prevent the types of mass atrocities that have recently plagued the city.⁹¹ For details on high-profile attacks that occurred this quarter, see page 77.

In a statement after an unannounced visit to Afghanistan on July 9, Secretary of State Michael Pompeo said, “The progress we’ve made in the South Asia strategy in increasing the size and the capability of the Afghan security forces, in strengthening the reforms inside the Afghan government; the work that we have done to demonstrate to the Taliban that the continuation of fighting will lead them to a bad outcome . . . those are hallmarks of real progress.”⁹² However, this quarter’s ANDSF data shows mixed results at best on these measures of progress. As of May 15, the ANDSF failed to improve its control over Afghanistan’s districts, population, and territory since last quarter: instead, district and territorial control became slightly more contested between the government and the insurgency.⁹³ In addition, according to Afghan-reported force-strength data, the ANDSF may have increased in size since last quarter to 314,242 personnel, but the force has lost 8,500 personnel since April 2017, and 5,353 since April 2016. The ANDSF is currently at only 89.3 percent of its goal strength (352,000), being short 37,758 personnel.⁹⁴

“There is cause for cautious optimism and evidence that the president’s South Asia strategy is working. . . . The most dramatic evidence of this manifested recently when our conditions-based approach allowed [President Ghani and] the ANDSF to set up the conditions for the . . . nationwide ceasefire. Although the ceasefire was temporary, all parties respected the terms, and there were no reported breaches.”

—General Joseph Votel,
commander of U.S.
Central Command

Source: Military.com, “General Views Taliban Cease-Fire with ‘Cautious Optimism,’” 7/19/2018.



LTG Austin Miller testifies before the Senate at his nomination hearing on June 19. (Screenshot of a DVIDS video)

Also this quarter, the U.S. Senate confirmed Lieutenant General Austin Miller to replace General Nicholson as commander of NATO's RS mission and of USFOR-A. Lieutenant General Miller currently leads the Joint Special Operations Command, part of the U.S. Special Operations Command, and is expected to take General Nicholson's place in September.⁹⁵

In a prepared statement for his confirmation hearing, Lieutenant General Miller expressed views similar to General Nicholson's on key aspects of the Afghan security situation: that reconciliation cannot be compelled without addressing regional powers' continued enabling of the insurgency; military pressure alone is not enough to solve the Afghan conflict; IS-K, although degraded, continues to threaten Afghanistan's security; and U.S. and Coalition training, advising, and assisting the ANDSF is vital to convincing the Taliban that they cannot win on the battlefield, and to enabling the Afghan government to secure a critical mass of its population.⁹⁶

ANDSF Data Classified or Not Publicly Releasable

USFOR-A newly classified or continued to classify the following data:

- ANDSF casualties, by force element and total
- Corps- and zone-level Afghan National Army (ANA) and Afghan National Police (ANP) authorized goal and assigned (actual) strength, except for Afghan Local Police (ALP) and ANDSF female and medical personnel, who were exempted and are reported
- Exact ANA and ANP attrition figures
- General performance assessments for the ANA, ANP, Ministry of Defense (MOD), and Ministry of Interior (MOI) **[newly classified]**
- Detailed performance assessments for the ANA, ANP, MOD, and MOI
- Information about the operational readiness of ANA and ANP equipment
- Information about the Special Mission Wing (SMW), including the number and type of airframes in the SMW inventory, the number of pilots and aircrew, the percentage breakdown of counternarcotics and counterterrorism missions flown, and the operational readiness (and associated benchmarks) of SMW airframes
- Some information about the number of targets associated with Taliban financing and the financial assessment of revenue denied to the insurgency as a result of U.S. air strikes

USFOR-A determined the following data was unclassified but not publicly releasable:

- Reporting on anticorruption efforts from the MOI
- Detailed information about the security benchmarks of the Afghanistan Compact

USFOR-A declassified or made releasable the following data this quarter:

- Exact ANDSF medical-personnel strength (authorized and assigned)

- The number of counternarcotics-related strikes conducted by USFOR-A since the beginning of that campaign, the effectiveness of those strikes, and the number of drug labs destroyed
- Some information about the number of targets associated with Taliban financing and the financial assessment of revenue denied to the insurgency as a result of the air strikes

SIGAR continues to urge transparency in data relating to the security aspects of Afghanistan reconstruction. A classified annex to this report will cover information DOD has determined to be classified or not publicly releasable.

U.S. RECONSTRUCTION FUNDING FOR SECURITY

As of June 30, 2018, the U.S. Congress had appropriated more than \$78.2 billion to support the ANDSF. This accounts for 62 percent of all U.S. reconstruction funding for Afghanistan since FY 2002.⁹⁷ Of the \$4.7 billion appropriated for the Afghan Security Forces Fund (ASFF) in FY 2018, \$2.3 billion had been obligated and \$2 billion disbursed as of June 30, 2018.⁹⁸

In 2005, Congress established the ASFF to build, equip, train, and sustain the ANDSF, which comprises all forces under the MOD and MOI. Additionally, ASFF supports the ALP, which falls under the authority of the MOI although it is not included in the 352,000 authorized ANDSF force level that donor nations have agreed to fund. Most U.S.-provided funds were channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency.⁹⁹

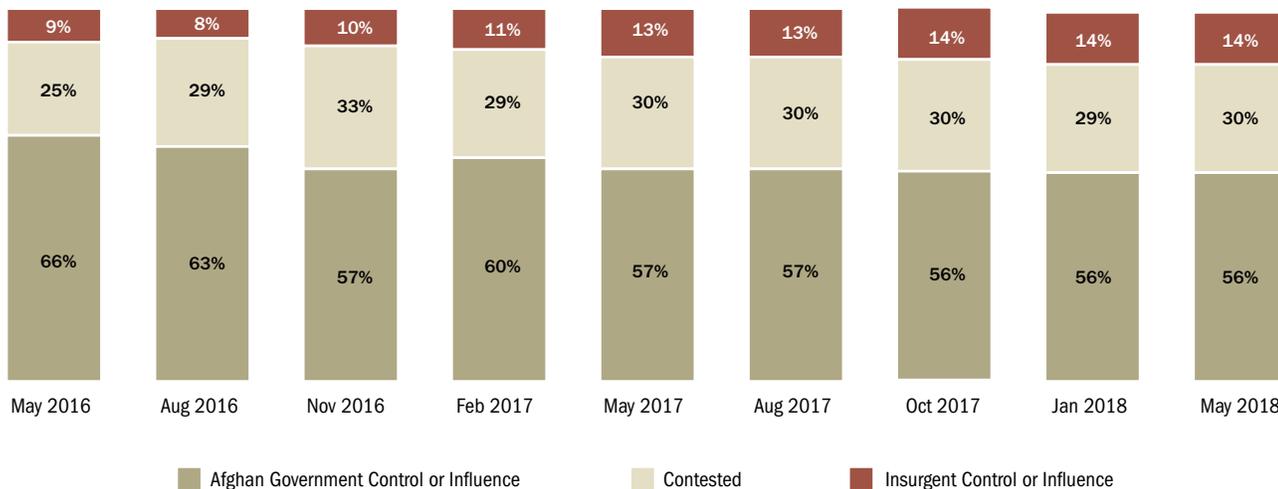
According to DOD, the majority of ASFF funds are executed using DOD contracts to equip, train, and sustain the ANDSF. Another major use of ASFF is for ANA salaries and ALP personnel costs, which are paid via accounts at Afghanistan's central bank. The Ministry of Finance then transfers funds to the MOD and MOI based on submitted requests.¹⁰⁰ However, unlike the ANA, the ANP's personnel costs are paid through the United Nations Development Programme's multi donor Law and Order Trust Fund for Afghanistan (LOTFA), of which the United States is the largest contributor.¹⁰¹

DISTRICT, POPULATION, AND TERRITORIAL CONTROL

While the Afghan government halted the insurgency's momentum in gaining control of Afghanistan's districts, population, and territory this quarter, it failed to improve its own areas of control: instead, district and territorial control became slightly more contested between the government and the insurgency.¹⁰²

FIGURE 3.26

HISTORICAL DISTRICT CONTROL IN AFGHANISTAN



Note: Component numbers may not add to 100 because of rounding.

Source: USFOR-A, response to SIGAR data call, 11/27/2015, 1/29/2016, 5/28/2016, 8/28/2016, 11/15/2016, 2/20/2017, 5/15/2017, 8/28/2017, 10/15/2017, 3/22/2018, and 6/22/2018; USFOR-A, response to SIGAR vetting, 1/16/2018.

“The [Afghan] conflict has been essentially stalemated for about a decade now, and I don’t see any indication on the ground or from what I know about dynamics behind the scenes that suggest that the stalemate is going to be broken.”

—Laurel Miller, former Acting Special Representative for Afghanistan and Pakistan

Source: RAND Corporation, “A Way Forward in Afghanistan: Q&A with Laurel Miller,” 6/21/2018, accessed online at: <https://www.rand.org/blog/rand-review/2018/06/a-way-forward-in-afghanistan-qa-with-laurel-miller.html>.

District Control

According to RS, using Afghanistan’s 407 districts as the unit of assessment, as of May 15, 2018, there were 229 districts under Afghan government control (74) or influence (155), 56.3 percent of the total number of districts. This represents no change in district control since last quarter, but it is a slight decline from the 57 percent reported in May 2017. The number of contested districts—controlled by neither the Afghan government nor the insurgency—increased by three this quarter to 122 districts, which means 30 percent of Afghanistan’s districts are now contested.¹⁰³

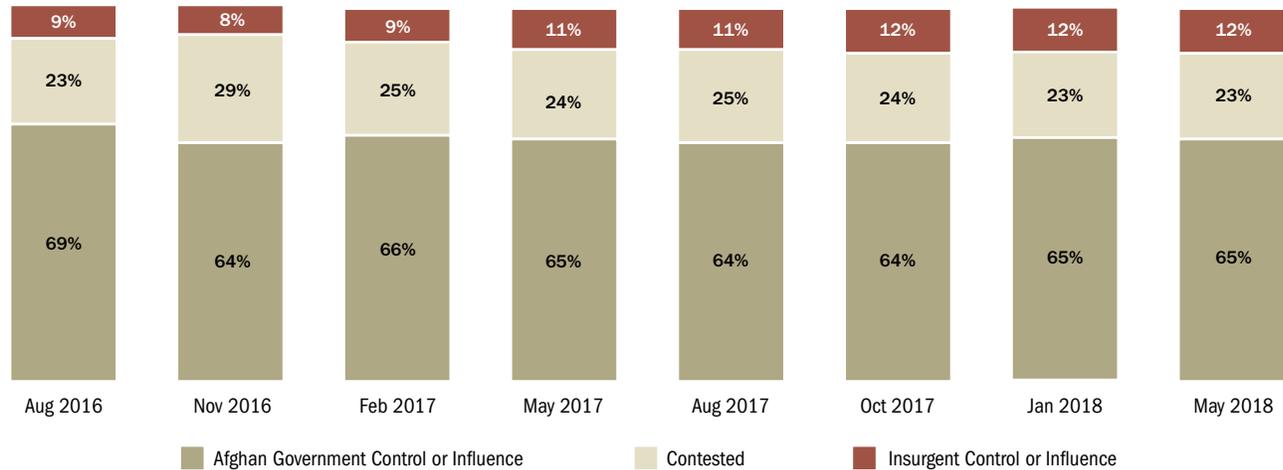
For more information on how RS assesses government and insurgent control and influence, please see SIGAR’s April 2016 *Quarterly Report to the United States Congress*.¹⁰⁴

Insurgent control or influence of Afghanistan’s districts declined for the first time since August 2016: there were 56 districts under insurgent control (11) or influence (45), a decrease of three districts since last quarter. Therefore, RS now assesses 13.8 percent of Afghanistan’s districts to be under insurgent control or influence, a roughly one percentage-point increase from the same period last year.¹⁰⁵

Since SIGAR began receiving district-control data in November 2015, Afghan government control and influence over its districts has declined by about 16 percentage points; contested districts have increased by nine

FIGURE 3.27

HISTORICAL POPULATION CONTROL IN AFGHANISTAN



Note: Component numbers may not add to 100 because of rounding.

Source: USFOR-A, response to SIGAR data call, 5/28/2016, 8/28/2016, 11/15/2016, 2/20/2017, 5/15/2017, 8/28/2017, 10/15/2017, 3/22/2018, and 6/22/2018; USFOR-A, response to SIGAR vetting, 1/16/2018.

points; and insurgent control or influence has risen by nearly seven points.¹⁰⁶ Figure 3.26 reflects how little district control has changed since May 2017.

Population Control

As with district measures, the Afghan government’s control or influence over the population showed no improvement this quarter. According to RS, as of May 15, 2018, about 65 percent of the population (21.7 million of an estimated 33.3 million total) lived in areas under Afghan government control or influence, the same percentage as last quarter. The insurgency continued to control or influence areas where roughly 12 percent of the population (3.9 million people) lived, unchanged for the last two quarters, while the population living in contested areas (7.7 million people) remained at 23 percent, the same percentage as last quarter.¹⁰⁷

However, this quarter’s population-control figures show a slight deterioration from the same period last year, when the Afghan government controlled or influenced roughly the same percentage of the population, while the insurgents controlled only 11 percent.¹⁰⁸ The goal of the Afghan government is to control or influence territory in which 80 percent of the population (26.6 million people) live by the end of 2019.¹⁰⁹

As seen in Figure 3.27, since SIGAR began receiving population-control data in August 2016, the overall trend has been a decrease in the percentage

Control Metrics

Different types of metrics can be and are often used to assist in operational assessment and decision-making during the conduct of a wide variety of military operations. At least three major metrics can be used in judging government-versus-insurgency control in Afghanistan. They measure different factors, need not be parallel indicators, and may have different implications for progress assessments and decision-making. In no special order, these metrics are:

District Control: Whether a government has effective control at the district level bears on its ability to assert its sovereignty within direct sight of the people, deliver public services like health and education, provide policing, and operate the instruments of governance in ways that improve public perceptions of its legitimacy and effectiveness.

Population Control: From a hearts-and-minds point of view and for the ability to monitor and suppress insurgent activity, controlling one district with a large population might be more important than controlling three with only a few, scattered villages. On the other hand, a government might have statistically verified control of every district within its borders; but if, say, 33 percent of the population were disaffected or actively supportive of insurgents, that government could still face a critical threat to its viability—especially if the nonsupportive citizens are in compact groups that facilitate communication, recruitment, and planning of antigovernment operations.

Territorial/Land-Area Control: Sheer control of land area, regardless of governance structures or resident population, can be an important metric, especially if hostile elements assert control over areas containing important agricultural land (including revenue-producing poppy fields), transportation corridors and bottlenecks, electric transmission, watersheds, or mineral reserves. Area control also facilitates movement and staging of forces, government or hostile, for active operations.

All three metrics are important to ascertain and assess, individually and in concert. That they are not synonymous or parallel can be easily seen, for example, in SIGAR's quarterly report of April 30, 2017. The security section of that report presented data from USFOR-A showing that at the time, insurgents controlled 2.7 percent of Afghanistan's districts, but 9.2 percent of the population, and 16.2 percent of the land area. Which indicator is most significant is not prima facie evident, and their comparative significance might vary with changing concerns and objectives as time passes. In any case, drawing broad conclusions from any or all of these macro-level indicators is best done with the caveat that they may contain granular but important variations in underlying detail.

Source: Analysis by SIGAR Research and Analysis Directorate staff and by SIGAR Special Advisor Lieutenant General John F. Goodman, USMC (Ret.), 4/2018.

of the Afghan population living in areas under government control or influence (by about four percentage points), fluctuation in the population living in contested areas (from roughly 23 percent to 29 percent), and an increase in percentage living in areas under insurgent control or influence (by about three points).¹¹⁰ Similar to district control, the historical record of population control reflects only minimal change in control since May 2017.

RS identified the provinces with the largest percentage of insurgent-controlled or -influenced districts as Uruzgan Province, with four of its six districts and 53 percent of the population under insurgent control or influence; Kunduz Province (five of seven districts, 62 percent of the population); and Helmand Province (nine of 14 districts, 56 percent of the population). The numbers of districts in each of these provinces that are under insurgent control or influence have remained unchanged for the last two quarters. RS noted that the provincial centers of all of Afghanistan’s provinces are under Afghan government control or influence.¹¹¹

Territorial Control

As seen in Table 3.5, RS reported that the Afghan government controlled or influenced 376,685 square kilometers (58.5 percent) of Afghanistan’s total land area of roughly 643,788 square kilometers, down about one percentage point since last quarter. The insurgency controlled or influenced 124,694 square kilometers (19.4 percent) of the total land area, also down one point since last quarter. The remaining 142,409 square kilometers (22.1 percent) was contested by the government and insurgents, a nearly two percentage-point increase since last quarter.¹¹²

As seen in Figure 3.28 on the next page, RS provided a map showing Afghan government control or influence and insurgent activity by district. Map categories of “insurgent control” or “insurgent influence” have changed to “insurgent activity” and “high insurgent activity.” RS explained that the change was not due to adopting new methodology for district-control assessments, but was adopted only to make the map unclassified and publicly releasable. For the other district-control data, as included above, RS used the original terms.¹¹³

TABLE 3.5

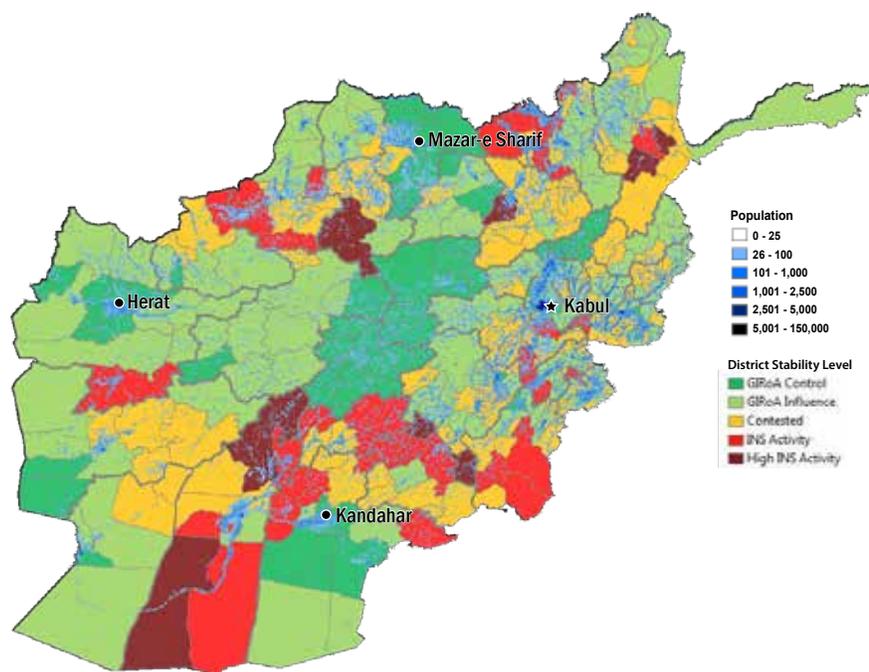
GOVERNMENT AND INSURGENT CONTROL WITHIN AFGHANISTAN AS OF MAY 15, 2018						
Control Status	Districts		Population		Territory	
	Number	%	In millions	%	Sq Km	%
GOVERNMENT						
Control	74	18%	11.4	34%	104,243	16%
Influence	155	38%	10.3	31%	272,442	42%
CONTESTED	122	30%	7.7	23%	142,409	22%
INSURGENT						
Control	11	3%	0.6	2%	38,441	6%
Influence	45	11%	3.3	10%	86,253	13%
Total	407	100%	33.3	100%	643,788	100%

Note: Sq Km = square kilometers. Component numbers may not add to 100 because of rounding. Territory figures have been rounded to the nearest square kilometer.

Source: USFOR-A, response to SIGAR data call, 6/22/2018; SIGAR, analysis of USFOR-A-provided data, 6/2018.

FIGURE 3.28

RESOLUTE SUPPORT-DEFINED DISTRICT CONTROL, AS OF MAY 15, 2018



Note: GIROA = Government of the Islamic Republic of Afghanistan. INS = Insurgent. The population data depicted here reflects how the Afghan population is dispersed throughout the country. However, the entire population of a given area is not necessarily under the district-stability level indicated. A district is assigned its district-stability level based on the overall trend of land-area/population control of each district as a whole. The district-stability levels listed in the key of this map do not correspond exactly to the categories used in RS's June 2018 narrative response for district control (i.e. High INS Activity vs. Insurgent Control).

Source: RS, response to SIGAR data call, 6/22/2018.

What is ACLED?

The ACLED project collects the dates, actors, types of violence, locations, and fatalities of all political violence and protest events across Africa, South Asia, South East Asia, and the Middle East reported in open, secondary sources.

What are "Violent Events"?

ACLED codes the event data it collects as "violent events" or "nonviolent events." It defines a violent event as "a single altercation where often force is used by one or more groups toward a political end, although some nonviolent instances—including protests and strategic developments—are included in the dataset to capture the potential precursors or critical junctures of a violent conflict." The types of violent events ACLED codes include: (1) Battle-No Change in Territory, (2) Battle-Non-State Actor Overtakes Territory, (3) Battle-Government Regains Territory, (4) Violence against Civilians, and (5) Remote Violence (such as bombings, IED attacks, mortar and missile attacks, etc.).

Source: ACLED, "About ACLED: What is ACLED?," "ACLED Methodology," and "Armed Conflict Location & Event Data Project (ACLED) Codebook, Version 8 (2017)," pp. 6-8, accessed online on 7/10/2018, available at <https://www.acleddata.com/>.

Violent Events and District Stability

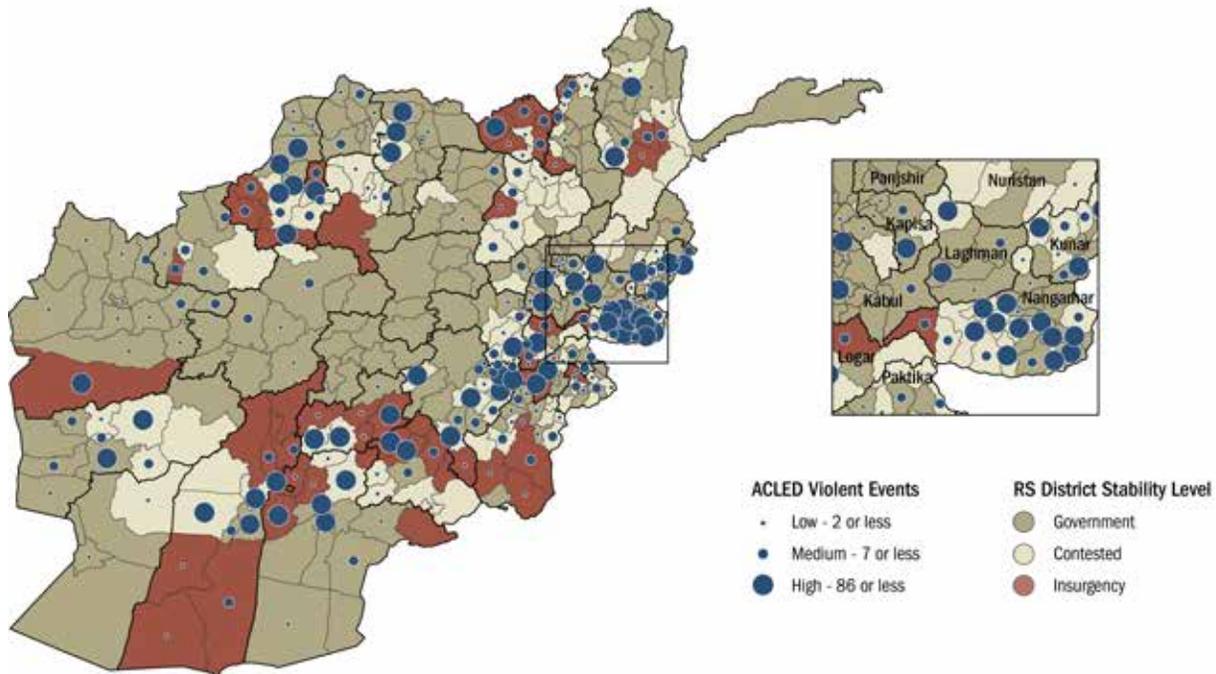
For the first time this quarter, SIGAR conducted an analysis of violent-event data from the Armed Conflict Location & Event Data Project (ACLED), "a disaggregated conflict collection, analysis, and crisis-mapping project" funded by the State Department.¹¹⁴

SIGAR used ACLED's data to provide a district-level analysis of violent incidents across Afghanistan from February 1, 2018, to May 31, 2018. SIGAR overlaid its ACLED analysis with its RS-provided district-stability data (as of May 15, 2018) and has presented the results in map form, shown in Figure 3.29.

SIGAR's analysis found that 8 percent of ACLED-recorded incident-days were in districts assessed as Afghan government-controlled, 28 percent were in districts assessed as Afghan government-influenced, 45 percent were in districts assessed as contested, 19 percent were in districts

FIGURE 3.29

VIOLENT EVENTS AND DISTRICT CONTROL, FEBRUARY 1-MAY 31, 2018



Note: SIGAR used ArcGIS Pro 2.2 for this analysis. A FEWS NET 2017 district shapefile, containing 401 districts, was used to aggregate RS-provided district control data and ACLED violent incident data. Since RS uses 407 districts, a small degree of inaccuracy during the aggregation process was unavoidable. The additional districts that RS identifies are Marjah, Helmand Province; Dand, Kandahar Province; Bad Pash, Laghman Province; Delaram, Nimroz Province; Lajah Mangal, Pakiya Province; Mirzakah, Pakiya Province; Abshar, Panjshir Province; and Chinartu, Unuzgan Province. Adjusting for these differences left 400 districts and all layers were projected to UTM 42N. ACLED data was filtered to include all violent event types between 2/1/2018 and 5/31/2018 with an ACLED geo-precision code of 1 or 2. This left 1,479 district-level violent incidents for analysis. To create the map, incidents were categorized into three classes using the quantile method. The quantile method produces an equal number of observations per class to facilitate comparative analysis, but the interval of the class must therefore be variable. Government = areas under Afghan government control or influence, Contested = areas neither under Afghan government nor insurgent control or influence, Insurgency = areas with insurgent activity or high insurgent activity.

Source: RS, response to SIGAR data call, 6/22/2018; ACLED, Middle East 2016-present dataset, 2/1/2018-5/31/2018, accessed 6/15/2018; SIGAR, analysis of ACLED and RS-provided data, 6/2018.

assessed as having insurgent activity, and 1 percent were in districts assessed as having high levels of insurgent activity. Several areas of the map show a high number of violent events in areas RS assessed as under the control or influence of the Afghan government. In particular, the inset map of Nangarhar Province featured in the map shows a concentration of violent events in districts RS assessed as under government control or influence.¹¹⁵

SIGAR will continue to monitor ACLED data in order to track security trends over time and provide an expanded violent-incident analysis.

UNITED NATIONS SECURITY REPORTING

Security Incidents Decline, Suicide Attacks and Targeted Killings Rise

Security incidents: reported incidents that include armed clashes, improvised explosive devices, targeted killings, abductions, suicide attacks, criminal acts, and intimidation.

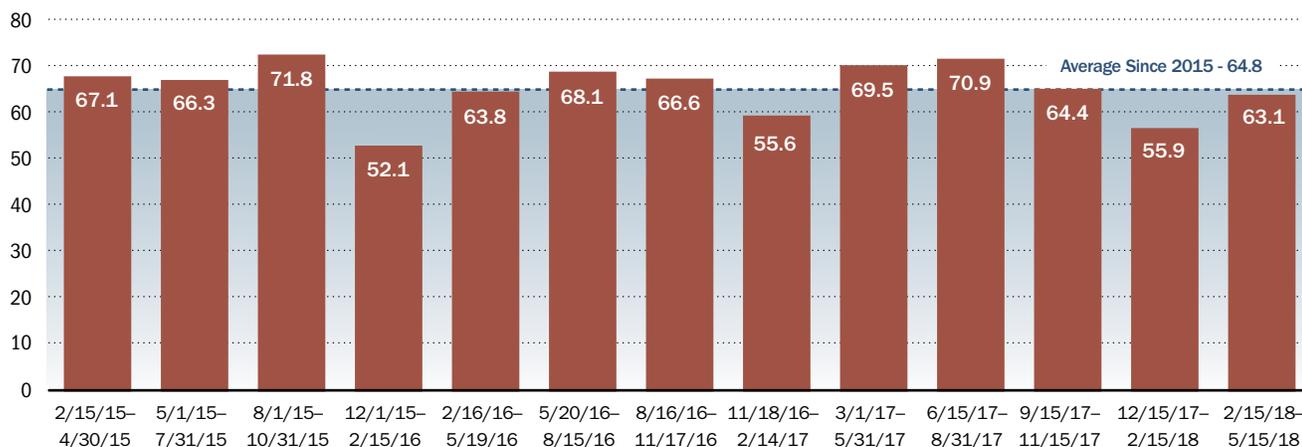
Source: SIGAR, analysis of the UN's report of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security*, 12/9/2014.

The Secretary-General of the United Nations reported in early June that the security situation in Afghanistan remained “highly unstable” as security incidents across the country decreased since last year, but targeted assassinations and suicide attacks increased notably. The UN reported 5,675 security incidents between February 15, 2018, and May 15, 2018, a 7 percent decrease from the same period in 2017. As reflected in Figure 3.30, this is an average of 63.1 incidents per day, a more than six incident-per-day decrease compared to the same period last year (69.5). For the third consecutive quarter, the daily average number of security incidents over the reporting period remained lower than the daily average of 64.8 incidents over the last three years.¹¹⁶

According to the UN, armed clashes continued to cause the most security incidents (64 percent), the same as last year, followed by improvised explosive devices (15 percent), down one percentage point since last year. But the UN reported a significant increase in targeted assassinations and suicide attacks, up by 35 percent and 78 percent respectively, when compared to the same period last year. While the number of incidents caused by international forces’ air strikes accounted for 5 percent of all incidents, this represents an increase of 18 percent since last quarter and 24 percent since the same period in 2017.¹¹⁷

FIGURE 3.30

AVERAGE DAILY SECURITY INCIDENTS BY UN REPORTING PERIOD, SINCE 2015



Note: UN reporting periods are occasionally inconsistent, leading to some gaps in data.

Source: UN, *The situation in Afghanistan and its implications for international peace and security*, reports of the Secretary-General, 2/27/2015, p. 4; 6/10/2015, p. 4; 9/1/2015, p. 4; 12/10/2015, p. 5; 3/7/2016, p. 6; 6/10/2016, p. 4; 9/7/2016, p. 5; 12/13/2016, p. 4; 3/3/2017, p. 4; 6/15/2017, p. 4; 9/15/2017, p. 4; 12/15/2017, p. 5; 2/27/2018, p. 5; 6/6/2018, p. 5; SIGAR, analysis of UN-provided data, 6/2018.

As in previous quarters, the UN said the eastern and southern regions of Afghanistan experienced the most security incidents during the reporting period. But this quarter, incidents in these regions were 82 percent of the national total, versus 55 percent last quarter. The Secretary-General has therefore assessed that the conflict has “consolidated along increasingly discernible battle lines with fighting concentrated in a few provinces.” The Secretary-General’s report states that incidents in Nangarhar, Helmand, Kunar, Kandahar, Faryab, and Ghazni Provinces accounted for 60 percent of all security incidents this quarter. Comparatively, ACLED recorded 888 incidents in those six provinces from a similar reporting period (February 1–May 31, 2018), 57 percent of their total recorded incidents.¹¹⁸

The UN noted a spike in violence following the Taliban’s announcement of their annual offensive on April 25. Over 50 security incidents were recorded by the UN in 21 provinces on the day of the announcement. Unlike previous quarters, the Taliban increased the frequency of its attacks on district administrative centers and conducted its first major incursion on a provincial capital since 2016, in Farah City. The ANDSF drove the Taliban out of Farah City with Coalition air support.¹¹⁹



A U.S. Army UH-60 flies over Farah City following the expulsion of Taliban forces by ANDSF and Coalition forces. (USAF photo by Technical Sergeant Sharida Jackson)

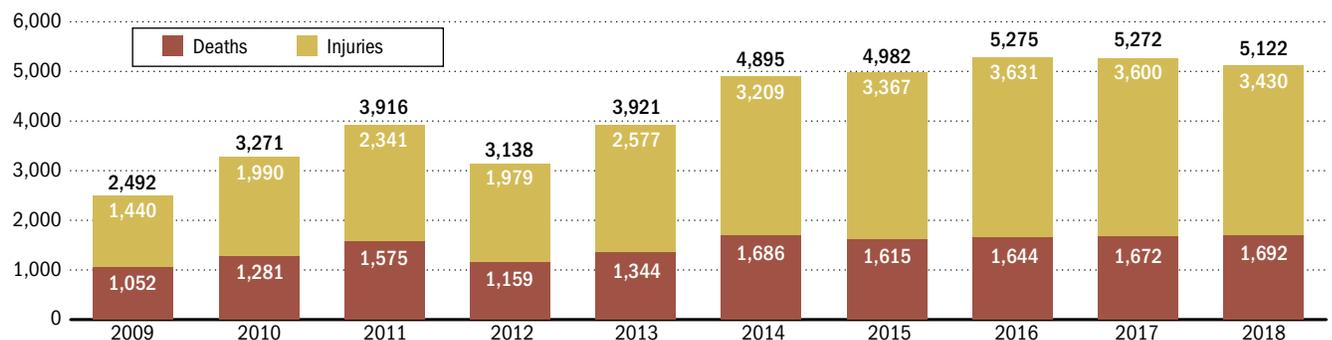
UNAMA: Civilian Deaths at Record High

The United Nations Assistance Mission in Afghanistan (UNAMA) issued its mid-year update in July on civilians in armed conflict, which reported 5,122 casualties (3,430 injuries and 1,692 deaths) from January 1 through June 30, 2018. As seen in Figure 3.31, UNAMA reported that the first six months of 2018 had a record high number of deaths compared to the same period over the last 10 years that UNAMA has kept civilian-casualty records.¹²⁰

UNAMA reported a 5 percent decrease in overall civilian injuries from January through June, which kept the overall number of civilian casualties

FIGURE 3.31

CIVILIAN CASUALTIES: FIRST SIX MONTHS, 2009–2018



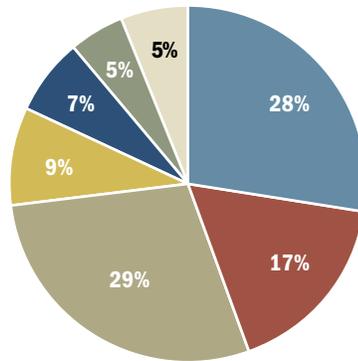
Note: This chart also appears in UNAMA’s report.

Source: UNAMA, *Midyear Update on the Protection of Civilians in Armed Conflict: 1 January to 30 June 2018*, 7/15/2018, p. 1.

SECURITY

FIGURE 3.32

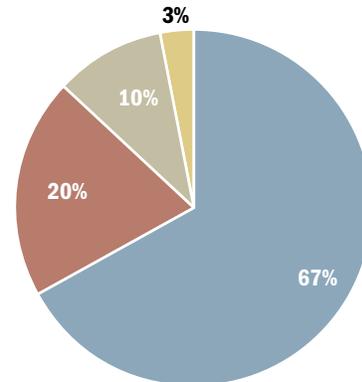
CIVILIAN CASUALTIES BY INCIDENT TYPE



Total: 5,122

- Suicide and Complex Attacks - 1,413
- Non-Suicide IEDs - 877
- Ground Engagements - 1,494
- Targeted/Deliberate Killings - 463
- Aerial Operations - 353
- Explosive Remnants of War - 239
- Other - 283

CIVILIAN CASUALTIES BY PARTIES TO THE CONFLICT



Total: 5,122

- Antigovernment Elements - 3,413
- Progovernment Forces - 1,047
- Jointly Attributed - 503
- Other - 159

Note: The reporting period for this data is January 1–June 30, 2018. These charts also appear in UNAMA’s report.

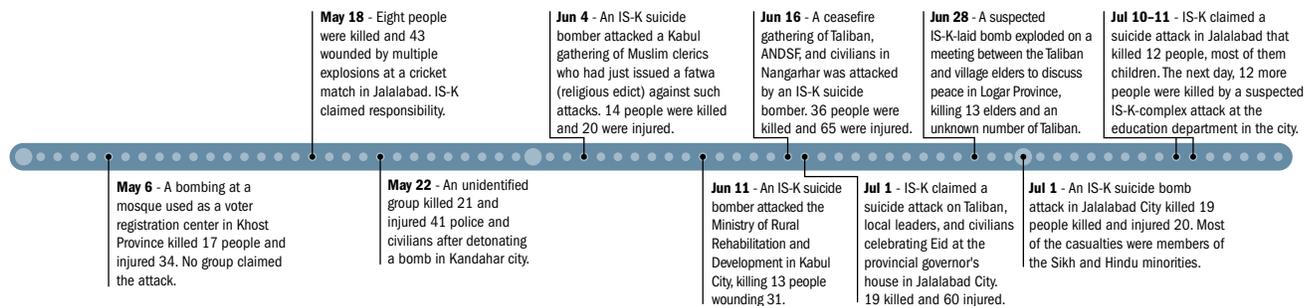
Source: UNAMA, *Midyear Update on the Protection of Civilians in Armed Conflict: 1 January to 30 June 2018*, 7/15/2018, pp. 2, 7.

roughly on par with the high level of casualties over the same period in 2016 and 2017. Similar to last quarter, IED attacks (suicide, complex, and non-suicide IED attacks) by antigovernment elements continued to be the primary cause of civilian casualties. UNAMA said that the combined use of suicide and non-suicide IEDs caused 45 percent of all civilian casualties in the first six months of 2018, a record high for that incident type.¹²¹

UNAMA recorded 353 civilian casualties (149 deaths and 204 injuries) due to aerial operations from January 1 to June 30, 2018, an increase from the 232 casualties (95 deaths and 137 injuries) reported last year. These figures are significantly higher than the 20 USFOR-A recorded from January 1 to May 31, 2018, though USFOR-A’s figure represents only civilian casualties from U.S. airstrikes, not those conducted by the AAF. The number of U.S. air strikes has increased substantially over the last year. According to the U.S. Air Force, the United States conducted 2,911 air strikes from January 1 through June 30, 2018, nearly double the 1,634 strikes over the same period in 2017, and more than five times the 545 strikes in 2016.¹²² Figure 3.32 show UNAMA’s full breakdown of civilian casualties by incident type and parties to the conflict.

FIGURE 3.33

IS-K CLAIMS MOST HIGH-CASUALTY ATTACKS IN AFGHANISTAN, MAY 1–JULY 15, 2018



Source: ACLED, Middle East 2016–Present dataset, 5/1/2018–7/13/2018, accessed 7/13/2018; SIGAR, analysis of ACLED data, 7/2018, Reuters, “At least 12 dead, including children, in Afghan suicide blast,” 7/10/2018; *New York Times*, “Suicide Bombing on Afghan Education Department Kills 12,” 7/11/2018.

UNAMA recorded 544 women casualties (157 deaths, 387 injuries) and 1,355 child casualties (363 deaths, 992 injuries) from January through June 2018, both down 15 percent from the same period in 2017. The leading cause of casualties for women and children was ground engagements between pro- and antigovernment forces. Election-related violence has also been a cause of women and child casualties. UNAMA documented 39 attacks on election-registration centers located at schools during the voting-registration period from April to June 2018, which often closed schools, hampered students’ ability to learn, and impacted children’s safety.¹²³

IS-K Continues to Inflict Heavy Casualties

UNAMA reported a “disturbing increase” this quarter in the number of civilian casualties due to suicide and complex attacks by antigovernment elements, more than half of which they attributed to IS-K. UNAMA expressed “particular concern” over the doubling of civilian casualties in Nangarhar Province, where IS-K continues to operate. UNAMA found that two-thirds of Nangarhar’s civilian casualties from January 1 through June 30 were caused by IEDs, and almost half of those casualties were inflicted by IED attacks claimed by IS-K. Over the same time period, UNAMA recorded 13 incidents in Nangarhar related to IS-K threats to target girls’ schools in retaliation for air strikes. Kabul Province also has a considerable problem with IED attacks and IS-K: 95 percent of all civilian casualties there were caused by IED attacks, and more than half of those attacks were claimed by IS-K.¹²⁴

As seen in Figure 3.33, IS-K continues to deliberately and indiscriminately target civilians and has claimed the majority of high-profile attacks that occurred in Afghanistan this quarter.¹²⁵

“[The ANDSF] are fighting and they are taking casualties, but they are also very offensive-minded, inflicting losses on the Taliban and [ISIS-Khorasan] daily, while expanding their capabilities and proficiency every day.”

—General Joseph Votel,
commander of U.S.
Central Command

Source: DOD, “South Asia Strategy Working in Afghanistan, CENTCOM Commander Says,” 7/19/2018.

THE 1ST SECURITY FORCE ASSISTANCE BRIGADE

The 1st Security Force Assistance Brigade (SFAB) arrived in Afghanistan in March 2018. New to the Afghanistan theater, SFABs are U.S. Army brigades designed to train and advise host-nation armed forces.¹²⁶ Defense Secretary James Mattis said in December that the purpose of deploying the SFAB was to put “more American forces, advisors, in the more conventional force in the Afghan Army,” where they have not previously had advisors, to “make [the Afghan] general-purpose force more capable.”¹²⁷ According to U.S. Army Colonel Scott Jackson, the commander of the 1st SFAB in Afghanistan, the personnel selected for the brigade were “technical and tactical experts who possess the right personalities to work alongside our [Afghan] partners, allowing them to take the lead, but always prepared to support.” The SFAB’s advising capabilities stem from its members’ specialties in engineering, field artillery, military intelligence, logistics, and communications. The type of increased tactical-level advising central to the SFAB’s mission, Colonel Jackson said, is a “critical component” of the U.S. administration’s South Asia strategy.¹²⁸

This quarter, USFOR-A provided a detailed account of the 1st SFAB’s mission in Afghanistan and their level of engagement with Afghan forces. Over the last three months, as the 1st SFAB deployed to its operational areas, the brigade began providing over 60 advisory elements across Afghanistan. The SFAB had personnel placed at every RS Train, Advise, Assist Command (TAAC) and Task Force (TF) and also with certain U.S. Special Forces Advisory elements. SFAB advisors at all three echelons (the corps, brigade, and battalion levels) assisted their counterparts with tactical operations, institutional development, and readiness training at ANDSF unit-training facilities, such as the **Regional Military Training Centers** (RMTCs). As of June 2018, SFAB advisors are deployed across the entire ANA, embedded with the ASSF, and support increased security operations in Kabul.¹²⁹

USFOR-A reported that in each of the three aspects of the RS train (1), advise (2), and assist (3) mission, the 1st SFAB has thus far conducted the following activities:

1. **Train:** In every TAAC and TF, 1st SFAB provided advisor teams to train, advise, and assist (TAA) ANA unit-training personnel to develop and execute unit-level sustained-readiness training plans. In one recent example, when one ANA unit determined that their number of qualified route-clearance engineers (who work on countering IEDs) was insufficient due to recent combat operations,

Regional Military Training Centers:

Facilities for collective training as well as individual special skills training for various technical military occupations.

Source: USFOR-A, response to SIGAR data call, 6/22/2018.

the corps commander requested help from the SFAB, expecting U.S. forces to teach the engineering classes. Instead, the SFAB encouraged the corps to assess its actual manning needs and its anticipated personnel gains, and then provided recommendations for redirecting corps personnel toward the needed specialty. After this, other Coalition advisors placed at the RMTC advised the corps' cadre on how to expand the existing route-clearance course to meet the new, increased demand for students, and assisted the cadre with instructor certification and course scheduling. USFOR-A expects this new program to meet the ANDSF corps' immediate needs, and produce a sustainable mechanism to assess, train, and employ critical counter-IED route clearance in the future.¹³⁰

2. **Advise:** According to USFOR-A, the 1st SFAB remains fully engaged operationally from its brigade headquarters in Paktiya Province to the Combat Advisor Team (CAT) level. CATs are aligned to TAACs and deployed throughout the provinces based on operational need, not stationed at particular provinces. CATs routinely execute fly-to-advise and drive-to-advise missions at both the corps and the battalion level—including some in forward operating areas—that vary in duration from hours to days. USFOR-A says these teams continue to be well received by their partners. They gave a recent example of a CAT that traveled to Logar Province to execute short-duration, fly-to-advise missions focused on unit assessment, leader assessment, unit operational-plan development, and future training-plan development. The CAT also conducted continual counterintelligence vetting to increase force protection, primarily for Coalition forces but also for the ANDSF. USFOR-A concludes that these visits have resulted in positive changes to ANDSF unit training plans to support future operations and enhanced SFAB understanding of how best to advise and assist future operations.¹³¹
3. **Assist:** USFOR-A highlighted that brigade-level advising remains the key competency of the SFAB battalions, which provide the necessary level of technical and tactical mentorship and advisor capacity at their Afghan counterparts' headquarters. In one instance, an SFAB battalion headquarters deployed with an ANA brigade headquarters during a three-week operation in Farah Province. By collocating, the SFAB team was able to provide their counterparts with accurate intelligence of enemy actions in advance of ANA



The 1st SFAB celebrating its one-year anniversary on May 1, 2018. (NATO photo by Erickson Barnes)

“All of us are volunteers in [the SFAB]. We wanted to do this. We believe in this mission. And we, as a collective organization, are very proud of what we’re doing.”

—Colonel Scott Jackson,
commander of 1st SFAB,
U.S. Army

Source: DOD, “Department of Defense Press Briefing by Colonel Jackson via Teleconference,” 6/13/2018.

operations. When required, they also applied lethal and nonlethal force to support Afghan operations. The proximity of the SFAB team with the ANA, as well as the SFAB’s skills and resources, allowed the ANA to react faster, save ANA lives, and produce decisive results for that operation. The SFAB battalion also worked with senior ANDSF leaders after the operation to exchange lessons learned.¹³²

According to USFOR-A, the 1st SFAB’s experience advising below the ANDSF’s corps and zone levels has allowed Coalition forces to better recognize ANDSF strengths at both operational and tactical levels. USFOR-A said the ANDSF have developed effective means of conducting operations that, while not necessarily in line with U.S. methods, are often effective. This understanding has in turn enabled the SFAB to more successfully build on existing, effective ANDSF processes, promote continuity, and tackle challenges at all echelons simultaneously.¹³³

In June, SFAB Commander Colonel Jackson said the Afghans are “making great progress” in the three areas that SFABs are measured against—creating unequal fighting capabilities that favor the ANDSF over the enemy, maintaining the pressure against the enemy, and improving the ANDSF’s effective use of resources.¹³⁴

However, in the few publicly available, anecdotal examples of what the SFAB has accomplished so far, it is unclear whether the Afghans are gaining the capability to independently implement and sustain SFAB recommendations and lessons learned. In Colonel Jackson’s account of one SFAB advisor’s experience intervening in a dysfunctional logistics-supply chain of command between a kandak and its corps headquarters, the only thing that resulted in the corps pushing the needed equipment to the kandak was the successful communication between the kandak-located SFAB and Coalition advisors at the corps level.¹³⁵

Another potential issue involves balancing the SFAB’s efforts between Kabul and the rest of the country. After a spate of high-profile attacks in Kabul earlier this year, General Nicholson said in March that securing the capital was the “main effort” for Coalition forces. Within a few weeks of that announcement, some SFAB teams that were initially deployed to contested areas, such as Kandahar, were reassigned to bolster security in and around Kabul City.¹³⁶ According to USFOR-A in July, 17 percent of the SFAB is posted to Kabul, with the remaining battalions covering the rest of the TAACs and Task Forces. When asked about this issue in a recent press conference, Colonel Jackson confirmed that reassigning these teams “was based upon a reassessment of priorities, based upon the environment,” but did not discuss whether or how that would impact the SFAB’s mission in the rest of Afghanistan.¹³⁷

It is also unclear whether the SFAB is being repurposed from its original mission, which was to provide expanded advising to rank-and-file ANDSF

personnel that had not been given access to Coalition and U.S. advisors. DOD reported in June that SFAB advisor teams only provided TAA to “select forces below the corps level” and that “the main focus” is on “building [Afghan] national and regional capability.” Colonel Jackson gave a view into what this has meant in practice: shifting the SFABs to focus on ANDSF decisionmakers rather than their personnel. Colonel Jackson described the SFAB being prepared for two sides of the advising “spectrum,” one side being “a very distant advising” taking place on a base, and the other “a much more integrated mission set that focuses on a company and enabling.” When answering questions about whether the SFAB has had to make adjustments since their deployment, he said that they found once arriving that “it is not always necessary” to be “side-by-side with the Afghans and [move] out on operations with them.” Instead, the SFAB has focused on “going where [it] can best do [its] job, and that really equates to where the decisionmakers are.”¹³⁸

The force-protection risks for SFAB personnel have also come under increasing scrutiny. Some SFAB personnel face heightened security risks from their closer contact with the ANDSF’s conventional forces that engage with the enemy than most other conventional U.S. and Coalition forces in Afghanistan. Colonel Jackson addressed this by highlighting that every single Afghan commander he has worked with said “the most important thing to them is the safety of their advisors.” He cited how engrained hospitality and protection of guests are in Afghan culture, the ANDSF’s vested interest in keeping their SFAB advisors safe, and their proactive stance in identifying and dealing with people who are a potential threat to the ANDSF and their advisors.¹³⁹

However, the first soldier assigned to the SFAB to be killed in action was Army Corporal Joseph Maciel, who died in an apparent insider attack at Tarin Kowt airfield in Uruzgan Province on July 7, 2018. Two additional 1st SFAB personnel were wounded but were in stable condition as this report went to press. All three personnel were deployed to provide force protection for SFAB advisors. DOD did not provide more information, but said the incident was under investigation.¹⁴⁰

The SFABs appear to be customized, well-resourced problem solvers that tackle the various ANDSF force elements’ issues individually as they arise, but their evolving mission raises questions about how they will sustainably impact the more systemic challenges that face the ANDSF, especially at the lower levels of the force. SIGAR will continue to monitor SFAB efforts and activities throughout the remainder of their deployment.



A 1st SFAB advisor working with an ANA soldier on vehicle maintenance in Zabul Province in July. (NATO photo by Jackie Faye)

“Those [SFAB personnel] are out there, and they’re in exposed positions, and it is a high-risk situation. . . . So casualties are going to occur.”

— *General Mark Milley, U.S. Army Chief of Staff*

Source: AP, “Army Ponders Changes After Insider Attack in Afghanistan,” 7/14/2018.

U.S. FORCES IN AFGHANISTAN

According to DOD, as of May 31, 2018, approximately 14,000 U.S. military personnel were serving in Afghanistan as part of Operation Freedom's Sentinel (OFS), the same number reported for the last two quarters.¹⁴¹

The number of U.S. personnel assigned to the NATO RS mission to train, advise, and assist Afghan security forces increased this quarter by 675 personnel to 8,475. The increase is due to the deployment of some U.S. Army Security Force Assistance Brigade (SFAB) forces to Afghanistan.¹⁴² The remaining U.S. military personnel support the OFS mission through air operations, training the Afghan special forces, and conducting counterterrorism operations.¹⁴³

As of July 6, 2018, the RS mission also included roughly 7,754 military personnel from NATO allies and non-NATO partner nations. This is an increase of approximately 250 personnel since last quarter, bringing the current total of RS military personnel to 16,229. It was reported in mid-July that the British government will send an additional 440 noncombat troops to augment the RS mission. This will increase the United Kingdom's troop strength in Afghanistan to 1,090 personnel, making the country the third-largest contributor of forces to the RS mission after the United States and Germany.¹⁴⁴

According to DOD from April 13 through July 18, 2018, three U.S. military personnel were killed in action (KIA) and two were wounded in action (WIA) in Afghanistan. This is an increase of two KIA and a decrease of 17 WIA compared to the previous quarter (January 1–March 30, 2018). In total, as of July 18, 2018, 36 U.S. military personnel, plus two DOD civilians, were KIA, 16 military personnel died in non-hostile circumstances, and 270 military personnel were WIA since the start of Operation Freedom's Sentinel on January 1, 2015. Since the beginning of the Afghan war in October 2001, 2,266 U.S. military personnel have died (1,867 KIA and 399 of non-hostile deaths) and 20,320 were WIA. Additionally, six DOD civilians were killed, four were KIA and two died in non-hostile circumstances.¹⁴⁵

Insider Attacks

Since responsibility for security began transitioning to the Afghan government in 2014, "green-on-green" insider attacks in which ANDSF personnel are attacked from within their own ranks, often by an insurgent infiltrator, have consistently been a severe problem. According to USFOR-A, there were 25 reported green-on-green insider attacks against ANDSF personnel this quarter, bringing this year's total through May 16, 2018, to 33 insider attacks. This is an increase of seven attacks compared to the same period in 2017.¹⁴⁶

The ANDSF incurred 53 casualties (38 killed and 15 wounded) as a result of this quarter's insider attacks (from February 10 to May 16, 2018), and a total of 79 ANDSF casualties (57 killed and 22 wounded) from January 1 to May 16, 2018. Though there were seven more attacks this year compared to

the same period last year, ANDSF casualty rates have been consistent with last year's figures.¹⁴⁷

According to DOD, one U.S. soldier assigned to the 1st SFAB died, and two other SFAB soldiers were wounded, during an apparent insider attack on July 7, 2018. DOD said the incident is currently under investigation. Prior to that, USFOR-A reported that as of May 16, 2018, there had been no "green-on-blue" insider attacks this year in which ANDSF personnel turned on Coalition personnel. The same period last year saw two confirmed green-on-blue insider attacks that wounded three U.S. soldiers.¹⁴⁸

USFOR-A emphasized that as the SFAB mission began, they reallocated assets to support screening of all SFAB partner brigades within the ANA. This new requirement was balanced with the screening requirements at the conventional, enduring Coalition bases throughout Afghanistan. USFOR-A said all U.S. forces now receive force-protection ("Guardian Angel") training prior to deploying as well as follow-on training once in-country. For more information on USFOR-A's green-on-blue attack mitigation policies, see SIGAR's January 2018 *Quarterly Report to the United States Congress*.¹⁴⁹

Updates on Developing Essential Functions of the ANDSF, MOD, and MOI

This quarter, RS began a reorganization that changed the names of its offices and their administrative structure. The RS mission had previously been organized under eight Essential Functions (EF) that it intended to develop in its Afghan counterparts. As seen below, this includes 11 functional areas, now renamed.¹⁵⁰ Highlights for each functional area reported to SIGAR this quarter include:

- **Rule of Law (ROL):** ROL established High Councils on Rule of Law for MOI and MOD, which will provide opportunities for ROL to advance initiatives on Gross Violations of Human Right (GVHR) remediation, NIMS/CMS implementation, and also established an independent Criminal Investigative Division. No new GVHR cases were verified this quarter.¹⁵¹
- **Strategic Communication (STRATCOM):** STRATCOM reported that the Minister of Interior Affairs has continued to engage media on topics of strategic importance, such as election security, counter threat finance, police reform, and counter corruption. STRATCOM praised the MOI's media response to the June 2, 2018, terrorist attack on its headquarters in Kabul, reporting that the MOI spokesperson provided "accurate and timely updates" during the attack. Once the attack ended, MOI publicized details of the effective police response.¹⁵² STRATCOM developed and executed a strategic communications training course for MOD STRATCOM staff, and worked with ANA Corps public-affairs officers to ensure the alignment of strategic messaging across all corps.¹⁵³

- **Force Development (FD-AIAT):** FD-AIAT reported that MOD provided the force-generation requirement for the new ANA Territorial Force, and has begun developing a training model. Also, the MOD Chief of the General Staff approved the extension of ANA Basic Warrior Training to 18 weeks, and an evaluation is under way to improve the effectiveness of the training program.¹⁵⁴
- **Force Development (FD-PIAT):** FD-PIAT reported that 31 female ANP personnel graduated an ANP instructor course in Balkh. The instructors will teach the first large-scale training course for female police at Balkh Regional Training Center in July.¹⁵⁵
- **Resource Management (RM):** RM reported that \$141.9 million worth of MOI and MOD facilities contracts have been approved for Afghan FY 1397, with projects valued at roughly \$52.4 million awarded as of May 20, 2018. The Afghan government approached CSTC-A for assistance with establishing a real-time data management system, which would monitor telecom service revenues. The first quarter's NATO ANA Trust Fund board meeting took place this reporting period, which resulted in Italy formally announcing their commitment to fund Women's Police Town Phase 2 at \$24.5 million and the ANASOC headquarters expansion at \$9.8 million.¹⁵⁶
- **Transparency, Accountability, and Oversight (TAO):** TAO reported that MOD IG successfully conducted all inspections for this quarter as part of the FY 1397 Annual Inspection Plan, and that 93 percent of FY 1397 asset declarations had been submitted. MOI IG accomplished 25 percent of its FY 1397 Annual Inspection Plan so far and has received 95 percent of its asset declarations.¹⁵⁷
- **Operational Sustainment (OS):** OS-Logistics reported that the National Maintenance Strategy Ground Vehicle Support (NMS-GVS) contract, which began full operation on December 29, 2017, has delivered substantial maintenance support to the ANDSF. The contractor completed maintenance on 25,138 ANDSF vehicles (27 percent of total vehicle fleet) to date. The ANA currently supports 18 percent of its own maintenance requirements, on average. Over 150 MOI police completed English literacy and basic and intermediate computer training courses. MOD approved the disposal of obsolete ammunition in the Khyrabad central ammunition bunker, a sign of progress towards safe ANDSF ammunition-handling practices. Since January 2018, OS has conducted assessments of the 205, 207, 203, and 209 Corps' logistics and procurement practices. The 205, 207, and 203 Corps received satisfactory ratings in a majority of functional areas.¹⁵⁸
- **Strategic Plans:** Strategic Plans focused on the execution of Phase I of Operation Nasrat, the ANDSF's annual operational plan. Most ANA corps have reportedly developed their annual campaign plans, but have experienced difficulties in execution. Pursuant to MOI's first strategic

goal (to strengthen public order and ensure security), the transfer of the bulk of the ABP to the ANA was completed this quarter, and the transfer of ANCOP to MOD was completed in March. MOI plans for the 2,550 remaining ANCOP personnel who were not transferred to MOD to be reorganized into kandaks and redesignated as the Public Safety Police, a riot-control force.¹⁵⁹

- **Intelligence TAA:** The MOI Biometrics Center began deploying the Afghan Automated Biometric Identification System (AABIS) at Kabul City gate checkpoints in order to screen truck drivers entering the capital. AABIS consists of SEEK Avenger, a portable biometric enrollment and reader device, in combination with a biometrically enabled watchlist. The watchlist is currently working through a backlog of biometric enrollments, which was expected to be cleared by the end of June 2018 for the system to become fully operational. MOD continued to expand the ScanEagle program with new hubs at 205 and 203 Corps, and the relocation of a schoolhouse for ScanEagle training to Kandahar Airfield, which is to become operational in July. Another hub for 207 Corps is planned for this quarter, to become operational by the end of 2018. ANDSF targeting capabilities were further improved by integrating Pixia/HiPERLOOK and ScanEagle imagery into Targeting Directorate analysis. Pixia/HiPERLOOK provides the ANA with a low-bandwidth option for accessing recent imagery. Intelligence TAA has also begun sharing the majority of CENTCOM's list of over 20,000 **no-strike entities** with MOD in order to reduce collateral damage from kinetic strikes.¹⁶⁰
- **Gender Office:** This quarter, 38 women graduated from the ANA Officer Academy. Thirty women began a four-year course at the ANP Academy, the Academy's first intake to include female candidates, and six women graduated from the Women's Foundational Course for the General Command Police Special Unit (GCPSU). Another 28 ANP women are enrolled in a GCPSU noncommissioned officer course and are scheduled to graduate on October 31, 2018. Phase 1 Construction of the Women's Police Town, intended to house up to 90 ANP families also began. The Sexual Assault and Harassment Prevention Policies, which MOD and MOI were both expected to sign in April, remain unsigned. CSTC-A reports that both ministries are seeking assistance from MOD legal staff to develop a more comprehensive policy consistent with Afghan laws.¹⁶¹

No-strike entities: A physical or virtual object functionally characterized as noncombatant in nature and protected from the effects of military operations under international law and/or the rules of engagement.

Source: USFOR-A, response to SIGAR vetting, 7/13/2017.

Afghanistan Compact

The Afghanistan Compact is an Afghan-led, Coalition-supported initiative designed to demonstrate the Afghan government's commitment to reforms. The Compact process consists of four American- and Afghan-chaired working groups covering governance, economic, peace and reconciliation, and

security issues.¹⁶² For more information about the Compact, see SIGAR's April 2018 *Quarterly Report to the United States Congress*.

Most of the security commitments in the Compact apply to either the entire ANDSF, or the MOD and MOI, or their main components (ANA and ANP).¹⁶³ Together they lay out a comprehensive plan to reform and upgrade the capabilities of the ANDSF over the next few years. USFOR-A has said that within the scope of other strategies for achieving progress in Afghanistan, the Compact and ANDSF Roadmap (the Afghan government's plan for security-sector reform) both align under the U.S. administration's South Asia strategy as frameworks to achieve the U.S. goals of seeking an Afghan political settlement that reduces violence, improves security, enables government reform, and leads to reconciliation with the Taliban.¹⁶⁴

USFOR-A reported that the Joint Security Compact Committee (JSCC), which tracks the Afghan government's progress toward meeting its security goals in the Compact, met on May 17, 2018, to review milestones due in March and April 2018. The March milestones dealt with ANDSF reform in the following areas: the ANDSF Capability Enhancement Program, intelligence, MOD optimization, training and education, the ABF transfer, leadership development, communications strategy, police reorganization, counter corruption/transparency, automated personnel management, and force management. The April milestones included: MOD optimization, training and education, the ANCOP transfer, and force management.¹⁶⁵

According to USFOR-A, the ministries completed 13 of 15 milestones due this quarter. The MOI did not complete its March milestone in counter-corruption/transparency; the MOD did not complete its March milestone in force management.¹⁶⁶ On MOD's missed milestone, USFOR-A updated SIGAR that during a June 6 Compact Synchronization Meeting, CSTC-A decided to extend the deadline for MOD's force-management milestones. While CSTC-A says that MOD is making "satisfactory progress in all areas of the milestone, "the complexity of the task merits additional time to complete."¹⁶⁷ Related to MOI's counter-corruption and transparency efforts, USFOR-A said that as a result of the last JSCC on June 28, U.S. and Afghan government representatives agreed that a comprehensive review of all ongoing counter- and anticorruption actions and milestones will take place in mid-July at the Presidential Palace. The review will include participating officials from RS, USFOR-A, MOD, MOI, and the Office of the National Security Council.¹⁶⁸

AFGHAN SECURITY MINISTRIES AND THE ANDSF

ANDSF Strength

According to DOD, the ANDSF's total authorized (goal) end strength was 352,000 personnel, including 227,374 ANA and 124,626 ANP personnel, but excluding 30,000 Afghan Local Police, which fall under the MOI's oversight.¹⁶⁹

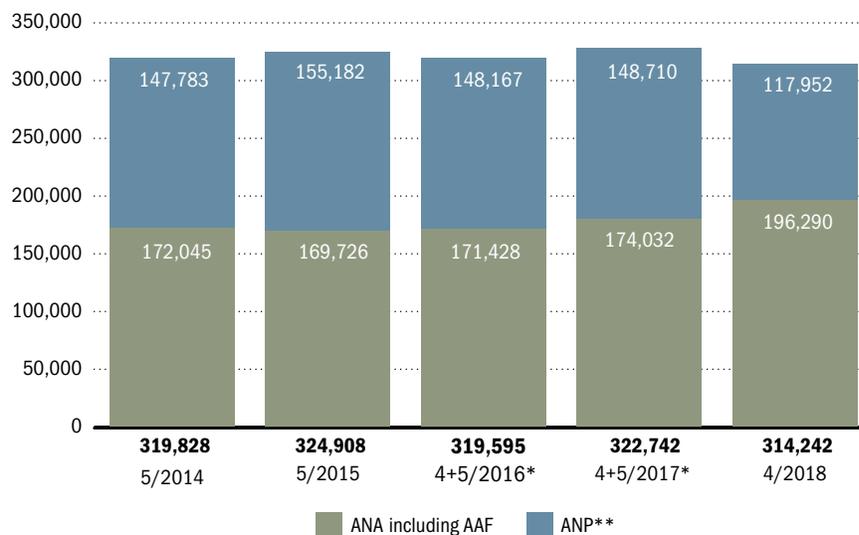
USFOR-A reported that the actual, assigned strength of the ANDSF as of April 30, 2018, (not including civilians) was 314,242 personnel, which includes 196,290 personnel in the ANA and AAF and 117,952 in the ANP.¹⁷⁰ This puts the ANDSF at 89.3 percent of its authorized strength, down from 93.7 percent compared to the same period in 2017.¹⁷¹

The ANA saw a 22,258-person increase since May 2017, and the ANP a 30,758-person decrease since April 2017, both of which were impacted by the transfer of 30,689 personnel in two force elements (ANCOP and ABP) from the MOI to the MOD. Therefore, the overall ANDSF strength compared to last year (not including civilians) decreased by 8,500 personnel (8,431 from the ANA and 69 from the ANP).¹⁷²

For a historical record of ANDSF strength in the second quarter of the last four years, see Figure 3.34.

FIGURE 3.34

SECOND QUARTER ANDSF ASSIGNED STRENGTH FOR THE LAST FOUR YEARS



Note: ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. These figures do not include civilian personnel. ANDSF authorized strength is 352,000 as of June 2018.
 * ANA data was as of May 2016, May 2017, and ANP data was as of April 2016, April 2017.
 **ANP and Total ANDSF figures do not include reservists or personnel not in service while completing training.
 Source: CSTC-A response to SIGAR data call, 7/1/2014, 6/29/2015, 6/3/2016, 5/20/2017, and 6/22/2018; USFOR-A, response to SIGAR vetting, 7/12/2015; DOD, *Enhancing Security and Stability in Afghanistan*, 6/2018, p. 40.

ANDSF Casualties

USFOR-A classified ANDSF casualty data this quarter at the request of the Afghan government.¹⁷³ SIGAR's questions about ANDSF casualties can be found in Appendix E of this report. SIGAR will report on ANDSF casualties in the classified annex.

ANDSF Force Element Performance

USFOR-A classified ANDSF performance assessments this quarter, a reversal from the preceding two quarters, when basic performance assessments were provided. SIGAR's questions about ANDSF performance can be found in Appendix E of this report. SIGAR will report on the ANDSF performance assessments in the classified annex.

Ministry Performance Assessments

USFOR-A also classified MOD and MOI performance assessments this quarter, a reversal from the preceding two quarters, when basic performance assessments were provided. SIGAR's questions about the ministries' performance can be found in Appendix E of this report. SIGAR will report on the MOI and MOD performance assessments in the classified annex.

AHRIMS and APPS

The MOD and MOI, with RS assistance, are implementing and streamlining several systems to accurately manage, pay, and track their personnel—an effort DOD said could greatly improve protection of U.S. funds. The U.S. pays the ANA and ANP personnel costs that constitute a large portion of the ANDSF's expenses.¹⁷⁴

The Afghan Human Resource Information Management System (AHRIMS) contains data that includes the name, rank, education level, identification-card number, and current position of ANDSF personnel. AHRIMS also contains all the approved positions within the MOD and the MOI, along with information such as unit, location, and duty title. The Afghan Personnel Pay System (APPS) is under development. When implemented, it will integrate AHRIMS data with compensation and payroll data to process authorizations, record unit-level time and attendance data, and calculate payroll amounts.¹⁷⁵ The AHRIMS (and in the future, APPS) data is also used to provide background information on ANDSF in determining promotions and assignments.¹⁷⁶

CSTC-A is overseeing the transition from AHRIMS to APPS to ensure interoperability. The process of verifying AHRIMS data includes a personnel asset inventory (PAI), a process that physically accounts for ANA and ANP personnel and issues them biometrically linked identification cards. APPS will generate payroll information and bank-account information for accounted-for personnel. According to CSTC-A, this structure will reduce the potential for nonexistent personnel to be entered into APPS, although

it will not completely eliminate the risk of paying such “ghost” personnel. Routine checks will still be required to determine that personnel are properly accounted for and are still actively serving in the ANDSF.¹⁷⁷ Once implemented, the biometric cards will also be used to access all human-resources information for security force members, including identity, pay, APPS data, promotions, assignments, killed/wounded/absent-without-leave information, and other documents.¹⁷⁸

As USFOR-A has reported previously, three ongoing efforts aim to ensure that accurate personnel data exist in AHRIMS to support the migration to APPS: (1) “slotting” or matching a person to an authorized position; (2) “data cleansing” or correcting and completing key personnel data; and (3) the Personnel Asset Inventory (PAI), a continuous process of correcting the employment status of personnel retired, separated, or killed in action.¹⁷⁹

This quarter, USFOR-A reported that the MOD delayed the date it will be fully operational in APPS from May 30, 2018, to July 31, 2018, to allow more time to improve ANA personnel data in the system and account for the transfer of the two MOI elements (ANCOP and ABP) to MOD. As of May 30, 2018, the MOD’s PAI completion rate fell back to 74 percent (down from the 95 percent reported last quarter), and only 71 percent of the force is now slotted (down from 90 percent last quarter). These decreases were also due to the ANCOP and ABP transfers, and should therefore not be considered a regression.¹⁸⁰

As of May 23, 2018, the MOI was 69 percent APPS-slotted (down one percentage point since last quarter), and the MOI’s PAI was 75 percent complete (down from 80 percent last quarter). The MOI has also delayed its fully operational date in APPS from September 2018 to November 30, 2018. Part of the reason for the delay was to complete APPS training for all zone and provincial headquarters personnel. Another part was the Minister of Interior’s temporary suspension of slotting activities in all the police zone and provincial headquarters to refine the MOI’s tashkil with RS. Once the new tashkil was agreed upon, slotting resumed. The MOI’s lagging personnel-accountability processes are having a direct and adverse impact on rank-and-file ANP personnel. For more information, see the next section.¹⁸¹

Unaccounted for or “Ghost” Personnel

As a result of increased attention in late 2016 to the possible inclusion of many “ghost” or nonexistent personnel within the ANDSF rolls, U.S. officials confirmed that since January 1, 2017, salaries are paid only to MOD and MOI personnel correctly registered in AHRIMS.¹⁸²

This quarter, CSTC-A did not report a dollar amount for costs avoided by not paying unaccounted-for or ghost personnel. The Command explained the lack of data as a result of a change in methodology from a model that verifies Afghan reported personnel and PAI inputs using multiple reports to

30,000 ANP Personnel Denied Pay Since March

According to Afghan MOI officials quoted in the *New York Times*, the Coalition's policy of refusing to pay unaccounted-for personnel is having an outsized, negative impact on rurally located ANP personnel who are not biometrically enrolled. MOI officials said that as of early June 2018, as many as 30,000 active Afghan police have been denied their salaries since March 2018. ANP salaries are primarily paid by LOTFA, a multidonor fund whose largest donor has been the United States, though the U.S. has reduced its contribution since 2016. The donor nations' policy of not paying unbiometrically enrolled personnel is intended to pressure ANDSF leadership to eliminate ghost soldiers in their ranks and to finalize accountable pay and personnel oversight practices.

However, the *New York Times* report says the rank-and-file Afghan police, especially those who live in areas inaccessible for biometric registration due to geography or security, are suffering under the policy. One police chief of Girziwan District in embattled Ghazni Province said his district had been surrounded by the Taliban for a year and a half and that his personnel could not travel to the provincial centers for biometric registration, nor would the registration come to them. According to the article, this donor-nation policy could lead to increased ANP attrition, as Afghan police, who often live paycheck to paycheck, cannot afford to remain in their jobs without being paid. Girziwan District, for example, lost five of its 30 personnel after they left the force due to the recent salary moratorium. The article asserts that this ANP pay policy intensified in March because the extent of MOI's problem in accounting for its personnel became much clearer after the MOI transferred the ABP and ANCOP to MOD. Two senior Afghan officials said the transition showed that personnel numbers on paper were thousands off from the actual number of ANP personnel on hand. MOI officials said that they attempted to raise this issue with the UN Development Programme, which administers the LOTFA for ANP salaries, but they refused to listen and refused comment on the issue to the *New York Times*.

In response to SIGAR and congressional inquiries on this matter, DOD said "the recent NYTimes article involves funding provided by other donor nations to the Law and Order Trust Fund (LOTFA) and distributed to the Afghan government by the United Nations Development Program (UNDP), which manages the LOTFA. No ASFF funds appear to have been involved in this situation. . . . The article appears to report on the impacts of decisions made by UNDP and donor nations to withhold a portion of such funds because the Ministry of Interior (MOI) had not completed the personnel asset inventory it had committed to completing, in order to assure donor nations they were paying for personnel who are actually entitled to be paid." In subsequent comments DOD also said that CSTC-A did not itself withhold ASFF funds from the ANP. The ASFF currently provides a very small portion of ANP salaries: DOD requested no ASFF funds for FY 2017, requested funds to pay for only 20 percent of total ANP pay in the 2018, and requested nothing for 2019.

According to UNDP and MOI, as of April 2018 there were 23,212 "invalid" or unaccounted-for MOI personnel recorded in UNDP's Web-based Electronic Payroll System currently used to pay the police. Of that number, 18,622 are categorized as patrolmen and 4,590 as officers. The highest percentage of police personnel records marked invalid occurs in the following provinces: Helmand (51 percent), Uruzgan (47 percent), Farah (47 percent), Nuristan (44 percent), and Paktika (41 percent). UNDP has said that these 23,212 invalid personnel records would be automatically removed while reconciling ANP personnel during the ongoing PAI process. In some provinces, this would mean removing a considerable portion of the police force currently recorded.

Source: *New York Times*, "30,000 Afghan Police Officers, on Front Line of War, Are Denied Pay," 6/6/2018; CSTC-A, response to SIGAR data call, 8/27/2016; OSD-P, response to SIGAR vetting, 1/15/2018, 7/2/2018, and 7/14/2018; UNDP, "Law and Order Trust Fund for Afghanistan: SPM Technical Working Group Meeting" (slides), 4/2018; UNDP, response to SIGAR data call, 7/16/2018.

inform salary disbursement, to a model that disburses funds to the Afghan government using the information produced by one source, APPS.

Therefore, moving forward, the funding amount for ANDSF salaries will be determined by APPS, and personnel will be paid only if they are assigned to a tashkil-authorized position, have a number proving biometric enrollment, and have other verified personnel data inputs, including their name, date of birth, and ID card number.¹⁸³ Both DOD and USFOR-A have consistently said that once APPS is fully operational, they believe the ghost-soldier issue will be largely resolved. CSTC-A noted that while no system can completely eliminate personnel-reporting errors, APPS will significantly reduce them.¹⁸⁴

AFGHAN NATIONAL ARMY

As of June 30, 2018, the United States had obligated \$45.9 billion and disbursed \$45.4 billion of ASFF funds to build, train, equip, and sustain the ANA.¹⁸⁵

ANA Strength

This quarter, USFOR-A classified unit-level ANA authorized-strength figures. Detailed assigned- and authorized-strength information will appear only in the classified annex to this report. SIGAR's questions about ANA strength can be found in Appendix E of this report.

According to DOD, the ANA's total authorized (goal) end strength was 227,374, up from the 195,000 ANA personnel authorized in 2016 and 2017. DOD reported in June that the large increase in ANA authorization is due



An ANA Commando patrols Farah City on May 15 following the Taliban offensive on the city. (U.S. Army photo by Sergeant John Conroy)

to the transfer of two force elements (ABP and ANCOP) from MOI to MOD as well as the pilot of a new force element, the ANA Territorial Force (ANATF). For more information about the ANATF, see page 99.¹⁸⁶

USFOR-A reported that the actual, assigned strength of the ANA and AAF as of April 30, 2018, (not including civilians) was 196,290 personnel, a 22,258-person increase over the last year, mostly due to the transfer of 30,689 personnel from ANCOP and ABP to MOD. Setting aside the large influx of personnel due to the ABP and ANCOP transfers, the ANA actually saw a reduction of 8,431 soldiers since May 2017.¹⁸⁷

The ANA's 196,290 personnel consisted of 85,860 soldiers, 63,672 non-commissioned officers, and 35,019 officers (the remaining 11,739 personnel were transferred from the ANCOP to the ANA this quarter). With the changes to authorization and strength this quarter, the ANA was at 86.3 percent of its authorized strength in April 2018, or 31,084 personnel short of their goal strength. This is a more than six-point fall from the 92.5 percent one year prior.¹⁸⁸

ANA Attrition

USFOR-A provided limited attrition information this quarter in an unclassified format. A detailed analysis of attrition by ANA force element will be provided in the classified annex to this report. SIGAR's questions about ANA attrition can be found in Appendix E.

According to USFOR-A, as of April 30, 2018, ANA monthly attrition rates averaged less than 2 percent over the preceding three-month period, roughly consistent with the last year of reporting.¹⁸⁹ CTSC-A noted that this average ANA attrition rate does not include ABF and ANCOF data, that the attrition rate was calculated by the MOD, and that CSTC-A is unable to validate this data for accuracy.¹⁹⁰

When asked this quarter what accounted for the attrition of roughly 5,000 ANA personnel from January 2017 to January 2018, CTSC-A responded that there are three main reasons for the losses: (1) personnel being dropped from the rolls, (2) separated from the service, or (3) killed in action by a hostile actor.¹⁹¹

ANA Sustainment

As of June 30, 2018, the United States had obligated \$22 billion and disbursed \$21.6 billion of ASFF for ANA sustainment.¹⁹²

CSTC-A reported the total amount expended for all ANA sustainment requirements thus far for Afghan FY 1397 (beginning December 21, 2017) was \$217.4 million through May 20, 2018, the vast majority of which was expended on ANA salaries and incentive pay; of that \$214.7 million amount, roughly \$86 million was for incentive pay. This is an increase of about \$78.1 million in salaries and incentive payments compared to the same period last year. According to CSTC-A, the increase since last fiscal year

was due to the increased force authorization for MOD (from 195,000 to 227,374) and a 5 percent salary increase for MOD personnel.¹⁹³

Roughly \$2.7 million was spent on non-payroll sustainment requirements, the costliest of which were domestic transportation (\$2.3 million, not including fuel costs) and telecommunications contracts (about \$271,000).¹⁹⁴

CSTC-A said there has been no change in the estimated funding required for ANA base salaries, bonuses, and incentives for this fiscal year, estimated at \$651.6 million, but noted that the U.S. contribution to ANA personnel sustainment over the next few years is contingent on congressional appropriations.¹⁹⁵ DOD said forecasted salary and incentives figures are for planning purposes only and are not definitive indicators of future DOD support, which will depend on Afghan progress toward reconciliation, reducing corruption, security conditions, and other factors.¹⁹⁶

ANA Equipment and Transportation

As of June 30, 2018, the United States had obligated \$13.8 billion and disbursed \$13.7 billion of ASFF for ANA equipment and transportation.¹⁹⁷

This quarter CSTC-A reported on the major items of equipment purchased for and provided to the ANA over the last quarter. As seen in Table 3.6, between March 1, 2018, and May 30, 2018, these included: UH-60 (“Black Hawk”) helicopters, A-29 light-attack aircraft, and several types of armored personnel and utility vehicles. The equipment provided this past quarter is valued at \$71.3 million, significantly less than last quarter’s \$169.4 million. The greatest expenditure was procurement of two A-29s (\$54 million), followed by two refurbished UH-60s (\$12 million). CSTC-A noted that the UH-60s delivered this quarter are a “hybrid configuration aircraft in order to meet an accelerated schedule demand.” They said that these are the same as the aircraft as those delivered to the Afghans last quarter and that the full “Afghanistan Configuration UH-60A” aircraft are

TABLE 3.6

MAJOR EQUIPMENT ITEMS PROVIDED TO ANA, MARCH–MAY 2018				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost	Total Cost*
Aircraft	A-29 Light Attack Aircraft	2	\$27,000,000	\$54,000,000
Aircraft	UH-60 Helicopter	2	6,000,000	12,000,000
Vehicle	M1151 HMMWV (Humvee)	12	237,000	2,844,000
Vehicle	Medium Tactical Vehicle International	10	149,000	1,500,000
Vehicle	M1082 Trailer (Cargo trailer)	16	35,000	560,000
Vehicle	Fuel Tanker 1200 Gallon	1	201,000	201,000
Vehicle	Water Tanker 1200 Gallon	1	181,000	181,000
Total				\$71,286,000

Note: *Figures were rounded by CSTC-A.

Source: CSTC-A, response to SIGAR data call, 6/22/2018 and 7/18/2018.

expected to begin being delivered in March 2019. According to USFOR-A, the latter configuration primarily differs from the hybrid configuration in that it provides features such as: improved flight controls and gearbox, a ballistic-protection system, and a Afghan National Tracking System, all of which make the aircraft safer to fly but will not increase the pilot's learning curve for operation.¹⁹⁸

ANA Equipment Operational Readiness

This quarter USFOR-A classified data on ANA equipment readiness. SIGAR's questions about ANA equipment readiness can be found in Appendix E of this report. SIGAR will report on ANA equipment readiness in its classified annex.

ANA Infrastructure

The United States had obligated and disbursed \$5.9 billion of ASFF for ANA infrastructure projects as of June 30, 2018.¹⁹⁹ As of May 31, 2018, CSTC-A reported that facilities-sustainment costs for FY 2018, covering all ANA facility and generator requirements, will be roughly \$68 million—a \$18.7 million decrease from last quarter's revised amount (\$86.7 million). According to CSTC-A, as of May 31, 2018, the United States completed 452 ANA infrastructure projects in Afghanistan valued at \$5.4 billion.²⁰⁰

CSTC-A reported 35 ongoing projects from February 1 through May 31, 2018, valued at roughly \$190.8 million. CSTC-A also reported that six projects were completed this quarter, valued at a total cost of about \$7.4 million, including a \$3.3 million facility for the ANA's Special Operations Brigade North in Mazar-e Sharif. During the reporting period, five projects (valued at roughly \$14.2 million) were awarded, the largest two to build water and wastewater systems upgrades at Kandahar Airfield.²⁰¹

The largest ongoing ANA infrastructure projects were the same as last quarter: two Northern Electrical Interconnect (NEI) substation projects, one in Balkh Province (\$27.7 million) slated for completion in October 2019, and one in Kunduz (\$9.5 million), due to be completed in February 2019. Additionally, the second phase of the Marshal Fahim National Defense University (MFNDU), a multi-year, \$73.5 million project, set for completion in December 2017, is pending because the necessary replacement of fire doors has not yet been resolved.²⁰²

According to CSTC-A, there were 27 ANA projects in the planning phase, valued at a total of \$337.1 million. These included: four AAF projects at \$65.7 million, six ANA projects at \$35.7 million, five ANASOC projects at \$59.9 million, three Kabul National Military Hospital projects at \$62.2 million, two MFNDU projects at \$12.7 million, five Parwan Detention Facility projects at \$97.53 million, and two **Women's Participation Program (WPP)** projects at \$3.4 million.²⁰³

Women's Participation Program: An initiative that seeks to advance and promote women's participation in Afghan security institutions. The program promotes safe and secure facilities, proper equipment, training, and opportunities for women to increase their membership in the ANDSF.

Source: OSD-P response to SIGAR vetting, 4/15/2016.

TABLE 3.7

ACTIVE ANA TRAINING CONTRACTS AS OF MARCH 2018				
Case ID	Contract Description	Contractor	Contract Dates	Contract Value
W5-B-UAC	ANA and MOD Advisors and Mentors	DynCorp International	12/1/2017-5/31/2018	\$81,160,849
W5-B-UAW	Afghan Special Security Forces Training	Raytheon	9/30/2017-N/A	80,025,453
W5-B-UBE	In-Country UH-60 Aircraft Pilot Training Course for the AAF	ARMA	10/1/2017-9/30/2018	43,761,086
W5-D-TAA	Afghan Air Force Training in the United States (Texas)	Northrup Grumman	1/1/2018-1/31/2019	28,967,928
W5-B-UCR	Initial Entry Rotary Wing (AAF Pilot) Training in Czech Republic	Raytheon	11/1/2017-6/30/2019	19,095,939
W5-B-UCI	Initial Entry Rotary Wing (AAF Pilot) Training in United Arab Emirates	Raytheon	9/1/2017-1/1/2019	18,396,258
W5-B-UDC	Initial Entry Fixed Wing (AAF Pilot) Training in United Arab Emirates	Raytheon	1/1/2018-6/30/2019	17,874,236
C5-B-UFC	English-Language Training	Raytheon	3/29/2017-N/A	15,584,145
7H-B-UAC	Mentor Trainers in Support of the AAF	Raytheon	12/31/2017-9/28/2018	13,618,976
W5-B-UCD	English-Language Training for the AAF	Raytheon	8/1/2017-7/31/2018	11,591,856
Total Cost of Highest-Value Training Contracts				\$330,076,726

Note: This table includes only the 10 highest value training contracts (the other 16 active projects were between \$99,000 and \$11,584,570 in value).

Source: CSTC-A, response to SIGAR data call, 3/22/2018 and 6/22/2018; OSD-P, response to SIGAR vetting, 7/24/2018 and 7/27/2018.

CSTC-A reported that there were seven ongoing WPP projects valued at roughly \$19 million. The largest of these projects were an \$8.5 million women’s and pediatric wellness clinic at Kabul National Military Hospital to be finished by mid-January 2019, and a \$5.3 million conference center, gym, and daycare center at MFNDU planned for completion in late November 2018.²⁰⁴

ANA and MOD Training and Operations

As of June 30, 2018, the United States had obligated and disbursed \$4.2 billion of ASFF for ANA, AAF, and MOD training and operations.²⁰⁵

According to CSTC-A, there are no new ASFF-funded training programs to report this quarter.²⁰⁶ The latest ANA training contracts are listed in Table 3.7.

Afghan Air Force

This quarter, DOD reported that the FY 2018 authorized force strength for the AAF and SMW is 8,739 (not including civilians), an increase of 113 personnel authorized than in FY 2017.²⁰⁷ This quarter, CTSC-A provided rounded AAF assigned strength in an unclassified format. As of April 30, 2018, there were roughly 9,000 uniformed personnel serving in the AAF and Special Mission Wing, plus 200 AAF civilians.²⁰⁸ As of May 22, 2018, the United States has appropriated approximately \$6.6 billion to support and develop the AAF from FY 2010 to FY 2018, with roughly \$1.6 billion appropriated in FY 2018. A large portion (\$715.1 million) is earmarked for AAF sustainment costs. According to DOD’s FY 2018 budget-justification document, the \$1.4 billion includes \$709.8 million for the second year of

the ANDSF Aviation Modernization (AAM) plan to continue the transition from Russian-manufactured helicopters to U.S.-manufactured UH-60 Black Hawk helicopters.²⁰⁹

Also as of May 22, nearly \$3.9 billion has been obligated for the AAF in FYs 2010–2018, with roughly \$107 million of those funds obligated in FY 2018. The majority of the funding obligated since FY 2010 continues to be for sustainment items, which account for 42.8 percent of obligated funds, followed by equipment and aircraft at 38.5 percent.²¹⁰

The AAF's current inventory of aircraft, as of May 8, 2018, includes:²¹¹

- 4 Mi-35 helicopters (all four unavailable; DOD does not fund or support any of these aircraft)
- 48 Mi-17 helicopters (22 unavailable, 2 fewer than last quarter)
- 25 MD-530 helicopters (one unavailable, four fewer than last quarter)
- 24 C-208 utility airplanes (one unavailable)
- 4 C-130 transport airplanes (two unavailable)
- 20 A-29 light attack airplanes (one unavailable, one fewer than last quarter)
- 16 UH-60 utility helicopters (eight more than last quarter)

The Mi-17 and Mi-35 helicopters are Russian-made. The United States procured 33 Mi-17s from Russia for the AAF with ASFF funds (the others were procured for the Afghans from other sources) and 30 for the Special Mission Wing from 2011–2014. The A-29 aircraft are Brazilian-designed and manufactured in the United States. The rest of the AAF inventory is composed of U.S.-made aircraft.²¹² DOD reported this quarter that of the 16 UH-60s in the Afghan inventory, ten are used for pilot and aircrew training and qualification, and six for AAF operational missions. The next two UH-60s set for delivery to Afghanistan are currently undergoing preparation for qualification testing in the United States before being transferred.²¹³

For the AAF modernization program, DOD is procuring: 40 UH-60s, 30 MD-530s, six A-29s, and 10 AC-208s. According to DOD, most of the UH-60s are undergoing or have yet to undergo modification and upgrade; most of the MD-530s have not been built, with deliveries of the first five scheduled for July 2018; two of the additional A-29s have been delivered, with the rest scheduled to be delivered by April 2019; and the first three AC-208s are scheduled to be delivered to their training location in the United States by the end of August.²¹⁴

USFOR-A also reported that the AAF flew their first operational mission in the UH-60s on May 8, 2018, one day after graduating the first four qualified airframe commanders. The AAF is currently operating three flights per week from both Kandahar Airfield and Forward Operating Base Shorab in Helmand Province. UH-60 pilot and crewmember training is ongoing at Kandahar Airfield, with the most recent class graduating 15 pilots and



The AAF's new UH-60s take off from Kandahar Air Field during their first Afghan-led operational mission on May 8. (USAF photo by 1st Lieutenant Erin Recanzone)

the current class including 12 pilots who graduate in early August. TAAC-Air expects, if the recently graduated class is a good indicator, that the current training class could produce three aircraft commanders from the 12 graduates.²¹⁵

AAF Task Availability

The task availability rate is defined as the number of aircraft serviceable and ready to be tasked, for combat or training, compared to the number of aircraft in the operational fleet (excluding those in depot). For example, if a 12-aircraft fleet has five serviceable aircraft, two aircraft in the maintenance depot, and five in other status, this calculation yields a 50 percent task availability (i.e., five of the 10 aircraft not undergoing maintenance) for that airframe. Task availability is a capabilities-based measurement for senior leadership mission planning, rather than a measurement of how contractors are performing in maintaining AAF aircraft.²¹⁶

AAF task availability over the reporting period slightly improved from last quarter's assessment. Only one of five airframes for which the AAF tracks task availability fell short of its mission-readiness benchmark (the C-208), one airframe fewer than last quarter. The AAF has begun tracking UH-60 flight hours, sorties, and task-availability rates, but since the airframe is a newer addition to the inventory, TAAC-Air says there is not yet enough data to determine a task-availability benchmark. Therefore, UH-60 data is not yet incorporated into the task-availability analysis.²¹⁷

However, TAAC-Air did report that the recommended number of flight hours for the UH-60s is 35 hours per month. This means that of the six airframes tracked for flight hours (now including the UH-60), only two

Task Availability Versus Operational Readiness

According to USFOR-A, task availability is a metric separate from but related to "mission capability" or "operational readiness." AAF aircraft that are "available for tasking" are on hand (in Afghanistan) and able to be flown for combat or training purposes. Other metrics, like "mission capable rate" and "operational readiness," are prone to being conflated. AAF maintenance contracts were written with different metrics (often by the same name but with different methods of calculation). TAAC-Air is working to rectify that problem, so that all maintenance contracts supporting the AAF use the same metric for measuring contract performance. However, USFOR-A said outside observers were conflating availability metrics with contract performance and drawing inaccurate conclusions about both contract performance and AAF combat capability. The "available for tasking" metric conveys the combat capacity for the AAF's fleet and is most commonly expressed as a simple ratio reflecting a snapshot in time: aircraft available for tasking versus total aircraft. The task availability metric has a minimum granularity of one day, meaning that it cannot capture the possibility that an aircraft was in several states within a 24-hour period (e.g., it flies a mission in the morning but lands with a maintenance problem). However, USFOR-A notes that those transitions average out.

Source: USFOR-A, response to SIGAR vetting, 4/12/2018.

airframes (C-130 and Mi-17) significantly exceeded their recommended flight hours, the same as last quarter.²¹⁸

This quarter, USFOR-A reported that the AAF flew 8,752 sorties from February 1, 2018, through April 30, 2018. A sortie is defined as one takeoff and one landing. This is an increase of 637 sorties since last quarter. There were an average of 2,917 per month this quarter, with the most sorties (3,252) flown in March 2018.²¹⁹

As in previous quarters, the Mi-17 flew the greatest number of sorties (4,706) followed by the C-208 (1,515).²²⁰ The Mi-17 continued to fly the most hours of any airframe, an average of 815.5 hours per month this reporting period, followed by the MD-530 at 598 average hours per month. This was a decrease compared to the Mi-17's 829-hour average and the MD-530's 676-hour average reported last quarter.²²¹ USFOR-A said its flight-hours data include all hours flown by the airframes, whether they are for operations, maintenance, training, or navigation.²²²

Personnel Capability

USFOR-A provided the following information on how many fully mission-qualified, or certified mission-ready (CMR) crew members the AAF has for each of its airframes. For more information about the specific training involved for crew members attaining CMR status, please see SIGAR's April 2017 *Quarterly Report to the United States Congress*.²²³ According to USFOR-A, as of May 8, 2018:²²⁴

- **C-130:** 12 total pilots, including eight aircraft commanders and four copilots. Of the aircraft commanders, there are four instructor pilots, three are evaluator pilots; 19 total aircrew, including eight flight engineers and 11 loadmasters.
- **C-208:** 44 total pilots, including 17 aircraft commanders, 26 copilots, and one pilot not yet qualified. Of the 17 aircraft commanders, nine are instructor pilots and two are evaluator pilots; there are also two loadmasters and two pilots qualified as loadmasters.
- **A-29:** 18 total pilots, including 15 flight leads, five of whom are instructor pilots, and three wingmen.
- **MD-530:** 60 total pilots, including 20 aircraft commanders, 29 copilots, 10 instructor pilots, and one pilot not yet qualified.
- **Mi-17:** 76 total pilots, including 41 aircraft commanders and 35 copilots. Of the 41 aircraft commanders, 13 are instructor pilots; for aircrew there are 10 instructor flight engineers, 21 mission flight engineers, and 79 gunners.
- **Mi-35:** 13 pilots, according to the AAF (CSTC-A does not track Mi-35 pilot qualifications).
- **UH-60:** 15 pilots, four of whom are aircraft commanders, and 12 pilots in training.²²⁵

The Special Mission Wing

This quarter, USFOR-A classified most of the data on the Special Mission Wing (SMW). SIGAR's questions on this data can be found in Appendix E of this report and information about the SMW will be reported in the classified annex.

Afghan National Army Territorial Force

The Afghan National Army Territorial Force (ANATF) is a new force element intended to function as a local force, like the ALP, but under the command of regular ANA kandaks and brigades.²²⁶

As of late March, USFOR-A noted that the exact locations of the ANATF and the timeline for its creation is evolving due to the dynamic nature of the security environment in Afghanistan, as well as changes occurring at the ministerial level. Planning considerations will take into account hostile threats, local dynamics, national politics, and the overall progress of Afghanistan's security institutions.²²⁷

Likewise, the projected costs to stand up and maintain the ANATF have yet to be determined. USFOR-A said that a company of the ANATF is expected to save 45 percent in overall annual operations costs, "yield[ing] significant cost savings" compared to the regular ANA. USFOR-A provided a breakdown of these estimated savings, which include: the conversion in the personnel force structure and pay rate (an estimated 6 percent savings); the reduction of equipment (vehicles, weapons, communication systems, etc.) allocated to the ANATF units (a 66 percent savings); and the commensurate reduction in fuel consumption (15 percent savings), ammunition (77 percent savings), and maintenance and parts (56 percent savings).²²⁸

USFOR-A reported that the recruitment of the ANATF has already begun. President Ghani ordered that by 2024, the ANATF will add 36,652 personnel to the ANA. During the pilot phase, 648 ANATF soldiers have been recruited, 80 percent of whom had already received basic training (the same standard as the ANA) at the Kabul Military Training Center. The ANATF pilot will initially be rolled out in six districts of five provinces.²²⁹

As reported last quarter, the ANATF's primary function is to secure areas cleared by the ANA and ASSF, and the force will fall under the operational and training command of regular ANA conventional forces at the platoon level and higher. According to USFOR-A, once in place, the ANATF will alert the ANA of insurgent activity by serving as a communications bridge between the local populace and the Afghan security forces. This is intended to increase local security at the district level, secure and retain key government infrastructure, and prevent insurgent and terrorist freedom of movement. USFOR-A said that typical ANATF operations may include patrolling the district area, providing a quick-reaction force or humanitarian aid, conducting area reconnaissance, engaging with local and government

leaders, and establishing cordons, observation posts, and checkpoints as needed.²³⁰

AFGHAN NATIONAL POLICE

As of June 30, 2018, the United States had obligated \$21.3 billion and disbursed \$21 billion of ASFF funds to build, train, equip, and sustain the ANP.²³¹

ANP Strength

This quarter, USFOR-A classified unit-level ANP authorized-strength figures. Detailed assigned-and authorized-strength information will appear only in the classified annex to this report. SIGAR’s questions about ANP strength can be found in Appendix E of this report.

According to DOD, the ANP’s total authorized (goal) end strength was 124,626, a considerable decrease from the 157,000 personnel authorized in 2016 and 2017. DOD reported in June that this was due to the transfer of the majority of ABP and ANCOP personnel from MOI to MOD. DOD said that while there was a 20 percent reduction in MOI’s total force size, the MOI headquarters “did not reduce at commensurate levels.”²³² The top-line assigned, or actual, strength of the ANP, as of April 30, 2018, was 117,952 personnel, including 24,216 officers, 35,032 noncommissioned officers, and 58,704 patrolmen. This figure represents a 30,758-person decrease since April 2017, most of which was due to the transfer of 30,686 ANCOP and ABP personnel to MOD. This means the other ANP elements lost only 69 personnel compared to the same period last year.²³³

With the changes to authorization and strength this quarter, the ANP was at 94.6 percent of its authorized strength in April 2018, or 6,674 personnel short of their goal strength. This is a nearly two-point fall from the 96.3 percent one year prior.²³⁴

TABLE 3.8

MAJOR EQUIPMENT ITEMS PROVIDED TO ANP, MARCH–MAY 2018				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost	Total Cost*
Vehicle	M1152 HMMWV (Humvee)	40	\$294,000	\$11,760,000
Vehicle	M1151 HMMWV (Humvee)	40	237,000	9,480,000
Weapon	PKM (Rapid Fire) Machine Gun	300	4,300	1,200,000
Weapon	M9 9MM Pistol	325	682	221,000
Weapon	7.62 x 54R Sniper Rifle	42	1,500	66,000
Total				\$22,727,000

Note: *Figures were rounded by CSTC-A.

Source: CSTC-A, response to SIGAR data call, 6/22/2018 and 7/18/2018.

ANP Attrition

USFOR-A provided limited ANP attrition information this quarter in an unclassified format. A detailed analysis of attrition by ANP force element will be provided in the classified annex to this report. SIGAR's questions about ANP attrition can be found in Appendix E.

As of April 30, 2018, CSTC-A reported that ANP monthly attrition averaged between 1 to 1.5 percent over the preceding three months, a slight improvement from the 2 percent average attrition reported over the previous quarter. The attrition rates were calculated from data provided by the ANP; CSTC-A said they are unable to validate the data for accuracy.²³⁵

ANP Sustainment

As of June 30, 2018, the United States had obligated \$9.1 billion and disbursed \$8.9 billion of ASFF for ANP sustainment.²³⁶ CSTC-A reported this quarter that the total amount expended for ANP sustainment requirements thus far for Afghan FY 1397 (beginning December 21, 2017) was \$29.5 million through May 28, 2018, the majority of which were spent on ANP salaries and incentives and non-payroll-related expenses such as electricity and fuel. CSTC-A disbursed \$17.3 million in salary and incentive pay for the ANP, \$12.2 million for services (such as electricity, security, and telecommunication), and roughly \$31,000 for assets (such as land, infrastructure improvements, communications equipment).²³⁷

According to CSTC-A, the total estimated annual ANP salary and incentive costs for FY 2018 will be \$140.1 million to be paid via LOTFA, the majority of which will come from donor nations other than the United States.²³⁸

ANP Equipment and Transportation

As of June 30, 2018, the United States had obligated and disbursed \$4.7 billion of ASFF for ANP equipment and transportation.²³⁹

As seen in Table 3.8, CSTC-A reported the major items of equipment provided to the ANP from March 1, 2018, through May 30, 2018. During that period, the ANP received several major items of equipment valued at a total of roughly \$22.7 million, significantly less than last quarter's \$211.3 million. Of this amount, the procurement of 40 each of the M1151 and M1152 variants of HMMWV (armored troop-transport vehicles) made up the bulk of the expense, at \$21.2 million. Following these, the costliest items were 300 rapid-fire machine guns (\$1.2 million).²⁴⁰

Equipment Operational Readiness

This quarter USFOR-A classified the data concerning the ANP's equipment readiness. The questions SIGAR asked about ANP equipment readiness can be found in Appendix E of this report. SIGAR will report on ANP equipment readiness in the classified annex.

ANP Infrastructure

As of June 30, 2018, the United States had obligated \$3.2 billion and disbursed \$3.1 billion of ASFF for ANP infrastructure.²⁴¹ According to CSTC-A, as of May 31, 2018, the United States had completed a total of 763 ANP infrastructure projects in Afghanistan valued at roughly \$3.0 billion. CSTC-A reported that the estimated total sustainment costs for ANP infrastructure in FY 2018 is unchanged since last quarter at \$71.7 million.²⁴² CSTC-A reported 18 ongoing projects from February 1 through May 31, 2018, valued at roughly \$51.6 million, seven fewer projects than last quarter. CSTC-A also reported that eight projects were completed this quarter, valued at a total cost of about \$47.8 million, including the large, \$43.5 million information-technology server installation at MOI Headquarters in Kabul. During the reporting period, one project (valued at roughly \$600,000) was awarded to build a police special forces (National Mission Unit) training facility in Mazar-e Sharif.²⁴³ The largest ongoing ANP infrastructure projects this quarter were all Women's Participation Program projects: the first phase of the Women's Police Town in Kabul, funded by the NATO ANA Trust Fund (\$23.6 million) and scheduled to be completed by late November 2018; compounds for women at the Kabul Police Academy to be completed by June 2019 (\$7.1 million); a women's training facility at the Police Central Training Command in Kabul, which will now be completed earlier, in October 2018 (\$3.9 million).²⁴⁴

CSTC-A reported this quarter that there were five ANP infrastructure projects in the planning phase, valued at approximately \$145 million. Three of these projects are the remaining three phases of the Women's Police Town, valued at roughly \$82 million total (which DOD is not funding), with the last phase estimated for completion by July 2022. The remaining two projects were a CCTV system for Kabul security (roughly \$63 million) and a water-purification system for an ANP regional training center (about \$70,000).²⁴⁵

ANP Training and Operations

As of June 30, 2018, the United States had obligated \$4.4 billion and disbursed \$4.2 billion of ASFF for ANP and MOI training and operations.²⁴⁶

According to CSTC-A, there are no new ASFF-funded training programs to report this quarter.²⁴⁷ The latest ANP training contracts are listed in Table 3.9.

Afghan Local Police

ALP members, known as "guardians," are usually local citizens selected by village elders or local leaders to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.²⁴⁸

While the ANP's personnel costs are paid via the LOTFA, only DOD funds the ALP, including personnel and other costs. The United States will provide

TABLE 3.9

ACTIVE ANP TRAINING CONTRACTS AS OF MARCH 2018				
Case ID	Contract Description	Contractor	Contract Dates	Contract Value
W5-B-UAD	ANP and MOI Advisors and Mentors	DynCorp International	12/1/2017-5/31/2019	\$74,687,195
7H-B-UAA	ANP and MOI Advisors and Mentors	TBD	12/1/2017-5/31/2018	27,990,079
W5-B-UAX	Afghan Special Security Forces Training for the ANP	Raytheon	9/30/2017-N/A	13,889,977
W5-B-UBR	Afghan Logistics Specialists for the ANP	OT Training Solutions	7/1/2017-7/31/2018	3,226,010
W5-B-UCZ	Gender Occupational Opportunity Development Program for the ANP	Raytheon	12/1/2017-11/30/2018	1,649,790
W5-B-UCX	Counter-IED Training for the ANP	Raytheon	1/1/2018-N/A	1,114,958
Total Cost of Highest-Value Training Contracts				\$122,558,009

Source: CSTC-A, response to SIGAR data call, 3/22/2018 and 6/22/2018; OSD-P response to SIGAR vetting, 7/27/2018.

an estimated \$45.6 million to fund salaries and incentives for the ALP in FY 2018. Funding for the ALP’s personnel costs is provided directly to the Afghan government.²⁴⁹ Although the ALP is overseen by the MOI, it is not counted toward the ANDSF’s authorized end strength.²⁵⁰

As of May 6, 2018, the NATO Special Operations Component Command-Afghanistan (NSOCC-A) reported that according to the ALP Staff Directorate, the ALP has roughly 29,000 guardians on hand, roughly 25,000 of whom are trained, about 4,000 untrained, and about 250 in training. The ALP’s strength has been largely consistent compared to last quarter and last year, but the number of trained personnel fell by roughly 250 personnel, and the number of untrained personnel increased by roughly 300 personnel since the same period last year.²⁵¹ However, the percentage of the force that is untrained remained at around 14 percent, the same as last quarter.

This quarter, NSOCC-A reported on the ALP’s continuing efforts to enroll personnel in APPS, to transition ALP salary payments to an electronic funds-transfer (EFT) process, and to inventory materiel. According to NSOCC-A, as of May 15, 2018, roughly 80 percent of ALP have been slotted into APPS, a substantial increase from the 68 percent reported last quarter. However, only about 50 percent of the force has been through the Personnel Asset Inventory (PAI) process.²⁵² NSOCC-A noted that the gulf between the percentages of the ALP slotted into APPS versus completing the PAI process was due to APPS slotting only requiring verification from the ALP district commander that an individual slotted is an active ALP guardian. To complete the PAI, ALP guardians must be enrolled biometrically in-person.²⁵³

NSOCC-A said that a renewed effort is taking place within the MOI to ensure the ALP PAI is prioritized. On May 1, 2018, several PAI registration teams were deployed to Balkh, Samangan, Kandahar, Parwan, Daykundi, Kunduz, Uruzgan, and Zabul Provinces, with each team to remain in these provinces for 30 days. The provincial police chiefs have been ordered by the ALP Director to conduct PAI registration on every ALP guardian present for duty, with the ALP chiefs of each provincial police headquarters



ANP commandos from the General Command of Police Special Units conduct clearing operations in Logar Province in late April. (U.S. Army photo by Sergeant Paul Sale)

providing daily updates on the ALP PAI numbers and biometric enrollment. The Coalition's regional commands have also been sent information on this effort to increase their visibility and oversight.²⁵⁴ NSOCC-A clarified in July that salaries are not being denied to ALP personnel who have not been through the PAI.²⁵⁵

NSOCC-A reported no change to the estimated \$90 million of ASFF needed to fund the ALP for FY 2018 (assuming an ALP force authorization of 30,000 personnel).²⁵⁶ Additionally, CSTC-A reported that between December 21, 2017, and May 20, 2018, CSTC-A spent \$6.7 million on stipends for the ALP.²⁵⁷ Consistent with last quarter, about 85 percent of the ALP have been enrolled in EFT or Mobile Money to receive their salaries electronically.²⁵⁸

NSOCC-A reported several efforts are under way to assess ALP reform, including the above-mentioned personnel reforms, addressing power-brokers' (parliamentarians, chiefs of police, etc.) sway over the ALP, and conducting district assessments. This quarter, the ALP's Coalition advisors received the latest quarterly report on the influence of powerbrokers in the ALP from the ALP staff directorate. NSOCC-A reported that the ALP continue to make progress in eliminating powerbroker influence. As of May 20, 2018, the ALP reported only 62 ALP guardians remain under the sway of powerbrokers, a 68 percent decline from the 195 personnel from November 2017. NSOCC-A says the reduction is due to "a new reporting process and the elimination of ghost personnel."²⁵⁹

NSOCC-A confirmed this quarter that ALP district assessments resumed in February 2018. Since that time, the ALP staff directorate has conducted

eight district assessments in police Zone 808 (Baghlan and Kunduz Provinces) and Zone 606 (Herat Province).²⁶⁰

WOMEN IN THE ANDSF

According to the RS Gender Advisor Office, as of April 25, 2018, there were 4,543 women serving in the ANDSF, an increase of 208 personnel since last quarter, but still only 1.4 percent of the entire ANDSF's assigned strength. Of the total female personnel in the ANDSF, 3,231 were in the ANP and 1,312 were in the ANA. Included in the ANA figure are 19 women in the ASSF and 103 in the AAF. Of the women in the ANP, ANA, ASSF, and AAF, there were 1,431 officers, 1,623 noncommissioned officers, 1,356 enlisted personnel, and 133 cadets. The number of female personnel rose across all branches, with the exception of the ASSF, which experienced a substantial decline of 53 women since March 3, 2018.²⁶¹



Two AAF female pilots celebrate their graduation from fixed-wing flight training in the Czech Republic. They are the AAF's second and third female pilots to become mission-qualified. (USAF photo by 1st Lieutenant Erin Recanzone)

RS Gender Affairs reported that there is currently no authorized strength for female ANDSF personnel due to the tashkil being revised for both the ANA and ANP to “better reflect the realities of women serving in the military and police (i.e. career fields, geographic locations, career progression, etc.)” RS said that the authorized strength for ANDSF women would therefore be “in flux” until the respective tashkils are amended and approved by the ministers of defense and interior. RS did report this quarter that the MOD has reassessed its goals for ANA female recruitment. The previously proposed target for female-only positions had been an annual increase of 1,600 for the next four years, or 400 new female recruits per quarter. The new target is 6,425 over eight years; roughly 200 per quarter. CSTC-A said this is considered a more realistic target. The target for ANP women’s recruitment still has not been finalized.²⁶²

In response to questions this quarter about the performance of female ANDSF personnel, RS responded that it is difficult to gauge overall performance, as few records of performance assessments exist for any personnel of either gender. Female ANA personnel are drawn from a wide range of educational backgrounds and skill levels.²⁶³

Based on anecdotal reporting, RS says ANDSF women have performed well in a variety of support and staff functions. However, opportunities for female personnel are limited by the number of authorized positions and, in some cases, reluctance to be assigned outside of Kabul. Further, female ANA and ANP personnel are not always given assignments appropriate to their rank or qualifications, and are often assigned menial tasks unrelated to their job description.²⁶⁴

Literacy rates among female ANA personnel are high, because the majority of women are recruited as NCOs or officers, for whom literacy is required. In the Female Tactical Platoon, 100 percent are literate. Female ANP NCOs are particularly difficult to assess because their training is conducted in Turkey, separate from their male counterparts, and because ANP female personnel perform different roles in police units.²⁶⁵



Afghan soldiers drill on casualty evacuation with a UH-60 helicopter. (USMC photo by Sergeant Luke Hoogendam)

ANDSF MEDICAL AND HEALTH CARE

This quarter, USFOR-A provided unclassified, assigned-strength figures for ANDSF medical personnel for the first time since they were classified in October 2017.

As of May 10, 2018, there were 924 physicians (a two-person increase compared to April 2017), and 2,694 other medical staff (a 191-person decrease) in the ANDSF healthcare system. A number of positions remained unfilled, including: 338 physician positions (26.8 percent of those required) and 544 other medical positions (16.8 percent).²⁶⁶ On April 30, 2018, the commander of ANA Medical Command and the ANP Surgeon General signed an immunization policy prescribing periodic immunization

of ANDSF personnel. The implementation of this policy is expected to reduce personnel losses from vaccine-preventable diseases.²⁶⁷

Funding for Phase Three of the Afghan National Police Hospital renovation project was secured during a June 26 review in which MOI allocated \$24 million to support the project.²⁶⁸

This quarter, the Office of the Surgeon General (OTSG) won MOI approval for 56 additional OTSG Tashkil positions. These positions—four police and four civilians in seven ANP zones—are necessary to staff ANP zone medical supply points. CSTC-A reported that OTSG made this increase affordable by offsetting requirements for police positions by using internal bill payers and senior civilian positions. CSTC-A further reported that OTSG has achieved the personnel and structure necessary to transform from a Kabul-centric focus to a nationwide staff, and is realigning staff functions and organization for a larger, national mission.²⁶⁹

The ANA is currently implementing CoreIMS (the ANDSF's electronic inventory management system) at its Regional Military Hospitals. According to CSTC-A, implementation is currently 71 percent complete with the goal of being fully operational by August 2018. CSTC-A reports that the ANDSF's use of medics with little or no training has resulted in many preventable casualties in the ANA and ANP. RS advisors initiated in March 2018 a **Self-Aid Buddy Care Policy** in ANA and ANP in order to improve casualty survival rates. Current efforts are focused on standardizing medic training across the ANA and ANP.²⁷⁰

In another effort to address casualties, the AAF's medical evacuation (MEDEVAC) and casualty evacuation (CASEVAC) systems transported increased numbers of casualties this quarter. CSTC-A reports that all AAF UH-60s are intended to be equipped with Combat Lifesaver first-aid kits and emergency stretchers, in order to enhance their CASEVAC capability. All AAF UH-60s are to be multirole, capable of switching quickly to MEDEVAC and CASEVAC missions as necessary.²⁷¹

Self-Aid Buddy Care Policy: a policy mandating that all ANDSF soldiers and police receive damage-control first-aid training during their initial basic training course. Refresher training is required every two years. The training provides skills in establishing and maintaining a simple airway, controlling a hemorrhage by the application of a tourniquet or pressure at point of bleeding, preventing hypothermia and shock, and the fundamentals of preparing a wounded soldier for medical evacuation.

Source: USFOR-A, response to SIGAR vetting, 7/13/2018.

REMOVING UNEXPLODED ORDNANCE

According to the UN, Afghanistan is one of the countries most affected by landmines and explosive remnants of war (ERW) such as live shells and bombs.²⁷² The Department of State's (State) Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PM/WRA) manages the conventional-weapons destruction program in Afghanistan. Since FY 2002, State has provided \$378.7 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan. (An additional \$11.6 million was provided between 1997 and 2001 before the current U.S. reconstruction effort.) PM/WRA has two-year funding and has so far obligated \$18.7 million of its FY 2017 funds. Additional funding will be noted in subsequent SIGAR reports.²⁷³

SECURITY

TABLE 3.10

CONVENTIONAL-WEAPONS DESTRUCTION PROGRAM METRICS, FISCAL YEARS 2010–2018						
Fiscal Year	Minefields Cleared (m ²)	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared ^a	Estimated Contaminated Area Remaining (m ²) ^a
2010	39,337,557	13,879	663,162	1,602,267	4,339,235	650,662,000
2011	31,644,360	10,504	345,029	2,393,725	21,966,347	602,000,000
2012	46,783,527	11,830	344,363	1,058,760	22,912,702	550,000,000
2013	25,059,918	6,431	203,024	275,697	10,148,683	521,000,000
2014	22,071,212	12,397	287,331	346,484	9,415,712	511,600,000
2015	12,101,386	2,134	33,078	88,798	4,062,478	570,800,000
2016	27,856,346	6,493	6,289	91,563	9,616,485	607,600,000
2017	31,897,313	6,646	37,632	88,261	1,158,886	547,000,000
2018 ^b	9,365,904	1,623	17,241	41,179	(No data)	591,700,000
Total	246,117,523	71,937	1,937,149	5,986,734	83,620,528	591,700,000

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition.

Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m²) to an acre.

^a Total area of contaminated land fluctuates as clearance activities reduce hazardous areas while ongoing survey identifies and adds new contaminated land in the Information Management System for Mine Action (IMSMA) database.

^b Partial fiscal year (10/1/2017–3/31/2018) results only.

Source: PM/WRA, response to SIGAR data call, 6/22/2018.

State directly funds seven Afghan nongovernmental organizations (NGOs), four international NGOs, and one U.S.-based higher-education institution. These funds enable clearing areas contaminated by ERW and support clearing conventional weapons used by insurgents to construct roadside bombs and other improvised explosive devices (IEDs). From 2002 through March 31, 2018, State-funded implementing partners have cleared more than 246.1 million square meters of land (95 square miles, or nearly 1.5 times the land area of Washington, DC) and removed or destroyed approximately eight million landmines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stockpiled munitions, and homemade explosives. Table 3.10 shows conventional weapons destruction figures, FY 2010–2018.²⁷⁴

For the first time in Afghanistan, a group of women in Bamyan Province received demining training and learned techniques for defusing mines and explosive ammunition.²⁷⁵

According to the UN, the security situation remains volatile with 5,675 security incidents reported between mid-February and mid-May 2018. IEDs accounted for 15 percent of all incidents.²⁷⁶ Between January 1 and March 31, 2018, IEDs, including complex, suicide and non-suicide attacks resulted in over 1,000 casualties.²⁷⁷ There were 274 civilian casualties due to landmines and ERW during the first quarter of 2018, a 54 percent decrease compared with the same period in 2017. In the first quarter of 2018, 89 percent of ERW victims were children—an 8 percent increase year-on-year.²⁷⁸

The estimated total area of contaminated land continues to fluctuate: clearance activities reduce the extent of hazardous areas, but ongoing survey activities find new contaminated land. At the beginning of this quarter, there were 575 square kilometers (222 square miles) of contaminated minefields and battlefields. Following this quarter, the total known contaminated area was 592 square kilometers (229 square miles) in 3,842 hazard areas. PM/WRA defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.²⁷⁹

USAID, in partnership with the UN Mine Action Service (UNMAS), provides services for victims and survivors of mines and ERW, as well as for civilians affected by conflict and persons with disabilities, most recently through the Afghan Civilian Assistance Program (ACAP) III. This \$19.6 million nationwide program ran from April 2015 to February 2018, and provided immediate and short-term assistance to over 149,000 civilian victims of conflict, including ERW victims.²⁸⁰ USAID's final evaluation found that assistance activities were relevant and effective based on beneficiaries' comments, and the project's approach to building awareness of assistance programs was highly effective. Yet, the evaluation concluded that the project did not meet broad governance goals, one being to strengthen Afghan government capabilities to identify and respond to the needs of its citizens.²⁸¹

USAID is in the process of awarding Conflict Mitigation Assistance for Civilians (COMAC) to take over ACAP III's activities. COMAC is a five-year program with an estimated cost of \$39 million. The program, which began March 2018, is based in Kabul with regional offices in Herat, Kandahar, Jalalabad, and Mazar-e Sharif that aim to support delivery of victims' assistance to at least 50,000 Afghan families. It will also focus on developing the Afghan government's capacity to deliver victims' assistance.²⁸²

Afghanistan is a signatory of the UN Ottawa Treaty on antipersonnel mines, which requires it to be mine-free by 2023. According to UNMAS, Afghan government compliance is lagging, with funding dropping to 41 percent of 2011 levels. To help meet its international commitments, Afghanistan requested \$85.1 million for clearance activities this year.²⁸³

SIGAR FINANCIAL AUDITS

SIGAR is conducting two financial audits on Janus Global Operations LLC contracts with the U.S. Army Engineering and Support Center:

- audit of contract W912DY-10-D-0016 for costs incurred during the period January 1, 2016, through May 1, 2017, totaling \$20 million under the program Afghanistan-wide Mine, Battle Area, and Range Clearance-Phase II, Effort I
- audit of contract W912DY-10-D-0016 for costs incurred during the period December 1, 2015, through December 1, 2017, totaling \$144.2 million under the program Afghanistan-wide Mine, Battle Area, and Range Clearance-Phase II, Effort II

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GOVERNANCE

KEY ISSUES AND EVENTS

Reconciliation-related matters dominated this quarter's events following President Ashraf Ghani's June 7, 2018, announcement of a temporary halt to offensive operations against the Taliban. The Taliban eventually reciprocated and, on June 15, began a three-day ceasefire with the Afghan government. The following matters are described at length below: efforts to reach a peace agreement with the Taliban, a review of past ceasefires and truces, an update on the implementation of the peace agreement with Hezb-e Islami Gulbuddin (HIG), an update on recent grassroots peace efforts, and lessons from the Afghan government's Afghanistan Peace and Reintegration Program (APRP).

Effective March 1, 2018, but not formally communicated until July 11, 2018, USAID canceled its August 2015 memorandum of understanding with the Ministry of Finance for the \$800 million New Development Partnership (NDP). As of June 30, USAID had disbursed \$380 million of the planned \$800 million set aside to encourage Afghan government achievement of the NDP development results. According to USAID, the remaining NDP funds will be pooled with their other resources that they intend to provide to the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF). It is unclear what effect the termination of NDP will have on Afghan government's achievement of NDP reform goals that USAID once considered important.²⁸⁴

On July 14, Afghanistan's main political parties called for the Afghan government to suspend all electoral activities in preparation for the October 2018 parliamentary and district council elections. The political parties claimed that the current processes are insufficient to stop fraud. The Afghan government's election body responded that the demands are being made too late.²⁸⁵

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE

As of June 30, 2018, the United States had provided more than \$33.0 billion to support governance and economic development in Afghanistan. Most of this funding, nearly \$19.9 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).²⁸⁶

As of March, the Department of Justice (DOJ) attaché views the situation in Afghanistan as “consistent with a largely lawless, weak, and dysfunctional government” with many corruption cases languishing due to the lack of political will—rather than capacity—of the Afghan government. These concerns are consistent with comments IG Sopko heard during his June 2018 trip to Afghanistan. SIGAR plans to follow up in its new anticorruption review on concerns raised by DOJ, DEA, INL, and others regarding key Afghan institutions such as the ACJC, CNJC, and Attorney General's Office.

Source: DOJ, Department of Justice/Office of the Deputy Attorney General-INL Inter-Agency Agreement (December 30, 2016) Amendment One Counter-Corruption, Major Crimes, Counternarcotics, and National Security Investigation and Prosecution Program Quarterly Progress Report Second Quarter, FY 2018 (January 2018–March 2018), 3/2018, p. 6.

RECONCILIATION AND REINTEGRATION

Peace Efforts with the Taliban

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is reconciliation and a sustainable political settlement with the Taliban.²⁸⁷

On July 9, Secretary of State Michael R. Pompeo called on the Taliban to enter peace talks, saying the Taliban “cannot wait us out.” Secretary Pompeo said that while the U.S. role in peace talks is important, “We can’t settle this from the outside.” He concluded that the U.S. approach in Afghanistan is working.²⁸⁸

The work that we have done to demonstrate to the Taliban that the continuation of fighting will lead them to a bad outcome, not one that’s in the best interests of the people in the regions where they operate, each of those are hallmarks of real progress.

This quarter, the United Nations Assistance Mission in Afghanistan’s (UNAMA) director of peace and reconciliation, Steve Brooking (speaking publicly, but in his personal capacity), described the current situation in Afghanistan as a **mutually hurting stalemate**. Further, he argued that the presidential elections scheduled for April 2019 could handicap President Ghani’s peace efforts: “Why would anyone make a deal with the government under the current circumstances?”²⁸⁹ Brooking’s comments echoed those of the UN Secretary-General, who said the fragmented political environment in Afghanistan poses a challenge for the forthcoming elections, governance, and reconciliation.²⁹⁰

On June 7, the Afghan government announced a temporary halt to offensive operations against the Taliban. U.S. Deputy Assistant to the President and Senior Director for South and Central Asia Lisa Curtis described this as a “courageous initiative” and a “significant tangible initiative with the real potential to reduce violence.” On the day of the announced unilateral ceasefire, Curtis expressed the hope that the Taliban would reciprocate, saying such an action would represent an “unprecedented step forward in the peace process.”²⁹¹

U.S. forces in Afghanistan agreed to honor the Afghan government’s ceasefire that covered the end of the Islamic holy month of Ramadan. The ceasefire did not extend to U.S. counterterrorism efforts against Islamic State-Khorasan (IS-K), al-Qaeda, and other regional and international terrorist groups.²⁹²

The Taliban eventually reciprocated and, on June 15, began a three-day ceasefire with the Afghan government. According to State, many assessed the Taliban ceasefire as a response to President Ghani’s June 7 announcement of an eight-day cease fire. The BBC, however, reported that a Taliban statement explicitly denied this connection.²⁹³

A mutually hurting stalemate (MHS): is a situation wherein parties find themselves locked in a conflict from which they cannot escalate to victory, and this deadlock is painful to both of them (although not necessarily in equal degree or for the same reasons). The MHS concept is associated with the concept of ripeness (the point at which parties grab on to proposals that usually have been in the air for a long time and that only now appear attractive).

Source: I William Zartman, “The timing of peace initiatives: Hurting stalemates and ripe moments,” *The Global Review of Ethnopolitics*, vol. 1, no. 1 (2001), p. 8.

The overlapping ceasefires held through the three-day period, leading to joint spontaneous meetings (and participation in Eid holiday celebrations) among combined groups of Afghan civilians, Taliban, and members of the Afghan security forces.²⁹⁴ According to Reuters, dozens of unarmed Taliban entered Kabul, causing traffic jams as citizens stopped to take photos of the fighters carrying the Taliban flag. Additional peaceful meetings between Afghan security forces and Taliban fighters were reported in Nangarhar, Logar, Zabul, Wardak, Helmand, and Kunduz Provinces. IS-K interrupted some of these overtures when it claimed credit for an attack on June 16 against a gathering of Afghan security force and Taliban personnel that killed at least 26 people in Nangarhar Province.²⁹⁵

On June 16, President Ghani announced an extension of the Afghan government's ceasefire. Once again, U.S. and NATO forces agreed to conform to the Afghan government's initiative.²⁹⁶ The Taliban, however, did not reciprocate.²⁹⁷

On June 27, President Ghani, in an opinion piece published in the *New York Times*, described his offer of a unilateral ceasefire as “the most difficult decision I have made” and a rejection of the “perceived wisdom of the analysts and observers.” Further, he offered to “sit and negotiate with the Taliban’s leader, Mawlawi Haibatullah Akhundzada, anywhere he wants.”²⁹⁸

On June 30, President Ghani announced the formal end of the Afghan government's ceasefire.²⁹⁹

Despite the ceasefire, State says the Taliban have yet to respond positively to President Ghani's peace offer at the Kabul Process Conference in February. President Ghani's offer (described by U.S. Ambassador to Afghanistan John Bass as “courageous”) raised the idea of the Taliban becoming a political party and pursuing constitutional amendments through the prescribed legal process.³⁰⁰ Despite the February offer from President Ghani, the Taliban announced its annual spring offensive campaign on April 25, this year named “Al-Khandaq” (a reference to a historic battle from the year 627) without mentioning President Ghani's February peace offer.³⁰¹

State says that while the Taliban continue to publicly claim that they support a peaceful solution to the Afghan war, they have not yet agreed to peace talks with the Afghan government. On February 14, the Taliban published a letter to the American people demanding an end to the U.S. “occupation,” and urging the United States to stop fighting and negotiate with the Taliban directly.³⁰² On June 16, Secretary of State Pompeo promised U.S. support, facilitation, and participation in Afghan government peace talks with the Taliban that “by necessity would include a discussion of the role of international actors and forces.”³⁰³

PREVIOUS NATIONWIDE CEASEFIRES AND LOCALIZED TRUCES IN POST-2001 AFGHANISTAN

While this quarter's three-day overlapping ceasefires of the Afghan government, international military forces, and Taliban represent the first time President Ghani initiated a nationwide ceasefire with the Taliban (after having called for such a ceasefire at the February 28, 2018, Kabul Process Conference), this is not—contrary to the claims of some news articles—the first nationwide ceasefire since the war began.³⁰⁴ Other nationwide overlapping ceasefires from Afghanistan's recent past include:

- In 2008, the Afghan government, international military forces, and the Taliban each announced ceasefires coinciding with international peace day (September 21). According to the UN, violence was recorded as being 70 percent lower on September 21, 2008 (though it is not clear what was used as a point of comparison).³⁰⁵
- In 2009, the Afghan government, international military forces, and the Taliban announced new ceasefires coinciding with international peace day. According to the UN, the 24-hour ceasefire held with only isolated security incidents reported. The UN cited NATO and MOD officials saying that the “day appeared much quieter than usual, with only a scattering of minor incidents and no serious casualties.” In 2009, international peace day fell during the Eid ul-Fitr celebrations.³⁰⁶

The UN tried again to encourage peace in 2010 and 2011. However, these hopes were dashed when on the day before international peace day in 2011, the head of Afghanistan's High Peace Council and former president of Afghanistan Burhanuddin Rabbani was assassinated in a bomb attack that also injured several Afghan government officials tasked with peace and reintegration.³⁰⁷

In addition to nationwide ceasefires, there are past reports of more localized truces and ceasefires (including fraternization between Afghan government and insurgent fighters) of various duration and geographic coverage. Examples of such reporting include:

- In 2011, the Institute of War and Peace Reporting (IWPR) described a tacit nonaggression agreement between Afghan security forces and insurgents in Alasay District, Kapisa Province. According to IWPR, both Taliban and Afghan government security forces were observed, armed, in the district's market. Additionally, IWPR reported that fighters from both sides were known to attend each other's weddings and funerals.³⁰⁸
- In July 2013 and April 2014, DOD described increased reports of localized ceasefires and truces between Afghan security forces and insurgents. At the time, DOD said these agreements, though comparatively rare,



A reintegrated fighter from Badghis Province leading his men to surrender their weapons in 2012. (Resolute Support Media photo)

were not considered to be a “major problem” nor a “significant threat to the campaign.” DOD felt that such local ceasefires could have a negative effect on the Afghan security forces if these forces entered into an accommodation with insurgents. According to DOD, the Afghan government had not endorsed these ceasefires.³⁰⁹

- In the fall of 2015, Afghan media reported on a formal deal signed between Afghan government officials, the Taliban, and local elders meant to stop attacks in the Dahanah-ye Ghor area of Baghlan Province. In February 2016, Afghanistan’s minister of border and tribal affairs was quoted openly defending the agreement, saying the Afghan government had agreed to not use heavy weapons in the area. The agreement reportedly broke down after three weeks when Taliban forces began attacking Afghan government checkpoints near the provincial capital.³¹⁰ UNAMA’s director of peace and reconciliation, Steve Brooking (speaking publicly, but in his personal capacity), recently described the situation differently. In his telling, it was the Afghan government that ended the agreement when it “suddenly decided that they didn’t need the ceasefire [in Dahanah-ye Ghor] anymore and went for it.” He highlighted the collapse of this deal as a cautionary tale in shining the spotlight too heavily on fragile, locally negotiated peace accommodations.³¹¹

This quarter’s overlapping nationwide ceasefires were longer than previous nationwide ceasefires (from one day in 2008 and 2009, to three days this quarter). However, it remains to be seen whether this quarter’s highly publicized interactions between Taliban and Afghan government forces will prove to be more significant than previously reported interactions. Because the Afghan government’s past policy was to discourage such on-the-ground fraternization, it is possible that past interactions were less publicized.

Implementation of the Peace Agreement with Hezb-e Islami Gulbuddin

In September 2016, the Afghan government finalized a peace agreement with Gulbuddin Hekmatyar's Hezb-e Islami Gulbuddin (HIG) insurgent group.³¹² When the peace deal with HIG was announced, some (including President Ghani) expressed hope that reconciling with Hekmatyar could facilitate a broader peace.³¹³ According to State, however, the peace agreement with HIG thus far has had no definitive impact on the reconciliation calculations of other resistance groups, including the Taliban. Nevertheless, State considers the peace agreement with HIG an important precedent that will influence other armed groups, particularly leaders who see that Hekmatyar has emerged as an influential political leader.³¹⁴

According to the UN Secretary-General, President Ghani and his supporters have made efforts to strengthen their alliance with the HIG political movement and particularly its founder, Gulbuddin Hekmatyar. The Afghan government has held meetings to discuss implementing the 2016 peace agreement with HIG. As of January 2018, 160 HIG-affiliated prisoners had been released from Pul-e Charkhi, Bagram, and Kandahar prisons, and the Afghan government and HIG have now begun vetting a further 160 prisoners for release under the agreement. The UN Secretary-General reported that the Afghan government allocated land to the Hezb-e Islami leadership in Kabul, Nangarhar, and Laghman Provinces. Additionally, the Afghan government reportedly amended the draft land-allocation decree to include Hezb-e Islami-affiliated returnees to Afghanistan as a priority land allocation category for humanitarian land allocation. The Afghan government also took steps to increase the HIG faction's representation in leadership positions, most notably through a reshuffle of provincial governors in late February, which the UN Secretary-General said rewarded several of Hekmatyar's associates.³¹⁵

Grassroots Peace Efforts

As reported by the UN Secretary-General, in April, following a suicide attack in a stadium during a wrestling match in Helmand Province, local civil society actors began erecting "peace tents" in the provincial capital. Within days, the movement began to spread across the country, reaching 20 provinces. The protesters called on all combatants to lay down their arms and negotiate a peace deal.³¹⁶

The UN Secretary-General views this movement as an unprecedented nationwide, self-generated civic movement that has largely remained independent of the Afghan government and the Taliban. On May 11, the Helmand protesters announced that they would march to Kabul and appealed to all sides again to lay down their arms and stop killing civilians during the Muslim holy month of Ramadan.³¹⁷ The protesters reached Kabul on June 18.³¹⁸

LESSONS FROM THE AFGHANISTAN PEACE AND REINTEGRATION PROGRAM

On March 31, 2016, the Afghanistan Peace and Reintegration Program (APRP) closed following a decision by APRP donors, the Afghan government, and UNDP.³¹⁹ The Afghan government launched its APRP following the June 2010 Consultative Peace Jirga that saw 1,600 Afghan delegates call on the parties to the conflict in Afghanistan to negotiate an end to violence. Various elements of the Afghan government were expected to execute APRP including the security and several civilian ministries.³²⁰

The APRP operated on two levels: (1) the operational level where reintegration efforts focused on local peace processes with insurgent foot soldiers, small groups, and local leaders and (2) the strategic/political level where efforts focused on the leadership of the insurgency.³²¹ In the past, State described the APRP—which operated from 2010 to 2016—as the only institutional mechanism within the Afghan government with capacity to pursue both high-level reconciliation negotiations and provincial-level reintegration of insurgent fighters.³²²

To support the Afghan government’s APRP, donors agreed to channel their funds through at least one of three windows: (1) Window A, which was managed by the World Bank, (2) Window B, which was managed by UNDP, and (3) Window C, which was managed by Standard Chartered Bank. The World Bank used the Afghanistan Reconstruction Trust Fund (ARTF) to receive and disburse its reintegration-related assistance.³²³ UNDP established a program—named the Afghanistan Peace and Reintegration Programme (APRP)—to provide financial and technical support to the Afghan government’s national- and province-level peace and reintegration bodies.³²⁴ Window C was a unique direct bilateral agreement between the Afghan and the UK governments.³²⁵ (Unless otherwise specified, any references to APRP below refer to the broader, Afghan government reintegration efforts rather than the UNDP’s similarly named program.)

The United States provided \$55 million to support the Afghan government’s reintegration efforts (\$5 million to the UNDP/APRP and \$50 million to support the Afghan government’s reintegration program through the World Bank’s Afghanistan Reconstruction Trust Fund).³²⁶

Since the end of APRP, State provided another \$3.9 million to the UNDP to support reconciliation, including the activities of the High Peace Council (HPC) in September 2017. While this support was originally to last only through 2017, the initial pilot was extended to June 30, 2018.³²⁷ State and other donors have not yet approved the UNDP’s follow-on Support for Peace and Reconciliation in Afghanistan (SPRA) project. State plans to make an additional \$6 million available to support UNDP’s peace and reconciliation implementation once the SPRA is finalized.³²⁸

UNDP wrote that the new project would be informed by lessons from APRP, which they described as overly ambitious, assumption-laden and structurally unsustainable, lacking accountability, and producing no satisfactory results.³²⁹ U.S. Deputy Assistant to the President and Senior Director for South and Central Asia Lisa Curtis recently described the APRP as largely unsuccessful and “a cautionary tale about the dangers of graft.”³³⁰

UNAMA’s director of peace and reconciliation, Steve Brooking (speaking publicly, but in his personal capacity), questioned whether the 11,000 fighters APRP claimed to have reintegrated were actual fighters. Regardless, Brooking concluded the APRP had “zero effect on the actual insurgency and levels of violence” in Afghanistan, offering the following explanations:³³¹

- The involvement of NATO forces in APRP caused the Taliban to resist the program as they saw it as a deliberate attempt to lure away and bribe fighters, and fracture their movement. (According to DOD in 2013, NATO/ International Security Assistance Force (ISAF) had established partnering and mentoring relationships

at every level of the APRP structure.) According to Brooking, one of the challenging aspects of discussing reintegration and reconciliation is that, in the UN system, both reintegration and reconciliation occur after a top-down peace agreement.

- Bottom-up peace processes like the APRP were viewed as primarily being about financial resources and, consequently, presented numerous economic rent-seeking opportunities that were exploited by various parties.
- The Afghan government lacked, and continues to lack, capacity at the local level to reintegrate fighters by providing credible security guarantees and a demonstrated capability to create jobs at the local level.

CHALLENGES IN ADAPTING DEVELOPMENT PROGRAMS FOR REINTEGRATION OBJECTIVES

Previous SIGAR quarterly reports included extensive discussion of the APRP. In particular, SIGAR focused on the use of \$50 million in U.S. contributions to support the Afghan government’s reintegration objectives. These funds were provided to the Ministry of Rural Rehabilitation and Development (MRRD) via the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF). Specifically, these funds supported the Community Recovery Intensification and Prioritization (CRIP) mechanism of MRRD’s well-known National Solidarity Program (NSP).³³² The U.S.-provided reintegration funds for NSP/CRIP were supposed to result in prioritizing the implementation of NSP community development projects in insecure areas to support reintegration goals.³³³

In a UNDP-contracted retrospective evaluation of APRP finalized in July 2016, the authors wrote that MRRD was initially reluctant to engage with the Afghan government’s APRP. MRRD eventually agreed to implement NSP/CRIP (and accept significant funds to implement NSP/CRIP activities) reportedly after being pressured by the Afghan government and the NATO/ISAF (the report does not specify when this happened).³³⁴ In December 2013, DOD reported to SIGAR that the U.S. Embassy had repeatedly engaged MRRD

over the ministry’s failure to link its NSP/CRIP projects with the return of reintegrees. MRRD reportedly responded that it was reluctant to attribute NSP/CRIP projects to the Afghan government’s reintegration efforts “due to fears of reprisal attacks.”³³⁵

In particularly frank responses provided in 2013 and 2014, State and DOD said they raised SIGAR’s questions with their Afghan government counterparts regarding the extent to which U.S.-provided funds to support reintegration were being used to advance reintegration objectives and found the responses wanting. For example, DOD and State told SIGAR that the \$50 million U.S. contribution for reintegration was not linked, in actual practice, to APRP for fear of endangering NSP nongovernmental facilitating partners. Instead, these funds were subsumed into the broader ARTF budget.³³⁶ In December 2013, DOD told SIGAR that “the low profile of [NSP/CRIP] programming denies the program the peace dividends it is seeking to establish by failing to link community recovery benefits with the return of reintegrees.”³³⁷ State told SIGAR in January 2014, “the presence of reintegrees [did] not drive CRIP activities.”³³⁸ (MRRD had reportedly agreed to direct CRIP activities to those areas in which there was a significant reintegree presence.)³³⁹ Consequently, there is presently no reason to believe that NSP/CRIP community-development projects advanced reintegration objectives more effectively than standard NSP community-development projects unconnected with reintegration.

The fear of associating NSP with political objectives associated with reintegration was not a new concern. In an interview conducted in the course of SIGAR’s 2010 audit of NSP, the director for one NSP nongovernmental facilitating partner stated that having NSP involved in reintegration activities would cause facilitating partners to stop working with MRRD. The director explained that nongovernmental organizations did not wish to damage their reputation with communities by associating their work with a program with such explicit political objectives, like APRP. Despite the warning, this same facilitating partner continued to implement NSP until at least 2016.³⁴⁰ It appears that in this case, an NSP facilitating partner was able to simultaneously distance itself from politically charged reintegration objectives while

maintaining flexibility to implement according to their preferred methods.

Despite the concerns DOD and State expressed to SIGAR in 2013 and 2014, the World Bank reported in April 2014 that NSP/CRIP-funded activities were progressing well and ARTF grants disbursements were remarkably high.³⁴¹

As SIGAR wrote in 2014, NSP, and by implication similarly structured programs, may not be the optimal delivery mechanism to advance political objectives such as reintegration.³⁴² This quarter, State responded by saying that SIGAR’s concern could be unfounded since the reported fears of nongovernmental organizations in linking their development work with political objectives (such as reintegration) was “never tested” in actual practice. Additionally, State says that the current political situation and programming is not identical to the past. Therefore, State concludes, “While we should learn from past challenges/failures, it does not necessarily mean that ‘similarly structured programs’ should be ruled out as delivery mechanisms.”)

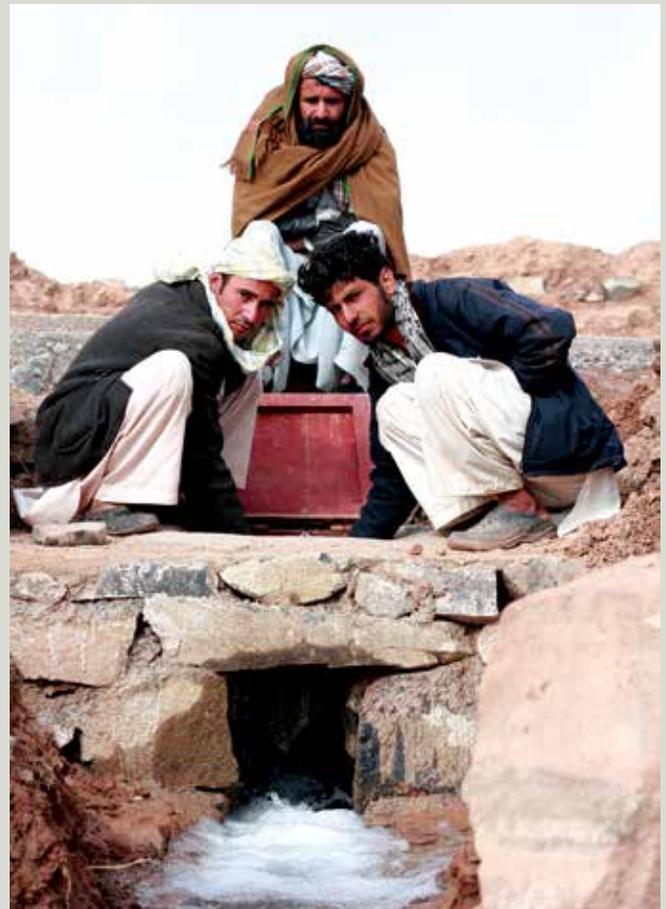
In January 2014, USAID told SIGAR that it decided to stop “preferencing” or earmarking funds to the NSP after concluding that NSP projects implemented in very insecure areas did not mitigate violence or improve attitudes toward the government in those areas. By the time of that decision, USAID had already disbursed at least \$865 million to the World Bank to support NSP.³⁴³

More recently, the Afghan government said that its Jobs for Peace program, announced in November 2015, would not only create “short-term employment, but also [address] the political aspects [of the ‘development side of the security-stability equation’] by targeting areas and populations that are especially susceptible to destabilization and insurgent recruitment.”³⁴⁴ The Jobs for Peace program was consciously modeled on the NSP.³⁴⁵

USAID appears to have reversed its 2014 position on the stabilization merits of NSP when it agreed in December 2015 to provide support to the Jobs for Peace program through a \$35 million contribution to NSP.³⁴⁶ (USAID responded this quarter that it considers “stabilization” to be a loaded term that should not apply to the Jobs for Peace program. Instead, USAID says that the Jobs for Peace program was simply a

“workforce development program” despite the Afghan government labeling it a “jobs-focused stimulus and stabilization program.”)³⁴⁷

When SIGAR asked USAID how the Jobs for Peace program would be assessed in advancing its stated political and stabilization objectives, USAID responded that it did not know.³⁴⁸ SIGAR continued to ask USAID, until last quarter, how the Jobs for Peace program and its successor the Citizens Charter initiative will be assessed on its political objectives. In each response since March 2016, USAID said they had no answer.³⁴⁹ USAID/Afghanistan insists that, as a policy, they are “out of the stabilization business” and have no new or continuing stabilization efforts since December 28, 2015.³⁵⁰



Men in Herat Province open a reservoir valve for a project supported by the National Solidarity Program. (Development Pictures photo by Sam French)

On June 19, President Ghani met with the peace protesters in Kabul to hear their demands. He said that his decision to extend the Afghan government's unilateral ceasefire for 10 more days was in response to demands by the Helmand protesters.³⁵¹

On June 23, the estimated 70 Helmand peace-convoys members who had walked the 700 kilometers from Helmand to Kabul announced that they would conduct a sit-in protest outside the embassies of countries they accused of supporting the war in Afghanistan. The convoy members protested outside the U.S. Embassy in Kabul and called on the Afghan government and Taliban to end the war.³⁵²

Updating the Afghan Government's Reintegration Strategy

According to State, the Afghan government has not yet approved a finalized reintegration strategy. A draft strategy awaits approval by President Ghani, the same situation that State reported last quarter.³⁵³

This quarter, State reports the Afghan government continued to work through the High Peace Council (HPC) to prepare the Afghan public for negotiations with the Taliban through extensive outreach efforts in all 34 provinces. These efforts include national, provincial, and local initiatives to develop a social consensus for peace and reconciliation capacity among key stakeholder groups, including religious, tribal, and other local leaders, as well as women's groups, youth, and civil society. The HPC Secretariat has worked with Provincial Peace Committees to reach out to these groups, hold interactive sessions on peace and reconciliation, draft peace-oriented curricula for the educational system, and develop strategic communications plans. The U.S., UK, and South Korean governments continue to work with the United Nations Development Programme (UNDP) and UNAMA to fund and guide these efforts.³⁵⁴

Regional Dynamics for Peace

This quarter, State observed progress in the Afghanistan-Pakistan bilateral relationship. On May 14, the Afghan and Pakistani governments agreed to the Afghanistan-Pakistan Action Plan for Peace and Solidarity (APAPPS). The agreement was the result of four meetings that followed the April 2018 meeting between President Ghani and Pakistani Prime Minister Shahid Khaqan Abbasi. According to the Afghan and Pakistani governments, APAPPS provides a framework to strengthen mutual trust and deepen interaction in all spheres of bilateral engagements.³⁵⁵

State reports that several visits between high-level Afghan and Pakistani government officials occurred this quarter. Among these was a visit by Pakistani Chief of Army Staff Qamar Javed Bajwa to Kabul on June 12 to discuss bilateral relations and Afghanistan's reconciliation with the Taliban. The visit also resulted in a pledge of support for Afghanistan's ceasefire announcement and its extension.³⁵⁶

Despite these improvements in regional relations, the nominee to lead U.S. forces in Afghanistan, Lieutenant General Austin Miller, wrote that the Taliban cannot be compelled to reconcile so long as Pakistan, Russia, and Iran continue to enable the Taliban insurgency.³⁵⁷

AFGHANISTAN COMPACT

In August 2017, the U.S. and Afghan governments announced the launch of the “Afghanistan Compact.” The Afghanistan Compact is an Afghan-led initiative designed to demonstrate the government’s commitment to reforms.³⁵⁸ The Afghan government does not appear to face any direct monetary consequences if it fails to meet the Afghanistan Compact reform commitments.³⁵⁹

For more information on the Afghanistan Compact, see pages 122 to 123 of the April 30, 2018, *Quarterly Report to the United States Congress*.

ELECTORAL REFORM

The U.S. government is supporting election reforms in Afghanistan through a grant of up to \$30 million to a legacy election-support project implemented by the UNDP. This project was originally meant to support the planned 2015 parliamentary elections.³⁶⁰ Parliamentary and district-council elections are currently scheduled to take place on October 20, 2018. The Afghan presidential election is slated for April 2019.³⁶¹

Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his election rival, Chief Executive Abdullah, after the troubled 2014 presidential elections. The September 2014 U.S.-brokered agreement that led to forming the national-unity government called for immediate establishment of a special commission for election reform. The intent was to implement reform before the next parliamentary elections, intended for 2015, but these elections were not held.³⁶²

On May 3, the Afghan government announced the long-debated roll-out of electronic national identity cards (*e-tazkeras*). According to the UN Secretary-General, this announcement triggered an immediate backlash from political figures. The move prompted particularly strong criticism from non-Pashtun leaders, many of whom objected to the inclusion of the word “Afghan” to define citizenship, arguing that the adjective has historically been used to denote only Pashtuns. Chief Executive Abdullah—who had opposed issuing electronic identity cards until the ethnic controversy was resolved—responded with a speech criticizing the government on a range of issues including the lack of electoral reform.³⁶³

This quarter, the Independent Election Commission (IEC) conducted a nationwide polling-center-based voter registration exercise (which requires voters to cast their ballots at the polling center at which they register) in

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an effort to establish Afghanistan's first national voters list. As of June 19, State reports that over 6.7 million voters had registered, using their government-issued identity documents (*tazkeras*) to establish their identities.³⁶⁴ According to the UN Secretary-General, this voter registration effort is the first full registration of Afghan voters since 2003.³⁶⁵

According to State, polling-center-based registration will allow the IEC to predetermine the number of ballots required at each polling center during elections, greatly reducing the number of potentially excess ballots available at each polling center.³⁶⁶ State also said elections experts assess that polling-center-based registration is the critical reform necessary to reduce ballot-box stuffing, the principal method of fraud in the 2014 election.³⁶⁷

The UN Secretary-General observed how the placement of stickers indicating eligibility to vote on identity documents has caused security concerns, particularly following reports that insurgents were threatening citizens whose identity documents bore stickers. On May 12, the Presidential Palace announced that copies of the documents could be used for voter registration purposes. This change was reportedly to give Afghan voters the option to show their original documents without stickers if stopped by insurgents. On May 13, however, four election commissioners told the media that the decision had been illegal under the election law. The acting chief electoral officer resigned over the issue. On May 16, the IEC voted to implement a compromise solution, allowing the issuance of duplicate identity documents for voter registration.³⁶⁸

TABLE 3.11

USAID ON-BUDGET PROGRAMS					
Project/Trust Fund Title	Afghan Government On-Budget Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
Bilateral Government-to-Government Projects					
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	1/1/2013	12/31/2018	\$ 725,000,000	\$175,774,115
Textbook Printing and Distribution	Ministry of Education	9/15/2017	12/31/2019	75,000,000	0
Multi-Donor Trust Funds					
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	3/31/2012	7/31/2019	1,900,000,000	1,475,686,333
Afghanistan Reconstruction Trust Fund (ARTF) (New Development Partnership)**	Multiple	9/1/2015	7/31/2019	800,000,000	380,000,000
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	3/7/2013	3/6/2023	153,670,184	153,670,184

Note:
 *USAID had a previous award to the ARTF that concluded in March 2012 and totaled \$1,371,991,195 in disbursements. Cumulative disbursements from all ARTF awards is currently \$3,227,677,528.
 **USAID formally ended the New Development Partnership on July 11, 2018.

Source: USAID, response to SIGAR data call, 7/12/2018.

According to the UN Secretary-General, the apparent divisions within the IEC and tensions between the IEC and the Presidential Palace further exacerbated public concerns regarding the credibility of the electoral preparations.³⁶⁹

On July 14, Afghanistan's main political parties (including Jamiat-e Islami, Hezb-e Islami, Hezb-e-Wahdat-e-Islami, Mahaz-e-Milli, the Islamic National Movement of Afghanistan and a few other parties) called for the Afghan government to suspend all electoral activities in preparation for the October 2018 parliamentary and district council elections. The political parties claimed that the current process is insufficient to stop fraud. The parties demanded changes to the electoral system, the suspension of the voter registration process, rolling out a biometric system for voter registration, and declaring each province a single constituency. The IEC responded that these demands are being made too late.³⁷⁰

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

Summary of Assistance Agreements

At the Brussels Conference in October 2016, the United States and other international participants confirmed their intention to provide \$15.2 billion between 2017 and 2020 in support of Afghanistan's development priorities.³⁷¹ Although the United States did not commit to a specific amount, then-Secretary of State John Kerry promised to work with Congress to provide civilian assistance at or near the 2016 levels through 2020.³⁷²

In several conferences since the 2010 Kabul Conference, the United States and other international donors have supported an increase to 50 percent in the proportion of civilian development aid delivered **on-budget** through the Afghan government or multidonor trust funds to improve governance, cut costs, and align development efforts with Afghan priorities.³⁷³

While USAID does not feel that it is necessarily committed to the 50 percent on-budget target, it says the agency will provide on-budget assistance to honor the U.S. government's international commitments coming out of the 2012 Tokyo and 2016 Brussels Conferences on Afghanistan.³⁷⁴ According to USAID, it intends on using only the Afghanistan Reconstruction Trust Fund (ARTF) for on-budget assistance. USAID considers the remaining non-ARTF on-budget assistance awards to be legacy awards.³⁷⁵

As shown in Table 3.11 USAID's active, direct bilateral-assistance programs have a total estimated cost of \$800 million. USAID also expects to contribute \$2.7 billion to the ARTF from 2012 through 2020, which includes the \$800 million New Development Partnership, in addition to \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank (2002–2011). On July 11, 2018, USAID formally canceled the NDP agreement with the Afghan government. The remaining

On-budget assistance: encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and included in the budget approved by the parliament and managed by the Afghan treasury system. On-budget assistance is primarily delivered either bilaterally from a donor to Afghan government entities, or through multidonor trust funds. (DOD prefers the term “direct contributions” when referring to Afghanistan Security Forces Fund (ASFF) monies executed via Afghan government contracts or Afghan spending on personnel).

Off-budget assistance: encompasses donor funds that are excluded from the Afghan national budget and not managed through Afghan government systems.

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2014, p. 130; Ministry of Finance, “Aid Management Policy for Transition and Beyond,” 12/10/2012, p. 8; State, response to SIGAR vetting, 1/14/2016; DOD, OSD-P response to SIGAR vetting, 1/15/2018.

NDP funds will be pooled with USAID's other contributions to the ARTF. USAID has disbursed \$153 million to the Afghanistan Infrastructure Trust Fund (AITF).³⁷⁶

On July 11, 2018, participants in the NATO Brussels Summit committed to extend "financial sustainment of the Afghan forces through 2024." The public declaration did not specify an amount of money.³⁷⁷

Civilian On-Budget Assistance

USAID delivers on-budget civilian assistance in two ways: bilaterally to Afghan government entities, and through contributions to two multidonor trust funds, the ARTF and the AITF.³⁷⁸ According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.³⁷⁹

The ARTF, administered by the World Bank, provides funds to the Afghan government's operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.³⁸⁰ The AITF, administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects.³⁸¹ According to USAID, the majority of on-budget funding has been and will continue to be directed through the multidonor trust funds, particularly the ARTF.³⁸² As of May, the United States remains the largest cumulative donor to the ARTF (30.5 percent of actual, as distinct from pledged, contributions) with the next-largest donor being the United Kingdom (17 percent of actual contributions).³⁸³

The ARTF recurrent-cost window supports operating costs, such as Afghan government non-security salaries. As of May, the ARTF recurrent-cost window has cumulatively provided the Afghan government \$2.6 billion for wages, \$600 million for operations and maintenance costs, \$865 million in incentive program funds, and \$703 million in ad hoc payments since 2002.³⁸⁴

New Development Partnership

Effective March 1, 2018, but not formally communicated until July 11, 2018, USAID canceled its August 2015 memorandum of understanding with the Ministry of Finance for the \$800 million New Development Partnership (NDP).³⁸⁵ In the August 2015 agreement, the U.S. and Afghan governments proposed 40 development results that the Afghan government would be expected to achieve. The Afghan government was to receive \$20 million through U.S. funds provided via the ARTF's recurrent-cost window for achieving each development result.³⁸⁶

As of June 30, USAID had disbursed \$380 million of the planned \$800 million set aside to encourage Afghan government achievement of the NDP development results. According to USAID, the remaining NDP funds will be pooled with other USAID resources that USAID intends to provide to the ARTF.³⁸⁷ It appears that the unspent NDP funds will revert to USAID's

general support to the ARTF. This would be consistent with the sentiment offered by a senior administration official who, speaking on background in March 2015, said that the NDP funds were “money that we either have budgeted or have requested already; it’s not new money.”³⁸⁸

It is unclear what effect the termination of NDP will have on Afghan government achievement of the NDP reform goals that USAID once considered important. When SIGAR asked which of the NDP results and indicators constituted substantial reforms, USAID responded in December 2015 that the collective effect of NDP indicators “will be substantial.”³⁸⁹

Of the NDP-defined Afghan government-reform targets due by December 31, 2018, a number appear to have remained unspecified since July 2015. For example, the indicator for increasing Afghan government domestic revenues was defined as “Domestic revenue up X% over base (2017)” (the revenue growth target for 2017 was also defined as “X% over base (2016)”). In another example, the indicator for implementation of the Afghan government’s Citizen’s Charter was “X% of villages in X districts will have access to basic package of services as defined by the Citizen’s Charter.”³⁹⁰

In December 2017, a USAID contractor completed a midterm evaluation of the NDP. According to the midterm evaluation, all three of NDP’s objectives—(1) ensuring fiscal sustainability, (2) building better governance, and (3) reducing poverty—were aspirational goals that will require many years of effort by the Afghan government and its international partners to achieve. This, the evaluators wrote, was well beyond the scope of NDP. According to the evaluators, achieving the results contained in the NDP were in themselves insufficient to achieve these higher-level objectives. For example, the evaluation highlights how one of the 14 NDP-defined indicators in support of ensuring Afghanistan’s fiscal sustainability is that a “civil airspace management contract [is] signed.” According to the evaluators, while maintaining civil aviation services may indirectly offer expanded opportunity for Afghan government revenue mobilization, the importance and relevance of this result to the overall objective was questionable.³⁹¹

The evaluators wrote that USAID presented no analysis in the NDP Framework (an Excel spreadsheet that displays results and their indicators aligned with each of the three objectives and each of the four NDP disbursement rounds), nor in its five-page 2015 narrative, which explained the extent to which NDP results together effectively combine to achieve their respective objectives.³⁹²

The evaluators concluded that there was no USAID-proposed method for testing the NDP theory of change. For example, the evaluators wrote that the NDP indicator for reforming procurement in support of building better Afghan governance was, “(a) Establishment of the National Procurement Committee; (b) Committee meets and reviews procurements regularly.” According to the evaluators, the NDP Framework did not provide an

analysis of (1) the extent to which the National Procurement Committees' establishment and operation sufficiently accomplishes the (broader) result of implementing the procurement reform program, or (2) the extent to which implementation of the procurement reform program meets necessary requirements for the broader objective of building better governance. The evaluators acknowledged that a properly functioning National Procurement Committee could be assumed to reduce opportunities for corruption.³⁹³

The evaluators concluded that because NDP did not include performance measurement or tracking indicators at the objective level, there was no straightforward way to gauge the higher-level impact of achieving (or not achieving) the respective results. To help make the point that clear objectives are important in an initiative like the NDP, the evaluators quoted an exchange between the Cheshire Cat and Alice from Lewis Carroll's book *Alice's Adventures in Wonderland*, wherein the Cat assured Alice that she will go "somewhere" provided "you only walk long enough."³⁹⁴

On-Budget Assistance to the ANDSF

More than 60 percent of total U.S. on-budget assistance goes toward the requirements of the Afghan security forces.³⁹⁵ The U.S. Department of Defense (DOD) provides on-budget assistance to the Afghan government through direct contributions from the Afghanistan Security Forces Fund (ASFF) to the Afghan government to fund Ministry of Defense (MOD) and Ministry of Interior (MOI) requirements, and through ASFF contributions to the multidonor Law and Order Trust Fund for Afghanistan (LOTFA).³⁹⁶ LOTFA is administered by the UNDP and primarily funds Afghan National Police salaries and incentives.³⁹⁷ Direct-contribution funding is provided to the MOI, which allots it incrementally to the MOD and MOI, as required.³⁹⁸

The U.S. Combined Security Transition Command-Afghanistan (CSTC-A) monitors and formally audits the execution of those funds. The aim is to assess ministerial capability and to ensure proper controls and compliance with documented accounting procedures and provisions of annual commitment letters used to enforce agreements with the Afghan government.³⁹⁹

For Afghan fiscal year (FY) 1397 (December 2017–December 2018), DOD plans to provide the Afghan government the equivalent of \$779.5 million to support the MOD and \$156.3 million to support the MOI.⁴⁰⁰

Last quarter, CSTC-A said it was changing the single-year commitment letters into commitment letters that will cover two Afghan fiscal years (1397/1398). CSTC-A believes this will provide greater stability and strengthen joint assurances between CSTC-A and the Afghan government.⁴⁰¹ This quarter, CSTC-A says it coordinated and carefully reviewed each commitment-letter condition with MOD and MOI. CSTC-A believes this approach will improve MOD and MOI's understanding of what is expected of them. As of July 9, both the MOD and MOI commitment letters have been signed.⁴⁰²

CSTC-A reports that no conditions-based penalties were applied in the final quarter of FY 1396 and the first quarter of FY 1397. This quarter, CSTC-A says that strategic patience is necessary to determine whether the use of penalties and incentives to influence the MOD and MOI is producing sustainable progress.⁴⁰³ In July 2015, SIGAR interviewed then-CSTC-A commander Major General Todd Semonite, who said he was the first to introduce conditions in 2014 into the MOD and MOI commitment letters after observing no conditions being applied in 2013. According to CSTC-A in February 2015, “conditionality [is] needed for accountability and donor confidence” because “defined goals and penalties for not meeting criteria incentivizes behavior.”⁴⁰⁴

For FY 1397, as of May 20, CSTC-A provided the Afghan government the equivalent of \$360.2 million to support the MOD.⁴⁰⁵ Additionally, as of May 20, CSTC-A provided the equivalent of \$46.1 million to support the MOI. Of these funds, \$1 million were delivered via the UNDP-managed LOTFA, while \$45.1 million was provided directly to the Afghan government.⁴⁰⁶

In May, CSTC-A was found to have either met or be on track to meet all of its LOTFA donor conditions outlined in 2015. The 2015 agreement outlined the terms for the transition of LOTFA’s non-fiduciary payroll management functions to the Afghan government. CSTC-A received the same rating following a June 2017 progress assessment.⁴⁰⁷ This quarter, CSTC-A reported that it does not believe the MOI payroll system should be transferred from UNDP to MOI at this time. CSTC-A said that it will reevaluate this position when the MOI meets the minimum set of conditions to take over the payroll system.⁴⁰⁸

This quarter, CSTC-A reported that no ASFF procurements that were managed off-budget by CSTC-A have transitioned to on-budget procurement by the Afghan government.⁴⁰⁹

CSTC-A said it recently transitioned two MOI projects that were going to be procured on-budget (by the Afghan government itself) to off-budget (managed, in this case, by CSTC-A). These projects included an almost \$2 million logistics project for operation and maintenance for six sites that would not have otherwise been funded. The other project was procurement of approximately \$2.7 million of military equipment. According to CSTC-A, this military equipment could not be procured by the Afghan government because of legal limitations due to the Export Arms Control Act of 1976.⁴¹⁰

According to CSTC-A, starting in FY 1397, CSTC-A and the MOD’s acquisition, technology and logistics office jointly prioritized all ASFF-funded MOD requirements. CSTC-A reports that ASFF funding will only be provided for those items that directly support the Afghan warfighter. For example, the Afghan government is now responsible for items such as stationary and physical-training equipment.⁴¹¹

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CSTC-A reports that MOD and MOI lead the process for developing their own requirements that are satisfied through off-budget procurements using ASFF. The MOD and MOI are most familiar with their needs pertaining to operational sustainment and enhancement. However, CSTC-A said, despite the significant contributions of MOD and MOI, CSTC-A completes procurement documentation. According to CSTC-A, this is due to the rigor inherent in performing contract actions specific to and in accordance with U.S. contracting laws and regulations.⁴¹² When asked directly whether they could identify any noteworthy cases of MOD or MOI involvement in requirements generation this quarter, CSTC-A said there were no such cases.⁴¹³

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This quarter, two ministers resigned, while one was fired by President Ghani, although his order was contested by Chief Executive Abdullah.

In June, housing and urban development minister Sayed Salat Naderi stepped down and was replaced by acting-minister Roshan Volusmal. Also in June, finance minister Eklil Ahmad Hakimi announced that he had resigned for personal reasons. Hakimi was appointed to lead the MOF in February 2015.⁴¹⁴

On June 9, while President Ghani was traveling abroad, the Presidential Palace released a statement publicly announcing the firing of water and energy minister Ali Ahmad Osmani. The same day, Chief Executive Abdullah published a statement supporting Osmani, saying the final decision on his firing would not be made until President Ghani returned to the country, and “Accordingly, [Osmani] can continue to serve as a Minister of Energy and Water until then.” As of June 20, State reports the issue remains unresolved.⁴¹⁵

Capacity-Building Programs

As shown in Table 3.12, USAID capacity-building programs seek to improve Afghan government stakeholders’ ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity building of Afghan government entities such as civil-society organizations and the media.⁴¹⁶

TABLE 3.12

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
Afghan Civic Engagement Program (ACEP)	N/A	12/4/2013	12/3/2018	\$70,000,000	\$62,221,672
Rasana (Media)	N/A	3/29/2017	3/28/2020	9,000,000	2,575,700

Source: USAID, response to SIGAR data call, 7/12/2018.

Civil Society and Media

The Afghan Civic Engagement Program's (ACEP) goal is to promote civil society and media engagement that enables Afghan citizens to influence policy, monitor government accountability, and serve as advocates for political reform. ACEP aims to achieve this goal through five program areas: (1) regular civil-society organization (CSO) engagement with the Afghan government, (2) increased CSO and media expertise in democracy and governance, (3) expanded civic engagement, (4) improved access to independent news and public affairs information, and (5) increased CSO organizational capacity.⁴¹⁷

This quarter, USAID highlighted a meeting of the Family Law-Parliamentary Technical Working Group (FL-PTWG). This working group has received support from ACEP with the hope of accelerating the long-stalled efforts to pass Afghanistan's first family law. In 2008, a committee involving the Ministry of Women Affairs (MOWA) and civil-society organizations developed a draft family law. Among the committee's recommendations was increasing the legal age of marriage for women from 16 to 18 years to align with the international Convention on the Rights of Children, to which Afghanistan is a signatory. The draft law was submitted to the Ministry of Justice (MOJ) for comments in 2009, but few of its 218 articles have been addressed to date. According to USAID, the FL-PTWG's strategic plan will help to guide civil society as it works with the government to pass the law to ensure the rights of all Afghan citizens are respected.⁴¹⁸

In March 2017, USAID launched the \$9 million Rasana program. According to USAID, Rasana, which means "media" in Dari, provides support to women journalists and women-run or women-owned media organizations. The program has four program areas: (1) support and training for women journalists, (2) investigative journalism initiatives, (3) advocacy and training for the protection of journalists, and (4) expanding the outreach of media through small grants for content production in underserved areas.⁴¹⁹

In March, Rasana's partner organization, tasked with providing consistent monitoring and feedback regarding the effectiveness of the program, reported on the results of interviews it conducted in Balkh, Jowzjan, Herat, and Kandahar Provinces. It found that Rasana-supported journalists are still facing bottlenecks in each area, including gender inequalities, financial issues, security problems, political pressures, and difficulty accessing information. Rasana trainees "highly" praised the Rasana-supported trainings. Nearly all participants felt that training subjects were relevant to their needs; that trainers were well-qualified, prepared, and able to adapt the lessons to local situations; and that they would use lessons learned in future work.⁴²⁰

However, the surveyors found that most of the Rasana beneficiaries were aspiring journalists and not yet active practitioners, meaning few were able

to cite examples of applying the training to their work. Additionally, the surveyors could not identify any examples of Rasana-supported media content having a direct impact on decision-making processes within communities. The surveyors reported “several [macro-level] cases” of Rasana-supported publications influencing the decisions of local authorities or powerful persons. However, no examples were offered in the report or by USAID. The surveyors acknowledged that they will need to explore new ways to approach the connection between Rasana-supported content and subsequent action in their future work to better establish what, if any, link may exist.⁴²¹

SUBNATIONAL GOVERNANCE

In June, the Overseas Development Institute (ODI) in London issued a report on the state of Taliban governance in Afghanistan. This report drew from interviews with 162 individuals across three main categories: (1) Taliban fighters, commanders, leaders, interlocutors and ex-members; (2) Afghan government officials, employees (including teachers and doctors), and aid workers; and (3) civilians who have lived or are currently living under Taliban control.⁴²²

According to the report’s author, Taliban governance is more coherent than ever before with high-level commissions governing sectors such as finance, health, education, justice, and taxation. There are reportedly clear chains of command and policies from the Taliban’s leadership based in Pakistan down to villages in Afghanistan. In areas where the Taliban exercises control, they reportedly co-opt and control government and aid agencies that provide public goods and services. The report says that Afghan government service delivery ministries have struck deals with local Taliban and that most provincial or district-level government health and education officials interviewed for the report said they were in direct contact with their Taliban counterparts.⁴²³

These observations are largely consistent with the World Bank’s 2017 report *Social Service Delivery in Violent Contexts: Achieving Results against the Odds*. The World Bank wrote that where the Taliban was relatively reliant upon local support—such as in Wardak Province—elite bargains emerged that supported health and education service delivery. The World Bank found that the Taliban’s approach to education evolved from attacking schools between 2006 and 2008 to attempting to influence state schools through local-level negotiations with Ministry of Education officials. Accordingly, some Taliban were bargaining around co-opting, rather than closing, schools.⁴²⁴

According to the Overseas Development Institute report, Taliban-appointed personnel monitor health clinics and government schools. Taliban reportedly regulate utilities and communications, collect on the bills of the state electricity company in at least eight of Afghanistan’s

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34 provinces, and control around a quarter of the country’s mobile phone coverage.⁴²⁵

These findings are controversial and SIGAR has no means to independently verify them. However, if accurate, they may complicate the work of development agencies in ensuring that their programming does not facilitate or legitimize Taliban governance. USAID’s approach for ensuring that its programming does not legitimize the Taliban first requires identifying which areas are Taliban-controlled. To identify Taliban-controlled areas, USAID relies primarily on open-source data, as well as monthly maps generated by a USAID third-party monitor. As shown in Table 3.13 these assessments show the level of permissibility for third party monitoring by district.

Last quarter, USAID reported that it had decided against the option of collecting data specifically on the question of Taliban control and legitimacy, believing the costs to be prohibitive and the alternative data sources sufficient.⁴²⁶ However, a lack of third-party monitoring access may be an insufficient evidentiary proxy for Taliban control if the Taliban see a benefit for themselves in allowing development services to operate in their areas, as the recent Overseas Development Institute and World Bank reports indicate. (USAID’s only comment on the above discussion was that they “very

TABLE 3.13

COMPARISON OF RESOLUTE SUPPORT-DEFINED DISTRICT CONTROL AND USAID THIRD-PARTY MONITORING DISTRICT-ACCESSABILITY ASSESSMENTS (MAY 2018) BY PERCENT AND COUNT

BY PERCENT		USAID Third-Party Monitor Accessibility		
Resolute Support-defined district control (as of May 15, 2018)	Impermissible	Permissible	Secure	
Afghan government control	4.1%	14.9%	78.4%	
Afghan government influence	26.5%	38.1%	34.2%	
Contested	45.1%	29.5%	23.8%	
Insurgent activity	66.7%	24.4%	4.4%	
High insurgent activity	81.8%	18.2%	0	
BY NUMBER		USAID Third-Party Monitor Accessibility		
Resolute Support-defined district control (as of May 15, 2018)	Impermissible	Permissible	Secure	
Afghan government control	3	11	58	
Afghan government influence	41	59	53	
Contested	55	36	29	
Insurgent activity	30	11	2	
High insurgent activity	9	2	0	

Note: How to read the table showing percent: The percentages represent the percent of districts within a given Resolute Support-defined category that fall in a particular USAID third-party monitor-defined permissibility category. For example, in the row labeled “Afghan government control,” 4.1 percent of districts assessed by Resolute Support as being under Afghan government control are assessed by USAID’s third-party monitor as being impermissible. Put another way, three of the 74 districts Resolute Support assessed as being under government control were also considered by the USAID third-party monitor as being impermissible.

The percents in each row may not add up to 100% as there are eight more districts identified in Resolute Support’s dataset than in the USAID third-party monitoring datasets. There are 407 districts in Resolute Support’s dataset and 399 districts in USAID’s third-party monitor’s dataset.

Source: RS, DCOS-SSP, AAG, response to SIGAR data call, 6/22/2018; USAID, OAPA, response to SIGAR data call, 6/21/2018.

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cautiously target” their democracy and governance programming in areas that the Afghan government has “full control.”)⁴²⁷

Provincial and Municipal Programs

USAID has two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.14 summarizes total program costs and disbursements to date.

Initiative to Strengthen Local Administrations

The \$48 million ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement, leading to services that more closely respond to all citizens’ needs in health, education, security, justice, and urban services.⁴²⁸

According to USAID, one of the key provisions of the Afghan government’s provincial budget policy is to link the provincial development plans (PDP) with the provincial budget process.⁴²⁹

Last quarter, ISLA finalized a study on the percentage of proposed projects in PDPs being reflected in the FY 1397 national budget plan. ISLA compared the list of proposed PDP projects for each province against the project list approved for that province in the national budget. Of the 2126 projects proposed in the PDPs of the 16 ISLA-supported provinces, 233 were ultimately reflected in the national budget. This represents 11 percent of the total number of PDP-proposed projects. According to ISLA, ISLA-supported provinces saw a 2 percent increase from the prior year in the number of PDP-proposed projects being reflected in the national budget. However, the 16 ISLA-supported provinces had an additional 1,245 projects contained in the national budget that were apparently not derived from the PDPs. The PDPs were the source of only 16 percent of the total number of projects associated with the 16 ISLA-supported provinces.⁴³⁰

In future quarters, SIGAR will report the expenditures of these ISLA-supported PDP projects as reported in the Afghanistan Financial Management Information System (AFMIS).

TABLE 3.14

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2019	\$62,000,000	\$45,287,049
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	48,000,000	27,831,139

Source: USAID, response to SIGAR data call, 7/12/2018.

Strong Hubs for Afghan Hope and Resilience

The objective of the \$62 million SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. SHAHAR partners with municipalities to, among other things, deliver capacity-building for outreach and citizen consultation, improved revenue forecasting and generation, and budget formulation and execution.⁴³¹

SHAHAR's geographic coverage has decreased significantly, from 20 province municipalities in the first two years of the program, to five municipalities in its current fourth year (Kabul, Kandahar, Herat, Mazar-e Sharif, and Jalalabad). According to SHAHAR, the decrease in coverage is meant to support the Afghan government in establishing and maintaining long-term stability in key cities.⁴³² It is unclear, however, how this reduction in coverage will enhance stability.

In March, SHAHAR reported the revenue of four of its partner municipalities for the first quarter of FY 1397 as equivalent to approximately \$5.27 million, an increase of 4 percent over the same period in the previous year. Mazar-e Sharif saw the largest revenue decrease (minus 16 percent) followed by Jalalabad (minus 7 percent). Kandahar, however, saw a 10 percent increase, and Herat recorded the largest gain, at 21 percent.⁴³³

RULE OF LAW AND ANTICORRUPTION

In May, UNAMA released its second annual report on anticorruption efforts. The report commended the Afghan government for implementing several key anticorruption reforms in 2017 and early 2018, including the launch of its anticorruption strategy in October 2017, strengthening anticorruption measures in the new penal code, increasing capacity of the Anti-Corruption Justice Centre, and adopting a more transparent national budget.⁴³⁴

However, the report also highlighted significant gaps in the institutional anticorruption framework and provided recommendations for further reforms to bring Afghanistan more fully into compliance with the United Nations Convention Against Corruption. The Afghan government has made some progress in drafting an anticorruption law. On April 1, following a long delay in the drafting process, President Ghani instructed the Ministry of Justice to finalize the law. On May 14, the draft law was discussed by the High Council for Rule of Law and Anti-Corruption in the presence of civil society and the international community.⁴³⁵

Rule of Law and Anticorruption Programs

The United States has assisted the formal and informal justice sectors through several mechanisms. These include State's Justice Sector Support Program (JSSP) and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.15.

SIGAR AUDIT

This quarter, SIGAR released an audit, as directed by Congress in the Consolidated Appropriations Act of 2017, of the Afghan government's efforts to develop and implement a national anticorruption strategy. SIGAR found that the Afghan government has created and begun implementing its anticorruption strategy and other reforms, but questions remain regarding its ability to fully implement the strategy and demonstrate a lasting commitment to combatting corruption. Congress has directed SIGAR to continue monitoring the Afghan government's progress in implementing the strategy and to provide an update to this report. See Section 2, p. 18 for more information.

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TABLE 3.15

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/15/2016	4/14/2021	\$68,163,468	\$14,087,203
Afghanistan's Measure for Accountability and Transparency (AMANAT)	8/23/2017	8/22/2022	31,986,588	958,367
Corrections System Support Program (OASIS CSSP)*	6/1/2017	5/31/2022	14,087,926	9,759,564
Justice Sector Support Program OASIS Contract	8/28/2017	8/28/2022	12,903,112	5,356,007
Continuing Professional Development Support (CPDS)	2/6/2018	4/6/2020	7,938,401	7,938,401
Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)	5/19/2015	8/31/2020	3,000,000	2,000,000

Note: *Disbursements as of 5/27/2018.

Source: State, INL, response to SIGAR data call, 6/25/2018; USAID, response to SIGAR data call, 7/12/2018.

USAID has a cooperation arrangement with the UK's Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID funds the MEC's monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.⁴³⁶

State's Justice Sector Support Program is the largest rule-of-law program in Afghanistan. JSSP was established in 2005 to provide capacity-building support to the Afghan justice system through training, mentoring, and advisory services. The current JSSP contract began in August 2017 and has an estimated cost of \$13 million for the first year. The previous JSSP contract, which began in 2010, cost \$280 million.⁴³⁷ JSSP provides technical assistance to the Afghan justice-sector institutions through (1) building the capacity of justice institutions to be professional, transparent, and accountable; (2) assisting the development of statutes that are clearly drafted, constitutional, and the product of effective, consultative drafting processes; and (3) supporting the case-management system so that Afghan justice institutions work in a harmonized and interlinked manner and resolve cases in a transparent and legally sufficient manner.⁴³⁸

In February, State's \$48 million Justice Training Transition Program ended. On the same day JTTP ended, State and the former JTTP implementing partner signed an agreement for the new \$8 million Continuing Professional Development Support (CPDS) program. According to State, CPDS will respond to an urgent need by the Afghan government to train legal professionals on the newly revised penal code and build the organizational capacity of the nascent professional training departments of Afghan legal institutions.⁴³⁹

In April 2016, USAID launched the \$68 million Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program.

ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector, (2) strengthen the linkages between the formal and traditional justice sectors, and (3) increase citizen demand for quality legal services.⁴⁴⁰

In March, ADALAT finalized the first iteration of its Justice User Survey Tool (JUST) survey. The JUST survey results provide a snapshot of the performance of the court and **Huquq** in Afghanistan from the perspective of the people who use those institutions. ADALAT surveyed over 1,000 court and Huquq users in 100 districts from January to March 2017.⁴⁴¹ Of those who responded to the survey, 68 percent believed that the court service was performed effectively or very effectively. Court users in rural districts were more satisfied than users in urban districts. According to ADALAT, this is likely because justice officials are better known in rural communities. With formal justice more localized in those communities, users may have a higher degree of trust in authorities who are neighbors or they may be more concerned about being openly critical of them.⁴⁴² JUST respondents largely believed that bribes, gifts, and favors were not necessary to win their case.⁴⁴³ According to ADALAT, high user satisfaction with court system was likely due to selection bias wherein people already favorable to formal justice, or guided by trusted sources, elect to use those mechanisms for dispute resolution.⁴⁴⁴

In August 2017, USAID awarded the Afghanistan's Measure for Accountability and Transparency (AMANAT) contract to support the Afghan government's efforts to reduce and prevent corruption in government public services. This quarter, AMANAT continued initial operational startup. Also, AMANAT began updating the 2016 political-economy analysis of corruption in service delivery in Afghanistan produced by the Afghanistan Electoral Reform and Civil Advocacy project.⁴⁴⁵

Afghan Correctional System

As of April 30, 2018, the General Directorate of Prisons and Detention Centers (GDPDC) incarcerated 30,538 males and 841 females, while the MOJ's Juvenile Rehabilitation Directorate (JRD) incarcerated 583 male and 102 female juveniles as of December 10, 2017. These incarceration totals do not include detainees held by any other Afghan governmental organization, as State's Bureau of International Narcotics and Law Enforcement Affairs (INL) does not have access to their data.⁴⁴⁶

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for adults, despite stagnant prison population numbers. As of April 30, the total male provincial-prison population was at 191 percent of capacity, as defined by the International Committee of the Red Cross's (ICRC) minimum standard of 3.4 square meters per inmate. The total female provincial-prison population was at 108 percent of the ICRC-recommended capacity. The JRD's juvenile-rehabilitation centers' population was at 48 percent of ICRC-recommended capacity.⁴⁴⁷

Huquq: offices that are part of the Ministry of Justice and provide Afghan citizens an opportunity to settle civil cases within the formal system before being brought into the court system.

Source: Justice Sector Support Program, "Ministry of Justice," 2016.



Ambassador Bass and Minister of Interior Barmak shake hands at Pul-e Charkhi Prison. (U.S. Embassy-Kabul photo)

According to State, the major corrections-related accomplishment this quarter were its efforts to ensure its programming is sustainable by expanding the donor base for its projects. State is working to develop British interest in cost sharing for State-funded Children Support Centers (CSCs). CSCs provide alternative care for children of incarcerated women who would otherwise reside in prison, or often on the streets. Following State's outreach in February, the British Ambassador personally visited the Kabul CSC in June 2018 to deliver books and private cash donations. State hopes to grow this relationship and develop long-term cost sharing.⁴⁴⁸

Anticorruption

As of March, DOJ views the situation in Afghanistan as “consistent with a largely lawless, weak, and dysfunctional government” with many corruption cases languishing due to the lack of political will—rather than capacity—of the Afghan government.⁴⁴⁹

According to DOJ, the Afghan attorney general has failed to respond to personal appeals made by several senior U.S. government officials to prosecute stalled high-profile corruption cases to show that no one was above the law. Despite these appeals, DOJ says the attorney general continues to have a poor record of prosecuting powerful and influential corrupt actors.

DOJ has also observed that the MOI has failed to execute lawful warrants issued by the prosecutors, despite being legally obliged to do so. DOJ made personal appeals to the MOI deputy on security affairs in December

These concerns raised by DOJ are consistent with comments IG Sopko heard during his June 2018 trip to Afghanistan. SIGAR plans to follow up in its new review on concerns raised by DOJ, DEA, INL, and others regarding key Afghan institutions such as the ACJC, CNJC, and Attorney General's Office.

2017 in an attempt to convince MOI to assist the Anti-Corruption Justice Center (ACJC) in executing arrest warrants and delivering summons and court orders. DOJ reports that the MOI, despite expressing willingness to help, has not modified its behavior.⁴⁵⁰ According to DOJ, the ACJC has over 100 outstanding warrants. DOJ stated the problem of powerful and corrupt actors ignoring warrants is so severe that it has undermined the fundamental legitimacy and authority of the ACJC.⁴⁵¹

Anti-Corruption Justice Center

In May 2016, President Ghani announced the establishment of a specialized anticorruption court, the Anti-Corruption Justice Center (ACJC).⁴⁵² At the ACJC, elements of the Major Crimes Task Force (MCTF) investigators, Attorney General's Office (AGO) prosecutors, and judges work to combat serious corruption.⁴⁵³ The ACJC's jurisdiction covers major corruption cases committed in any province involving senior officials or substantial monetary losses of a minimum of five million afghani (approximately \$73,000).⁴⁵⁴

This quarter, CSTC-A reported that four Afghan security-forces personnel were tried by the ACJC. These individuals included two sergeants (one of whom was fined the approximate equivalent of \$360 while the other was acquitted), a second lieutenant (who received a three-year prison sentence), and a lieutenant general (who failed to appear for trial).⁴⁵⁵

This quarter, the ACJC primary court heard the case of the head of the Herat passport office and a sergeant assigned there who were accused of bribery worth the approximate equivalent of \$70. According to CSTC-A, the Supreme Court referred this case directly to the ACJC even though neither the monetary amount nor the rank of the defendants met the standard ACJC jurisdictional thresholds. (The Supreme Court has discretion to refer cases in this manner.) Two AGO officials, one of whom is a deputy attorney general, wrote letters recommending that the case be dismissed. The ACJC primary court judge ordered that the case remain open (despite finding the defendants guilty) in order to investigate the circumstances that led to the letters from the AGO officials.⁴⁵⁶

Also this quarter, the ACJC appellate court heard the following cases:⁴⁵⁷

- A case involving a lieutenant general (formerly the commander of police zone 606 that covers Herat, Badghis, Ghor, and Farah Provinces), a police lieutenant, and a police sergeant. The three defendants were accused of allowing two suspects in a kidnapping/murder case to go free after questioning (these suspects fled Herat and are still at large). The lieutenant general failed to appear for his primary court trial, where he was convicted in absentia of misuse of authority and sentenced to three years' imprisonment, and similarly failed to appear for the appellate court trial. According to CSTC-A, there are conflicting reports on the lieutenant general's current location. One report says he is still on MOI-approved medical leave in India, while another says he has

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returned and held meetings at the MOI. Regardless, CSTC-A says that there has been no effort by the Afghan government to apprehend him.

- A case involving six defendants who had been acquitted by the ACJC primary court of charges of money laundering. One of the defendants was accused of hiding Saudi currency in his luggage. The ACJC appellate court overturned the acquittal and found all six defendants guilty of money laundering. The defendant discovered with the hidden currency was sentenced to six months and 16 days imprisonment, while the others received cash fines equivalent to approximately \$710 each.

The Herat passport case is part of what the DOJ cited as a “troubling trend at the ACJC of prosecuting low-level offenders while at the same time not pursuing high-level corrupt actors.” DOJ pointed out that this case was prosecuted while much bigger cases languish.⁴⁵⁸

Since October 2016, the ACJC has considered 531 potential cases, of which 402 involve civilians and 129 involve military personnel. Of these, 82 have been referred to the ACJC’s primary court or primary prosecution office. Almost half of the potential cases (253) were rejected because they did not meet the ACJC’s jurisdiction requirements.⁴⁵⁹

The ACJC’s primary court has concluded 35 trials, convicting 142 offenders. The ACJC’s court of appeals has subsequently held 33 trials, convicting 105 offenders, while the Supreme Court has convicted 72 offenders in 25 trials.⁴⁶⁰

This quarter, CSTC-A compared the sentences handed down by the ACJC primary court, the ACJC appellate court, and the Supreme Court to determine whether appellate courts are significantly reducing the punishments resulting from the initial trial. Of the sentences associated with 29 cases involving 95 defendants that were tried in both the ACJC primary and ACJC appellate courts, 48 defendants saw no change in their sentences, 42 defendants had their sentences reduced, and five had their sentences increased. Therefore, when the ACJC appellate court chose to impose a sentence different than that of the ACJC primary court, the sentences were reduced 89 percent of the time.⁴⁶¹

Appeals from the ACJC appellate court to the Supreme Court enjoyed more deferential treatment. Where the Supreme Court chose to impose a different sentence, it was just as likely to increase a sentence as to reduce it. CSTC-A reviewed the sentences of 22 cases involving 67 individuals on appeal from the ACJC appellate court to the Supreme Court. Of these, 48 defendants had no change to their sentence, nine had their sentences reduced, while 10 received an increased sentence.⁴⁶²

According to DOJ, there is significant corruption within the ACJC. According to DOJ, nearly 40 percent of the prosecutors assigned to the ACJC have failed polygraphs. Of the 75 tested in 2017, reports for 28 tested subjects (or 37.3 percent) indicated deception. Confronted with the test results, the attorney general displayed a “deep reluctance” to

use polygraph information for vetting purposes, and declined to release the results. Likewise, 38 percent of the MCTF agents assigned to the ACJC failed polygraphs and continued to work there. According to DOJ, this practice is a significant departure from the FBI's vetting procedure that was in place when they mentored the MCTF, in which, passing polygraphs was mandatory.⁴⁶³

From January to March, DOJ reports that the ACJC has experienced reduced productivity and transparency, and, citing security concerns, is increasingly providing insufficient notice of trials to the media and international donors.⁴⁶⁴

Afghanistan Security Forces

According to CSTC-A, continuing corruption within the Afghan security forces contributes to mission failure and poses a risk to the mission in Afghanistan. CSTC-A attributes the widespread, continuing corruption challenge to the actions of Afghan government officials and long-standing, culturally accepted, and feared patronage networks.⁴⁶⁵

The most common corrupt behaviors CSTC-A has identified are associated with fuel, food, “ghost” or non-existent soldiers, extortion, narcotics, illicit mining, bribery, and the misuse, theft, or illegal sale of Afghan government property.⁴⁶⁶

Security Ministry Inspectors General

CSTC-A provides training, advice, and assistance to the inspectors general (IG) for the MOD (MOD IG) and MOI (MOI IG). When asked for its assessment of the quality of MOD IG and MOI IG inspection reports, CSTC-A commented primarily on stylistic and formatting issues. For example, CSTC-A observed that MOD IG reports lack standard formatting, are not well-organized, lack detail, and are difficult to read due to poor translation (it is not clear if translations are the responsibility of MOD IG or CSTC-A itself). Regarding MOI IG reports, CSTC-A sees “a marked improvement” during the past quarter with reports having more detail, and more standardized formatting including an executive summary, scope statement, criteria, and recommendations.⁴⁶⁷

Recent MOD IG inspection reports reportedly covered a number of issues such as embezzlement (including fuel), neglecting duties, misconduct, poor food quality, finance, and soldier promotions. CSTC-A reports that three MOD IG investigations were recently referred to the legal body of the MOD general staff.⁴⁶⁸

This quarter, CSTC-A provided SIGAR with copies of the MOD IG and MOI IG reports marked as unclassified, but “for official use only,” that CSTC-A says is not publicly releasable. CSTC-A said it added this marking because it did not believe it had the authority to release copies of these sensitive Afghan government documents. Recently, however, CSTC-A

reported that NATO Resolute Support (RS) mission approached the Afghan government's national security advisor to request clarity on what information the Afghan government is willing to allow for public release. According to CSTC-A, the Afghan government and RS Commander, General John W. Nicholson Jr., consider the contents of all MOD IG and MOI IG reports to be classified as they relate to two categories of particular concern to the Afghan government: (1) training and operational deficiencies, and (2) comprehensive tactical and operational readiness assessments of ANDSF headquarters elements. In the future, CSTC-A says that these reports will be classified as Secret.⁴⁶⁹

SIGAR will discuss the contents of the MOD IG and MOI IG reports in the classified annex. SIGAR asked CSTC-A for examples of actions taken by senior MOD and MOI leadership during the quarter in response to the issues identified in these reports. The CSTC-A element that partners with MOD IG and MOI IG suggested that SIGAR pursue this line of inquiry because it, too, is interested in learning the answer.⁴⁷⁰

The CSTC-A element that advises senior officials of the MOD provided no examples of actions taken during the quarter in response to MOD IG reports. Instead, it described the process by which an action could occur.⁴⁷¹

Similarly, the CSTC-A element that advises senior officials of the MOI provided no examples of actions taken during the quarter. Instead, CSTC-A responded that there is a formal process for MOI IG to submit its findings to senior MOI leadership, but no follow-up process back to MOI IG should senior MOI leadership choose to take an action. Rather than follow-up with MOI IG, senior MOI leadership will contact the unit that was the subject of the inspection directly. CSTC-A says it will work with the MOI to establish a formal process to follow-up on MOI IG inspections.⁴⁷²

Major Crimes Task Force

The Major Crimes Task Force (MCTF) is an elite MOI unit chartered to investigate corruption by senior government officials and organized criminal networks, and high-profile kidnappings committed throughout Afghanistan.⁴⁷³ According to CSTC-A, while the MCTF is internally committed to its mission, Afghan government officials both within and external to the MOI continue to pressure the MCTF leadership to either close investigations or, if investigations are complete, not to make an arrest.⁴⁷⁴ CSTC-A is working with MCTF investigators to document all instances of interference with investigations and prosecutions.⁴⁷⁵

Once the MCTF director determines that a case referral meets the MCTF mandate, an MCTF investigator is assigned. This starts the clock on a 180-day timeline to bring a case to trial. Failure to meet this timeline risks dismissal of the case. According to CSTC-A, this short timeline allows politically connected and corrupt individuals to thwart prosecution simply by slowing down an MCTF investigation.⁴⁷⁶

CSTC-A is currently working to assist the MCTF to become an independent, self-sustaining organization resistant to influence. CSTC-A's efforts include advocating for legislative and MOI policies to mitigate the systemic problems in the criminal-justice system, supporting full implementation of the Case Management System (CMS) and the National Information Management System (NIMS) to provide greater transparency and accountability from referral through investigation and prosecution to confinement, and recommending an MOI reorganization so that the MCTF reports directly to the minister of interior. According to CSTC-A, whereas the previous minister of interior resisted reorganization, the current minister is more supportive. CSTC-A reports that the greatest obstacles to fully implementing CMS and NIMS are insufficient training, lack of connectivity and technical support, and command direction and oversight that mandates the use of these systems.⁴⁷⁷

CSTC-A reports that the ACJC and the MCTF are working well together to close and prosecute cases.⁴⁷⁸ DOJ has a different view, however, contending that the relationship between AGO prosecutors at the ACJC and MCTF agents at the ACJC is dysfunctional and fraught with dueling allegations of corruption, finger-pointing, turmoil, conflict, and lack of communication.⁴⁷⁹

According to DOJ there are reasons to be concerned with the state of the MCTF. DOJ says that around May 2017, President Ghani tasked a senior AGO official with conducting a review and preparing a report on the MCTF. That official subsequently issued a report critical of the MCTF. The report author separately stated to DOJ that he believed a "majority" of the MCTF agents were corrupt and unlawfully interfered with cases, adding that there were problems with his own office as well.⁴⁸⁰

DOJ reports that 38 percent of the MCTF agents failed polygraphs and continued to work there. In addition, a top AGO official expressed to DOJ various criticisms of the MCTF including: (1) an ill-defined role, (2) criminals and drug addicts in the organization, (3) corruption, and (4) lack of productivity. DOJ says that U.S. military officials who mentor the MCTF claim that the MCTF puts together solid cases that, unfortunately, languish at the AGO due to corruption. DOJ agrees that many cases languish at the AGO, which has a well-documented corruption problem.⁴⁸¹

According to DOJ, these recriminations between the MCTF and AGO have been rife for years. (DOJ added that there has been a tendency for each international donor to side with its perceived proxy. DOJ emphasized to SIGAR that there are significant corruption and functionality problems at both the AGO and the MCTF.)⁴⁸²

DOJ relates that meetings with both AGO prosecutors and MCTF agents at the ACJC spend more time on dueling internal allegations of corruption and finger-pointing than on their joint mission of investigating and prosecuting corrupt officials.⁴⁸³

REFUGEES AND INTERNAL DISPLACEMENT

Afghan Refugees

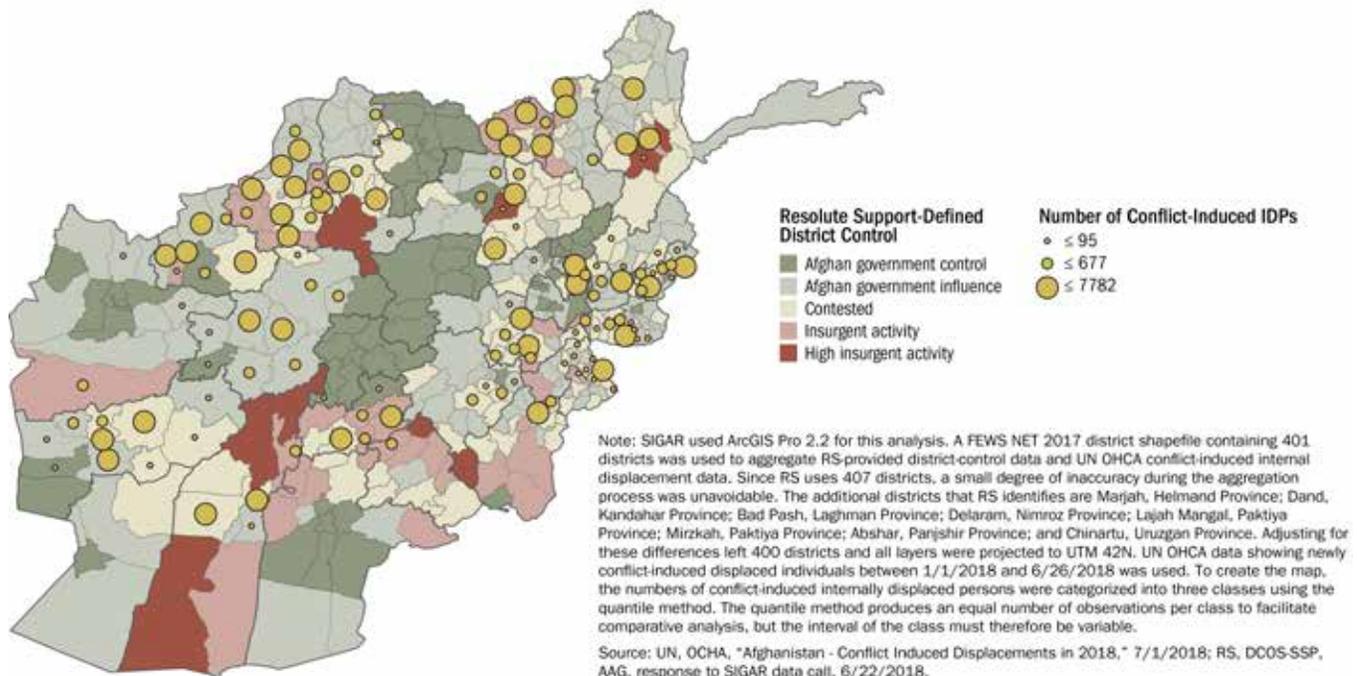
On February 20, Pakistan’s federal cabinet decided to extend recognition of 1.4 million Afghan refugees until June 2018 by extending the period of validity of refugees’ proof of registration (POR) cards.⁴⁸⁴ Pakistani government interlocutors have told State that the Pakistan caretaker government is likely to extend the validity of POR cards through December 31, 2018. However, State acknowledges that POR cards have lapsed in past years. State continues to monitor this matter closely.⁴⁸⁵ According to the UN Secretary-General, an estimated 400,000 Afghans remain undocumented in Pakistan and are vulnerable to the threat of deportation should the protection environment deteriorate.⁴⁸⁶

This quarter, Pakistan, in partnership with the Afghan government and International Organization for Migration (IOM), completed the registration for Afghan citizen cards. These cards allow Afghans to reside in Pakistan but do not confer refugee status. Some 870,000 Afghans registered for cards, which are being issued.⁴⁸⁷

As of June 30, the United Nations High Commissioner for Refugees (UNHCR) reported that 7,951 refugees have voluntarily returned to Afghanistan in 2018. The majority (7,275) of these refugee returns were from Pakistan.⁴⁸⁸

FIGURE 3.35

2018 CONFLICT-INDUCED INTERNALLY DISPLACED PERSONS (IDP) BY DISTRICT



Undocumented Afghan Returnees

As of June 23, IOM reported that 348,506 undocumented Afghans returned from Iran and 15,772 undocumented Afghans returned from Pakistan in 2018. So far, 364,278 undocumented Afghans have returned in 2018.⁴⁸⁹

Internal Displacement

As shown in Figure 3.35, there has been less internal displacement this year than in 2017. According to the UN's Office for the Coordination of Humanitarian Affairs (OCHA), as of June 26, the conflicts of 2018 had induced 132,141 people to flee their homes. The office recorded 189,284 persons in the same period last year.⁴⁹⁰

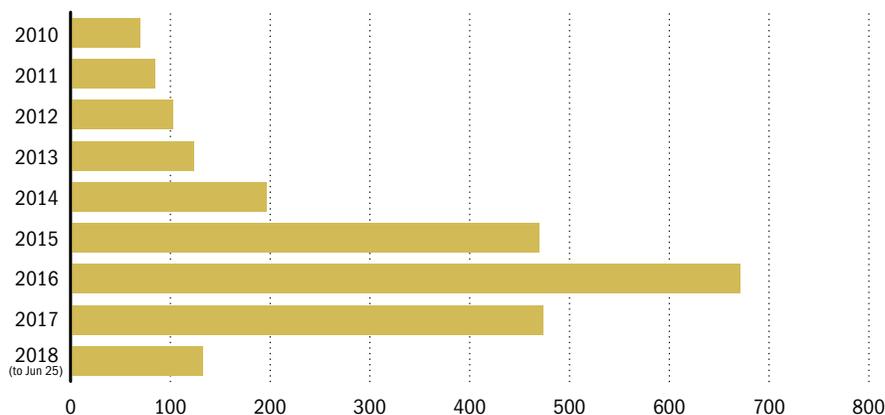
As shown in Figure 3.36, of the conflict-induced internally displaced persons recorded so far this year, 38 percent reported being displaced from districts Resolute Support recorded as under Afghan government influence (as of May 15, 2018), 28 percent were from districts that are contested, and 34 percent were from districts with insurgent activity.⁴⁹¹

Afghan Asylum Seekers in Europe

As shown in Figure 3.37, Eurostat, the statistical office of the European Union (EU), reported 43,955 first-time Afghan asylum seekers in the EU in 2017, a decrease of approximately 76 percent from 2016.⁴⁹² The Afghanistan Analysts Network said that stronger border controls and tightened asylum laws in Europe are the primary cause for the decrease in the number of Afghan asylum seekers.⁴⁹³

FIGURE 3.36

CONFLICT-INDUCED DISPLACEMENTS OF PERSONS (THOUSANDS)

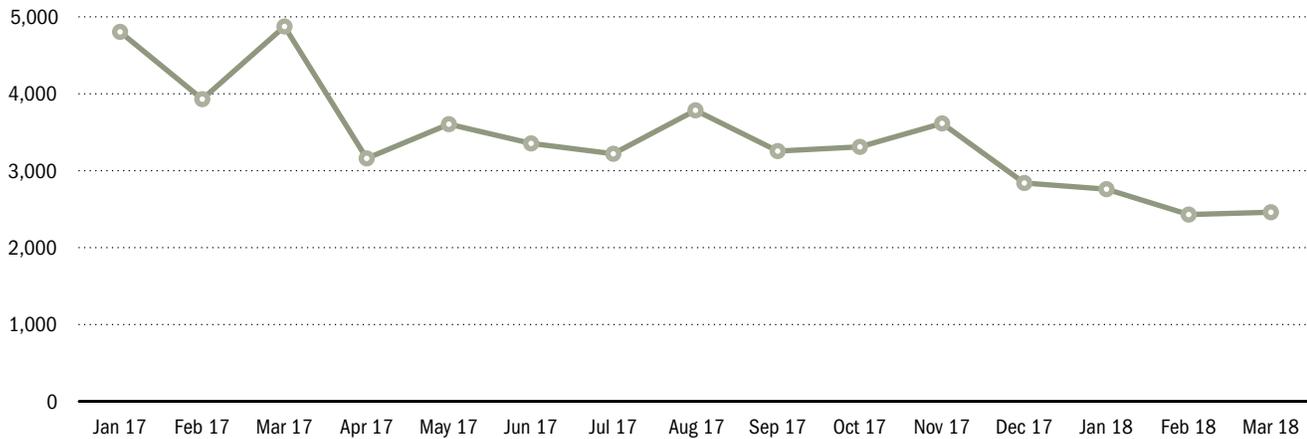


Source: UN OCHA, "Afghanistan: Conflict Induced Displacements in 2017 - Snapshot," 6/18/2017; UN, OCHA, "Afghanistan - Conflict Induced Displacements in 2017," 2/2/2018; UN, OCHA, "Afghanistan - Conflict Induced Displacements in 2018," 7/1/2018.

GOVERNANCE

FIGURE 3.37

FIRST-TIME AFGHAN ASYLUM APPLICANTS TO THE EUROPEAN UNION (2017 AND 2018, BY MONTH)



Source: EUROSTAT, "First time asylum applicants in the EU-28 by citizenship, Q1 2017–Q1 2018," 6/18/2018.

SIGAR AUDIT

SIGAR is currently conducting a performance audit of Promote that is assessing contract compliance, program performance, and implementation challenges for the five Promote programs. The audit team's work includes examining contract documents and interviewing USAID and Afghan government officials, Promote contractors, and program participants.

GENDER

In July 2013, then-USAID Administrator Rajiv Shah described the Promote partnership in a public speech as "the largest investment USAID has ever made to advance women in development," which over five years "will reach over 75,000 Afghan women directly helping them to achieve leadership roles in all parts of society from business to academia and in politics and public policy."⁴⁹⁴

This quarter, USAID said Shah's characterization "is not accurate [as] it did not come from the [Promote] design documents or the [USAID] Gender Office. Promote does not promise leadership roles in politics."⁴⁹⁵ USAID has committed \$280 million to Promote.⁴⁹⁶ Table 3.16 show the current Promote programs.

As of June 21, USAID reports that of all Promote beneficiaries, 206 have been hired by the Afghan government for government jobs and 199 have held government internships, 6,300 have been hired for private-sector internships or apprenticeships, and 2,214 have been hired for permanent positions by private-sector employers. An additional 523 beneficiaries have accepted private sector jobs and 264 private sector internships.⁴⁹⁷

In May, the UN released a report on the mediation of criminal offences of violence against women in Afghanistan. According to the UN, violence against women—murder, beating, mutilation, child marriage, giving away girls to resolve disputes, and other harmful practices—remain widespread throughout Afghanistan.⁴⁹⁸

GOVERNANCE

TABLE 3.16

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
Promote: Women in the Economy	7/1/2015	6/30/2019	\$71,571,543	\$31,159,147
Promote: Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	32,214,384
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	22,395,101
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	12,971,083
Promote: Rolling Baseline and End-line Survey	2/21/2017	10/20/2020	7,577,638	2,653,629
Promote: Economic Empowerment of Women in Afghanistan	5/8/2015	5/7/2018	1,500,000	1,364,000
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data call, 7/12/2018.

UNAMA found that enforcing national legislation aimed at protecting women from violence remained a challenge. Women's access to justice remained limited and women continued to face inequality before the law. At the same time, the frequent failure of Afghan government officials to exercise due diligence in investigating, prosecuting, and punishing perpetrators, and in providing reparations to survivors, contributed to the existing high rate of impunity and strengthened the normalization of violence against women in the Afghan society.⁴⁹⁹

UNAMA found that elimination of violence against women (EVAW) institutions and nongovernmental organizations facilitated mediation proceedings, referred cases to traditional mediation mechanisms, observed mediation sessions, or knew about mediation taking place, in relation to "honor killings" and other offences stated in the EVAW Law. UNAMA said that the widespread use of mediation, as opposed to the formal justice system, in criminal offences of violence against women promotes impunity, enables the reoccurrence of violence, and erodes trust in the legal system.⁵⁰⁰

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ECONOMIC AND SOCIAL DEVELOPMENT

KEY ISSUES AND EVENTS

In June, the United Nations reported that a drought was affecting two-thirds of Afghanistan's 34 provinces due to a precipitation deficit of 70 percent in recent months. As a result, the UN expected that, over the next six months, more than two million people would face severe food insecurity, and would be in "desperate need" of humanitarian assistance.⁵⁰¹ This development follows what SIGAR first reported last quarter: that seasonal rainfall and snowpack deficits were likely to have adverse effects on both irrigated and rain-fed crops (with more pronounced effects on the latter) in water-deficit areas.⁵⁰² USAID has told SIGAR that levels of precipitation and snowpack have been so low that, "in many parts of the country, the current rain-fed winter wheat crop has effectively been lost."⁵⁰³ The Afghan government's Ministry of Agriculture, Irrigation, and Livestock anticipates that this year's wheat harvest will be more than one million metric tons lower than last year's.⁵⁰⁴ The UN said it would require an additional \$117 million from donors to provide urgent humanitarian assistance to those affected by this natural disaster.⁵⁰⁵

In May, President Donald J. Trump announced that the United States was withdrawing from the Joint Comprehensive Plan of Action (JCPOA)—more commonly known as the "Iran Nuclear Deal"—that had lifted sanctions on Iran in return for Iran's limiting its nuclear power activity to ensure that it cannot produce nuclear weapons. According to Secretary of State Michael R. Pompeo, the President withdrew from the Iran deal because it failed to guarantee the safety of the American people.⁵⁰⁶ Just how the sanctions will affect the Afghan economy and U.S. development efforts is not yet clear. At a minimum, they could affect Afghanistan's economic relationship with Iran, one of Afghanistan's top trading partners. The total value of merchandise trade between the two countries more than doubled from 2012 to 2016 to nearly \$1.3 billion, which made Iran Afghanistan's number-two trading partner (for goods) in 2016.⁵⁰⁷ Iran has significant commercial interests in Afghanistan, particularly in the western province of Herat, where Iran provides electricity.⁵⁰⁸ Re-imposing sanctions may also affect Afghanistan's trade relationship with India, which imports significant volumes of petroleum from Iran. India, which was the number-one destination for exports of Afghan goods in the first quarter of fiscal year 2018, is developing the Chabahar port in southern Iran, which would allow both Afghan and Indian

trade to bypass Pakistan. India was identified by President Trump as a “critical part of the South Asia strategy” for securing Afghanistan.⁵⁰⁹

On June 26, 2018, Afghan Minister of Finance Eklil Hakimi resigned. Hakimi, who is reportedly a key ally of President Ghani, attributed his resignation to unspecified personal reasons. Formerly Afghanistan’s ambassador to the United States, Hakimi oversaw Ministry of Finance efforts to increase Afghanistan’s domestic revenues.⁵¹⁰

This quarter, the International Monetary Fund (IMF) said continued, significant violence and political uncertainty—the latter exacerbated by upcoming parliamentary elections scheduled for October 2018 and presidential elections scheduled for April 2019—were adversely affecting economic confidence and growth in Afghanistan.⁵¹¹ The IMF made its statement as it released the results of Afghanistan’s third review under the Fund’s Extended Credit Facility (ECF).⁵¹² The ECF is an IMF financing vehicle that provides assistance to countries experiencing extended balance-of-payments problems.⁵¹³ The IMF estimated that Afghanistan’s real GDP growth in 2017 was 2.5 percent, about the same level as in 2016 and identical to the Fund’s growth projection for 2018.⁵¹⁴ In contrast to the current, very modest annual increase in real GDP, growth averaged close to double digits during the first decade of reconstruction. The subsequent international troop drawdown in 2014 and swift decline of international military spending resulted in a significant demand shock from which Afghanistan is still recovering.⁵¹⁵

SIGAR analysis shows that the Afghan government’s domestic revenues grew by 15.2 percent over the first four months of FY 1397 (December 22, 2017, to April 20, 2018), compared to the same period in FY 1396. This continues the trend of strong revenue growth reported by SIGAR over the last few quarters. Revenues grew at a substantially lower rate of 6.6 percent inclusive of the fifth month (April 21–May 21, 2018) of FY 1397.⁵¹⁶ While it is not clear why year-on-year revenue growth appeared to slow dramatically from Month 4 to Month 5 of FY 1397, SIGAR has previously observed that point-in-time data exports from Afghanistan’s government accounting system sometimes appear to under-report revenues due to what may be a lag in the logging of transactions (see pp. 185–186 of SIGAR’s October 2017 *Quarterly Report to the United States Congress* for more).⁵¹⁷ Over the first five months of FY 1397, expenditures decreased marginally by 0.4 percent year-on-year, consistent with the Afghan government’s intent to minimize an anticipated fiscal deficit in FY 1397.⁵¹⁸

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE AND ECONOMIC AND SOCIAL DEVELOPMENT

As of June 30, 2018, the U.S. government has provided approximately \$33.0 billion to support governance and economic and social development

in Afghanistan since 2002. Most of these funds—nearly \$19.9 billion—were appropriated to USAID’s Economic Support Fund (ESF). Of this amount, \$18.5 billion has been obligated and \$16.0 billion has been disbursed.⁵¹⁹

In its FY 2018 budget request, the State Department indicated that U.S.-funded civilian-assistance programs in Afghanistan are intended to complement and reinforce the U.S. military’s ongoing train, advise, and assist (TAA) and counterterrorism (CT) efforts. Programs will focus on further consolidating the political, security, developmental, and social gains achieved since 2001, and aim to grow the Afghan economy. To mitigate corruption, they are to be implemented under strict monitoring conditions.⁵²⁰

ECONOMIC PROFILE

Ongoing violence and political uncertainty related to the upcoming parliamentary and presidential elections, slated for October 2018 and April 2019, respectively, are undermining confidence and growth, according to the IMF.⁵²¹ Numerous other underlying challenges remain, including severe poverty, limited human capital, near-continuous conflict over multiple decades, an infrastructure deficit, and heavy reliance on foreign donor support.⁵²²

Adverse population dynamics also obstruct development: the World Bank said that in recent years Afghanistan has not been able to generate enough jobs for the estimated 400,000 Afghans entering its labor market every year. These labor market dynamics are, in part, the result of the country’s youth bulge, which has resulted in a “bottom-heavy” population distribution.⁵²³

According to the results of the recently released 2016–2017 Afghanistan Living Conditions Survey (ALCS), published periodically by Afghanistan’s Central Statistics Organization (CSO), the poverty rate has increased dramatically over the last decade. Whereas the 2007–2008 ALCS survey results showed that 34 percent of Afghans lived below the national poverty line, the 2016–2017 survey results suggested that figure had risen to 55 percent, implying that about 16 million Afghans lived below the national poverty line at the time of the survey. The CSO defines the national poverty line as the value of income required per person, per month to cover the costs of basic needs. For the 2016–2017 survey, this threshold was approximately \$29.50. While the 2013–2014 ALCS survey results were not suitable for comparison, most of the increase occurred in the intervening period between the last two surveys. According to the CSO, poverty increased due to the “deterioration in Afghanistan’s macro-economic and security situation” since the 2013–2014 survey as well as to “unsustainably high” population growth.⁵²⁴

The IMF estimated that Afghanistan’s real GDP growth in 2017 was 2.5 percent, about the same level as in 2016 and identical to the Fund’s growth projection for 2018.⁵²⁵ In contrast to the current, very modest annual increase in real GDP, growth averaged close to double digits during the first decade of reconstruction. The subsequent international troop drawdown

The World Bank, IMF, and others exclude the value of opium production from their reported GDP estimates. Afghanistan’s Central Statistics Organization releases official GDP growth figures in two categories—one that includes and one that excludes opium value (in 2016, 3.6 percent and 2.1 percent, respectively). Opium-related earnings boost domestic demand and are a significant source of foreign exchange. The estimated net value of opium production—that is, the estimated value of all income generated by opium production and trafficking minus the estimated value of imported precursor substances—was \$2.9 billion in 2016, equivalent to 16 percent of Afghanistan’s official GDP. The range of the net value of opium production in 2017 was \$2.6–4.8 billion, which was equal to 13–24 percent of GDP.

Source: World Bank, *Afghanistan Development Update*, 11/2017, p. 1; IMF, “IMF Executive Board Concludes 2017 Article IV Consultation and Completes the Second Review Under the ECF for the Islamic Republic of Afghanistan,” Press Release No. 17/476, 12/8/2017; ADB, *Asian Development Outlook 2017*, 4/2017, p. 178; ADB, *Asian Development Outlook 2015*, 3/2015, p. 167; CSO, *Afghanistan Statistical Yearbook 2016–2017*, p. 163; UNODC, *Afghanistan Opium Survey 2016, Sustainable Development in an Opium Production Environment*, 5/2017, p. 44; UNODC, *Afghanistan opium survey 2017: Challenges to sustainable development, peace and security*, 5/2018, p. 5.

in 2014 and swift decline of international military spending resulted in a significant demand shock from which Afghanistan is still recovering.⁵²⁶ The IMF's longer-term projections of 4–5 percent in 2021–2023 may represent the higher end of possible growth ranges, as donors have often overestimated Afghanistan's growth potential in the absence of the aforementioned demand stimulus.⁵²⁷ Since May 2016, short- and mid-term IMF growth scenarios have consistently been revised downward. The IMF recently lowered its growth projection for 2018 by 0.5 percentage points—a decline of about 17 percent—since its previous projection of December 2017 to its current projection of 2.5 percent.⁵²⁸ Projected out-year growth increases were contingent on no significant deterioration of security, unwavering donor support, and continued Afghan government reforms. Risks, the IMF said, were “mostly tilted to the downside.”⁵²⁹

Fiscal Outlook: Some Notable Improvements, but Underlying Structural Challenges Remain

Since late 2014, when the Afghan government disclosed that it was in “urgent and immediate need” of \$537 million to close a sudden fiscal gap, growth of Afghanistan's organically generated domestic revenues has been strong.⁵³⁰ Nevertheless, the IMF reported that an underlying fiscal deficit remains, as the operating balance excluding grants (domestic revenues minus operating expenditures) was equivalent to minus-6 percent of GDP in 2017.⁵³¹

The IMF added that the Afghan government continues to face “substantial” fiscal risks in 2018.⁵³² While the FY 1397 (December 22, 2017–December 21, 2018) budget initially submitted to the Afghan parliament envisioned a zero fiscal balance, inclusive of grants, the revised budget that was eventually passed projected a deficit of approximately 1 percent of GDP, including grants. With hopes of mitigating the deficit, Afghan authorities agreed to a 1.5 percent increase of the FY 1397 revenue target under the IMF's Extended Credit Facility program.⁵³³ Given these fiscal pressures, the IMF recommended that any scale-up of Afghan-government investment programs designed to stimulate aggregate demand should be gradual.⁵³⁴

Government Revenues and Expenditures: Revenue Gains Continue

SIGAR analysis shows that the Afghan government's domestic revenues grew by 15.2 percent over the first four months of FY 1397 (December 22, 2017, to April 20, 2018), compared to the same period in FY 1396. This continues the trend of strong revenue growth reported by SIGAR over the last few quarters. Revenues grew by the significantly lower rate of 6.6 percent inclusive of the fifth month (April 21–May 21, 2018) of FY 1397.⁵³⁵ It is not clear why year-on-year revenue growth appeared to slow dramatically from Month 4 to Month 5 of FY 1397. However, SIGAR has previously observed that point-in-time data exports from Afghanistan's government accounting system sometimes appear to under-report revenues due to what may be a lag

in the logging of transactions (see pages 185–186 of SIGAR’s October 2017 *Quarterly Report to the United States Congress* for more).⁵³⁶

SIGAR also noted that a relatively large percentage (11.3 percent) of revenues were categorized as “Miscellaneous” through FY 1397 Month 5. According to MOF officials, the “Miscellaneous” category is sometimes used as a catch-all category for uncategorized revenues prior to the MOF’s reconciliation.⁵³⁷ Because **one-off domestic revenues** were negligible in the first five months of FY 1396 and FY 1397, both **sustainable domestic revenues** and aggregate domestic revenues grew at the same rate, year-on-year.⁵³⁸

Excluding those revenues categorized as “Miscellaneous,” taxes and duties on imports constituted the largest source (21.9 percent) of Afghan government revenue through the first five months of FY 1397, followed closely by sales taxes (21.7 percent). Administrative fees, which consist of fees collected in exchange for services provided by the government, represented 19.9 percent of total revenues through the first five months, while income taxes were 16.3 percent of total revenues, less those categorized as “Miscellaneous.”⁵³⁹

Over the first five months of FY 1397, expenditures decreased marginally by 0.4 percent year-on-year, consistent with the Afghan government’s intent to minimize an anticipated fiscal deficit in FY 1397.⁵⁴⁰ For more on the anticipated FY 1397 deficit, see SIGAR, *Quarterly Report to the United States Congress*, April 30, 2018, page 152.

The fact that a relatively large amount of revenues were classified as “Miscellaneous” in both Months 4 and 5 of this fiscal year precluded a year-on-year comparison of revenues at the line-item level.⁵⁴¹ Because the MOF recategorizes revenues from the “Miscellaneous” category as they are reconciled, presenting year-on-year, line-item percent changes before more complete reconciliation occurs could be misleading.⁵⁴² However, SIGAR provides a five-month, year-on-year comparison of major expenditure categories in Table 3.17 on the following page.

Afghan Minister of Finance Eklil Hakimi Resigns

On June 26, 2018, Afghan Minister of Finance Eklil Hakimi resigned. Hakimi, who is reportedly a key ally of President Ghani, attributed his resignation to unspecified personal reasons. Hakimi formerly served as Afghanistan’s ambassador to the United States, and oversaw Ministry of Finance efforts to increase Afghanistan’s domestic revenues.⁵⁴³ Hakimi will reportedly take on a new position as a senior presidential advisor for international affairs.⁵⁴⁴

According to reporting from *Khaama Press*, President Ghani has appointed Dr. Humayoun Qayoumi as acting finance minister. Dr. Qayoumi had been serving as the president’s senior advisor on infrastructure, human capital, and technology.⁵⁴⁵ In the early days of reconstruction, he served as a senior advisor to the future president during Ghani’s tenure as finance

Sustainable Domestic Revenues:

According to Afghanistan Ministry of Finance (MOF) officials, these are revenues like customs, taxes, and non-tax fees. Multilateral institutions such as the World Bank and the International Monetary Fund use reports of these revenues to judge the Afghan government’s fiscal performance.

One-Off Domestic Revenues: These are nonrecurring revenues arising from one-time transfers of funds, such as central bank profits, to the Afghan government. The IMF excludes central bank transfers from its definition of domestic revenues for the purpose of monitoring Afghanistan’s fiscal performance under its Extended Credit Facility Arrangement.

Source: SIGAR, communications with MOF officials, 8/21/2017; SIGAR, communications with IMF officials, 9/7/2017.



Former Minister of Finance Eklil Hakimi, right, and USAID Mission Director Herbie Smith are pictured at a signing ceremony in October 2016. (USAID photo)

TABLE 3.17

EXPENDITURES, FIRST FIVE MONTHS, FISCAL YEARS 1396 AND 1397 COMPARED (IN AFGHANIS)			
Category	1396 (Through Month 5)	1397 (Through Month 5)	% Change
Wages and Salaries ^a	AFN 66,179,317,229	AFN 64,829,015,494	(2.0%)
Goods and Services ^b	16,920,876,173	16,082,790,285	(5.0%)
Subsidies, Grants, and Social Benefits ^c	8,334,215,688	9,927,821,034	19.1%
Acquisition of Assets ^d	11,939,689,777	12,034,585,166	0.8%
Interest and Repayment of Loans ^e	464,274,198	504,271,550	8.6%
Total	AFN 103,838,373,065	AFN 103,378,483,529	(0.4%)

- Note:
- ^a Compensation of government employees.
 - ^b Includes: (1) payments to private firms in return for goods and/or services, and (2) payments to other government units or agencies in return for services performed by those units or agencies.
 - ^c Includes: (1) expenditures made to entities in return for development assistance and promotional aid, or reimbursement for losses caused by equalization of commodity tariffs, price controls, and other similar purposes that are not repayable; (2) grants to other government units for which unequal value is provided in return; and (3) social assistance benefits not covered by social security.
 - ^d Expenditures related to the purchase or improvement of assets.
 - ^e Interest, principal payments, and fees related to government debt.

Source: SIGAR analysis of USAID-provided AFMIS data exported 6/26/2018; SIGAR analysis of USAID-provided AFMIS data exported 1/8/2018; Government of Afghanistan, MOF, *Chart of Account Guide Fiscal Year: 1397, Version 1, "Object Exp Long Des," 1/7/2018.*

minister.⁵⁴⁶ Before entering the Ghani administration, Dr. Qayoumi was the president of San Jose State University in the San Francisco Bay Area. In an interview with a local Bay Area news station in 2015, Dr. Qayoumi said that he and Ghani had been college roommates at the American University of Beirut, and that he and the president had “been best of friends for 47 years now.”⁵⁴⁷

Trade

In 2017, Afghanistan sustained an estimated merchandise trade deficit equivalent to more than 30 percent of its GDP, according to the IMF. The IMF anticipated that the merchandise trade deficit would remain largely unchanged through the next few years, dropping to just under 30 percent of GDP in 2020.⁵⁴⁸

These projections appeared to raise questions regarding the apparent goal established by Afghanistan’s Ministry of Industry and Commerce (MOIC) of increasing exports from \$750 million to \$2 billion by 2020. USAID’s forthcoming Country Development Cooperation Strategy (CDCS) will support this goal, but not a specific dollar value, according to an Office of Economic Growth portfolio review provided to SIGAR this quarter.⁵⁴⁹ The IMF projected that exports of goods would be \$842 million by 2019, far lower than the \$1.4 billion figure for 2019 implied by MOIC’s goal, which assumes a compound annual growth rate of 39 percent from 2017–2020.⁵⁵⁰ However, the IMF’s 2017 trade figures represented year-end estimates rather than final tallies and the Fund’s projections may not take into account a concerted effort by USAID to raise exports.⁵⁵¹

Supporting the proposition that Afghanistan can rapidly grow its exports is the fact that exports by air have been growing at an impressive rate. USAID said that last year's exports by air reached approximately \$323 million through October 2017, which over that 10-month period represented a \$73 million (or approximately 29 percent) gain over the total value of air-transported exports in 2016.⁵⁵² According to the Asian Development Bank, the June 2017 opening of an air corridor with India boosted Afghanistan's exports in 2017, which saw increased sales of Afghan fruit.⁵⁵³

But many challenges to trade persist. Afghanistan's landlocked geography, poor infrastructure, institutional deficits, and ongoing conflict all threaten trade expansion. The IMF said being landlocked introduces other challenges: import and export costs and delays are higher for landlocked countries than for those with coastlines. For Afghanistan, high energy costs and low levels of access to electricity, land, and finance also pose obstacles.⁵⁵⁴

To address these challenges, in addition to its recent, aggressive expansion of air corridors, Afghanistan has signed various bilateral and regional trade agreements with neighboring countries. For example, although geopolitical factors have inhibited its full implementation, a transit trade agreement between Afghanistan and Pakistan allows the countries to leverage one another's transit corridors. According to the IMF, transit trade represents an opportunity to turn Afghanistan's landlocked geography into a comparative advantage. Meanwhile, the agreement between Iran and India to develop the Chabahar seaport in southeastern Iran has the potential to open up further trade with India, which in turn hopes to use the port to transit its own goods through Afghanistan into Central Asia.⁵⁵⁵

Export and Import Data

SIGAR analysis of data from Afghanistan's Central Statistics Organization (CSO) paints a picture of encouraging merchandise export growth in FY 1396 (December 21, 2016–December 21, 2017).⁵⁵⁶ While exports of goods in the first half of FY 1396 were down marginally by about 3 percent—a result that corresponds with the World Bank's analysis of November 2017—strong pick-up over the second-half of FY 2017 resulted in impressive annual growth of 28 percent.⁵⁵⁷ Although imports grew at the lower rate of about 15 percent from FY 1395 to FY 1396, the merchandise trade deficit widened considerably, by more than \$800 million (or 13 percent) over the same time period.⁵⁵⁸

On July 1, 2018, the CSO released merchandise trade data for the first quarter of FY 1397, providing an updated picture of Afghanistan's export and import composition.⁵⁵⁹ By a wide margin, India was Afghanistan's number-one export destination in the first quarter of FY 2018, receiving nearly 53 percent (\$91.2 million) of Afghanistan's total exports of goods during the quarter. The importance of India as a trading partner cannot be overstated:

Afghanistan's number-one export in the first quarter of FY 1397 was asafetida (a fetid gum resin used for flavoring in Indian cooking), which accounted for nearly 20 percent (\$33.9 million) of total goods exports in the first quarter. Almost all of Afghanistan's asafetida exports (99.9 percent) went to India.⁵⁶⁰

More than half (nearly 57 percent) of Afghanistan's imports in the first quarter of FY 1397 came from four countries: China, Iran, Pakistan, and Kazakhstan. Its main import was wheat flour, which represented about 11 percent of total imports for the period.⁵⁶¹

Effects of Renewed Iran Sanctions on Afghan Economy Unclear

In May, President Donald J. Trump announced that the U.S. was withdrawing from the Joint Comprehensive Plan of Action (JCPOA)—more commonly known as the “Iran Nuclear Deal” of 2015—that lifted sanctions on Iran in return for Iran's limiting its nuclear power activity to ensure that it is unable to produce nuclear weapons. According to Secretary of State Pompeo, the President withdrew from the Iran deal because it failed to guarantee the safety of the American people.⁵⁶²

Just how the sanctions will affect the Afghan economy and U.S. development efforts is not yet clear. At a minimum, they could affect Afghanistan's economic relationship with Iran, which is one of Afghanistan's top trading partners. The total value of merchandise trade between the two countries more than doubled from 2012 to 2016 to nearly \$1.3 billion, which made Iran Afghanistan's number-two trading partner (for goods) in 2016.⁵⁶³ Iran has significant commercial interests in Afghanistan, particularly in the western province of Herat, where Iran provides electricity.⁵⁶⁴

The sanctions could also affect Afghanistan's trade relationship with India. President Trump called India a “critical part of the South Asia strategy” for securing Afghanistan. India imports significant volumes of petroleum from Iran, and is also developing the Chabahar port in southeastern Iran, which would allow both Afghan and Indian trade to bypass Pakistan.⁵⁶⁵ U.S. officials have pointed to Chabahar as an example of how Afghanistan is increasing regional trade integration.⁵⁶⁶

The December 2017 opening of the Indian-backed port was intended to provide Afghanistan with an alternative to the Pakistani port of Karachi, and India with access to Central Asian markets. Some media reports following the announcement of the U.S. withdrawal from the JCPOA indicated that re-imposed sanctions could significantly hinder the port's development.⁵⁶⁷ However, according to reporting from Reuters in late May, Indian Foreign Minister Sushma Swaraj said that India observed only U.N. sanctions rather than “unilateral sanctions by any country,” and in late June the Indian government said that it planned to have Chabahar fully operational by 2019.⁵⁶⁸ Whether the sanctions will have an impact on U.S. economic development efforts in Afghanistan, India's role in that development, or on Afghanistan itself is unknown, and much depends on the reaction from New Delhi.

BANKING AND FINANCE

The Afghan banking sector comprises 15 banks. Three banks are state-owned; of the remaining 12, nine are private and three are foreign commercial-bank branches.⁵⁶⁹ While the financial sector remains vulnerable to adverse shocks due to poor asset quality, capital shortfalls, and management deficiencies at several banks, the banking sector recently has been chipping away at risk.⁵⁷⁰ According to data presented by the IMF, by the end of 2017, the ratio of non-performing loans to gross loans was at the lowest level seen since the beginning of 2015. The ratio of adversely classified loans (loans that banks doubt will be repaid) to gross loans, meanwhile, dropped dramatically from the third to the fourth quarter of 2017, while the ratio of regulatory capital to risk-weighted assets climbed from 2016 to 2017, before leveling off in the first quarter of 2018.⁵⁷¹

However, the banking sector is only marginally profitable, and, overall, both return on assets and return on equity for the sector dipped into the red in the first quarter of 2018, according to the IMF.⁵⁷² While hedging risk may mitigate the threat of adverse shocks, it may also be further restricting access to finance—already a significant obstacle in Afghanistan. Banks are reportedly reluctant to lend large amounts to individual borrowers, and businesses face substantial collateral requirements of 100–200 percent of loan values, according to some representatives of the Afghan private sector.⁵⁷³

Treasury Technical Assistance: No Significant Updates this Quarter

In March 2015, the U.S. Treasury's Office of Technical Assistance (OTA) signed an agreement with Afghanistan's MOF to develop and execute technical-assistance and capacity-building programs aimed at strengthening the government's public financial management. OTA also helps the Government of Afghanistan to provide better oversight of its financial sector. President Ghani requested OTA renew its engagement with the Afghan government in 2014 to assist with budget reforms, among other activities.⁵⁷⁴ OTA's current work in Afghanistan is funded through an inter-agency agreement with USAID that expires in September 2019.⁵⁷⁵ Despite security constraints, OTA says it remains engaged with Afghan counterparts, including remotely by e-mail and phone. OTA also holds training events in third countries.⁵⁷⁶

This quarter, Treasury said it had no plans to alter its technical-assistance program in response to the Administration's new South Asia strategy, as the issues OTA addresses are enduring.⁵⁷⁷ While Treasury provided no significant updates on its work in Afghanistan this quarter, OTA said it plans to conduct a **problem bank resolution** workshop for Afghan deposit insurance fund staff in Baku, Azerbaijan in late August.⁵⁷⁸ USAID emphasized that the issues OTA is addressing were crucial to improving economic governance but added, "OTA has been shy to expand their operations in Afghanistan despite several efforts by OEG to get more OTA technical assistance."⁵⁷⁹

Problem bank resolution: a process through which authorities resolve a situation in which a financial institution is in danger of failing. Examples include deposit payoffs and purchase and assumption (P&A) transactions. In a P&A transaction, a healthy institution agrees to purchase some or all of the assets, and to assume some or all of the liabilities, of a failed institution. Effective resolution is believed to foster stable financial systems.

Source: FDIC, *Resolutions Handbook*, 12/23/2014, pp. 5–6; IMF, "Bank Resolution Powers and Tools," 10/20/2016, p. 5.

SIGAR INVESTIGATION

On March 19, 2016, President Ghani signed a decree allowing SIGAR to help detect and retrieve Kabul Bank assets in foreign countries. The decree instructed the Attorney General's Office, MOF, Ministry of Interior, FinTRACA, and Kabul Bank entities to provide SIGAR relevant information and documents. SIGAR is using the retrieved documents in support of an ongoing investigation related to the Kabul Bank case.

Source: GIROA, Office of the President, Presidential Decree, Serial Number 2726, 3/19/2016.

Pointing to the findings of SIGAR's recently completed assessment of the Afghan government's anticorruption reform efforts, DOJ said that donors do not demand sufficient accountability, and instead "generally go along with the status quo of Afghan corruption and dysfunction."

Source: DOJ, response to SIGAR data call, 6/23/2018.

Kabul Bank Theft: DOJ Reports that Corruption Continues to Stall Recovery of Stolen Assets

Kabul Bank—a systemically important Afghan financial institution—nearly collapsed in September 2010 due to embezzlement and fraud by a handful of politically connected individuals and entities.⁵⁸⁰ The subsequent \$825 million bailout by the Afghan government, representing approximately 5–6 percent of GDP, made it one of the largest banking catastrophes in the world, relative to GDP.⁵⁸¹ The aftermath of the scandal exposed an elaborate fraud and money-laundering scheme orchestrated by Kabul Bank founder Sherkhani Farnood, chief executive officer Khalilullah Ferozi, and other key shareholders and administrators. Years later, the legacy of Kabul Bank continues to be a striking symbol of the extensive corruption and criminality that threatens the Afghan government's legitimacy, according to a report from the United States Institute of Peace (USIP).⁵⁸² The U.S. Department of Justice (DOJ) has referred to the scandal as “one of the most notorious fraud cases in Afghan history.”⁵⁸³

Every quarter, SIGAR asks DOJ and the Department of State's Bureau of South and Central Asian Affairs (SCA) to provide an update on Kabul Bank Receivership (KBR) efforts to recover funds stolen from the Kabul Bank. The KBR was established to manage Kabul Bank's bad assets.⁵⁸⁴ DOJ communicated to SIGAR that interference from both Afghan law enforcement and other government authorities continues to impede the KBR's collection efforts. DOJ relayed doubts from the KBR that authorities would pursue major debtors, despite the fact that, according to at least one KBR official, “the government knows where they live.” Moreover, high-level KBR officials themselves have been accused of corruption.⁵⁸⁵ As reported by the KBR, total recoveries now stand at \$451.65 million (including forgiven interest payments and assets that have been identified but remain unrecovered), which represented a 0.75 percent increase over the previous quarter (\$448.3 million). More than \$590 million owed to the Afghan government remains outstanding.⁵⁸⁶

Despite the Afghan government's public promise of action, reflected in the Afghanistan Compact, DOJ told SIGAR that Afghanistan's Attorney General has communicated privately that “he is not going to pursue any additional defendants.”⁵⁸⁷

DOJ: Process for Recovering Kabul Bank's Stolen Assets is “Unwieldy, Cumbersome, and Bureaucratic”

In response to SIGAR's requests for information regarding the Kabul Bank scandal this quarter, DOJ said that an “unwieldy, cumbersome, and bureaucratic” process for seizing assets exacerbates the effects of corruption on the KBR's capacity to recover stolen funds.⁵⁸⁸

First, the “Special Committee on Kabul Bank” (the “Committee”) is required to draft an agreement that must be signed by the KBR, the

Ministry of Urban Development, and the MOF. Once signed, the agreement is presented to a court for approval. If the court approves, a court order is then sent to the Ministry of Justice, which convenes a meeting of relevant stakeholders, including MOF and Ministry of Interior (MOI) officials, and representatives from local government and tribes. Following this consultation, this group serves the court order to the debtor and specifies the deadline by which the debtor must relinquish his property. If the deadline is not met, the MOI bears responsibility for forcibly seizing the property.⁵⁸⁹

Using information relayed to it by a KBR contact, DOJ provided an illustrative example of breakdown in the asset-recovery process. At one point in time, the Committee attempted to pursue the assets of a Balkh Province-based militia commander connected to a high-level official currently serving in the Afghan government. KBR officials engaged in the extensive process described above. However, when the process reached the stage at which the property would actually be seized, both MOI and local officials reportedly “backed down.” DOJ pointed out that the Afghan government’s inability to effectively enforce the rule of law reflects a fundamental lack of will to ensure a properly functioning criminal justice system.⁵⁹⁰ State SCA has communicated to SIGAR that Afghan government authorities hinder the KBR’s asset-recovery efforts.⁵⁹¹ SIGAR will continue to provide updates on Kabul Bank asset recoveries in future quarters.

According to DOJ, one KBR official described the process for recovering the Kabul Bank’s stolen assets as (in DOJ’s words) a “byzantine journey . . . which winds its way through a sclerotic bureaucracy before ending up at an impotent police force.”

Source: DOJ, response to SIGAR data call, 6/23/2018.

U.S. ECONOMIC AND DEVELOPMENT SUPPORT

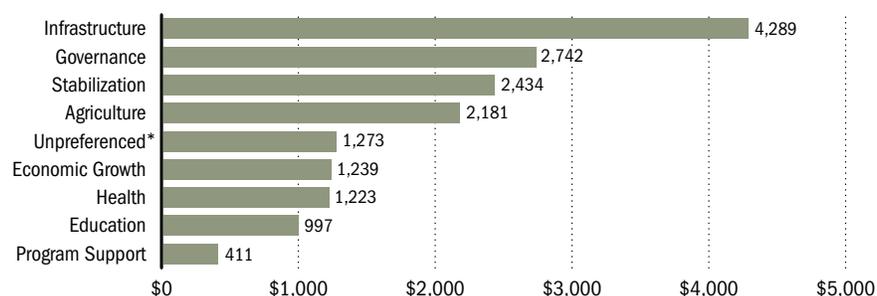
Most assistance from the Economic Support Fund goes toward USAID’s development programs. In September 2015, USAID published an updated Performance Management Plan to guide and measure its development objectives, and to articulate its development strategy through 2018. USAID’s overall goal through 2018 was to promote Afghan-led sustainable development. That goal was to be supported by expanding agriculture-led economic growth, maintaining gains in education, health, and women’s empowerment, and increasing the performance and legitimacy of the Afghan government.⁵⁹²

USAID recently commissioned an assessment of its current 2015–2018 strategy. The assessment found that, despite sound overall goals, many key components of USAID’s development approach in Afghanistan have not proven to be valid. For more on the assessment, see pages 59–60 of SIGAR’s January 2018 *Quarterly Report to the United States Congress*.⁵⁹³

USAID is developing its first Country Development Cooperation Strategy (CDCS) for Afghanistan. The CDCS will articulate how USAID plans to support the new U.S. South Asia strategy. USAID expects the CDCS to be completed this summer.⁵⁹⁴ However, USAID said this quarter that it has not yet been finalized.⁵⁹⁵ Figure 3.38 shows USAID assistance by sector.

FIGURE 3.38

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF JULY 9, 2018 (\$ MILLIONS)



Note: USAID Mission-managed funds. Numbers are rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and other programs that build health and education facilities. OFM activities included under Program Support funds.

*Unpreferred funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.

Source: SIGAR analysis of USAID, response to SIGAR data call, 7/12/2018; SIGAR, analysis of World Bank, ARTF, *Administrator's Report on Financial Status*, as of May 21, 2018.

USAID Releases Mid-Term Evaluation Results of, and Ends, its New Development Partnership

USAID's New Development Partnership (NDP), which began implementation in mid-2015, was a four-year, \$800 million program designed to help the Afghan government ensure fiscal sustainability, improve governance, enhance stability, and combat poverty. USAID recently discontinued NDP. NDP was intended to be an incentive-based program to speed the Afghan government's reform efforts, specifically the achievement of 40 key development results.⁵⁹⁶

While the mid-term evaluation stated it was too early to conclude whether all NDP results directly contributed to intended objectives, evaluators concluded that, overall, USAID's operational management of the NDP has been adequate. However, they recommended modifications to the NDP that include an overarching program purpose and a justification for allocated resources, among others.⁵⁹⁷ For more information see pages 124–126.

Natural Resources: An Under-Tapped Source of Government Revenue and Economic Growth

The Afghan government has said that development of its natural resources and the fiscal reform of the extractives industry are critical to medium-term domestic revenue mobilization.⁵⁹⁸ According to evaluators of USAID's now-concluded flagship mining program—the Mining Investment and Development for Afghan Sustainability project—the extractives sector is the “country's best, and perhaps only” option to generate the level of economic growth that would support inclusive job creation (i.e., job creation

SIGAR SPECIAL PROJECT

This quarter, SIGAR released a review that examined the extent to which three DOD- and USAID-funded extractives-sector programs assisted the Afghan government in generating revenue. DOD and USAID cumulatively spent \$125.4 million on the programs, which were designed to assist the Ministry of Mines and Petroleum to develop and award extractive tenders. SIGAR found that none of the three programs achieved that goal, and not a single extractive tender that TFBSO or USAID supported resulted in a contract that is currently active. For more see p. 29 of this report.

where economic benefits are distributed among most Afghans as opposed to only a few).⁵⁹⁹

The theoretical possibilities of Afghanistan's extractives sector have some basis in fact. In 2010, DOD's Task Force for Business and Stability Operations estimated the potential value of the country's mineral deposits at \$908 billion, a figure that was rounded upward to \$1 trillion and widely cited.⁶⁰⁰ Nevertheless, as SIGAR has reported previously, optimistic projections by the Afghan and U.S. governments consistently underestimated the time and costs, both in terms of capital and political will, required to get the mining industry going, while overestimating revenue projections despite low international demand. While the hope is that private-sector investment will bring money and infrastructure, licit investment might not come if perceived levels of profit potential remain low.⁶⁰¹

The Afghan government believes that underdeveloped infrastructure, declining commodity prices, and ongoing security challenges all hinder progress in this potentially important sector.⁶⁰² The inability of the Afghan parliament to amend the existing mining law has also obstructed the development of the sector, although the Afghan government claims that it plans to work with the IMF and the World Bank to submit an amended version to parliament.⁶⁰³ Speaking at an event at the Center for Strategic and International Studies in November 2017, then-Assistant to the Administrator for the Office of Afghanistan and Pakistan Affairs Greg Huger commented that previous U.S. efforts to develop Afghanistan's extractives sector "really weren't very successful."⁶⁰⁴

While licit mining languishes, illegal mining—broadly defined—is widespread in Afghanistan. According to USIP, most mineral extraction that occurs in the country is either unregulated or illicit. In some cases, local communities have operated for decades under informal agreements brokered before the current regulatory regime took effect. The Taliban and various criminal networks control other sites.⁶⁰⁵

Current Level of U.S. Support to Afghanistan's Extractives Sector Remains Relatively Low

As SIGAR reported in its October 2017 *Quarterly Report to the United States Congress*, there appeared to be renewed interest in developing Afghanistan's extractives sector following President Trump's August 2017 announcement of a new South Asia strategy.⁶⁰⁶ In September 2017, President Trump met with Afghan President Ashraf Ghani on the sidelines of the United Nations General Assembly in New York where they discussed, among other topics, how American companies could rapidly develop Afghanistan's rare-earth minerals to lower the costs of U.S. assistance and render Afghanistan more self-reliant.⁶⁰⁷ In the meeting, President Ghani said, "The economic development and prosperity of Afghanistan depend on its mining sector."⁶⁰⁸

Potential Data-Quality Issue

While the Taliban derive some revenues from illegal mining, they are difficult to quantify. A November 2017 USAID Office of Economic Growth portfolio review stated that annual revenues from illegal mining flowing to antigovernment forces amounted to about \$200–300 million. USAID said that this figure was derived from a USIP report. The USIP report, which refers only to Taliban revenues from illegal mining rather than to the revenues of all "antigovernment forces," cited an article published in the United States Military Academy Combating Terrorism Center's *CTC Sentinel*, which as the publication's name suggests, addresses counterterrorism issues. The article referenced the author's interview of a single "Afghan extractives analyst who spoke on the condition of anonymity." Therefore, while \$200–300 million may represent a best estimate of illegal mining revenues flowing to the Taliban, it is a figure derived from an interview with a single anonymous expert and does not appear to have been verified elsewhere.

Source: USAID, OEG, "Context Slides for OEG Portfolio Review—Private Sector Export-led Economic Growth," 11/15/2017, p. 12; USAID, OEG, response to SIGAR data call, 6/21/2018; USIP, *Illegal Mining in Afghanistan: A Driver of Conflict*, 7/2017, pp. 1–2, 4; *CTC Sentinel*, "The Taliban Stones Commission and the Insurgent Windfall from Illegal Mining," Vol. 10, no. 3, (2017): 32, 35.

The U.S. media widely reported on those discussions, generating speculation that the United States would engage in a reinvigorated effort to develop Afghanistan's extractives sector.⁶⁰⁹ However, nearly one year after the Trump administration made the decision to recommit to Afghanistan, U.S. extractives sector programming remains relatively minimal. USAID has interagency agreements with the Department of Commerce to provide legal assistance to the sector and with the United States Geological Survey (USGS) to provide technical advisory services, but these represent the only current U.S.-led initiatives to develop the natural resources industry.⁶¹⁰

Under the five-year, \$18.2 million agreement between USAID and USGS, signed in December 2017, USGS will review, organize, and archive existing minerals data and assessments, and focus exclusively on providing technical support to Afghanistan's Ministry of Mines and Petroleum (MOMP).⁶¹¹ USAID has two agreements with the U.S. Department of Commerce's Commercial Law Development Program (CLDP). The more recent, a five-year, \$20 million agreement signed in February 2018, includes several objectives, one of which relates to Afghanistan's extractives sector. The extractives sector objective focuses on improving the legal and regulatory regime in the mining sector as well as building the capacity of MOMP's staff to administer its mining contracts.⁶¹² The second agreement, a \$13.1 million activity scheduled to end in 2019, supports MOMP with drafting policies, regulations, and commercial laws for the mining sector.⁶¹³

Even considered together, the scale and scope of these programs are far more modest than previous U.S. efforts, which amounted to hundreds of millions of dollars in support. However, SIGAR has assessed that, overall, these prior efforts were largely ineffective.⁶¹⁴ While USAID has told SIGAR that assisting Afghanistan to develop its extractives sector is a component of the new South Asia strategy, how that component will be fully developed has not yet been determined.⁶¹⁵

USAID Discusses Mining Opportunities and Challenges with Afghan Private Sector

On February 7, 2018, USAID and the U.S. Embassy in Kabul hosted an event to explore challenges and opportunities for the private sector in Afghanistan's mining industry. Representatives from the Afghan business community, Afghan government, and donor countries participated. SIGAR received a final report on the event this quarter.⁶¹⁶

Speaking at the event, U.S. Ambassador to Afghanistan John Bass stated that Afghanistan's revenues from mining had increased from \$14 million in 2016 to more than \$31 million in 2017, despite no new contracts being issued in the last three years.⁶¹⁷ SIGAR analysis shows that the 2017 figure represents only 0.62 percent of total Afghan government revenues for that year, inclusive of donor grants.⁶¹⁸ An evaluation of USAID's Mining Investment and Development for Afghan Sustainability project that ended in 2017 states

that 2016 mining revenues were \$20 million, about 43 percent higher than the \$14 million figure cited by Ambassador Bass, but still minimal relative to the scale of what is believed to be Afghanistan's untapped mineral wealth.⁶¹⁹

According to the event report, private-sector representatives expressed their desire for assistance in forging links to international markets, and in obtaining machinery, equipment, and technical assistance. They hoped that the Afghan government could help identify international companies that could help them fill these needs. Private-sector representatives also called for clear and consistent policies in the mining sector, and noted that deficiencies in the current mining law and leadership turnover at MOMP added to uncertainty surrounding the sector.⁶²⁰ MOMP is currently headed by Acting Minister Nargis Nehan, whose nomination for a permanent position at the ministry was rejected by the Afghan parliament in December 2017.⁶²¹ The Department of Commerce reported this quarter that while there are two drafts of a new mining law, it has no information on when one may be enacted.⁶²²

Private-sector representatives also urged the Afghan government to begin issuing new contracts and licenses. Afghan government representatives said they had initiated a "pause" to consolidate past efforts to develop the sector and to conduct a value-chain analysis of key commodities. According to private-sector representatives, one negative impact of the pause was the further proliferation of illegal mining, which has lowered prices in the countries to which the illicit products are exported, limiting the market for legitimate businesses, which must pay taxes and royalties.⁶²³

One benchmark included in the Afghanistan Compact, which was introduced by the Afghan government in August 2017 in order to "demonstrate the government's commitment to creating a peaceful, stable, and prosperous society," was to initiate a new round of mining concessions by January 2018.⁶²⁴ USAID's legal and technical assistance to MOMP was designed to support the Afghan government in meeting its obligations under the compact.⁶²⁵ A compact status tracker dated May 15, 2018, listed that benchmark as having been completed.⁶²⁶ However, the State Department informed SIGAR that, according to media reports, a contract to develop a salt mine in Ghoryan (Herat Province), which was signed in support of completing this benchmark, had been canceled, and the benchmark remains outstanding.⁶²⁷

Agriculture: Two Million Afghans May Face Food Insecurity Due to Drought Conditions

The World Bank has called agriculture a "pillar of economic development and national security in Afghanistan."⁶²⁸ More than half of the rural labor force works in the agricultural sector, which employs about 40 percent of Afghans overall. Historically, agriculture has made substantial contributions to Afghanistan's economic growth.⁶²⁹ However, the World Bank's characterization that agriculture is a pillar of national security requires a major caveat—SIGAR has reported that opium-poppo cultivation has undermined

In March, the USAID-founded Famine Early Warning Systems Network (FEWS NET) reported that both rain-fed and irrigated crops in water-deficit areas were likely to be affected by current drought conditions. However, USAID told SIGAR this quarter that the drought will not impact irrigated crops. According to FEWS NET, while snowmelt has contributed to water availability in most irrigated areas, dry spells and below-average precipitation levels reduced the area planted under wheat in both irrigated and rainfed areas for the 2017–2018 agricultural year, compared to 2016–2017.

Source: FEWS NET, "Afghanistan Food Security Outlook: High levels of food assistance needs will persist through at least early 2019," 6/2018, p. 3; FEWS NET, "Afghanistan – Seasonal Monitor: Thu, 2018-03-15," 3/15/2018, <http://www.fews.net/central-asia/afghanistan/seasonal-monitor/march-15-2018>, accessed 3/21/2018; USAID, response to SIGAR vetting, 7/10/2018; FEWS NET, "About Us: Famine Early Warning Systems Network," n.d., <http://www.fews.net/about-us>, accessed 3/21/2018.

security goals by providing a major revenue source for the insurgency, undermining Afghan government legitimacy, and exacting an enormous human and financial toll.⁶³⁰

As SIGAR reported last quarter, seasonal precipitation and snowpack deficits have resulted in a drought affecting large swaths of Afghanistan.⁶³¹ According to the United Nations, two-thirds of provinces have been affected. Consequently, the UN anticipated that two million Afghans would become “severely food insecure” and “in desperate need of life-saving humanitarian assistance” within the next six months, as of June 2018. As a result, the UN said it would require an additional \$117 million from donors in order to provide urgent humanitarian assistance to those affected by this natural disaster. The UN has already provided about \$1.2 million in assistance to the hardest-hit parts of Badghis Province in Afghanistan’s northwest.⁶³² As a result of the drought, the Afghan government’s Ministry of Agriculture, Irrigation, and Livestock anticipates that this year’s wheat harvest will be more than one million metric tons lower than last year’s.⁶³³ However, USAID anticipated that the harvest for high-value irrigated crops would be productive.⁶³⁴

USAID Assistance to the Ministry of Agriculture, Irrigation, and Livestock

USAID’s agricultural projects aim to enhance food security, create jobs and export markets, increase incomes and productivity, and enhance the government’s ability to promote broad-based growth. USAID hopes to bolster the Ministry of Agriculture, Irrigation, and Livestock’s (MAIL) “farmer-focused” approach through marketing and production of livestock products and high-value horticultural crops, the rehabilitation of irrigation and drainage systems, and increased use of new technologies.⁶³⁵

Since 2002, USAID has disbursed nearly \$2.2 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy for opium production.⁶³⁶ Pages 191–200 of this quarterly report discuss USAID’s agriculture alternative-development programs. USAID’s active agriculture programs have a total estimated cost of \$435 million and can be found in Table 3.18.

Agricultural Development Fund Update: Shrinking Loan Portfolio and Questions about Sustainability

SIGAR has concerns that a credit facility established by USAID to help develop Afghanistan’s agricultural sector may be facing significant sustainability challenges.⁶³⁷ Given the centrality of agriculture to the Afghan economy and the difficulties Afghan farmers faced in accessing credit, USAID established the Agricultural Development Fund (ADF) in July 2010 through a \$100 million grant to MAIL. The purpose of the ADF, which remains active, is to provide credit to agribusinesses, commercial farmers,

In early 2016, the Agricultural Development Fund (ADF) changed its loan-write-off policy so that only loans that are overdue by more than 1,095 days (three years) are counted as losses. The new policy significantly lengthened the period of time after which loans were counted as losses, deviated substantially from Afghan central bank (DAB) standards, and altered the definition of a key indicator used to assess the performance of USAID’s assistance to the ADF. The ADF is not a bank and is thus not regulated by DAB.

Source: USAID, *Agricultural Credit Enhancement II (ACE-II) Program Annual Report No. 2: June 23, 2016–June 22, 2017*, 7/31/2017, p. 20; USAID, *Agricultural Credit Enhancement II (ACE-II) Program Q2-FY 2017: January–March, 2017*, 4/30/2017, p. 30; USAID, *Agricultural Credit Enhancement (ACE) Program Final Report*, 2/15/2015, pp. 1, 45.

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.18

USAID ACTIVE AGRICULTURE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 7/9/2018
Strengthening Watershed and Irrigation Management (SWIM)	12/7/2016	12/6/2021	\$87,905,437	\$8,298,234
Regional Agriculture Development Program (RADP North)	5/21/2014	5/20/2019	78,429,714	53,478,361
Commercial Horticulture and Agriculture Marketing Program (CHAMP)	2/1/2010	12/31/2019	71,292,850	55,577,706
Afghan Value Chains - Livestock activity	6/6/2018	6/5/2021	55,672,170	0
Kandahar Food Zone (KFZ)	7/31/2013	8/30/2018	45,402,467	44,508,000
RADP East(Regional Agriculture Development Program- East)	7/21/2016	7/20/2021	28,126,111	7,496,403
Grain Research and Innovation (GRAIN)	3/13/2017	9/30/2022	19,500,000	3,250,000
Promoting Value Chain - West	9/20/2017	9/19/2020	19,000,000	1,060,692
ACE II (Agriculture Credit Enhancement II)	6/23/2015	10/31/2018	18,234,849	13,890,041
Catalyzing Afghan Agricultural Innovation	5/28/2018	5/27/2023	8,000,000	0
SERVIR	9/14/2015	9/30/2020	3,100,000	1,097,533
Total			\$434,663,598	\$188,656,971

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see pp. 191–200 of this report.

Source: USAID, response to SIGAR data call, 7/12/2018.

and processors and exporters of agricultural products.⁶³⁸ Initially managed by USAID through its \$50 million Agricultural Credit Enhancement (ACE) project, the ADF was transferred to the Afghan government in 2015.⁶³⁹ Since the conclusion of ACE, a follow-on program—the Agricultural Credit Enhancement Phase-II (ACE-II) project—has been providing technical assistance to the ADF.⁶⁴⁰

ACE’s final report, produced by implementer Development Alternatives Inc., described the project as a significant success. According to the report, ACE was tasked with “what seemed for many an unattainable goal,” namely to establish and manage a financial institution that could effectively provide agricultural credit while maintaining a cumulative default rate of below 5 percent “in one of the world’s most volatile environments.” ACE, the report said, had “delivered” on this goal.⁶⁴¹ ACE’s 4.5 percent cumulative default rate, implementers said, demonstrated the “sound implementation approach undertaken by the project.”⁶⁴²

While the percentage of loan losses in the ADF’s portfolio has remained below the 5 percent target for loan losses under ACE-II, the indicator significantly under-reports losses when compared to those identified by the methodology required by Afghanistan central bank (DAB) regulations.⁶⁴³ Because the ADF is not a bank, it is not subject to DAB regulation. Previously, DAB identified loans overdue by more than 539 days as being in default. More recently, DAB changed that threshold to 360 days, presumably

in an effort to mitigate financial risk by taking a more conservative approach to assessing the health of credit portfolios.⁶⁴⁴

According to ACE-II's most-recent annual report submitted in July 2017, under the Afghan government's management, the ADF altered its categorization of loan losses by substantially increasing the period of time that must pass (from 539 days in accordance with prior DAB regulations to 1,095 days per current ADF policy) in order for a nonperforming loan to be counted in the losses category.⁶⁴⁵ As a result, the ADF presently does not classify loans as losses until they are in default by more than three years. Consequently, the loan losses indicator measures only trailing loan losses from ACE, rather than the performance of new loans issued under ACE-II.⁶⁴⁶ This means that the loan-loss indicator for ACE-II is not directly comparable to that of ACE.

Under ACE-II, the financial performance of the ADF has suffered due to the prevailing political, economic, and security conditions, which according to project implementers has contributed to a more prolonged time frame "required for the ADF to achieve . . . operating sustainability, one of its primary objectives."⁶⁴⁷ Under the methodology used by DAB, which classifies loans as losses if they are overdue by more than 360 days, current losses would represent 20.4 percent of the ADF's total portfolio.⁶⁴⁸ To ensure fund profitability while increasing access to agricultural credit, the magnitude of this percentage may not be sustainable under current conditions. According to a USAID project appraisal document dated April 2017, the "global benchmark" for the loan write-off indicator is 5 percent.⁶⁴⁹ While the value of loan losses and loss provisions decreased by nearly 20 percent from September 2017 to March 2018, the total value of the portfolio also decreased, by about 13 percent.⁶⁵⁰ As of March 2018, the ADF had cumulatively disbursed about \$103 million, which was 6.9 percent short of the project's target.⁶⁵¹

SIGAR SPECIAL PROJECT

A SIGAR Special Project released in June 2018 reviewed the construction of a 233-kilometer section of the Afghan Ring Road from Qeysar, in Faryab Province, to Laman, in Badghis Province using Asian Development Bank (ADB) grants, funded by the United States and other ADB members. SIGAR found that although \$249 million had been disbursed in support of the project, construction had been stalled for two-and-a-half years and construction progress stood at only 15 percent. For more, see p. 28 of this report.

ESSENTIAL SERVICES AND DEVELOPMENT

The United States has provided reconstruction funds to increase the electricity supply, build roads and bridges, and improve health and education in Afghanistan since 2002.⁶⁵² This section addresses key developments in U.S. efforts to improve the government's ability to deliver these essential services. Rather than providing minor updates in dedicated subsections every quarter, SIGAR will provide updates on the Kajaki Dam and power availability at the Shorandam and Bagh-e Pol industrial parks in Kandahar only as significant developments occur.⁶⁵³ DOD informed SIGAR this quarter that providing additional assistance to the Shorandam and Bagh-e Pol industrial parks in Kandahar City is not within DOD's current mission set. Consequently, DOD has no plans to provide future support to these industrial parks.⁶⁵⁴

Power Supply: Access to Electricity Remains Key Challenge

According to USAID, lack of access to affordable and reliable electricity hinders Afghanistan's economic growth. Citing data from a World Bank survey of enterprises in Afghanistan, USAID reported that two-thirds of firms operating in the country said limited access to electricity was a major obstacle to doing business, and about 70 percent of businesses experienced significant electricity outages. Those outages resulted in an average loss of 10 percent in annual sales.⁶⁵⁵

Because of unreliable supply, nearly half of private businesses share or own a diesel generator, obtaining about 40 percent of their electricity from this relatively high-cost power source. The Afghanistan Chamber of Commerce indicated that, for businesses, the power supply situation may have become even worse in recent years: factory owners operating in Kabul's industrial parks report that they can lose \$200 to \$1,000 from each outage as a result of equipment and material damage. The World Bank's 2018 *Doing Business* survey indicated that, for firms, the cost of an electricity connection in Afghanistan remains prohibitively high at more than 2,000 percent of per-capita income. With respect to electricity, the Bank continues to assess the lowest possible score to Afghanistan for both reliability of service and for transparency.⁶⁵⁶

USAID said that several underlying constraints would have to be addressed to achieve maximum impact in the power sector. Data from Afghanistan's state-owned national electric utility, Da Afghanistan Breshna Sherkat (DABS), indicate that demand exceeds supply in all major cities. Additionally, Afghanistan relies heavily on electricity imported from its neighbors—a dependence that could increase in the short to medium term with a reportedly recently signed, 10-year agreement with Turkmenistan to increase imports from that country, according to USAID. Tenuous functionality at DABS, which faces technical and commercial losses due to theft, improper billing and collection, and poorly maintained and outdated equipment, represents an additional challenge, as does weak sector governance, according to USAID.⁶⁵⁷

U.S. Power-Sector Assistance: Large-Scale Infrastructure Projects Predominate

USAID has disbursed, since 2002, more than \$1.5 billion in Economic Support Funds to build power plants, substations, and transmission lines, and provide technical assistance in the power sector.⁶⁵⁸ USAID has also provided support to DABS in order to increase its commercial viability.⁶⁵⁹ The agency's active power-infrastructure programs have a total estimated cost of more than \$1 billion and are listed in Table 3.19.

DOD has disbursed approximately \$180 million for power projects through the Commander's Emergency Response Program (CERP) as of July 2015. DOD implemented no CERP-funded power projects in Fiscal Years

In March 2018, SIGAR signed a memorandum of understanding with DABS that will allow SIGAR to review DABS' management and expenditure of donor funds. On July 10, 2018, SIGAR awarded a contract to CliftonLarsonAllen LLP (CLA) to begin the review. Three days later, SIGAR and CLA met to discuss objectives, timelines, and expected outcomes.

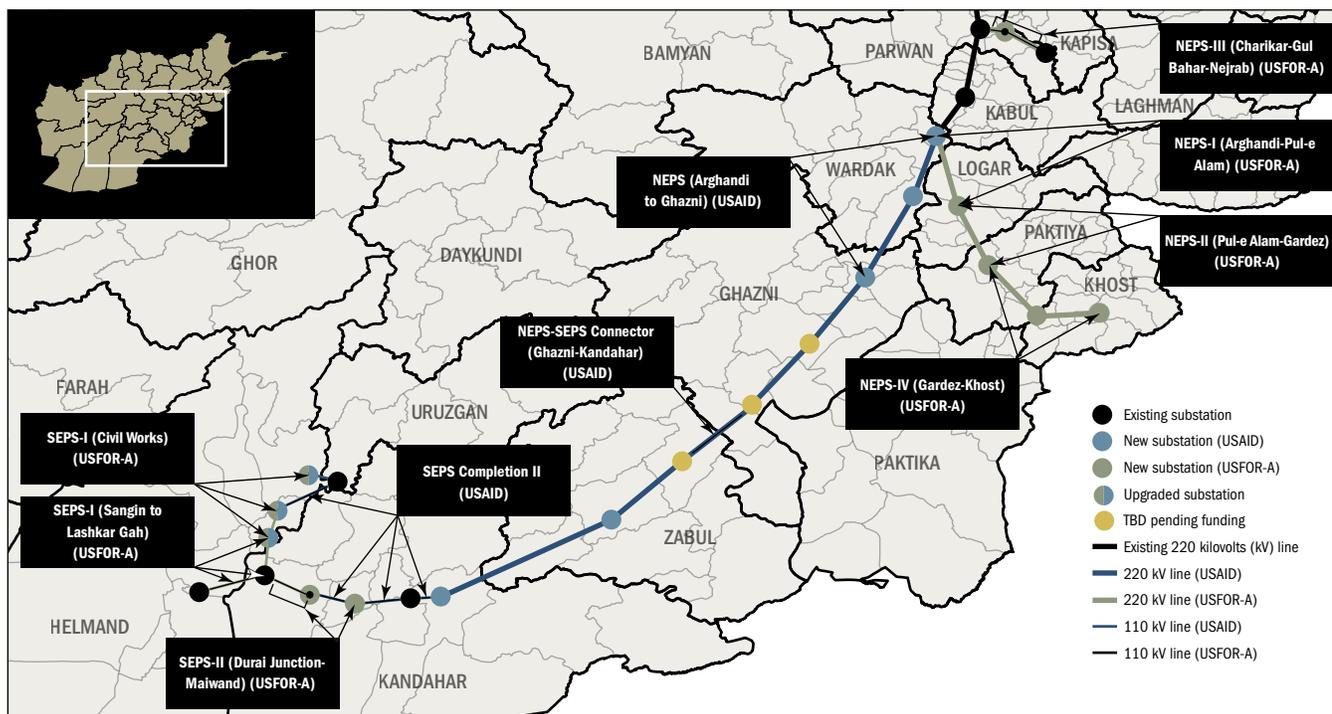
TABLE 3.19

USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursement, as of 7/9/2018
Power Transmission Expansion and Connectivity (PTEC)	1/1/2013	12/31/2020	\$725,000,000	\$175,774,115
Contributions to the Afghanistan Infrastructure Trust Fund (AITF)	3/7/2013	3/6/2023	153,670,184	153,670,184
Engineering Support Program	7/23/2016	7/22/2019	125,000,000	41,945,902
Kandahar Solar Project	2/23/2017	8/26/2018	10,000,000	1,000,000
Design and Acquisition of SEPS Completion and NEPS-SEPS Connector	3/7/2018	3/7/2019	917,680	60,685
Total			\$1,014,587,864	\$372,450,886

Source: USAID, response to SIGAR data call, 7/12/2018 and 6/21/2018.

FIGURE 3.39

MAP: PLANNED DOD AND USAID AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS



Note: For DOD projects, schedule status is as of June 14, 2018, and financial status as of May 31, 2018. For USAID projects, both schedule and financial status are as of June 6, 2018. Completion-percentage figure for USAID's NEPS-SEPS Connector refers to the transmission line only. Voltages shown are for power transmission: 220,000 volts (220 kV) and 110,000 volts (110 kV). Small-customer service is distributed at 220 volts, after being "stepped down" at substations and local transformers.

Source: USFOR-A, JENG, *AIF Power Projects*, n.d.; USFOR-A, JENG, *FY 2011-2014 AIF Program Status Report*, 6/14/2018; USACE, Garrison and Infrastructure Working Group, *AIF Status Sheet*, 6/7/2018; USAID, OI, response to SIGAR data call, 6/6/2018; USAID, response to SIGAR vetting, 4/17/2018; USAID, *Afghanistan Energy Sector Technical Assessment Final Report*, 2/28/2018, pp. 7-8; USFOR-A, JENG, response to SIGAR vetting, 7/13/2018.

2016 or 2017. While DOD funded the restoration of a micro-hydro power generator in FY 2018, the total amount disbursed—approximately \$48,000—was very small and the project also involved refurbishing a mosque and a grain mill.⁶⁶⁰

Measured by total funding, DOD has provided the majority of its support to the power sector through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State. As of May 31, 2018, DOD had disbursed roughly \$555 million through the AIF to fund the construction or improvement of transmission lines and substations, and to provide electricity to industrial parks in Kandahar City. Of that amount, DOD has disbursed approximately \$414 million to construct or improve Afghanistan's two primary power systems—the **Northeast Power System (NEPS)** and the **Southeast Power System (SEPS)**—which the U.S. government aims to connect. (See Figure 3.39 for an overview of NEPS-SEPS.) DOD spent the remaining balance (approximately \$142 million) on fuel and operations and maintenance for generators in Kandahar City.⁶⁶¹

DOD Completes Northeast Power System Segment from Arghandi to Pul-e Alam

This quarter, DOD reported that it had completed the \$50 million Northeast Power System I project, which entailed the construction of a transmission line from Arghandi (Wardak Province) to Pul-e Alam (Logar Province). The transmission line was turned over to the Afghan government in January 2018 and a substation in Pul-e Alam was transferred in May 2018, according to DOD's responses this quarter. However, SIGAR understands that as of July 2, 2018, DOD had not yet received a signed document from the Afghan government confirming receipt of the transferred substation.⁶⁶²

According to DOD, the project is also energized, which represents a positive development for U.S. efforts to increase Afghans' access to electricity. Ten unoccupied houses located below the transmission line were too close to the line to safely energize it full-time when the project was initially transferred.⁶⁶³ However, DOD said that, according to DABS, the homes were subsequently demolished with the consent of the homeowners, who were reusing the materials to build new homes.⁶⁶⁴

Overseas Contingency Operations Funds May Be Used to Complete Legacy Afghanistan Infrastructure Fund Projects

Afghanistan Infrastructure Fund projects were initiated to support critical counterinsurgency and economic-development objectives in Afghanistan. Although DOD's mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, it is still focused on completing the AIF-funded portions of the Northeast Power System and Southeast Power System.⁶⁶⁵ SIGAR has consistently documented the many delays associated with AIF-funded projects.⁶⁶⁶

NEPS: currently imports electricity from Central Asia to provide power to Kabul and the communities north of Kabul.

SEPS: currently draws most of its power from the Kajaki Dam and from diesel generators in Kandahar City to provide power in the Helmand and Kandahar areas.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 11/2013, p. 107; DOD, response to SIGAR vetting, 1/16/2018.

Power-infrastructure projects that DOD considers to be completed are not necessarily providing electricity to Afghans—or even capable of providing that electricity safely. For example, DOD completed construction of transmission lines in Parwan and Kapisa Provinces in January 2018. However, SIGAR found that the transmission project was not operational because of land-acquisition and right-of-way issues, and may also be structurally unsound and pose a risk to Afghans living near transmission towers and lines.

While the Afghan government sees hope and opportunity in the potential of large-scale infrastructure projects, SIGAR has found that implementation of large capital projects in Afghanistan has often been significantly delayed. A SIGAR audit of FY 2011 Afghanistan Infrastructure Fund projects released in October 2017 found that three power sector projects were incomplete and up to five years behind their original schedule.

Source: SIGAR, *Afghanistan's North East Power System Phase III: USACE's Mismanagement Resulted in a System that Is Not Permanently Connected to a Power Source, Has Not Been Fully Tested, and May Not Be Safe to Operate*, SIGAR 18-37-IP, 3/2018, i; USFOR-A, JENG, *FY 2011–2014 AIF Program Status Report*, 6/14/2018; Government of Afghanistan, Embassy of Afghanistan, Washington, D.C., "Full Transcript of President Ghani's Speech at the Heart of Asia Conference," n.d.; SIGAR, *Afghanistan Infrastructure Fund: Agencies Have Not Assessed Whether Six Projects That Began in Fiscal Year 2011, Worth about \$400 Million, Achieved Counterinsurgency Objectives and Can Be Sustained*, SIGAR 18-10-AR, 10/2017, ii.

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AIF projects use FY 2011–FY 2014 appropriated funds; no additional AIF money was appropriated in subsequent fiscal years.⁶⁶⁷ However, up to \$50 million of funds appropriated in later acts may be used to complete these projects. Although the provision authorizing the use of additional monies has been included under the Afghanistan Security Forces Fund (ASFF) heading in the consolidated appropriations acts, the language of

TABLE 3.20

AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS, AS OF JUNE 14, 2018 (\$ MILLIONS)							
	AIF Project	Description	Notified				Completion Date
			Amount	Obligated	Disbursed	% Completed	
AIF FY 2011	Kandahar Power Bridging Solution	Provided fuel and O&M for diesel generators in Kandahar City	\$40.5	\$39.1	\$39.1	100%	Complete
	SEPS - Kajaki Dam to Lashkar Gah ^a	Repair, install transmission lines; rebuild, construct power substations.	130.0	57.5	57.5	N/A	N/A
	NEPS - Arghandi to Ghazni	Design, construct transmission lines and substations (first segment of NEPS-SEPS connection). USAID: PTEC project	101.0	101.0	92.3	100%	Complete
	NEPS I - Arghandi to Pul-e Alam ^b	Design, construct transmission line, towers, and power substation.	93.7	50.3	47.1	100%	Complete
AIF FY 2012	Kandahar Power Bridging Solution	Provided fuel and O&M for diesel generators in Kandahar City	67.0	64.7	64.7	100%	Complete
	SEPS II - Durai Junction to Maiwand ^c	Design, construct transmission line; rebuild and construct substations.	40.0	28.5	27.5	96%	7/31/2018
	NEPS II - Pul-e Alam to Gardez	Design, construct transmission line, towers, and power substation.		68.5	67.4	100%	Complete
	NEPS III - Charikar to Gul Bahar and Nejrab	Design, construct transmission lines, towers, and power substation.	120.0	38.8	37.9	100%	Complete
AIF FY 2013	Kandahar Power Bridging Solution	Provided fuel and O&M for diesel generators in Kandahar City	37.0	34.0	34.0	100%	Complete
	NEPS III - Charikar to Gul Bahar and Nejrab	Design, construct transmission lines, towers, and power substation	33.0	24.1	23.6	100%	Complete
	SEPS Completion - Phase I	Civil, structural, architectural improvements to substations in Tangi, Sangin North and South.	75.0	63.1	9.0	90%	7/31/2018
		Design, construct, transmission lines from Sangin North to Lashkar Gah.			39.4	86%	3/31/2019
	NEPS - SEPS Connector, Ghazni to Kandahar ^d	Design, construct transmission line and substations. Final phase of NEPS-SEPS connector. USAID: PTEC project	179.5	113.2 ^e	10.5	28% ^f	12/31/2021
AIF FY 2014	Kandahar Power Bridging Solution	Provided fuel and O&M for diesel generators in Kandahar City	4.0	3.9	3.9	100%	Complete
	SEPS Completion - Phase II	Design, construct transmission line, and install equipment and commission substations USAID: PTEC project	55.0	55.0 ^g	0.0	0%	12/31/2021
	NEPS IV - Gardez to Khost	Design, construct transmission line and substations. DOD's final contribution to NEPS.	130.0	121.3	104.3	86%	12/18/2018

Note: Projects that DOD reports as 100 percent complete are not necessarily energized; for example, see SIGAR, *Afghanistan's North East Power System Phase III: USACE's Mismanagement Resulted in a System that Is Not Permanently Connected to a Power Source, Has Not Been Fully Tested, and May Not Be Safe to Operate*, SIGAR 18-37-IP 3/2018. For DOD projects, schedule status is as of June 14, 2018, and financial status is as of May 31, 2018. For USAID projects, both schedule and financial status are as of June 6, 2018. USAID lifted a previous pause on its PTEC projects on March 27, 2018. For more on the pause, see SIGAR's April 2018 *Quarterly Report to the United States Congress*, pp. 163–164, 167.

^a Terminated due to out-of-scope security costs.

^b Although there were 10 occupied houses below the transmission line whose proximities to the line prevented it from being safely energized full-time when the project was initially transferred, DOD said that, according to DABS, the line is now energized.

^c Transmission line energized and turned over to MEW/DABS.

^d The original project scope included five substations. Last quarter, USAID said it plans to construct two substations, both off-budget. Completion of the remaining three will be funded only if ESF reserves are not required to substitute for canceled AIF funds. USAID has reserved \$80 million in ESF funds to complete the NEPS-SEPS Connector in the event that AIF funds expire.

^e Represents amount sub-obligated for construction of transmission line. Procurement for substations along the line not yet awarded. USAID said the \$330 million obligation figure previously reported by SIGAR is now outdated because the substations will be contracted along with additional work for the rehabilitation of SEPS under a single mechanism.

^f Completion percentage applies to transmission line only, and reflects the earned value of the project. According to USAID, "Earned value shows how much of the budget and time should have been spent, considering the amount of work done so far."

^g In December 2017, USAID de-sub-obligated \$55 million of AIF funding previously sub-obligated for SEPS Completion. Therefore, current obligations may be \$0. However, when asked to update the obligated figure for the project this quarter in the table above, USAID made no change. SIGAR will update obligations for SEPS Completion-Phase II next quarter. The total estimated cost for this project is now \$62.6 million.

Source: USFOR-A, JENG, *FY 2011–2014 AIF Program Status Report*, 6/14/2018; USACE, Garrison and Infrastructure Working Group, *AIF Status Sheet*, 6/7/2018; USAID, OI, response to SIGAR data call, 6/21/2018; USAID, OI, response to SIGAR vetting, 7/12/2018, 7/10/2018, 4/18/2018, and 4/17/2018; USAID, *Afghanistan Energy Sector Technical Assessment Final Report*, 2/28/2018, p. 8; USAID, "Implementation Letter (IL) 22-83 to de-sub-obligate a total of \$62,573,815 of on-budget support to Da Afghanistan Breshna Sherkat (DABS) under the Power Transmission Expansion and Connectivity (PTEC) project," 12/11/2017; DOD, response to SIGAR vetting, 7/16/2018.

the provision authorizes DOD to use other Title IX Overseas Contingency Operations (OCO) funds in addition to ASFF in order to complete legacy AIF projects.⁶⁶⁸ Title IX OCO funds authorized by the FY 2018 Consolidated Appropriations Act include myriad other headings in addition to ASFF, such as the Counter-ISIS Train and Equip Fund and Operation and Maintenance, Army National Guard.⁶⁶⁹

Some AIF funds have either **cancelled** or are at risk of being cancelled due to project delays.⁶⁷⁰ Thus far, DOD has on only one occasion used non-AIF monies—in this instance ASFF funds—to complete an AIF project.⁶⁷¹ DOD notified Congress in September 2017 that it would use as much as \$8 million of the FY 2017 ASFF to help complete phase one of the NEPS Arghandi to Gardez transmission line project.⁶⁷² In the end, DOD said it used only \$3.38 million to complete that project.⁶⁷³ Three AIF-funded DOD power-infrastructure projects, in various phases, remain ongoing. About \$213 million has been obligated for those projects, of which approximately \$180 million has been disbursed.⁶⁷⁴ Future DOD-backfilling of AIF projects is possible. However, according to DOD, no further use of non-AIF funds are planned for the three remaining power projects because they are “on track to finish with their original AIF funds.”⁶⁷⁵ For the current status of AIF power-infrastructure projects see Table 3.20.

Cancelled funds are monies that, because too much time has passed since they were appropriated by Congress, are no longer available for use by agencies. Project delays can create situations in which agencies are unable to disburse sufficient funds to complete a project before those funds cancel.

Source: Interagency Alternative Dispute Resolution Working Group, Electronic Guide to Federal Procurement ADR, “The Federal Government Funding Cycle,” n.d., <https://www.adr.gov/adrguide/afmc.html>, accessed 7/5/2018.

ECONOMIC GROWTH

Afghanistan ranked 183rd of 190 economies in the World Bank’s *Doing Business 2018* report on regulatory quality and efficiency, unchanged from last year’s ranking.⁶⁷⁶ Since the 2017 report, Afghanistan substantially increased the cost of starting a business at incorporation. Entrepreneurs are now required to pay the business license fee for three years, raising the cost from the equivalent of 19.9 percent to 82.3 percent of income per capita.⁶⁷⁷ As a result, Afghanistan’s rank for starting a business declined significantly, from 42nd last year to 107th this year. Afghanistan remains nearly last in dealing with construction permits (185), getting electricity (163), registering property (186) and enforcing contracts (181). It remains second-worst (189) in protecting minority investors. Its best score was for getting credit (105).⁶⁷⁸

USAID has cumulatively disbursed over \$1.2 billion for economic-growth programs in Afghanistan.⁶⁷⁹ USAID’s active economic-growth programs have a total estimated cost of \$350 million and can be found in Table 3.21.

Latest USAID Office of Economic Growth Portfolio Review Provides Further Details on New Strategy

As reported earlier, USAID is developing its first Country Development Cooperation Strategy (CDCS) for Afghanistan.⁶⁸⁰ USAID has told SIGAR it expects the CDCS to be completed by the summer of 2018.⁶⁸¹ The new CDCS remained unfinalized this quarter.⁶⁸²

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TABLE 3.21

USAID ACTIVE ECONOMIC-GROWTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
Assistance in Building Afghanistan by Developing Enterprise (ABADE)	10/16/2012	7/15/2018	\$104,997,656	\$104,949,806
Women in the Economy (WIE)	7/1/2015	6/30/2019	71,571,543	31,159,147
Afghanistan Workforce Development Program (AWDP)	4/5/2012	6/30/2018	44,775,680	43,390,573
Multi-Input Area Development-Global Development Alliance	3/23/2013	6/15/2018	22,445,265	21,445,265
Multi-dimensional Legal Economic Reform Assistance (MELRA)	2/7/2018	2/6/2023	19,990,260	0
Extractive Technical Assistance by USGS	1/1/2018	12/31/2022	18,226,206	334,407
Afghanistan Investment Climate Program	3/27/2015	3/26/2020	13,300,000	2,972,518
Commercial Law Development Program	3/1/2014	9/30/2019	13,000,000	9,746,898
Goldozi Project	4/5/2018	4/4/2022	9,718,763	47,974
Livelihood Advancement for Marginalized Population (LAMP)	5/27/2018	5/25/2022	9,491,153	0
Establishing Kabul Carpet Export Center (KCEC)	6/6/2018	6/5/2021	9,416,507	0
Rebranding Afghanistan: Creating Jobs, Changing Perceptions, Empowering Women	11/2/2015	11/1/2018	4,800,000	3,950,000
Trade Show Support (TSS) Activity	6/7/2018	12/6/2020	3,999,174	0
Afghanistan International Bank Guarantee Agreement	9/27/2012	9/27/2020	2,000,000	520,800
Development Credit Authority (DCA) with FINCA, OXUS, and First Microfinance Banks	9/25/2014	9/24/2020	1,958,000	0
Afghanistan Loan Portfolio Guarantee	9/27/2017	9/26/2023	665,820	0
Total			\$350,356,027	\$218,517,389

Source: USAID, response to SIGAR data call, 7/12/2018.

Nevertheless, the latest USAID Office of Economic Growth (OEG) portfolio review, dated June 2018 and provided to SIGAR this quarter, brought additional clarity to the shape the new strategy will take. SIGAR reported on OEG's November 2017 portfolio review last quarter.⁶⁸³ OEG's latest review described the three main challenges the new CDCS will address: poverty, unemployment, and Afghanistan's substantial trade deficit.⁶⁸⁴

The strategic shift from the USAID/Afghanistan Plan for Transition 2015–2018 to the CDCS, according to OEG, will involve a focus on the private sector in order to create jobs, improve the enabling environment for businesses, and increase exports.⁶⁸⁵ The first **Development Objective** under the Plan for Transition—"sustainable agriculture-led economic growth expanded"—sought to provide jobs and increase income through projects designed to raise economic growth with "a focus on private-sector development and improving the business enabling environment."⁶⁸⁶ The shift will involve a change in emphasis from direct **government-to-government** support to USAID-facilitated support across agencies.⁶⁸⁷ In other words, OEG

plans to shift its approach towards interagency agreements, such as those it has with the Department of Commerce and the United States Geological Survey. Such interagency agreements allow for “more discrete” support to the development of laws, regulations, policies, and procedures according to OEG.⁶⁸⁸

OEG plans to support the forthcoming CDCS through three work streams: (1) creating jobs and increasing the competitiveness of the Afghan private sector, (2) creating export-processing zones (EPZs) and facilitating exports (e.g., by supporting trade shows), and (3) assisting Afghanistan with policy reforms supporting businesses and with managing its strategic assets (e.g., natural resources).⁶⁸⁹ Some current OEG programs, such as its extractives-sector technical assistance program (effected through an interagency agreement with the United States Geological Survey) support anticipated **Intermediate Results** (IRs) of the unfinalized CDCS—in this case, the USGS project supporting the IR “International Trade and Connectivity Increased.”⁶⁹⁰ Other programs, such as a project titled Airport EPZs and Air Cargo for Export Promotion are still being planned.⁶⁹¹

EDUCATION

Prior to 2001, decades of intermittent conflict had devastated Afghanistan’s education system. Although the current war continues, Afghanistan’s progress in the education sector has been highlighted as one of the country’s success stories. While figures vary, the total number of children currently enrolled in school recently rose to 9.2 million, according to USAID, which relies on data from Afghanistan’s Ministry of Education (MOE). That number represents a dramatic increase over the some one million students who were enrolled in school in 2002.⁶⁹² In FY 1396—which roughly corresponds to the year 2017—about 8.95 million students were enrolled in grades 1–12, according to the MOE.⁶⁹³ However, the MOE counts students who have been absent for up to three years as enrolled because, it says, they might return to school.⁶⁹⁴ Thus, the number of students actually *attending* school is generally considered to be much lower.

Another issue is that many Afghan children do not enroll at all, or simply drop out. In April 2018, the United Nations Children’s Fund (UNICEF) quantified the scope of this problem, estimating that about 3.7 million children were out of school, about 2.2 million of whom were girls. To generate its findings, UNICEF used data from the 2013–2014 Afghanistan Living Conditions Survey (ALCS), published by Afghanistan’s Central Statistics Organization (CSO), among other data sources that were not published recently, but which presumably were the best available at the time of the analysis.⁶⁹⁵

Due to the data lag, the number of children out of school today may be even higher. With rapid population growth, Afghanistan is experiencing a

Development Objective (DO): Typically the most ambitious result to which a USAID Mission in a particular country (e.g., the USAID/Afghanistan Mission), in conjunction with its development partners, can contribute. DOs correspond to specific development challenges that a mission aims to address. A CDCS cannot have more than four DOs.

Government-to-Government (G2G): assistance, according to USAID, involves grants or other cash transfers provided to the Afghan government in order to help implement projects or activities. One advantage of G2G assistance is host-nation ownership of results. However, oversight and the ability to vet technical advice and expertise can be more difficult.

Intermediate Results (IRs): Results that, when combined, support the advancement of a DO. IRs are required to be measurable, and capture more specific, lower-level results.

Source: USAID, ADS Chapter 201: Program Cycle Operational Policy, 5/24/2018, pp. 29–30; USAID, OEG, response to SIGAR vetting, 7/10/2018.

demographic “youth bulge”: the CIA estimates that nearly 41 percent of Afghans are age 14 or younger. As a result, with the release of its 2016–2017 ALCS survey results, the CSO said that in six years the number of primary-school-age children will be 18 percent larger than the current figure. The CSO added that in order to serve all primary-school-age children six years from now, the number of education facilities would have to expand by this additional 18 percent, on top of a 38 percent expansion that would be required to accommodate all children of primary-school age now.⁶⁹⁶

Moreover, according to the 2016–2017 ALCS results, gains in the education sector appear to be stagnating. The net attendance ratios, which express the number of students in a given age cohort as a percentage of the total number of children in that cohort, for children of primary-school age (56 percent), secondary-school age (36 percent), and tertiary-school age (10 percent) in the 2016–2017 survey were approximately the same as they were in the 2013–2014 ALCS. This may reflect that gains in education are more difficult now that many children are already in school, according to the CSO.⁶⁹⁷ Both adult and youth literacy rates—35 percent and 54 percent, respectively, according to the 2016–2017 results, were also stagnant.⁶⁹⁸

The education sector faces numerous other challenges. They include poor data reliability, insecurity, shortages of school buildings and textbooks, rural access issues, and the alleged appointment of teachers on the basis of cronyism and bribery.⁶⁹⁹

USAID Programs Focus on Improving Literacy, Increasing Access, and Enhancing Employability

USAID aims to improve equitable access to quality education in Afghanistan through community-based classes in both remote and urban regions. USAID also seeks to develop relevant, in-demand technical skills to better prepare Afghans for employment. Its programs focus on early-grade reading, textbooks and other learning materials, and raising literacy rates through teacher and educator training.⁷⁰⁰ The agency will articulate future plans in the forthcoming Country Development Cooperation Strategy.⁷⁰¹

USAID had disbursed nearly \$1 billion for education programs in Afghanistan, as of July 9, 2018.⁷⁰² USAID’s active education programs have a total estimated cost of \$500 million and can be found in Table 3.22.

USAID’s Support to the American University of Afghanistan: Sustainability Challenges Remain

The Kabul-based American University of Afghanistan (AUAF), which is supported by a \$64.4 million USAID program, appears to be struggling with financial sustainability. Through its support to AUAF, which offers both undergraduate and graduate degree programs, USAID aims to improve the quality of, and provide better access to, higher education in Afghanistan.⁷⁰³

SIGAR AUDIT

In April 2018, SIGAR published the results of a financial audit of a DOD-funded grant provided to the Friends of the American University of Afghanistan. The \$1.35 million grant was intended to fund a pilot program to assess the viability of a sustainable business incubator in Kabul. The audit, conducted by the Williams Adley Firm, identified \$89,892 in total questioned costs arising from internal-control deficiencies and instances of noncompliance. Questioned costs were nearly 7 percent of the total value of the grant.

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.22

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
Afghanistan University Support and Workforce Development Program	1/1/2014	9/30/2019	\$93,158,698	\$70,580,920
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	77,402,457	77,402,457
Textbook Printing and Distribution II	9/15/2017	12/31/2019	75,000,000	0
Afghan Children Read (ACR)	4/4/2016	4/3/2021	69,547,810	20,340,522
Support to the American University of Afghanistan (AUAF)	8/1/2013	11/29/2019	64,400,000	53,736,523
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	25,855,236
Let Girls' Learn Initiative and Girls' Education Challenge Programme (GEC)	6/29/2016	6/28/2021	25,000,000	5,000,000
Capacity Building Activity at the Ministry of Education	2/1/2017	1/31/2022	23,212,618	5,369,438
Afghanistan's Global Partnership for Education	10/11/2012	6/30/2019	15,785,770	8,549,079
Assessment of Learning Outcomes and Social Effects in Community-Based Edu.	1/1/2014	12/31/2018	6,288,391	5,943,212
Financial and Business Management Activity with AUAF	7/5/2017	1/4/2019	4,384,058	559,312
PROMOTE Scholarships PAPA	3/4/2015	3/3/2020	1,247,522	1,247,522
Total			\$500,263,244	\$274,584,221

Source: USAID, response to SIGAR data call, 7/12/2018.

Following the results of a midterm assessment and an attack on the university that killed 15 people, including seven students, USAID sent AUAF a Corrective Action letter in September 2016. The letter necessitated a revision to USAID's agreement with the university that included additional activities designed to address security, academic quality, and accounting and financial management. As a result, the agreement was revised in March 2017, and the total amount of support—initially \$45.9 million—increased to its current level.⁷⁰⁴ This increase occurred despite the fact that one outcome described by USAID's 2013 cooperative agreement with AUAF was that USAID's support for the university would decrease annually.⁷⁰⁵

In February 2018, Afghanistan's Ministry of Higher Education (MOHE) granted accreditation to AUAF. According to a recent project quarterly report, AUAF is the first university in the country, public or private, to receive accreditation from the MOHE. AUAF also saw a dramatic increase in new student enrollment.⁷⁰⁶ New student enrollment for the spring 2018 semester stood at 201 students, which represented a 142 percent increase over fall 2017 (83 students) and a 109 percent gain over spring 2017 (96 students).⁷⁰⁷ According to the latest quarterly report, enrollment gains are attributable to AUAF's aggressive recruitment of new students at local high schools and a "customer-friendly" admissions process.⁷⁰⁸



Members of the American University of Afghanistan board of trustees, U.S. officials, and others participated in a groundbreaking ceremony for a 3,000 square-meter women's dormitory in October 2015. The dormitory was opened in January 2018. (USAID photo)

USAID said it “does not have direct visibility on AUAF’s total income,” even though the agency’s 2013 cooperative agreement with the university included specific financial self-sufficiency outcomes, such as increasing non-U.S. government funding and increasing revenue from tuition and fees.

Thus, while USAID confirmed that AUAF’s organically generated income was \$1.16 million for the nine months ending March 31, 2018, it could not confirm that AUAF’s remaining income for the period was exclusively from U.S. government sources. However, the AUAF income statement provided to SIGAR this quarter appeared to be comprehensive.

Source: USAID, OED, response to SIGAR vetting, 7/12/2018; USAID, Cooperative Agreement No. 306-A-13-00004 for the support of the American University of Afghanistan (AUAF), 8/1/2013, p. 31; AUAF, Federal Financial Report for the Nine Months Ending Saturday, March 31, 2018, p. 2.

SIGAR SPECIAL PROJECT

A SIGAR Special Project released in June 2018 reported the results of site inspections at nine USAID-supported public health facilities in Kandahar Province. SIGAR found that all nine facilities were open and operational. However, there were substantial inaccuracies in the geospatial coordinates USAID provided for five of the nine health facilities. SIGAR also found that not all facilities had access to reliable electricity and most had minor structural issues, including cracked walls and leaking roofs. For more, see p. 28 of this report.

According to AUAF, growth in AUAF’s student body is lowering the cost per student.⁷⁰⁹ While this may be true, an AUAF income statement provided to SIGAR this quarter, which shows income and expenses for the nine months ending March 31, 2018, indicated that AUAF’s expenses for the period (about \$5.5 million) were 136 percent of total income (just over \$4 million).⁷¹⁰ While higher enrollment levels can help cover fixed costs through tuition income—undergraduate tuition fees accounted for approximately 33 percent of total income, and were the university’s second-largest source of income after grants—AUAF’s latest financial statement shows that U.S. government subsidies provided nearly half (49 percent) of AUAF’s undergraduate tuition income (less late fees).⁷¹¹ Looking beyond tuition income, USAID grants represented about 48 percent of AUAF’s total income, while net U.S. government contributions accounted for 71 percent.⁷¹²

The cost of protecting AUAF students and faculty, meanwhile, represented a substantial share of overall expenses. Supplemental security costs, which included a nearly \$1.5 million expense for a private security company, were 27.6 percent of total expenses, equated to 37.6 percent of total income, and significantly exceeded AUAF’s organically generated income of \$1.16 million.⁷¹³ Overall security costs constituted 32.7 percent of total expenses.⁷¹⁴

Responding to a draft copy of this report, USAID said, “AUAF has made some progress in improving financial systems with direct oversight from USAID/Afghanistan’s financial and contracting staff.”⁷¹⁵ SIGAR will continue to track and report on AUAF’s sustainability in future quarters.

HEALTH

Afghanistan’s health outcomes have improved dramatically since 2001 despite persistent instability. USAID has cited these improvements as a significant development success story. According to United Nations estimates, maternal mortality rates declined from 1,100 deaths per 100,000 live births in 2000 to 396 in 2015—a drop of 64 percent. Over the same period, the under-5 child mortality rate fell by 34 percent, from 137 to 91 deaths per 1,000 live births. Concurrently, newborn mortality rates fell by 32 percent.⁷¹⁶

In February 2018 the World Bank emphasized there was still significant room for improvement.⁷¹⁷ For example, Afghanistan’s newborn mortality rate still ranks the second-highest among those of 31 low-income countries, and the total number of newborn deaths in 2016—about 46,000—places Afghanistan tenth among all countries according to estimates from UNICEF. Of the other nine countries in the top 10, Afghanistan has the lowest population. In 2016, Tanzania, whose population is 58 percent

larger than Afghanistan’s, reported approximately the same number of newborn deaths.⁷¹⁸

Insecurity impacts health-delivery services. The United Nations Assistance Mission in Afghanistan recorded 17 conflict-related incidents that targeted health-care personnel and facilities from January 1–March 31, 2018. This figure was 10 incidents more than the seven reported by UNAMA in the previous quarter.⁷¹⁹

USAID Health Programming Intended to Sustain and Supplement Gains in Health Outcomes

The objective of U.S.-funded health-sector programs is to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health includes training, capacity-building, and quality-assurance activities to strengthen the ministry’s management and control over health care delivery across Afghanistan.⁷²⁰

According to USAID, assisting the Afghan government with health-care delivery will increase the population’s support for the government because “Healthy people and healthy communities are the bedrock of a peaceful and stable nation.” USAID said that, among other refinements to its health-sector strategy following the announcement of the new South Asia strategy, it is considering an expansion of private sector engagement in the health sector, as well as a focus on improving health outcomes in urban and population centers specifically.⁷²¹ The majority of Afghans—approximately

TABLE 3.23

USAID ACTIVE HEALTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursement, as of 7/9/2018
Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)	5/11/2016	5/10/2021	\$75,503,848	\$12,779,731
Helping Mothers and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	42,261,454
Disease Early Warning System Plus (DEWS Plus)	7/1/2014	6/30/2022	41,773,513	24,388,615
Health Sector Resiliency (HSR)	9/28/2015	9/27/2020	27,634,654	13,463,606
Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea	7/21/2015	7/7/2020	15,002,610	13,000,000
Challenge Tuberculosis	1/1/2015	9/29/2019	15,000,000	9,689,395
Sustaining Health Outcomes through the Private Sector (SHOPS) Plus	10/11/2015	9/30/2020	12,000,000	6,941,903
Global Health Supply Chain-Procurement and Supply Management-HIV/AIDS Task Order #1	4/20/2015	4/19/2020	2,520,341	176,568
Global Health Supply Chain Quality Assessment	1/2/2015	12/31/2019	1,500,000	1,500,000
Total			\$250,934,966	\$124,201,272

Source: USAID, response to SIGAR data call, 7/12/2018.

72 percent—live in rural areas, where the Taliban were likely to attempt to expand their influence, according to DOD.⁷²²

U.S. on- and off-budget assistance to Afghanistan’s health sector totaled more than \$1.2 billion as of July 9, 2018.⁷²³ USAID’s active health programs have a total estimated cost of \$251 million, and are listed in Table 3.23.

USAID’s HEMAYAT Program Continues to Address High Child Mortality Rates and Pregnancy-Related Deaths

USAID’s Helping Mothers and Children Thrive (HEMAYAT) program aims to increase access to and utilization of family-planning and maternal, neonatal, and child health services. A second goal is to strengthen referral systems to hospitals at the provincial level. HEMAYAT was initiated to address high child-mortality rates and pregnancy-related deaths for mothers in Afghanistan.⁷²⁴

As of May 2018, HEMAYAT had, with its capacity-building efforts and through a partnership with the United Nations Children’s Fund, expanded **Chlorhexidine** (CHX) services to 1,121 health providers in 10 provinces. As a result, about half of the health facilities in these 10 provinces now have at least one skilled birth attendant on staff familiar with the use and administration of CHX. To further scale this intervention—considered to be high-impact because the simple procedure of administering CHX to infants immediately after birth has been shown to prevent 15 percent of newborn deaths—HEMAYAT trained 854 community health workers in Badakhshan and Nimroz Provinces. To date, 79,277 newborns have received CHX.⁷²⁵

HEMAYAT’s latest quarterly report, which covered activities running from January–March 2018, listed several implementation challenges. Among the challenges were poor recordkeeping in several high-volume healthcare facilities with which implementers are working, meaning that baselines for some key indicators could not be established. Additionally, due to the lack of CHX availability, high-impact community-based interventions were initiated without the use of CHX.⁷²⁶

Polio

The only two countries in which polio remains endemic are Afghanistan and Pakistan, which share a 1,500-mile border.⁷²⁷ Large-scale population movements between Afghanistan and Pakistan raise the risk of cross-border transmission, and a fatwa issued by the Pakistani Taliban targeting polio workers complicates vaccination outreach.⁷²⁸ The Taliban have falsely referred to polio-vaccination drops as “poison,” and began targeted killings of polio workers in June 2012—one year after the U.S. military raid that killed Osama bin Laden in Abbottabad, Pakistan.⁷²⁹ (While leading a hepatitis B vaccination campaign, Pakistani doctor Shakil Afridi assisted the Central Intelligence Agency in tracking bin Laden down. The association

Chlorhexidine: an antiseptic antibacterial agent that kills or prevents the growth of bacteria. As part of a solution or gel, it is applied topically to the skin before a surgery or injection, after an injury, or onto a newborn after birth in order to prevent infection resulting from the severing of the umbilical cord. Chlorhexidine has been proven to prevent 15 percent of newborn deaths.

Source: Mayo Clinic, “Chlorhexidine (Topical Application Route),” <http://www.mayoclinic.org/drugs-supplements/chlorhexidine-topical-application-route/description/drg-20070874>, accessed 9/30/17; USAID, OHN, Fact Sheet, “HEMAYAT: Helping Mothers And Children Thrive,” 9/11/17, p. 3.



Female volunteer community health workers practice chlorhexidine gel application in Herat Province. (USAID photo)

between the campaign and the May 2011 bin Laden raid has reportedly set back polio-vaccination efforts.)⁷³⁰

As of July 10, 2018, nine new polio cases were reported in Afghanistan in 2018, the most recent of which were recorded in Helmand Province.⁷³¹ If the number of polio cases continues to grow at the current rate, total reported cases in 2018 could exceed those seen in 2016 and 2017. Confirming the current trend, USAID said it expects a rise in polio cases in 2018. According to the United Nations Children’s Fund and the World Health Organization, there were 13 officially reported cases in 2017—unchanged from 2016.⁷³² However, UNAMA reported that the total number of cases in Afghanistan in 2017 was 14, as of February 27, 2018. According to UNAMA, five of those cases occurred in Kandahar’s Shah Wali Kot district, which vaccination workers could not access for six months in 2017.⁷³³

UNAMA said that access remains a major concern in 2018, and reported that the number of children who were inaccessible to vaccination workers has grown rapidly in recent months. Whereas only 60,000 children were inaccessible in February of this year, more than half a million were inaccessible in May.⁷³⁴ USAID said the increasing numbers of inaccessible children are the result of insecurity (particularly in Helmand and Kandahar provinces), displacement caused by active fighting, as well as the quality of polio operations.⁷³⁵

As of August 31, 2017, USAID had obligated about \$28.5 million and disbursed about \$28.4 million for polio-eradication efforts in Afghanistan since 2003.⁷³⁶

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COUNTERNARCOTICS

KEY ISSUES AND EVENTS

The United Nations Office on Drugs and Crime (UNODC) reported in May that poppy cultivation levels in Afghanistan reached a new record in 2017. The total area under poppy cultivation expanded by 127,000 hectares, from 201,000 hectares in 2016 to 328,000 hectares in 2017. A hectare equals nearly 2.5 acres.⁷³⁷

Cultivation rose significantly in nearly all major poppy-growing provinces. In Helmand, cultivation increased 79 percent (63,700 hectares) from 2016 levels and accounted for approximately half of the national increase for 2017. Major increases also occurred in Balkh Province, where 10,000 more hectares were under cultivation—almost five times higher than its 2016 level; in Kandahar Province, which saw a 37 percent (7,500 hectares) increase; in Nimroz Province, which experienced a 116 percent (6,200 hectares) increase; and in Uruzgan Province, which had an additional 39 percent (6,000 hectares) under cultivation.⁷³⁸

The UNODC report included a socioeconomic analysis of its Afghanistan opium survey that provided information on the reasons farmers turn to opium-poppy cultivation. UNODC attributed the overall increase to multiple factors: Farmers continued to cultivate opium poppy primarily due to ongoing rule-of-law-related challenges like political instability, lack of government control, and security. Limited employment and economic opportunities, and a lack of access to quality education also played a role. Moreover, the Afghan government targeted antigovernment elements in densely populated areas in 2017, which could have rendered rural inhabitants more vulnerable to insurgents' influence, according to UNODC.⁷³⁹

The expansion of poppy-cultivated areas as well as high yields led to record opium production. UNODC estimated that 7,600 to 7,900 tons of opium were available for producing high-quality, low-cost heroin likely to reach consumer markets across the world.⁷⁴⁰

Between April and June 15, 2018, Afghan law-enforcement personnel conducted 17 interdiction operations. Seizures included 6,560 kilograms (kg) of opium, 60 kg of heroin, 3 kg of hashish, and 12,500 kg of **precursor chemicals**.⁷⁴¹ A kilogram is about 2.2 pounds.

The Department of Defense (DOD) continued to support the Afghan National Defense and Security Forces (ANDSF) this quarter, particularly

“Illicit cultivation, production, trade, and use of illicit drugs undermine public health and good governance in Afghanistan, while fueling corruption, providing significant funding for insurgents, and eroding security.”

Source: State, *International Narcotics Control Strategy Report, Volume I: Drug and Chemical Control*, 3/2018, p. 16.

Precursor chemical: a substance that may be used in the production, manufacture, and /or preparation of narcotic drugs and psychotropic substances.

Source: UNODC, *Multilingual Dictionary of Precursors and Chemicals*, 2008, viii.

LESSONS LEARNED REPORT ON COUNTERNARCOTICS

SIGAR released its fifth Lessons Learned Program report, *Counternarcotics: Lessons from the U.S. Experience in Afghanistan*, examining U.S. counternarcotics efforts from 2002 through 2017. This comprehensive review incorporates satellite-imagery data analysis and provides recommendations to policymakers to improve future strategies and programs. See Section 2 for more information.

the Afghan Air Force (AAF), in targeting insurgent financial networks and revenue sources. The DOD operations proceeded under the expanded authorities of the U.S. administration's South Asia strategy. DOD reported that 19 narcotics production facilities were bombed by the AAF since January. According to DOD, between November 2017 and May 2018, more than 100 strikes against narcotics processing and storage facilities and stockpiles have resulted in the loss of tens of millions of dollars in revenue for the Taliban.⁷⁴²

Revised U.S. Counternarcotics Strategy Still Pending

The State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) informed SIGAR that the U.S. Counternarcotics Strategy for Afghanistan, under development since 2014, is still undergoing interagency coordination and has not been finalized. As drafted, the strategy seeks to deny the Taliban drug revenue as a means of pressuring them to participate in peace negotiations. The draft strategy also continues to focus on building and improving Afghan counternarcotics (CN) capabilities and capacity. According to INL, its programs support the South Asia strategy by helping deny drug revenue and addressing the various factors and symptoms of Afghan opiates, all of which drive instability that is detrimental to an Afghan-led peace process.⁷⁴³

U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of June 30, 2018, the United States has provided \$8.81 billion for CN efforts in Afghanistan since 2002. Congress appropriated most CN funds for Afghanistan through the Department of Defense Drug Interdiction and Counter-Drug Activities (DOD CN) Fund (\$3.25 billion), the Afghan Security Forces Fund (ASFF) (\$1.31 billion), the Economic Support Fund (\$1.44 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account (\$2.26 billion).⁷⁴⁴

ASFF is primarily used to develop the Afghan National Army and Police, including the Counter Narcotics Police of Afghanistan (CNPA) and the Special Mission Wing (SMW), which support the counternarcotics efforts of the Ministries of Defense (MOD) and Interior (MOI).⁷⁴⁵

INTERDICTION AND ERADICATION

The U.S. and Afghan governments use both interdiction and eradication to counter the cultivation and production of illicit narcotics in Afghanistan. According to State:

- **Interdiction**—preventing illicit drugs from reaching their destination—is important in stemming the flow of illegal drugs and countering the

negative effects of organized criminal groups. INL supports interdiction efforts through training, equipping, and providing technical assistance to partner nation law enforcement agencies. Such efforts increase the capacity to detect, investigate, disrupt, and seize shipments of illicit drugs and the chemicals (known as precursors) needed to process and produce drugs.

- **Eradication**—physical destruction—of illicit crops remains an important tool for decreasing the production of illegal drugs and preventing them from entering the United States or other drug markets. INL provides training, equipment, and technical assistance to foreign governments to support their own eradication programs and address related counternarcotics and law-enforcement challenges.⁷⁴⁶

Afghan Counternarcotics Elements

The Counter Narcotics Police of Afghanistan (CNPA), comprising regular narcotics police and specialized units, is the lead ANDSF pillar for counternarcotics efforts. According to DOD, the CNPA, authorized at 2,596 personnel, is located in all 34 provinces. Specialized units include the Sensitive Investigation Unit (SIU), the National Interdiction Unit (NIU), and the Intelligence Investigation Unit.⁷⁴⁷ The Afghan Uniform Police and Afghan Border Police also participate in counternarcotic activities.⁷⁴⁸

In addition, the General Command of Police Special Units conducts high-risk operations against terrorism, narcotics, and organized crime.⁷⁴⁹ NIU and SIU conduct interdiction operations that target important narcotics traffickers. The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat Provinces.⁷⁵⁰

The Technical Investigative Unit (TIU) is an individual component consisting of 100 translators that work within the Joint Wire Intercept Platform in support of SIU/NIU investigations. Another SIU component has four officers who are responsible for the administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.⁷⁵¹

U.S. Funding for Afghan Counternarcotics Elements

INL estimates that it funds approximately \$26 million per year for operations and maintenance for the NIU and SIU based on obligating and contract documents. Costs directly attributable to NIU and SIU include \$2.47 million in support of the Joint Wire Intercept Platform program under an interagency agreement with the U.S. Drug Enforcement Administration (DEA) and \$425,000 per year for NIU salary supplements. SIU supplements are funded by DEA.⁷⁵² Salary supplements are used to attract and retain the most qualified and highly trained officers to the specialized units. Supplements are provided to all NIU officers, from police officers to unit commanders, based on rank.⁷⁵³

INL told SIGAR that actual INL funding figures may be lower than authorized amounts. For example, contracts that span multiple years are assumed to pay out equally each year. The estimates for operations and maintenance (O&M) contracts are based on “estimated at completion” numbers, which can vary. Moreover, O&M institutional contractors support other programs besides interdiction.⁷⁵⁴

DOD provided \$675,000 for equipment to the NIU for 2017 and \$1 million for equipment to be delivered in 2019.⁷⁵⁵

U.S. Technical and Military Counternarcotics Assistance

State INL funds support programs to disrupt illicit drug production, strengthen criminal-justice systems and law-enforcement institutions, and combat transnational organized crime.⁷⁵⁶ In Afghanistan, INL partners with DEA and DOD to build the capacity of the CNPA, with particular focus on support for the two specialized units mentored by DEA—the SIU and the NIU.⁷⁵⁷

During the third quarter of FY 2018, most interdiction activities occurred in the southwest region. These events included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. Afghan combined operations resulted in multiple drug seizures (discussed later in this section) and destroyed labs. DOD notes that interdiction activities are hindered by insecurity in areas of Taliban influence and control.⁷⁵⁸

U.S. support for the train, advise, and assist mission includes a U.S. Special Forces advisory team that mentors specialized CNPA units.⁷⁵⁹ According to INL, the challenging security environment in drug-producing and drug-refining areas constrains virtually every aspect of drug law enforcement. INL said the U.S. Special Forces team—part of vital Resolute Support Mission assistance to the NIU—has been key to overcoming these challenges. This assistance has expedited NIU access to key enablers including rotary-wing lift and enabled missions in remote areas including southern Afghanistan.⁷⁶⁰

DOD created, equipped, and continues to provide training, and contract support to the Special Mission Wing (SMW).⁷⁶¹ The SMW is the only ANDSF organization with night-vision, rotary-wing air assault, and fixed-wing intelligence, surveillance, and reconnaissance capabilities. DOD reports that the SMW provides persistent reach for the ASSF during counterterrorism/counternarcotics missions designed to disrupt insurgent and drug smuggling networks in the country.⁷⁶² This fiscal year, counternarcotics (DOD CN) funding has financed approximately half of the SMW’s requirements and ASFF funding makes up the remaining half.⁷⁶³

Operation Iron Tempest: Disrupting Insurgent Revenue Streams

The Administration’s South Asia strategy enables USFOR-A to target insurgent forces, finances, and infrastructure. U.S. air assets such as B-52s, B-1s, F-16s, F-18s, A-10s, and other aircraft—along with Afghan Air Force

(AAF) pilots operating under Afghan authorities using Afghan air assets—aim to disrupt and degrade insurgents’ ability to generate revenue, and to destroy their investments in personnel, infrastructure, weapons, equipment, and explosives.⁷⁶⁴

Beginning in November 2017, Operation Iron Tempest, the U.S. and Afghan CN air campaign, has destroyed 154 Taliban targets, as of June 27. These targets included narcotics production, storage and trafficking locations; weapons and explosives caches; and headquarters and staging areas. Since January 2018, AAF A-29s have destroyed 19 narcotics production facilities.⁷⁶⁵ Afghan national leaders have been supportive of the campaign, while some provincial leaders and others have criticized the U.S. and Afghan airstrikes because of alleged civilian casualties. However, USFOR-A reports there have been no confirmed civilian casualties from the counter-revenue strikes since Iron Tempest began. As the campaign continues, it risks fomenting discontent towards the Afghan government if strikes are perceived as targeting civilians or ineffective at disrupting the insurgents’ source of revenue.⁷⁶⁶

The U.S. Air Force’s 9th Air and Space Expeditionary Task Force-Afghanistan (9 AETF-A) determines the effectiveness of its counter-threat-finance campaign using intelligence gathered from insurgents to assess their perception of their financial situation and its impact on their operational decision making. The 9 AETF-A reported that insurgent confusion, concern, and changes to their tactics, techniques, and procedures have led to disruptions in their command and control. Discord and uncertainty have also been observed among insurgent groups about future financing of their operations as their revenue sources are destroyed and degraded.⁷⁶⁷ The 9 AETF-A stated that insurgents seem to realize that raids and strikes will continue to destroy their revenue streams unless a reconciliation takes place. The 9 AETF-A said the air campaign has denied insurgents an estimated \$44.5 million since November 2017, while raids have captured or destroyed \$41.8 million in precursor chemicals, equipment, and raw opium over the same period.⁷⁶⁸

According to DOD, international demand and market incentives for opium production remain high. Sanctions, targeting insurgent revenue streams in certain areas (such as Helmand Province), and the destruction of their weapons and fighters have led to changes in how insurgents operate.⁷⁶⁹

More information on Operation Iron Tempest is available in the classified annex to this report.

Drug Activity in Areas of Government and Taliban Control

According to the UN International Narcotics Control Board, drug trafficking and production in Afghanistan take place mainly in areas where government institutions are weak or the government is unable to exercise full control because of the deteriorating security situation, although trafficking is not limited to areas controlled by insurgents. The UN stated that up

to 90 percent of drug production currently falls within Taliban-controlled areas, although it is unclear how they define “illicit production.”⁷⁷⁰

The U.S. government also estimates that “85 percent of [the country’s] opium is grown in areas controlled or contested by the Taliban.”⁷⁷¹ Of the 328,000 hectares of opium-poppy cultivated reported by UNODC in 2017, 38 percent was cultivated in districts assessed by RS on May 15 as contested; 4 percent in districts under Afghan government control; 23 percent in districts under government influence; 20 percent in districts with insurgent activity; and 16 percent in districts assessed as having high insurgent activity.⁷⁷²

UNODC uses a sampling approach in its methodology for provinces where most of the poppy is found and a “targeted approach” in provinces with a low level of opium poppy cultivation. It defines a targeted approach as an area of a province being fully covered by satellite imagery. Provinces with no indication for opium poppy cultivation are covered by a village survey only. According to UNODC, the survey is designed to produce province level estimates. District estimates are derived by a combination of different approaches. They are indicative only, and suggest a possible distribution of the estimated provincial poppy area among the districts of a province. Information on RS district stability levels are discussed in the Security section starting on page 68.⁷⁷³

Combining the UNODC data with the RS data shows that poppy cultivation flourishes in Afghanistan under both insurgent and government control. SIGAR’s analysis challenges the general assumption that insurgents control the highest poppy-cultivating areas or that poppy is predominantly grown in areas with insurgent activity. RS data show that the government controls or influences more districts than the insurgents, including poppy-cultivating districts. This relationship holds true for the absolute area of poppy cultivation, but is particularly evident when comparing poppy-cultivation intensity across districts.⁷⁷⁴

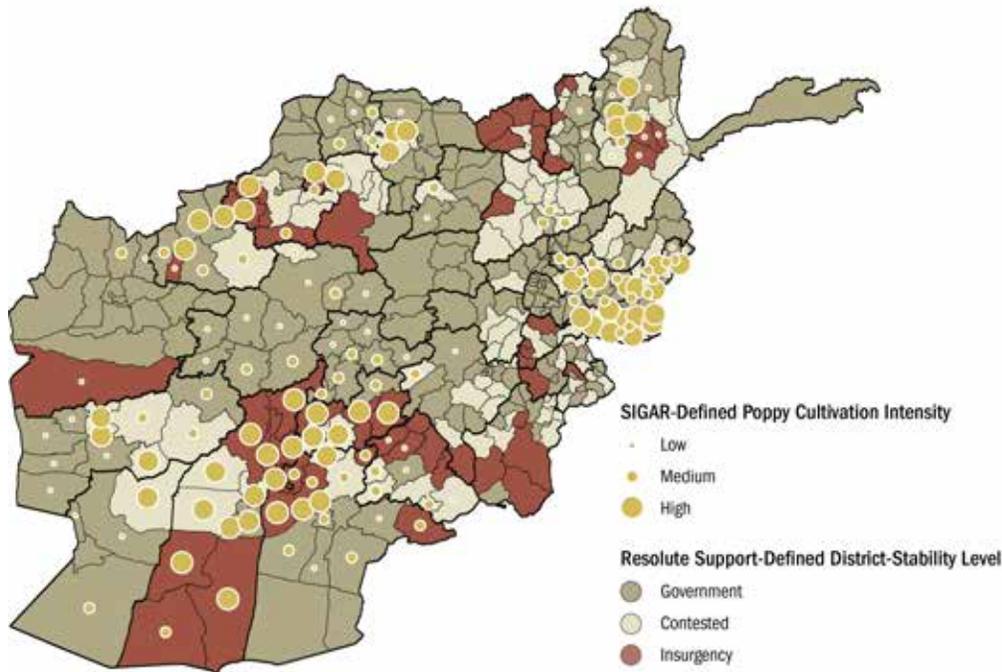
As shown in Figure 3.40, SIGAR found that strictly in terms of poppy cultivation, there are districts under Afghan government control or influence with significant levels of cultivation. In certain provinces, the districts that UNODC found to have the largest area of opium-poppy cultivation in 2017 are under government influence or control: Argo District, assessed to be under Afghan government influence, is the highest opium-poppy-cultivating district in Badakhshan (3,658 hectares); Nahr-e Saraj, considered under government control in Helmand (18,464 hectares) is the highest producing district; and Zharey, considered under government influence in Kandahar (7,605 hectares) is the second-highest producing district. One of the two top-producing districts in Nimroz Province, Khash Rod with 4,167 hectares, is also under government influence.⁷⁷⁵

Also in Figure 3.40, when the area of poppy cultivation in a given district is divided by the area of the district, the calculated cultivation intensity

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FIGURE 3.40

DISTRICT OPIUM-CULTIVATION RESULTS AND AFGHANISTAN'S DISTRICT STABILITY



Note: SIGAR used ArcGIS Pro 2.2 for this analysis. A FEWS NET 2017 district shapefile, containing 401 districts, was used to aggregate RS-provided district control data and UNODC 2017 estimates of district-level opium-poppy cultivation. Since RS uses 407 districts, a small degree of inaccuracy during the aggregation process was unavoidable. The additional districts that RS identifies are Marjah, Helmand Province: Dand, Kandahar Province: Bad Pash, Laghman Province: Delaram, Nimroz Province: Lajah Mangal, Paktiya Province: Mirzakah, Paktiya Province: Abshar, Panjshir Province; and Chinartu, Uruzgan Province. UNODC has poppy cultivation results for the following districts which are not assessed by RS: Jaghatu, Ghazni; Kohistan, Kapisa; Hisa-I-Duwumi, Panjshir; and Nesh and Gizab, Uruzgan. Adjusting for these differences left 400 districts and all layers were projected to UTM 42N. To create the map, the number of opium-poppy cultivation hectares were categorized into three classes (excluding zero hectare districts or unavailable data) using the quantile method. The quantile method produces an approximately equal number of observations per class to facilitate comparative analysis, but the interval of the class must therefore be variable. In this case, the "low," "medium," and "high" intensity categories were respectively 14.21406 hectares/km² or less, 0.73203 hectares/km² or less, and 0.09967 hectares/km² or less.

Source: USFOR-A, data call response as of 6/22/2018; UNODC, *Afghanistan Opium Survey 2017: Cultivation and Production*, pp. 64–70.

allows for cross-district comparisons throughout Afghanistan. The map illustrates the intensity of opium-poppy cultivation overlaid on RS's district-stability assessment as of May 15, 2018. Among the 57 districts in the SIGAR-defined high-intensity category (14.21 hectare per kilometer squared or less), two of these districts were assessed by RS as being under government control (e.g., Balkh in Balkh Province and Arghandab in Kandahar), 16 are under government influence (e.g., Shinwar in Nangarhar and Zharey in Kandahar), 25 are contested (e.g., Nahr-e Saraj in Helmand and Chaparhar in Nangarhar), 10 are in insurgent activity districts (e.g., Sangin and Kajaki in Helmand), and four are in high insurgent activity districts (e.g., Musa Qalah and Now Zad in Helmand).⁷⁷⁶

The SIGAR-defined medium-intensity category (0.73 hectare per kilometer squared or less) includes 57 districts with 11 of these districts being assessed by RS as being under government control, 21 assessed as

government influenced, 17 contested, seven under insurgent activity, and one under high insurgent activity. The SIGAR-defined low-intensity grouping (0.10 hectare per kilometer squared or less) includes 58 districts of which 11 of these districts are assessed by RS as being under government control, 30 assessed as government influenced, 10 contested, five under insurgent activity, and two under high insurgent activity. Finally, 235 districts had no opium-poppy cultivation or data available in 2017. Of these, 138 of these districts were assessed by RS as being under government control or influence, 70 are contested districts, and 27 are under insurgent activity or high activity.⁷⁷⁷

Interdiction Results and Narcotics Seizure Values

Between April 1 and June 15, 2018, Afghan security forces conducted 17 operations resulting in the seizure of 6,560 kg of opium, 3,905 kg of morphine, 60 kg of heroin, 12,500 kg of chemicals, and 26 detentions, according to DOD.⁷⁷⁸ NIU and SIU reported only two operations and made no detentions this quarter.⁷⁷⁹ NIU and SIU seized 9,000 kg of morphine, 345 kg of heroin as well 500 kg of chemicals, according to figures reported to DEA by NIU and SIU during April.⁷⁸⁰

Though the number of 17 operations decreased from the previous quarter's report of 59 operations, the quantity of morphine seized for instance, is higher than those reported the last two quarters. DOD did not know definitively the reasons for the decrease in operations, but said it may be attributed to fluctuations in CN operations and the security situation as the fighting season began.⁷⁸¹ According to DEA, between April 1 and May 26, 2018, three labs were destroyed, and seizures comprised 26.6 kg of methamphetamine, 5,000 liters (L) of acetone, 504 L of hydrochloric acid, 500 kg of improvised-explosive-device chemicals, and other chemicals. DEA estimates the revenue denied to insurgents from those operations at \$37,550,660.⁷⁸²

USFOR-A told SIGAR that the values of seizures and destroyed equipment are derived from DEA baselines. A narcotic lab's value largely depends on the number of barrels it cooks. Values of destroyed labs are initially assessed based on the size of the facility. The value of other destroyed infrastructure and material (for example, structures or opium presses) is added to the total. USFOR-A generally considers most labs small.⁷⁸³

USFOR-A said drug-trafficking organizations can expect approximately \$205,000 in future revenue per barrel. It also estimates insurgents receive approximately 20 percent of the chain value of the opium trade, which includes **licensing fees** for labs and markets, transportation and protection fees, taxations at harvest, and profits from direct participation. The overall value of any revenue target that was struck or of any raid is assigned to the drug-trafficking organization and 20 percent of that figure provides the estimated value denied to insurgents.⁷⁸⁴

Licensing fees: the amount paid to the Taliban for permission to operate a drug lab or market in a particular geographic area.

Source: USFOR-A, response to SIGAR vetting, 7/13/2018.

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According to long-time narcotics scholar David Mansfield, the rates paid to the Taliban vary across regions, even across villages within the same district. In Helmand, the Taliban imposed a land tax in 2017. The relationship between the Taliban and the farm-gate opium production is not as simple or as direct as reported by UNODC and others, he said. Rates fall below 1 percent, and payments are not always in the form of opium.⁷⁸⁵ Drug trafficking organizations in different areas would earn different percentages of revenues. Applying a uniform rate of 20 percent in overall revenue as the USFOR-A methodology holds, probably overestimates the revenue potential.

According to DOD, determining the product-processing stage is not required for their revenue estimates. All organizations providing support to USFOR-A's counter-threat-finance campaign are asked to comply with the same methodology to ensure a common reference. USFOR-A told SIGAR that the total revenue denied is one metric (and not a driving factor) used to evaluate the campaign and adjust future operations.⁷⁸⁶

The UNODC said little is known about the efficiency and capacity of heroin and morphine labs in Afghanistan. According to seizure data, 48 to 56 percent of 2017's opium harvest was converted into heroin or morphine within Afghanistan, while the remainder was exported unrefined. UNODC cautions that there is great uncertainty regarding these estimates.⁷⁸⁷

The Counter Narcotics Justice Center (CNJC) prosecuted 186 cases under the new penal code provisions between April and June 2018. The provinces with the highest number of high-level drug smuggling and trafficking cases are Kabul (91) followed by Nangarhar (33).⁷⁸⁸ According to INL, 500 cases were adjudicated nationwide using the counternarcotics provisions in the new penal code during the same period; 314 did not meet the minimum threshold for CNJC jurisdiction.⁷⁸⁹ Principal Deputy Assistant Secretary of State for South and Central Asian Affairs Alice G. Wells, testifying in June before the House Foreign Affairs Committee, cited the success of the CNJC and its 99 percent conviction rate.⁷⁹⁰ However INL, in its first report to Congress on FY 2017 Economic Support Fund goals and benchmarks, revealed that CNJC cases disproportionately target low-level couriers. Clear cases against high-ranking Afghan officials in the drug trade fail to move forward due to "corruption and political interference from within the Afghan government."⁷⁹¹

DEA told SIGAR that no high-value targets were apprehended during the quarter; it also had no information on whether past apprehensions of high-value-targets had any impact on illicit financing or the narcotics trade within the country.⁷⁹²

Since April 2018, DEA has temporarily suspended all training of Afghan CN law enforcement organizations through the DOD-funded Counter Narcotics Training Team due to pending revisions to the "505 Bi-Lateral Security Agreement."⁷⁹³ According to U.S. Central Command CENTCOM,

"Agents from the Sensitive Investigative Unit and prosecutors from the Attorney General's Office have not been able to consistently build cases and successfully prosecute drug kingpins, and cases at the Counter-Narcotics Justice Center (CNJC) disproportionately target low-level couriers . . . Afghan justice officials have indicated to DOJ that clear cases against high-ranking Afghan officials involved in the drug trade cannot move forward in the CNJC due to corruption and political interference from within the Afghan government."

Source: First Report on The Status of Achieving Goals and Benchmarks for Fiscal Year 2017 Economic Support Fund (ESF) and International Narcotics Control and Law Enforcement (INCLE) Assistance for the Central Government of Afghanistan, 2/2018, pp. 3-4.

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TABLE 3.24

INTERDICTION RESULTS, FISCAL YEARS 2009–2018											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*	TOTAL
Number of Operations	282	263	624	669	518	333	270	190	156	108	3,413
Detainees	190	484	862	535	386	442	394	301	152	130	3,876
Hashish seized (kg)	58,677	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,327	34,785	916,584
Heroin seized (kg)	576	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,975	795	38,097
Morphine seized (kg)	5,195	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	9,206	181,669
Opium seized (kg)	79,110	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	15,661	455,741
Precursor chemicals seized (kg)	93,031	20,397	122,150	130,846	36,250	53,184	234,981	42,314	89,878	15,649	838,680

Note: The significant difference in precursor chemicals total seizures between 2014 and 2015 is due to a 12/22/2014 seizure of 135,000 kg of precursor chemicals.
* Results for period 10/1/2017–6/15/2018.

Source: DOD(CN), response to SIGAR data call, 7/29/2015, 7/20/2017, and 6/21/2018.

DEA told SIGAR that no high-value-targets were apprehended during the quarter; it also had no information on whether past apprehensions of high-value-targets had any impact on illicit financing or the narcotics trade within the country.

Source: DOJ, DEA, response to SIGAR data call, 6/11/2018.

the Section 505 agreement, required between partner nations for capacity assistance programs, was approved by the Afghan authorities on June 25, 2018.⁷⁹⁴

As shown in Table 3.24, interdiction results barely make an impact on the country's potential opium production, despite increasing seizures.

Eradication Results

Governor-Led Eradication

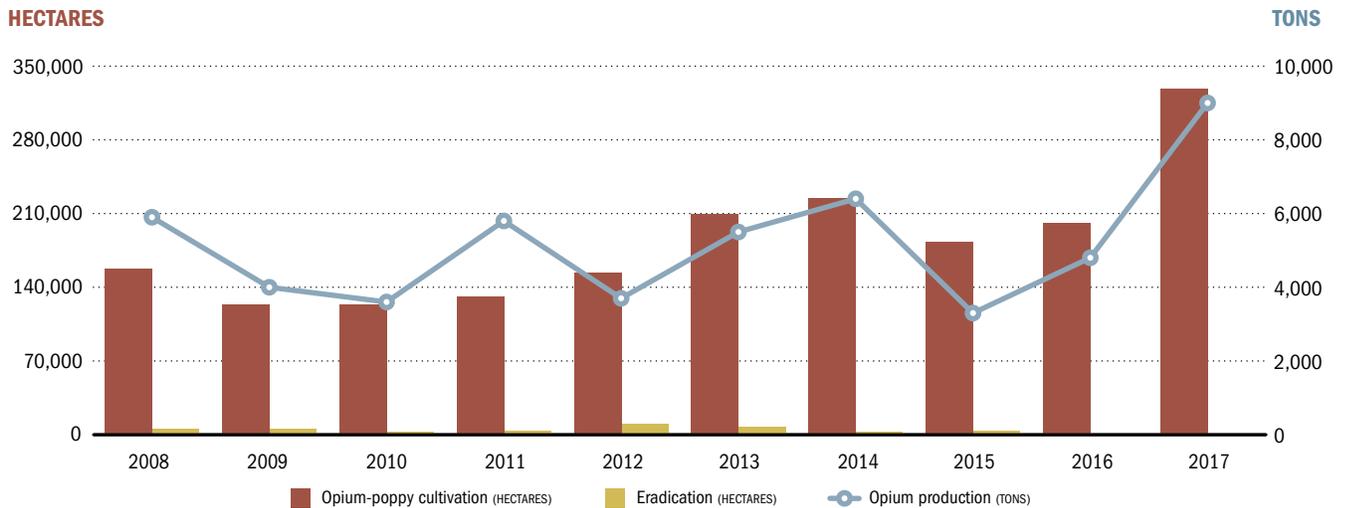
Under the Governor-Led Eradication (GLE) program, INL, through MCN, reimburses provincial governors \$250 toward the eradication costs of every UNODC-verified hectare of eradicated poppy.⁷⁹⁵ INL provided \$75,000 this quarter to MCN in support of this season's eradication activities in the following provinces: Badakhshan, Kabul, Kapisa, Kunar, Laghman, Nangarhar, Balkh, Jowzjan, Samangan, Sar-e Pul, Herat, and Badghis.⁷⁹⁶ According to DOD, security forces in Nangarhar Province conducted a poppy-eradication campaign and claim to have destroyed several hundred hectares of poppy; the UN has not yet verified these claims. Authorities in Badakhshan Province announced the start of poppy eradication in early June. Eradication efforts do not appear to have taken place in any other provinces.⁷⁹⁷

GLE resulted in the eradication of 750 hectares in 2017 in 14 provinces compared to 355 hectares in seven provinces in 2016.⁷⁹⁸ INL has obligated and disbursed \$6.9 million since the program's inception in 2008.⁷⁹⁹ As Figure 3.41 on the next page illustrates, eradication efforts have had minimal impact on curbing opium-poppy cultivation.

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FIGURE 3.41

AFGHAN OPIUM-POPPY CULTIVATION, ERADICATION, AND PRODUCTION SINCE 2008



Source: UNDOC, *World Drug Report 2016*, 5/2016, Annex, vii, ix, xii; UNODC, *Afghanistan Opium Survey 2017: Cultivation and Production*, 11/2017, pp. 5–6, 64–71.

Good Performers Initiative

The INL-funded Good Performers Initiative (GPI), launched in 2007, sought to incentivize provincial governors’ counternarcotics and supply-reduction activities by supporting sustainable, community-led development projects in provinces that significantly reduced or eliminated poppy cultivation. GPI projects included schools, road or bridge projects, irrigation structures, health clinics, and drug treatment centers among other projects.⁸⁰⁰ However, no new GPI projects were approved after April 30, 2016, and GPI is being phased out.⁸⁰¹

According to INL, the program was deemed “ineffectual at curbing opium cultivation” in those provinces receiving awards. MCN’s inability to adequately manage the program was also a factor in INL’s phasing it out.⁸⁰² As of May 31, 2018, INL reported that 290 projects valued at \$126.4 million have been contracted. Of those, 278 projects valued at \$36.3 million have been completed and 12 valued at \$78.3 million are still in progress.⁸⁰³ INL will continue to fund ongoing projects until their completion.⁸⁰⁴

The number of poppy-free provinces increased from six at the beginning of the program in 2007 to 15 in 2013—the last year GPI funds were awarded.⁸⁰⁵

INL launched an alternative-development project called Boost Alternative Development Intervention through Licit Livelihoods (BADILL)

in August 2016. BADILL is expected to follow through on INL's commitments to those provinces most affected by the GPI cancellation.⁸⁰⁶

According to INL, BADILL takes a community-based, alternative-development approach, rather than the GPI's incentive-based approach. The GPI program targeted provincial leadership by providing a political incentive for top-down poppy reduction, and employed a general development approach. BADILL is working directly with small and marginal farmers to increase productivity and employment opportunities.⁸⁰⁷ INL expects that this approach will render the program more effective than GPI. More information on BADILL is available in the Alternative Development section, beginning on page 191.

Regional Cooperation

UNODC's Regional Programme for Afghanistan and Neighboring Countries, participated in the latest phase of Operation Channel, which ran from May 28 to June 1, 2018. Operation Channel is an annual multi-country law enforcement counternarcotics initiative coordinated under the auspices of the Collective Security Treaty Organization. Across the region, this phase of Operation Channel resulted in the seizure of more than five tons of illegal narcotics, and psychotropic and potent substances from illegal trafficking, including: 5,289 kg of opium, 416 kg of hashish, more than 83 kg of heroin, 169 kg of marijuana, and 5 kg of synthetic drugs.⁸⁰⁸

Ministry of Counter Narcotics Capacity-Building

Since 2008, INL has obligated \$35.8 million and disbursed \$27.7 million to build capacity at the Ministry of Counter Narcotics (MCN).⁸⁰⁹

To address deficiencies identified in the MCN's financial-management system, INL is implementing a skills-based training grant and a financial-remediation plan contract through the Afghanistan Holding Group under MCN Capacity Building.⁸¹⁰ INL has another capacity-building program under the **Colombo Plan** whereby Asian University for Women (AUW) fellows from Kabul are assigned to the MCN.⁸¹¹ Last year, the Colombo Plan selected the 10 AUW fellows and recruited the first MCN advisor assisting in revising the National Drug Action Plan (NDAP).⁸¹² The Colombo Plan hired an advisor for provincial affairs.⁸¹³

The procurement and finance advisor positions remain open. According to INL, the training (being provided since 2016) has improved communication and coordination between the MCN and MOI, particularly since the arrival of the law-enforcement advisor, as well as improving English-language and computer proficiency of MCN personnel.⁸¹⁴ The NDAP revision is working its way through the Afghan government clearance process and will be translated into English upon its completion.⁸¹⁵

The MCN is mandated to publish annual reports on the implementation of the NDAP.⁸¹⁶ INL reported last year that it had yet to receive the second

Colombo Plan: Instituted as a regional intergovernmental organization to further economic and social development, it was conceived at a conference held in Colombo, Sri Lanka (then Ceylon) in 1950 with seven founding-member countries. It has since expanded to 26 member countries. INL supports the Colombo Plan's Universal Treatment Curriculum, a national level training and certification system for drug-addiction counselors aimed at improving the delivery of drug treatment services in Africa, Asia, and Latin America.

Source: Colombo Plan Secretariat website, "History," www.colombo-plan.org, accessed 7/1/2017; INL, *International Narcotics Control Strategy Report, Volume I: Drug and Chemical Control*, 3/2018, p. 19.

formal review of Afghanistan's NDAP. According to INL, the MCN will provide a copy of the report once it has been cleared.⁸¹⁷

INL provided \$6.3 million this fiscal year in FY 2016 funds to the Colombo Plan, and \$13.7 million from FY 2017.⁸¹⁸

New Penal Code Implementation

SIGAR reported on the adoption of the new penal code last quarter. In effect since February 2018, the new code contains more counternarcotics provisions than the previous law. The U.S. government continues to provide advice and train investigators, prosecutors, and judges on its effective implementation.⁸¹⁹ Five hundred cases using the CN provisions in the new penal code were adjudicated between April 1 and June 7, 2018.⁸²⁰

The new code favors prison terms over fines and now criminalizes behavior by public officials that would jeopardize official investigations. It authorizes confiscating assets (including land, structures, and vehicles) used in, or earned through, illicit drug production, and trafficking. For the first time, smuggling, distribution, and sale of psychotropic drugs, a category not previously covered by Afghanistan's narcotics laws, has been criminalized.⁸²¹

Counter Narcotics Community Engagement

INL has obligated \$12.7 million and spent \$11.9 million on its Counter-Narcotics Community Engagement (CNCE) program since its inception in April 2013.⁸²² CNCE funds communication and outreach programs aimed at discouraging poppy cultivation, preventing drug use, and encouraging licit crops. According to INL, surveys indicate that the public messaging campaigns are having an increasing impact on Afghan attitudes about illicit narcotics.⁸²³ The public-health surveys conducted in 2014 indicate high exposure to antidrug messaging, particularly for messages related to health risks of drug use and addiction.⁸²⁴

Sayara Strategies, INL's implementing partner, is completing its final reports. The program concluded at the end of last quarter and INL is finalizing terms for a follow-on public information program with smaller funding levels.⁸²⁵

ALTERNATIVE DEVELOPMENT

Opium-poppy cultivation increased significantly to an unprecedented high of 328,000 hectares in 2017 from an estimated 201,000 hectares in 2016. According to UNODC, the expanded areas under cultivation and good yields led to a near doubling of the potential opium production from its 2016 level of 4,800 tons to 9,000 tons.

There is no single reason for the massive cultivation increase. Farmers' decisions to grow poppy are influenced by intricate motives and vary

regionally. Political instability, lack of government control, and security play a significant role. Scarce employment opportunities, lack of quality education, and limited access to markets and services also spur farmers in cultivating poppy. Some of these factors, or a combination, might be the source of the large poppy-cultivation increase in 2017. The Afghan government's efforts against insurgents in densely populated areas may have rendered the rural population more vulnerable to insurgent or anti-government influence. For the past couple of years, opium-poppy cultivation greatly increased in northern areas of the country. The economic decline after the withdrawal of international troops as well as increasing poverty might have led farmers to cultivating poppy for their livelihood.⁸²⁶

Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a five-year, \$45.4 million, USAID-funded project implemented by Blumont Global Development. KFZ aims to address the drivers of poppy cultivation in Kandahar Province by rehabilitating irrigation infrastructure, expanding alternative-livelihood opportunities, supporting small businesses, and building the capacity of the MCN to develop effective alternative-development policies.

USAID awarded a two-year extension in 2016 to continue work in targeted districts. Development activities include rehabilitating irrigation infrastructure and existing orchards and vineyards, creating new orchards and vineyards, promoting the cultivation of off-season horticulture, marketing high-value crops, and developing agribusiness.⁸²⁷ Zharey was selected by USAID because it was among the highest poppy-cultivating districts in the province when the program began in 2013. UNODC reported 7,017 ha of poppy-cultivation in that district in 2013. Cultivation did decrease in 2014 and 2015, but increased to 7,065 hectares in 2017. Zharey remains the second highest poppy-cultivating district of Kandahar.⁸²⁸ USAID started no new interventions in Maywand, another previously targeted district, since June 2017 due to security conditions and the agency's approach to support activities in government controlled areas.⁸²⁹

During the second quarter of FY 2018, KFZ rehabilitated 28 kilometers of three canals; trained and distributed vegetable seed to 358 vineyard farmers; replanted 48,000 pomegranate saplings; provided technical assistance to 330 farm women; increased fruit exports by \$35,472 and national sales by \$43,200. KFZ also provided quality-control and project-management training to 50 MCN officials; demonstrated farm- and water-management techniques to Provincial Agriculture, Irrigation and Livestock (PAIL) and District Agriculture Offices; and completed 85 percent of data collection for the 2018 farm survey.⁸³⁰

This being the program's final year of implementation, KFZ completed activities in Kandahar by May 30, 2018. Canal-maintenance responsibilities were turned over to farmers and **mirabs**; water allocation and scheduling

Mirab: persons elected by water users and landowners to be responsible for allocating water from canals to farm fields and for routine and emergency canal maintenance and repairs. Farmers pay them annual fees for surface irrigation water. They organize labor provided by farmers and landowners to clean canals, collect fees for minor canal repairs, and supervise the repairs.

Source: USAID, *Kandahar Food Zone Program (KFZ) Year 5 Work Plan, August 31, 2017 to August 31, 2018, 1/20/2018*, pp. 20, 22.

TABLE 3.25

USAID REGIONAL AGRICULTURAL DEVELOPMENT PROGRAM (RADP)				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2018
RADP-East	7/21/2016	7/20/2021	\$28,126,111	\$7,496,403
RADP-North	5/21/2014	5/20/2019	78,429,714	53,478,361
RADP-South*	10/7/2013	11/20/2017	111,414,339	105,483,629
RADP-West*	8/10/2014	10/25/2016	65,629,170	26,394,196
Total			\$283,599,334	\$192,852,590

Note: * Denotes inactive programs. Afghanistan Value Chains-Crops and Afghanistan Value Chains-Livestock will target regions previously served by inactive RADP programs.

Source: USAID, response to SIGAR data call, 7/12/2018.

to the Directorate of Arghandab River Sub Basin Authority and the Ministry of Agriculture, Irrigation and Livestock; technical support to farmers to the PAIL; and greenhouses to their respective owners.⁸³¹ As of July 9, 2018, USAID has disbursed \$44.5 million for the program.⁸³²

Regional Agricultural Development Program

USAID's Regional Agricultural Development Program (RADP) is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects are ongoing in the eastern and northern regions of Afghanistan. The projects focus on strengthening the capacity of farmers to improve the productivity of wheat, high-value crops, and livestock. Using a **value-chain** approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains.⁸³³

USAID terminated RADP-South at the end of its fourth year; the program had not met its productivity and income targets. RADP-West was terminated after nearly two years, according to USAID, in order to align its remaining resources more closely with the Ministry of Agriculture, Irrigation and Livestock's new strategic plans for the western region. Both regions will be covered by new contracts arising out of the Afghanistan Value Chains (AVC)–Crops and AVC–Livestock programs. AVC-Crops is currently under procurement.⁸³⁴ USAID awarded the AVC-Livestock contract to DAI Global in June, with \$34.7 million for the base period and \$21 million for the option period.⁸³⁵

As shown in Table 3.25, USAID funding for all RADP programs, targeting various regions of the country amounts to approximately \$283.6 million and USAID has spent \$192.9 million as of July 9, 2018.

SIGAR AUDIT

SIGAR conducted a performance audit of USAID's Regional Agricultural Development Program, entitled *Additional Evaluations and Assessments Could Improve the Performance and Sustainability of USAID/Afghanistan's \$301 million Program*. SIGAR found that USAID has not consistently monitored or evaluated whether RADP is meeting its goals and mission objectives, and has yet to complete a required mid-term evaluation of the program. More information is found in Section 2 of this report.

Value-chain: the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing, transportation, and wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.



RADP-N women noodle producers in Dehdadi District, Balkh Province. (USAID photo)

RADP-East

RADP-East (RADP-E) is USAID's five-year, \$28.1 million program designed to expand sustainable agriculture-led economic growth in Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul Provinces. RADP-E is scheduled to run through July 2021. RADP-E works with the private sector to identify constraints to business and value-chain performance, and implement market-based solutions. RADP-E aims to increase the sales of agricultural goods and services by \$57 million by the final year of the program.⁸³⁶

During April 2018, RADP-E activities granted 35 active market-development grants valued at \$1,230,488. Grantees invested \$628,769. The marketing team coordinated with USAID's CHAMP program regarding trade missions of Afghan agribusinesses to Delhi and Mumbai in July and September 2018. RADP-E conducted access to finance training for women to strengthen coordination between lending institutions and program beneficiaries and clients. The implementer found no significant issues during its 26 site-monitoring visits.⁸³⁷

According to USAID, over 1,800 households benefited from interventions between January and March 2018: 711 farmers and 19 agro-enterprises applied new technologies or improved management practices; 83 new linkages have been established (signed contracts or verified transactions). Seventeen percent of program beneficiaries in grants and activities were women. The program created 294 full-time employment positions, and exported over \$324,400-worth of agricultural commodities.⁸³⁸ As of July 9, 2018, USAID has disbursed \$7.5 million for RADP-E.⁸³⁹

RADP-North

RADP-North (RADP-N) is USAID's five-year, \$78.4 million program scheduled to end in May 2019. RADP-N invests in increased sustainability and

profitability of wheat, high-value crops, and livestock value chains in the rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces.⁸⁴⁰ During the second quarter of this fiscal year, RADP-N issued 20 grants, valued at \$1.8 million, to local partners and implemented 11 activities such as laser-land-levelling and business-market linkages. The latter resulted in over \$5.8 million in sales from companies participating in GulFood 2018 trade show held February 18–22 in Dubai.⁸⁴¹

A large segment of the rural population in northern Afghanistan depends on livestock for their livelihoods. Many lack technical knowledge about common issues like diseases, vaccinations, and general animal husbandry. RADP-N is leading an initiative to establish 15 new Veterinary Field Units (VFUs) in the target provinces. VFUs are organized and led by veterinarians, or **paraveterinarians**, commonly called **paravets**. Becoming a paravet involves a six-month intensive training program. The program covers both theoretical and practical aspects of animal health care, and also the business of providing veterinary services in remote areas.⁸⁴²

Throughout the quarter, RADP-N trained 15 paravets (10 men and five women) on livestock diagnosis, treatment, and livestock internal diseases. These 15 paravets in turn trained 400 men and 200 women on livestock quality feed, preventive animal health, and livestock health management. Twenty paravets vaccinated around 5,000 small ruminants, such as sheep and goats, during a vaccination campaign.⁸⁴³

During the second quarter, RADP-N also trained eight organizations to develop their capacity to pass a USAID pre-award assessment to qualify for direct grants from USAID or other donors. The program also assisted 30 women to establish a noodle factory.⁸⁴⁴ Six companies exported over a thousand tons of dried fruit and nuts valued at \$2.2 million to India, Iraq, Turkey, the Netherlands, and the United Arab Emirates. These sales were linked to previous trade shows (WorldFood Istanbul 2017 and World Food India 2017).⁸⁴⁵ USAID affirmed that this year's drought had not impacted RADP-North activities.⁸⁴⁶

As of July 9, 2018, USAID has disbursed \$53.5 million for RADP-N.⁸⁴⁷

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a USAID-funded \$71.3 million program designed to boost agricultural productivity and food security, provide market opportunities, and decrease poppy production. The program started in February 2010 and is scheduled to end in December 2019. CHAMP now focuses on developing the capacity of Afghanistan's agricultural sector to increase exports of high-value crops and remove impediments to their trade. The program ensures that women and women-owned businesses receive significant program support and have access to the resources needed to integrate into the mainstream agricultural sector. USAID modified the agreement in

Paraveterinarian or paravet: a community-based animal health worker who provides initial diagnosis and basic treatment of animals.

Source: A. Catley, T. Leyland, et al., "Para-veterinary professionals and the development of quality, self-sustaining community-based services," *Revue scientifique et technique* (International Office of Epizootics), 2004, pp. 225–226, 229, 230.

December 2017 concentrating activities on supply chain, marketing, and export of Afghan fresh and dry fruits and nuts to international markets. The program has trade offices in New Delhi, Dubai, and most recently, in Almaty, Kazakhstan.⁸⁴⁸

Between January and March 2018, CHAMP helped Afghan traders export 3,300 metric tons of saffron, nuts, and dried fruits, valued at \$14.3 million, to Australia, Canada, Germany, India, Iraq, Kuwait, Saudi Arabia, Turkey, the UAE, the United States, and The Netherlands.⁸⁴⁹ CHAMP sponsored the participation of 25 Afghan exhibitors at the 2018 GulFood Exhibition in Dubai in February, generating \$12.1 million in signed contracts and \$8.4 million in potential deals for Afghan exporters. Five metric tons of Afghan vegetables and fruit were exported into Almaty during this period. CHAMP also supported seven female traders at the National Farmers' Festival and Ag Fair held in Kabul March 21–24.⁸⁵⁰

The newly opened Almaty trade office experienced some challenges during the reporting period due to tariffs and trade. Kazakhstan charges unexpectedly high tariffs on Afghan products. When the trade office completed its first import of Afghan produce, it found that Kazakh customs assesses tariffs based not on the actual sale price, but on its own standard commodity price. For instance, the trade office facilitated the import of Afghan zucchini invoiced at \$0.20 per kg. Kazakh customs valued the shipment at \$1.22 per kg and assessed a value-added tax of 12 percent and customs tariff of 10 percent based on this value rather than the actual purchase price. According to USAID, while the duty and value-added tax are not unusual, the practice of taking the commercial price invoice and applying the Kazakh market price for the same product and then applying duty and value-added tax for Afghan products is unusual. This was performed mostly for air shipments and not on products shipped over land. According to USAID, unless rectified through governmental channels, this will impair the competitiveness of Afghan produce and trade in the Kazakh market.⁸⁵¹ As of July 9, 2018, USAID has disbursed \$55.6 million.⁸⁵²

Promoting Value Chains–Western Afghanistan

USAID signed an agreement with the UN Food and Agriculture Organization in 2017 to implement Promoting Value Chains–Western Afghanistan. This three-year, \$19 million program will support agribusiness and livestock development in Badghis, Farah, Herat, and Nimroz Provinces. Program beneficiaries will include small and medium enterprises, input suppliers, private service providers, traders, millers, processors, and producer groups. The program aims to benefit nearly 40,000 small-farm owners from 5,700 enterprise households.⁸⁵³

Major activities for the first year will focus on Herat Province, with limited activities in the other three provinces. Full activities in Badghis, Farah, and Nimroz Provinces will begin in the second year. For the first year,



Salawat irrigation canal in Kandahar Province. (USAID photo)

15 districts were selected based on the presence of production and processing facilities for targeted crops, as well as access and security.⁸⁵⁴ A rapid value-chain assessment was conducted in the fall of 2017 and identified constraints and areas where interventions are needed. Packaging, quality control, and market linkages were identified as constraints on all value chains, and contamination was identified for some high-value-crops such as saffron and pistachios. Private sector beneficiaries were also selected for a project innovation fund (PIF). The first group of PIF-supported projects was selected in June 2018. The PIF is expected to stimulate investments in private agribusinesses that will develop and promote new markets and sales for agricultural inputs and products. The guidelines contain specific areas of support for each value chain and the amount of support each chosen stakeholder will receive according to specific outputs.⁸⁵⁵ Training of agribusiness on product certification, quality, and safety standards began in May.⁸⁵⁶

Boost Alternative Development Intervention Through Licit Livelihoods

Boost Alternative Development Intervention through Licit Livelihoods (BADILL) is a \$20 million INL-funded program implemented by UNODC to strengthen and diversify licit livelihoods of small and marginal farmers by supporting horticultural value chains. BADILL is implemented in 13 provinces and aims to reach 50,000 households in four years.⁸⁵⁷ The program, formerly named Strengthen and Diversify Licit Livelihoods through Alternative Development Interventions, upholds INL's commitments to the provinces most impacted by the cancellation of the Good Performers Initiative program.⁸⁵⁸ INL transferred its entire \$20 million BADILL contribution to UNODC in late 2016.⁸⁵⁹

This quarter spanned the crop-cultivation season. BADILL distributed saplings along with dairy and poultry inputs in all target provinces, with



RADP-N's female paravet vaccinating livestock against enterotoxaemia disease in Balkh Province, February 12, 2018. (USAID photo)

nearly 2,000 farmers receiving inputs. A total of 15,000 saplings were distributed to 224 farmers to establish 150 orchards in Helmand and 75 orchards in Uruzgan. Local officials and farmers have said pistachio is a good alternative to opium poppy.⁸⁶⁰ However, SIGAR has found that the provision of inputs like saplings or establishment of orchards does not always translate into lasting shifts away from poppy production. This makes accurate monitoring and evaluation, such as that provided by GIS analysis, critical to determine the program's success.⁸⁶¹

Community-Based Agriculture and Rural Development

INL has obligated and disbursed \$17.8 million for its Community-Based Agriculture and Rural Development (CBARD) project: \$2.8 million to UNODC and \$15 million to the United Nations Development Programme (UNDP), its two implementing partners. The program aims to improve household income while reducing dependency on poppy cultivation for selected communities.⁸⁶² In FY 2017, INL obligated an additional \$9.3 million for CBARD-West in September and \$22.1 million to UNDP for a new project, CBARD-East.⁸⁶³

CBARD-West

CBARD-West aims to test alternative livelihoods to opium-poppy cultivation in Farah and Badghis Provinces. In addition to supporting local farmers with field schools, CBARD-West will develop and strengthen existing public and private agro-business infrastructure in the areas of irrigation, transportation, and agricultural value-chain facilities.⁸⁶⁴

During the second quarter of FY 2018, the project trained 89 people (including 17 women) on business development, project monitoring and

implementation, and the concept of value-chain and agribusiness development. The trainings are expected to increase the local beneficiaries' capacity to establish businesses, monitor projects, and work on high-value crops. Furthermore, 279 households reportedly benefitted from various program-funded infrastructure, including greenhouses, raisin houses, and irrigation. The infrastructure will increase income and improve accessibility to markets, according to UNDP. The irrigation infrastructures help protect 806 hectares and irrigate 2,276 hectares of land, which improves access to water and water management. Approximately 6,500 households are said to benefit from these efforts.⁸⁶⁵

USAID's implementing partner reported that security, community traditions, and the remoteness of the target provinces will present challenges in working with women. CBARD-West will address this challenge by establishing kitchen gardens and home-based greenhouses to ensure women's involvement in producing high-value crops. Forty-five women received kitchen gardens between January and March 2018. The small kitchen gardens provide vegetables like okra, eggplant, sponge gourd, pepper, lettuce, and cauliflower for household consumption.⁸⁶⁶ The gardens are constructed within the premises of houses so women can easily work there.

CBARD-East

CBARD-East aims to reduce the overall poverty rate in Nangarhar by 2 percent. The program started in January 2018. This quarter, CBARD-East recruited a program team and established their office. So far this year, the program selected more than 1,000 beneficiaries and performed a security assessment of the 100 selected target communities. The security assessment found that all of the communities have functional community development councils to partner with. In addition to operational preparations, the project finalized contracts valued at \$1.5 million with 39 communities to establish 195 greenhouses. The greenhouses are expected to increase incomes and improve the livelihoods of 195 households. According to UNDP, since CBARD-East is building on its sister project CBARD-West, the project established 65 hectares of orchards from local varieties of citrus fruits, peach, persimmon, and pomegranate to help increase the income of 187 households.⁸⁶⁷

The program prioritized recruitment of female staff and highly encouraged female applicants to apply for project employment opportunities. However, due to the remoteness and security status of the project, no female candidates have expressed interest. Currently, only one of the 23 recruited staff members is female. However, six female lead farmers were identified to address this problem.⁸⁶⁸

As with CBARD-West, USAID's implementing partner reported that security, community traditions, and the remoteness of the target provinces will present challenges in working with women. CBARD-East will address this

challenge by establishing kitchen gardens and home-based greenhouses to ensure women's involvement in the production of high-value crops.⁸⁶⁹

DRUG DEMAND REDUCTION

A 2015 Afghanistan National Drug Use Survey conservatively estimated that roughly 11 percent of the population would test positive for one or more drugs, including 5.3 percent of the urban population and 13 percent of the rural population. Drug use among women and children is among the highest documented worldwide, and 30.6 percent of households tested positive for some form of illicit drug.⁸⁷⁰

According to the latest *World Drug Report*, opioids continue to cause the most harm, accounting for 76 percent of drug-related deaths worldwide.⁸⁷¹ During 2017, Afghan officials noted an increase in the amount of precursor chemicals trafficked into the country.⁸⁷² INL says, inadequate border security and weak enforcement capacity hamper control of precursor chemicals that are used to produce drugs.⁸⁷³

The United States is helping Afghanistan face this public-health crisis by funding a new rural treatment program to expand substance-abuse treatment to the hardest-hit local communities. According to INL, the demand for treatment and prevention services far exceeds the capacity of the centers, most of which have extensive waiting lists for new patients.⁸⁷⁴

The United States also supports UNODC's global child-addiction program to develop protocols for treating opioid-addicted children, training treatment staff, and delivering services through NGOs.⁸⁷⁵ The United States also funds an antidrug curriculum in Afghan schools, which has trained over 1,900 teachers and reached over 600,000 students in 900 schools.⁸⁷⁶ INL provides assistance for substance abuse treatment programs in Afghanistan through the Colombo Plan Drug Advisory Programme, which includes residential, outpatient, and outreach programs. INL also supports the Colombo Plan with training and certification of drug addiction counselors.⁸⁷⁷

INL also started a pilot rural treatment program in June 2017 in Jowzjan and Laghman Provinces. Its activities, however, have been delayed due to security and winter weather. Implementing partners are negotiating memoranda of understanding with the Afghan government.⁸⁷⁸

Since 2015, INL has transitioned responsibility for 42 of 86 U.S.-funded drug treatment centers in Afghanistan to the Ministry of Public Health (MOPH): 14 of the centers transitioned over to the MOPH as of January 2018.⁸⁷⁹

This quarter, INL provided the final draft of the transition plan to all stakeholders at the end of July 2018 and announced budget cuts for 2019. INL will implement a 15 percent cut for the remaining NGO-managed drug treatment centers, 50 percent cut for the MOPH drug treatment centers,



Special Mission Wing technicians examine a PC-12 aircraft during a scheduled maintenance inspection in Mazar-e Sharif. (NSOCC-A photo)

and a 25 percent funding reduction for the 14 drug treatment centers transitioned in January 2018.⁸⁸⁰

The remaining treatment centers are scheduled to transition by the end of 2019. The MOPH developed a plan to modify the size of some treatment centers and programs. For instance, some residential centers will become outpatient centers and some residential centers will merge.⁸⁸¹ UNODC neared completion of their quality-assurance report on drug-demand reduction that had been expected in early 2018.⁸⁸² Results were announced at a stakeholders meeting in Jakarta.⁸⁸³

Most of the patients at the remaining treatment centers are adult males. Of the 86 facilities, 66 are residential and 20 are outpatient centers; 31 are dedicated to female clients. Among the residential treatment centers, 44 also offer home-based services. The residential treatment centers comprise 40 centers for adult males, eight for adult females, eight for children, five for adolescent males, and five for adolescent females. Twelve of the 44 home-based programs provide services to adult females.⁸⁸⁴ INL has obligated approximately \$156.9 million for the Colombo Plan since 2008.⁸⁸⁵

During this quarter, INL provided the following funds to various Colombo Plan drug treatment programs:

- \$346,545 to the Outcome Evaluation of the Drug Treatment Programme
- \$4,447,103 to the Assistance to Specialized Substance Use Disorders Treatment Facilities
- \$1,457,948 to the Colombo Plan's Afghanistan Field Office Support program

INL also provided \$355,271 to UNODC's Preventing Illicit Drug Use and Treating Drug Use Disorders for Children and Adolescents program.⁸⁸⁶

