

3 RECONSTRUCTION UPDATE



RECONSTRUCTION UPDATE CONTENTS

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U.S. Marines flying over southern Afghanistan in August 2013 drop information leaflets as part of efforts to reduce popular support for the insurgency. (DOD photo)

OVERVIEW

Section 3 presents updates on accomplishments, challenges, and initiatives in Afghanistan reconstruction to provide context for oversight. Sidebars identify SIGAR audits, completed and ongoing, relating to those efforts.

SIGAR presents the data in this section in compliance with Public Law 110-181, which mandates that each of SIGAR's quarterly reports to Congress on reconstruction activities in Afghanistan include, among other things:

- obligations and expenditures of appropriated funds
- discussions of U.S. government entities' contracts, grants, agreements, or other mechanisms
- funds provided by foreign nations or international organizations to programs and projects funded by U.S. government entities

TOPICS

This section has four subsections: Status of Funds, Security, Governance, and Economic and Social Development.

The **Status of Funds** subsection describes monies appropriated, obligated, and disbursed for Afghanistan reconstruction, including U.S. funds and international contributions.

The organization of the other three subsections mirrors the three pillars in the Prioritization and Implementation Plan developed in an international conference in July 2010 and announced by the Afghan government.

The **Security** subsection describes U.S. efforts to bolster the Afghan National Security Forces (the Army and Police), the transition away from private security contracting, and the battle against the narcotics trade.

The **Governance** subsection provides an overview of the Afghan government's progress toward good governance through capacity-building efforts, rule of law initiatives, and human rights recognition. This subsection also describes the status of reconciliation and reintegration, Afghan government control in various provinces, and initiatives to combat corruption.

The **Economic and Social Development** subsection looks at reconstruction activities by sectors like energy, mining, and health. It provides a snapshot of the state of the economy and updates on progress in regulating financial networks, achieving fiscal sustainability, and delivering essential services.

METHODOLOGY

Section 3 was compiled from open-source and U.S. agency data. Attributions appear in endnotes or notes to tables and figures. Multiple organizations provide data, so numbers may conflict. SIGAR has not verified data other than that in its own audits or investigations. Information from other sources does not necessarily reflect SIGAR's opinion. For details on SIGAR audits and investigations this quarter, see Section 2.

Data Call

The data call is a series of questions directed to U.S. agencies about their contributions and involvement in reconstruction programming, and the state of affairs in Afghanistan. U.S. agencies responding to the latest data call include the Departments of State, Defense, Transportation, and Treasury, and the U.S. Agency for International Development. Responding agencies received a preliminary draft of this section so they could verify and comment on specific data they provided for this quarterly report.

Open-Source Research

Open-source research draws on the most current, publicly available data from reputable sources. Sources used include the U.S. agencies represented in the data call, the International Security Assistance Force, the United Nations (and relevant branches), the International Monetary Fund, the World Bank, and Afghan ministries and other government organizations.

GRAPHICS KEY

UNDERSTANDING THE GRAPHICS AND DATA TERMS

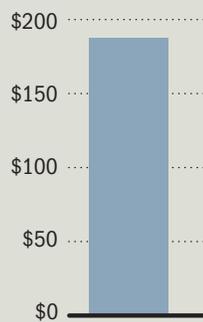
All figures and tables report data for this quarter, except where identified in titles or notes.

BAR CHARTS

This report discusses many funds and projects with dollar values ranging from millions to billions. To provide an accurate graphical representation of these numbers, some bar graphs appear with a break (a wavy line) to indicate a jump between zero and a larger number.



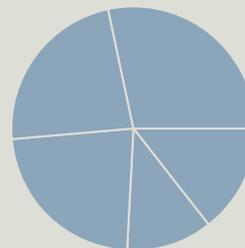
Bar chart with a break in scale



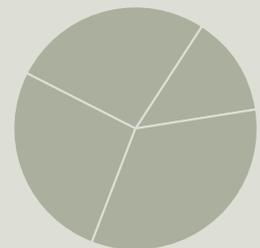
Bar chart without a break in scale

UNITS IN BILLIONS AND MILLIONS

Because this report details funding in both billions and millions of dollars, it uses a visual cue to distinguish the two measurement units. Dollars reported in billions are represented in blue, and dollars reported in millions are depicted in green.



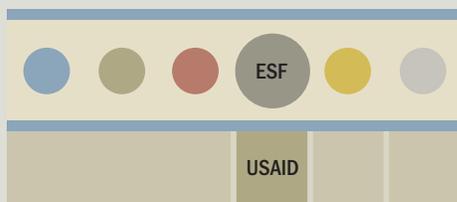
Pie chart in billions



Pie chart in millions

FUNDING MARKERS

Funding markers identify individual funds discussed in the text. The agency responsible for managing the fund is listed in the tan box below the fund name.



CALENDAR AND SOLAR YEARS

Afghanistan follows the solar Hejri calendar, which began in 622 A.D. in the Gregorian calendar. SIGAR converts Hejri solar years to Gregorian equivalents. The current Afghan solar year (SY) is 1392. It began on March 21, 2013, and ends on March 20, 2014. The Afghan government's fiscal year runs from December 21, 2012, to December 20, 2013.

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STATUS OF FUNDS

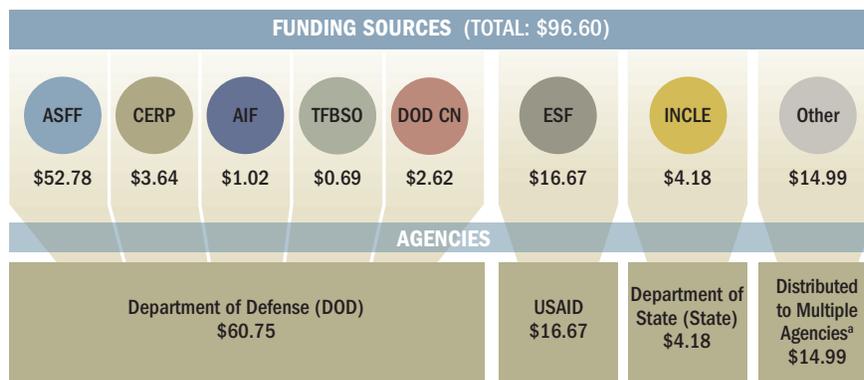
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of September 30, 2013, the United States had appropriated approximately \$96.60 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$54.30 billion for security
- \$24.71 billion for governance and development
- \$6.93 billion for counternarcotics efforts
- \$2.67 billion for humanitarian aid
- \$7.99 billion for operations and oversight

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

FIGURE 3.1

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



Notes: Numbers have been rounded.

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

Sources: DOD, responses to SIGAR data call, 10/23/2013, 10/9/2013, 9/30/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 10/18/2013, 7/2/2013, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 10/4/2013; OMB, responses to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 10/10/2013, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011; P.L. 111-212, 10/29/2010; P.L. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

- 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
- Other:** Other Funding

STATUS OF FUNDS



The amount provided to the seven major U.S. funds represents nearly 84.5% (more than \$81.60 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, over 85.1% (more than \$69.47 billion) has been obligated, and over 74.6% (nearly \$60.89 billion) has been disbursed. The following pages provide additional details on these funds.

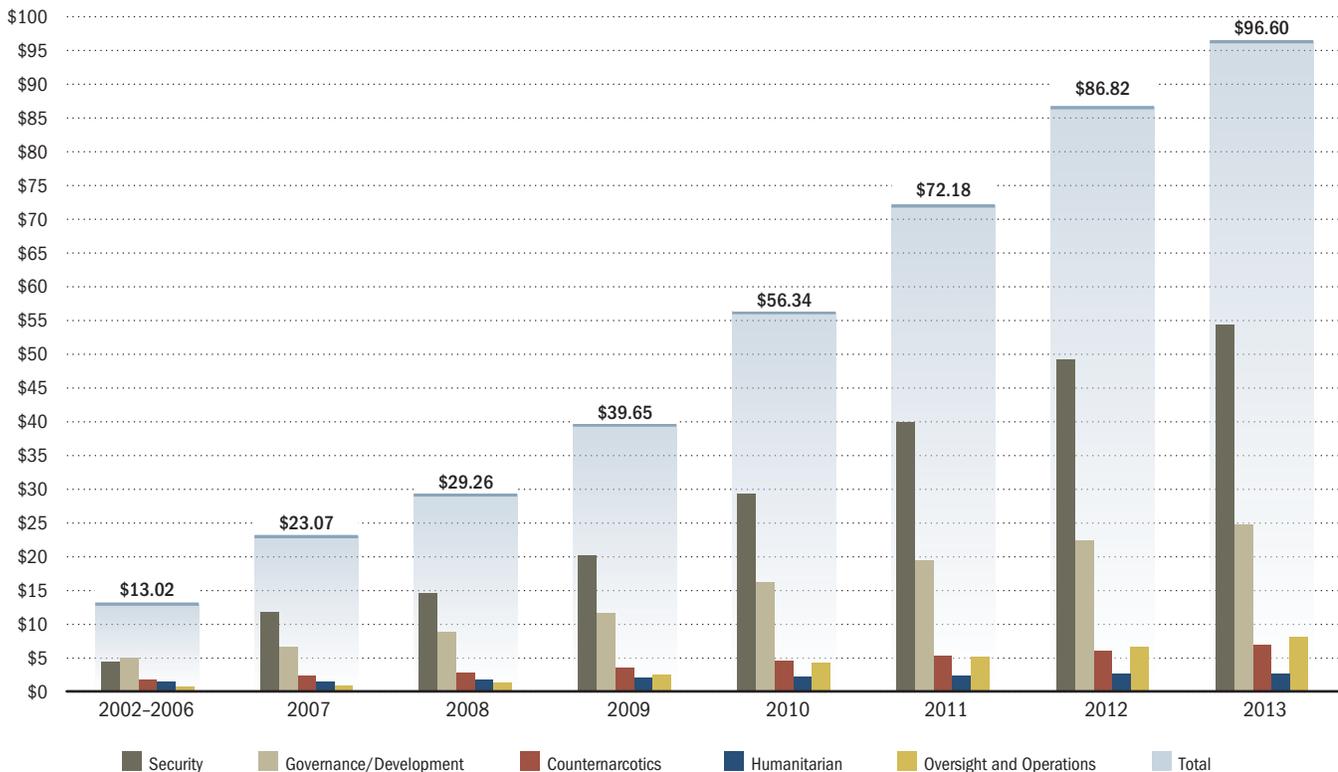
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of September 30, 2013, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$96.60 billion, as shown in Figure 3.2. This total can be divided into five major categories of reconstruction funding: security, governance and development, counternarcotics, humanitarian, and oversight and operations. For complete information regarding U.S. appropriations, see Appendix B.

President Obama submitted the FY 2014 budget proposal on April 10, 2013. The proposal called for an additional \$12 billion for Afghanistan relief and reconstruction with oversight and operations requests included—a 23% increase over the amount appropriated for FY 2013.²⁰ At the close of FY 2013, Congress had not yet approved an FY 2014 budget or passed appropriations legislation to fund the U.S. government through FY 2014.²¹

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF SEPTEMBER 30, 2013 (\$ BILLIONS)



Notes: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. P.L. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD transferred \$101 million from FY 2011 AIF to FY 2011 ESF to fund an infrastructure project to be implemented by USAID.

Sources: DOD, responses to SIGAR data call, 10/23/2013, 10/9/2013, 9/30/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 10/18/2013, 7/2/2013, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 10/4/2013; OMB, responses to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 10/10/2013, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011; P.L. 111-212, 10/29/2010; P.L. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

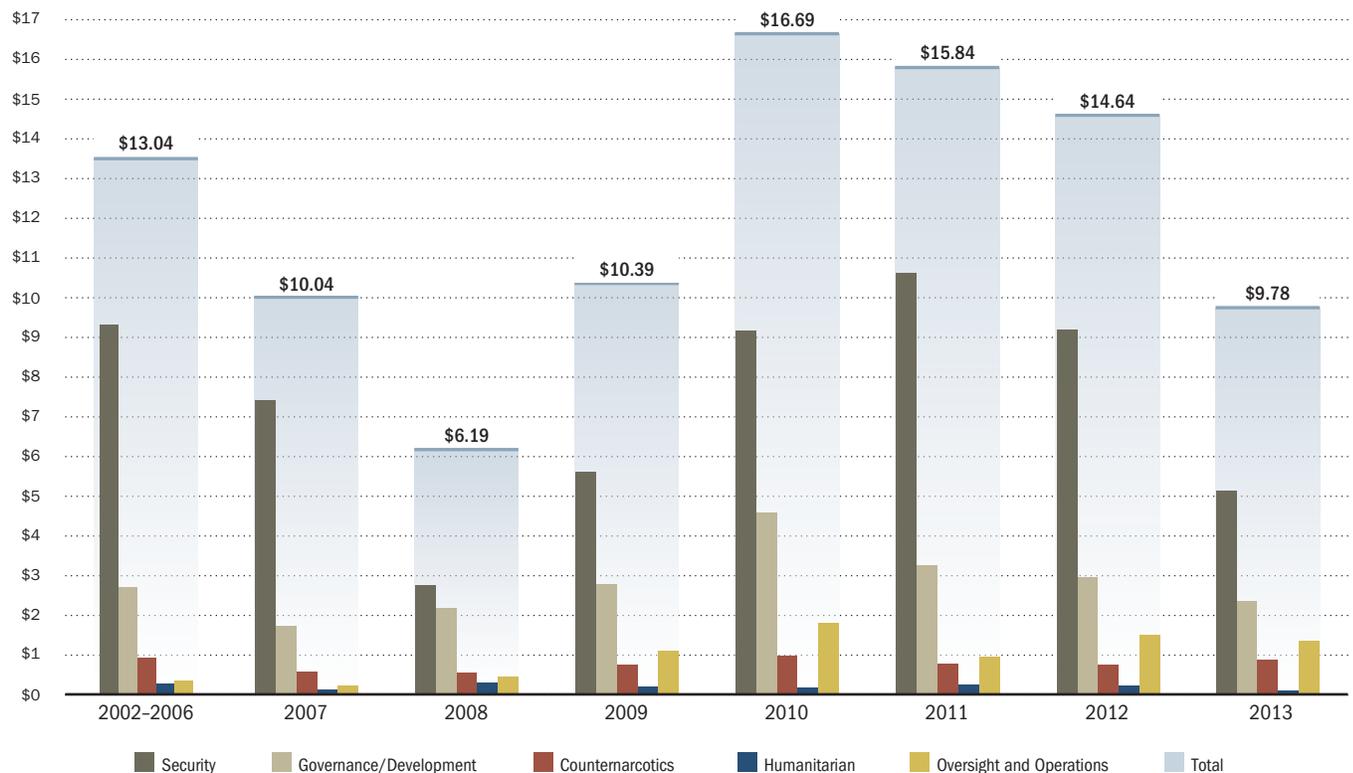
STATUS OF FUNDS

Despite this fiscal uncertainty, five of the seven major reconstruction funds are appropriated for two fiscal years, and more than \$7.27 billion of the \$7.95 billion appropriated these funds for FY 2013/14 had not been obligated at the end of the fiscal year, as shown in Table 3.0.

As of September 30, 2013, the total appropriated for Afghanistan reconstruction for FY 2013 amounted to nearly \$9.78 billion, as shown in Figure 3.3. The majority of this amount—nearly \$5.13 billion—was appropriated to equip, train, and sustain the Afghan National Security Forces (ANSF).²² With the support of the ANSF, Afghanistan is to assume full operational responsibility for its security by 2015; however, as long as the country makes progress toward its goals established in the Tokyo Mutual Accountability Framework, the support of the NATO train, advise, and assist mission will continue into the “transformation decade” as will the financial assistance of the United States and Afghanistan’s international partners.²³

FIGURE 3.3

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



Notes: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. P.L. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD transferred \$101 million from FY 2011 AIF to FY 2011 ESF to fund an infrastructure project to be implemented by USAID.

Sources: DOD, responses to SIGAR data call, 10/23/2013, 10/9/2013, 9/30/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 10/18/2013, 7/2/2013, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 10/4/2013; OMB, responses to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 10/10/2013, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011; P.L. 111-212, 10/29/2010; P.L. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

TABLE 3.0

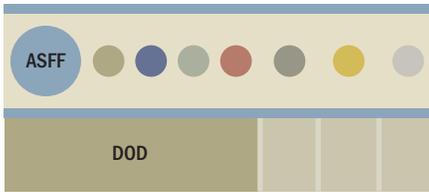
FY 2013 APPROPRIATIONS AND OBLIGATIONS, AS OF SEPTEMBER 30, 2013 ^a (\$ MILLIONS)		
	Appropriated	Obligated
ASFF	\$5,124	\$625
AIF	\$325	\$0
ESF	\$307	\$43
INCLE	\$1,623	\$0
TOTAL	\$7,949	\$675
To Be Obligated		\$7,274

Notes: Numbers have been rounded.

^a ASFF and AIF data as of 8/31/2013 because data through 9/30/2013 was unavailable when this report went to press.

Sources: DOD, responses to SIGAR data call, 10/23/2013, 10/9/2013, and 9/30/2013; USAID, response to SIGAR data call, 10/10/2013; State, response to SIGAR data call, 10/18/2013; P.L. 113-6, 3/26/2013.

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

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANSF with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction.²⁴ The primary organization responsible for building the ANSF is the North Atlantic Treaty Organization (NATO) Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan.²⁵

The Consolidated and Further Continuing Appropriations Act, 2013, appropriated more than \$5.12 billion for the ASFF for FY 2013, increasing total cumulative funding to nearly \$52.78 billion.²⁶ As of August 31, 2013, nearly \$46.99 billion of total ASFF funding had been obligated, of which more than \$43.54 billion had been disbursed.²⁷ Figure 3.4 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations as of August 31, 2013, increased by more than \$1.63 billion over cumulative obligations as of June 30, 2013. Cumulative disbursements as of August 31, 2013, increased by more than \$1.80 billion over cumulative disbursements as of June 30, 2013.²⁸ Figure 3.5 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.4

ASFF APPROPRIATED FUNDS BY FISCAL YEAR
(\$ BILLIONS)



FIGURE 3.5

ASFF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. ASFF data through 9/30/2013 was unavailable when this report went to press.

^a DOD reprogrammed \$1 billion of FY 2011 ASFF.

^b DOD reprogrammed \$1 billion of FY 2012 ASFF; another \$1 billion was rescinded in P.L. 113-6.

Sources: DOD, responses to SIGAR data call, 10/09/2013 and 7/22/2013; P.L. 113-6, 3/26/2013.

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 **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.²⁹

As of August 31, 2013, DOD had disbursed more than \$43.54 billion for ANSF initiatives. Of this amount, more than \$29.11 billion was disbursed for the ANA, and nearly \$14.10 billion was disbursed for the ANP; the remaining more than \$0.33 billion was directed to related activities.³⁰

As shown in Figure 3.6, the largest portion of the funds disbursed for the ANA—nearly \$11.20 billion—supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion—nearly \$4.87 billion—supported Sustainment, as shown in Figure 3.7.³¹

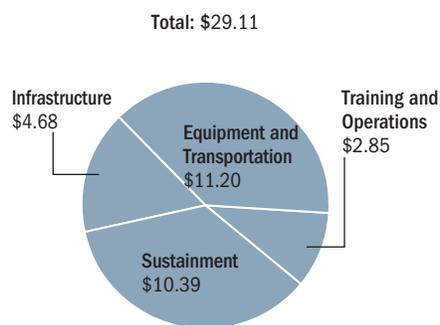
Budget Activity Groups: categories within each appropriation or fund account that identify the purposes, projects, or types of activities financed by the appropriation or fund

Sub-Activity Groups: accounting groups that break down the command's disbursements into functional areas

Sources: 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 3.6

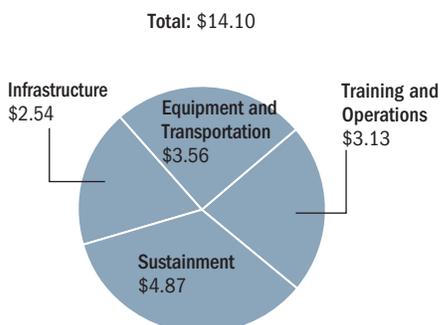
ASFF DISBURSEMENTS FOR THE ANA BY SUB-ACTIVITY GROUP, FY 2005–AUG 31, 2013 (\$ BILLIONS)



Notes: Numbers have been rounded. ASFF data through 9/30/2013 was unavailable when this report went to press. Source: DOD, response to SIGAR data call, 10/09/2013.

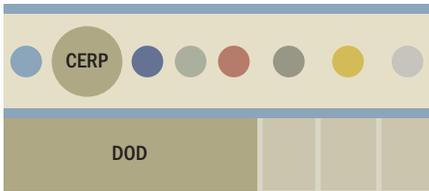
FIGURE 3.7

ASFF DISBURSEMENTS FOR THE ANP BY SUB-ACTIVITY GROUP, FY 2005–AUG 31, 2013 (\$ BILLIONS)



Notes: Numbers have been rounded. ASFF data through 9/30/2013 was unavailable when this report went to press. Source: DOD, response to SIGAR data call, 10/09/2013.

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.³² Projects with cost estimates exceeding \$1 million are permitted, but they require approval from the Commander of U.S. Central Command; projects over \$5 million require approval from the Deputy Secretary of Defense. CERP-funded projects may not exceed \$20 million.³³

The Consolidated and Further Continuing Appropriations Act, 2013, appropriated \$200 million for CERP for FY 2013, increasing total cumulative funding to nearly \$3.64 billion.³⁴ Of this amount, DOD reported that nearly \$2.29 billion had been obligated, of which nearly \$2.22 billion had been disbursed as of August 31, 2013.³⁵ Figure 3.8 shows CERP appropriations by fiscal year, and Figure 3.9 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.8

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

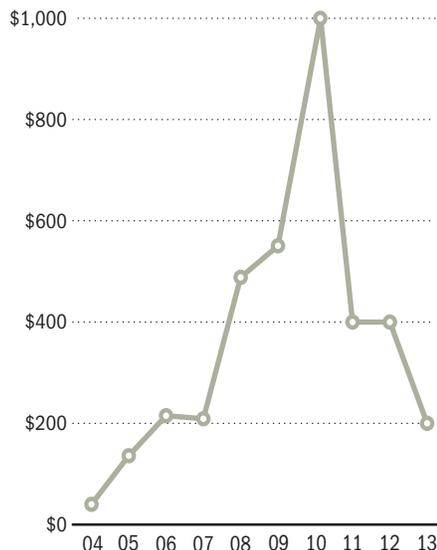
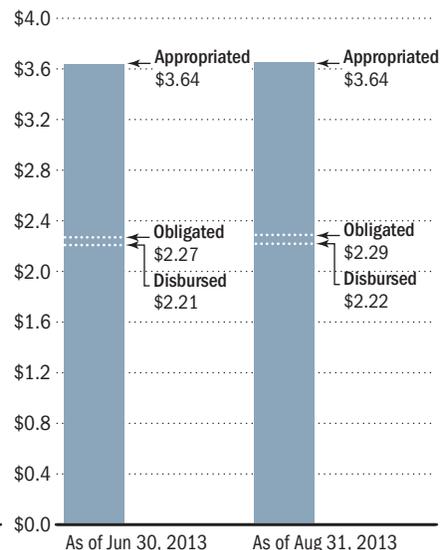


FIGURE 3.9

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



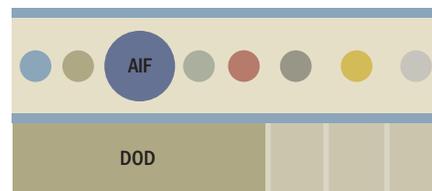
Notes: Numbers have been rounded. Data may include inter-agency transfers. CERP data through 9/30/2013 was unavailable when this report went to press.

Sources: DoD, responses to SIGAR data call, 10/23/2013 and 7/22/2013; OMB, response to SIGAR data call, 1/4/2013; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

AFGHANISTAN INFRASTRUCTURE FUND

The Ike Skelton National Defense Authorization Act for FY 2011 established the Afghanistan Infrastructure Fund (AIF) to pay for high-priority, large-scale infrastructure projects that 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. Thirty days before obligating or expending funds on an AIF project, the Secretary of Defense and Secretary of State are required to notify the Congress with details of the proposed project, including a plan for its sustainment and a description of how it supports the counterinsurgency strategy in Afghanistan.³⁶

The Consolidated and Further Continuing Appropriations Act, 2013, appropriated \$325 million for the AIF for FY 2013, increasing total cumulative funding to more than \$1.02 billion.³⁷ This figure excludes \$101 million of FY 2011 AIF funds transferred to the FY 2011 Economic Support Fund for USAID's AIF-funded infrastructure project. As of August 31, 2013, more than \$548.35 million of total AIF funding had been obligated, of which more than \$163.34 million had been disbursed.³⁸ Figure 3.10 shows AIF appropriations by fiscal year, and Figure 3.11 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for AIF projects.



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 3.10

AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

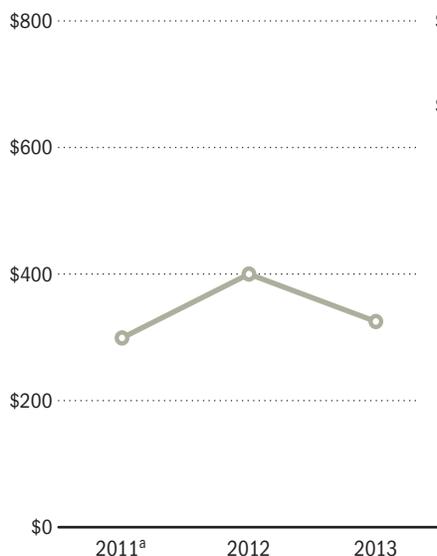
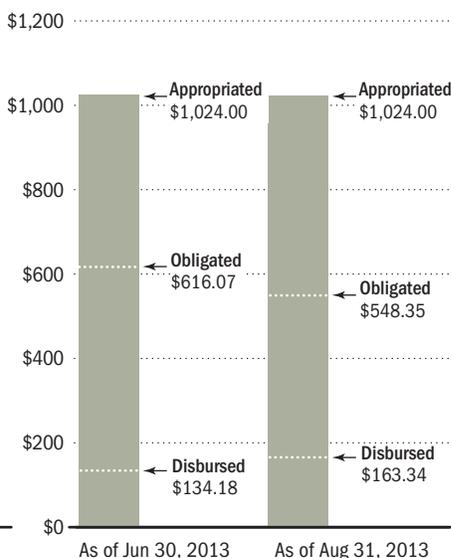


FIGURE 3.11

AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)

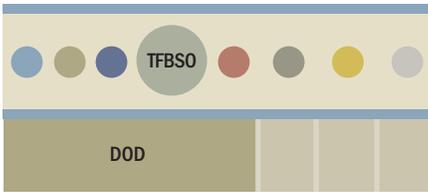


Notes: Numbers have been rounded. Updated data resulted in a lower obligation figure than that reported as of 6/30/2013. AIF data through 9/30/2013 was unavailable when this report went to press.

^a FY 2011 figure excludes \$101 million transferred to USAID to execute an AIF project.

Sources: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts," 9/17/2013; DOD, response to SIGAR data call, 7/22/2013; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

STATUS OF FUNDS



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 Task Force for Business and Stability Operations (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 projects include activities that facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.³⁹

TFBSO has two separate funding streams. The funds authorized for TFBSO in the National Defense Authorization Act are used to pay for activities directly related to reconstructing Afghanistan. The funds TFBSO receives from the Operations and Maintenance, Army, account are used to pay for sustainment of U.S. assets, civilian employees, travel, security, and other operational costs.

As of September 30, 2013, TFBSO had been appropriated nearly \$137.40 million for FY 2013, bringing cumulative appropriations for the task force to nearly \$692.15 million.⁴⁰ Of this amount, nearly \$658.38 million had been obligated and nearly \$480.17 million had been disbursed.⁴¹ Figure 3.12 displays the amounts appropriated for TFBSO projects by fiscal year, and Figure 3.13 provides a cumulative comparison of amounts made available, obligated, and disbursed for TFBSO projects.

FIGURE 3.12

TFBSO APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

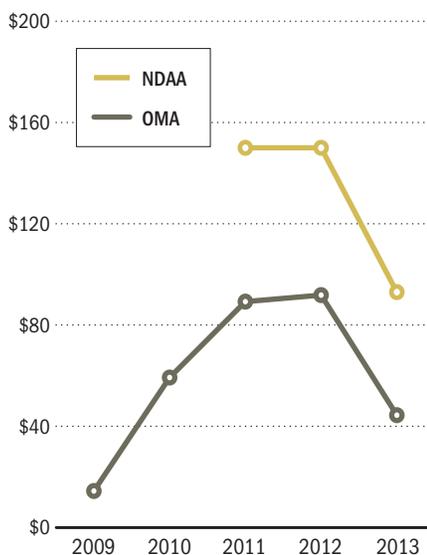
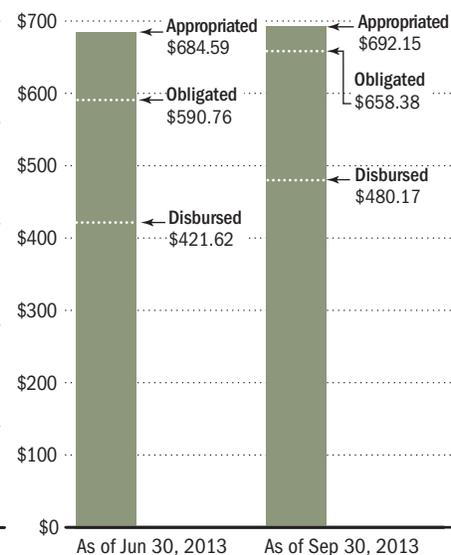


FIGURE 3.13

TFBSO FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Notes: Numbers have been rounded. NDAA = National Defense Authorization Act. NDAA funding is used to pay for activities directly related to reconstructing Afghanistan. OMA = Operations and Maintenance, Army. OMA funding is used to pay for sustainment of U.S. assets, civilian employees, travel, security, and other operational costs.

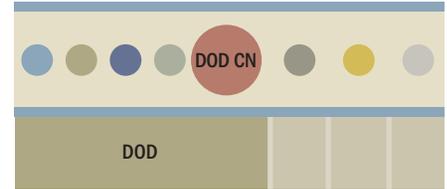
Sources: DOD, responses to SIGAR data call, 10/1/2013, 7/3/2013 and 10/4/2011; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

DOD's Drug Interdiction and Counter-Drug Activities fund (DOD CN) supports efforts to stabilize Afghanistan by combating 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.⁴²

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.⁴³

As of September 30, 2013, DOD reported that DOD CN received \$307.36 million for Afghanistan for FY 2013, bringing cumulative funding for DOD CN to nearly \$2.62 billion since fiscal year 2004.⁴⁴ Figure 3.14 shows DOD CN appropriations by fiscal year, and Figure 3.15 provides a cumulative comparison of amounts appropriated and transferred to the military services and defense agencies for DOD CN projects. During the quarter, unobligated FY 2013/14 DOD CN funds previously transferred to the military services and defense agencies were returned to the CTA to be redistributed for execution in FY 2014.



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.

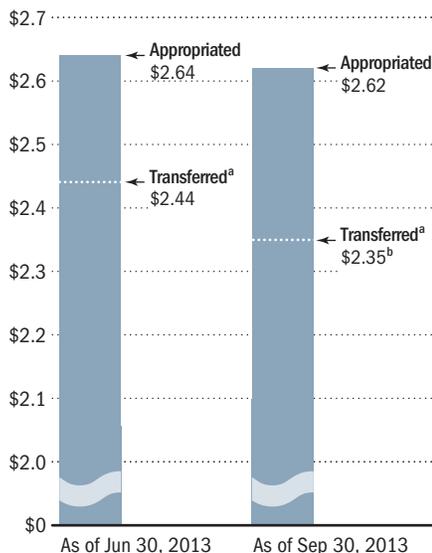
FIGURE 3.14

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.15

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



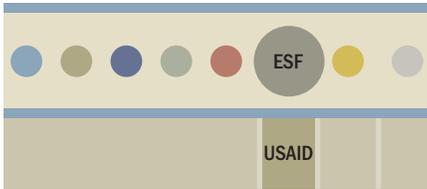
Notes: Numbers have been rounded. Updated data resulted in a lower appropriation figure for FY 2013 and a higher appropriation figure for FY 2012 than reported last quarter.

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

^b During the quarter, funds previously transferred to the military services and defense agencies were returned to the DOD Central Transfer Account to be redistributed in FY 2014. This led to a lower level of reported appropriations as of 9/30/2013.

Sources: DOD, responses to SIGAR data call, 9/30/2013 and 7/1/2013.

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.⁴⁵

The ESF was appropriated more than \$1.62 billion for FY 2013, bringing cumulative funding for the ESF to more than \$16.67 billion. Of this amount, nearly \$14.67 billion had been obligated, of which more than \$11.17 billion had been disbursed.⁴⁶ Figure 3.16 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of September 30, 2013, increased by nearly \$75.11 million over cumulative obligations as of June 30, 2013. Cumulative disbursements as of September 30, 2013, increased by more than \$245.02 million over cumulative disbursements as of June 30, 2013.⁴⁷ Figure 3.17 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

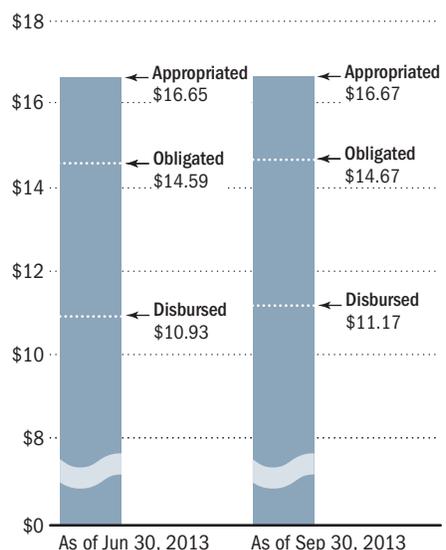
FIGURE 3.16

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)



FIGURE 3.17

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. FY 2011 figure includes \$101 million that was transferred to the ESF from the Afghanistan Infrastructure Fund.

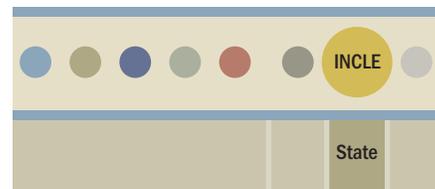
Sources: USAID, response to SIGAR data call, 10/10/2013 and 7/17/2013; State, response to SIGAR data call, 6/27/2013.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages an account for advancing rule of law and combating narcotics production and trafficking—the International Narcotics Control and Law Enforcement (INCLE) account. INCLE supports several INL program groups, including police, counternarcotics, and rule of law and justice.⁴⁸

State reported that the Consolidated and Further Continuing Appropriations Act, 2013, appropriated nearly \$568.81 for INCLE, bringing cumulative funding to more than \$4.18 billion. Of this amount, more than \$3.53 billion had been obligated, of which nearly \$2.79 billion had been disbursed.⁴⁹ Figure 3.18 shows INCLE appropriations by fiscal year.⁴⁸

State reported that cumulative obligations as of September 30, 2013, increased by more than \$62.97 million compared to cumulative obligations as of June 30, 2013. Cumulative disbursements as of September 30, 2013, increased by more than \$95.86 million over cumulative disbursements as of June 30, 2013.⁵⁰ Figure 3.19 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.

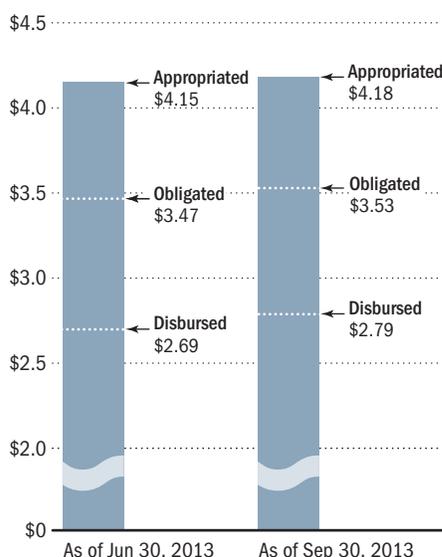
FIGURE 3.18

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.19

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. Data may include inter-agency transfers. Updated data resulted in a higher appropriation figure for FY 2012.

Sources: State, responses to SIGAR data call, 10/18/2013 and 7/15/2013.

STATUS OF FUNDS

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

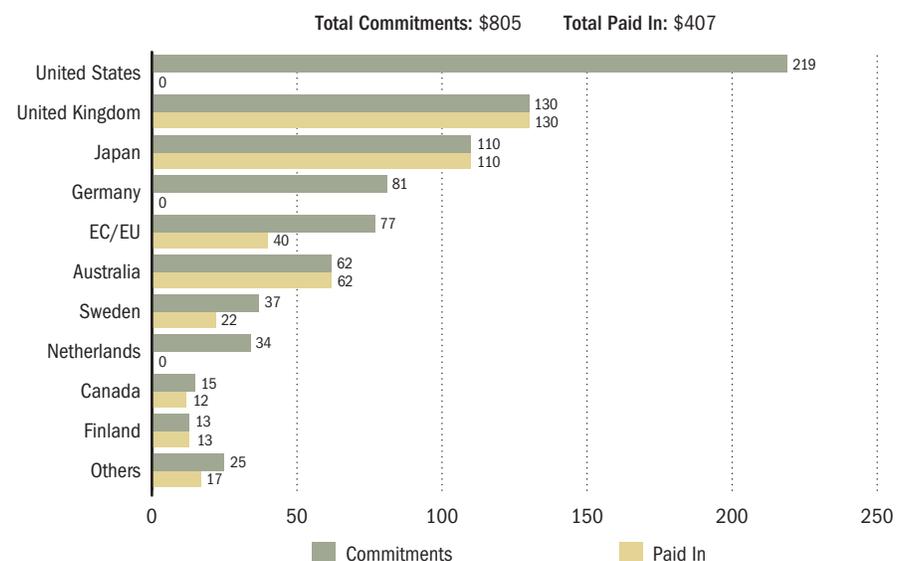
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust 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).⁵¹

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 September 22, 2013, the World Bank reported that 33 donors had pledged nearly \$6.92 billion, of which more than \$6.52 billion had been paid in.⁵² According to the World Bank, donors have pledged approximately \$804.52 million to the ARTF for Afghan fiscal year 1392, which runs from December 21, 2012, to December 20, 2013.⁵³ Figure 3.20 shows the 10 largest donors to the ARTF for FY 1392.

FIGURE 3.20

ARTF CONTRIBUTIONS FOR FY 1392, BY DONOR, AS OF SEPTEMBER 22, 2013 (\$ MILLIONS)



Notes: Numbers have been rounded. FY 1392 = 12/21/2012–12/20/2013.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of September 22, 2013 (end of 9th month of FY 1392)," p. 1.

STATUS OF FUNDS

As of September 22, 2013, the United States had pledged more than \$1.96 billion and paid in more than \$1.74 billion since 2002.⁵⁴ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing approximately 46% of its total funding, as shown in Figure 3.21.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.⁵⁵ As of September 22, 2013, according to the World Bank, more than \$2.88 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.⁵⁶ 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. To ensure that the RC Window receives adequate funding, donors to the ARTF may not “prefer” (earmark) more than half of their annual contributions for desired projects.⁵⁷

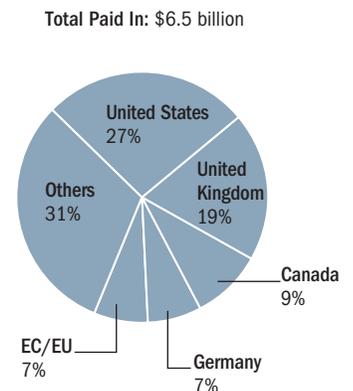
The Investment Window supports the costs of development programs. As of September 22, 2013, according to the World Bank, more than \$2.97 billion had been committed for projects funded through the Investment Window, of which nearly \$2.14 billion had been disbursed. The World Bank reported 20 active projects with a combined commitment value of nearly \$1.79 billion, of which approximately \$962.70 million had been disbursed.⁵⁸

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.⁵⁹ Since 2002, donors have pledged nearly \$3.38 billion to the LOTFA, of which more than \$3.06 billion had been paid in, according to the most recent data available.⁶⁰ The LOTFA's sixth support phase started on January 1, 2011. On March 20, 2013, the UNDP-LOTFA Steering Committee approved an extension of Phase VI to continue the phase beyond the planned end date of March 31, 2013, to December 31, 2013. In the 30 months since Phase VI began, the UNDP had transferred more than \$1.26 billion from the LOTFA to the Afghan government to cover ANP and Central Prisons Directorate staff remunerations and an additional \$27.86 million for capacity development and other LOTFA initiatives.⁶¹ As of June 30, 2013, donors had committed nearly \$1.85 billion to the LOTFA for Phase VI. Of that amount, the United States had committed nearly \$859.37 million, and Japan had committed more than \$614.76 million. Their combined commitments make up nearly 80% of LOTFA Phase VI commitments. The United States had contributed more than \$1.12 billion to the LOTFA since the fund's inception.⁶² Figure 3.22 shows the four largest donors to the LOTFA since 2002, based on the latest data available.

FIGURE 3.21

ARTF CONTRIBUTIONS PAID IN BY DONORS SY 1381 (2002)–SEPTEMBER 22, 2013 (PERCENT)

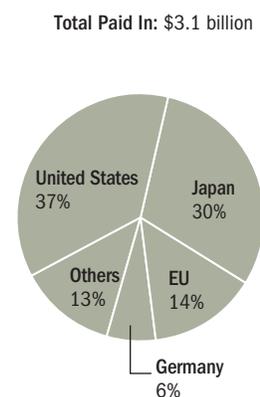


Notes: Numbers have been rounded. EC/EU = European Commission/European Union. "Others" includes 28 donors.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of September 22, 2013 (end of 9th month of FY 1392)," p. 5.

FIGURE 3.22

DONORS' CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF JUNE 30, 2013 (PERCENT)



Notes: Numbers have been rounded. EU = European Union. "Others" includes 18 donors.

Sources: UNDP, "LOTFA Phase VI Quarterly Progress Report Q2/2013," 8/11/2013, p. 66; SIGAR analysis of UNDP's quarterly and annual LOTFA reports, 10/21/2013.

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SECURITY

As of August 31, 2013, the U.S. Congress had appropriated nearly \$54.3 billion to support the Afghan National Security Forces (ANSF). Most of these funds (\$52.8 billion) were appropriated through the Afghanistan Security Forces Fund (ASFF) and provided to the Combined Security Transition Command-Afghanistan (CSTC-A). Its purpose is to build, equip, train, and sustain the ANSF, which comprises the Afghan National Army (ANA) and the Afghan National Police (ANP). Of the \$52.8 billion appropriated for the ASFF, approximately \$47.0 billion had been obligated and \$43.5 billion disbursed as of August 31, 2013.⁶³

This section discusses assessments of the ANSF and the Ministries of Defense and Interior; gives an overview of U.S. funds used to build, equip, train, and sustain the ANSF; and provides an update on efforts to combat the cultivation of and commerce in illicit narcotics in Afghanistan. This section also discusses the challenges to transitioning to Afghan-led security by the end of 2014.

KEY ISSUES AND EVENTS THIS QUARTER

Key issues and events this quarter include continuing U.S. and Afghan concerns over ANSF casualties, a tentative new U.S.-Afghan bilateral security agreement, the appointment of a new Afghan Minister of Interior, the withdrawal of German forces from Kunduz, the ongoing process of transition to Afghan-led security, release of the latest U.S. Civil-Military Strategic framework, and the implementation of a new process to assess the readiness of the ANSF.

ANSF Casualties and Attrition

Senior U.S. and Afghan officials expressed continuing concern this quarter about the high number of ANSF casualties and their effect on the forces. In a September 2013 media interview, International Security Assistance Force (ISAF) commander, General Joseph Dunford, reportedly stated, “I’m not assuming that those casualties are sustainable.”⁶⁴ According to the news article, General Dunford said the ANSF are losing too many people and may need up to five years of support before they can fight on their own.⁶⁵

In addition, according to media reports, Afghanistan's new Interior Minister, Umar Daudzai, said in a September 2 speech, "In the last six months of this (Islamic calendar) year 1,792 Afghan policemen have lost their lives and over 2,700 were wounded."⁶⁶ During a press briefing last quarter, General Dunford said, "Afghan casualties are among my top concerns," and noted that the ANSF was "suffering in some cases 100 or 120 killed in action in a week."⁶⁷

The Department of Defense's (DOD) July 2013 Report on Progress Toward Security and Stability in Afghanistan, said the ANSF is near its end-strength goal of 352,000 personnel and "is conducting almost all operations independently" resulting in lower ISAF casualties.⁶⁸ However, that report also showed a rise in the number of ANSF killed in action since 2010. In March 2013 (the latest date available in the DOD report), more than 300 ANSF were killed. DOD noted that ANSF casualties are based on ISAF operational reporting, which "is expected to under-represent the actual number of ANSF casualties."⁶⁹

This quarter, SIGAR requested an update on ANSF casualties; however, the response the U.S. Central Command (CENTCOM) provided was classified.⁷⁰ DOD has reported Afghan casualty trends in past reports but does not report specific Afghan casualty numbers.

In his September 2013 report on Afghanistan, the United Nations (UN) Secretary-General noted that "the number of casualties [the ANSF] endure has risen considerably."⁷¹ According to the Secretary-General, more than 3,500 Afghan military personnel were reportedly wounded or killed in action, during the second quarter of this year. The MOI reported that 299 ANP personnel were killed between mid-May and mid-June—a 22% increase over the same period in 2012. The Secretary-General also said that insider attacks were still a problem. Between May 16 and August 15, there were two such attacks against Coalition forces in Kandahar and Paktika, for which the Taliban took responsibility, and five attacks involving Afghan forces in Herat, Helmand, and Kunar.⁷²

The Secretary-General also cited ongoing problems with large-scale unauthorized absences—mainly in the ANA—with attrition, from all causes, as high as 2.4% per month.⁷³ According to the latest numbers from CSTC-A, in August 2013, the ANA's attrition was 2.4% and the ANP's was 1.5%. From September 2011 through August 2013, the ANA's monthly attrition rate has averaged 2.5%, but has reached as high as 4.1% in January 2013; the ANP's has averaged 1.3% and has reached as high as 1.9% in October 2011 and again in July 2013.⁷⁴

ANA personnel absent without leave (AWOL) were also a problem. According to CSTC-A, 8,797 personnel—or 5.3% of the ANA—were AWOL during its most recent tally in August 2013.⁷⁵ Although SIGAR also requested the number of ANP personnel who were AWOL, CSTC-A did not provide that data.

Bilateral Security Agreement

On October 11, Secretary of State John Kerry met with President Karzai in Kabul to negotiate a bilateral security agreement (BSA) to determine the status and role of U.S. forces who stay in Afghanistan after their combat mission ends in 2014. According to State, the two sides shared ideas and concerns regarding an agreement. At an October 12 joint press conference, President Karzai said that he and Secretary Kerry agreed that the United States will not conduct counterterrorism operations by itself but with Afghan forces, will provide a written guarantee for the safety of the Afghan people from home invasion, and clearly commit to respect and honor the nation's sovereignty. However, President Karzai said the question of whether Afghanistan will accept the U.S. demand that the remaining U.S. troops be under the jurisdiction of U.S. military courts and not Afghan courts will be decided by a grand council of elders, or Loya Jirga, to be called at the end of November. If the Loya Jirga approves immunity for U.S. troops, then the agreement goes to Afghanistan's parliament for approval.⁷⁶ The United States and Afghanistan have been negotiating a BSA since November 15, 2012.⁷⁷

In an October media interview, President Obama said he prefers that the ANSF handle Afghanistan's security needs, but recognized that they are not yet ready to take on full responsibility. According to the media account, he would consider leaving behind some troops in a training and advisory capacity, but believes a BSA is required to ensure protection for U.S. troops who stay behind.⁷⁸

In previous statements, President Karzai has indicated his wish to see U.S. forces remain in Afghanistan after the withdrawal of international forces at the end of 2014. He has stressed that any deal should "preserve the national interests of Afghanistan."⁷⁹

New Minister of Interior

On September 1, 2013, President Karzai named Umar Daudzai as the new Minister of Interior; Daudzai was formally appointed on September 25, according to media reports.⁸⁰ Daudzai, Afghanistan's former ambassador to Pakistan, replaced Ghulam Majtaba Patang, who lost a vote of confidence in the Afghan parliament less than a year after his appointment for failing to improve security conditions.⁸¹

German Troops Leave Kunduz

German forces handed over command of their base in Kunduz to Afghan forces in an October 6 ceremony attended by Germany's defense and foreign ministers, according to a German media report. All 900 German troops in Kunduz are expected to withdraw by the end of October.⁸² Germany has been the lead nation for security in nine northern Afghan provinces. As of August 1, a total of 4,400 German troops were serving in Afghanistan.⁸³



Secretary of State Kerry holds press conference with President Karzai on the BSA at the Presidential Palace in Kabul on October 12, 2013. (State photo)

According to German media, many Kunduz residents are worried about the security environment following the withdrawal of German forces.⁸⁴

Transition Progress

Since last quarter, all five geographic “tranches” of Afghanistan were transitioning to ANSF-led security. By December 2014, the transition process will be complete and the ANSF will be fully responsible for security in Afghanistan, according to DOD.⁸⁵

During the transition process, ISAF will continue to engage in combat operations where necessary through 2014, and will remain committed to support the ANSF with key “enablers” like air, aviation, medical support, intelligence, counter-IED, signal, and logistics, according to DOD. However, the ANSF will be responsible for day-to-day execution of operations. The ANSF also will plan, prepare, and execute counterinsurgency operations with advice and enabler support provided by their Security Force Assistance Teams. The Afghan government, principally through its security ministries, will provide direction and policy for operations.⁸⁶

DOD says ISAF will retain military assets in or near transitioning areas to ensure that security is properly maintained, and continue to provide the ANSF with training, advising, and assistance support. As ANSF capabilities improve, the level of ISAF support will be adjusted, allowing ANSF to take on greater responsibility.⁸⁷

U.S. Civil-Military Strategic Framework

In August, DOD and State released the latest revision of the U.S. Civil-Military Strategic Framework for Afghanistan. The framework, which replaces an October 2012 version, provides strategic guidance for all American civilian and military personnel serving in Afghanistan and outlines U.S. priorities through what the framework calls the “transformation decade” of 2015–2024.⁸⁸ The United States has two goals in Afghanistan: disrupt, dismantle, and defeat al-Qaeda and its affiliates and strengthen Afghanistan so it can never again be a haven for terrorists.⁸⁹

Security is the foundation of the framework, necessary to enable progress in the governance, rule of law, and economic development sectors. According to the framework, the role of the United States is changing as ISAF transitions security responsibility to the Afghans. U.S. and Coalition forces will shift to supporting the ANSF, setting the conditions for the U.S. government to focus on governance and development in the transformation decade.⁹⁰

In developing the revised framework, U.S. planners made several assumptions, including the following security-sector assumptions:⁹¹

- The Afghan government’s strategic goals remain generally congruent with U.S. goals in Afghanistan through the transformation decade.

- The U.S. and Afghan governments will negotiate and conclude a bilateral security agreement and NATO will conclude a status of forces agreement with the Afghan government to define long-term security partnerships beyond 2014.
- There will be a NATO train, advise, and assist mission at the end of the ISAF mandate.
- Afghan government revenue generation will not cover operating expenditures, including increased security spending, and development costs until sometime after 2025.

That last point is significant because it indicates that Afghanistan will need to rely on international assistance if it is to fund its government and security forces for at least another 12 years.

Implementation of New ANSF Assessment Process

This quarter, the ISAF Joint Command (IJC) stated that, as of August 15, a new reporting mechanism would be used to assess the ANSF. The new Regional Command ANSF Assessment Report (RASR) is the third assessment tool used by ISAF to rate the ANSF since 2005.⁹²

The first was the Capability Milestone (CM) rating system. SIGAR audited the CM rating system in 2010 and found that it had not provided reliable or consistent assessments of ANSF capabilities, had overstated ANSF operational capabilities, had inadvertently created disincentives for ANSF development, and had included outdated data. Moreover, ANSF units given a top rating using the rating system were not capable of sustaining independent operations. IJC concurred or partially concurred with all ten of SIGAR's recommendations at the conclusion of the audit report.⁹³

In April 2010, during the course of SIGAR's audit, IJC replaced the CM rating system with the Commander's Unit Assessment Tool (CUAT).⁹⁴ Since the implementation of the CUAT, SIGAR has tracked assessments of the ANSF in the security section of its quarterly reports. Assessments of the ANA and ANP are indicators of the effectiveness of U.S. and Coalition efforts to build, train, equip, and sustain the ANSF. These assessments also provide both U.S. and Afghan stakeholders with updates on the status of these forces as transition continues and Afghanistan assumes responsibility for its own security.

Last year, SIGAR initiated an audit of the CUAT in order to rate its effectiveness as an assessment tool. That audit will be released next quarter. Due to implementation of the new RASR assessment process, SIGAR could not use and compare CUAT reports for assessing the progress of the ANSF in this report. For more information on the RASR assessment tool, see "ANSF Assessments" later in this section of the report, page 89.

SIGAR AUDIT

An ongoing SIGAR audit is examining the methods and tools used to measure and evaluate the ANSF's operational effectiveness, including the extent to which these methods and tools are consistently applied, reliable, and validated.

SECURITY ENVIRONMENT

From May 16 to August 15, the UN recorded 5,922 security incidents—an 11% increase compared with the same period in 2012, but a 21% decrease from 2011. Armed clashes and improvised explosive devices constituted the majority of events (4,534 or 77% of the total). Insurgents also focused on attacking security checkpoints and bases that Coalition forces had handed over to Afghan forces. According to the UN Secretary-General, the ANSF was generally effective in protecting key urban and district administrative centers as well as strategic transport routes. As in previous quarters, the southern, southeastern, and eastern provinces accounted for the most security incidents (69% between May 16 and August 15).⁹⁵

The Secretary-General also said that insurgents conducted a number of “spectacular” attacks in urban areas during the same reporting period. From May 16 to August 15, there were 33 suicide incidents—seven in Kabul—compared to seven for all of 2012 and 16 in 2011. On August 3, in Jalalabad, Nangarhar, the Indian Consulate was the target of a complex suicide attack; all casualties were Afghan security personnel and civilians.⁹⁶

Attack on U.S. Consulate in Herat

On September 13, Taliban militants attacked the U.S. Consulate in Herat. Killed in the attack were three Afghans guards and an interpreter; nearly 20 people were wounded, none were American.⁹⁷ According to State, the attackers began by detonating a vehicle-borne improvised explosive device (VBIED) in front of the U.S. Consulate, damaging the outer gate. The attackers then fired a rocket-propelled grenade at the Consulate and detonated



U.S. Army soldiers react to potential threat at the U.S. Consulate in Herat on September 19, 2013. (DOD photo)

another VBIED. Consulate security personnel “neutralized several suicide bombers attempting to breach the compound.” Although the front gate was damaged, the Consulate’s interior compound was not breached.⁹⁸

Civilian Casualties

In a July 2013 report, the UN Assistance Mission in Afghanistan (UNAMA) found that civilian deaths and injuries were 23% higher in the first six months of 2013 compared to the same period in 2012. UNAMA documented 3,852 civilian casualties—1,319 deaths and 2,533 injuries—from January to June 2013, a 14% increase in deaths and 28% increase in injuries. According to UNAMA, this rise in civilian casualties reverses the decline in 2012, and marks a return to the high numbers of civilian casualties documented in 2011. UNAMA attributed 74% of civilian casualties to “Anti-Government Elements,” 9% to “Pro-Government Forces”, and 12% to engagements between those combatants. The remaining 4% were unattributed, caused mainly by the explosion of abandoned or as-yet-unexploded ordnance.⁹⁹

U.S. AND COALITION FORCES IN AFGHANISTAN

According to CENTCOM, 64,000 U.S. forces were serving in Afghanistan as of September 30, 2013. Of those, approximately 1,600 were assigned to the NATO Training Mission-Afghanistan (NTM-A)/CSTC-A.¹⁰⁰ In addition, approximately 27,000 non-U.S. international troops were serving in Afghanistan as of October 1, 2013.¹⁰¹ Since operations began in 2001, a total of 2,143 U.S. military personnel have died in Afghanistan—83% of whom were killed in action—and 19,334 were wounded as of October 1, 2013.¹⁰²

ANSF STRENGTH

This quarter, ANSF’s assigned force strength was 336,587 (183,434 assigned to the ANA and Afghan Air Force, and 153,153 assigned to the ANP), according to data provided by CSTC-A.¹⁰³ The ANSF’s assigned strength includes personnel in training and cadets, as well as both personnel in the field (engaged in combat operations) and those who were “in barracks.” SIGAR requested the number of personnel who were sick or on leave, but CSTC-A did not identify those personnel separately in their response. The assigned strength is short of the goal to have an end strength of 352,000 ANSF personnel—195,000 in the ANA and Air Force and 157,000 in the ANP—by October 2012 that was given in DOD’s April 2012 report on *Progress Toward Security and Stability in Afghanistan*.¹⁰⁴ DOD revised this goal to 352,000 ANSF by 2014 (187,000 ANA by December 2012, 157,000 ANP by February 2013, and 8,000 Air Force by December 2014) when that end-strength was not met.¹⁰⁵ Neither the ANA nor the ANP met their end-strength goal by the revised deadline, as shown in Table 3.2 on the following page.

SIGAR AUDIT

An ongoing SIGAR audit is assessing the reliability and usefulness of data for the number of ANSF personnel authorized, assigned, and trained.

TABLE 3.2

ANSF ASSIGNED STRENGTH, AUGUST 20, 2013			
ANSF Component	Current Target	Status as of 5/2013	Difference Between Current Strength and Target End-Strength Goals
Afghan National Army	187,000 personnel by December 2012	176,818	-10,182
Afghan National Police	157,000 personnel by February 2013	153,153	-3,847
Afghan Air Force	8,000 personnel by December 2014	6,616	-1,384
ANSF Total	352,000	336,587	-15,413

Sources: DOD, *Progress Toward Security and Stability in Afghanistan*, 12/2012, p. 56; CSTC-A, response to SIGAR data call, 10/1/2013.

AFGHAN LOCAL POLICE

This quarter, 24,286 personnel were assigned to the Afghan Local Police (ALP), according to U.S. Forces-Afghanistan (USFOR-A). As of September 30, 2013, the United States has obligated \$152.7 million and expended \$150 million of ASFF funds to support the ALP. The ALP is scheduled to reach 30,000 members in December 2014. At that strength, the ALP is estimated to cost \$117 million per year—including \$68 million in salaries—to sustain in fiscal years (FY) 2015 to 2018, according to USFOR-A.¹⁰⁶ DOD said a 30,000-strong ALP will cost \$180 million a year.¹⁰⁷

According to DOD, the ALP has demonstrated an ability to defend villages against insurgents and also coordinate with Afghan civil and military authorities. DOD reported the ALP battled enemy forces up to ten times more often than other Afghan security forces and successfully defended its positions over 80% of the time.¹⁰⁸ In his September 2013 report, the UN Secretary-General said the ALP has “borne an increasingly disproportionate brunt of attacks by anti-government elements.”¹⁰⁹ The Taliban have attempted on many occasions to infiltrate the ALP. However, DOD maintains the ALP has shown a unique resistance to this form of pressure due to the fact that its members are from the villages they protect and quickly recognize outside infiltrators. In addition, DOD said that during the first part of this current fighting season, the ALP has often been successful in coordinating with the Afghan government (at the district and provincial level) and with the Ministry of Defense (MOD) and Ministry of Interior (MOI) to defend their communities against Taliban aggression.¹¹⁰

The ALP program’s primary challenge is the MOI’s ability to properly support and manage the ALP as a pillar under the Afghan Uniform Police (AUP), according to DOD. The NATO Special Operations Component Command-Afghanistan (NSOCC-A) and the MOI have implemented an initiative to meet immediate ALP support requirements and to build an enduring logistics and support capacity for the ALP in the MOI.¹¹¹

In an October 7 Afghan media report, members of the Meshrano Jirga, the upper house of the Afghan parliament, criticized the ALP over alleged unauthorized activities. The senators urged the ALP’s integration with the national police force.¹¹²

AFGHAN PUBLIC PROTECTION FORCE

The Afghan Public Protection Force (APPF) is a state-owned enterprise under the authority of the MOI that provides security services in Afghanistan. Following President Karzai’s 2010 announcement to disband private security companies (PSCs) and transfer protection responsibilities to the APPF, the Afghan government implemented a bridging strategy for a phased transition to the public security company.¹¹³

As part of that strategy, security for development and humanitarian projects would transition from PSC responsibility to the APPF by March 20, 2012.¹¹⁴ Security for military installations was scheduled to be transferred to the APPF in March 2013. In October 2012, however, IJC told SIGAR that meeting the deadline was “extremely unlikely.”¹¹⁵ As of September 30, 2013, only three military forward operating bases (FOBs) were secured by APPF personnel; 47 FOBs were still secured by PSCs.¹¹⁶

The APPF recruits officers and non-commissioned officers (NCOs) from the ANP. New recruits attend courses on facility, convoy, and personal security at the APPF Regional Training Center. And in some cases, trained guards also transition directly from private security companies into the APPF. According to the most recent assessment of the APPF, they are “partially capable of conducting full spectrum security services with coalition support,” according to CSTC-A. The United States has provided more than \$51 million to support the APPF.¹¹⁷

As of September 30, 2013, the APPF comprised 19,612 personnel, according to CSTC-A. APPF numbers are not counted as ANSF.¹¹⁸

ANSF ASSESSMENTS

In prior quarterly reports, SIGAR has tracked the progress of the ANSF using the Commander’s Unit Assessment Tool (CUAT) provided by DOD or IJC. However, the IJC’s latest data is based on a new assessment mechanism, the Regional Command ANSF Assessment Report (RASR). According to IJC, the RASR is a “holistic intelligence, operational, and sustainment assessment and reporting mechanism” of the ANSF.¹¹⁹ The RASR will use new rating definition levels (RDLs), based upon ANSF capabilities, to assess ANSF units at the brigade level.¹²⁰ The RDLs for the RASR are different than those used in the CUAT, as shown in Figure 3.23. According to IJC, the previously used RDLs “conflate the relationship/reliance of ANSF on Coalition forces, rather than describing actual ANSF unit capabilities.” IJC also said the adjustment was needed as Coalition forces drawdown and ISAF loses the ability to advise and observe previously partnered ANSF units.¹²¹

The new RDLs use a simplified assessment matrix that is tailored to the specific unit type (e.g. infantry, intelligence, signals) and identify the capabilities a unit must possess in order to be assessed “fully capable.”

SIGAR AUDIT

A SIGAR audit report released at the end of last quarter found that the transition to APPF-provided security has had a minimal effect on projects, but only because implementing partners hired risk management companies to fill APPF capacity gaps and perform critical functions.

FIGURE 3.23

CHANGES IN RATING DEFINITION LEVELS

CUAT	RASR
Independent with Advisors	Fully Capable
Effective with Advisors	Capable
Effective with Partners	Partially Capable
Developing with Partners	Developing
Established	Established

Notes: CUAT rating definition levels are as of August 2011; RASR rating definition levels are as of August 2013.

Source: IJC, response to SIGAR data call, 9/30/2013.

According to IJC, “this simplified system is easily observable, not as labor intensive or complex, and could form the basis of Afghan ‘self reporting’ as ISAF continues to draw down.”¹²²

Because the RASR assesses the ANSF mainly at the brigade level or higher, fewer units at the “kandak” or battalion level will be assessed. For example, in the CUAT report provided to SIGAR last quarter, 312 ANA and 515 ANP units—including both brigade-level and higher units and kandaks—were assessed using the CUAT.¹²³ The most recent RASR assessed 64 ANA and 21 ANP units.¹²⁴

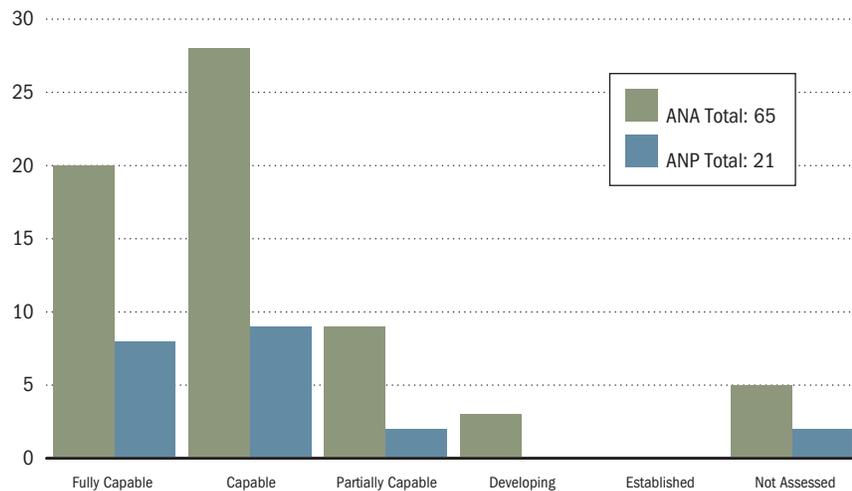
And unlike CUAT reports, which were issued quarterly, the RASR is a monthly report.¹²⁵ IJC said that this could result in fluctuations as a unit may be rated “fully capable” one month, regress to “capable” and then return to “fully capable” within the same quarter.¹²⁶

According to the latest RASR report, 20 of 64 ANA units and 8 of 21 ANP units were rated “fully capable,” as shown in Figure 3.24.¹²⁷

According to the UN Secretary-General, there remains a notable shortage of logistical, air support, medical evacuation, and counter improvised explosive device (IED) capabilities within the ANSF.¹²⁸

FIGURE 3.24

RASR RATINGS OF THE ANSF, SEPTEMBER 2013



Note: The RASR Assessment provided by IJC showed 64 ANA units assessed by the RASR in September 2013. However, all ANA units in the RASR added up to 72 ANA units including those waiting to be fielded and 65 ANA units excluding those waiting to be fielded.

Source: IJC, response to SIGAR data call, 9/30/2013.

MINISTRY OF DEFENSE AND MINISTRY OF INTERIOR ASSESSMENTS

Assessments of the MOD and the MOI showed some progress and some regression this quarter. To rate the operational capability of these ministries, NTM-A uses the Capability Milestone (CM) rating system. This system assesses staff sections (such as the offices headed by assistant or deputy ministers) and cross-functional areas (such as general staff offices) using four primary and two secondary ratings:¹²⁹

- CM-1A: capable of autonomous operations
- CM-1B: capable of executing functions with coalition oversight only
- CM-2A: capable of executing functions with minimal coalition assistance
- CM-2B: can accomplish its mission but requires some coalition assistance
- CM-3: cannot accomplish its mission without significant coalition assistance
- CM-4: exists but cannot accomplish its mission

At the MOD, all 46 staff sections and cross-functional areas were assessed this quarter. Of those, two progressed and four regressed. Last quarter, the Logistics Command became the first MOD office to achieve the highest rating of CM-1A (capable of autonomous operations).¹³⁰

The other offices that received a higher rating this quarter were:¹³¹

- ANA Training Command (CM-1B)
- Ministry of Defense Chief of Health Affairs (CM-2B)

The four MOD offices that regressed were the Assistant Minister of Defense for Intel Policy (fell to CM-4), Vice Chief of General Staff for the Air Force (CM-3), General Staff Logistics (CM-3), and the First Deputy Minister of Defense (CM-2A).¹³² The MOD Office for Gender Integration is still rated CM-4, meaning that it cannot accomplish its mission.¹³³

All 32 staff sections at the MOI were assessed; six progressed and none regressed since last quarter. No MOI sections were rated CM-4, as shown in Figure 3.25 on the following page. Those whose ratings increased this quarter were:¹³⁴

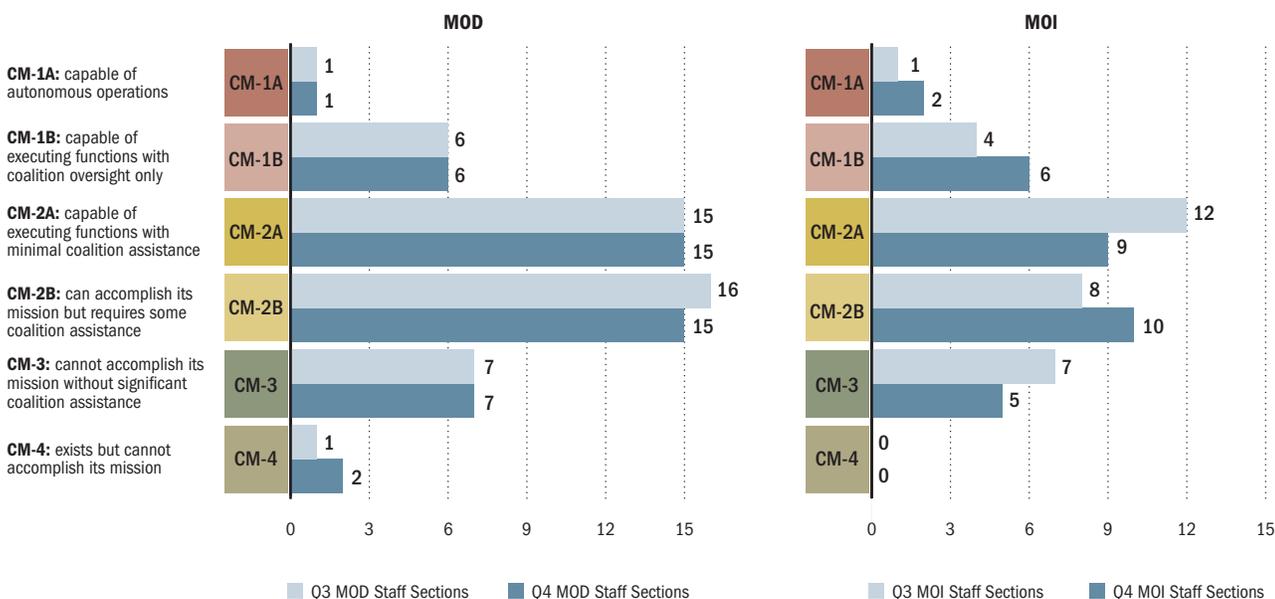
- Deputy Minister for Security - Afghan National Civil Order Police (CM-1A)
- Deputy Minister for Security - GDPSU (CM-1B)
- Deputy Minister for Security - Plans and Operations (CM-1B)
- Deputy Minister for Security - Force Readiness (CM-1B)
- Deputy Minister for Support - Logistics (CM-2B)
- Deputy Minister for Support - Facilities and Installations (CM-2B)

As of this quarter, two MOI staff sections had achieved the highest rating of CM-1A (capable of autonomous operations): the Chief of Staff Public Affairs Office and the Deputy Minister for Security Office of the Afghan National Civil Order Police.¹³⁵

SECURITY

FIGURE 3.25

CAPABILITY MILESTONE RATINGS OF MOD AND MOI, QUARTERLY CHANGE



Sources: CSTC-A, responses to SIGAR vetting, 7/15/2013; CSTC-A responses to SIGAR data call, 7/2/2013 and 10/1/2013.

AFGHAN NATIONAL ARMY

As of August 31, 2013, the United States had obligated \$31 billion and disbursed \$29.1 billion of ASFF funds to build, train, and sustain the ANA.¹³⁶

ANA Strength

As of August 21, 2013, the overall strength of the ANA was 183,434 personnel (176,818 Army and 6,616 Air Force), according to CSTC-A. This is a decrease of 1,853 since last quarter, as shown in Table 3.3. The total includes 13,717 trainees, students, and those awaiting assignment, as well as 4,736 cadets. According to CSTC-A, the ANA includes 8,698 civilians (both ANA and Air Force personnel) in determining its end strength.¹³⁷ SIGAR's reporting of ANA's end strength does not include these civilians, but does count unassigned military personnel and cadets.

ANA Sustainment

As of August 31, 2013, the United States had obligated \$10.8 billion and disbursed \$10.4 billion of ASFF funds for ANA sustainment.¹³⁸

As part of sustainment funding, the United States has provided the ANA with ammunition at a cost of approximately \$1.15 billion, according to CSTC-A.¹³⁹

TABLE 3.3

ANA Component	Authorized			Assigned		
	Q2 2013	Q3 2013	Quarterly Change	Q2 2013	Q3 2013	Quarterly Change
	201st Corps	17,638	18,130	+492	18,116	18,636
203rd Corps	20,002	20,798	+796	20,288	20,220	-68
205th Corps	18,287	19,097	+810	19,351	19,331	-20
207th Corps	14,097	14,879	+782	14,279	13,753	-526
209th Corps	14,236	15,004	+768	13,371	14,681	+1,310
215th Corps	16,733	17,555	+822	17,447	17,640	+193
111th Capital Division	9,174	9,174	None	8,619	9,492	+873
Special Operations Force	12,238	11,013	-1,225	10,970	10,925	-45
Echelons Above Corps ^a	38,773	36,275	-2,498	33,685	33,687	+2
TTHS ^b	-	-	-	22,700 ^c	18,453 ^d	-4,247
ANA Total	161,218	161,925	+707	178,826	176,818	-2,008
Afghan Air Force (AAF)	7,097	7,097	None	6,461	6,616	+155
ANA + AAF Total	168,315	169,022	+707	185,287	183,434	-1,853

Notes: Q2 data is as of 5/21/2013; Q3 data is as of 8/20/2013.
^a Includes MOD, General Staff, and Intermediate Commands
^b Trainee, Transient, Holdee, and Student; these are not included in counts of authorized personnel
^c Includes 4,667 cadets
^d Includes 4,736 cadets

Source: CSTC-A, responses to SIGAR data calls, 7/2/2013 and 10/1/2013.

ANA Salaries, Food, and Incentives

As of September 30, 2013, CSTC-A reported that the United States had provided nearly \$1.9 billion through the ASFF to pay for ANA salaries, food, and incentives since FY 2008. According to CSTC-A, \$420 million was provided for these purposes between July and September 2013.¹⁴⁰ However, this raised a question about the cumulative total of \$1.9 billion, as CSTC-A last quarter reported a cumulative total of \$1.8 billion.¹⁴¹ CSTC-A also estimated the annual amount of funding required for the base salaries, bonuses, and incentives of a 195,000-person ANA at \$931 million.¹⁴² This is a 36% increase over the \$686 million estimate reported last quarter.¹⁴³

ANA Equipment and Transportation

As of August 31, 2013, the United States had obligated and disbursed \$11.2 billion of the ASFF for ANA equipment and transportation.¹⁴⁴ Most of these funds were used to purchase weapons and related equipment, vehicles, communications equipment, and aircraft and aviation-related equipment. Nearly 79% of U.S. funding in this category was for vehicles and transportation-related equipment, as shown in Table 3.4 on the following page. The United States has also procured nearly \$774 million in other equipment such as clothing and personal gear.¹⁴⁵

SIGAR AUDITS

In an audit report released this quarter, SIGAR found that CSTC-A was placing orders for vehicle spare parts without accurate information on what parts were needed or were already in stock. CSTC-A relies on the ANA to maintain records of vehicle spare parts availability and future requirements. However, the ANA has not been consistently updating its inventory. For more information, see Section 2, page 30.

In an audit report released last quarter, SIGAR found that DOD was moving forward with a \$771.8 million purchase of aircraft for the SMW despite the SMW having less than one-quarter of the personnel needed, facing steep recruitment and training challenges, and lacking the ability to maintain its current aircraft fleet.

TABLE 3.4

COST OF U.S.-FUNDED ANA EQUIPMENT		
Type of Equipment	Procured	Remaining to be Procured
Weapons	\$447,161,951	\$26,819,942
Vehicles	\$3,955,027,637	\$0
Communications Equipment	\$609,320,331	\$0
Total	\$5,011,509,919	\$26,819,942

Source: CSTC-A, response to SIGAR data call, 10/1/2013.

Determining the amount and cost of equipment provided to the ANA remains a challenge. In April 2013, CSTC-A stated that the United States had procured \$878 million of weapons for the ANA.¹⁴⁶ In July 2013, CSTC-A stated that the total cost for weapons was actually \$623 million due to a \$153 million correction in the total cost of some equipment and accounting for nearly \$102 million in donated equipment that was not U.S.-funded.¹⁴⁷ This quarter, CSTC-A stated that the actual total cost of weapons procured for the ANA was \$447 million. According to CSTC-A, the “decrease in the number procured from last quarter is a result of an extensive internal audit that revealed some equipment had been double-counted.”¹⁴⁸

CSTC-A also reduced its estimate of the total cost of vehicles procured for the ANA this quarter. In July 2013, CSTC-A stated the total cost of vehicles was \$5.56 billion.¹⁴⁹ This quarter, CSTC-A stated the actual cost of vehicles procured was \$3.96 billion. According to CSTC-A, the “decrease in total cost from last quarter [was] due to actual, contracted equipment pricing being lower than estimated pricing.”¹⁵⁰ The updated cost total is reflected in Table 3.4.

CSTC-A also noted that the cost of weapons remaining to be procured has increased from \$226,000 last quarter to nearly \$27 million this quarter due to increased requirements for weaponry.¹⁵¹

Afghan Air Force Aircraft Inventory

This quarter, the Afghan Air Force inventory consisted of 105 aircraft, according to CSTC-A:¹⁵²

- 40 Mi-17s (transport helicopters)
- 11 Mi-35s (attack helicopters)
- 16 C-27As (cargo planes)
- 26 C-208s (light transport planes)
- 6 C-182s (four-person airplane trainers)
- 6 MD-530Fs (light helicopters)

However, this tally of aircraft may not accurately reflect operational capability. Last quarter, CSTC-A reported that only six Mi-35s were operational at that time.¹⁵³

SIGAR has concerns about the Afghan Air Force's reported inventory and has requested that CENTCOM confirm the status of the 16 C-27A aircraft. In March 2013, a DOD Office of Inspector General (DOD OIG) official told Congress that the U.S. Air Force had stopped flying those aircraft based on DOD OIG's recommendation. At that time, a DOD initiative to replace those aircraft was underway.¹⁵⁴ In addition, SIGAR received two photos that seem to show 16 C-27A aircraft sitting unused. SIGAR is concerned that the aircraft CSTC-A reported as part of the Afghan Air Force's inventory may not be in service or may not be fit for service in the future.

CSTC-A also noted that the number of Mi-17s was reduced from 48 last quarter to 40 this quarter due to a "change in definition and 'double counting' of 10 loaned aircraft to [the Special Mission Wing]."¹⁵⁵

Still to be procured are 20 light support aircraft, nine Mi-17 helicopters, four C-130H cargo planes, and four C-27A cargo planes.¹⁵⁶ Last February, the U.S. Air Force awarded a U.S. company a \$427 million contract to deliver the 20 light support aircraft; the contract is capped at \$950 million through February 2019.¹⁵⁷

Separate from the Afghan Air Force's inventory of aircraft is the inventory of the Special Mission Wing (SMW). The SMW provides air support for Afghan Special Forces executing counternarcotics and counterterrorism missions.¹⁵⁸ This quarter, the SMW inventory consisted of 30 Mi-17 helicopters: 13 from DOD, 10 on loan from the Afghan Air Force, five from the United Kingdom, and two from Germany.¹⁵⁹

ANA Infrastructure

As of August 31, 2013, the United States had obligated \$6.1 billion and disbursed \$4.7 billion of the ASFF for ANA infrastructure.¹⁶⁰ At that time, the United States had completed 242 infrastructure projects (valued at \$2.79 billion), with another 138 projects ongoing (\$2.82 billion) and 10 planned (\$106 million), according to CSTC-A. Of the ongoing projects, two new contracts (nearly \$21 million) were awarded this quarter.¹⁶¹

This quarter, the largest ongoing ANA infrastructure projects were a brigade garrison for the 201st Corps in Kunar (at a cost of \$115.8 million), phase one of the MOD's headquarters in Kabul (\$108 million), and a brigade garrison for the 205th Corps in Kandahar (\$89.1 million).¹⁶²

ANA and MOD Training and Operations

As of August 31, 2013, the United States had obligated \$2.9 billion and disbursed \$2.8 billion of the ASFF for ANA and MOD operations and training.¹⁶³ This quarter, 43,942 ANA personnel were enrolled in some type of training, with 31,850 enrolled in literacy training, according to CSTC-A. In addition, 4,400 enlisted personnel were enrolled in basic warrior-training courses, 2,495 were training to become commissioned officers, and 1,302 were training to become NCOs. Other training programs include combat



Afghan Air Force personnel unload an Mi-17 out of a Russian cargo plane in Kabul on September 1, 2013. (DOD Photo)

SIGAR AUDITS

In an audit report released this quarter, SIGAR identified 52 construction projects that may not meet ISAF's December 2014 construction deadline and would therefore be at risk due to lack of oversight and increasing costs. In addition, SIGAR learned that CSTC-A does not track the ANSF's use of constructed facilities and cannot determine whether existing or planned facilities meet ANSF needs. For more information, see Section 2, page 25.

specialty courses such as infantry training; combat-support courses such as engineering, signals, and logistics; and courses to operate the high-mobility multipurpose wheeled vehicles known as “Humvees.”¹⁶⁴

According to CSTC-A, the United States funds a variety of contracts to train the MOD and the ANA. The largest of these are a \$256 million contract for advising, training, and supporting the MOD; a \$203 million contract to build the intelligence-collection capacity of both the ANA and ANP; and a \$76 million contract to train ANA specialized personnel to respond to IEDs and other explosive ordnance.¹⁶⁵

ANA Literacy

Since its start in 2009, NTM-A/CSTC-A’s literacy program has sought to achieve greater literacy rates within the ANA. The program is based on a 312-hour curriculum. According to CSTC-A, in order to progress from illiteracy to functional literacy, a student may take as many as seven tests. The student’s performance determines if he or she progresses to the next training level.¹⁶⁶

Level 1 literacy is the ability to read and write single words, count up to 1,000, and add and subtract whole numbers. At Level 2, an individual can read and write sentences, carry out basic multiplication and division, and identify units of measurement. At Level 3, an individual has achieved functional literacy and can “identify, understand, interpret, create, communicate, compute and use printed and written materials.”¹⁶⁷

As of September 30, 2013, ANA personnel who have completed a literacy program include:¹⁶⁸

- 139,360 Level 1 graduates
- 40,274 Level 2 graduates
- 37,087 Level 3 graduates

According to CSTC-A, NTM-A’s established goal to have 50,000 ANSF personnel achieve Level 3 or “functional literacy” before March 2014 was met in January 2013. However, in response to a SIGAR question that asked how many ANA personnel who had achieved Level 3 literacy were still in the ANA, CSTC-A responded: “Answers unattainable due to insufficient ANA personnel tracking and skill/education tracking systems.”¹⁶⁹

Literacy affects mission success: widespread illiteracy undermines effective training, use of technical manuals, understanding of orders, inventorying equipment, documenting operations, and other vital military functions. SIGAR is therefore concerned that no one appears to know what the overall literacy rate of the ANSF is. That requires determining the numbers of serving personnel—net of departures, casualties, or desertions—who were already literate when they joined the force and those who were not, but who have completed the Level 3 training.

Since 2010, the United States has funded three literacy contracts for the ANSF. Each has a base year and a five-year limit—one-year options may be

exercised in August of each year—and a maximum cost of \$200 million.¹⁷⁰ According to CSTC-A, these contractors were providing 690 literacy trainers to the ANA:¹⁷¹

- OT Training Solutions, a U.S. company, was providing 260 trainers.
- Insight Group, an Afghan company, was providing 198 trainers.
- The Higher Education Institute of Karwan, an Afghan company, was providing 232 trainers.

CSTC-A said responsibility for literacy training for ANA personnel in the field was scheduled to transition to the ANA between October 1, 2013, and October 1, 2014.¹⁷² Although CSTC-A noted that transitioning the literacy program from NTM-A to the MOD is not a primary focus. A train-the-trainers program is needed first; a contract for such a program is expected to be awarded in October with classes starting in November. Transitioning literacy training to the MOD is expected to happen after the April 5, 2014, elections.¹⁷³

Ongoing funding of the current literacy contracts through December 2014, at a cost of \$31 million, will come from the NATO Trust Fund and not ASFF, according to CSTC-A.¹⁷⁴

Women in the ANA and Afghan Air Force

As in prior quarters, the number of women in the ANA is increasing, but the goal for women to make up 10% of the ANA and Afghan Air Force remains distant. Despite an increase this quarter, women make up only 0.3% of the force.¹⁷⁵

This quarter, 502 women were serving in the ANA, according to CSTC-A. However, CSTC-A also provided SIGAR with a breakdown of the women serving—253 officers, 238 NCOs, 61 enlisted personnel, and 90 cadets—that would indicate a total of 642. CSTC-A noted that the “discrepancy between totals and ANA number may reflect civilians who are working in the supply chain (e.g., sewing).”¹⁷⁶ SIGAR will seek further clarification for the next quarterly report.

In the Afghan Air Force, 33 women were serving—20 officers and 13 NCOs.¹⁷⁷

AFGHAN NATIONAL POLICE

As of August 31, 2013, the United States had obligated \$15.6 billion and disbursed \$14.1 billion of ASFF funds to build, train, and sustain the ANP.¹⁷⁸

ANP Strength

As of August 20, 2013, the overall strength of the ANP was 153,153 personnel, including 109,574 Afghan Uniform Police (AUP), 21,399 Afghan Border Police (ABP), 14,516 Afghan National Civil Order Police (ANCOP), 2,759 in the Counter Narcotics Police of Afghanistan (CNPA), and 4,905 students in training, according to CSTC-A.¹⁷⁹ The total is an increase of 1,329 since last quarter, as shown in Table 3.5 on the following page.

SIGAR AUDIT

In an ongoing audit, SIGAR is evaluating the implementation and oversight of the three ANSF literacy training program contracts. SIGAR will also assess whether the contractors provide qualified instructors and services; the extent to which CSTC-A monitored the contractors’ performance and training outcomes; and the extent to which the contracts are meeting the goal of providing basic, sustainable levels of literacy for the ANSF.

TABLE 3.5

ANP Component	Authorized			Assigned		
	Q2 2013	Q3 2013	Quarterly Change	Q2 2013	Q3 2013	Quarterly Change
AUP	108,122	110,369	+2,247	108,128	109,574	+1,446
ABP	23,090	23,090	None	21,422	21,399	-23
ANCOP	14,541	14,541	None	14,515	14,516	+1
NISTA ^a	9,000	6,000	-3,000	3,779	4,905	+1,126
Other	154,753	154,000	-753	147,844	150,394	+2,550
ANP Total	2,247	2,247	None	3,059	2,759	-300
CNPA	157,000	156,247	-753	151,824 ^b	153,153	+1,329
ANP + CNPA Total	157,000	157,000	None	150,919	151,824^b	+905

Notes: Q2 data is as of 5/20/2013; Q3 data is as of 8/20/2013.

^a NISTA = personnel in training

^b CSTC-A provided total; actual sum of all ANP components and the personnel in the NISTA account was 150,903

Source: CSTC-A, responses to SIGAR data calls, 7/2/2013 and 10/1/2013.

SIGAR AUDIT

In an audit report released this quarter, SIGAR found that U.S. Central Command and CSTC-A had limited oversight of fuel purchases for the ANP, resulting in the use of higher-priced vendors and questionable costs to the U.S. government. For more information, see Section 2, page 27.

ANP Sustainment

As of August 31, 2013, the United States had obligated \$5.3 billion, and disbursed \$4.9 billion of ASFF funds for ANP sustainment.¹⁸⁰

As part of sustainment funding, the United States has provided the ANP with ammunition at a cost of approximately \$306 million, according to CSTC-A.¹⁸¹

ANP Salaries

From 2008 through September 30, 2013, the U.S. government had provided \$907 million through the ASFF to pay ANP salaries, food, and incentives (extra pay for personnel engaged in combat or employed in specialty fields), CSTC-A reported.

According to CSTC-A, when the ANP reaches its final strength of 157,000 personnel, it will require an estimated \$628.1 million per year to fund salaries (\$265.7 million), incentives (\$224.2 million), and food (\$138.2 million).¹⁸²

ANP Equipment and Transportation

As of August 31, 2013, the United States had obligated and disbursed \$3.6 billion of ASFF funds for ANP equipment and transportation.¹⁸³ Most of these funds were used to purchase weapons and related equipment, vehicles, and communications equipment.¹⁸⁴ More than 85% of U.S. funding in this category was for vehicles and vehicle-related equipment, as shown in Table 3.6.

As with the ANA, determining the cost of equipment provided to the ANP remains a challenge. CSTC-A's estimate of the total cost of U.S.-funded ANP weapons procured fell from \$369 million last quarter to \$137 million

TABLE 3.6

COST OF U.S.-FUNDED ANP EQUIPMENT		
Type of Equipment	Procured	Remaining to be Procured
Weapons	\$137,187,450	\$3,882,811
Vehicles	\$2,029,397,735	\$2,345,100
Communications Equipment	\$210,184,400	\$0
Total	\$2,376,769,585	\$6,227,911

Source: CSTC-A, response to SIGAR data call, 10/1/2013.

this quarter.¹⁸⁵ According to CSTC-A, the “decrease in total cost from last quarter [was] due to actual, contracted equipment pricing being lower than estimated pricing.”¹⁸⁶

CSTC-A’s estimate of the total cost of vehicles procured for the ANP also decreased since last quarter. In July 2013, CSTC-A stated the total cost of vehicles was \$2.65 billion.¹⁸⁷ This quarter, CSTC-A stated the actual cost of vehicles procured was \$2.03 billion. According to CSTC-A, the “decrease in the number procured from last quarter is a result of an extensive internal audit that revealed some equipment had been double-counted.”¹⁸⁸ The updated cost total is reflected in Table 3.6.

ANP Infrastructure

As of August 31, 2013, the United States had obligated \$3.4 billion and disbursed \$2.5 billion of ASFF funds for ANP infrastructure.¹⁸⁹ At that time, the United States had completed 574 infrastructure projects (valued at \$2.02 billion), with another 165 projects ongoing (\$904 million) and 17 planned (\$75 million), according to CSTC-A. Of the ongoing projects, 19 new contracts (nearly \$5 million) were awarded this quarter.¹⁹⁰

This quarter, a regional police-training center in Herat (\$49.5 million) was completed. The largest ongoing ANP infrastructure projects were administrative facilities (\$59.5 million) and building and utilities (\$34.3 million) at the MOI Headquarters and an ANCOP patrol station in Helmand (\$28.5 million).¹⁹¹

ANP Training and Operations

As of August 31, 2013, the United States had obligated \$3.4 billion and disbursed \$3.1 billion of ASFF funds for ANP and MOI training and operations.¹⁹² This quarter, 8,273 ANP personnel were enrolled in some type of training, according to CSTC-A. Of those, 1,438 were training to become officers and 3,273 were training to become NCOs.¹⁹³

This quarter, the number of ANP in training increased as the ANP became more independent and took a more pro-active role in planning and executing their training, according to CSTC-A. The ANP has been reviewing overall training requirements and re-aligning courses and student numbers

SIGAR AUDIT

In an inspection report released this quarter, SIGAR found that mold, a lack of running water, and inoperable electrical systems at a district police headquarter in Kunduz Province showed that the facility is not being sustained. For more information, see Section 2, page 36.

to better meet their fielded force and professionalization needs and to deal with the problem of untrained ANP personnel assigned to the field without undergoing basic police training. CSTC-A noted that the ANP has developed a course planner and tracker, with minimal Coalition assistance, that meets ANP training needs for this year.¹⁹⁴

NTM-A/CSTC-A contracts with DynCorp International to provide training, mentoring, and support services at multiple training sites around the country. The ASFF-funded contract provides 373 mentors and trainers as well as approximately 1,225 support personnel at regional training centers and in mobile support teams. The contract value is \$1.21 billion.¹⁹⁵

ANP Literacy

NTM-A/CSTC-A's literacy program for the ANP follows the same curriculum and uses the same standards as the ANA's literacy program previously mentioned in this section. The program is based on moving students through three levels of literacy training.¹⁹⁶

As of September 30, 2013, ANP personnel who have completed a literacy program include:¹⁹⁷

- 81,170 Level 1 graduates
- 51,500 Level 2 graduates
- 33,263 Level 3 graduates

According to CSTC-A, NTM-A's goal to have 50,000 ANSF personnel achieve Level 3 or "functional literacy" before March 2014 was met in January 2013. However, in response to a SIGAR question that asked how many of ANP personnel that had achieved Level 3 literacy were still in the ANP, CSTC-A responded: "Answers unattainable due to insufficient ANP personnel tracking and skill/education tracking systems."¹⁹⁸ This fact, entailing an inability to determine the overall literacy rate of the ANP, raises the same concern discussed earlier for ANA literacy levels.

Since 2010, the United States has funded three literacy contracts for the ANSF. Each has a base year and a five-year limit—one-year options may be exercised in August of each year—and a maximum cost of \$200 million.¹⁹⁹ According to CSTC-A, these contractors were providing 649 literacy trainers to the ANP.²⁰⁰

- OT Training Solutions, a U.S. company, was providing 231 trainers.
- Insight Group, an Afghan company, was providing 135 trainers.
- The Higher Education Institute of Karwan, an Afghan company, was providing 283 trainers.

CSTC-A noted that transitioning the literacy program from NTM-A to the MOI is not a primary focus. A train-the-trainers program is needed first and a contract for such a program is expected to be awarded in October with

classes starting in November. Transitioning literacy training to the MOI is expected to happen after the 2014 elections.²⁰¹

Ongoing funding of the current literacy contracts through December 2014 was scheduled to shift from ASFF to the NATO Trust Fund on October 1, 2013, according to CSTC-A.²⁰²

Women in the ANP

As in prior quarters, the number of women in the ANP is increasing, but progress has been slow toward reaching the goal to have 5,000 women in the ANP by the end of 2014. CSTC-A said that “the ANP is currently focused more on finding secure areas (i.e., positions with appropriate facilities for females) for recruits than increasing recruiting to reach this target.”²⁰³ Despite an increase this quarter, women make up only 1% of the force.

As of September 13, 2013, ANP personnel included 1,570 women—232 officers, 639 NCOs, and 699 enlisted personnel—according to CSTC-A.²⁰⁴ This in an increase of 366 women in two years (since August 22, 2011).²⁰⁵

ANSF MEDICAL/HEALTH CARE

As of September 30, 2013, the United States has funded construction of 174 ANSF medical facilities valued at \$134 million, and has funded \$10 million in contracts to provide the ANSF with medical training, according to CSTC-A. Since 2006, Coalition forces have procured and fielded \$36 million in ANSF medical equipment.²⁰⁶

This quarter, CSTC-A reported the ANSF health care system had 847 physicians out of 1,010 authorized. Of these, 566 were assigned to the ANA and 281 were assigned to the ANP. The ANSF had 7,360 other medical personnel (including nurses and medics) out of 10,162 needed.²⁰⁷

REMOVING UNEXPLODED ORDNANCE

Since 2002, the U.S. Department of State has provided nearly \$264 million in funding for weapons destruction and demining assistance to Afghanistan, according to its Bureau of Political-Military Affairs’ Office of Weapons Removal and Abatement (PM/WRA).²⁰⁸ Through its Conventional Weapons Destruction program, State funds five Afghan nongovernmental organizations (NGOs), five international NGOs, and a U.S. government contractor. These funds enable clearance of areas contaminated by explosive remnants of war and support removal and destruction of abandoned weapons that insurgents might use to construct improvised explosive devices.²⁰⁹

From July 1, 2012, through June 30, 2013, State-funded implementing partners cleared nearly 33 million square meters (about 13 square miles) of minefields, according to the most recent data from the PM/WRA.²¹⁰ An estimated 537 million square meters (more than 200 square miles) of

SECURITY

TABLE 3.7

CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, JULY 1, 2012–JUNE 30, 2013						
Date Range	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared	Minefields Cleared (m ²)	Estimated Contaminated Area Remaining (m ²)
7/1–9/30/2012	5,542	165,100	121,520	2,569,701	11,830,335	550,000,000
10/1–12/31/2012	2,146	62,449	22,373	3,672,661	7,265,741	570,000,000
1/1–3/31/2013	1,984	100,648	105,553	3,722,289	7,978,836	552,000,000
4/1–6/30/2013	1,058	18,735	49,465	1,079,807	5,586,198	537,000,000
Total	10,730	346,932	298,911	11,044,458	32,661,110	537,000,000

Notes: 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.

Source: State, PM/WRA, response to SIGAR data call, 10/1/2013.

contaminated areas remain to be cleared, as shown in Table 3.7. The PM/WRA defines a “minefield” as an area contaminated by landmines, and a “contaminated area” as an area contaminated with both landmines and explosive remnants of war.²¹¹

COUNTERNARCOTICS

Although the U.S. has spent billions to reduce poppy cultivation and illicit drug trafficking, Afghanistan’s opium production continues to rise. The country is the world’s leading producer and cultivator of opium, accounting for 74% of global illicit opium production in 2012.²¹² The Afghan opium economy undermines U.S. reconstruction efforts by financing the insurgency and fueling corruption. According to the UN Office of Drugs and Crime (UNODC) opium survey, an estimated 154,000 hectares of land were under poppy cultivation in 2012, an 18% increase from the previous year.²¹³

The impact of this cultivation is significant. Estimates of the magnitude of the opium economy’s size compared to Afghanistan’s licit GDP (nearly \$19 billion in 2012) range from just over 3% to as high as 11% depending on the type of data considered.²¹⁴ For example, the World Bank estimates that opium (by **farm-gate price**) is equivalent to 3.3% of Afghanistan’s gross domestic product (GDP), or as much as 7–8% if export earnings are included.²¹⁵ UNODC estimates farm-gate value is equivalent to 4% of GDP and net opium exports at 10% of GDP (11% for gross opium exports).²¹⁶

The U.S. counternarcotics (CN) strategy focuses primarily on combating the narco-insurgency nexus.²¹⁷ The main components of the strategy include U.S.-sponsored eradication, promotion of alternative livelihoods, public-awareness initiatives, and interdiction operations. As of September 30, 2013, the United States has appropriated \$6.9 billion for CN initiatives in Afghanistan since efforts began in 2002. Most of these funds were appropriated through two channels: the State Department’s International Narcotics Control and Law Enforcement (INCLE) account (\$4.2 billion),

Farm-gate price: the price of the product available at the farm, excluding any separately billed transport or delivery charge.

Source: IMF, “Glossary,” 2004, p. 598.

and the DOD Drug Interdiction and Counter-Drug Activities (DOD CN) fund (\$2.6 billion).²¹⁸

State's Bureau of International Narcotics and Law Enforcement Affairs (INL) bears the primary responsibility for funding Afghan-led eradication, alternative livelihoods, and public awareness programs. DOD and INL coordinate to support the CN efforts of Afghanistan.²¹⁹

Key Events

This quarter, specialized Afghan law enforcement units arrested the provincial police chief of Nimruz, Major General Mohammad Kabir Andarabi, on drug corruption and obstruction of justice charges. He was tried and convicted of obstruction of justice and sentenced to 10 years in prison. Andarabi is the highest-ranking government official arrested on drug charges to date. According to DOD, this and other high-profile arrests demonstrate the competency of vetted Afghan units to compile and use evidence against a target. The U.S. military provided general logistics and intelligence support, while the U.S. intelligence community provided supplemental targeting and analytical support to Coalition mentors.²²⁰

Opium Cultivation

Afghanistan accounted for 64% of the global acreage devoted to poppy cultivation in 2012, according to UNODC. Poppy was cultivated in 17 of Afghanistan's 34 provinces, as shown in Figure 3.26. Although eradication of poppy (by hectare) increased by 154%, poppy cultivation increased by over 50% in seven provinces, including four of Afghanistan's largest (by area) provinces in the west, as shown in Figure 3.27 on the following page. Overall, the number of hectares under cultivation increased by 18%.²²¹

The price per kilogram of opium fell in 2012 compared to the previous year. The average farm-gate price was \$180 per kilogram for fresh opium and \$241 per kilogram for dry opium in 2011. In 2012, those prices fell to \$163 and \$196 respectively. Moreover, farmers' gross income from opium per hectare fell by 57% and net income fell by 65%.²²²

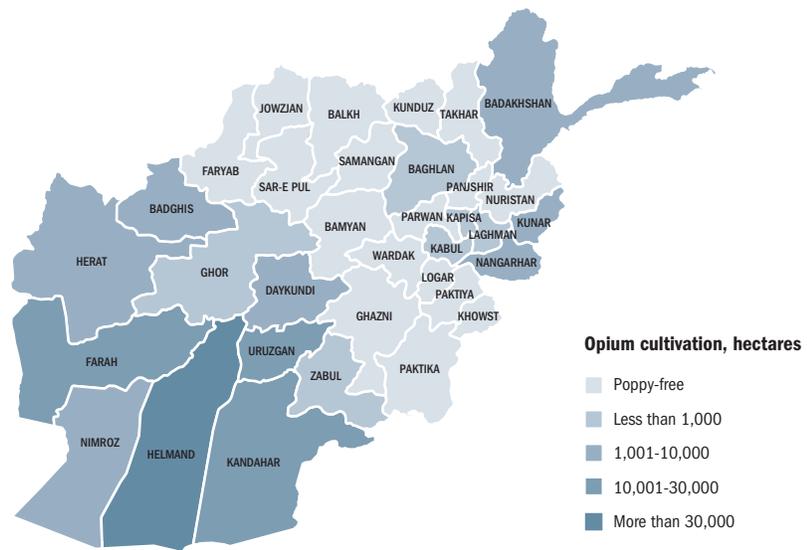
Governor Led Eradication Program

INL supports the Afghan government's Governor Led Eradication (GLE) program.²²³ As of September 30, 2013, the United States has provided \$85 million for the GLE program.²²⁴ According to a September 25, 2013, report, the GLE program was responsible for eradicating 7,323 hectares in Afghanistan—a 24% decrease from 2012 when 9,672 hectares were verified as eradicated. The Ministry of Counter Narcotics (MCN) attributes the decrease to the ANSF's diminished support for eradication efforts, Taliban attacks against the CNPA, cultivation in insecure and remote areas, and the hot climate this year, which meant farmers could harvest their opium crop earlier than most years. Eradication levels are verified by UNODC and the

SECURITY

FIGURE 3.26

OPIUM CULTIVATION IN AFGHANISTAN BY PROVINCE, 2012

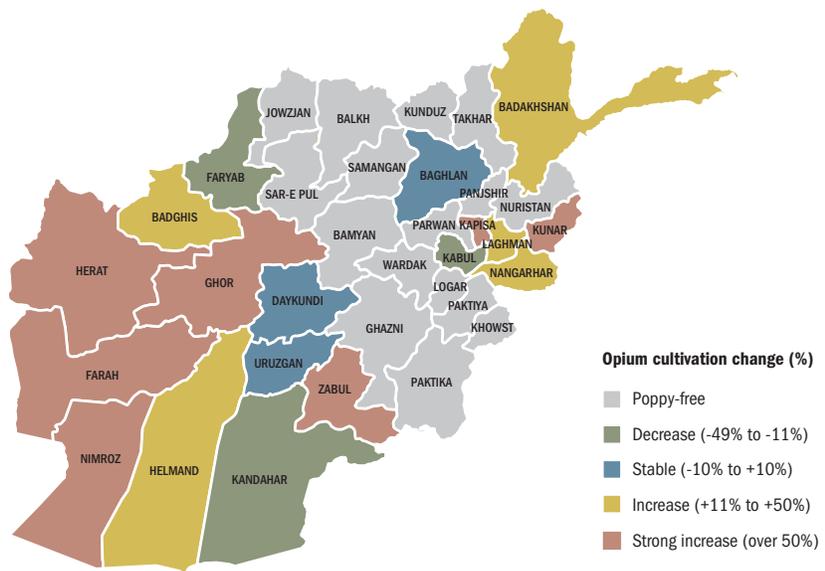


Note: One hectare = about 2.5 acres.

Source: UNODC, *Afghanistan Opium Survey 2012*, 5/2013, p. 14.

FIGURE 3.27

CHANGES IN OPIUM CULTIVATION LEVELS BY PROVINCE, 2011-2012



Source: UNODC, *Afghanistan Opium Survey 2012*, 5/2013, p. 15.

MCN. The MCN reported that the GLE program is being used in 842 villages in 17 provinces, according to INL.²²⁵

Good Performer's Initiative

INL funds the MCN's Good Performer's Initiative (GPI), which incentivizes governors to achieve and sustain reductions in poppy cultivation.²²⁶ As of September 30, 2013, the United States has provided \$10 million for the GPI program.²²⁷ Provinces that achieve poppy-free status, reduce poppy cultivation by more than 10%, or demonstrate exemplary CN efforts receive development assistance to support local development priorities. Under the terms of the program, each year that a province achieves poppy-free status, it becomes eligible for \$1 million in GPI development projects. A province is deemed poppy-free when UNODC, in cooperation with MCN, verifies that it has fewer than 100 hectares under poppy cultivation during the year. During 2012, 17 Afghan provinces qualified for GPI poppy-free awards, the same number as in 2011. One province lost and one province gained poppy-free status from 2011 to 2012. GPI awards for 2013 have yet to be announced.²²⁸

Since the start of the GPI program in 2007, more than 200 development projects are either complete or in process in all 34 provinces. These projects include school construction, road and bridge projects, irrigation structures, farm machinery projects, and hospitals and clinic construction. INL noted that while the backlog in implementing GPI projects has been reduced substantially, the program has faced some delays as the capacity of the MCN continues to increase and the process is refined. There are also delays in implementation of construction projects due to security challenges.²²⁹

According to INL, the GPI program provides support once good performance in a province has been verified. In contrast, the GLE program provides a 10% advance based on mutually agreed upon goals, and the remaining funds are provided following verification of qualifying eradication results.²³⁰

Effect of the Coalition Drawdown on Counternarcotics Operations

DOD anticipates the ability of the CNPA and other Afghan government CN agencies to conduct CN operations in areas with decreased Coalition presence will diminish as U.S. and Coalition forces draw down. However, DOD said Afghan CN units including the Special Mission Wing, the National Interdiction Unit, and the Sensitive Investigative Unit are trained and capable units that have conducted CN operations independently or with limited U.S. and Coalition support.

DOD expects these Afghan CN units to continue to operate with a reduced Coalition presence. However DOD also recognizes that certain enabler functions currently provided by U.S. and Coalition forces—such as air support, security, and intelligence—cannot be replicated.²³¹

DOD also noted that two of the highest poppy-cultivation areas, Kandahar and Helmand, will be highly impacted by the withdrawal. These areas also have more insurgents and more entrenched narcotics networks. Poor security, a small Afghan CN security force, minimal assets, and lack of intelligence to identify opium production networks are likely to allow drug traffickers to move and operate largely unimpeded in these important provinces.²³²

According to DOD, the U.S. Drug Enforcement Administration (DEA) has advised it is closing a number of forward operating locations and significantly reducing its footprint in others, especially in southern Afghanistan.²³³ CSTC-A noted that these forward operating locations—including bases in Kunduz, Herat, and Kandahar—are being transitioned to CNPA control and will be used to launch counternarcotics operations as has been done in the past.²³⁴ However, without military support for security, intelligence, medical evacuation, and tactical air control for high-risk operations, DEA operations will center on Kabul with little ability to extend beyond the Afghan capital. This will also affect the Afghan CN forces' ability to conduct complex interdictions because DEA has directly augmented Afghan CN operational capabilities throughout the country. DOD noted that DEA's diminishing ability to operate in Afghanistan is directly related to the Coalition military drawdown and subsequent reduction of security.²³⁵

DOD also correlated the sharp decline in the interdiction of illicit drugs and drug-related chemicals from FY 2011 to FY 2013 with the military drawdown and loss of operational enablers. The largest declines were the interdictions of **precursor chemicals** (chemicals used to manufacture narcotics) by 73% and hashish by 79%. The only area to show a modest gain was the interdiction of morphine between FY 2012 and FY 2013; although nearly twice as much morphine was seized in FY 2011 than in either of the following two years. Moreover, the total number of CN operations has declined 26% between FY 2012 and FY 2013.²³⁶

With the end of 2014 combat operations, the ISAF military mission in Afghanistan will transition to the NATO-led training, advisory, and assistance Mission that has been named the Resolute Support Mission (RSM). RSM will not have the resources and capacity to support law enforcement CN missions at current levels. However, DOD stated it is committed to continuing support to U.S. law enforcement agencies for Afghan and regional CN efforts within budget constraints. According to DOD, it is working closely with U.S. interagency partners to identify law enforcement CN requirements in a post-transition environment.²³⁷

Counternarcotics Police of Afghanistan

This quarter, 2,759 personnel were assigned to the CNPA, according to CSTC-A. This 512 more personnel than the 2,247 personnel currently authorized for the CNPA.²³⁸

Precursor chemical: 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," 2009, p. viii.

Afghan Interdiction Operations

From July 1 through September 30, 2013, the ANSF conducted 90 unilateral CN operations—routine patrols, cordon-and-search operations, vehicle interdictions, and deliberate detention operations—according to DOD. The MOI's General Department of Police Special Units led the effort. The department participated in 17 operations that seized approximately 18,200 kg of various narcotics and precursor chemicals.²³⁹

U.S. Interdiction Operations

All U.S.-only interdiction activities occurred in south and southwest Afghanistan, where the majority of opiates are grown, processed, and smuggled out. According to DOD, U.S. interdiction support remains focused on building Afghan capabilities and partnering with Afghan law enforcement. As Afghan forces have taken the lead in this area, there were only four unilateral U.S. operations.

The Combined Joint Interagency Task Force-Nexus (CJIATF-N) and the Interagency Operations Coordination Center (IOCC) continued working with ISAF and law enforcement mentors in building the capacity of Afghan forces. All operations were coordinated with U.S. and Coalition military commanders on the ground.²⁴⁰

Interdiction Results

Since 2008, a total of 2,474 Afghan and Coalition interdiction operations have resulted in 2,488 detentions and seizure of the following narcotics contraband:²⁴¹

- 728,886 kg of hashish
- 354,580 kg of opium
- 46,961 kg of morphine
- 25,923 kg of heroin
- 407,203 kg of precursor chemicals

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GOVERNANCE

As of September 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) administered by the State Department and the United States Agency for International Development (USAID).²⁴²

KEY EVENTS

Preparation for the 2014 presidential and provincial council elections continued during this quarter. The Afghan Independent Election Commission (IEC) concluded registration of candidates for president and provincial councils on October 6, 2013.²⁴³ Twenty-six candidates for president, along with candidates for first and second vice president, officially registered for the election.²⁴⁴ On October 22, the IEC issued an initial list of presidential candidates with only 10 of the registered candidates approved.²⁴⁵

The IEC and Electoral Complaints Commission (ECC) began work with new commissioners during the quarter. President Karzai appointed nine IEC commissioners for six-year terms in July 2013 and later appointed five members to the ECC.²⁴⁶

The top United Nations (UN) official for human rights warned after a recent visit to Afghanistan that “The momentum of improvement in human rights may have not only peaked, but is in reality waning.” The UN High Commissioner for Human Rights cited issues related to women’s rights and the Afghanistan Independent Human Rights Commission as areas of particular concern.²⁴⁷

The United States Ambassador to Afghanistan and the Commander of United States Forces-Afghanistan (USFOR-A) issued a revision to the U.S. Civil-Military Strategic Framework for Afghanistan in August 2013. The framework provides strategic guidance for all American civilian and military personnel serving in Afghanistan.²⁴⁸

The governor of Logar Province, Arsala Jamal, was killed in a mosque in the provincial capital in October. Mr. Jamal is the second Logar provincial governor to have been assassinated with a predecessor having been killed in September 2008. One of Mr. Jamal’s top priorities was the Aynak

FIGURE 3.28

PRELIMINARY LIST OF PRESIDENTIAL CANDIDATES WITH THEIR ELECTION SYMBOL

		Qutbuddin Hilal
		Dr. Abdullah Abdullah
 1477		Dr. Zalmi Rassoul
		Abdul Rab Rassoul Sayyaf
		Abdul Rahim Wardak
 1545		Qayoum Karzai
		Dr. Ashraf Ghani Ahmadzai
		Gul Agha Shirzai
 1267		Sardar Muhammad Nader Naeem
		Hedayat Amin Arsala

Note: IEC approved candidates for president as of October 22, 2013. The candidate symbols have been used since the 2004 presidential election to help illiterate voters identify candidates. For example, former Nangahar governor Gul Agha Sherzai opted for the symbol of a bulldozer to match his nickname.

Sources: Independent Election Commission, "Presidential Candidates," 10/22/2013, accessed 10/22/2013; Radio Free Europe, "Afghanistan: Ballot Papers Feature Unique System of Candidate Symbols," 9/14/2005, accessed 10/22/2013; AFP, "Afghan election body disqualifies 16 presidential candidates," 10/22/2013, accessed 10/22/2013.

cooper mine which is located in Logar Province.²⁴⁹ The quarter also saw the defection to the Taliban of a serving district governor and former senator from Sar-e-Pul Province. The district governor became the highest-ranking Afghan civilian official to have joined the insurgency.²⁵⁰

ELECTIONS

The IEC accepted nominations for president from September 16 to October 6.²⁵¹ Twenty-six candidates were nominated with only ten presidential candidates initially approved by the IEC for inclusion on the preliminary list of candidates, as shown in Figure 3.28.²⁵² Prominent candidates include former Foreign Ministers Abdullah Abdullah and Zalmi Rassoul, former Finance Ministers Ashraf Ghani and Anwarul Haq Ahadi, former Defense Minister Abdul Rahim Wardak, former parliamentarian and mujahedeen commander Abdul Rasoul Sayyaf, former Senior Minister Hedayat Amin Arsala, and former governor of Nangahar Gul Agha Sherzai.²⁵³ Several presidential and vice presidential candidates were required to resign their government posts before they nominated themselves for the presidential election, as shown in Figure 3.29 on page 121.²⁵⁴ According to Human Rights Watch, the slate of candidates include former military and militia commanders implicated in serious rights abuses, war crimes, and crimes against humanity.²⁵⁵

The IEC announced a preliminary list of approved candidates on October 22 and will issue a final list of candidates on November 16, 2013. The IEC announcement of the preliminary list of presidential candidates was delayed by three days partially due to verifying the nationality of the candidates. There were several reasons for candidates being disqualified including the lack of university degrees, holding dual nationality, and failing to provide 100,000 voter cards from at least 20 provinces. According to the IEC Chairman, disqualified candidates have 20 days to raise any objections.²⁵⁶ The official election campaigning will begin in February 2014.²⁵⁷ The IEC also announced that 3,056 candidates, including 323 women, filed nominations for the 420 provincial council seats. Of those who registered, IEC confirmed 2,704 candidates, including 308 females, as preliminary candidates for provincial council.²⁵⁸

Preparations for the April 5, 2014, elections are further advanced than at comparable points in any previous Afghan election, according to State. State said the promulgation last quarter of two key electoral laws, rapid appointments to election management bodies, and the roll-out of a voter registration update represent significant progress toward ensuring an orderly and timely process. Afghan authorities have registered over 1.5 million new voters.²⁵⁹

For a full discussion of the election planning and challenges see the quarterly highlight on pages 111–118.

ELECTIONS PREPARATIONS AND CHALLENGES

Afghanistan’s presidential and provincial council elections are scheduled for April 5, 2014. Parliamentary elections are scheduled for spring 2015. The constitution prohibits two-term President Hamid Karzai from running again. A successful election to replace him would represent the first democratic transfer of power in the country’s history. The government of Afghanistan committed in the Tokyo Mutual Accountability Framework “to conduct credible, inclusive, and transparent Presidential and Parliamentary elections in 2014 and 2015 according to the Afghan Constitution, in which eligible Afghan citizens, men and women, have the opportunity to participate freely without internal or external interference and in accordance with the law.”²⁶⁰

This quarter, U.S. Special Representative for Afghanistan and Pakistan James F. Dobbins called Afghanistan’s electoral process the “single most important development which will affect Afghanistan’s future over the next year.”²⁶¹

Craig Jenness, the director of the United Nations’ Electoral Assistance Division, told SIGAR that donors and Afghans agree on the overall strategic principles: (1) the ultimate goal is an outcome broadly accepted by Afghans; (2) participation and inclusivity must be a priority; (3) the technical process must be (and be seen to be) unbiased and sound enough to defend the outcome; and (4) antifraud measures should be both robust and strategic.²⁶²

U.S. ELECTIONS SUPPORT AND UNDP/ELECT II

The United States is providing an estimated \$99.4 million in assistance to support the 2014 elections through a variety of programs, as shown in Table 3.8.²⁶³ The most important is the United Nations Development Programme’s (UNDP) Enhancing Legal and Electoral Capacity for Tomorrow-Phase II (ELECT II).²⁶⁴ ELECT II evolved out of ELECT, a UNDP program set up in

TABLE 3.8

U.S. PROGRAMS INTENDED TO SUPPORT THE 2014 AFGHAN PRESIDENTIAL AND PROVINCIAL ELECTIONS		
Mechanism	Budget Estimate	Life of Project
UNDP Enhancing Legal and Electoral Capacity for Tomorrow-Phase II (ELECT-II)	\$55 million	January 2012–December 2015
Support for Increased Electoral Participation in Afghanistan (SIEP)	\$15 million	September 2008–September 2013
Afghanistan Electoral Reform and Civic Advocacy (AERCA)	\$7.5 million	July 2009–June 2014
Supporting Political Entities and Civil Society (SPECS)	\$6 million	July 2013–June 2016
Promoting Afghan Civil Engagement (PACE)	\$4 million	TBD 2013–TBD 2018
Initiative to Promote Afghan Civil Society, Phase II (IPACS II)	\$1 million	October 2010–December 2013

Source: USAID, response to SIGAR data call, 9/30/2013.

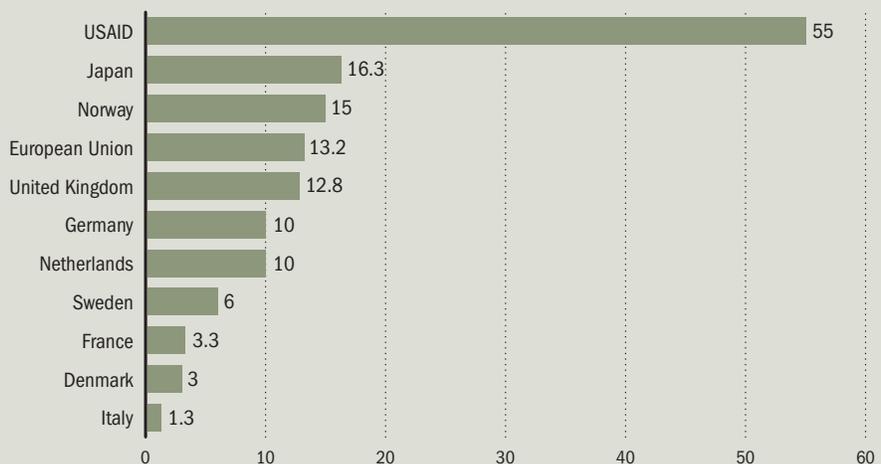
2006 to help the Afghan government prepare for and manage the 2009 and 2010 elections. The country’s first elections in 2004–2005 were co-executed through the Joint Electoral Management Body, which included the UN and Afghanistan’s Independent Election Commission (IEC).²⁶⁵ ELECT II aims to support the IEC and the Elections Complaint Commission (ECC) to:

- improve and consolidate its institutional capacity,
- improve and consolidate the professional and electoral skills of its staff via a skills transfer from ELECT II personnel,
- increase its capacity to implement elections so that technical assistance will not be required in the medium-to-long-term,
- sustain and develop its facilities, management and information systems, and infrastructure,
- encourage democratic participation, and
- mainstream the importance of gender equality across all its activities.²⁶⁶

USAID will contribute \$55 million of the total \$129 million ELECT II estimates is necessary to support the 2014 elections. The United Kingdom, the European Union, Italy, Germany, France, the Netherlands, Sweden, Denmark, Norway, and Japan are contributing the remainder, as shown in Figure 3.30.²⁶⁷ This funding will also allow UNOPS, an arm of the United Nations, to provide operational assistance through the UNDP subcontracting process to the newly established permanent ECC, which will adjudicate complaints.²⁶⁸ The International Foundation for Electoral Systems (IFES) will also provide advisory support to the ECC under the same process.²⁶⁹

FIGURE 3.30

ELECT II DONOR COMMITMENTS FOR THE 2014 PRESIDENTIAL AND PROVINCIAL COUNCIL ELECTIONS (MILLIONS U.S. \$)

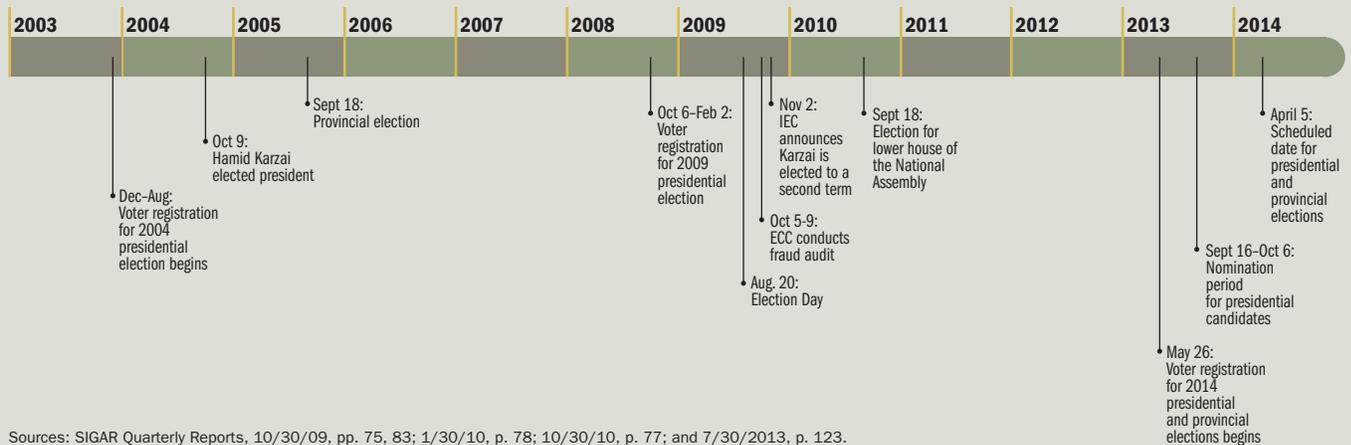


Source: UN Department of Political Affairs, Electoral Assistance Division.

QUARTERLY HIGHLIGHT

FIGURE 3.31

AFGHANISTAN'S ELECTORAL HIGHLIGHTS



Sources: SIGAR Quarterly Reports, 10/30/09, pp. 75, 83; 1/30/10, p. 78; 10/30/10, p. 77; and 7/30/2013, p. 123.

ELECT II's total estimated budget of \$248 million for the 2014–2015 elections is considerably less than the \$331 million ELECT budgeted for the 2009–2010 elections.²⁷⁰ (See Figure 3.31 for a timeline showing the highlights of Afghanistan's elections since 2004.) Jenness told SIGAR the UN has sought to reduce the international footprint in each successive Afghan election. In 2004, the international body that managed the election included about 500 international advisors. In 2009, ELECT had some 120 on hand. Only about 50 international advisors will play a role in the upcoming elections, he said.²⁷¹

Jenness added that for the first time, in the spirit of Afghanization and the requirements of the Tokyo Mutual Accountability Framework, approximately 20–23% of the electoral budget will likely be on-budget through the Ministry of Finance. He said this should help to build sustainable mechanisms for future Afghan-led and owned elections.²⁷²

USAID is also spending \$21 million to (1) strengthen political parties and coalitions; (2) develop domestic election and polling agent monitoring; (3) facilitate international election observation; and (4) encourage greater citizen participation in the elections and political process. Of this total, \$15 million was spent on the Supporting Increased Electoral Participation (SIEP) project and \$6 million will be spent on a follow-on project called Supporting Political Entities and Civil Society (SPECS) that will be implemented by the National Democratic Institute (NDI), IFES, and Internews, a non-governmental organization whose mission is to empower local media.²⁷³

USAID is spending \$7.5 million to support the Afghanistan Electoral Reform and Civic Advocacy (AERCA) project implemented by Democracy International (DI). AERCA has been facilitating an Afghan-led electoral



U.S. soldiers deliver voter-registration books to Afghan officials in Zabul Province. (DOD photo)

reform dialogue to strengthen Afghan democracy and foster innovations in governance.²⁷⁴

USAID will use an estimated \$6.5 million to support the initial roll out of the e-tazkera.²⁷⁵

USAID/Office of Transition Initiatives will use \$5 million for an information campaign encouraging peaceful citizen engagement in the electoral process in targeted areas of the south and east. The campaign is intended to counter insurgent messages aimed at preventing Afghans from participating in elections.²⁷⁶

The agency is also planning on spending \$4.4 million for elections-related civic-education programs through its Initiative to Promote Afghan Civil Society (IPACS II) project and forthcoming Promoting Afghan Civic Engagement (PACE) project.²⁷⁷ The program aims to engage voters and raise their awareness of their civil rights through a wide variety of mediums.²⁷⁸

In addition to USAID, the Public Affairs section at U.S. Embassy Kabul is implementing 26 grants and cooperative agreements for approximately \$7.67 million to support the 2014 Afghan elections. These programs will focus on raising awareness and encouraging voter participation nationwide, especially in the provinces where voting rights for Afghan women and youth are a challenge. Such programming includes town halls, radio and television broadcasts, as well as election polling.²⁷⁹

Independent Elections Commission

This quarter, President Karzai appointed nine commissioners to the IEC, who elected Yusuf Nuristani as the IEC chairman.²⁸⁰ Nuristani previously served under Karzai as deputy defense minister and governor of Herat. He told *The Wall Street Journal* that insurgent violence remains his main preoccupation in preparing for the presidential election in April 2014.²⁸¹ Under the new electoral law passed last quarter, the commissioners were chosen from a shortlist given to the president by a selection committee composed of the two speakers of Parliament, the head of the Afghanistan Independent Human Rights Commission, the head of the Supreme Court, and a representative of civil society organizations.²⁸² According to the UN Secretary-General, civil society organizations failed to agree on a representative and had no official representative in the selection process as required by the law.²⁸³

VOTER REGISTRATION

SIGAR recommended in an audit of the 2009 elections that Afghanistan improve its voter registration process.²⁸⁴ The IEC has no database of voter registration cards.²⁸⁵ Deceased voters have never been removed from the rolls.²⁸⁶ Voter registration cards in circulation outnumber eligible voters.²⁸⁷ Voters are not assigned to any particular polling station.²⁸⁸ The former head

of the IEC admitted that his organization was unable to identify counterfeit cards.²⁸⁹ The UN's Jenness noted the prevailing view that the problem has not been multiple voting but rather ballot stuffing or "wholesale fraud." Jenness said that last year the UN asked the international community to fund compilation of an entirely new Afghan voter registry. The new registry would have been the first real attempt to establish a voter registry linking voters to polling stations.²⁹⁰ However, the donors balked at the cost.²⁹¹ USAID disagreed with Jenness's account, saying the Afghan government made the decision not to go forward with a new voter registry.²⁹²

The IEC has instead embarked on a process of topping-up the existing registry. The commission is issuing new voter registration cards to potential voters who either have reached the age of 18 since the 2011 elections, have not previously registered, changed their electoral constituencies, repatriated to Afghanistan from abroad, or whose cards were lost or seriously damaged.²⁹³ As a result, Jenness said, "we will have the same criticism of the registry that we always have."²⁹⁴

The IEC began registering voters on May 26, 2013.²⁹⁵ The Afghan government has extended voter registration at the district level by 45 days, or until November 16, 2013, to give remote communities and women more opportunities to participate fully in the elections.²⁹⁶ The IEC has said it plans to distribute between 2.5 million and 3.5 million new cards.²⁹⁷ Reuters reported that voter registration cards are being sold for less than \$5 and that it is fairly easy for one to register to vote with false information.²⁹⁸ According to Reuters, voter cards have become a form of currency and are being



Thumbs blue with ink show voter-registration officials that these Afghan women have used the fingerprint alternative to a photo ID. (DOD photo)

exchanged for bags of rice and potatoes in parts of Kunduz Province, with most of those buying the cards working for candidates as campaigners.²⁹⁹ An IEC commissioner told Tolo News that fraud through the purchase of voting cards and votes is presently more of a concern for the IEC than security.³⁰⁰ The Afghanistan Analysts Network reported previously that the manual, paper-based system of voter registration makes it possible for people to obtain multiple voter registration cards.³⁰¹

SECURITY

Jenness and his political officer on Afghanistan, Asma Nassery, said the UN sees the biggest challenge facing election officials in 2014 as a lack of security that may prevent a significant number of voters from casting their ballots.³⁰² The Ministry of Interior has a comprehensive plan to secure polling places, according to UN officials.³⁰³ Under the plan, the Afghan National Security Forces will provide security, with the International Security Assistance Force (ISAF) offering assistance only upon request from the Afghan authorities for logistical, informational, and in urgent situations requiring in-extremis support.³⁰⁴ Afghan forces are already providing security for the IEC's activities, including outreach, voter registration, and movements of material, largely without reliance on ISAF.³⁰⁵ Jenness said ISAF has offered to transport sensitive materials by air if requested, a role they have played in past elections.³⁰⁶

Meanwhile, according to the head of the IEC secretariat, the Afghan security forces have guaranteed security for only 3,435 of 6,845 total polling stations.³⁰⁷ The most recent assessment offered by security officials found that 3,410 polling centers are still under threat. Of those centers under threat, 945 are classified as low-threat; 1,074 are medium-threat; and 1,132 are high-threat.³⁰⁸ A total of 259 were classified as being in areas under militant control in the provinces of Nuristan, Helmand, Ghazni, Badakhshan, Faryab, Parwan, Sar-e-Pul, Kandahar, and Paktika.³⁰⁹

This September, the Taliban claimed responsibility for assassinating the provincial head of the IEC in Kunduz.³¹⁰ According to the Associated Press, the Taliban leader Mullah Omar sent a message on the eve of the Muslim Eid al-Adha holiday calling on Afghans to boycott the election.³¹¹ SIGAR reported in 2009 that over 100 violent incidents took place on election day.³¹²

FRAUD PREVENTION

In 2009, insecurity, intimidation, a lack of observers, and, at times, a lack of adequate training of temporary poll staff led to widespread fraud.³¹³ In its audit report on Afghanistan's 2009 elections, SIGAR found that lessons learned included identifying polling stations well in advance to ensure sufficient logistics and security support, controlling printed ballots to prevent fraudulent voting, enabling and educating candidate representatives and

election observers, completing electoral activities before sundown due to security, tallying votes quickly to avoid manipulation, making results forms tamper resistant, tabulating votes in a transparent manner, and addressing and resolving complaints quickly.³¹⁴

With the help of ELECT II, the IEC has published a detailed, 20-page fraud-mitigation plan for the 2014 elections. State said the plan has three objectives: fraud prevention, fraud identification, and fraud correction.³¹⁵ The plan drew from an IFES report on the integrity of the Afghanistan elections that was prepared in February, State said. The report indicated that a large amount of fraud in 2009 was conducted by the temporary elections staff hired to administer polling stations.³¹⁶

To prevent recruitment of these former IEC employees and contractors, the IEC has developed a database with information about persons who committed fraud and misused their positions in previous elections. All IEC provincial offices have access to this database and are expected to use the data to screen recruits. Currently the IEC has only hired a few hundred temporary workers for the voter registration process, but in the months to come, it will hire thousands of temporary employees to staff polling stations and administer the election. The Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) has volunteered to monitor this process, State said.³¹⁷

USAID plans to fund domestic observers for the election through its SPECS project and its AERCA program. Through SPECS, USAID plans to set aside \$1.4 million in sub-grants to fund domestic election-observation missions, advocacy groups, and watchdog organizations. Through AERCA, Democracy International will fund two domestic observation organizations. USAID has not yet decided whether to fund international election observers.³¹⁸

The UN's Jenness said the IEC will be walking a fine line in the elections between instituting strict antifraud measures and disenfranchising voters. He said that while improprieties in the 2009 elections led to nearly a quarter of the votes being thrown out, overly strict antifraud measures could lead to a result like the one in Ghazni's 2010 parliamentary election. In that case, 117 out of 272 polling stations failed to open due to insecurity or had their ballots invalidated and the members of the majority Pashtun ethnic group failed to elect a single representative. "We think a major challenge is that in the south, in these insecure areas, there are people who have the right to vote," he said. "Don't you have to do the maximum to enfranchise these people? The key to the legitimacy of the upcoming elections will be the balance of maximal participation and strategic antifraud measures."³¹⁹

THE ELECTORAL COMPLAINTS COMMISSION

On September 19, the five commissioners of the newly established ECC were sworn in. President Karzai had signed a law last quarter making the

ECC the country's adjudicator of electoral complaints. Under the new law, the ECC no longer has international commissioners. The same selection committee that chose the IEC commissioners, with the addition of a civil society representative, presented the president with a short list of Afghan nominees, drawn from 300 applications, on September 12. On September 16, the presidency announced the final list of ECC commissioners. State said the members broadly reflect Afghanistan's ethnic and geographic diversity. Four members are men and one is a woman. The new commissioners elected Abdul Satar Saadat as chairperson.³²⁰

The ECC faced the challenging task of establishing 34 offices in all 34 provinces before the end of the candidate-nomination process on October 6. State said the ECC had accepted a proposal from the IEC to share offices with the IEC in the provinces, but to have an independent headquarters in Kabul. The ECC's next step was to propose nominees for the provincial ECC to the president, who would finalize their appointments.³²¹ The ECC has not yet presented nominations for provincial commissioners and instead has asked those with complaints to submit the evidence to the IEC provincial office which will then forward the request to the ECC in Kabul for consideration.³²²

These provincial commissioners were to constitute the core of the ECC's staff in the provinces. They will adjudicate electoral complaints at the provincial level, although their decisions can be appealed to the ECC in Kabul.³²³

WOMEN'S PARTICIPATION

Another SIGAR audit found that the IEC and the UN lacked sufficient focus in 2009 on resolving the issues that limited Afghan women's ability to fully exercise their political rights to register, campaign, and vote. For example, at least 80,000 female polling staff were needed, but only 43,341 were successfully recruited.³²⁴ UN officials said the IEC is working hard to make it easier for women to vote in the 2014 elections. They said ELECT II is supporting the IEC to incorporate a gender perspective in all public outreach initiatives, including the recent broadcast of radio and TV public service announcements encouraging women to register and participate in elections. UNWOMEN, a UN organization dedicated to gender equality and the empowerment of women, is considering a separate electoral support project aimed at the civil society sector.³²⁵

The IEC's extension of district-level voter registration for an extra 45 days is likely to improve female registration, according to State. However, the IEC warned in August that a shortage of female police officers could keep women from voting. The IEC said it needs 12,000 female body searchers at polling stations, but by the end of August, there were only 2,000.³²⁶

FIGURE 3.29

Executive Branch Officials Running for President or Vice President



Note: Listed in chronological order of their registration. Two other executive branch candidates who had resigned to run for president, Azizullah Ludin (Head of the High Office of Oversight and Anti-Corruptions) and Anwar-ul-Haq Ahadi (Minister of Commerce & Industries), were disqualified by the IEC from running. As of late October 2013, there are five other tickets of candidates running for president.

Sources: ToloNews, "Complete List of Registered Presidential Tickets," 10/7/2013, accessed 10/7/2013; Tolo News, "IEC Announces Preliminary List of 2014 Presidential Candidates," 10/22/2013, accessed 10/22/2013.

E-tazkera

The distribution of Afghanistan's new biometric national identity card, the e-tazkera, has been tied to the National Assembly's passing a law on registration of the population. The lower house passed a bill in July that included the controversial provision that an individual's ethnicity would not be printed on the face of the card, although it would still be recorded in the biometric data contained within the card's electronic memory. The law is currently under review in the upper house. Once the population registration law has been enacted, under the European Union leadership and with the support of USAID, the Afghan Ministry of Interior has agreed to fund a nine-month pilot project to distribute the cards in 12 to 14 districts of Kabul City.³²⁷ The cards will be accepted as a form of national ID for the April elections, as well as in other interactions with the Afghan government.³²⁸

NEW U.S. CIVIL-MILITARY STRATEGIC FRAMEWORK FOR AFGHANISTAN

The U.S. Ambassador to Afghanistan, James B. Cunningham, and the Commander of USFOR-A, General Joseph F. Dunford, signed the U.S. Civil-Military Strategic Framework for Afghanistan which they say

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“articulates the vision for pursuing U.S. national goals in Afghanistan, while reflecting policy updates and changes related to the passage of time.”³²⁹ It includes improving governance and the rule of law as part of the U.S. national goal of strengthening Afghanistan so that it can never again be a safe haven for international terrorism.³³⁰ The framework document names political reconciliation and reintegration and advancing women’s role in society as cross-cutting efforts that will remain an important focus for the U.S. government.³³¹

According to the framework, a key U.S. goal is to empower the Afghan government and help its institutions become representative, accountable, responsive, constitutionally legitimate, and capable of performing key functions.³³² Under the new strategic framework, the United States has four priorities in the governance sector:³³³

- supporting the 2014 Afghanistan presidential elections
- strengthening checks and balances both within the Afghan government and independent institutions such as civil society
- strengthening governance functionality to enable service delivery
- stemming corruption

The framework notes that U.S. government support will shift away from parallel systems of direct service provision and toward strengthening the Afghan government’s role in sub-national governance, revenue collections, and budgeting to improve service delivery.³³⁴

The United States also seeks to help Afghans develop a legal structure that enhances stability by encouraging good governance, a vibrant civil society, economic growth, and women’s rights.³³⁵ The framework outlines four rule-of-law priorities:³³⁶

- building the capacity of the Afghan government justice and legal systems
- combating corruption within Afghan government agencies and institutions
- increasing access and understanding of the formal justice systems to empower civil society and protect women’s rights
- strengthening linkages between formal and customary justice sectors

The framework assumes that the Afghan government will do the following:³³⁷

- make acceptable progress on indicators outlined in the Tokyo Mutual Accountability Framework leading to continued financial support from the international community
- hold successful presidential elections resulting in a peaceful transfer of power in 2014
- provide continued support for political reconciliation

The new U.S. strategic framework also assumes that there will be sufficient security for implementing partners to conduct assistance activities and enough U.S. civilian and military personnel to adequately monitor and evaluate

progress.³³⁸ The framework itself does not offer specific indicators or metrics of progress for governance and rule of law other than the reference to indicators found in the Tokyo Mutual Accountability Framework. The Tokyo Mutual Accountability Framework governance-related indicators include:³³⁹

- developing an election timeline through 2015
- ensuring that an electoral architecture is developed
- ensuring respect for human rights of all citizens
- implementing the Elimination of Violence Against Women Law (EVAW) and National Action Plan for Women (NAPWA)
- enforcing the legal framework for fighting corruption
- raising the ratio of revenue collection to gross domestic product (GDP) from 11% to 15% by 2016
- improving budget execution to 75% by 2017
- enacting a legal framework to clarify roles and responsibilities of government agencies at national, provincial and district levels in line with the 2010 Sub-National Governance Policy
- developing a provincial budgeting process that includes provincial input into the relevant ministries formulation of budget requests, linked to a provincial planning process in which provincial councils have their consultative roles

RECONCILIATION AND REINTEGRATION

According to the Civil-Military Framework, the U.S. government views political reconciliation as “the solution to ending the war in Afghanistan.” The framework said the United States will pursue high-level diplomatic engagement for political reconciliation that includes leadership elements of the insurgency as well as support for the Afghan government reintegration program.³⁴⁰ The Special Representative for Afghanistan and Pakistan, Ambassador James F. Dobbins, indicated in September that the Taliban are currently unwilling to engage in dialogue with the United States or Afghan government, and that it is not clear when the situation will change. He also pointed out that the Taliban political office in Doha is currently closed following a “false start” at negotiations in June 2013.³⁴¹

Neither the United States nor the Afghan government made any progress towards establishing a peace process with the Taliban. The Afghan government continued its efforts to revive peace talks with the Taliban this quarter, but its overtures failed to bear any fruit. President Karzai visited Pakistan to discuss opportunities for cooperation between the two countries in support of reconciliation efforts.³⁴² Following the visit, Pakistan’s Foreign Ministry announced plans to release Mullah Abdul Ghani Baradar, the former Taliban second in command.³⁴³ According to news reports, however, Taliban commanders have refused to meet with Mullah Baradar because he is being escorted by Pakistani security agents and remains detained by Pakistani



An audience member addresses representatives from the Afghan High Peace Council during a panel discussion at the end of a women’s peace conference at the governor’s palace in Nangarhar Province. (DOD photo)

authorities.³⁴⁴ *The New York Times* reported that a spokesman for President Karzai stated that there had been no contact between Mullah Baradar and the Afghan government while Radio Free Europe quoted President Karzai saying “We are trying to find a contact number or his address to talk to him.”³⁴⁵ Pakistan also released an additional seven Taliban figures this quarter to facilitate the peace process in Afghanistan.³⁴⁶

High Peace Council

The U.S. and Afghan governments continued this quarter to stress that the High Peace Council is their preferred intermediary for any peace talks with the Taliban. In a September 16 press conference, Ambassador Dobbins said the U.S. supports an Afghan-led peace process which would involve talks between the Taliban, the Afghan government, and the High Peace Council.³⁴⁷ The Chairman of the High Peace Council travelled with President Karzai to Islamabad in August to ask Pakistan for the release of high-profile Taliban prisoners into Afghan government custody.³⁴⁸

Afghan Peace and Reintegration Program

According to the Department of Defense (DOD), the Afghan Peace and Reintegration Program (APRP) has made strong progress but is not a major influence on the conflict.³⁴⁹ According to the Department of State (State) and DOD, the Joint Secretariat completed reforms that improved the APRP’s financial-reconciliation process, largely addressing the financial-flow stoppages that had stalled the program every quarter.³⁵⁰ As of September, only four Provincial Joint Secretariat Teams (PJST) out of 33 were over 60 days delinquent in filing financial reports.³⁵¹ According to State and DOD, the PJSTs’ inability to conduct financial reconciliation had essentially shut down the APRP until this quarter.³⁵² State and DOD consider this change to be a significant improvement for the two and a half year-old program.³⁵³

According to State and DOD, the \$50 million U.S. contribution in support of APRP via the Ministry of Rural Rehabilitation and Development’s (MRRD) **National Solidarity Program (NSP)** has not been linked to the APRP for fear of increasing the risk to NSP non-governmental facilitating partners. The U.S. funds have instead been subsumed into the broader Afghanistan Reconstruction Trust Fund (ARTF) budget rather than being used in support of specific reintegration initiatives. The World Bank recently completed a mid-term review of the NSP and assessed the overall progress as satisfactory; however, the review did not include the Community Recovery Intensification and Prioritization (CRIP) component of NSP that is in support of the APRP.³⁵⁴ The MRRD planned to use \$10.4 million of the \$58 million pledged to NSP for use in support of APRP in 1390 and a further \$20 million in 1391.³⁵⁵

During the quarter, the number of small grants in support of APRP increased to 70. State and DOD state that 435 new reintegrees joined the

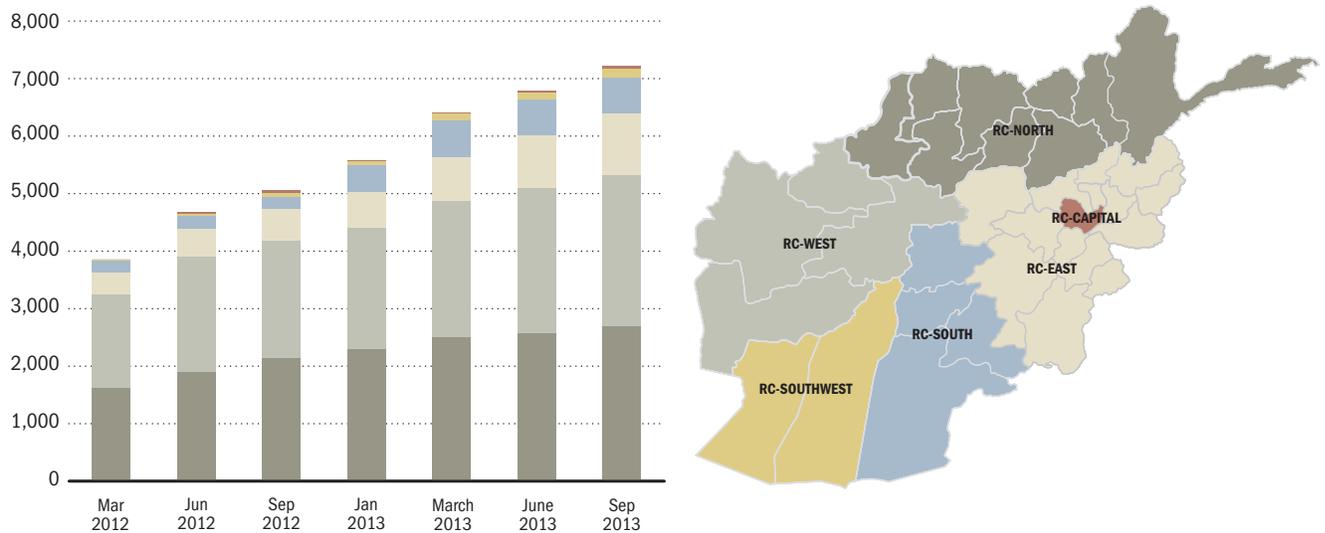
The National Solidarity Program (NSP):

was conceived and launched by the Ministry of Finance and Ministry of Rural Rehabilitation and Development (MRRD) in 2003. The NSP is designed to strengthen community level governance and to improve the access of rural communities to social and productive infrastructure and services by channeling resources to democratically-elected Community Development Councils (CDCs). The NSP outsources project implementation to facilitating partners that mobilize communities to form CDCs and provide CDCs technical guidance for managing block grants and planning and implementing subprojects at the village level. NSP receives support from the World Bank’s International Development Association (IDA), the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF), and bilateral donors.

Source: World Bank, Emergency Project Paper on a Proposed Grant in the Amount of SDR 27.2 million (U.S. \$40 million Equivalent) to the Islamic Republic of Afghanistan for a Third Emergency National Solidarity Project, 6/10/2010, pp. 3, 14.

FIGURE 3.32

REINTEGRES BY REGIONAL COMMAND, MARCH 2012–SEPTEMBER 2013



Source: State, responses to SIGAR data call, 4/2/2013, 1/2/2013, 10/2/2012, 7/5/2012, 3/30/2012, 7/1/2013, 10/4/2013.

program increasing the total to 7,214 reintegrees, as shown in Figure 3.32.³⁵⁶ State and DOD also report there is an estimated backlog of approximately 600 applicants.³⁵⁷ Twelve donor countries have given the APRP a total of \$182.3 million. Of this, \$107.1 million had been expended as of July 31, 2013.³⁵⁸

Conflict Resolution

The UN Secretary-General reported that the United Nations Assistance Mission in Afghanistan (UNAMA) continued to support the Afghan People’s Dialogue on Peace. Between April and June, UNAMA conducted 100 focus group discussions—of 200 planned in total—across the country involving 1,733 Afghans, including 429 women. The focus groups found that entrenched impunity, pervasive corruption and abuse of authority, unemployment, and, in some cases, lack of equitable development were reasons for discontent and the insurgency. Focus group participants also voiced concerns about the APRP and what was seen as a lack of vetting and accountability.³⁵⁹

USAID administers the Promoting Conflict Resolution, Peace Building, and Enhanced Governance program implemented by the United States Institute of Peace. The main objectives of the program are reducing violence by strengthening capacity to mitigate conflict; improving peace, security, and development; enhancing the rule of law; and increasing understanding of critical development, peace, and stability issues through

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fellowships, research, and analysis. USAID has obligated \$7 million for the program, of which \$4.7 has been disbursed as of September 30, 2013.³⁶⁰

In a *Foreign Policy* article, the Afghanistan Country Director for the United States Institute of Peace reported on the results of a meeting the program hosted with 200 community elders. The elders reported that although only 50 Taliban may be operating in a given area where as many as 300 to 500 government security personnel also operate, the elders are reluctant to side with the government due to widespread corruption. The author argues that the elders are largely indifferent to both the government and insurgent forces, with the elders reporting that neither can be trusted to deliver on promises of security, justice, or services.³⁶¹

Alignment: as meaning external partners are aligned with National Priority Program (NPP) strategy and the underlying principles of all donor programs and projects are consistent with the NPPs stated approach. Alignment is fully achieved when donor funded projects and the NPPs have common, unified, and consistent objectives, plans, programs, projects, and deliverables.

On-budget: all inflow of resources or spendings, program and project aid, is aligned with the plans of budgetary units, are captured in the budget documentation, are appropriated by the parliament and managed through the treasury system.

National Priority Programs (NPPs): a set of 22 priority programs announced at the Kabul Conference (2010) representing a prioritized and focused approach to Afghanistan National Development Strategy (ANDS) implementation including specific deliverables and costing of programs.

NATIONAL AND SUBNATIONAL GOVERNANCE

The UN Secretary-General reported that the Afghan government has continued to engage donor partners in the implementation of its Aid Management Policy, including on-budget financing, development framework agreements, financing agreements, and joint analysis, research, and assessments.³⁶² The Aid Management Policy was endorsed at the February 12, 2013, Joint Coordination and Monitoring Board (JCMB) meeting which was attended by Afghan government officials and representatives of 37 countries.³⁶³ According to the Ministry of Finance, the policy forms the guiding principles for the delivery of aid in Afghanistan and for the implementation and monitoring of mutual commitments made by the Afghan government and international donors.³⁶⁴

According to the Secretary-General, the Afghan government and donors are seeking to develop a consensus on definitions of **on-budget** and **alignment**.³⁶⁵ The July 2010 Kabul Conference previously used the term “alignment” and the 2012 Tokyo Conference used the terms “alignment” and “on-budget” to describe international donor commitments.³⁶⁶ The endorsed Aid Management Policy provides definitions for both of these terms that appear to match those used in the Kabul and Tokyo conferences.³⁶⁷ The Secretary-General did not elaborate on the specifics of the disagreement but his observation raised questions about the value of policies endorsed by the JCMB if key definitions remain up for debate.

The Secretary-General also reported that the Independent Directorate of Local Governance (IDLG) and the MRRD finalized policy for the establishment of District Coordination Councils (DCC). These councils are intended to be in place until constitutionally-mandated district council elections take place. Provincial committees would determine membership based on government criteria. The proposal has been submitted to the Council of Ministers for approval, with UNAMA facilitating consultations between the Government and the international community on funding modalities.³⁶⁸ DOD previously reported the Afghan government was expected to endorse and define the roles and responsibilities of the DCCs by the end of 2012 in order to begin operation by the end of 2013.³⁶⁹

Source: Government of the Islamic Republic of Afghanistan, Aid Management Policy (AMP) For Transition and Beyond, 12/10/2012, pp. 5, 8.

National Assembly

Both houses of parliament had a 45-day summer recess from July 23 to September 7, 2013.³⁷⁰

Upon return from recess, the lower house of parliament voted in favor of the Private Land Grabbing Prevention Law that aims to prevent the illegal acquisition of government and private lands. Parliamentarians supporting the law stated that over the past several years, millions of acres of land have been illegally acquired by influential government officials.³⁷¹

The lower house also gave their vote of confidence for Omer Daudzai, the nominee for the post of Minister of Interior; Akram Khpalkwak, the nominee for the post of Minister of Tribal and Border Affairs; Lotfurrahman Saeed, a nominee for membership to the Commission on Overseeing the Implementation of the Constitution (COIC); and Barat Ali Mateen, a nominee to the Supreme Court. Another nominee to the COIC, Nusrat Estanikzai, failed to gain a vote of confidence from the lower house.³⁷²

A female member of parliament was kidnapped by the Taliban in August while traveling along the Kabul-Kandahar highway near the city of Ghazni and released in September. It was the first instance a female member of parliament has been abducted by insurgents. According to a Taliban spokesman, six men and four women were freed in exchange for the parliamentarian. Another female member of the upper house of parliament was targeted in August while in Muqur district, Ghazni Province, in an attack that killed her daughter and driver.³⁷³

Mohammed Mohaqeq and Abdul Rasoul Sayyaf, both former Mujahedeen commanders and members of parliament, resigned their seats along with five other parliamentarians in order to run for office in the 2014 presidential elections.³⁷⁴

USAID provides support to the parliament through the \$23 million Assistance to Legislative Bodies of Afghanistan (ALBA) project that will run through April of 2017 with a possible one-year extension depending upon funding and project success. According to USAID, 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.³⁷⁵

Civil Service Vacancies and Access

The Independent Administrative Reform and Civil Service Commission (IARCSC) continued to prioritize filling Afghan government positions at the provincial level in line with the Insecure Provinces Recruitment Strategy and President Karzai's Presidential Decree 45. The Commission has advertised for positions in insecure provinces in neighboring areas to increase the pool of qualified applicants for civil service positions.³⁷⁶ IARCSC had planned to implement a general entrance exam to recruit recent university



Kandahar Provincial Governor Tooyalai Wesa speaks to local village elders during a shura in Maiwand district, Kandahar Province. U.S. and Afghan dignitaries also attended the shura. (DOD photo)

graduates for government positions in April; however, the initiative is delayed until the parliament approves relevant legislation.³⁷⁷

The Afghan government announced 50 district governor positions in 13 insecure provinces. The positions were advertised a second time due to the low number of applicants. Forty-eight candidates for district governor passed the examination and interview process jointly administered by the IDLG and the IARCSC. IDLG selected and referred 36 candidates to the IARCSC, which in turn sent 34 names to President Karzai's office for appointment after it was found that one of the candidates was missing documents and the other did not have the necessary exam score. The 34 candidates have already received training and will be ready to begin duty upon their appointment.³⁷⁸

UNAMA reported in its July 2013 midyear report that there has been an increase in targeted killings of civilian government workers, peace council members, and tribal elders perceived to be supporting the Afghan government.³⁷⁹ These killings are meant to punish civilians for supporting the Afghan government and serve as a warning to others. UNAMA observed a 76% increase in attacks targeting civilian government employees, with 114 civilians killed in 103 attacks during the first six months of 2013 (as compared to 61 civilian deaths from 72 attacks for the whole of 2012).³⁸⁰ On May 2, 2012, the Taliban announced that their "Al-Farooq" spring offensive would specifically aim to kill civilian targets, including high-ranking government officials, members of parliament, High Peace Council members, contractors, and "all those people who work against the Mujahedeen." As in 2012, the Taliban announcement of its 2013 spring offensive warned that civilians associated with the Afghan government or its international allies would be at risk of attack.³⁸¹

A recent targeted attack killed an employee of the MRRD and five staff members of the International Rescue Committee working for the NSP while returning to their field office in Gulran district, Herat Province. The six were traveling in a taxi that was stopped by armed men.³⁸² The MRRD has referred to the attackers as "enemy of the people of Afghanistan who oppose any development support" but did not offer additional details.³⁸³ This incident highlights the increasing difficulty civil servants and non-governmental employees are having reaching Afghan government projects. These now include the NSP, which the Taliban formerly avoided attacking due to the popular support the program enjoyed.³⁸⁴

U.S. Stability Programs

USAID's Stability in Key Areas Program

USAID said that its Stability in Key Areas Program (SIKA) made progress in grants execution, but that the program faced serious problems resulting from deteriorating security during this reporting period.³⁸⁵ USAID has

obligated \$146.9 million for four SIKA programs to increase the confidence of Afghans in their district government leading to the expansion of Afghan provincial government authority and legitimacy through workshops, trainings, and small grants.³⁸⁶ USAID reported 75 grants awarded in SIKA-East, 15 grants applications approved in SIKA-South, 52 grants activities in SIKA-West, and 65 active grants in SIKA-North.³⁸⁷ Other SIKA activities include training and capacity building of Afghan government officials and communities, development of communications plans for the Afghan government, and outreach events such as service-provider fairs, which USAID sees as producing tangible benefits for communities.³⁸⁸ As of September 2013, the four SIKA programs have expended \$92.93 million.³⁸⁹

USAID also stated that security has worsened in SIKA-East with cases of insurgents demanding that communities not affiliate with government projects. Meanwhile in SIKA-West, a recent threat led to a continuing work stoppage across an entire district.³⁹⁰ SIKA-North has also identified increased security challenges, but says activities have not been suspended.³⁹¹ Winter is expected to affect implementation of community projects in SIKA-East.³⁹² SIKA-South faced delays in Afghan-government certification of community representatives as legitimate—a required step that USAID says should have taken two weeks, but remains incomplete after three months.³⁹³ According to USAID, SIKA-West has found some district governors are not at their post and some district governors are reluctant to visit remote communities where project activities are under way.³⁹⁴

Village Stability Operations

Village Stability Operations (VSO) and the Afghan Local Police (ALP) are complementary components of the Afghan government's and the Afghan National Army (ANA) Special Operations Command's counterinsurgency strategy.³⁹⁵ According to DOD, team assessments and survey data suggest that gains in governance remain steady once districts transition from coalition forces to Afghan government control.³⁹⁶ ALP are currently serving in 116 districts across 29 provinces. By this fall, all ALP districts will have transitioned to complete Afghan government control.³⁹⁷

U.S. Capacity-Building Programs for Public Administration

Initiative to Promote Afghan Civil Society

USAID's Initiative to Promote Afghan Civil Society (I-PACS) encourages development of a politically active civil society in Afghanistan.³⁹⁸ 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.”³⁹⁹ Through the program, USAID provides technical assistance, capacity



Nahr-e Saraj district Governor Mohammed Fahim speaking at a shura event urging the people to take ownership of their village and to ensure its peace and stability. (DOD photo)

building, and grants to civil society organizations nationwide.⁴⁰⁰ According to USAID, I-PACS proposed 33 amendments to legislation and regulations for civil society organizations with parliament approving 29 amendments.⁴⁰¹ USAID reports that I-PACS contributed to the recent signing of the Social Organization Law by President Karzai in September 2013 with 88% adoption of recommended amendments specific to that law.⁴⁰² According to the International Center for Not-for-Profit Law, the Social Organization Law supersedes the 2002 Law on Social Organizations and expands the civic space in Afghanistan by allowing social organizations to access foreign funding and to conduct advocacy.⁴⁰³ According to USAID, I-PACS has awarded \$10.9 million in grants to civil society organizations.⁴⁰⁴

I-PACS is now in its final quarter of operation and staff attrition is impacting implementation.⁴⁰⁵ USAID has obligated \$45 million with an estimated \$38 million expended as of September 30, 2013.⁴⁰⁶

USAID Performance Based Governance Fund

USAID's Performance Based Governance Fund (PBGF) was focused on building the financial-management capacity of provincial governors' offices (PGOs).⁴⁰⁷ The program assessed the PGOs' capacity on a quarterly basis. Improving PGOs received incentive funding.⁴⁰⁸ The award for the PBGF ended programmatic activities as of July 31, 2013, with close-out concluded on September 30, 2013. There is no broad programmatic follow-on for PBGF, although some training and capacity-building functions will be covered by a new program called the Initiative to Strengthen Local Administrations. The total obligated for PBGF to date is \$48.89 million, of which \$47.93 million has been expended.⁴⁰⁹

USAID did not provide program metrics or results in response to the SIGAR data request this quarter despite the fact that the PBGF is now being concluded. USAID's Office of Inspector General (OIG) previously reported in October 2012 that the PBGF plan contained no baseline values and only one target value for its 103 performance indicators, had too many indicators to be useful, and that the intended results were not clear or universally understood.⁴¹⁰ USAID OIG also noted that the program spent the majority of its funds (51%) on vehicles and equipment for the PGOs.⁴¹¹

USAID's RAMP-UP and Kabul City Initiative

USAID's Regional Afghan Municipalities Program for Urban Populations (RAMP-UP) and the Kabul City Initiative (KCI) are intended to help municipal governments in Kabul and other urban centers increase capacity of municipal officials, improve delivery of municipal services, support economic growth initiatives, and raise revenues.⁴¹² As of September 30, 2013, USAID had obligated \$271 million for RAMP-UP and \$44.6 million for KCI, of which \$185.9 million and \$39.7 million had been expended, respectively.⁴¹³ According to USAID, program uncertainty and funding cuts are no

longer an issue because new budgets, scopes of work, and periods of performance have been negotiated and finalized for all municipal programs.⁴¹⁴

The RAMP-UP projects were extended to the end of March 2014 with USAID planning for a follow-on program, the Strengthening Hubs for Afghanistan Resilience (SHAHAR).⁴¹⁵ USAID plans to concentrate its SHAHAR resources in up to 16 small-to-medium provincial capitals where it hopes to make the most difference.⁴¹⁶

USAID reports that the RAMP-UP East program recently selected 19 small-scale projects to be built through the municipal incentive fund.⁴¹⁷ Projects include six parks, five solar energy projects, and three trash bin projects.⁴¹⁸ Although the municipalities are supposed to share the cost at 30.8% on average, USAID notes that many have delayed making their cost or in-kind contributions to municipal incentive projects. However, USAID and RAMP-UP discussions with mayors and the IDLG/General Directorate of Municipality have reportedly resolved these challenges and allowed the projects to go forward.⁴¹⁹

USAID's Support to Sub-National Governance Institutions

USAID's Support to the Sub-National Governance Structure (SNG) project aimed to develop the capacity of Afghanistan's 32 provincial councils and provide technical assistance to the IDLG.⁴²⁰ A USAID-commissioned performance evaluation found that although the SNG project appeared relatively cost-effective as compared to similar projects implemented by other donors, the project had limited ability to report on project results.⁴²¹ For example, the implementing partner registered 82 site visit reports by provincial council members (which would be less than one site visit per year for each of the provinces) even though provincial council members claimed to have conducted more frequent site visits that were funded by SNG.⁴²² The evaluation found that SNG was unable to deliver performance indicator information because data were too general to ascertain results.⁴²³ The evaluation concluded that provincial councils appear firmly established across Afghanistan but that the limited authority of the councils undercuts their effectiveness.⁴²⁴ The project ended on September 30, 2013.⁴²⁵

USAID's Afghanistan Media Development and Empowerment Project

The Afghanistan Media Development and Empowerment Project (AMDEP) is designed to strengthen the capacity of independent media outlets by promoting greater professionalism within and among media institutions in Afghanistan.⁴²⁶ In addition to other partners, AMDEP supports Nai Supporting Open Media in Afghanistan (NAI), the leading media advocacy and training organization in Afghanistan.⁴²⁷ During the quarter, NAI voiced its opposition to long government delays in passing the draft Access to Information Law, and advocated for expediency.⁴²⁸ The Access

to Information Law outlines the rights of Afghan citizens and organizations to access information about the government as detailed in Article 50 of the Afghanistan Constitution.⁴²⁹ NAI also joined other media organizations in asking parliament to revise three articles of the Media Law that they argue would curtail the freedom of the press.⁴³⁰

USAID has obligated \$31.8 million for AMDEP, of which \$30.2 million has been spent.⁴³¹

JUDICIAL REFORM AND RULE OF LAW

Based on information received from the Supreme Court of Afghanistan and the Afghan Attorney General's Office, all districts now have prosecutors assigned (down from five without a prosecutor in 2012). However, the prosecutors for the 51 most insecure districts work from their assigned provincial centers, which may be outside of those districts. All districts now have a judge assigned and functioning courts (down from 33 without a judge in 2012). As required by Presidential Decree 45, the Supreme Court stated that as of March 2013, it had functioning courts in each district of Afghanistan. As no new judges had been hired, the Court thinned staffing in previously served areas to provide functioning courts. According to DOD, the Attorney General's Office will need to deploy prosecutors to underserved districts to allow for functioning criminal trials since many remain outside their assigned districts.⁴³²

Supreme Court

Under the Afghan constitution, Supreme Court judges serve set terms. According to State, four Supreme Court justices with expired terms are still serving.⁴³³ During this quarter, one nominee was introduced to the lower house to replace a justice whose term expired in 2010.⁴³⁴ The nominee received a vote of confidence from legislators. Several members of parliament requested during the nomination that President Karzai introduce a nominee for chief justice; the sitting incumbent's term has expired.⁴³⁵

State considers the final and binding conviction of Haji Lal Jan, an important drug-trafficker with ties to the insurgency, as a significant case before the Supreme Court this quarter.⁴³⁶

Criminal Procedure Code

The lower house of the National Assembly passed the updated Criminal Procedure Code (CPC) in early June 2013, the State Department said. The upper house has yet to act on the draft CPC passed by the lower house.⁴³⁷ The Afghan government had pledged at the end of the Kabul Conference in July 2010 to enact its draft CPC.⁴³⁸

Taliban Justice

UNAMA observed an increase in judicial punishments carried out by insurgent elements in the first six months of 2013. The majority involved insurgents executing civilians accused of spying for the Afghan government.⁴³⁹

Insurgent judicial structures were found to be imposed on some communities by force through physical removal of suspects, implementation of decisions, threats, intimidation, and harassment. In other instances, however, communities appeared to use these structures rather than official legal mechanisms and referred cases to the parallel “court.”⁴⁴⁰

Insurgent judicial punishments included beheading a civilian contractor supplying Afghan National Border Police in Kunar Province, killing an international non-governmental staff member, and abducting and killing a civilian accused of affiliation with the National Directorate for Security.⁴⁴¹

U.S. Justice Sector Support

In July 2013, SIGAR alerted the Secretary of State to deficiencies related to the award of the Afghanistan Justice Training Transition Program (JTTP) which is being administered by State’s Bureau of International Narcotics and Law Enforcement Affairs (INL).⁴⁴² State responded to the SIGAR alert letter this quarter and the full SIGAR audit—with responses to agency comments— should be released in the next quarter.⁴⁴³

INL has agreed to fund the JTTP, at \$47 million over 30 months with a program goal of transitioning from an external donor-led program to an in-house continuing legal education program administered by the Afghan government. JTTP builds upon capacity building and training programs under the Justice Sector Support Program, a program for which State has obligated \$212.7 million as of December 30, 2012.⁴⁴⁴ JTTP provides regional training on a range of criminal-justice topics, including anticorruption, to justice sector officials, including judges, prosecutors, defense attorneys, and criminal investigators.⁴⁴⁵ INL has also provided \$12.41 million since December 2010 to support the National Justice Sector Strategy (NJSS) and plans to provide an additional \$5.64 million to continue funding of NJSS until April 2014. INL’s contribution to the International Development Law Organization, an international organization that implements both JTTP and NJSS, totals \$65 million.⁴⁴⁶

INL has cited The Asia Foundation’s 2012 survey which found that, for the first time, more Afghans were using the formal justice system than the informal one as evidence that INL’s justice-sector programs were working.⁴⁴⁷

DOD’s rule of law efforts to date have included field support to civilian teams; training for judges, prosecutors, defense counsels, and corrections officials; providing infrastructure for courts and prisons; and training Ministry of Interior (MOI) police forces in aspects of law enforcement. However, the DOD mission is evolving as the international presence draws down. USFOR-A’s Rule of Law Field Force-Afghanistan (ROLFF-A) officially

SIGAR INSPECTION REPORT

During this quarter, SIGAR published an inspection report on the construction of the courthouse as part of the Justice Center in Parwan (JCIP). SIGAR found that construction of the JCIP courthouse has not been completed and the workmanship of the construction done to date is poor. For more information, see Section 2, page 40.

closed its field mission on August 31, 2013, and the NATO Rule of Law Field Support Mission-Afghanistan was scheduled to shut down on September 30, 2013. ROLFF-A's current mission is focused on supporting the Justice Center in Parwan, where staff assist civilian agencies to build the capacity of Afghan authorities to prosecute insurgents and terrorists under Afghan law. ROLFF-A will cease operations on February 1, 2014.⁴⁴⁸

Rule of Law Stabilization (Formal and Informal)

USAID administers two Rule of Law Stabilization programs: one focused on the informal sector, the other on the formal sector. As of September 30, 2013, USAID has obligated \$18.9 million for the Rule of Law Stabilization-Formal (RLS-F) and \$15.7 million for the Rule of Law Stabilization-Informal (RLS-I), with \$10.2 million and \$9.6 million disbursed respectively.⁴⁴⁹

According to USAID, RLS-F addresses the needs of the formal justice sector by developing the skills of four audiences: the judiciary, court administrators, Law and Sharia Faculties at universities, and the public-outreach departments at the Ministry of Justice and the Supreme Court. RLS-F most recently sponsored a joint training program on anticorruption. RLS-F continues to support a two-year orientation and skills-development program for future judges. RLS-F also works with the Law and Sharia Departments at universities across Afghanistan to promote a cadre of legal professionals for the next generation. USAID says progress has been made to establish a unified national curriculum for legal education and provide practical learning experiences for students, like moot court competitions and legal clinics. Finally, RLS-F educates Afghans on laws and rights so that they know how to access the courts.⁴⁵⁰

According to USAID, RLS-I addresses the needs of the informal justice sector by fostering linkages between the formal and traditional justice systems, and by aligning traditional justice with the Afghan constitution. RLS-I has enhanced the dispute-resolution skills of community leaders in 48 districts in south, east, and north Afghanistan. RLS-I has trained 20,000 persons (45% women) in key legal principles; established six community cultural centers and conducted outreach to increase citizens' understanding of rights; facilitated registration of close to 700 traditional justice decisions with district officials and local district courts; and secured 2,000 pledges from elders to follow best practices in traditional dispute resolution and refrain from using customs that violate Afghan law and international human rights. The program has also established female elders groups, which according to USAID, have a unique capacity to address cases that affect women and have resolved 700 cases.⁴⁵¹

Counternarcotics Justice Center

INL has expended approximately \$17.5 million to support operations and maintenance costs of the Counternarcotics Justice Center (CNJC) in Kabul

since FY 2008. Since 2005, INL has also transferred approximately \$18.8 million to the U.S. Department of Justice (DOJ) for programs that include mentoring, training, and advisory services to the police, prosecutors, and judges of the Criminal Justice Task Force who work at the CNJC. DOJ advisors also work on anticorruption and major crimes programs. INL funded the original construction of the CNJC facility, as well as various infrastructure upgrades totaling about \$16 million.⁴⁵²

According to INL, the investigators, prosecutors, and judges at the CNJC continue to pursue their cases aggressively and effectively. INL notes that CNJC prosecutors are able to build effective and compelling criminal cases through careful examination of the sufficiency of evidence for potential cases. According to INL, for the Afghan solar year 1391 (roughly March 2012–March 2013), the conviction rate at the CNJC was 99.7% in the Primary Court, with 21 Afghan government officials convicted of drug-related crimes.⁴⁵³

In August, the Nimroz Provincial Chief of Police, General Mohammad Kabir Andarabi, was arrested for large-scale heroin and opium trafficking, and transferred to the CNJC. Although there may have been some political pressure to release him, CNJC staff continued to detain Andarabi and pursue the case on its merits, State said.⁴⁵⁴ On September 29, the CNJC Primary Court issued a verdict of guilty on one count of drug-related corruption and sentenced General Andarabi to ten years in prison.⁴⁵⁵

The transition of the CNJC continues with INL reporting an emerging consensus among international and Afghan stakeholders that the MOI should be responsible for its operations and maintenance.⁴⁵⁶

Afghan Correctional System

The inmate population of Afghanistan's prisons has continued to increase at a rate of at least 17% annually over the past five years, leading to overcrowding, according to State. State attributed the growth in prison population to a system-wide improvement in the capacity of the Afghan justice sector coupled with a lack of understanding of and reluctance by the justice sector to utilize alternatives to incarceration.⁴⁵⁷ According to the United Nations Office on Drugs and Crime (UNODC), fines are often imposed in addition to—as opposed to in lieu of—incarceration sentences. Moreover, although Afghan law states that non-payment of fines is not a sufficient reason to incarcerate prisoners beyond their sentenced term, this still happens sometimes in Afghanistan.⁴⁵⁸

UNODC has conveyed to INL that prosecutors and judges are concerned that they will be perceived as corrupt if they permit fines to substitute for incarceration. INL will continue to train prosecutors on the legality of fines as an alternative to incarceration and to encourage the Afghan government to more significantly acknowledge their legitimacy.⁴⁵⁹ The INL Corrections System Support Program (CSSP) is working with the Afghan General

Directorate of Prisons and Detention Centers (GDPDC) to compile data on the extent of the overcrowding problem.⁴⁶⁰

Despite reports by UNAMA in 2011 and 2012 documenting widespread torture and abuse in Afghan police and National Directorate of Security detention facilities, State said it is not aware of any credible allegations of systemic torture or mistreatment within GDPDC facilities.⁴⁶¹

Juveniles are incarcerated by the Juvenile Rehabilitation Directorate (JRD), which is a separate Afghan government entity under the Ministry of Justice. According to State, JRD lacks the resources and capacity of the GDPDC, with most juvenile facilities being rented properties that are unsuitable as rehabilitation centers.⁴⁶²

The GDPDC and JRD continue to implement rehabilitation programs. Since last quarter, GDPDC worked to increase participation in industries programs like carpet weaving and bunk-bed construction at Pol-i-Charkhi, Afghanistan's central prison located outside Kabul. Prison leadership at Pol-i-Charkhi began housing prisoners working on industries programs in a separate cell block to expedite their movement to the industries building. The Pol-i-Charkhi prison commander has committed to establishing literacy classes specifically for prisoners enrolled in industries and vocational programs.⁴⁶³

At the Nangarhar, Balkh, and Kunduz provincial prisons, female inmates are enrolled in sewing programs, producing prisoner uniforms as well other garments for sale in the local economy. INL supports these efforts primarily through the CSSP, which provides advisors—including those with expertise particular to prison industries and gender and juvenile issues—at both GDPDC and JRD headquarters, as well as at correctional facilities in five provinces.⁴⁶⁴

According to State, INL possesses the financial and workforce resources to monitor contracts, grants, and construction projects throughout Afghanistan. State acknowledges that a lack of security periodically makes it difficult for INL to reach locations and because of this, State said INL is developing contingency plans and weighing site accessibility when making decisions on future efforts.⁴⁶⁵ For example, INL is investigating the viability of using third-party contractors to supplement direct oversight of infrastructure projects by INL's American and Afghan engineering staff.⁴⁶⁶

ANTICORRUPTION

This quarter, a SIGAR report on U.S. anticorruption efforts concluded that these activities are not guided by a comprehensive U.S. strategy that defines clear goals and objectives to strengthen the Afghan government's capability to combat corruption and increase accountability. SIGAR found that a draft 2010 U.S. anticorruption strategy was never finalized, and that in the absence of an anticorruption strategy, agencies are depending on

the Tokyo Mutual Accountability Framework and the U.S. Civil-Military Strategic Framework for Afghanistan for guidance. These documents lack specific goals and objectives against which the U.S. government can measure its progress.⁴⁶⁷ Moreover, according to State, the Afghan government has made little progress in meeting the July 2012 Tokyo Conference anti-corruption benchmarks.⁴⁶⁸

In July 2012, President Karzai issued Presidential Decree 45, which includes 38 anticorruption articles. State concurs with the Independent Joint Anti-Corruption Monitoring and Evaluation Committee's (MEC) overall assessment that there has been mixed progress with some positive achievements and some dismal failures.⁴⁶⁹ The MEC is an independent, joint Afghan/international entity established to monitor and evaluate national and international efforts to fight corruption in Afghanistan. It reports semi-annually to the Afghan public, parliament, president, and the international community.⁴⁷⁰

State notes that anticorruption progress has been made in two areas: drafting a new procurement law and achieving greater transparency in publishing Afghan government contracts. However, issues remain regarding the Kabul Bank scandal, civil service appointments, and articles related to the Afghan Attorney General's Office (AGO).⁴⁷¹

According to State, the JCMB, established in 2006 after the international London Conference to oversee implementation of the "Afghanistan Compact" and to align Afghan and international-community efforts to meet objectives agreed to in the compact, had not endorsed the National Transparency and Accountability Program (NTAP).⁴⁷² The NTAP is Afghanistan's second National Priority Program within the governance-development cluster. Afghanistan, with the support of the international community has established NPPs to guide reconstruction assistance. The NTAP has failed to satisfactorily meet three "red lines" established by the international community. The red lines identified by State include unverified asset declarations by senior Afghan government officials, portions of the Access to Information Law draft that civil society finds problematic, and U.S. government concerns with amendments to the National Audit Law. According to USAID, one of the red lines related to procedures for construction permits in Kabul municipality appears largely to have been met late in the quarter though USAID acknowledges implementation remains untested.⁴⁷³ State indicated that the NTAP may be considered at the next JCMB meeting scheduled for early 2014; however, the Afghan government is reportedly considering giving up on the NTAP.⁴⁷⁴

As of September 30, 2013, the DOJ was not aware of any corruption charges filed against high-level officials during this quarter.⁴⁷⁵ The DOJ has no way to track prosecution of lower-level Afghan government officials; however, international mentors believe that the Anti Corruption Unit (ACU) selectively prosecutes cases with a bias toward those without political connections or money.⁴⁷⁶

SIGAR SPECIAL REPORT

A SIGAR special report this quarter found that the United States lacks a strategic plan and mechanisms to track progress in fighting corruption in Afghanistan. For more information, see Section 2, page 43.

Afghan Attorney General's Office

The Attorney General's Office (AGO) was directed by President Karzai in July 2012 to assess and identify corrupt personnel within the AGO and report to the office of the president with its findings in six months. According to State, the AGO appears not to have met this requirement, as the international community is not aware of a report being prepared or presented. The AGO was also directed to establish a unit to address corruption within the AGO within 60 days of the decree.⁴⁷⁷ The AGO only recently established a surveillance department with a team of 20 prosecutors for this task.⁴⁷⁸ According to State, this unit is minimally supported and the cases being pursued have focused on allegations of lower-level police corruption rather than on the primary intended purpose of investigating government prosecutors and attorneys.⁴⁷⁹

State reports that information-sharing between the AGO's ACU and the Military Anti-Corruption Unit (MACU) has declined during the quarter. State assesses morale in these two AGO units to be very low with prosecutors reluctant to speak openly with international mentors for fear of retribution.⁴⁸⁰ State views the lack of candor in discussions between international mentors and AGO personnel as making it highly unlikely that the DOJ will become aware of high-level AGO interference in corruption cases.⁴⁸¹

According to State, although the ACU has demonstrated capacity to prosecute minor corruption cases, it remains ineffective against higher-level corruption due to a lack of will among the AGO and Afghan government leadership. High-level corruption continues and political will remains the major impediment to reform.⁴⁸² Despite this, State believes that there is value in continuing DOJ and INL engagement with the ACU and MACU. These engagements are meant to help prepare for prosecutions should the political will change and to demonstrate continued international-community interest in the activities of the ACU, MACU, and AGO.⁴⁸³

Special Cases Committee

As of August 2013, the Special Cases Committee (SCC), an elite sub-unit of the ACU and MACU, is officially defunct.⁴⁸⁴ The Afghan Attorney General announced that the SCC had completed its review of cases and had therefore fulfilled its purpose. The DOJ proposed that the SCC be formalized into a permanent unit to pursue the most politically challenging cases; however, the Attorney General rejected the proposal.⁴⁸⁵ According to USAID, the international community had viewed the SCC as a last-chance opportunity for the Attorney General to demonstrate sincerity in combating high-level corruption and doubted the AGO's assertion that each case in the SCC's initial portfolio was satisfactorily resolved.⁴⁸⁶

Major Crimes Task Force

The Major Crimes Task Force (MCTF) was recently designated the investigatory arm for a new AGO internal control and monitoring unit. However, high-level corruption cases developed by the MCTF continue to be stifled by the AGO.⁴⁸⁷

Federal Bureau of Investigation (FBI) mentors disengaged from the MCTF in February 2013, and were succeeded by personnel from the Combined Joint Interagency Task Force–Afghanistan (CJIATF-A). State believes the change in mentors has not materially changed MCTF effectiveness.⁴⁸⁸

Independent Joint Anti-Corruption Monitoring and Evaluation Committee

The Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) issued their latest six-month report on September 28, 2013. The MEC previously raised concerns regarding the United Nations High Commissioner for Refugees (UNHCR) and the Ministry of Refugees and Repatriations (MORR). The MEC found that significant steps have been taken by both institutions—with the support of UN leadership—to address MEC's concerns.⁴⁸⁹ The concerns are now the subject of a financial audit by the UN internal-oversight division and a promised audit of the MORR by the Supreme Audit Office (SAO). In the meantime, the UNHCR has discontinued rental payments for a MORR sub-office in Kabul, closed secondary accounts, and suspended suspicious transfers of funds.⁴⁹⁰ The MEC also raised concerns about nepotism and fraud affecting the Afghan government Civilian Technical Assistance Programme (CTAP). The MEC recommended increasing transparency of the CTAP; however, the MEC has not received an official response from the Ministry of Finance and the SAO has declined to perform an audit due to a lack of capacity.⁴⁹¹

The U.S. government has assisted the MEC by providing political support and helping to locate donor funding. USAID's Assistance to Afghanistan's Anticorruption Authority (4A Project) also provides technical support to the MEC Technical Secretariat. USAID is moving toward providing direct financial support to the MEC's operational budget.⁴⁹²

High Office of Oversight and Anticorruption

State and USAID agree that the High Office of Oversight and Anticorruption (HOO) remains dysfunctional, ineffective, and politicized.⁴⁹³ USAID's 4A Project reports that the HOO has sufficient technical capacity to function as an effective anticorruption institution.⁴⁹⁴ Although HOO may have the technical skill, both agencies agree it lacks the political will to be effective.⁴⁹⁵

The work of USAID's 4A Project with the HOO remains limited to providing assistance to its Human Resources Directorate per the HOO's request. According to USAID, 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.⁴⁹⁶ USAID's 4A Project assisted the HOO this quarter in revising the terms of reference for various HOO positions; reviewing and revising a draft policy on Tobacco, Drugs, and Narcotics Free Workplace; and piloting a digital data-entry system.⁴⁹⁷ USAID has obligated \$9.4 million for the 4A Project with \$8.3 million disbursed as of September 30, 2013.⁴⁹⁸

Corruption in Afghan Security Forces

U.S. implementing agencies and international organizations say anticorruption efforts have had mixed results in the Afghan National Security Forces (ANSF). According to DOD, the Ministry of Defense (MOD) is making a serious effort to increase transparency and accountability of the ANA, while anticorruption efforts have slowed at the MOI, which is responsible for the ANP.⁴⁹⁹ This view was echoed this quarter by Transparency International in a new report that assesses transparency, accountability, and counter-corruption in the ANSF, MOD, and MOI. The report observed the MOD was making good progress, "propelled by strong political commitment over several years at Ministerial Level," but that the "MOI appears to be in an opposite situation, with a very difficult political environment and no common direction" on addressing corruption.⁵⁰⁰

DOD reported that the MOD has begun to embed, rather than only discuss, Transparency and Accountability Committees (TAC). There are currently 15 TACs, located in each corps of the ANA. The MOI acting minister reportedly has made countering corruption a priority and has removed deputies he believed were corrupt. The MOI has, however, reduced its inspector general staff and has not reinstated inspectors general at the provincial level.⁵⁰¹

CJIATF-Shafafiyat and Task Force 2010

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.⁵⁰²

During this quarter, CJIATF-Shafafiyat was transferred to the Combined Security Transition Command-Afghanistan (CSTC-A) to better support MOI and MOD ministerial development.⁵⁰³ CJIATF-Shafafiyat continues its efforts to shape and influence MOI and MOD ministerial development by focusing on the Inspectors General, TACs, and in developing processes to monitor corruption. CJIATF relies on mentoring and advisor engagements for influence and is supporting development of a financial levers strategy to affect significant behavior changes by the MOI and MOD.⁵⁰⁴

On July 1, 2013, Task Force 2010 (TF 2010) assumed responsibility as the contracting officer representative for the Vendor Vetting Reachback Cell (VVRC) contract.⁵⁰⁵ The VVRC is responsible for vetting all non-U.S. contractors bidding for contracts equal to or above \$100,000 in the Afghanistan theater of operations. The VVRC creates an analytical report and classifies

contractors into one of four force protection risk levels: moderate, significant, high, or extremely high. High or extremely high risk levels generally result in the contractor being excluded from further consideration for new contract awards.⁵⁰⁶ TF 2010 now serves as the as the central point of contact for past, current, and potential vendor/contractor assessments and ratings.⁵⁰⁷

Corruption in Customs Collections

In June 2013, the Afghan Council of Ministers decided not to authorize the charter of the proposed Presidential Executive Commission on Borders, Airports, and Customs Depots (PEC), an executive-level Afghan inter-agency body tasked with tackling customs-sector corruption.⁵⁰⁸ The PEC was originally established in August 2011 by President Karzai; however, as of July 2012 the MEC assessed that the commission had not yet been implemented.⁵⁰⁹ In February 2013, the Minister of Finance had signed the charter of the PEC and it was State's view that the PEC could significantly improve the transparency and accountability of the sector.⁵¹⁰ The Ministry of Finance indicated that the issue of the PEC would not likely be raised again now that the Council of Ministers has withdrawn support.⁵¹¹

The Afghan government also continued to expand implementation of the Borders Management Model project. The project seeks to clarify roles and responsibilities at the borders to reduce the number of extraneous government agencies involved at border crossings. It was operating at six border crossings at the end of the quarter. State noted that the expansion of this project will be an IMF benchmark for future donor assistance.⁵¹²

HUMAN RIGHTS

Gender Equity

This quarter, USAID announced plans to commit \$200 million for the Promoting Gender Equity in National Priority Programs (PROMOTE) program designed to increase education, training, and promotion of women in Afghanistan's government, business sector, and civil society. The USAID Administrator called the initiative "the largest single investment USAID has ever made in its history in the future of women and girls anywhere in the world." USAID is seeking to persuade other donors to contribute the same amount, for a total package of \$416 million over five years. The funds are to be released as the Afghan government meets its commitments to reforms per the 2012 Tokyo conference.⁵¹³ According to USAID, PROMOTE is not expected to begin until mid-2014, and the program is in no way dependent on the U.S. troop presence.⁵¹⁴

USAID also announced the Ministry of Women's Affairs (MOWA) Organizational Restructuring and Empowerment Project (MORE), a three-year \$15 million project aimed at strengthening MOWA's capacity to

GOVERNANCE



A U.S. civilian representative, at head of table, hosts an Afghan female shura at Parwan Province government offices on women's participation in presidential and provincial council elections in 2014. (DOD photo)

advance its policy mandate, gender equality, and women's empowerment in Afghanistan. MORE seeks to facilitate organizational and strategic reform at MOWA through specific courses on policy leadership and advocacy, strategic planning, human resource management, gender mainstreaming, financial management, monitoring and evaluation, and public outreach. The project intends to strengthen ties between MOWA and other Afghan ministries to incorporate gender mainstreaming in their own policy development in line with National Action Plan for Women of Afghanistan (NAPWA).⁵¹⁵

USAID is launching these programs at a time when there is increasing concern that the gains women have made over the last decade are being eroded. The UNHCR noted during a visit to Afghanistan that there is widespread concern among civil-society groups that the momentum on advancing women's rights had halted and may be regressing.⁵¹⁶

The revised U.S. Civil-Military Strategic Framework states that advancing the role of women in society will remain an important focus of the U.S. government for some time. The framework states that women must be able to participate in society and contribute fully to it, which requires that their social, political, and economic rights be protected and promoted. According to the framework, the U.S. government will support policies and programs that continue to advance the essential role of women in society, including increased access for women to justice, health care, education, and economic and political leadership opportunities. U.S. policy and programs will seek to engage all aspects of the Afghan population on the positive impacts of women's development and empowerment. In particular, the framework states that the USG will continue to support the Afghan government's implementation of the Elimination of Violence Against Women law (EVAW) and the NAPWA.⁵¹⁷

The Afghanistan Research and Evaluation Unit issued a report on women's economic empowerment that found women serve as a driver of change in urban areas and select rural pockets. However, the report also found that available data showed there has been no substantive surge in women's economic participation since 2002. The report attributed this lack of progress in part to two phenomena. First, most women who work occupy jobs at the lower end of value chains. Second, women continue to lack access to many resources that could enhance their skills and income. The research also found that women's economic participation is hugely dependent upon a community's perspective on female participation in development projects and the development of strong links to markets.⁵¹⁸

The International Crisis Group (ICG) issued a report on women and conflict in Afghanistan and found that despite the considerable improvement in women's legal status, there is already a reversal of progress in women's empowerment.⁵¹⁹ The report traces the progress of women's empowerment from the 1978 communist coup to the present day and offers some parallels. According to ICG, historical examples of women's empowerment have included appointment to senior government jobs including ministerial posts in the mid- to late-1970s; the promise of women's equal rights, compulsory education and protection from forced, arranged, and child marriage by the communist government; and the success of women filling 70% of civil servant teacher positions and over 40% of doctor positions by the mid-1990s.⁵²⁰ The ICG finds current examples of women's empowerment include the appointment of women to senior government positions including provincial governor and heads of ministries; the constitutionally mandated equal rights of men and women; and the success of women filling 31% of school teacher positions.⁵²¹ The report notes several challenges that remain including weak application of legal safeguards, the limited capacity of the MOWA to influence policy, and threats from the insurgency.⁵²² The ICG concludes that the gains of women are at risk and advocates for constitutionally-guaranteed gender equality and adherence to laws protecting and empowering women as a prerequisite for peace negotiations.⁵²³

The United States and its international allies have encouraged the Afghan government to recruit more women in the security forces. The British aid agency Oxfam published a report this quarter arguing that recruiting more women into the police is critical for the safety of Afghan women and national stability. The report noted that while Afghanistan is often described as one of the most dangerous countries in the world for women, it has only 1,551 female police officers, or one for every 10,000 women.⁵²⁴

In September 2013, one of Afghanistan's highest ranking policewomen was assassinated. Lieutenant Negar was shot by motorcycle gunmen in Helmand Province on September 16. Negar, who like many Afghans used only one name, had replaced Helmand's former senior female commanding officer, Islam Bibi, who had been gunned down in July 2013.⁵²⁵

Refugees and Internal Displacement

The UNHCR Solutions Strategy 2013 report noted a 40% decrease in Afghan refugee returnees as of September 2013 as compared to the same period in 2012.⁵²⁶ UNHCR also issued updated eligibility guidelines for asylum-seekers from Afghanistan and noted a rise in the number of conflict-related internally displaced persons (IDP) to 590,184 with 113,241 newly displaced in 2013.⁵²⁷

UNHCR notes, however, that official figures for the number of IDPs are widely considered to underrepresent the scale of the displacement problem in Afghanistan as they exclude those dispersed in urban and semi-urban areas, as well as those displaced to rural locations in areas inaccessible to humanitarian actors.⁵²⁸ UNHCR claims to have direct access to approximately half of Afghanistan's territory with indirect access to approximately 75% of the territory through a combination of local NGOs, authorities, and community networks.⁵²⁹

Human Rights Watch reported that the Iranian government has revealed a new plan in which undocumented Afghans and holders of temporary visas, whose visas expired on September 6, 2013, would have to leave Iran or face imprisonment, fines, and/or expulsion.⁵³⁰ According to State, Afghan government officials are continuing to work with their Iranian counterparts to address this visa issue.⁵³¹ According to Human Rights Watch, only 800,000 of the 3 million Afghans currently estimated as living in Iran have legal status as refugees. Another 400,000 to 600,000 Afghans hold temporary visas, while the rest are undocumented.⁵³²

The Government of Pakistan approved a National Policy on Management and Repatriation of Afghan Refugees on July 25, 2013. The Department of State views the policy as a positive step toward a more progressive, long-term policy for managing Afghan refugees. The policy is broadly aligned with the Solutions Strategy for Afghan Refugees to create conditions conducive to voluntary repatriation, and support refugee-hosting communities, and assist resettlement in third countries. UNHCR noted that the policy encourages developing a new refugee law, and expressed optimism that Pakistan could move forward with more concrete, alternative-stay arrangements for the residual population.⁵³³

The Pakistan government appointed a ministerial committee to oversee implementation of the policy. The ministerial committee is tasked with adopting policy and procedures to ensure documentation and registration of Afghan refugees and unregistered Afghan migrants residing in Pakistan; ensuring expeditious voluntary returns to Afghanistan; engaging the international community and the Afghan government to undertake efforts for sustainable reintegration inside Afghanistan; devising procedures and mechanisms for effective border control and management; reaching consensus on a national refugee law; minimizing the negative impact of Afghan refugees on Pakistan's socio-economic and security environment;

and working with the international community and Afghan government to improve sustainable reintegration.⁵³⁴

Human Trafficking

According to State, the Afghan government must increase its efforts to implement its plan to prevent human trafficking. State notes that although the Afghan High Commission Against Trafficking in Persons has continued its quarterly meetings, participation is declining.⁵³⁵ Presently, State is funding coordination activities between the Afghan government and civil society organizations regarding human trafficking as well as conducting research to identify trafficking hot spots and the nature and magnitude of the problem in four regions of Afghanistan.⁵³⁶ State also plans to award a carpet-weaving program to provide assistance to rescued trafficking victims.⁵³⁷ In early FY 2014, State also hopes to complete a grant that will work to increase the capacity of Afghanistan's police, prosecutors, and judges to mount an effective anti-trafficking program.⁵³⁸

Afghanistan Independent Human Rights Commission

The top UN human rights official warned this quarter that the Afghanistan Independent Human Rights Commission (AIHRC) could lose its international "A" status—which signifies compliance with the Paris Principles—as recognized by the International Coordinating Committee (ICC) due to the appointments President Karzai made to the commission last quarter.⁵³⁹ The ICC is conducting its five-year review of the AIHRC to determine if it conforms to the Paris Principles accepted by the Afghan government.⁵⁴⁰ The Paris Principles are a set of international standards which frame and guide state-funded, independent National Human Rights Institutions (NHRI) and were adopted by the UN in 1993. According to Office of the High Commissioner for Human Rights (OHCHR), NHRIs comply with the Principles which identify their human rights objectives and provide for their independence, broad human rights mandate, adequate funding, and an inclusive and transparent selection and appointment process. The Principles are broadly accepted as the test of an institution's legitimacy and credibility.⁵⁴¹ State anticipates an initial status recommendation from the ICC to either retain the A rating or downgrade to a B status. The AIHRC would then have one year to respond to the recommendations before the ICC ranking is finalized.⁵⁴²

Karzai appointed five new commissioners to the nine-member commission in June 2013. None were on a list proposed by leading human rights and civic organizations.⁵⁴³

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ECONOMIC AND SOCIAL DEVELOPMENT

As of September 30, 2013, the U.S. government has provided more than \$24.7 billion to support governance and economic development in Afghanistan. Most of the appropriated funds flowed into four major programs and accounts, as shown in Table 3.9.

Of the \$22 billion appropriated for these funds, approximately \$18 billion had been obligated and \$14 billion disbursed as of September 30, 2013.

KEY EVENTS THIS QUARTER

Three developments this quarter will affect the U.S. effort to promote economic development in Afghanistan: the United States released a revised Civil-Military Strategic Framework for Afghanistan, the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) released a new assessment, and the International Monetary Fund (IMF) continued to delay a review of its Extended Credit Facility (ECF) Arrangement with Afghanistan.

The Civil-Military Strategic Framework for Afghanistan for 2015–2024 replaces the October 2012 version. With a heightened focus on transition, it aims to guide U.S. government efforts for achieving U.S. national goals in Afghanistan, and serves to facilitate U.S. civilian and military cooperation.⁵⁴⁴

The MEC, which was established in 2010 to develop anticorruption recommendations and benchmarks, as well as monitor and evaluate Afghan and international community anticorruption efforts, issued its fourth six-month report assessing Afghan and international donor progress in implementing the MEC's anticorruption recommendations. The MEC also completed its tenth mission visit to Afghanistan, where it found, in part, that Afghanistan has not made serious efforts to track and seize money stolen from Kabul Bank or to recover money from other debtors.⁵⁴⁵

Afghanistan made no progress this quarter in implementing economic and financial reforms. The IMF's ECF Arrangement review and disbursement remain delayed due to insufficient Afghan progress toward meeting the agreement's quantitative and legislative requirements.⁵⁴⁶ The Afghan government has not held any more people accountable for the Kabul Bank scandal, nor has it made any additional cash recoveries this quarter.⁵⁴⁷ The

TABLE 3.9

CUMULATIVE APPROPRIATIONS FOR AFGHANISTAN DEVELOPMENT, AS OF SEPTEMBER 30, 2013 (\$ BILLIONS)		
Name	Managed by	Appropriated
ESF	USAID	\$16.7
CERP	DOD	\$3.6
TFBSO	DOD	\$0.7
AIF	STATE/DOD	\$1.0
Total		\$22.0

Notes: ESF = Economic Support Fund; CERP = Commander's Emergency Response Program; TFBSO = Task Force for Business and Stability Operations; AIF = Afghanistan Infrastructure Fund.

Sources: DOD, responses to SIGAR data call, 10/23/2013 and 10/1/2013; USAID, response to SIGAR data call, 10/10/2013; State, response to SIGAR data call, 6/27/2013; OMB, response to SIGAR data call, 7/19/2013; P.L. 113-6, 3/26/2013.

government continues to delay the new mining law, which in turn hinders significant private investment in the mining sector.⁵⁴⁸

Gross domestic product (GDP): is the value of all final goods and services produced in a country in one year.

Gross national product (GNP): is the value of all final goods and services produced in a country in one year (gross domestic product) plus income that residents have received from abroad, minus income claimed by nonresidents.

Source: World Bank, "Beyond Economic Growth," accessed 10/17/2013.

Opium production is not calculated in official GDP figures (nearly \$19 billion in 2012), although it figures prominently in the economy. Farm-gate price of the opium economy is estimated at the equivalent of 3.3% of GDP by the World Bank and 4% by the UN Office on Drugs and Crime. Higher-priced opium exports are calculated at 7–8% of GDP by the World Bank and 10–11% by the UN.

Sources: World Bank, "Afghanistan Partnership: Country Program Snapshot," p. 3, 8/29/2013; UNODC, "Afghanistan Opium Survey 2012," pp. 9, 13, 5/2013.

ECONOMIC PROFILE

This quarter, the IMF, the World Bank, and the Asian Development Bank (ADB) all reported that Afghanistan's **gross domestic product (GDP)** growth has slowed considerably from about 11.8 percent in 2012 to an estimated 3–4% for 2013. They attribute the decline in GDP to increasing uncertainty about the economy because of the volatile political and security environment and a contraction in agricultural production.⁵⁴⁹ With an expected reduction in international aid and spending after 2014, World Bank projections show average real GDP growth declining to 4–6% annually during 2011–2018, with slower growth during the transition years.⁵⁵⁰

Fueled by international military spending and development assistance Afghanistan's economy grew an average 9.4% between 2002 and 2012.⁵⁵¹ The services sector has been the most important driver of economic growth, with demand buoyed by increased public spending in 2013.⁵⁵²

Non-poppy agriculture remains the second leading contributor to real GDP, typically accounting for between a quarter and a third of GDP, depending on output.⁵⁵³ But production fluctuates with the weather. Good rains in 2012 led to a near-record-breaking wheat and cereal harvest, but this year a moderate rainfall should yield a more conventional harvest.⁵⁵⁴

Fiscal Sustainability

The Afghan government's revenues declined in FY 2012 at the same time that public spending increased, according to the World Bank. In its latest report the Bank said that public spending increased by about 45% to \$3.7 billion in fiscal year (FY) 2012 while revenues decreased.⁵⁵⁵ The Bank also stated that budget expenditures are expected to continue rising, largely due to spending on security, service delivery, building essential infrastructure, and operations and maintenance.⁵⁵⁶

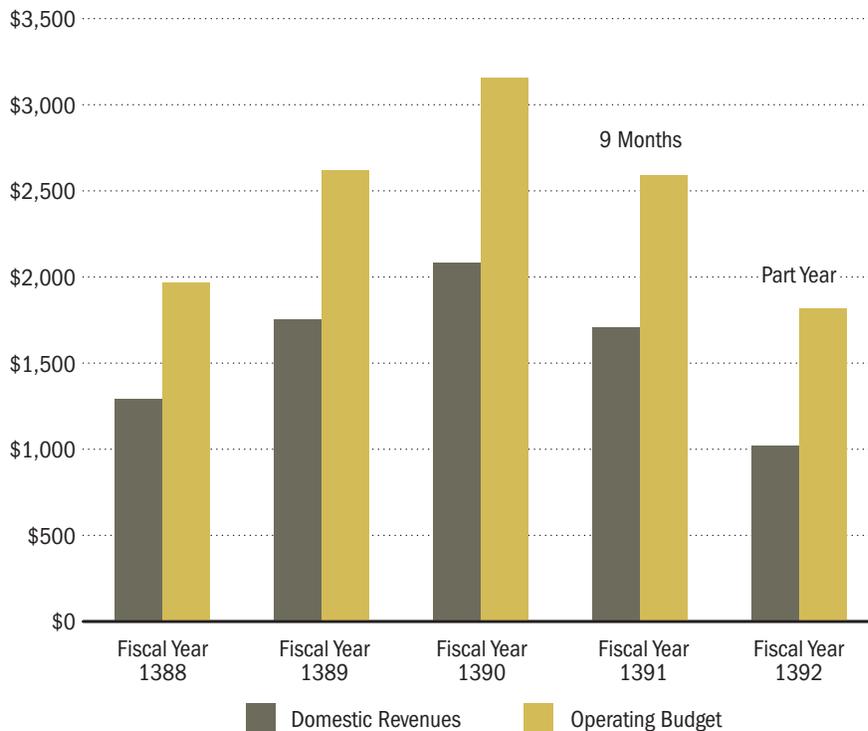
Afghanistan's fiscal sustainability ratio—domestic revenues versus operating expenses—remains one of the lowest in the world, according to the Department of Defense (DOD).⁵⁵⁷ Recent World Bank calculations show that Afghanistan's fiscal sustainability ratio declined to 60% in FY 2012 compared to 65% in FY 2011. Low fiscal sustainability ratios limit a country's ability to pay for discretionary services and are likely to delay its progress to self reliance.⁵⁵⁸ The Bank describes Afghanistan's fiscal outlook as subpar and likely to delay its progress to self-reliance.⁵⁵⁹

Revenue Generation

Last year, the Afghan Ministry of Finance (MOF) projected domestic revenue for FY 1392 (December 2012 to December 2013) at \$2.4 billion

FIGURE 3.33

AFGHANISTAN'S DOMESTIC REVENUES COMPARED TO OPERATING BUDGET (\$ MILLIONS)



Notes: Until recently, Afghan fiscal years ran approximately March 21 to March 20 of Gregorian calendar years. FY 1388 corresponds to March 21, 2009, to March 20, 2010, and so on. Nine-month data for fiscal year 1391 reflect a change in the timing of the Afghan fiscal year. FY 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 7," 8/21/2013, accessed 10/17/2013; Da Afghanistan Bank, "Daily Exchange Rates of Selected Currencies to Afghani," 8/21/2013, accessed 10/23/2013.

(calculating the currency exchange rate of 51.6 afghanis (AFN) to \$1 in January 2013), an increase of 33% over FY 1391 (March 2012 to December 2012).⁵⁶⁰ However, in the first seven months of FY 1392, total domestic revenues decreased by 6.3% from the same period in FY 1391, and missed MOF budget targets by 12%.⁵⁶¹ Figure 3.33 depicts the disparity between the government's domestic revenues—derived primarily from taxes and customs duties—and budget operating expenditures from FY 1388 to FY 1392.

In its latest report, the World Bank noted that domestic revenues paid for only 40% of Afghanistan's operating budget and development expenditures in FY 2012; the rest was covered by donor grants.⁵⁶²

According to the World Bank, Afghanistan's weak revenue performance continues to be caused by the slowdown in economic activity, changes in

the structure of imports, and from corruption, particularly in customs collections. The Bank estimates that domestic revenues will amount to about 10.1% of GDP in 2013. Afghanistan's commitments under the Tokyo Mutual Accountability Framework call for it to increase revenues to 15% of GDP by 2016 and 19% by 2025. The Bank warned that the current decline in revenue poses risks to long-term sustainability and to Tokyo Mutual Accountability Framework targets, upon which donor assistance is predicated.⁵⁶³

Trade

In its latest analysis, the World Bank found that Afghanistan's trade deficit is equivalent to 43% of GDP, which was largely offset by foreign aid. This assistance allowed for an overall surplus in Afghanistan's balance of payments and a record \$7.1 billion in international reserves at the end of 2012. Reserves have since declined to \$6.3 billion in June 2013.⁵⁶⁴

Additionally, Afghanistan's exports declined 5% in 2012 to \$2.6 billion, while imports rose 5% to \$11.2 billion. Afghanistan has relatively few tradable products, and those are concentrated in a few markets, such as agricultural products. Dry fruits, which typically account for about one third of official exports, declined by 21%, according to the report. Foreign direct investment remained stagnant at 2% of GDP.⁵⁶⁵

EXTENDED CREDIT FACILITY ARRANGEMENT

The Afghan government failed to make sufficient progress on specific banking and financial structural reforms required by the IMF to qualify for the Extended Credit Facility (ECF). The Afghan government has neither submitted an internationally acceptable revised law to parliament to combat money laundering and financing of terrorism, nor met the quantitative macroeconomic targets set forth under the ECF Arrangement. For example, Afghanistan failed to achieve agreed-to revenue targets for SY 1391 and SY 1392 (quarters 1 and 2).⁵⁶⁶

Afghanistan's failure to meet IMF targets once again delayed IMF Board reviews and accompanying disbursement of funds. Neither the second review, originally planned for December 2012, nor the third, originally planned for March 2013, has been completed. IMF staff visited Afghanistan this quarter to assess Afghanistan's progress on its agreed-to measurements to determine whether to present its reviews to the IMF Executive Board. Treasury reports that progress was not yet sufficient to trigger a review.⁵⁶⁷

The three-year, \$129 million ECF loan agreement signed in November 2011 makes disbursements contingent upon completion of program reviews, as determined by IMF Management and the Executive Board. The IMF has released two disbursements of \$18.2 million—the first at initial ECF approval, and the second in June 2012.⁵⁶⁸

U.S. ECONOMIC SUPPORT STRATEGY

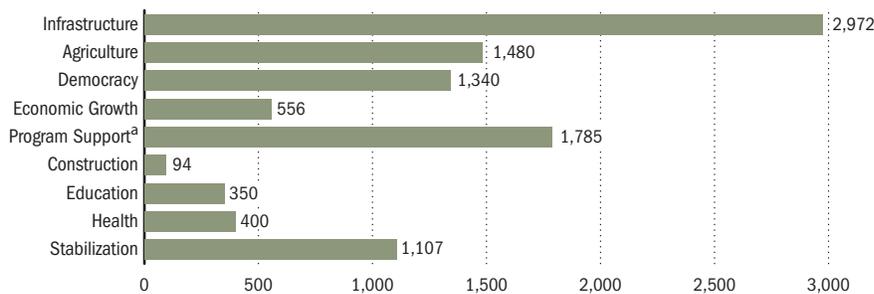
The U.S. economic transition strategy in Afghanistan seeks to mitigate the negative economic impact of the withdrawal of most international security forces by 2014 and the expected accompanying reduction in donor assistance. It also seeks to help Afghanistan develop its resources for sustainable growth.

In its FY 2014 budget request to Congress for Afghanistan, State has asked for \$3.1 billion to fund development programs and promote good governance: \$2.2 billion for assistance, and \$0.9 billion to support embassy operations in Kabul and a diplomatic presence in other parts of the country. The majority of this assistance will be provided through the Economic Support Fund (ESF).⁵⁶⁹

Most ESF support is used for USAID’s development programs. Figure 3.34 shows USAID assistance by sector.

FIGURE 3.34

USAID DEVELOPMENT ASSISTANCE, AS OF SEPTEMBER 30, 2013 (\$ MILLIONS)



Notes: Numbers rounded.

^a Program Support projects include staffing, salaries, performance metrics, results tracking, technical assistance to ministries, and funding to the ARTF.

Source: USAID, response to SIGAR data call, 10/10/2013.

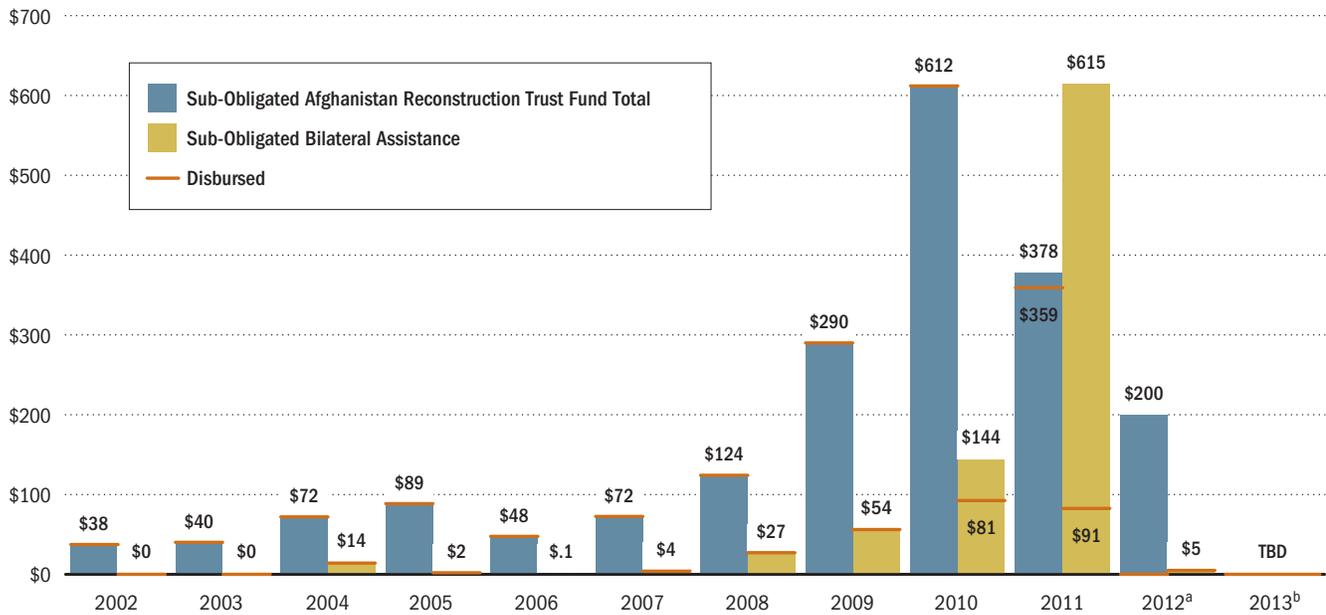
U.S. On-Budget Assistance to the Afghan Government

In line with donor commitments made at the 2010 Tokyo Conference and the 2013 senior officials’ follow-up conference to the Tokyo Mutual Accountability Framework, the United States has been gradually increasing the amount of development assistance it provides directly to the Afghan government. This quarter, USAID obligated approximately \$400 million and disbursed more than \$76 million in on-budget assistance, from prior fiscal-year funds. Cumulatively, USAID obligated \$2.83 billion and disbursed \$2.02 billion in on-budget assistance, as of September 30, 2013, as shown in Figure 3.35 on the following page.⁵⁷⁰

The United States includes as on-budget assistance multilateral trust-fund contributions to the Law and Order Trust Fund for Afghanistan (LOTFA) and the Afghan Reconstruction Trust Fund (ARTF). These funds,

FIGURE 3.35

USAID ON-BUDGET ASSISTANCE SUBOBLIGATED AND DISBURSED, FY 2002-FY 2013 (\$ MILLIONS)



Notes: Numbers have been rounded. Subobligation is funding for project-level agreements.

^a Most FY 2012 USAID funding for on-budget assistance had not been obligated as of September 30, 2013.

^b Spending in 2013 is being done from prior fiscal year funds. Subobligations and Disbursements for FY 2013 are not yet known.

Source: USAID, response to SIGAR data call, 10/10/2013.

which are managed by the UNDP and the World Bank respectively, support the Afghan national budget, but aren't fully under the Afghan government's control. See page 78 for details about U.S. and international contributions to the LOTFA and ARTF.

The U.S. Civil-Military Strategic Framework for Afghanistan

This quarter, the United States released an updated U.S. Civil-Military Strategic Framework for Afghanistan, emphasizing transition to Afghan control and preserving gains into the next decade.

The framework reiterates the two overarching U.S. strategic goals in Afghanistan: (1) to disrupt, dismantle, and eventually defeat al-Qaeda and its affiliates and prevent their return to Afghanistan; and (2) to strengthen Afghanistan so that it can never again be a safe haven for international terrorism. Under this framework, the United States will focus on shoring up three reconstruction pillars—governance, rule of law, and socio-economic development—all built upon a foundation of security. The framework outlines four priorities in the socio-economic sectors:

- supporting economic growth through development of key industries, including agriculture, extractives, telecommunications, light manufacturing, and services
- improving the health and education of Afghans through advice and assistance to the Afghan government, as well as related investments in health and education
- promoting Afghanistan’s regional economic integration through support and assistance to relevant Afghan ministries
- supporting economic growth through development of key economic infrastructure and strengthening Afghan government capacity to manage that infrastructure⁵⁷¹

According to State, the U.S. government aims to replace the Civil-Military Strategic Framework in 2014 with a multi-year Integrated Country Strategy that will outline policy priorities, objectives, and the means for achieving them.⁵⁷²

The Civil-Military Strategic Framework is built upon a set of assumptions that may or may not be valid. For example, it assumes that the Afghan government will make sufficient progress on indicators outlined in the Tokyo Mutual Accountability Framework, resulting in continued financial support from the international community. However, the July 2013 Senior Leaders Meeting Joint Report assessing the Afghan government’s progress on meeting Tokyo Mutual Accountability Framework benchmarks concluded that it has not made progress in some key areas, such as improved revenue collection. The senior leaders pointed out that the Afghan government’s enforcement of taxation is increasingly hindered by a deteriorating security situation, limitations on the rule of law, and low organizational capacity.⁵⁷³

The updated U.S. strategic framework also assumes that the security environment will allow implementing partners to continue development assistance activities as well as conduct adequate oversight. Yet in its 2012 review of USAID/Afghanistan’s monitoring and evaluation, the USAID Office of Inspector General stated that managing development programs in high-threat environments like Afghanistan presents special oversight risks and challenges. The review describes the security situation in Afghanistan—even with international forces present—as a “significant and continuing constraint to USAID/Afghanistan’s program monitoring and evaluation.”⁵⁷⁴

BANKING AND FINANCE

Afghanistan’s banking and financial sector has not recovered from the 2010 near-collapse of Kabul Bank, and suffers from a loss of consumer confidence. Audits of major banks in Afghanistan conducted in the wake of the Kabul Bank scandal have revealed “systemic fragility and vulnerability in all areas of banking governance and operations,” according to a 2013

SIGAR SPECIAL PROJECT

SIGAR continues to be concerned about the ability to ensure adequate oversight of the U.S.-funded reconstruction effort as most international combat forces transition out of Afghanistan in 2014. For more information, see Section 2, page 45.

The Tokyo Mutual Accountability Framework, established by the Afghan government and international community at the donors’ conference in 2012, was created to structure international development assistance to Afghanistan through 2015. Assistance depends on the Afghan government delivering on its commitments described in the Framework.

Loan-to-Deposit Ratio: is used to assess a bank's liquidity (short-term viability) by dividing its total loans by its total deposits, expressed as a percentage. It is used to calculate the financial institution's ability to cover customer demands to withdraw funds. If the ratio is too high, the bank may have insufficient liquidity to cover unforeseen requirements. If it is too low, banks may not be earning as much as they could.

Correspondent Accounts: Accounts maintained by foreign financial institutions at U.S. banks in order to gain access to the U.S. financial system and take advantage of services and products that may not be available in the foreign financial institution's jurisdiction.

Financial Action Task Force (FATF): an intergovernmental policy-making body that sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system. The United States is a member and Afghanistan is an associate member through the Asia/Pacific Group on Money Laundering.

Sources: Investopedia, "Loan-To-Deposit Ratio," accessed 9/30/2013; Finance Formulas, "Loan to Deposit Ratio," accessed 9/30/2013; Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money Laundering InfoBase, "Correspondent Accounts (Foreign)—Overview," accessed 10/1/2013; Financial Action Task Force, "Who We Are," accessed 10/4/2013.

World Bank report.⁵⁷⁵ State reports that Afghanistan's banks suffer from political interference and lack of oversight.⁵⁷⁶ For example, Afghanistan's anti-money-laundering/combating-terrorism-financing controls are widely viewed as deficient.⁵⁷⁷

The general population distrusts banks, preferring to borrow and save with family and friends, and transfer money through informal, honor-based "hawalas."⁵⁷⁸ Consequently, the banking sector's **loan-to-deposit ratio** dropped from 56.8% in 2010 to 23% in 2012.⁵⁷⁹

Treasury characterizes the sector as generally weak, with few banks operating at international standards, while capacity, including bank supervision, remains low. The sector is also highly dollarized whereby Afghans prefer the use of foreign currency over their national currency, the afghani (AFN), which is depreciating against the dollar (57 AFN to \$1). According to Treasury, no single bank poses a systemic risk on par with the Kabul Bank crisis, but the banking sector as whole is vulnerable to future distress.⁵⁸⁰

Meanwhile, some major international banks are limiting their dealings with foreign banks to reduce risk and exposure to heightened regulatory scrutiny. This may jeopardize Afghan banks' **correspondent account** relationships, according to Treasury.⁵⁸¹

Money Laundering

Afghanistan's draft Anti-Money-Laundering/Combating the Financing of Terrorism (AML/CFT) legislation—which is pending parliamentary approval—does not meet globally recognized **Financial Action Task Force (FATF)** standards, despite input from the United States and its international partners. The cabinet approved the draft legislation on July 1.⁵⁸²

FATF specifically recommends Afghanistan, which has developed a AML/CFT action plan, address its deficiencies by adequately criminalizing money laundering and terrorist financing; establishing and implementing a legal framework to identify, trace, and freeze terrorist assets; implementing an adequate oversight program for all financial sectors; establishing and implementing adequate procedures for confiscating money-laundering assets; establishing a fully functional and operational financial-intelligence unit; and establishing effective controls for cross-border cash transactions.⁵⁸³

If the suggested changes are not made to Afghanistan's action plan and Parliament passes the draft legislation as written, FATF is likely to downgrade Afghanistan, according to State.⁵⁸⁴ A FATF downgrade may further weaken Afghanistan's banking sector. In extreme cases where the international financial system is deemed threatened, FATF members may be asked to apply financial countermeasures, such as rejecting correspondent relationship requests from high risk countries to open branches and subsidiaries in their jurisdictions. Currently, only two countries meet that criterion: Iran and North Korea.⁵⁸⁵

State's recent International Narcotics Control Strategy Report listed Afghanistan as a major money-laundering country in 2012. The report says illegal financial activities "continue to pose serious threats to the security and development of Afghanistan." According to the report, hawala methods of transferring money are the source of most of the money-laundering. Afghans rely upon traditional hawala networks because of official corruption and weakness in the banking sector.⁵⁸⁶

The Kabul Bank

Before its near-collapse in 2010, the Kabul Bank had been Afghanistan's largest banking service provider, distributing most civil salaries on behalf of the Afghan government. Over 92% of \$935 million that was stolen from the bank went to 19 individuals and companies associated with the bank. Afghanistan's central bank, Da Afghanistan Bank (DAB), covered these losses, equivalent to 5–6% of Afghanistan's GDP.⁵⁸⁷

Cash and Asset Recoveries

During this reporting period, U.S. implementing agencies reported no new recoveries of money stolen from the Kabul Bank.⁵⁸⁸ There is also no firm consensus amongst international actors on the amount the Kabul Bank Receivership has recovered so far. DAB reported \$168.4 million has been recovered as of June 30, 2013. The Senior Officials Meeting Joint Report on Tokyo Mutual Accountability Framework Implementation recorded \$173.2 million as of July 3, 2013. Afghanistan's Independent Joint Anti-Corruption and Monitoring and Evaluation Committee's (MEC) latest six-month report (January 1–June 30, 2013) has cash recoveries at \$172.9 million.⁵⁸⁹ Whatever the precise number may be, each reported number amounts to less than 20% of the stolen funds.

Appeals

On March 5, 2013, the Special Tribunal of the Supreme Court on Kabul Bank issued its judgment on 21 individuals charged with fraud. The two leaders of the fraud, ex-chairman Sherkhon Farnood and ex-CEO Khalillullah Ferozi, were given modest five-year prison sentences and ordered to pay only partial restitution. Afghanistan's Attorney General's Office (AGO) appealed the verdict on March 16, 2013, seeking longer prison terms and additional convictions for both men.⁵⁹⁰

This quarter two appeals hearings were held before the public-security division of the Kabul Appellate Court, on September 15 and September 29. According to the U.S. Department of Justice (DOJ), the appellate court was dissatisfied with the AGO's submissions, particularly its legal rationale for the appeal and the amount of money outstanding, but has afforded prosecutors the opportunity to modify them.⁵⁹¹ According to the MEC, the deficiencies in the submissions are glaring, especially since technical

assistance was available to the AGO.⁵⁹² It is not known when the appellate court will render a decision. Following that decision, which could be tougher or lighter than the original verdict, the appeal can go to the Supreme Court for a final review.⁵⁹³

Prosecutions

Afghanistan's AGO launched no new investigations, filed no new charges, and indicted no additional defendants this quarter despite the March 2013 order by the Supreme Court's special tribunal on Kabul Bank that it do so. At that time, the special tribunal ordered the arrest and prosecution of 16 individuals with existing warrants—many of whom have since fled the country—and the investigation and prosecution of 16 others as recipients of illegal loans. The DOJ has repeatedly discussed this inaction with various AGO representatives, to no avail.⁵⁹⁴

Independent Joint Anti-Corruption Monitoring and Evaluation Committee

This quarter, the MEC traveled on its tenth quarterly mission to Afghanistan and released its fourth six-month report, which covers January 1–June 30, 2013. In the socio-economic realm, the MEC made the following observations:

- Only four donors have fully complied with its recommendation that donor development projects be registered in the Ministry of Finance's Development Assistance Database (Canada, Norway, Sweden, and the EU). Some donors complained that the database is not user-friendly, but the MEC stated that failure to register will cause oversight and sustainability problems for Afghan agencies after transition.
- The Afghanistan National Standards Authority funded several quality-control laboratories at various border points as well as mobile laboratories to test the quality of goods in stores, storage, and being transported on highways. Yet after a year, the labs are still not operating.
- Afghanistan has not made serious efforts to track and seize Kabul Bank money that was laundered to 28 different countries, or to recover money from other debtors.⁵⁹⁵

New Kabul Bank

The MOF and Afghanistan's central bank renewed their efforts this quarter to privatize New Kabul Bank (NKB), a temporary "bridge bank" containing the good assets and deposits from Kabul Bank. The initial privatization effort failed earlier this year, when the MOF rejected the one bid received.⁵⁹⁶

The MOF and DAB announced a new privatization tender on September 3, 2013; bidder registration ended September 30. The deadline for proposals is October 30; official bids will open November 1.⁵⁹⁷ Privatizing NKB, which provides salary payment and direct deposit services to hundreds of thousands of government employees, is an ECF benchmark.

The MOF intends to sell NKB to private investors or liquidate it by the end of 2013.⁵⁹⁸

An independent, calendar-year 2012 financial audit of NKB by Grant Thornton LLP expressed unqualified concern regarding the bank's ability to continue business without successful privatization. NKB lost an average of \$1.85 million per month in 2012.⁵⁹⁹ Treasury quoted an Afghan government official as saying NKB losses are currently running at \$500,000 per month. The official anticipates losses declining to \$300,000 per month in the coming months.⁶⁰⁰ According to the IMF and Treasury, NKB's lack of a lending portfolio, restrictions on developing lending before being offered for sale, and the need to maintain a conservative asset-management strategy mean it will continue to suffer modest operating losses prior to sale.⁶⁰¹

DEVELOPMENT OF NATURAL RESOURCES

The United States, the Afghan government, and the international donor community count on developing Afghanistan's natural resources to underpin future economic growth in the face of declining external aid. Although mining has contributed less than 2% to the country's GDP to date, the Afghan government expects to receive significant revenues from large-scale investments in the Aynak (copper) and Hajigak (iron-ore) mines, and from oil and gas fields in the Afghan-Tajik basin.⁶⁰² However, SIGAR has consistently cautioned that the Afghan government may not be able to earn substantial revenues from Afghanistan's minerals, coal, petroleum, and natural gas resources any time soon because of the considerable infrastructure investment required to develop them.

The United States, through DOD's Task Force for Business and Stability Operations (TFBSO), has supported the Afghan government's efforts to attract investment in the mining sector. TFBSO has fully obligated its \$17.2 million total for mining-sector development in FY 2013, as of September 30, 2013.⁶⁰³

New Minerals Law

There was no movement this quarter on the draft new minerals law pending before Parliament. As of September 30, 2013, the draft minerals law is under review with the Natural Resources Committee of the lower house of parliament, which has sought multiple explanations and clarifications from Ministry of Mines and Petroleum (MOMP) officials. Once passed by both the lower and upper houses, it will be sent to the president for final approval.⁶⁰⁴ DOD's TFBSO warns that without legislative reform that, in part, links investor exploration and extraction rights, and institutes a formal and fixed royalty rate, many companies will not bid on new tenders and may not sign contracts on existing awards. The delay has significantly hindered private-sector investment, according to TFBSO.⁶⁰⁵

Several major mining contracts remain on hold pending passage of a new minerals law, including: Hajigak (iron ore, awarded in November 2011),⁶⁰⁶ Shaida (copper, November 2012); Badakhshan (gold, November 2012); Balkhab (copper, November 2012); and Zarkashan (gold, December 2012).⁶⁰⁷

Passage of a revised minerals law is meant to better protect Afghan resources, encourage investors, and align regulations to international best practices. It is an important IMF and Tokyo Mutual Accountability Framework benchmark to improve Afghanistan's revenues and overall fiscal sustainability.⁶⁰⁸ As currently written, however, the draft minerals law requires mining companies to use Afghan labor exclusively and to prioritize purchasing Afghan, rather than foreign, goods. These provisions are unlikely to comply with World Trade Organization rules and could deter private investment, according to State.⁶⁰⁹

Assistance to the Ministry of Mines and Petroleum, and the Afghanistan Geological Survey

The United States continued to provide technical assistance this quarter to the MOMP, the ministry's Afghanistan Petroleum Authority (APA), and the Afghan Geological Survey (AGS), largely through the TFBSO and the U.S. Geological Survey (USGS). These organizations are supporting mineral and hydrocarbon tenders, oil-and-gas data management, and are providing engineering, legal documentation, and financial-transaction services for its international mining and hydrocarbon-tender programs. They are also building capacity at the MOMP and AGS through hands-on training and classroom modules in modern data collection techniques.⁶¹⁰

TFBSO provides subject-matter-expert support to the APA—technical (oil and gas engineering), legal (contract implementation), and financial (accounting and analysis)—primarily assisting in the oversight of the Amu Darya Exploration and Production Sharing Contract. TFBSO helped develop APA's organizational chart, and is advising its human-resources department on recruiting processes.⁶¹¹

Additionally, a TFBSO-funded legal and geology team is working with the MOMP to identify and tender new areas of interest, including three cement-making areas and two copper/gold-mining areas. The MOMP announced the cement tenders on September 22, 2013, with submissions due November 5. The copper and gold tenders were expected to be released in October 2013.⁶¹²

Mining Investment and Development for Afghan Sustainability

The Mining Investment and Development for Afghan Sustainability (MIDAS) is a \$41.6 million program with on- and off-budget components. The off-budget Phase I is focusing on legal and regulatory reform, technical assistance to the MOMP, small and medium-size enterprise development,

and assistance in geo-science field investigation. It will provide other support as needed. The on-budget Phase II is designed to strengthen the MOMP so that it can procure, implement, and monitor completion of mining tender packages. As of September 30, 2013, USAID had obligated \$6 million from FY 2010 and FY 2011 funds to begin off-budget implementation.⁶¹³

USAID expects to achieve the following results from MIDAS:

- make amendments to the mining law that reflect the needs of the private sector
- improve capacity at MOMP in governance, internal controls, procurement procedures, and financial management
- improve capacity of Afghan small-to-medium enterprises to provide support services to the mining sector
- establish communications between the MOMP, the private sector, and local communities
- implement programs for small-to-medium Afghan enterprises to participate in research, development, and management of mines
- create a system for effective monitoring of on-budget funding.⁶¹⁴

USAID will measure MIDAS's success against the following metrics: the political will to foster a business-friendly environment for foreign and domestic investment in the mining sector; a business-friendly regulatory environment, aligned with international standards to attract investment; transparency in tendering and awarding contracts; and gender equality in the extractives industries sector.⁶¹⁵ Prospects for progress in this area, however, will be affected by the difficulties described earlier on page 155.

TFBSO Transition Plan

Congress required that DOD develop a plan for transitioning TFBSO programs to either State or USAID. On September 13, 2013, Secretary of Defense Hagel signed the initial version of FY 2013 National Defense Authorization Act-mandated Task Force for Business and Stability Operations Fiscal Year 2013 Transition Plan and Report on Transition Implementation. It must be reviewed, revised, and signed by the Secretary every 90 days. Currently, no TFBSO mining programs are proposed for transfer to USAID or any other U.S. government agency upon dissolution of TFBSO. Instead, TFBSO said it will wind down all its projects at the MOMP by the end of 2014, either by shutting them down outright or transferring them to the Afghan government or a private Afghan firm. However, projects could be continued and funded by other U.S. implementing agencies beyond 2014.⁶¹⁶

Mine Security

Providing security for the mining areas continues to be a challenge for the Afghan government. Mine security was supposed to be the responsibility of Afghan Mines Protection Units (MPUs), which still have only 1,500

personnel, according to the MOMP website, even though the ministry planned to ramp up to 7,000. These figures have remained unchanged over the last year despite several attacks in 2011 and 2012 targeting mining interests, including against Aynak, Amu Darya Basin, and Afghan-Tajik Basin, as well as marble quarries, a coal mine, and a gold mine.⁶¹⁷

State has previously reported that because the MPUs have not developed as anticipated, the Afghan National Police have taken over security for the extractive industries. However, according to State, the Ministry of Interior and MOMP have also failed to adequately address site security issues. TFBSO said it is unclear if the MPUs will be able to provide sufficient protection once Hajigak and the four copper and gold mines begin extraction.⁶¹⁸

Both State and TFBSO said they are unaware of additional attacks since 2012, but congressionally funded Radio Free Europe/Radio Liberty (RFE/RL) reports that workers came under attack from a local militia in the Amu Darya Basin in September, halting oil production. It also highlighted disputes between local leaders over control of gold and precious stones trade, as well as fights between the central government and provincial and tribal leaders in resource-rich areas. Furthermore, RFE/RL said natural resources are being used by armed groups to fund conflict, while the security environment at major mining operations such as Hajigak, Aynak, and Amu Darya is becoming increasingly unstable due to militant activity.⁶¹⁹

Aynak Copper Mine

The Afghan government awarded the contract for extraction rights at the Mes Aynak copper mine in Logar province to Metallurgical Corporation of China (MCC) in 2008, but the Chinese company has not been able to begin excavation. Development of the mine remains delayed by the discovery of cultural relics in the area, difficulties in land acquisition, lack of primary infrastructure, and security concerns.⁶²⁰ Despite these problems, the Afghan government is relying on Aynak's revenue stream to meet its future revenue predictions.⁶²¹

This quarter, the Afghan media reported MCC intends to exercise its option to renegotiate the contract. State said that MCC wanted to specifically renegotiate its commitments to build a railroad, a power plant, and a copper smelting plant. TFBSO stated that the government could attempt to cancel and re-tender the mine altogether. Even if there is no renegotiation, State said MCC may defer further investment until it evaluates the results of Afghanistan's 2014 presidential election and post-transition security environment.⁶²² However, in the wake of the Euro-Asia Economic Forum in Beijing in September, the MOMP announced that President Karzai received assurances from the Chinese president and deputy vice president that China's Aynak and Amu Darya contractual commitments would be "honored and actively implemented."⁶²³

North Aynak Drilling

TFBSO's \$4.5 million North Aynak drilling exploration program, which began in November 2012, ended in spring 2013, and will be followed by a MOMP tender. A follow-on training project started this quarter, combining classroom-based modules and hands-on drill training with equipment owned by the AGS. TFBSO is trying to help AGS drillers and geologists use the equipment in their inventory, rather than buy new drills.⁶²⁴

Hajigak Iron-Ore Mine

Contract negotiations for the Hajigak iron-ore concessions continue. The MOMP awarded three blocks to AFISCO, a seven-member Indian consortium led by state-owned Steel Authority of India Ltd. in November 2011, and one block to Canadian Kilo Iron Ore, a subsidiary of Kilo Goldmines.⁶²⁵ Kilo Iron Ore has consented in principle to all contract-negotiation terms. Both firms continue to await parliamentary approval of the new minerals law before signing contracts. TFBSO, although not involved in the negotiations, reports the eventual deal between AFISCO and the Afghan government is likely to be smaller than initially thought because of Indian investor concerns.⁶²⁶

Hydrocarbons

Afghanistan's efforts to develop its oil and gas reserves focus on the Amu Darya Basin and Afghan-Tajik Basin, both in northern Afghanistan. This quarter, Afghanistan's first two oil refineries went online in and around Hairatan in northern Afghanistan. Afghan-based Ghazanfar Group's and Kam International Oil's refineries will produce gasoline, kerosene, diesel, fuel oil, and asphalt for domestic consumption. Both refineries also have phased expansion plans. However, even with both refineries operational, Afghanistan would remain heavily import-dependent for fuels. The country currently imports 10,000 tons of oil products a day from Turkmenistan, Uzbekistan, Russia, Pakistan, and Iran.⁶²⁷

Afghan-Tajik Basin Contract

On September 23, 2013, Afghanistan's Council of Ministers approved an Afghan-Tajik oil and gas contract with an international consortium comprising Dragon Oil (UAE), Turkish Petroleum Corporation (Turkey), and Ghazanfar Group (Afghanistan). The contract was signed on October 8. The consortium won exploration and production-sharing rights for the two blocks it was awarded in November 2012. Financial details of the bids have not yet been announced, nor is the value of the tenders available.⁶²⁸

TFBSO provided technical, legal, and commercial assistance to the MOMP throughout the tender process, including subject-matter experts to advise the MOMP Contract Evaluation Team and the Inter-Ministerial Commission during the qualification and bid-evaluation processes; transparency consultants; and funding for a MOMP bidder-information conference.⁶²⁹

Amu Darya Basin Production

On September 30, 2013, MOMP announced a new tender for the exploration, development, and production of 7,131 square kilometers in the Amu Darya Basin. The contract area contains two known gas fields and 50 proven and prospective mining structures. Expressions of interest are due January 2014.⁶³⁰

The three awarded blocks of the Amu Darya Basin are estimated to contain 87 million barrels of crude oil, according to State and TFBSO.⁶³¹ The China National Petroleum Corporation Watan Energy Afghanistan (CNPCI-W) produced approximately 14,916 barrels of crude this year from three blocks as of August 31, 2013, approximately 4,200 more than reported last quarter. However, CNPCI-W is not on track to produce the minimum production requirements for FY 2013 of 1.65 million barrels, according to TFBSO. The Afghan government had received \$4.67 million in royalty and surface rental fees as of August 31, 2013, representing no change from last quarter.⁶³²

Because Afghanistan lacks adequate refining capacity, CNPCI is producing below capacity while it works to secure a buyer for its output. According to TFBSO, CNPCI-W has a buyer for 1.75 million barrels, but is waiting for the Afghan government to negotiate cross-border transit agreements so that it can export its crude oil to a neighboring country to be refined.⁶³³

AGRICULTURE

Agriculture continues to be the main source of employment and subsistence for the Afghan population. Only 12% of the land is arable and less than 6% is cultivated, yet the sector accounts for 31% of GDP and, according to the latest World Bank report, provides employment to about 59% of the labor force.⁶³⁴ Given its importance, agriculture could be a catalyst for GDP growth, improved food security, and more stable employment opportunities.⁶³⁵

Between FY 2002 and FY 2012, USAID has appropriated approximately \$2.46 billion for agricultural and alternative development funding to improve production, increase access to markets, and provide alternatives to poppy cultivation.⁶³⁶ Of that, USAID has obligated about \$29 million and disbursed \$9 million in direct assistance to build capacity at the Ministry of Agriculture, Irrigation, and Livestock (MAIL).⁶³⁷

USAID is currently providing on- and off-budget assistance to the agriculture sector through several programs. USAID's three highest-priority programs, worth more than \$350 million total, are:

- Agricultural Development Fund (ADF) and Agricultural Credit Enhancement (ACE)
- Incentives Driving Economic Alternatives-North, East, and West (IDEA-NEW)
- Commercial Horticulture and Agricultural Marketing Program (CHAMP)

Agricultural Development Fund and Agricultural Credit Enhancement

The Agricultural Development Fund and Agricultural Credit Enhancement (ADF-ACE), a \$150 million agricultural-credit project, has two complementary activities that aim to support MAIL's efforts to provide loans and build ADF staff capacity to manage them. ADF was established to provide loans across the agricultural value chain through banks, farm stores, leasing companies, and food processors, which in turn provide agricultural credits to farmers. ADF-ACE designed and launched nine innovative financial lending products.⁶³⁸

ACE is the technical-assistance component that manages all ADF lending activities and helps build MAIL capacity.⁶³⁹ This quarter, USAID reported that due to delays in registering ADF as a financial institution, MAIL requested ADF be descoped by \$25.6 million from its initial \$100 million on-budget funding to the ACE USAID contractor (off-budget) to be used for loans made on behalf of ADF.⁶⁴⁰

According to USAID, ADF has over 20,000 clients in 30 of Afghanistan's 34 provinces. A total of \$80 million in loans have been approved, and of that, \$34 million has been disbursed. USAID reports a loan default rate of only 4%. Despite these successes, USAID noted that Afghan political and legal obstacles delayed ADF legal registration and access to lending funds, which, in turn, affected the number of loans approved and the number of beneficiaries.⁶⁴¹

Incentives Driving Economic Alternatives-North, East, and West

Incentives Driving Economic Alternatives-North, East, and West (IDEA-NEW) is a five-year, \$160 million, cooperative-agreement project that provides agricultural assistance and economic alternatives to growing poppies in select provinces in eastern Afghanistan and in poppy regions in the northern and western parts of the country. IDEA-NEW is supposed to help farmers shift from growing poppies to legal agricultural production by increasing commercial opportunities, extending access to financial services, and promoting value-chain development for key regional industries and trade corridors. It also facilitates connections between producers, traders, and buyers through market-information activities and sales promotion.⁶⁴²

USAID reported over a million households have directly benefitted from IDEA-NEW compared to 52,242 reported last quarter. USAID said that Afghanistan's agricultural exports totaled more than \$5.2 million this quarter, a huge jump from the \$500,000 reported last quarter. In addition, USAID said the program had put 12,760 hectares of land under alternative crop cultivation and created 47,298 full-time equivalent jobs created. As of September 30, 2013, USAID has obligated \$146.1 million to IDEA-NEW (\$15 million more than reported last quarter) and has disbursed approximately \$118.3 million (\$6.8 million less than reported last quarter).⁶⁴³ USAID

did not respond to SIGAR's inquiry about the remarkable 19-fold surge in household beneficiaries reported between last quarter and this one.

A USAID Office of Inspector General audit of IDEA-NEW in June 2012 found a number of problems, concluding that: the program was unfocused, program directives were not followed, program goals were deleted from the performance management plan, and evidence of progress could not be produced. The audit also found that staff turnover brought about frequent changes in vision, priorities, and operating style; activities were insufficiently monitored or documented by USAID and its implementing partners; program assistance efforts were unsustainable; and there were no standard policies and procedures for its cash-for-work projects.⁶⁴⁴

The program's fast-approaching end date precludes a full poppy-impact assessment. However, USAID is discussing geospatial-mapping support to gauge the program's impact and supplement IDEA-NEW's end-of-project survey.⁶⁴⁵

According to USAID implementers, oversight continues to be a challenge. USAID acknowledges that concerns about safety and site access are becoming more acute as provincial reconstruction teams and foreign combat forces leave Afghanistan.⁶⁴⁶ SIGAR has repeatedly raised concerns about oversight as the international footprint in Afghanistan shrinks.

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing Program (CHAMP), a \$40 million program begun in 2010, aims to help farmers plant and operate more profitable orchards and vineyards by enhancing crop quality and promoting export and trade corridors. The program also works with traders to improve harvesting, packing, cool storage, and shipping methods.⁶⁴⁷

USAID reported more than 13,000 households have directly benefited from CHAMP, while 2.8 million fruit trees have been planted on over 6,000 hectares of land. As CHAMP approaches the 2014 transition, it will shift focus to post-harvest commercialization of high-value crops. It seeks to increase exports through marketing, and promote import substitution. However, USAID said insecurity continues to challenge full implementation of CHAMP. Insurgent groups threaten both CHAMP staff and farmers, particularly in Kandahar, Helmand, Zabul, Wardak, Logar, and Ghazni provinces.⁶⁴⁸

As of September 30, 2013, USAID has obligated \$30.3 million to CHAMP (no change from last quarter) and has disbursed \$29.7 million (\$3.2 million more than last quarter).⁶⁴⁹

ESSENTIAL SERVICES/DEVELOPMENT

Since 2002, the United States has provided reconstruction funds to increase electricity, build roads and bridges, and improve health and education. This section addresses key developments in U.S. efforts to improve the government's ability to deliver essential services such as electricity, transportation, health, and education.

Energy

The latest World Bank report noted that Afghanistan has one of the lowest rates of energy usage in the world, with only 28% of its population connected to the grid. Of those who are connected, an estimated 77% live in urban areas.⁶⁵⁰

Because electricity is critical to Afghanistan's development, the United States in collaboration with the Afghan government and the international community has made developing an integrated energy sector one of its top reconstruction priorities since 2002.⁶⁵¹ From 2002–2011, USAID alone has provided close to \$2 billion from the ESF to build generators, substations, and transmission lines, and provide technical assistance to the sector. It plans to spend at least \$500 million more over the next few years.⁶⁵² In addition, DOD has provided approximately \$292 million for electricity projects through the Commander's Emergency Response Program (CERP) and roughly \$700 million through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.⁶⁵³ This assistance has lifted the number of Afghans with access to electricity from 5% of the population in 2001 to 30% in 2012.⁶⁵⁴

Afghanistan currently has nine separate power systems. The primary two are the Northeast Power System (NEPS) and the Southeast Power System (SEPS). USAID has three projects to connect and increase the electricity supply in both systems—Sheberghan; Kandahar-Helmand Power Project, which includes Kajaki Dam hydropower; and the Power Transmission Expansion and Connectivity Program. DOD is contributing to both NEPS and SEPS through AIF projects. The Afghan government, coordinating closely with USAID and DOD, prioritized these programs with the goal of increasing the availability of affordable, grid-based power.⁶⁵⁵ Connecting the power grids is intended to promote the best use of lowest-cost generation, reduce duplicative generating reserves, and improve system reliability.

Sheberghan Program

Afghanistan currently imports more than 70% of its energy needs, according to USAID.⁶⁵⁶ Together with the ADB, the Overseas Private Investment Corporation (OPIC), and the MOMP, USAID is supporting the Sheberghan project to help Afghanistan identify and manage gas resources to be used

for power generation.⁶⁵⁷ Gas reserves are expected to be confirmed in early 2014.⁶⁵⁸ USAID is implementing its part of the Sheberghan Program through two mechanisms: the \$90 million, on-budget Sheberghan Gas Development Project (SGDP), and the \$35 million, off-budget Sheberghan Gas Generation Activity.⁶⁵⁹

As of September 17, 2013, \$30 million has been obligated for SGDP, with \$0 disbursed, representing no change from last quarter; while approximately \$12 million has been obligated for Sheberghan Gas Generation Activity, of which almost \$9.2 million was disbursed, representing \$1.8 million more than last quarter.⁶⁶⁰

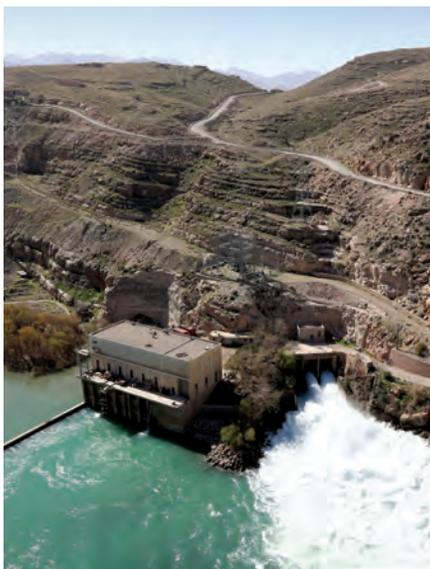
USAID is funding 21% of the Sheberghan program; the Overseas Private Investment Corporation is backing financing of a \$300 million privately funded 200 MW gas-fired power plant (52% of total funding); the ADB will support construction of the associated transmission lines (22% of total funding); and the MOMP will cover the remaining 5%.⁶⁶¹

Kandahar-Helmand Power Project

The Kandahar-Helmand Power Project (KHPP) is intended to increase the power supply in Kandahar and make power more accessible to the population. It was designed to support interim diesel power for critical needs, increase long-term sustainable hydro power, and reduce losses while strengthening the southern transmission and distribution system.⁶⁶²

In 2010, USAID awarded a \$266 million contract to Black & Veatch to rehabilitate power substations, upgrade the medium-voltage distribution system in Kandahar City, install a third turbine at the Kajaki Dam, and design and install new, yet temporary, diesel-powered generators. DOD is funding the fuel for the U.S. Army Corps of Engineers-installed generators through 2014 using AIF, and Da Afghanistan Breshna Sherkat (DABS) is providing fuel for the other existing generators in the area. The U.S. fuel subsidy may be extended, but USAID expects it to decrease as Afghanistan's national utility, DABS, takes the required steps to secure the revenue needed to sustain the fuel costs.⁶⁶³

Improving revenue collection will be challenging. A SIGAR audit found that despite USAID investments that resulted in some commercialization successes for DABS-Kabul, including increasing cash collections by 60%, the Afghan utility is still operating at a financial loss. DABS may not be able to pay its bills without continued government subsidies, set to expire in 2014. Additionally, USAID did not enforce a contractual requirement for installing a billing system in DABS-Kandahar that would be compatible and coordinated with DABS-Kabul. The different system was deemed a failure by USAID and DABS; nearly \$700 million was wasted. Finally, SIGAR found that millions in taxpayer-funded electricity distribution equipment for Kandahar and Helmand sat unused in U.S. government-controlled storage



The Kajaki hydroelectric station in Helmand Province. (U.S. Embassy Kabul photo)

with no clear plan for installation.⁶⁶⁴ USAID has since developed an installation plan, according to DOD.⁶⁶⁵

In May 2013, USAID signed a bilateral, on-budget implementation letter with the Afghan government, and committed \$75 million that was descoped from the initial Black & Veatch contract, for DABS to assume responsibility for installing the third turbine at the Kajaki hydropower station. The turbine parts, transported to the power station by a U.S.-British military mission in 2008, have sat unassembled under tarps since 2008. This quarter DABS selected the CM-AR firm to install the third turbine and provide a construction-management consultant. Contract negotiations are ongoing. A third-party monitoring contract will be funded off-budget by USAID.⁶⁶⁶ Until that contract is signed and CM-AR is able to take over Kajaki site security, Black & Veatch's contract has been extended for three months beyond its September 30, 2013, expiration in order to provide security via the Afghan Public Protection Force (APPF).⁶⁶⁷

As of September 17, 2013, USAID had obligated \$229.6 million of ESF funds for the KHPP, and of that, approximately \$191.4 million had been disbursed, an increase of \$14.8 million from last quarter.⁶⁶⁸

Power Transmission Expansion and Connectivity Program

The U.S.-funded Power Transmission Expansion and Connectivity (PTEC) program was designed to strengthen and expand the power-generation, transmission, and distribution systems. This program directly supports the National Energy Supply Program of the Afghanistan National Development Strategy. The strategy calls for improving the collection rate against energy billings and increasing the supply of power.⁶⁶⁹

A key component of PTEC is funding to construct a transmission line between Kabul and Kandahar to connect NEPS with SEPS as seen in Figure 3.36 on the next page. This 530 km connection, together with the rehabilitation of the Kajaki Hydropower Plant, was identified in 2010 as the only viable, long-term solution to displace costly and unsustainable diesel-power generation in Kandahar.⁶⁷⁰

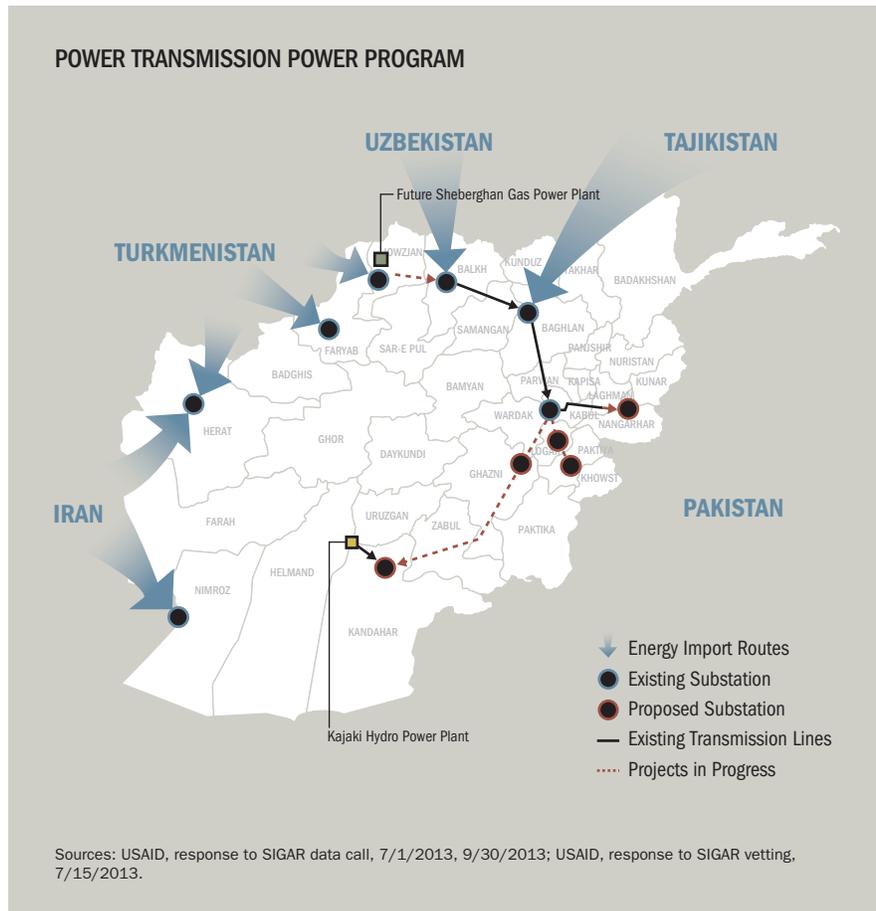
Connecting NEPS to SEPS is a multi-donor effort. The ADB is responsible for the first 40 km Kabul-Arghandi substation connector, and the 332 km Ghazni-Kandahar East substation connector will be constructed by ADB with substantial USAID funds.⁶⁷¹ USAID will fund construction of the 120 km section from Arghandi to Ghazni with \$101 million in on-budget aid to DABS provided by DOD's AIF. USAID, the MOF, and DABS formalized the bilateral agreement for this segment in February 2013. This quarter, USAID warned that security is deteriorating in Regional Command-East and on Route 1, in particular, which PTEC will follow.⁶⁷²

DOD, through the U.S. Army Corps of Engineers (USACE), is expanding NEPS by constructing the transmission line from Arghandi to Pul-e Alam and Gardez.

SIGAR SPECIAL PROJECT

In an ongoing special project, SIGAR is examining USAID's safeguards for on-budget assistance it is providing to DABS for the installation of Kajaki's third turbine.

FIGURE 3.36



USAID plans to contribute \$417.6 million from its \$814 million PTEC project to ADB's Afghanistan Infrastructure Trust Fund (AITF). Of this, approximately \$290 million will be used to construct the remaining transmission line from Ghazni to Kandahar to complete the NEPS to SEPS connection. The ADB established the AITF in December 2010, to allow bilateral, multilateral, and individual contributors to partner with the ADB in financing infrastructure investments. AITF will fund projects on-budget through DABS or other Afghan government ministries. Current contributors to AITF also include the UK's Department for International Development (DFID) and the Japanese Embassy. As of September 17, 2013, USAID has obligated \$180.3 million to AITF and disbursed \$45 million, representing no change from last quarter. USAID has also obligated \$263.3 million in on-budget assistance to the MOF and DABS for PTEC, but has not yet disbursed any funds.⁶⁷³

DOD-Funded Programs

Reliable and sustainable power generation, transmission, and distribution are the linchpins to security, stability, and economic growth in Afghanistan, according to DOD. This quarter, DOD continued implementing several priority energy-sector projects using FY 2012 and FY 2013 AIF money. These included:⁶⁷⁴

- the Kandahar Power Bridging Solution
- Kandahar–Durai Junction transmission lines
- Charikar–Bazirak and Charikar–Mahmood Raqi transmission lines and power substations

Kandahar Power Bridging Solution

This project is providing fuel for the diesel power generators in Kandahar City until affordable, sustainable power becomes available through the joint DOD-USAID effort to expand and connect NEPS and SEPS systems.⁶⁷⁵ The generators at Shorandam Industrial Park and Bagh-e-Pol have a combined average output of 8–13 MW. Funding levels have not changed from last quarter. FY 2012 funding remains at \$79.8 million for fuel and operations and maintenance (O&M). The estimated FY 2013 cost is \$100 million, which includes \$90 million for fuel and \$10 million for O&M.⁶⁷⁶

The president's FY 2014 budget request includes \$100 million for the diesel power generators and to integrate prior DOD and USAID power projects. This will improve overall power management in Kandahar by consolidating Kandahar's "power islands" into an integrated grid. DOD plans to continue purchasing fuel and providing O&M support into FY 2015, but intends to transfer the generators to DABS in December 2013, along with six months of spare parts. DOD said it will provide technical support for one year following the transition.⁶⁷⁷ It sees this electricity as critical to the counterinsurgency strategy to help stabilize Kandahar by supporting economic development and improving citizens' quality of life. DOD said the Kandahar Bridging Solution is central to the Afghanistan Electrification Plan and the State Department's development plan for Afghanistan.⁶⁷⁸

Kandahar to Durai Junction Transmission Lines

Part of the effort to expand SEPS, this project continues earlier efforts to install or repair transmission lines from Kandahar City to Durai Junction and to construct or repair substations at Maiwand and Pashmul. The cost for this projects, which began in 2012, remains \$40 million in FY 2012 funds. This transmission line constitutes a key element for the larger PTEC project linking SEPS and NEPS and addresses the need for reliable electricity in Afghanistan's south and southeast. DOD's goal is to promote economic growth, security, stability, and capacity-building efforts within DABS to help it generate sufficient revenues to fund capital improvements to the grid.

Completion of this project is essential to distribute power generated by the third turbine awaiting installation at Kajaki Dam, according to DOD.⁶⁷⁹

Charikar–Bazirak and Charikar–Mahmood Raqi Transmission Lines and Power Substations

This project will install 83 km of transmission lines from Charikar to Bazirak and from Charikar to Mahmood Raqi. It will also build three power substations to expand NEPS. DOD has allocated \$38 million in FY 2012 funds and \$33 million in FY 2013 funds for the project, for a total estimated cost of \$71 million, according to an updated DOD notification to Congress this quarter. Annual estimated O&M costs for the transmission lines and substations are \$580,000.

DOD told Congress the project will bring reliable electricity to 1.15 million Afghans across three provinces and help fuel private-sector growth, especially in the agriculture, processing, manufacturing, and mining sectors. Consistent with all AIF-funded projects, and by formal agreement, this project will be transferred to the Afghan government upon completion. DABS will assume responsibility for O&M. Increased revenue from an expanded customer base and improved collection capabilities will help DABS provide long-term sustainment, according to DOD.⁶⁸⁰ However, SIGAR has raised questions about DABS's capacity, and other audits have said Afghanistan lacks the resources necessary to pay for O&M.⁶⁸¹

Kajaki Dam to Musa Qalah Transmission Lines

This project is building new transmission lines from the Kajaki Dam hydro-power plant to Musa Qalah in Helmand Province. The \$12 million in FY 2013 funds allocated for Phase I of the project will construct approximately 15 km of new 110 kV transmission line from Kajaki to a new substation that will join with the existing 20 kV transmission line. Phase II plans to use \$49 million in FY 2014 funds to build 37 km of 110 kV transmission line from the substation to Musa Qalah, build a new 110 kV substation, and rehabilitate the existing 20 kV substation at Musa Qalah. The project aims to benefit the approximately 60,000 residents of Musa Qalah, according to DOD.⁶⁸² Other components of the project are designed to help integrate SEPS projects into a single, interconnected system. Consistent with all AIF-funded projects, and by formal agreement, this project will be transferred to the Afghan government upon completion. DABS will assume responsibility for O&M. Increased revenue from an expanded customer base and improved collection capabilities will help DABS provide long-term sustainment, according to DOD.⁶⁸³ As noted above SIGAR audits have raised concerns about DABS' capacity and resources.

Gardez to Khowst Transmission Lines

This project is supposed to expand NEPS by designing and installing approximately 95 km of single-circuit 220 kV transmission lines and 30 km of 20 kV distribution lines. In his FY 2014 DOD budget submission requests, the President has asked Congress to provide \$130 million for these efforts. The transmission lines will go from Gardez to Khowst in the east, and new substations will be built at Waza-Khvajeh and Khowst.⁶⁸⁴

CERP Projects in the Electricity Sector

DOD also uses CERP funds to pay for small-scale electricity projects, such as installing generators, solar-panel systems, and utility poles. Nearly \$100,000 in FY 2013 funds has been obligated and disbursed as of June 30, 2013 (the most recent data available).⁶⁸⁵

TRANSPORTATION

Afghanistan's lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said restoring the transportation sector is imperative for economic recovery and development.⁶⁸⁶ Afghanistan's infrastructure shortcomings particularly constrain the service and agriculture sectors, which currently contribute most to GDP. They also hold back the extractives industry, whose future revenues the Afghan government and international donor community are counting on to supplement declining aid.⁶⁸⁷ This quarter, the United States continued its efforts to assist Afghanistan in developing transportation laws, ministry capacity, and compliance with international standards.⁶⁸⁸

Civil Aviation

Since 2002, the U.S. Air Force has operated air traffic control in the Kabul region under an agreement signed with Afghanistan's Ministry of Transport and Civil Aviation (MOTCA). The U.S. Air Force intends to transfer its air traffic control (ATC) and communications, navigation, and surveillance (CNS) infrastructure system to the Afghan government no later than December 2014. The U.S. Air Force and the U.S. Embassy Kabul assisted the MOTCA to prepare a contract for the Afghan government to assume responsibility of Afghanistan's airspace, but contract signing has been delayed for five months waiting for Afghan government funding and a release of a request for proposal.⁶⁸⁹

The U.S. Air Force spends approximately \$49 million per year on ATC/CNS services, and has spent approximately \$447 million in Global War on Terror/Overseas Contingency Operations funds to build civil aviation capabilities and improve flight safety in Afghanistan since 2002. Title 10 USC funding prevents the U.S. Air Force from training civil aviation personnel or

developing training facilities. That support comes instead from U.S. Embassy Kabul, USAID, and International Civil Aviation Organization programs.⁶⁹⁰

The U.S. Department of Transportation (DOT) Office of the Transportation Counselor (OTC), in conjunction with USAID, has been developing the Kabul Air Traffic Control System and Safety Oversight Training Program for Afghan aviation professionals since 2012. According to DOT, its goal is to bring Afghanistan into compliance with international standards and prepare Afghans to operate and provide oversight for their national civil-aviation program in advance of the transition of Afghan airspace from the U.S. military to civilian control. The U.S. program is focused on safety oversight, technical operations, and air traffic control. Out of the \$4.6 million currently obligated from FY 2011 USAID funds, \$824,000 has been disbursed as of September 30, 2013.⁶⁹¹

OTC has developed a comprehensive training curriculum for Afghan aviation professionals, including for high-level administrative directors of the Afghanistan Civil Aviation Authority in air traffic control and communications, navigation, and surveillance familiarization. After completing on-the-job training, the controllers can become watch supervisors, able to assume managerial supervision of the air traffic environment. According to DOT, this capability did not exist prior to OTC involvement. As of September 30, 2013, DOT reported 49 Afghan aviation trainees have received classroom training. DOT is also measuring the career-track progress of trainees and the amount of training provided.⁶⁹²

DOT also reported several challenges. All aviation career tracks require on-the-job training after completing classroom training. However, Afghanistan does not have qualified instructors, so training must be contracted out. For its part, DOT/OTC has not been able to bring in qualified instructors because there is no entity to sponsor them or provide support services such as country clearances, secure housing and transportation, threat protection, and Status of Forces Agreement protection. On-the-job training opportunities are being explored in International Civil Aviation Organization-compliant countries in the region. It can take up to two years to build up sufficient skills, according to DOD. Therefore, during the airspace transition, Afghanistan will have to outsource radar control and other aviation services.⁶⁹³

EDUCATION

According to the data available to USAID last quarter from the Ministry of Education's (MOE) Information Management System (EMIS), Afghanistan had a total of 13,562 primary, lower secondary, and upper secondary schools in solar year (SY) 1390 (March 2011–March 2012). The same data showed more than 185,255 teachers employed across all education programs in

Afghanistan, and approximately 7.5 million students enrolled in primary, government lower secondary, and government upper secondary schools.⁶⁹⁴

However, USAID said it was concerned about the reliability of MOE/EMIS data, which is the only database tracking education metrics. USAID told SIGAR it cannot verify the data. With more USAID assistance now going on-budget, USAID relies primarily on EMIS—but without real-time update access—for its information. However, USAID said it also uses internal reports from its officers, ISAF, and implementing partners to check certain levels of field information.⁶⁹⁵ SIGAR is concerned that U.S. government agencies and international donors are unable to verify Afghanistan's oft-cited gains in education. Moreover, SIGAR is concerned about providing more direct assistance to the Ministry of Education in light of USAID's view that the ministry lacks sufficient capacity to adequately and properly manage and account for USAID funds.⁶⁹⁶

Since 2002, USAID has supported education through aid for building and refurbishing schools, developing curricula, and conducting training. USAID's ongoing priority programs in the Education sector funded through the ESF this quarter include:

- Basic Education, Literacy and Technical-Vocational Education and Training (BELT)
- Higher Education Project (HEP)
- American University of Afghanistan (AUAF)

Basic Education, Literacy, and Technical-Vocational Education and Training

Basic Education, Literacy, and Technical-Vocational Education and Training (BELT) is a three-year (December 2011–October 2014), \$173 million on-budget program funded through the ESF. It aims to improve access to quality basic education in communities typically beyond the reach of the government. The program provides textbooks, technical-vocational education, and training, as well as community-based education programs. As of September 30, 2013, USAID has obligated \$88.9 million, compared to \$20 million last quarter. Of that, USAID disbursed \$23.7 million, compared to \$5.8 million last quarter, an increase of \$17.9 million.⁶⁹⁷

BELT has five components: capacity building for the MOE, textbook printing, teacher training, community-based education, and Technical Vocational Education and Training (TVET).

BELT TVET aims to build the quality and professionalism of TVET educators by providing students with nationally accredited and certified skills, as well as equivalency for TVET in the MOE. The overall objective of BELT is to improve access to quality education and training, focusing on girls and other marginalized populations, according to USAID. An implementation letter spelling out substantive matters—student targets, performance milestones, means of verification, and funding levels for the program—remains

SIGAR AUDIT

In a newly announced audit, SIGAR is examining the U.S. government's efforts to assist and improve the education sector in Afghanistan. For more information, see Section 2, page 34.

delayed. BELT TVET is in the milestone development stage. USAID expects to sign an implementation letter and forward it to the MOE next quarter.⁶⁹⁸

USAID did, however, sign an implementation letter with the Minister of Finance and the Minister of Education on July 28, 2013, amending the amount of funds used to print and distribute textbooks that follow an approved curriculum from \$26.7 million to \$27 million. Of this, \$1.13 million in USAID funds will be used to distribute the textbooks. (\$833,187 obligated from the original implementation-letter agreement and \$296,813 in new funding).⁶⁹⁹

USAID did not contemplate having to fund textbook distribution, but will because the MOE said it did not have enough money in its budget.⁷⁰⁰ The distribution challenges are not new. Insecurity, textbook transit delays, and winter weather that made some areas unreachable have hampered distribution of textbooks in some provinces in the past.⁷⁰¹

The textbook-implementation letter contains “conditions precedents” that must be met before funds are disbursed. Furthermore, USAID contracted Ernst and Young to conduct an external audit to verify the quantity and quality of textbooks printed, and the distribution of textbooks to the school level. The audit will cover 20% of schools and reach all 34 provinces, according to USAID.⁷⁰²

Finally, performance milestones under the community-based education program have been agreed to this quarter, culminating in an implementation letter signed in September 2013. The agreement sets targets for the number of classes established, students reached, means of verification, and funding levels for each milestone.⁷⁰³

Higher Education Project

Since the Higher Education Project (HEP) project began in 2006, it has supported the Ministry of Higher Education to execute its National Higher Education Strategic Plan. HEP’s latest phase, extended to February 28, 2014, provides technical assistance to increase ministry capacity through professional training, quality assurance and accreditation, curriculum review, university partnerships, academic policies, and regulation.⁷⁰⁴ As of September 30, 2013, USAID had obligated \$21.2 million toward HEP (no change from last quarter) and disbursed \$15.6 million, an increase of approximately \$2 million from last quarter.⁷⁰⁵

USAID used two past program analyses to help design Strengthening Tertiary Education Program-University Partnerships (STEP-UP), a \$92.7 million follow-on higher education program that aims to improve the quality and relevance of the Afghanistan higher education system, and the institutional capacity of the Ministry of Higher Education. STEP-UP will work with up to 10 universities to improve university management systems, academic programs and student services; will continue operational support for the American University of Afghanistan; and will strengthen Ministry of

Higher Education systems and management capacity. STEP-UP is an off-budget program, currently under procurement.⁷⁰⁶

USAID has previously reported that it did not have significant outcome data to quantify the impact of the more than \$15 million spent on HEP. However, an impact assessment of its faculty-development and teacher-training activities for its master's degree program, as well as an independent gender assessment, were completed. USAID is reviewing the findings.⁷⁰⁷

American University of Afghanistan

This quarter, USAID finalized a new \$40 million, five-year cooperative agreement (August 2013–July 2018) designed to continue support for developing the American University of Afghanistan's (AUAF) English-language undergraduate and continuing-education programs. Support will come from USAID's STEP-UP program using ESF and ESF-OCO funds, and will help introduce new science, education, and management curricula, as well as a new master's program, distance learning, and on-line resources. The four components of this agreement aim to strengthen academic and professional development programs, enhance program quality, expand programs for women, and increase financial self-sufficiency. As of September 30, 2013, USAID had obligated \$10 million but had not disbursed any money.⁷⁰⁸

AUAF is a private institution that continues to receive substantial assistance from the United States. So that the university can sustain itself after the transition, this new five-year cooperative agreement is a cost-share arrangement with clear, explicit sustainability components, according to USAID. It requires AUAF to contribute more than \$62 million in non-U.S.-government funds.⁷⁰⁹ A performance-measurement plan has not yet been finalized by the university or approved, but the cooperative agreement contains a series of specific reporting and evaluation requirements, including the need to maintain "appropriate, adequate and accurate documentation," citing SIGAR, the USAID Office of Inspector General, and the Government Accountability Office's interest in U.S. government programs in Afghanistan.⁷¹⁰

HEALTH

Afghanistan has experienced significant improvements in its health indicators since 2002, according to USAID. Although the country still has one of the highest maternal-and-child mortality rates in the world, the USAID-funded Afghanistan Mortality Survey 2010 found that life expectancy has increased by as much as 20 years to an average of 62–64 years.⁷¹¹ However, other institutions have cited more modest gains. The CIA World Factbook gives the Afghan life expectancy from birth as 50.11 years, while the World Bank calculated life expectancy at 48.⁷¹²

From FY 2002 through FY 2012, U.S. on- and off-budget assistance to Afghanistan's health sector totaled \$1.06 billion.⁷¹³ On-budget assistance to the Ministry of Public Health (MOPH) includes salary payments to workers in U.S.-funded facilities, medical and non-medical supplies, in-service training, minor renovations of facilities, medical equipment, and monitoring and supervision. Off-budget assistance includes activities in health systems strengthening, private sector engagement, and procurement of pharmaceuticals and contraceptives.⁷¹⁴

This quarter, SIGAR released an audit of the MOPH's capacity to account for U.S. direct assistance. It found that despite financial-management deficiencies at the MOPH, USAID continues to provide millions of U.S. taxpayer dollars in direct assistance with little assurance that the ministry is using these funds as intended.⁷¹⁵

USAID's highest-priority programs in the health sector this quarter include:

- Partnership Contracts for Health (PCH) Services
- Health Policy Project (HPP)
- Leadership, Management, Governance Project (LMG)

All three were extended until October 31, 2014.⁷¹⁶

SIGAR INSPECTIONS

SIGAR published two inspections of Afghan medical facilities this quarter: a Gardez hospital and a Walayatti medical clinic. For more information, see Section 2, pages 38 and 41.

Partnership Contracts for Health Services

The five-year (2009–2014), host-country contract Partnership Contracts for Health (PCH) program supports the MOPH's efforts to provide the Basic Package of Health Services (BPHS) and the Essential Package of Hospital Services (EPHS) in 13 provinces. The United States supports 547 of these health facilities, including:⁷¹⁷

- 5 Provincial Hospitals
- 27 District Hospitals
- 13 Comprehensive Health Centers+
- 157 Comprehensive Health Centers
- 271 Basic Health Centers
- 64 Health Sub-Centers, and
- 10 Prison Health Facilities

USAID also supports 6,279 Health Posts throughout Afghanistan.⁷¹⁸

The PCH allocation is \$236 million. As of September 30, 2013, USAID had obligated \$190.2 million to this program—representing no change from last quarter—and disbursed \$146.8 million, an increase of approximately \$11 million from last quarter.⁷¹⁹

PCH delivers health care ranging from primary health care services to highly specialized diagnostic and treatment services. It also supports the Community Midwifery Education program, which helps to increase the number of female healthcare workers and contributes to reduction in both maternal and child mortality. USAID, through its forthcoming semi-annual report in October 2013, will update PCH programmatic challenges and

successes.⁷²⁰ Specific metrics and performance evaluation standards were not provided to SIGAR.

As noted above, SIGAR's audit of the MOPH also found that the ministry internal control deficiencies put U.S. funds provided under the PCH program at risk of fraud, waste, and abuse. USAID officials stated that they have not verified what, if any, actions the MOPH has taken to address these deficiencies. One USAID official determined that USAID has no obligation to address the deficiencies identified, or to verify any of the corrective actions that the MOPH may have implemented for the ongoing PCH program.⁷²¹

Health Policy Project

The Health Policy Project (HPP), a 28-month (June 2012–October 2014) program, is building MOPH capacity to address basic health needs through design, negotiation, and management of hospital public-private partnerships (PPPs). The project also aims to build the capacity of local private-sector organizations to partner with the Afghan government in the generating of demand for and delivery of high-quality health services through social media marketing. HPP allocations this quarter increased to \$28 million, a \$10 million increase over last quarter, due to a one-year extension of the project. As of September 30, 2013, USAID had obligated \$15.5 million to the program (no change from last quarter) and disbursed \$13.7 million through ESF and Global Health funding accounts for the program.⁷²²

HPP's lack of access to qualified international consultants to help support PPPs, as well as lack of a central PPP unit at the MOF, has resulted in delays of PPP activities. However, HPP is actively recruiting for these positions. Additionally, insecurity in several provinces limited outreach activities and sales of social-marketing products. However, HPP was able to conduct training programs this quarter, including on the correct use of socially marketed health products aimed at reducing maternal and child mortality, gender-based-violence training for health providers, and several HIV workshops. HPP also completed feasibility studies of two hospitals, and helped establish a system to collect health data from private hospitals to report to the MOPH.⁷²³ USAID did not provide specific metrics and performance evaluation standards for HPP to SIGAR.

HIV/AIDS

HPP supports the advocacy component of Afghanistan's National AIDS Control Program (NACP) through the HIV and AIDS Coordination Committee of Afghanistan (HACCA). HACCA is a national, multi-sector advisory body to NACP. According to NACP, there are 1,250 officially reported HIV cases in Afghanistan, with the highest prevalence among injection drug users. Other tracked groups at high risk are female sex workers, road transport workers and their assistants, prisoners, and men who have sex with men. The 2012 Integrated Biological and Behavioral Surveillance

study found that while the risk of infection is high among these groups, the overall prevalence is low, and that Afghanistan is not at risk for an outbreak among the general population.⁷²⁴

Leadership, Management, Governance Project

The 26-month (September 2012–October 2014), \$26 million Leadership, Management, Governance (LMG) Project works with the MOPH and the MOE at the provincial and central levels to build leadership, management, and governance capacity within Afghanistan’s health and education systems. It also aims to improve transparency and accountability within the MOPH and helps both ministries manage on-budget assistance. As of September 30, 2013, USAID had obligated \$20.6 million (no change from last quarter) and disbursed \$10.6 million through ESF and Global Health funds for the program.⁷²⁵

This quarter, through LMG assistance, the MOPH launched three Health Information Systems assessments, including a household survey and census in USAID and EU-funded provinces, and a data quality and use assessment in all 34 provinces. MOPH also completed mapping all In-Service Training (IST)—also known as on the job training—providers, to help create guidelines and standards for all IST activities at the BPHS and EPHS levels. Moreover, the MOPH provided standardized training for the first time to 700 community health supervisors.⁷²⁶ USAID did not provide SIGAR with specific metrics and performance evaluation standards for the program.

Despite advances in hospital autonomy at 14 national hospitals, USAID reported that LMG efforts to provide technical assistance to the hospitals in rationalizing human resources—the next step in the autonomy process—were challenged by social and political factors affecting hospitals’ internal staffing decisions this quarter.⁷²⁷

Additionally, the MOPH provincial liaison department has yet to define, clarify, or reinforce the role of the Provincial Liaison Department in strengthening provincial health systems. And thus far, implementing LMG partners have limited capacity to respond to Community-Based Health Care needs throughout Afghanistan, making it a challenge to LMG to help the ministry ramp up interventions nationwide.⁷²⁸

PRIVATE SECTOR DEVELOPMENT

The United States is supporting private-sector development through the ESF, TFBSO, and CERP. From FY 2002 to FY 2012, USAID appropriated \$1.06 billion for economic growth in Afghanistan.⁷²⁹ USAID’s top ongoing priority economic-growth project, funded through the ESF, is Assistance in Building Afghanistan by Developing Enterprises (ABADE).

Assistance in Building Afghanistan by Developing Enterprises

USAID's \$105 million Assistance in Building Afghanistan by Developing Enterprises (ABADE) program is focused on helping productive, Afghan-registered, small-to-medium enterprises add jobs, increase investment, and improve sales of domestic products and services through public-private alliances. It does so through three components: implementing public-private alliances once they are approved, identifying, selecting and supporting the alliances, and working with the Afghan government to improve the environment for business.⁷³⁰ In one case, ABADE entered into an alliance with a PVC and aluminum production company, procuring approximately \$515,000 in equipment, which helped leverage \$2.4 million invested by the company. According to USAID, the company can triple its production capacity, improve product quality to international standards, and employ 200 people.⁷³¹

As of September 18, 2013, USAID obligated \$29.6 million in Economic Support Funds to support the ABADE program—\$12 million more than last quarter—and disbursed approximately \$9.3 million—\$1.8 million more than last quarter.⁷³²

Since ABADE's launch in February 2013, USAID reported that 12 public-private alliances have been approved and awarded—compared to five reported last quarter, and 30 applications are awaiting approval. Additionally, business-outreach and government capacity-building efforts continued this quarter, as did two Business Development Services (BDS) surveys to identify BDS capabilities and unmet demand for such services.

ABADE implementation is facing restrictions from Presidential Decree 62, which requires the use of APPF and Risk Management Companies for security. The APPF is unable to provide adequate mobile escort units or vehicles, making it difficult for ABADE staff to travel across the region.⁷³³ Moreover, USAID now depends upon commercial flights, which travel only to major city centers. This effectively puts programs outside of these areas either out of reach, or forces implementing partners to use more expensive charter flights. Risk Management Companies cannot carry weapons to protect U.S. government staff on commercial air. Charter flight companies have yet to respond to USAID requests for such accommodations.⁷³⁴

