

GOVERNANCE CONTENTS

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GOVERNANCE

As of June 30, 2013, the United States had provided nearly \$24.7 billion to support governance and economic development in Afghanistan. Most of this funding, nearly \$16.7 billion, was appropriated to the Economic Support Fund (ESF), which is administered by the State Department and the United States Agency for International Development (USAID).²⁷⁴

KEY EVENTS

At a Senior Officials Meeting held July 3, 2013, in Kabul, donors called upon the Afghan government to fulfill its pledges to fight corruption, hold fair elections, and protect women's rights in order to qualify for \$16 billion in future aid. The Senior Officials Meeting followed up on the Tokyo Mutual Accountability Framework, which was the main outcome of the 2012 Tokyo Conference. Under the Framework, the Afghan government committed to improve governance and its record on human rights, while the international community pledged to provide \$16 billion through 2015. Delegations from 40 countries and eight international agencies as well as senior Afghan government officials and representatives of Afghan civil society attended.²⁷⁵

Participants agreed that credible and inclusive elections in 2014 will be profoundly important for sustaining international support. They said it was vital that the Afghan government safeguard women's rights. They also urged the Afghan government to secure criminal convictions in the Kabul Bank case to allow recovery of stolen assets. And they said the government needed to meet revenue targets as agreed with the International Monetary Fund (IMF).²⁷⁶

Preparations went forward for Afghanistan to hold presidential elections on April 5, 2014. President Hamid Karzai signed a law on July 17, 2013, laying out the composition and rules for Afghanistan's election commission, the Independent Election Commission (IEC), and a separate commission to adjudicate complaints about voter fraud and other irregularities, the Electoral Complaints Commission (ECC).²⁷⁷ The IEC began registering voters in all 34 of Afghanistan's provinces in May.²⁷⁸ On July 9, 2013, the U.S. Senate passed a non-binding resolution urging the Afghan government to hold transparent and credible presidential and provincial elections by adhering to internationally accepted democratic standards,

establishing a transparent electoral process, and ensuring security for voters and candidates.²⁷⁹

The Taliban opened an office in Qatar in June, but the Afghan government and the United States have not yet opened peace talks with the movement. U.S. Special Representative for Afghanistan and Pakistan James F. Dobbins told a press conference that the Taliban's statement opposing the use of Afghan territory for attacks on any other state was sufficient for the United States to begin talks with them. But on June 27, 2013, Dobbins said the Taliban had not given the United States a definitive response about whether its representatives were to meet with the United States or with representatives of Afghanistan's High Peace Council.²⁸⁰

RECONCILIATION AND REINTEGRATION

Long-stalled peace negotiations looked likely to get under way this quarter when the Taliban opened an office in Qatar in June. But plans for talks collapsed after the Taliban put up signs reading "The Islamic Emirate of Afghanistan" and raised their black-and-white flag over the office. Afghan officials considered the actions an affront to their government's legitimacy. President Karzai backed away from plans to send a delegation from the High Peace Council to Qatar for talks and suspended negotiations with the United States on a Bilateral Security Agreement. The Taliban later took down the signs and the flag, but no publicly reported talks with the group were held by the end of the quarter.²⁸¹

High Peace Council

President Hamid Karzai's announcement in June that members of the High Peace Council would soon visit Qatar to open talks with the Taliban offered some hope for jump-starting the reconciliation process.²⁸² It was not clear, however, that the movement was any more receptive to peace talks than in the past. The Taliban also carried out multiple attacks on targets in Kabul in June and July.²⁸³

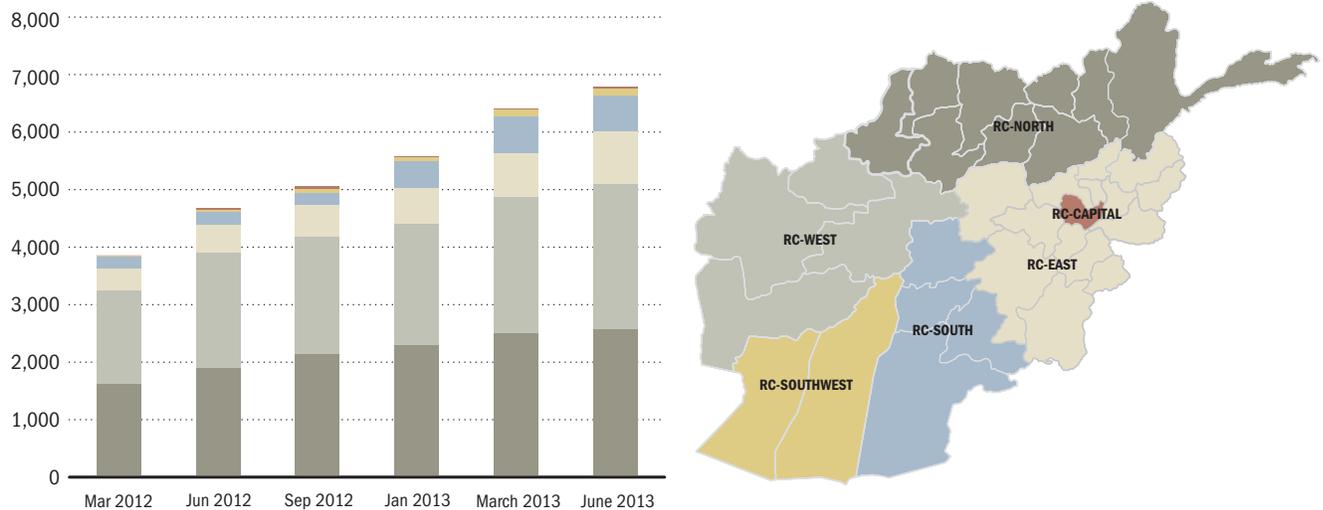
Earlier in the quarter, the High Peace Council held its first meeting with Afghan political parties. More than 45 representatives of various political parties, including influential political figures, attended the meeting to discuss ways to move the peace process forward. The overall aim was to broaden consensus among key political actors to enable the council to enter into negotiations with the armed opposition from a position of strength.²⁸⁴

Afghanistan Peace and Reintegration Program

This quarter was another rocky one for the Afghanistan Peace and Reintegration Plan (APRP). As in the preceding quarter, international donors cut off funds when the APRP's Joint Secretariat (JS) was unable to reconcile financial accounts, the Department of Defense (DOD) said.

FIGURE 3.1

REINTEGREES BY REGIONAL COMMAND, MARCH 2012–JUNE 2013



Sources: SIGAR Quarterly Report, 1/30/2013, p. 97; DoS, responses to SIGAR data call, 4/2/2013, 1/2/2013, 10/2/2012, 7/5/2012, 3/30/2012, and 7/1/2013.

As a result, the JS and Provincial Joint Secretariat Teams could not fund transition assistance, salaries, small grants, or other efforts for long periods in April and May. Funds finally began to flow to the provinces in June. The State Department (State) observed that the delays have damaged the process of reintegration.²⁸⁵ Partly in response to a letter from international donors at the end of May, the JS implemented a series of financial reforms that have the potential to prevent future cash-flow shutdowns.²⁸⁶

During this reporting period, 370 new reintegrees were formally accepted into the APRP for a total of 6,779 since the program began, as shown in Figure 3.1. Regional Command-East had the most growth, with 42% of the new reintegrees coming from its provinces of Bamyán, Ghazni, Kapisa, Khowst, Kunar, Laghman, Logar, Nangarhar, Nuristan, Paktika, Paktiya, Panjshayr, Parwan, and Wardak.²⁸⁷ The introduction of the commander's reintegration program, which raises the amount and duration of transitional assistance for individuals who reintegrate along with combatants under their command, has improved the APRP's ability to attract key brokers. Approximately 370 commanders are now enrolled in APRP.²⁸⁸ Twelve donor countries have given the APRP a total of \$176.3 million. Of this, \$84 million had been expended as of June 27, 2013.²⁸⁹

Afghanistan Peace and Reintegration

Program: the Afghan government's main program for promoting and managing insurgent reintegration. It provides a way for Taliban members and other anti-government elements to renounce violence and become productive members of Afghan society. The program also attempts to link peacefully re-entering society with development opportunities to enhance the attractiveness of the program. It is administered through a Joint Secretariat. The United Nations Development Programme (UNDP) provides operational support.

Sources: UNDR, "UNDP Support to Afghan Peace and Reintegration Program," 7/2/2013; ISAF, "APRP," accessed online 7/2/2013.

National Dispute Resolution Strategy

The APRP had originally intended to interview a wide variety of government officials and members of civil society to determine what drives

disputes in a particular province. The organization then planned to map grievances and develop a National Dispute Resolution Strategy.²⁹⁰ But DOD said grievance mapping remains very much in preliminary stages. Nor has the Grievance Resolution Strategy adopted by the JS in June 2012 been put into practice. According to DOD, one problem is that it is not clear whether the JS or another Afghan government body is responsible for leading grievance resolution.²⁹¹

NATIONAL AND SUBNATIONAL GOVERNANCE

The United States has implemented many programs to help Afghanistan improve its national and subnational governance in such areas as capacity building, local governance, and civil-service training. Nevertheless, an inability to generate sufficient revenues, corruption, limited experience in public financial management, ineffective program monitoring, and budget shortfalls for subnational governance all continue to plague efforts to build a stable Afghan government.

Karzai Decree Implementation

Progress in implementing President Karzai's 164-point plan to reduce corruption under Presidential Decree 45 has slowed in the last quarter, but the government moved forward with implementing two articles relating to the system for collecting customs, the State Department said.²⁹²

One of the decree's articles recommends that the Ministry of Finance (MOF) develop a plan to improve collection of customs duties to boost government revenue. According to the April report of the independent Monitoring and Evaluation Committee (MEC), tasked with evaluating progress on anticorruption aspects of the decree, the finance ministry had developed a credible 40-point plan to improve customs collection, but needed to develop additional administrative controls to keep revenue from being diverted from official accounts.

The second article of the decree called on Da Afghanistan Bank (DAB) to develop a strategy to prevent transfers of bulk cash out of the country, especially through the Kabul International Airport. The report noted that DAB had produced a strategy, but should consult with other agencies involved in detecting and preventing bulk cash transfers, such as the Afghan Border Police.²⁹³

The MEC praised U.S. Embassy Kabul efforts to train border police in anti-money-laundering techniques, but noted that currency counters installed at the airport by the Embassy are not currently in use. SIGAR found the same problem when it inspected the counters in 2012.²⁹⁴

The report assessed as "partially or fully implemented" other MEC recommendations to prevent corruption in the customs regime: the establishment of the Presidential Executive Commission on Transparency and Accountability at Borders, Airports, and Inland Customs Depots;

mechanisms for traders to pay their customs duties electronically; expanded use of the Automated System for Customs Data to consolidate and analyze customs data; restricting access to customs facilities to essential officials; increasing the salaries of customs officials; and revising the Afghan Customs Act to clarify customs procedures and grant non-transferable legal authority to customs and border-control agencies.²⁹⁵

Elections

Two of the United States' highest-ranking former defense officials warned this quarter that "the real make-or-break political event for Afghanistan will likely be the 2014 election." In a paper written for the Center for a New American Security, former International Security Assistance Force (ISAF) commander General John Allen and former Undersecretary for Defense Michele Flournoy, together with Brookings Senior Fellow Michael O'Hanlon, said an illegitimate process or outcome in the elections scheduled for April 5, 2014, could polarize the country ethnically, spark a descent into civil war, and so frustrate donors that they cut off aid or substantially downsize their security commitments.²⁹⁶

David Pearce, Deputy Special Representative to Afghanistan and Pakistan, testified in May before Congress that the State Department has identified three priorities to lay a solid foundation for credible elections. The first was for parliament to pass legislation establishing a truly independent body to adjudicate complaints. Second, the Independent Elections Commission (IEC) charged with running the elections must have a competent and effective chairman. Third, the IEC must implement its operational plan.²⁹⁷

Afghanistan made progress on the first priority when President Karzai signed a law establishing the ECC as the body that will adjudicate electoral complaints. However, the ECC will no longer have two foreigners appointed by the United Nations among its five members. Instead a committee will present the Afghan president with a shortlist of Afghan candidates from which to appoint the ECC's members.²⁹⁸ On the second issue, at press time, Karzai had not yet appointed a new chairperson for the IEC.²⁹⁹ On the third issue, the IEC is moving forward to put its operational plan into action.³⁰⁰

President Karzai is constitutionally prohibited from standing for president again next year and has said many times he does not intend to run. No leading candidates for president have yet emerged.³⁰¹

Independent Elections Commission

The IEC began registering voters for the 2014 presidential and provincial council elections on May 26, 2013. Voter cards issued in previous years will still be valid. New cards are being issued to Afghans over 18 or who will turn 18 by the elections and have not previously registered. The cards are also being issued to Afghan citizens who moved from their previous electoral constituencies, whose voter cards were lost or damaged, or who



525 women voted, representing the largest turn out of female voters ever in a local election in Helmand. Four seats were reserved for women; five female candidates stood for election. (PRT Helmand photo)

recently returned to the country.³⁰² The IEC is consulting with the security ministries to finalize a comprehensive plan to secure polling stations, while the security ministries are starting to assess security at polling stations. According to USAID, the IEC's operational plan for the elections contains a good framework for implementing fraud mitigation measures to improve the fairness and transparency of the election.³⁰³ The current commission chairman's term expired April 15, 2013, but he remains in place pending the appointment of a successor.³⁰⁴

Electoral Complaints Commission

The ECC received a new lease on life when President Karzai signed a law on July 17, 2013, reestablishing it as the country's adjudicator of electoral complaints. The ECC invalidated hundreds of thousands of votes, primarily for Karzai, during the 2009 elections, leading to a runoff that was only avoided when Karzai's opponent withdrew. Earlier this year, Karzai vetoed a law that would have allowed the commission to include two foreigners appointed by the United Nations. Later a compromise was struck in Parliament for a commission that will be composed only of Afghans. The president will appoint its members from a shortlist selected by a committee made up of the two speakers of Parliament, the head of the Afghanistan Independent Human Rights Commission, the head of the Supreme Court, a member of a constitutional watchdog, and a member of civil society. The United States and other donors had pressed the Afghan government to pass the law, saying that continued aid would depend on conducting fair and free elections.³⁰⁵

E-taskera

The Ministry of the Interior has postponed the issuance of the e-taskera, an electronic national identification card that can be used for voter registration.³⁰⁶ E-taskera cards are intended to serve as the foundation for voter identification in the medium to long term. The State Department said the advantage of the e-taskera is that a single identification data set can improve the delivery of government services, reduce fraud and corruption, facilitate inclusive voting processes, and improve security through positive identification. The disadvantage in Afghanistan is the difficulty of accessing and recording identification data from all citizens, either because of poor road infrastructure or because of security concerns. Both increase the cost of implementation. The Afghan government has estimated the initial enrolment process will cost \$120 million for a population of approximately 30 million.³⁰⁷

USAID Election Support

USAID is the lead agency in providing assistance and administering programs to build the capacity of Afghan institutions and civil society to manage and participate in electoral processes. The U.S. Government provided \$179 million in assistance from 2009 to 2013 for programs focusing

on effective voter registration, civic and voter education, electoral reform and legislation, and expanding political participation. It will provide an additional \$95 million for the 2014 presidential and provincial council elections and the 2015 parliamentary elections.³⁰⁸ The IEC estimates that the total cost of the 2014 elections will be \$129 million.³⁰⁹ USAID contributes to the United Nations Development Programme's (UNDP) comprehensive electoral support program, the Enhancing Legal and Electoral Capacity for Tomorrow project.³¹⁰

Another major electoral program USAID is funding is Afghanistan Electoral Reform and Civic Advocacy (ACERA). Run by the Maryland-based, small-business contractor Democracy International, ACERA conducts field research on electoral civic education and awards grants to civil society organizations to educate communities on the importance of participating in the electoral process. Some \$25.59 million has been expended on the program to date.³¹¹

This quarter Democracy International announced the results of a survey revealing that Afghans are divided on how well democracy functions overall in their nation. While 39% of Afghans report some level of satisfaction with how democracy works, 33% report dissatisfaction. While 46% of Afghans are satisfied with the election process, common understanding of the institutions that manage Afghan elections is low. Some 62% of Afghans report that they are unfamiliar with the function of the ECC and 33% report that they are not well informed about the role of the IEC. Despite the information gap, 76% of Afghans plan to participate in the upcoming presidential elections. The survey also found that 73% of Afghans did not believe that armed insurgents, either former or present, should be permitted to participate as candidates in elections. About 4,000 randomly selected Afghans from all 34 of Afghanistan's provinces took the 63-question survey from October 1 through November 20, 2012.³¹²

National Assembly

Afghanistan's National Assembly is slowly growing into a stronger, more politically mature institution, State said. While consistently fractious, the Parliament is occasionally capable of protecting its legislative prerogatives and directing a public spotlight on ministries. The legislative branch remains weak in comparison to the executive, but members of parliament appear to be trying to strengthen their hand. However, staffing struggles, corruption, and low levels of education and experience continue to handicap the body.³¹³

State said the most notable bill passed by the National Assembly this quarter was the IEC Structure Law, which outlines the procedures for appointing IEC commissioners and convening an electoral complaints commission. Karzai vetoed the law on April 27, citing constitutional grounds. The IEC Structure Law was resubmitted to the lower house, which passed a revised version on June 10. The upper house passed the draft law on June 23

with further revisions. A joint committee reviewed the two versions to reconcile differences.³¹⁴ On July 17, President Karzai signed the bill into law.³¹⁵

Until this quarter, USAID had been providing aid to the Afghan National Assembly through the Afghanistan Parliamentary Assistance Program. USAID says that program has been replaced by the Assistance to Legislative Bodies of Afghanistan (ALBA) project. ALBA will run through April of 2017 with a possible one-year extension depending upon funding and project success. In the first two years of the ALBA project, efforts will focus on building parliamentary capacity ahead of the 2015 parliamentary elections. Once the new parliament is in place, the project will shift focus to more individualized training for parliamentarians and parliamentary commissions. As of June 30, 2013, USAID had obligated \$4.91 million for assistance to the parliament.³¹⁶

Civil Service Capacity

Afghanistan's Independent Administrative Reform and Civil Service Commission had planned to implement a general entrance exam this year to recruit recent university graduates for civil-service positions nationwide, as President Karzai directed in his anticorruption measure, Presidential Decree 45. The exam was supposed to take place in April, but has been delayed until Parliament approves legislation concerning the exam. For the time being, civil servants are being recruited under previous procedures.³¹⁷

National Budgeting

In January 2013, the National Assembly passed the national budget submitted by the MOF. The submission noted the urgency of ensuring greater self-sufficiency through revenue generation. The total proposed budget is \$6.81 billion (\$3.77 billion in the operational budget and \$3.03 billion in the development budget).³¹⁸

The World Bank reported that Afghan government revenues rose by 13.1% in 2012, but still missed IMF targets, mainly because customs revenue fell by 9.6% in spite of higher import volumes.³¹⁹ The Senior Officials Meeting Joint Report warned that revenue collection faces significant challenges as the enforcement of taxation is hampered by a deteriorating security situation, limitations on the application of the rule of law, and low organizational capacity, all leading to a potential leakage of revenue.³²⁰

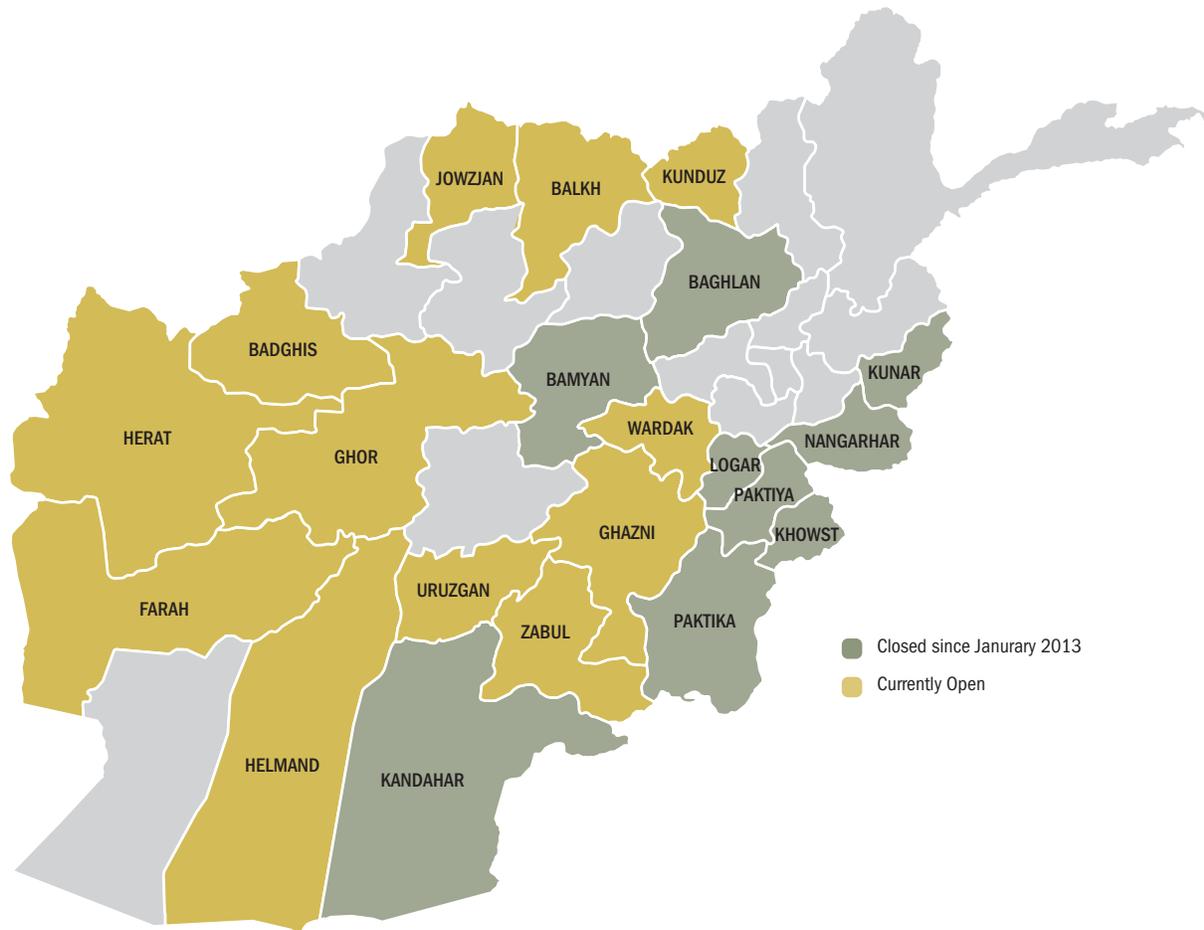
Local Governance

The United States and its allies continue to close the Provincial Reconstruction Teams (PRTs) they originally established to assist Afghanistan's local governments. Nine of the 22 PRTs still operating in January 2013 have since closed: Baghlan, Bamyán, Kandahar, Khowst, Kunar, Logar, Nangarhar, Patika, and Paktiya, as shown in Figure 3.28.³²¹ More closings are expected in the coming year.

GOVERNANCE

FIGURE 3.28

STATUS OF PROVINCIAL RECONSTRUCTION TEAMS



Source: DOD response to SIGAR data call, 6/5/2013.

By the end of 2012, the PRT model of daily mentoring provincial, district, and line-ministry officials had become outdated, State said. As local governments assumed the lead and U.S. officials pulled back, governors, ANSF officials, provincial and district councils, and line ministries began working together to solve local problems. State is using U.S. military support to monitor U.S.-funded programs while this is still possible. The department recognizes that military mobility support will wane and it is moving toward a third-party monitoring system.³²²

USAID's Support to the Sub-National Governance Structure project aims to develop the capacity of Afghanistan's 32 provincial councils and provide

technical assistance to the Independent Directorate of Local Governance. This quarter, the program conducted a number of public hearings, site visits, NGO briefings, cross-regional visits, and trainings on different topics in most of the country's provinces. Of \$18.98 million obligated, the program has expended \$16.75 million. It is scheduled to end September 30, 2013.³²³

U.S. Stability Programs

The Department of Defense and USAID conduct stability programs to extend the reach of the Afghan government into less secure areas, to keep security from deteriorating, and to enable the conditions for transition and long-term development.³²⁴

Stability in Key Areas Program

USAID currently administers the Stability in Key Areas (SIKA) programs throughout Afghanistan. USAID created the four regional SIKA programs—North, South, East, and West—through separate contracts with a total value of over \$203 million. AECOM International Development Inc. received the contracts for SIKA East, SIKA West, and SIKA South. Development Alternatives Inc. received the contract for SIKA North. According to the contracts, the programs would award grants to communities for projects that address sources of stability identified by the community.

Although USAID had disbursed approximately \$47 million for the four SIKA contracts as of March 31, 2013, a SIGAR audit released this quarter found that none of the funds have gone to grants that fund community projects such as those that are “labor-intensive or productive infrastructure projects,” as called for in the SIKA contracts.

The SIKA contracts stressed the importance of the programs being viewed as extensions of the Afghan government. However, USAID did not secure a formal agreement with key Afghan government partners until nine months after it signed the first SIKA contract. In addition, contractors for the four regional SIKA programs cited the lack of an agreement with the Afghan government as the reason for significant delays in program implementation. The delay led USAID to extend the performance periods for three contracts, even though the contractors had executed no grants. The overall delay in awarding grants appears to have created participant dissatisfaction with the programs. For example, the audit found that participants in one of the regional programs are experiencing “fatigue” with the many planning workshops they have attended. Consequently, the program is at risk of undercutting its stated objectives to promote stability and improve Afghan perceptions of their government.³²⁵

Village Stability Operations

Village Stability Operations (VSO) and the Afghan Local Police (ALP) are complementary components of the Afghan government and of the Afghan

SIGAR AUDIT

A SIGAR audit this quarter found that the SIKA program has suffered from serious delays in implementation and has not met contract requirements. For more information, see Section 2, page 36.

National Army (ANA) Special Operations Command's counterinsurgency strategy. DOD said that VSO/ALP has made substantial progress in protecting and mobilizing rural populations, preventing their exploitation by the insurgency, and expanding the influence of the Afghan government. Increased security provided by the ALP improves the ability of the provincial and district government to provide essential services and goods to the populace. According to DOD, ALP is a cost-effective means of achieving relative security in key rural areas. It costs \$6,000 per year to train and maintain each ALP member, or one-sixth the cost of an Afghan policeman and one-eighth the cost of an ANA soldier. At the currently approved number of 30,000 ALP members, the program as a whole costs \$180 million a year. ISAF is submitting a request to expand the current ALP by an additional 5,000 members, which would require an increase of \$30 million per year.³²⁶

U.S. Capacity-Building Programs for Public Administration

A top goal of the U.S. reconstruction effort is to improve the Afghan capacity for administering government. The United States is implementing a number of programs to build Afghan governing capacity at the national, provincial, and local levels. This subsection reviews some of these efforts.

Initiative to Promote Afghan Civil Society

USAID said its Initiative to Promote Afghan Civil Society (IPACS) has three objectives. First, it seeks to improve civil society's accountability and the legal and regulatory framework for it. Second, it seeks to increase civil society's capacity. Third, it seeks to increase citizen mobilization and policy engagement. Counterpart International is the implementer. Some \$45 million has been obligated for the program, of which \$32.3 million had been expended by June 29, 2013.³²⁷

Among the highlights of the program this quarter: Counterpart developed a package of proposed tax incentives that will support the sustainability of Afghan NGOs. Counterpart and its key partners have conducted 76 community dialogues and 16 provincial policy dialogues. And Counterpart selected 34 candidates to participate in its "Emerging Leaders" program and hosted the first in a series of training events for the participants.³²⁸

While the program has made significant inroads, USAID said Afghans continue to lack understanding of the role of civil society, resulting in a lack of trust in civil society at large. IPACS plans to address this next quarter by running a series of short TV and radio spots. The advertisements will give a simple presentation of what civil society is and what it does for citizens and communities at the local and the policy-making level.³²⁹

The World Bank defines civil society as "the wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations."

Source: World Bank, "Defining Civil Society," <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20101499~menuPK:244752~pagePK:220503~piPK:220476~theSitePK:228717,00.html>, accessed 7/6/2013.

Performance Based Governance Fund

USAID's Performance Based Governance Fund (PBGF) focuses on building the financial-management capacity of provincial governors' offices (PGOs).

Quarterly assessments of the PGOs' capacity are used to determine which receive incentive funding. The assessments show steady improvements in PGO performance.³³⁰

The program faces challenges. Due to security issues, USAID said it cannot operate in one of Afghanistan's 34 provinces. Its work environment is also highly political and subject to change. Last year, 12 governors resigned or were replaced. Changes in governors often affect the budget process. The new governors stop budget execution and implementation while they learn about PBGF. They also seek changes to the budgets their predecessors developed, further disrupting the process. Governors who receive low rankings in the quarterly evaluation have required the project to engage in extensive and difficult discussions about the results. Although the project includes a strong internal audit component, cases of corruption have arisen.³³¹

The total obligated for PBGF to date is \$48.89 million, of which \$45.85 million has been expended.³³²

RAMP-UP and Kabul City Initiative

USAID's Regional Afghan Municipalities Program for Urban Populations (RAMP-UP) and the Kabul City Initiative (KCI) both help municipal governments in Kabul and other urban centers increase the capacity of municipal officials, improve the delivery of municipal services, support economic growth initiatives, and raise revenues.³³³ As of June 30, 2013, USAID had obligated \$251.04 million for RAMP-UP and \$41.43 million for KCI, of which \$198.28 million and \$38.98 million had been expended, respectively.³³⁴

The municipal-support programs work in all of Afghanistan's 34 provincial capitals, plus several district centers. More recently, RAMP-UP has provided limited training and mentorship to 10 district municipalities in Regional Command-East, using the larger provincial capitals as training hubs. The small-scale infrastructure undertaken as a part of these programs includes road and sidewalk repair, drainage-ditch and culvert rehabilitation, street light installation, and construction of markets, latrines, landfills, slaughterhouses, and public parks.³³⁵

USAID said citizens can now hold municipal officials accountable through a host of formal mechanisms such as town hall meetings, budget hearings, and radio call-in shows. USAID is assisting with the formation of Municipal Advisory Boards, representative bodies that monitor municipal activities and solicit citizen concerns. Municipal elections could take place as early as 2015. That would bring the municipal governance structure in line with Afghanistan's constitution. The Integrated Financial Management System, which USAID funded and will eventually expand to include all municipalities, is reducing corruption by making municipal financial transactions automated and transparent.³³⁶ SIGAR plans work with regard to RAMP-UP and KCI in the future.



Afghan media attend a press conference held by Afghan Defense Minister Bismullah Khan before a shura of the governors of seven provinces north of Kabul. (U.S. Army photo)

Afghanistan Media Development and Empowerment Project

USAID's Afghanistan Media Development and Empowerment Project (AMDEP) was designed to strengthen the capacity of independent media by promoting greater professionalism within and among media institutions in Afghanistan. The implementer is the Internews Network.³³⁷

AMDEP supports the Salam Watander ("Hello Countrymen") radio news and current-affairs service and a network of 58 provincial partner radio stations. AMDEP provides daily radio content, ongoing mentoring, and tailored assistance to enhance the quality of programming, increase the technical capacity of staff, and improve financial sustainability. AMDEP-sponsored Salam Watander programming has an audience reach of an estimated 13 million Afghan citizens through the provincial partner radio network. During this reporting period, six additional radio stations joined the network. AMDEP promotes TV as well as radio, providing technical upgrades to independent TV outlets in Ghazni, Kunduz, Takhar, and Helmand.³³⁸

AMDEP backs Nai Supporting Open Media in Afghanistan (Nai), the leading media advocacy and training organization in Afghanistan, with offices in Kabul, Nangarhar, Kandahar, Herat, and Balkh provinces. Nai brings media representatives together to conduct a range of advocacy initiatives such as press conferences, press releases, and associated events. Nai Media Watch tracks threats against journalists and incidents that impact free speech. The Nai Graduate Club provides a forum for ongoing professional development and support to Nai training recipients and young media enthusiasts. The Nai

Media Institute provides higher-quality vocational education through a two-year diploma course.³³⁹

Internews advisors also provide in-depth technical support and advice in spectrum management and monitoring to the Ministry of Communications and Information Technology and the Ministry of Information and Culture.³⁴⁰

USAID has obligated \$31.8 million for AMDEP, of which \$28.65 million has been spent.³⁴¹

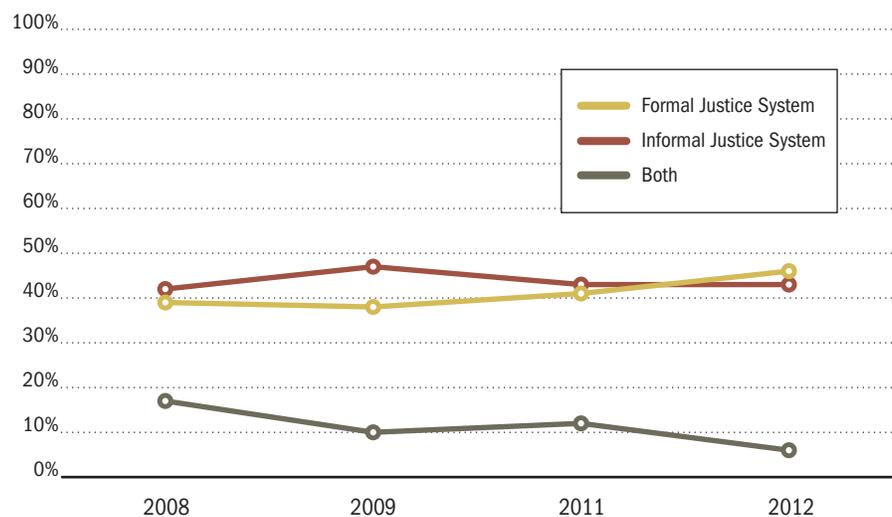
JUDICIAL REFORM AND RULE OF LAW

Establishing the rule of law is an enormous governance challenge for Afghanistan. Justice continues to be administered in Afghanistan by several parallel systems. The government funds a formal system, complete with formal courts and judges trained according to Afghan and sharia law. As shown in Figure 3.29, Afghans for the first time in 2012 used the formal system more often than the informal system, which is composed of elders, local government officials, and religious leaders.³⁴² USAID noted that the formal system is challenged by corruption, while the informal system operates according to traditional beliefs that often violate Islamic law and the Afghan constitution. Finally, the Taliban runs its own courts in the areas it controls.³⁴³

Afghans consider the judiciary the most corrupt segment of their society, Transparency International reported in its annual survey of public opinion

FIGURE 3.29

PERCENT USING AFGHAN JUSTICE SYSTEMS



Note: No data reported for 2010.

Source: Asia Foundation, *Afghanistan in 2012: A Survey of the Afghan People*, 2012, p. 148.

on corruption. The survey found that 60% of Afghans see the judiciary as affected by corruption, or more than any other profession, while 65% reported paying a bribe to the judiciary, also more than any other profession.³⁴⁴ Of the 22 national priority programs the government is using to guide its development, only two remain to be endorsed. One of these is “Law and Justice for All.”³⁴⁵

Supreme Court

Under the Afghan constitution, Supreme Court judges serve set terms. Five of the eight judges’ terms have expired, but they are still on the bench and have not been replaced. The term of the current chief justice and an associate justice expired in August 2010. The terms of another three associate justices expired in July 2013.³⁴⁶ David Pearce, Deputy Special Representative for Afghanistan and Pakistan, told Congress in May that it was important that the Supreme Court justices whose constitutional terms have expired be removed and replaced.³⁴⁷

A suicide bomber attacked the Supreme Court on June 11, 2013. The bomb killed 17 people, most of them court employees. The Taliban later said the attack aimed to punish Supreme Court judges for imposing tough sentences on insurgents.³⁴⁸

Criminal Procedure Code

The lower house of the National Assembly passed the updated Criminal Procedure Code in early June 2013, the State Department said. State was told that it passed substantially intact, and incorporates the recommended amendments. As of mid-July, the bill is pending with the upper house. The Afghan government had pledged at the end of the Kabul Conference in July 2010 to enact its draft Criminal Procedure Code.³⁴⁹

Taliban Justice

The Taliban’s judicial system is the closest thing the movement has to a functioning shadow government, according to a report by Integrity Watch Afghanistan. The system is defined by mobile courts, lean structures, and little recordkeeping. The report found that Taliban courts have suffered from problems like corruption and cronyism, but said the movement has been trying to contain them with tools like multiple channels of reporting on the judges within the Taliban themselves and external oversight, often by village elders and religious figures. Non-Taliban interviewees told the report’s authors that Taliban courts appeared to have achieved a relatively high degree of perceived fairness when judging disputes and criminal cases. However, the Taliban often resort to arbitrary executions or show trials where the defendant does not have a fair chance in the case of charges of spying or collaborating with the Afghan government. Overall, the report

says the Taliban's judiciary has served the group better than any other non-military aspect of their movement.³⁵⁰

U.S. Justice Sector Training

The State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) cited The Asia Foundation survey which found that, for the first time, more Afghans were using the formal justice system than the informal one as evidence that its justice-sector programs were working.

INL said its Justice Sector Support Program (JSSP) has been operating continuously since 2005, working with ministries in Kabul, providing nearly nationwide provincial training, and implementing other important programs such as legislative drafting help and the case-management system. Moreover, the increasing usage of the formal justice system since 2008 tracks closely with greater appropriations for justice, greater U.S. Embassy engagement on justice issues, and the expansion of INL justice projects. INL noted that while other donors have stopped and started projects since the beginning of Afghan reconstruction, INL has been able to maintain its relationship with the justice ministries for eight years, including relationships with significant cohorts of Afghan JSSP attorneys.

INL said it expects the formal justice system to survive intact after the 2014 transition, largely because it represents the restoration of an accepted Afghan model that predates the Soviet invasion of 1979. INL said Afghanistan now has the ability to deploy a minimally adequate and functioning system that will support continuing reform.

INL has agreed to fund the Justice Training Transition Program, previously implemented by JSSP, at \$47 million over 2.5 years.³⁵¹

U.S. Corrections Sector Training

State listed INL's support for Afghanistan's General Directorate of Prisons and Detention Centers (GDPDC) as among its most successful development programs. State said INL had helped the GDPDC improve its capability to operate safe, secure, and humane Afghan correctional facilities. The department said these improvements were particularly important given sharp increases in arrests and prosecutions, which caused the prison population to grow dramatically from 600 prisoners in 2001 to more than 27,000 in 2013. INL's Corrections Support System Program has trained more than 8,000 corrections officers since 2006 under oversight from INL's program managers and contracting personnel.³⁵²

ANTICORRUPTION

The United States joined other members of the international community at the Senior Officials meeting on July 3, 2013, in calling for Afghanistan to combat corruption. In statement released after the meeting to follow up

SIGAR AUDIT

In an ongoing audit, SIGAR is assessing the Department of State's JSSP. The program aims to train justice-sector personnel and build the overall capacity of the Afghan judicial system.

on the Tokyo Mutual Accountability Framework, participants said continued efforts were necessary in the Kabul Bank fraud case to hold complicit parties accountable and to secure criminal convictions that would allow the Afghan government to recover stolen assets. They said that while Afghanistan had made progress on the declaration and publication of assets of senior government officials, the assets needed to continue to be verified according to Afghan law.³⁵³ Afghanistan's national priority program on transparency and accountability has yet to be endorsed by the Afghan government and the international community.³⁵⁴

The United States' anticorruption efforts received a blow this quarter when President Karzai confirmed a report by *The New York Times* that he received regular cash payments from the U.S. Central Intelligence Agency (CIA). Karzai, who said the CIA had promised him the payments would continue, claimed they had helped pay for rent for various officials, treat wounded members of his staff, and even pay for scholarships. Other officials said the practice undercuts a key goal of the U.S. reconstruction effort: building a clean and credible Afghan government that can reduce popular support for the Taliban.³⁵⁵

Afghan Attorney General's Office

State said the Attorney General's Office (AGO) lacks the political will to prosecute high-level, corrupt officials. The Attorney General was in Germany during the first half of this reporting period recovering from a heart attack. His deputy, serving as acting Attorney General during most of the absence, has been unresponsive.³⁵⁶

The new director of the Anti-Corruption Unit (ACU) at the AGO does not appear to have the support to combat high-level corruption. Generally speaking, morale at the ACU is very low and line prosecutors feel constrained by the lack of political will. According to State, the teams of two to three prosecutors assigned to each case do not share information and an atmosphere of paranoia prevails.³⁵⁷

The Kabul Bank case continues to epitomize the AGO's lack of zeal. Although the AGO has appealed the rather weak convictions handed down by the primary court, the analysis it provided the court does not go much beyond the arguments that failed in the primary court. Moreover, there is no movement toward bringing charges against the remaining shareholders despite a court order to do so.³⁵⁸

Special Cases Committee Cases

As of June 2013, the Special Cases Committee (SCC) is effectively defunct. The Afghan Attorney General created the SCC in December 2011. From the outset, he invited international participation, including the U.S. Department of Justice (DOJ). The committee was meant to be a means for identifying cases of special significance, marking them for special attention by the ACU

and the Military Anti-Corruption Unit (MACU) within the Attorney General's office, and tracking progress and outcomes. In May, DOJ drafted a proposed charter to document the purpose, policies, and procedures for the SCC. This was delivered to the AGO as a means of reinvigorating and formalizing the SCC concept. The initial reaction to the proposed charter was lukewarm.

The National Military Hospital case was the first identified by the SCC for investigation and prosecution. At least one charge has been filed against former ANA Surgeon General Zia Yaftali for crimes committed in connection with his oversight and responsibility for the hospital. The charge, essentially for dereliction leading to waste, relates to Yaftali's failure to enforce the terms of a sales contract for swine flu vaccine. In May, the Anti-Corruption Tribunal returned the case to the MACU for further refinement; it is not clear when it will be re-filed. A second case, involving the unnecessary purchase of a mammography machine, has the potential for a more serious charge of procurement fraud, because the machine was purchased from a company in which Yaftali's brother held a financial interest. MACU prosecutors say this case will be filed "soon," but they have been saying this for nearly eight months.³⁵⁹

Monitoring and Evaluation Committee

USAID's Assistance to Afghanistan's Anticorruption Authority (4A Project) temporarily transferred a team specializing in vulnerability to corruption assessments to the Independent Joint Anti-Corruption MEC this quarter. The team finalized draft reports in the areas of land distribution to repatriates and university-certificate issuance. It also drafted most of an assessment of the civil service commission.³⁶⁰

High Office of Oversight and Anticorruption

USAID said the High Office of Oversight and Anticorruption (HOO) continues to be dysfunctional and ineffective, owing to mismanagement and top leadership's lack of political will to carry out its corruption-fighting mandate. When HOO does take on a case, it selectively targets people who are not politically connected.³⁶¹

Assistance to Afghanistan's Anticorruption Authority

The work of USAID's 4A Project with the HOO is now limited to providing assistance to its Human Resources Directorate. The HOO refuses to share information with the 4A Project since the level of funding it provided over the last two years is no longer available. The 4A Project believes that, given the help the HOO has received, it now has the capacity to function as an effective anticorruption institution. However, it is not functioning effectively because of interventions from ethnic, regional, and political figures.

Despite these problems, the HOO is slowly and steadily registering assets in the provinces, processing corruption complaints, and conducting

vulnerability-to-corruption assessments. The Kabul Municipality has significantly simplified the process of issuing residential and commercial construction permits. The new rules have not been put to the test, but if they manage to simplify the process and reduce corruption, then this would be a success story.³⁶²

Audits

Earlier this year, the National Assembly passed a National Audit Law. The parliament stripped out key provisions that would have strengthened the independence of the Control and Audit office, now renamed the National Audit Office (NAO). USAID said that the NAO is subject to the caprices of the presidency. It lacks the capacity to conduct performance audits and can conduct only the bare minimum of financial audits. Nor can the MOF now conduct internal audits of line ministries. Only the line ministries' internal audit departments are now permitted to undertake such audits. USAID said these changes represent backward steps for transparency and accountability.³⁶³

Corruption in Afghan Security Forces

Afghanistan's security ministries made progress fighting corruption this quarter, DOD said. Transparency International's Government Defense Anti-Corruption Index rates the country's Ministry of Defense (MOD) and Ministry of Interior (MOI) above many of their counterparts in the region and on a par with those of countries such as Bahrain, Oman, and Saudi Arabia.

The MOD continues to push anticorruption reform measures. In March, it held a two-day conference that outlined the ministry's approach to anticorruption and provided detail on the way the Transparency and Accountability Working Group, set up to provide oversight for MOD, will work. Likewise, the MOD Inspector General is now demonstrating a more robust stance against corruption with a number of investigations and, more important, prosecutions. Unfortunately, the MOI did not put forward any new reform measures, according to DOD.³⁶⁴

CJIATF-Shafafiyat

Combined Joint Interagency Task Force (CJIATF)-Shafafiyat, an ISAF-interagency group created in 2010 to coordinate anticorruption efforts, has been encouraging ISAF and Afghan leaders to take corruption and organized crime into account when planning for transition. Dr. Ashraf Ghani, President Karzai's transition lead, is ensuring that transparency and accountability issues are considered throughout the planning process, but tangible progress on tackling wider corruption and organized crime remains to be seen. Suspects in corruption and organized crime cases often have the backing of senior Afghan government officials and are protected by strong patronage

networks. With a reduction in personnel and transition well underway, CJIAF's focus has shifted away from broad-spectrum counter corruption toward hardening Afghan security ministries against corruption.³⁶⁵

SIGAR AUDIT

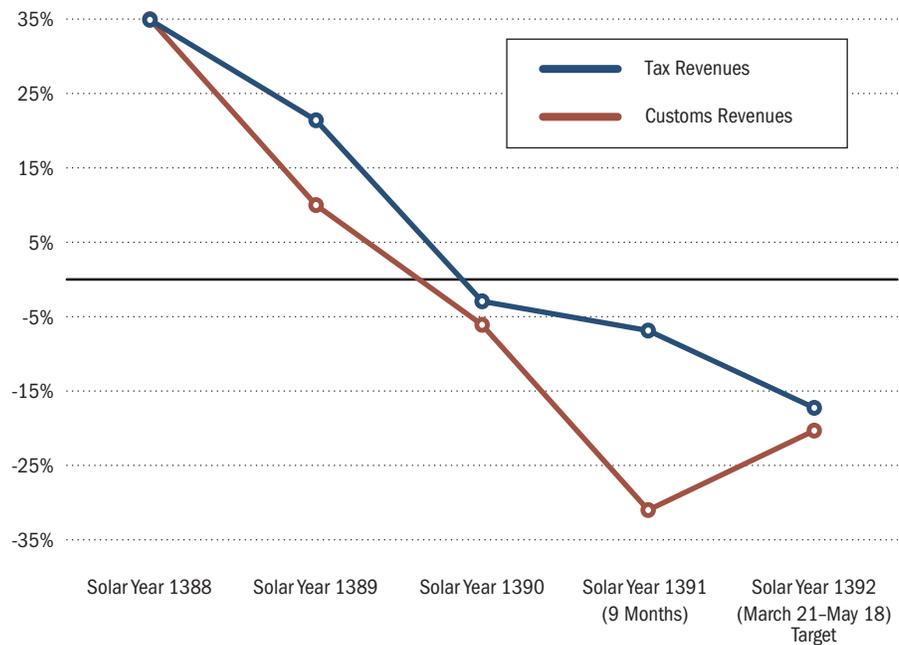
SIGAR is reviewing USAID and the Department of Homeland Security Customs Border Protection programs to develop and strengthen Afghanistan's capacity to assess and collect customs revenue. For more information, see Section 2, page 40.

Corruption in Customs Collections

Fraud and corruption in customs continue to threaten the Afghan government's ability to fund itself. Customs revenues fell in 2012 as a result of increased corruption and in 2013 the Afghan government missed its IMF revenue targets by nearly 30%.³⁶⁶ In its April edition of its *Afghanistan Economic Update*, the World Bank stated although a variety of factors could explain shortfalls in revenue collection, it is likely that a deteriorating customs governance environment contributed to the problem.³⁶⁷ Figure 3.30 shows the increasing disparity between budgeted customs and tax revenues and actual revenue collection.

FIGURE 3.30

COLLECTED TAX AND CUSTOMS REVENUES: PERCENTAGE GREATER OR LESS THAN BUDGETED



Notes: Solar years run approximately March 20 to March 20 of Gregorian calendar years. SY 1388 corresponds to March 20, 2009, to March 20, 2010, and so on. Nine-month data for solar year 1391 reflect a change in the Afghan fiscal year. SY 1392 (2013) is not over.

Sources: MOF, "1388 National Budget," accessed 7/2/13; MOF, "1389 National Budget," accessed 7/2/13; MOF, "1390 National Budget," accessed 7/2/13; MOF, "1391 National Budget," accessed 7/2/13; MOF, "National Budget Procedures Fiscal Year 1391" accessed 6/26/13; MOF, "Annual Fiscal Report 1391," accessed 6/20/2013; MOF, "1392 National Budget," accessed 7/1/13; MOF, "Monthly Fiscal Bulletin, Month 2," 5/18/13, accessed 6/24/2013.

As a result of this underperformance, the MOF lost \$13 million in funding from the Afghanistan Reconstruction Trust Fund Incentive Program.³⁶⁸ Partially because of this loss, the MOF undertook a large-scale restructuring of the Afghan Customs Department.³⁶⁹ To prevent customs officials from building local corruption networks, the MOF also replaced a large number of high-ranking officials and rotated most provincial customs directors. The Minister of Finance expressed confidence in the capabilities of the new senior officials. At the end of the quarter, it was too early for the State Department to know how effective this move was, but it has the potential to reduce corruption.³⁷⁰

HUMAN RIGHTS

Afghanistan failed to improve its human rights record in this quarter. Human rights organizations warned that women's rights were in danger. More civilians were killed, mostly in anti-government attacks. The United Nations found that 533 civilians were killed and 882 injured between February 1 and April 30, a 25% increase over the same period in 2012. Antigovernment elements were responsible for 73% of the civilians killed or wounded in this period; government-affiliated elements were responsible for 12%.³⁷¹

Gender Equity

Human Rights Watch warned this quarter that women's rights face a darker future in Afghanistan with the drawdown of foreign forces in 2014. On May 18, 2013, a female lawmaker attempted to strengthen Afghanistan's 2009 Law on the Elimination of Violence Against Women (EVAW) by having Parliament endorse it. Instead, conservatives so harshly castigated the law that it was withdrawn. The law's opponents, including religious leaders serving in parliament, attacked key provisions such as shelters for female victims of violence and a minimum marriage age. The criticism was so vociferous that the speaker halted debate after 15 minutes and sent the law back to parliamentary commissions.³⁷²

At the Senior Officials Meeting on the Tokyo Mutual Accountability Framework, participants noted that implementing EVAW and monitoring its progress was one of the Afghan government's commitments to the international community.³⁷³ In a July submission to the United Nations Committee on the Elimination of Discrimination Against Women, Human Rights Watch said that extreme forms of discrimination remain part of the day-to-day experience of most Afghan women, and violence against women is common and largely unpunished. Half of girls are not in school and female literacy remains extremely low. Child marriage and forced marriage are common, with 39% of girls married before age 18, according to the UN Population Fund.³⁷⁴

USAID plans to address these issues in the coming year with its Promoting Gender Equality in the National Priority Program (PROMOTE). PROMOTE will assist the Afghan government in working toward the goal of achieving a rate of 30% female staff in the Afghan civil service laid out in the Tokyo Mutual Accountability Framework. It will also support the networking among established women's rights groups. And it may establish professional business development services and market-driven technical and vocational education for women. Some \$214.4 million in funding is planned for PROMOTE through fiscal year (FY) 2014.³⁷⁵

Women's Shelters

The State Department listed an INL program to support operations of nine women's shelters across Afghanistan and the Afghan Women's Shelter Network, which brings together Afghan shelter providers to discuss best practices and advocate for victims, as one of its most successful reconstruction projects. State said that INL's support had expanded the number of provinces where services are available to victims of gender-based violence and discrimination and facilitated an Afghan-led campaign to increase public acceptance of women's shelters. State has seen an increase in government referrals to and political support for the shelters, indicating that the Afghan government is starting to accept shelters as legitimate resources for women seeking legal and protective services. Shelters have been provided multi-year funding that extends into 2014 and 2015. In 2012, INL-funded shelters benefitted approximately 2,000 women and children in 30 of Afghanistan's 34 provinces.³⁷⁶

Refugees

Pakistan agreed to extend the validity of the registration cards held by 1.6 million Afghan refugees beyond a June 30, 2013, deadline. The decision means that Afghan cardholders in Pakistan will continue to have legal status until the approval of a National Policy for Afghan Refugees. That policy is pending approval by the Pakistani Cabinet and Prime Minister.³⁷⁷

Afghanistan Independent Human Rights Commission

After more than 18 months' delay, President Karzai appointed a group of new commissioners to the Afghanistan Independent Human Rights Commission (AIHRC) on June 15, 2013. The president extended Sima Samar's tenure as the head of the commission, and gave five others five-year appointments as commissioners.³⁷⁸

Human Rights Watch complained that most of the new commissioners appeared to have little human rights experience and that the president had made his appointments without consulting civil-society organizations involved in defending human rights.³⁷⁹ The United Nations High Commissioner for Human Rights warned that the appointments

The AIHRC was established in accordance with the 2001 Bonn Agreement as the main institution within the Afghan government responsible for promoting human rights. Although the commission is a government body, with commissioners appointed by the president, it is by law independent. The commission's responsibilities include monitoring the general human rights situation in Afghanistan, making recommendations to the government on human rights, investigating specific human rights violations, and assisting individual Afghans whose rights have been violated.

Source: HRW, "Afghanistan: Weak Appointments Undermine Rights Body," 6/18/2013.

compromised the commission's independence and effectiveness and undermined its standing with the public and international partners.³⁸⁰ Karzai had been under pressure from donors to appoint new commissioners. In the Tokyo Mutual Accountability Framework, the Afghan government had committed to allowing the AIHRC to perform its "appropriate functions."³⁸¹