

3 RECONSTRUCTION UPDATE



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Secretary of State Kerry stands with Afghan presidential candidates Ghani, center, and Abdullah, right, after announcing a plan to resolve the disputed outcome of their runoff election. (State Department photo)

RECONSTRUCTION UPDATE

OVERVIEW

The following section summarizes the status of U.S. funding and describes developments SIGAR observed this quarter in the security, governance, and economic and social sectors of the reconstruction effort in Afghanistan.

The Consolidated Appropriations Act of 2014 provided an additional \$7.5 billion for Afghanistan relief and reconstruction for fiscal year (FY) 2014, bringing the cumulative total appropriated since FY 2002 to approximately \$104.1 billion. On June 26, 2014, President Obama submitted his updated FY 2015 overseas contingency operations (OCO) budget request for the Departments of Defense and State to Congress. The addition of the updated OCO request brings the total amount requested for the seven major reconstruction funds for FY 2015 to \$5.8 billion—a 9% decrease from the amount appropriated these funds for FY 2014.

DOD requested \$4.11 billion for the FY 2015 Afghanistan Security Forces Fund (ASFF). The majority of the funding is to sustain the 195,000-strong Afghan National Army, the 157,000-strong Afghan National Police (ANP), and 30,000 Afghan Local Police. The request provides funding for Coalition advisors to focus on Afghan National Security Forces (ANSF) capability gaps and improving logistics, medical, and counter-improvised-explosive-device systems; and to purchase light air-support and basic-training aircraft for the Afghan Air Force.

DOD is no longer requesting funds for the Afghanistan Infrastructure Fund (AIF), and amounts requested for the Task Force for Business and Stability Operations (TFBSO) and the Commander's Emergency Response Program (CERP) have been substantially reduced. The AIF was created in FY 2011 to pay for high-priority, large-scale infrastructure projects. DOD and State have experienced challenges executing such large infrastructure projects. Less than 21% of AIF funds, \$274 million of the \$1.3 billion appropriated, have been disbursed since the fund's inception, as shown in Table 3.0. To date, most of the funds disbursed paid for diesel fuel for the generators used to power Kandahar City.

During this reporting period, Afghanistan held a runoff election for president on June 14, 2014, between Abdullah Abdullah and Ashraf Ghani. Unlike the first round, in which the leading presidential candidates largely

TABLE 3.0

AIF CUMULATIVE AMOUNT APPROPRIATED AND DISBURSED (\$ MILLIONS)		
	Appropriated	Disbursed
DOD	\$1,223	\$274
USAID	101	0
Total	\$1,324	\$274
Remaining to be disbursed		\$973

Notes: Numbers have been rounded. \$101 million of FY 2011 AIF was transferred to USAID's Economic Support Fund to execute an AIF project. Amount remaining excludes \$77 million that expired before being obligated.

Sources: DOD, responses to SIGAR data call, 7/22/2014, 7/18/2014 and 7/17/2014; USAID, response to SIGAR data call, 7/10/2014. DFAS, response to SIGAR data call, 7/17/2014; P.L. 113-76, 1/17/2014.

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accepted the results, the Abdullah campaign contested the voter turnout estimates and accused the Afghan elections bodies of massive fraud. On July 7, the Independent Election Commission (IEC) announced that preliminary results showed Ghani with 56.4% and Abdullah with 43.6% of the vote. According to the IEC, some 8.1 million votes were cast—over one million more than the seven million originally estimated and an increase of approximately 1.5 million votes over the number of validated votes from the first round. On July 12, Secretary of State John Kerry, along with candidates Abdullah and Ghani, announced the terms of an agreement to resolve the dispute between the two campaigns. These include an audit of each ballot cast in the runoff and an agreement between the candidates to form a government of national unity once the winner is declared.

On May 27, 2014, President Obama announced that the United States will end its combat mission in Afghanistan in 2014. By the beginning of 2015, the U.S. troop strength will reduce from approximately 32,000 to approximately 9,800, with further reductions in 2015.

NATO Secretary General Anders Fogh Rasmussen warned that Afghan failure to sign the negotiated Bilateral Security Agreement (BSA) by the end of September would cause serious problems for the Coalition and put Afghanistan's future security arrangements in jeopardy. Although both presidential candidates have said they will sign the BSA, it remains on hold until the election dispute is resolved.

In June, the United Nations Secretary-General reported an increasing volatile security situation in Afghanistan, with the first quarter of 2014 having the second-highest level of violence since the fall of the Taliban. In a worrying sign of spreading conflict, he added, ground combat is causing more deaths and injuries than improvised explosive devices. The United Nations Assistance Mission in Afghanistan (UNAMA) observed a direct correlation between International Security Assistance Force (ISAF) base closures and the rise in civilian casualties.

DOD described the Afghan force emerging from the 2013 fighting season as competent and confident. Assessments of the ANSF were mostly positive this quarter, while recognizing that capability gaps remain. The ANSF have held against the insurgency and successfully secured both the presidential and provincial-council elections of April 5, 2014, and the runoff elections on June 14, 2014.

Also this quarter, USAID said there will be no new reviews of Tokyo Mutual Accountability Framework (TMAF) intermediate targets for Afghan progress. According to the United Nations Secretary General, the TMAF serves as the agreed instrument of civilian development assistance to Afghanistan. The United States and international partners are developing a new set of targets for the future implementation of TMAF that will be discussed with the new post-election government. According to USAID, the process of finalizing these new targets will likely continue through the

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international conference on Afghanistan tentatively planned for November in London and into early 2015.

Afghanistan enacted Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) laws, allowing it to narrowly avoid being blacklisted by the Financial Action Task Force (FATF), an intergovernmental policy-making body that sets standards and promotes effective measures against threats to the integrity of the international financial system. FATF will evaluate compliance standards and implementation of Afghanistan’s AML/CFT laws during its next plenary in October 2014. A downgrade determination could damage Afghanistan’s banking relationships around the world.

Meanwhile, in the first four months of Afghan FY 1393 (December 21, 2013–December 20, 2014), domestic revenues missed Ministry of Finance budget targets by 20%, with non-tax and customs revenues also falling short of amounts collected for the same period last year. Afghanistan’s fiscal sustainability ratio—domestic revenues versus operating expenses—declined to approximately 57% in the first four months of FY 1393, compared to 60% and 65% in the previous two fiscal years. Afghan government expenditures are expected to continue rising, which will require continued donor financing and improved domestic-revenue mobilization, according to the World Bank.

The latest United Nations Office of Drugs and Crime (UNODC) World Drug Report notes that for the third consecutive year, Afghanistan, already the world’s largest producer and cultivator of opium poppies, saw an increase in the area under cultivation (from 154,000 hectares in 2012 to 209,000 hectares in 2013)—a 36% increase.

The United States provides on-budget assistance to Afghanistan through direct payments to Afghan government entities and through contributions to multinational trust funds. Since 2002 the United States has provided nearly \$7.5 billion in on-budget assistance. This includes about \$4 billion to Afghan government ministries and institutions, and more than \$3.5 billion to three multinational trust funds—the World Bank’s Afghan Reconstruction Trust Fund (ARTF), the United Nations Development Plan’s Law and Order Trust Fund for Afghanistan (LOTFA), and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance to Afghan government entities.

TABLE 3.1

U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-To-Government	
DOD	\$2,905
State	92
USAID	986
Multilateral Trust Funds	
LOTFA	\$1,369
ARTF	2,039
AITF	105

Notes: Government-To-Government figures reflect amounts the United States has committed in direct or bilateral assistance, commitments to Multilateral Trust Funds constitute the other form of on-budget assistance. Multilateral Trust Funds figures reflect amounts the United States has paid in to each trust fund.

Sources: SIGAR, Audit Report 14-32-AR: *Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries’ Ability to Manage Donor Funds, but Weaknesses Remain*, 1/2014; SIGAR, Special Project Report 14-12-SP: *Comprehensive Risk Assessments of MOD and MOI Financial Management Capacity Could Improve Oversight of Over \$4 Billion in Direct Assistance Funding*, 12/2013; USAID, response to SIGAR data call, 7/10/2014; World Bank, “ARTF: Administrator’s Report on Financial Status as of June 21, 2014 (end of 6th month of FY 1393),” p. 5; UNDP “Law and Order Trust Fund for Afghanistan (LOTFA) 2014 First Quarter Project Progress Report,” 6/9/2014, p. 28; SIGAR analysis of UNDP’s Quarterly and Annual LOTFA reports, 7/16/2014.

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- DOD 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
- USAID ESF:** Economic Support Fund
- State INCLE:** International Narcotics Control and Law Enforcement

FUNDING FOR AFGHANISTAN RECONSTRUCTION

Since 2002, Congress has appropriated over \$104.1 billion for Afghanistan relief and reconstruction. Of this amount, \$87.9 billion (84%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

As of June, 30, 2014, approximately \$15.9 billion of appropriated funds remained for possible disbursement, as shown in Figure 3.1. These funds will be used to complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; train, equip, and sustain the ANSF; combat narcotics production and trafficking; and, advance the rule of law, strengthen the justice sector, and promote human rights. Most of the funding in the pipeline has yet to be obligated. Only \$5.6 billion of the \$15.9 billion remaining has been obligated.

FIGURE 3.1

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

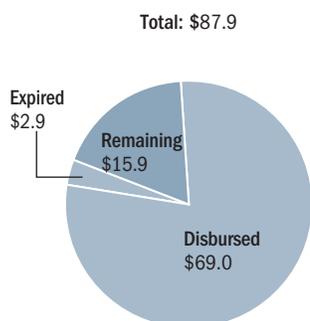


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2014 (\$ BILLIONS)

	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$57.33	\$50.03	\$48.23	\$8.10
CERP	3.67	2.28	2.26	0.05
AIF	1.22	0.70	0.27	0.87
TFBSO	0.81	0.74	0.58	0.19
DOD CN	2.93	2.61	2.61	0.32
ESF	17.53	14.69	12.09	5.06
INCLE	4.41	3.56	3.00	1.35
Total 7 Major Funds	\$87.90	\$74.61	\$69.04	\$15.95
Other Reconstruction Funds	7.29			
Civilian Operations	8.91			
Total	\$104.10			

Notes: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$2.9 billion that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/20/2014.

The President's FY 2015 budget request, if appropriated, would add another \$5.8 billion for the seven major reconstruction funds. Amounts requested for four of these funds—ASFF, DOD CN, ESF, and INCLE—account for over 99% of the FY 2015 request. Only \$20 million was requested for CERP and TFBSO combined. No additional funding was requested for the AIF. SIGAR's audit of the AIF, issued in July 2012, raised concerns that most AIF projects were 6–15 months behind schedule, potentially limiting the projects' counterinsurgency benefits and necessitating continued funding of \$80–100 million a year for diesel fuel to power Kandahar City. More than \$973 million of the \$1.3 billion appropriated the AIF since FY 2011 remains to be disbursed when the amount transferred to the ESF for USAID's infrastructure project is included.

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Congress appropriated more than \$8.1 billion to the seven major reconstruction funds for FY 2013. Of that amount, more than \$4.4 billion remained for possible disbursement, as of June 30, 2014, as shown in Table 3.3 and Figure 3.2.

TABLE 3.3

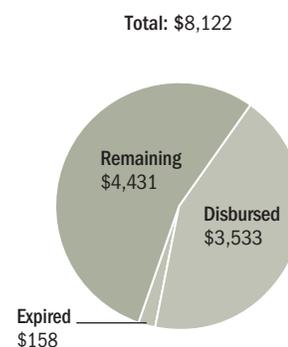
FY 2013 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED				
(\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$4,946	\$3,350	\$3,056	\$1,890
CERP	200	42	34	8
AIF	325	80	28	297
TFBSO	138	136	101	37
DOD CN	296	296	296	0
ESF	1,623	15	0	1,623
INCLE	594	27	18	576
Total 7 Major Funds	\$8,122	\$3,946	\$3,533	\$4,431

Notes: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$158 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/20/2014.

FIGURE 3.2

FY 2013 AMOUNT REMAINING TO BE DISBURSED (\$ MILLIONS)



Congress appropriated nearly \$6.5 billion to the seven major reconstruction funds for FY 2014. Of that amount, more than \$6.4 billion remained for possible disbursement, as of June 30, 2014, as shown in Table 3.4 and Figure 3.3.

TABLE 3.4

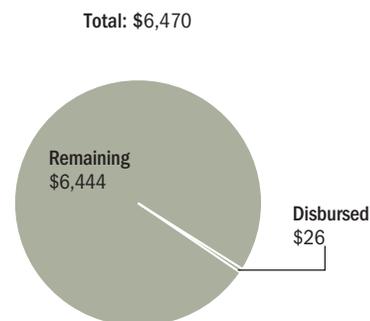
FY 2014 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED				
(\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$4,727	\$24	\$0	\$4,727
CERP	30	2	0	30
AIF	199	0	0	199
TFBSO	117	82	25	92
DOD CN	321	1	1	320
ESF	852	0	0	852
INCLE	225	0	0	225
Total 7 Major Funds	\$6,470	\$108	\$26	\$6,444

Notes: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/20/2014.

FIGURE 3.3

FY 2014 AMOUNT REMAINING TO BE DISBURSED (\$ MILLIONS)



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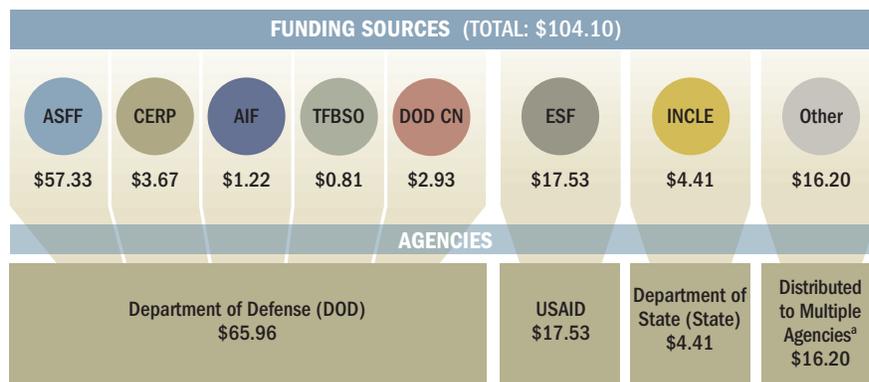
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2014, the United States had appropriated approximately \$104.10 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$61.77 billion for security (including \$4.25 billion for counternarcotics initiatives)
- \$30.59 billion for governance and development (including \$3.38 billion for counternarcotics initiatives)
- \$2.84 billion for humanitarian aid
- \$8.91 billion for civilian operations

Figure 3.4 shows the major U.S. funds that contribute to these efforts.

FIGURE 3.4

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



- 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

Notes: Numbers have been rounded.

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

Source: DOD, responses to SIGAR data call, 7/18/2014, 7/17/2014, 7/8/2014, 7/3/2014, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 7/16/2014, 7/3/2014, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2014; OMB, responses to SIGAR data call, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 7/10/2014, 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; CRS, response to SIGAR data call, 1/8/2014; DFAS, response to SIGAR data call, 7/17/2014; P.L. 113-76, 1/17/2014; 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



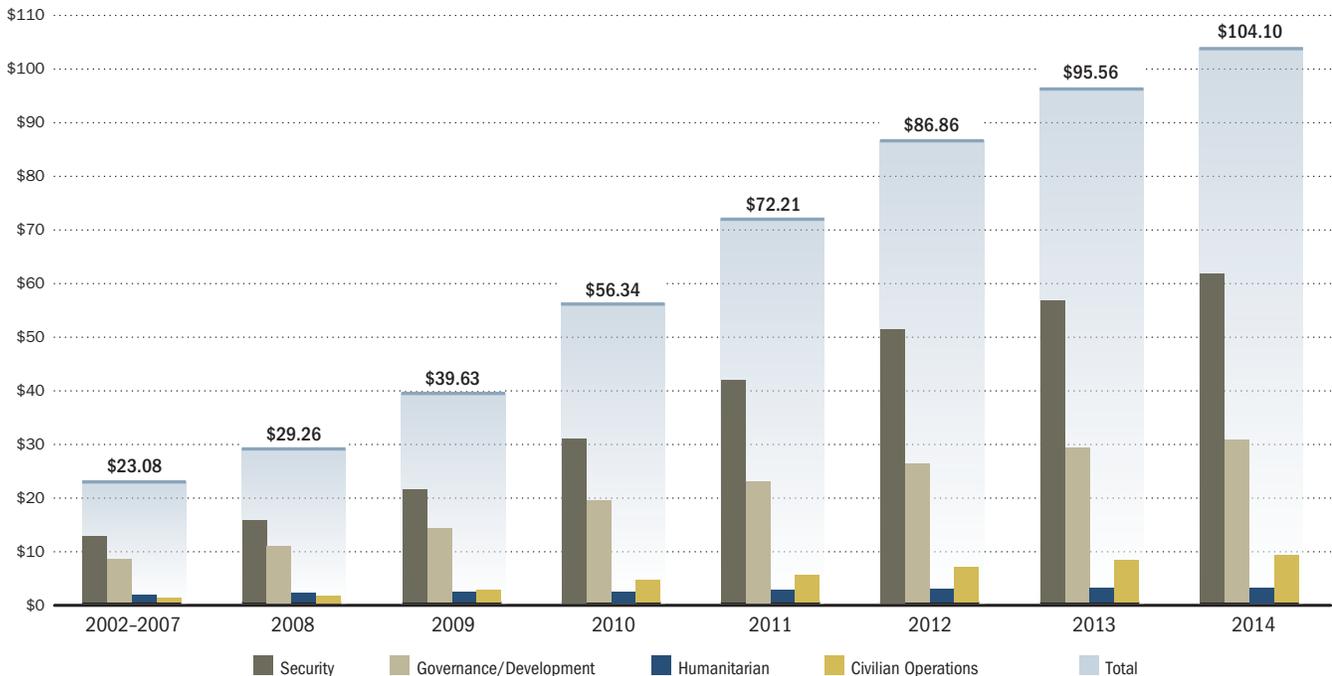
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of June 30, 2014, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$104.10 billion, as shown in Figure 3.5. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and civilian operations. Approximately \$7.62 billion of these funds support counter-narcotics initiatives which crosscut both the security (\$4.24 billion) and governance-and-development (\$3.38 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The Consolidated Appropriations Act, 2014, provided an additional \$7.55 billion for FY 2014, as shown in Figure 3.6. Of this amount, nearly \$4.73 billion was appropriated to the Afghanistan Security Forces Fund (ASFF), bringing cumulative funding for the ASFF to nearly \$57.33 billion,

The amount provided to the seven major U.S. funds represents over 84.4% (more than \$87.90 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 84.9% (nearly \$74.61 billion) has been obligated, and over 78.5% (more than \$69.04 billion) has been disbursed. An estimated \$2.91 billion of the amount appropriated these funds has expired.

FIGURE 3.5
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JUNE 30, 2014 (\$ BILLIONS)



Notes: Numbers have been rounded. Updated data for State and USAID Civilian Operations accounts resulted in a higher appropriation figure for FY 2014 than reported last quarter. 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 reprogrammed \$178 million from FY 2013 ASFF. DOD transferred \$101 million from FY 2011 AIF to FY 2011 ESF to fund an infrastructure project to be implemented by USAID.

Source: DOD, responses to SIGAR data call, 7/18/2014, 7/17/2014, 7/8/2014, 7/3/2014, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 7/16/2014, 7/3/2014, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2014; OMB, responses to SIGAR data call, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 7/10/2014, 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; CRS, response to SIGAR data call, 1/8/2014; DFAS, response to SIGAR data call, 7/17/2014; P.L. 113-76, 1/17/2014; 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

approximately 55% of all reconstruction funding.⁵⁶ The ASFF supports the development, operations, and sustainment of the Afghanistan National Security Forces.⁵⁷

On June 26, 2014, the President submitted his updated FY 2015 overseas contingency operations budget request to Congress for DOD and State.⁵⁸ The \$5.83 billion requested for the seven major reconstruction funds for FY 2015 is approximately 9% lower than the amount appropriated these funds for FY 2014. DOD is not requesting funds for the Afghanistan Infrastructure Fund for FY 2015 and is requesting only \$5 million for the Task Force for Business and Stability Operations—a 92% decrease from the \$63.8 million appropriated to the task force for FY 2014, as shown in Table 3.5. As reported in prior quarters, a significant amount of reconstruction funding is still in the pipeline. Approximately \$15.95 billion remains for potential disbursement. For more information about the reconstruction funding pipeline, see pages 70–71.

TABLE 3.5

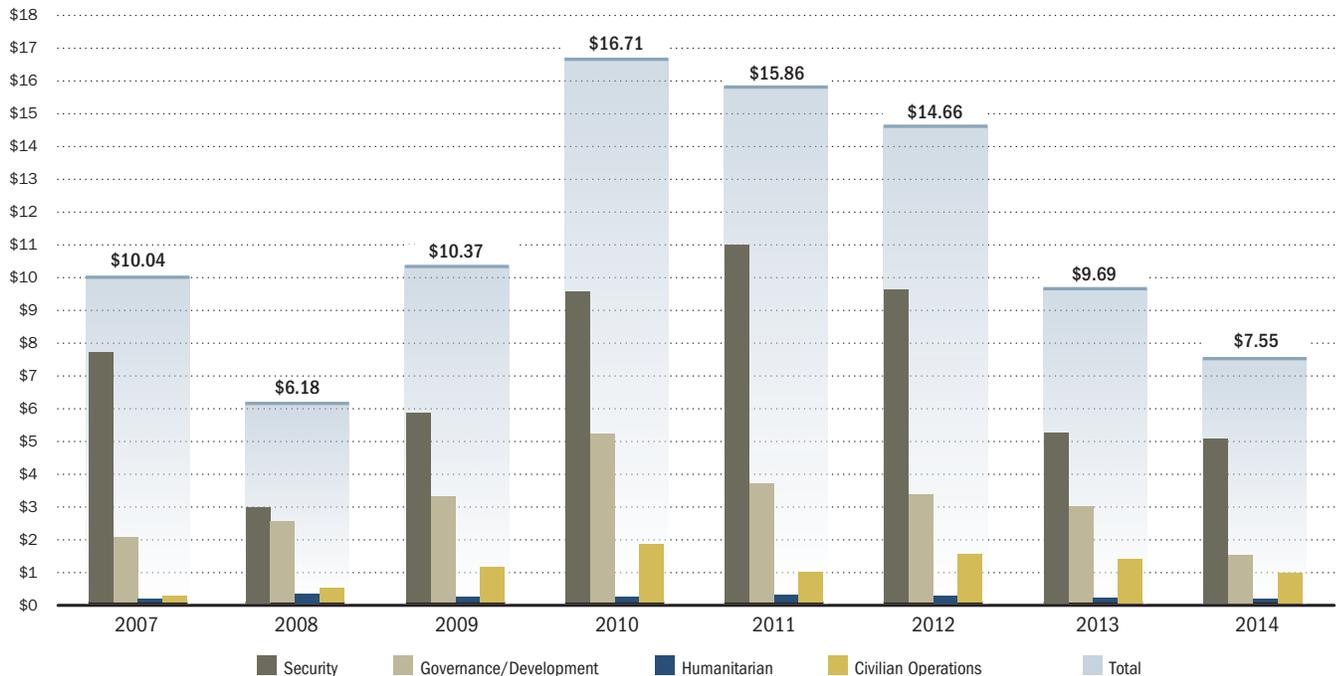
FY 2014 APPROPRIATIONS COMPARED TO THE FY 2015 BUDGET REQUEST (\$ MILLIONS)		
	FY 2014	FY 2015 Req
ASFF	\$4,726	\$4,109
CERP	30	15
AIF	199	0
TFBSO	64	5
DOD CN	321	148
ESF	852	1,225
INCLE	225	325
TOTAL	\$6,417	\$5,827

Notes: Numbers have been rounded. TFBSO amount excludes funding from the Operations and Maintenance, Army, account used for the task force's operational costs.

Sources: OMB, "Amendments to the President's Fiscal Year (FY) 2015 Overseas Contingency Operations (OCO) Request for the Department of Defense (DOD) and the Department of State and Other International Programs (State/OIP)," 6/26/2014; State, response to SIGAR data call, 4/15/2014, OMB, request to SIGAR data call, 7/16/2014.

FIGURE 3.6

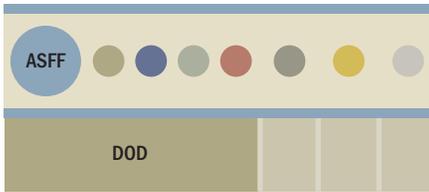
APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND CATEGORY (\$ BILLIONS)



Notes: Numbers have been rounded. Updated data for State and USAID Civilian Operations accounts resulted in a higher appropriation figure for FY 2014 than reported last quarter. 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 reprogrammed \$178 million from FY 2013 ASFF. DOD transferred \$101 million from FY 2011 AIF to FY 2011 ESF to fund an infrastructure project to be implemented by USAID.

Source: DOD, responses to SIGAR data call, 7/18/2014, 7/17/2014, 7/8/2014, 7/3/2014, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 7/16/2014, 7/3/2014, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2014; OMB, responses to SIGAR data call, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 7/10/2014, 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; CRS, response to SIGAR data call, 1/8/2014; DFAS, response to SIGAR data call, 7/17/2014; P.L. 113-76, 1/17/2014; 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



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, training, and funding, as well as facility and infrastructure repair, renovation, and construction.⁵⁹ The primary organization responsible for building the ANSF is the North Atlantic Treaty Organization Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan.⁶⁰ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.⁶¹

The Consolidated Appropriations Act, 2014, appropriated nearly \$4.73 billion for the ASFF for FY 2014, increasing total cumulative funding to nearly \$57.33 billion.⁶² As of June 30, 2014, nearly \$50.03 billion of total ASFF funding had been obligated, of which nearly \$48.23 billion had been disbursed.⁶³ Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by nearly \$1.11 billion over the quarter, and cumulative disbursements increased by nearly \$1.58 billion.⁶⁴ Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

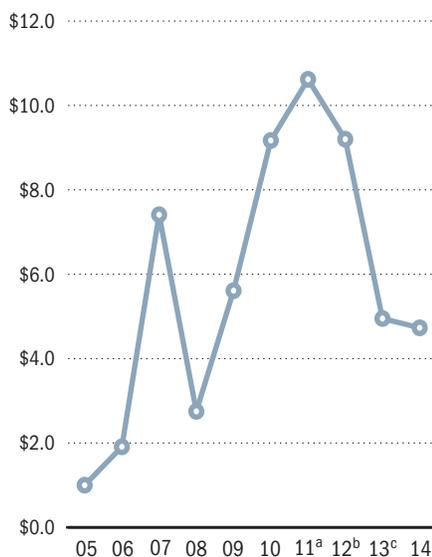
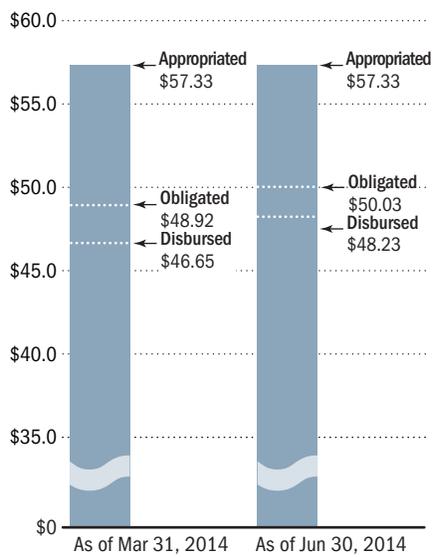


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



Notes: Numbers have been rounded. Updated data resulted in a lower appropriation figure for FY 2013.

^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.

^c DOD reprogrammed \$178 million of FY 2013 ASFF.

Sources: DOD, responses to SIGAR data call, 7/17/2014 and 4/15/2014; P.L. 113-76, 1/17/2014; 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.⁶⁵ The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any non-standard equipment requirement in excess of \$100 million.⁶⁶

As of June 30, 2014, DOD had disbursed nearly \$48.23 billion for ANSF initiatives. Of this amount, nearly \$31.93 billion was disbursed for the ANA, and nearly \$15.94 billion was disbursed for the ANP; the remaining more than \$358.91 million was directed to related activities.⁶⁷

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than \$12.26 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than \$5.96 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.⁶⁸

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

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

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 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005-JUNE 30, 2014 (\$ BILLIONS)

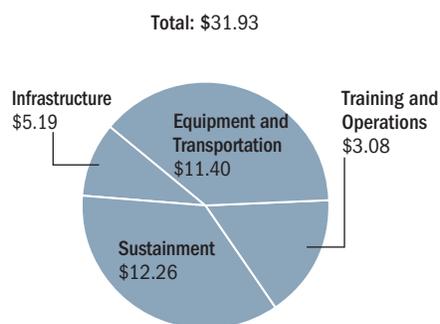
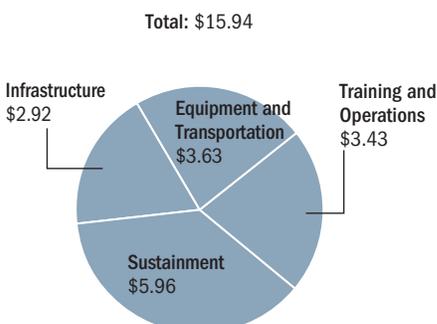


FIGURE 3.10

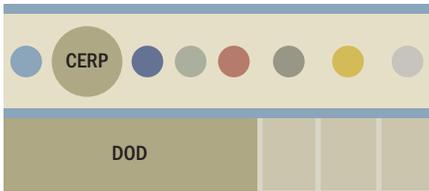
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005-JUNE 30, 2014 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DOD, response to SIGAR data call, 7/17/2014.

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.⁶⁹ 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 AROC. CERP-funded projects may not exceed \$20 million.⁷⁰

The Consolidated Appropriations Act, 2014, appropriated \$30 million for CERP, increasing total cumulative funding to nearly \$3.67 billion.⁷¹ Of this amount, DOD reported that nearly \$2.28 billion had been obligated, of which nearly \$2.26 billion had been disbursed as of June 30, 2014.⁷² Figure 3.11 shows CERP appropriations by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.11

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

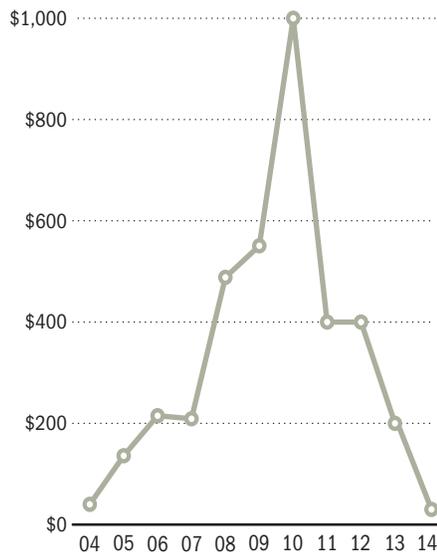
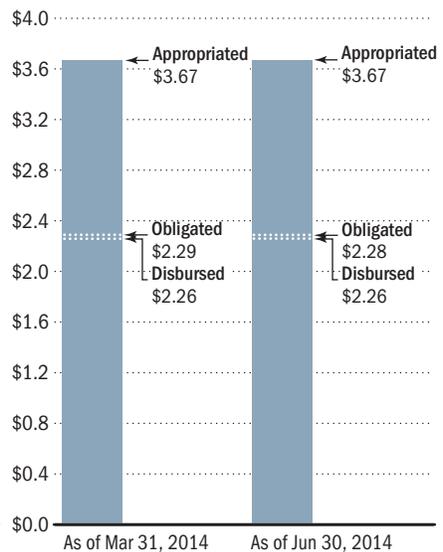


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

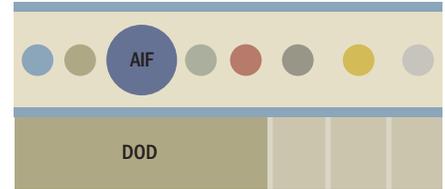
Source: DOD, responses to SIGAR data call, 7/17/2014 and 4/17/2014; OMB, response to SIGAR data call, 1/4/2013; P.L. 113-76, 1/17/2014; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

STATUS OF FUNDS

AFGHANISTAN INFRASTRUCTURE FUND

The Afghanistan Infrastructure Fund (AIF) was established in FY 2011 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. The AROC must approve all AIF-funded projects and project execution plans, and the Secretaries of State and Defense must notify 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.⁷³

The Consolidated Appropriations Act, 2014, appropriated \$199 million for the AIF, increasing total cumulative funding to more than \$1.22 billion.⁷⁴ Figure 3.13 shows AIF appropriations by fiscal year. As of June 30, 2014, more than \$701.55 million of total AIF funding had been obligated, of which more than \$273.95 million had been disbursed.⁷⁵ In June 2014, DOD cancelled the second phase of the Dahla Dam Improvement Project, decreasing AIF obligations by more than \$184 million from the amount reported last quarter, as shown in Figure 3.14. The project was funded with FY 13/14 AIF funds. DOD has until the end of the current fiscal year to obligate the funds on another project.⁷⁶



AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

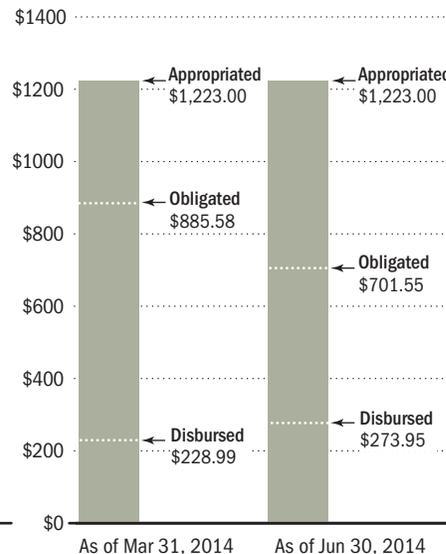
FIGURE 3.13

AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.14

AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)

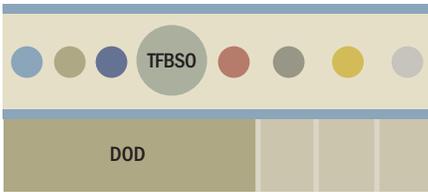


Notes: Numbers have been rounded. Updated data resulted in a lower obligation figure than reported last quarter.

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

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2014," 7/18/2014; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2014," 4/16/2014; P.L. 113-76, 1/17/2014; 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.⁷⁷

TFBSO has two separate funding streams, the **National Defense Authorization Act (NDAA)** and the **Operations and Maintenance, Army, (OMA)**. Through June 30, 2014, the TFBSO has been appropriated more than \$116.94 million for FY 2014, increasing cumulative appropriations for the task force to nearly \$809.53 million.⁷⁸ Of this amount, nearly \$741.16 million had been obligated and more than \$578.99 million had been disbursed.⁷⁹ Figure 3.15 displays the amounts appropriated for TFBSO projects by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts made available, obligated, and disbursed for TFBSO projects.

National Defense Authorization Act (NDAA)

Funds authorized for TFBSO in the NDAA are used for activities directly related to reconstructing Afghanistan.

Operations and Maintenance, Army (OMA)

Funds TFBSO receives from the OMA account are used to pay for sustainment of U.S. assets, civilian employees, travel, security, and other operational costs.

FIGURE 3.15

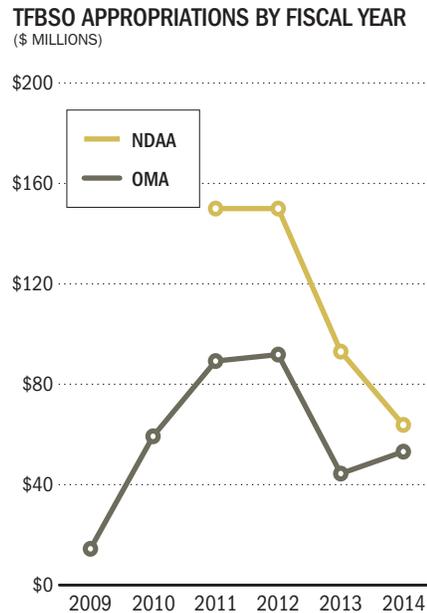
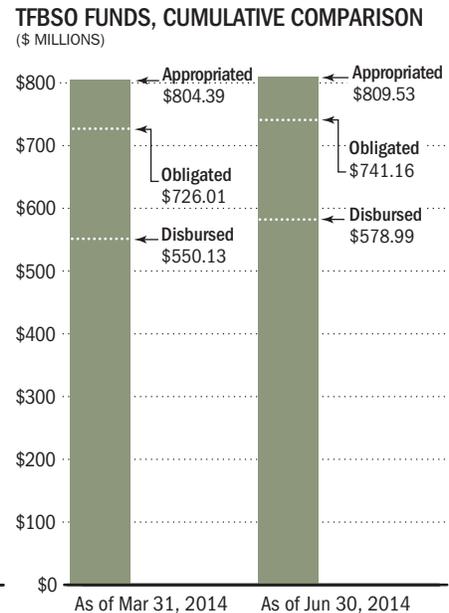


FIGURE 3.16



Notes: Numbers have been rounded.

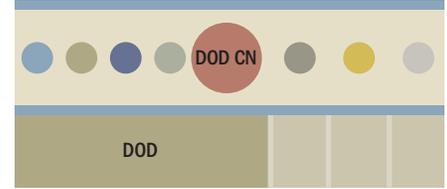
Sources: DOD, responses to SIGAR data call, 7/8/2014, 4/4/2014, and 10/4/2011; P.L. 113-76, 1/17/2014; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

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 counter-narcotics 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.⁸⁰

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.⁸¹

DOD reported that DOD CN received nearly \$320.79 million for Afghanistan for FY 2014, bringing cumulative funding for DOD CN to more than \$2.93 billion since fiscal year 2004. Of this amount, more than \$2.61 billion had been transferred to the military services and defense agencies for DOD CN projects, as of June 30, 2014.⁸² Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



DOD CN FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

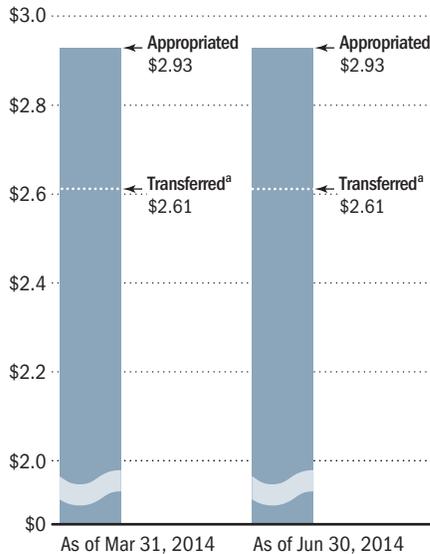
FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

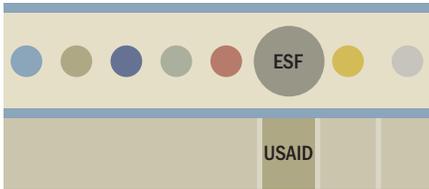


Note: Numbers have been rounded.

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

Source: DOD, responses to SIGAR data call, 7/3/2014, 4/16/2014, 3/28/2014, and 1/22/2014.

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.⁸³

The ESF was appropriated \$852 million for FY 2014, bringing cumulative funding for the ESF to more than \$17.53 billion. Of this amount, more than \$14.69 billion had been obligated, of which nearly \$12.09 billion had been disbursed.⁸⁴ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of June 30, 2014, increased by more than \$24.65 million from the amount reported last quarter. Cumulative disbursements as of June 30, 2014, increased by nearly \$378.92 million over cumulative disbursements as of March 31, 2014.⁸⁵ Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

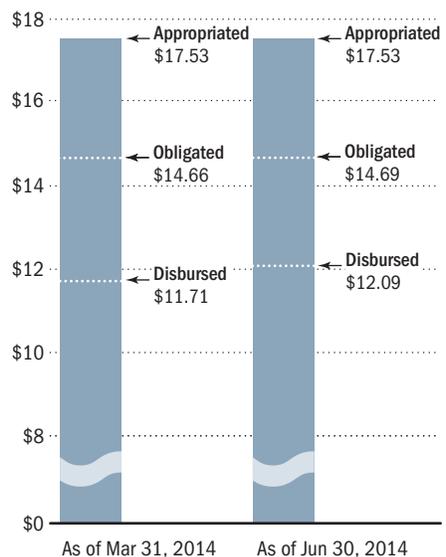
FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)



FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

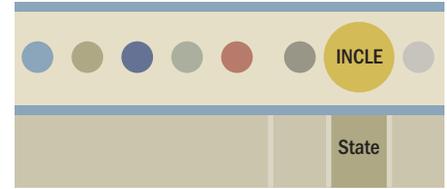
Sources: USAID, responses to SIGAR data call, 7/10/2014 and 4/7/2014; State, responses to SIGAR data call, 4/15/2014 and 6/27/2013.

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, counter-narcotics, and rule of law and justice.⁸⁶

State reported that INCLE was appropriated \$225 million for FY 2014, bringing cumulative funding for INCLE to more than \$4.41 billion. Of this amount, nearly \$3.56 billion had been obligated, of which more than \$3.00 billion had been disbursed.⁸⁷ Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of June 30, 2014, increased by more than \$13.53 million compared to cumulative obligations as of March 31, 2014. Cumulative disbursements as of June 30, 2014, increased by more than \$54.04 million over cumulative disbursements as of March 31, 2014.⁸⁸ Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

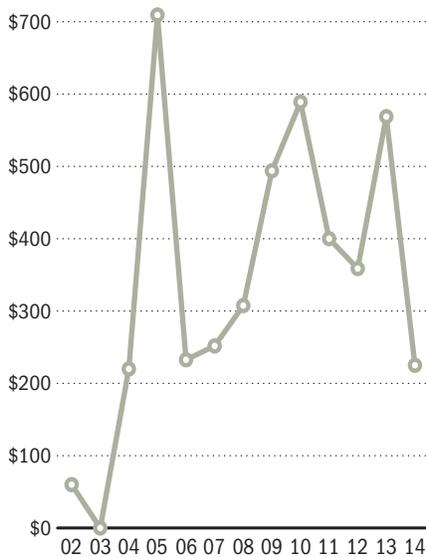


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. Data may include inter-agency transfers. Updated data resulted in a lower appropriation figure than reported last quarter.

Source: State, response to SIGAR data call, 7/16/2014, 4/15/2014, and 4/11/2014.

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

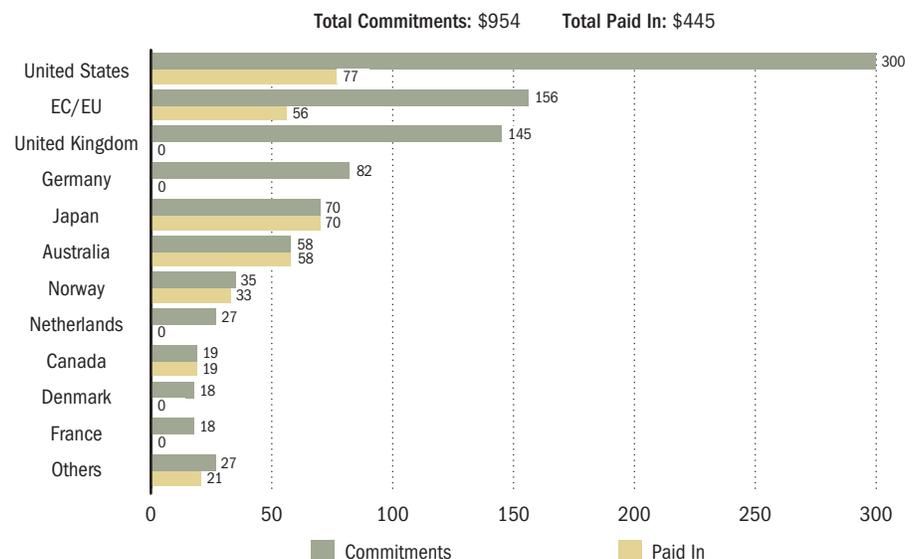
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust 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).⁸⁹

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 June 21, 2014, the World Bank reported that 33 donors had pledged nearly \$7.86 billion, of which more than \$7.24 billion had been paid in.⁹⁰ According to the World Bank, donors had pledged approximately \$954.16 million to the ARTF for Afghan fiscal year 1393, which runs from December 21, 2013, to December 20, 2014.⁹¹ Figure 3.23 shows the 11 largest donors to the ARTF for FY 1393.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1393 BY DONOR, AS OF JUNE 21, 2014 (\$ MILLIONS)



Notes: Numbers have been rounded. FY 1393 = 12/21/2013–12/20/2014.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of June 21, 2014 (end of 6th month of FY 1393)," p. 1.

STATUS OF FUNDS

As of June 21, 2014, the United States had pledged more than \$2.26 billion and paid in nearly \$2.04 billion since 2002.⁹² The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing 46% of its total funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.⁹³ As of June 21, 2014, according to the World Bank, nearly \$3.06 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.⁹⁴ 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 “preference” (earmark) more than half of their annual contributions for desired projects.⁹⁵

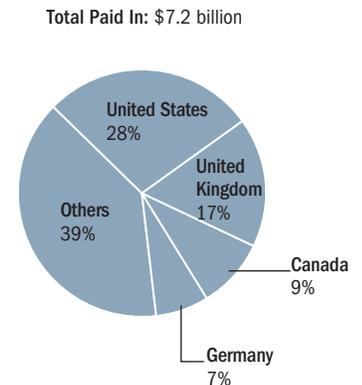
The Investment Window supports the costs of development programs. As of June 21, 2014, according to the World Bank, more than \$3.64 billion had been committed for projects funded through the Investment Window, of which nearly \$2.60 billion had been disbursed. The World Bank reported 23 active projects with a combined commitment value of more than \$2.41 billion, of which more than \$1.37 billion had been disbursed.⁹⁶

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.⁹⁷ Since 2002, donors have pledged nearly \$3.72 billion to the LOTFA, of which nearly \$3.56 billion had been paid in, according to the most recent data available.⁹⁸ The LOTFA’s sixth support phase started on January 1, 2011. Phase VI was initially planned to end on March 31, 2013, but after two extensions, the planned end date is currently December 31, 2014.⁹⁹ In the 39 months since Phase VI began, the UNDP had transferred more than \$1.64 billion from the LOTFA to the Afghan government to cover ANP and Central Prisons Directorate staff remunerations and an additional \$42.14 million for capacity development and other LOTFA initiatives.¹⁰⁰ As of March 31, 2014, donors had committed more than \$2.18 billion to the LOTFA for Phase VI. Of that amount, the United States had committed nearly \$967.10 million, and Japan had committed more than \$744.76 million. Their combined commitments make up more than 78% of LOTFA Phase VI commitments. The United States had contributed nearly \$1.37 billion to the LOTFA since the fund’s inception.¹⁰¹ Figure 3.25 shows the four largest donors to the LOTFA since 2002, based on the latest data available.

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, SY 1381 (2002)–JUNE 21, 2014 (PERCENT)

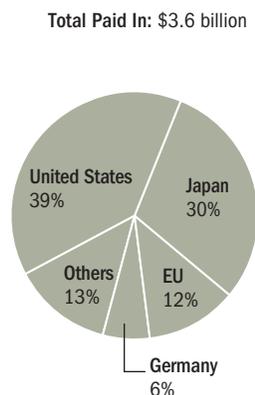


Notes: Numbers have been rounded. "Others" includes 29 donors.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of June 21, 2014 (end of 6th month of FY 1393)," p. 5.

FIGURE 3.25

DONORS' CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF MARCH 31, 2014 (PERCENT)



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

Source: UNDP, "Law and Order Trust Fund for Afghanistan (LOTFA) 2014 First Quarter Project Progress Report," 6/9/2014, p. 28; SIGAR analysis of UNDP's quarterly and annual LOTFA reports, 7/16/2014.