

# 3 RECONSTRUCTION UPDATE



# RECONSTRUCTION UPDATE CONTENTS

<b>Overview</b>	<b>70</b>
<b>Funding for Afghanistan Reconstruction</b>	<b>74</b>
<b>Status of Funds</b>	<b>76</b>
<b>Security</b>	<b>90</b>
<b>Governance</b>	<b>118</b>
<b>Economic and Social Development</b>	<b>146</b>

**Photo on previous page**

A color guard of the U.S.-led International Security Assistance Force parades during the December 8, 2014, colors-casing ceremony in North Kabul for ISAF Joint Command and the U.S. XVIII Airborne Corps. Both commands were closing their missions in Afghanistan. (U.S. Air Force photo by Staff Sgt. Perry Aston)

## RECONSTRUCTION UPDATE

### OVERVIEW

This quarter witnessed the end of International Security Assistance Force (ISAF) operations and the beginning of NATO's Resolute Support Mission (RSM) to train, advise, and assist the Afghan National Security Forces (ANSF). The remaining 9,500 U.S. troops in Afghanistan will participate in RSM and play a limited counterterrorism role.

In December, the United Nations (UN) Secretary-General reported that 2014 saw the highest number of civilian casualties yet recorded in the Afghanistan conflict, with the UN Assistance Mission in Afghanistan predicting civilian casualties to exceed 10,000 for all of 2014.

Assessments of the ANSF remain positive overall while recognizing capability gaps remain. The UN reported that overall the Afghan security forces were able to counter the insurgency with relative effectiveness and the insurgents were unable to permanently capture their intended targets.

Last quarter, SIGAR expressed concerns about ISAF's classification of a previously unclassified ANSF assessment report summary. This quarter, the new RSM went further, classifying information that SIGAR, until now, has used to publicly report on such matters as ANSF strength, attrition, equipment, personnel sustainment, infrastructure, and training, as well as Afghan Air Force and Special Mission Wing capabilities, and anticorruption initiatives at the Ministry of Defense (MOD) and Ministry of Interior (MOI). As a result, much of the information SIGAR has used for the past six years to report on the \$65 billion U.S. investment in the ANSF is no longer releasable to the public and SIGAR, for the first time, will produce a classified annex to this report.

On December 4, Afghanistan's new national-unity government and representatives of the international community convened the London Conference on Afghanistan. Participants renewed commitments made at the 2012 Tokyo conference and agreed to update these commitments in 2015. The London Conference was not intended to result in new donor promises of assistance; instead, the international community reaffirmed its previous commitment of \$16 billion in assistance through 2015.

Throughout the quarter, there were numerous delays in appointing a new cabinet and other high-ranking Afghan government officials. President

# RECONSTRUCTION UPDATE

Ashraf Ghani finally announced nominations for key government positions on January 12, more than three months after his inauguration. The nominations must be approved by the National Assembly.

Afghanistan suffered from an estimated \$500 million budget shortfall in fiscal year (FY) 1393 (December 21, 2013–December 20, 2014) that threatened to affect payments of civil servant salaries and pensions, as well as operating and development spending. In the first 10 months of FY 1393, domestic revenues missed Ministry of Finance (MOF) budget targets by 26% and decreased by about 7.6% from the same period last year. At the same time, Afghan government expenditures increased 11% from the same period in FY 1392, and are expected to continue rising, according to World Bank projections. This quarter, the United States gave Afghanistan \$100 million to help cover the fiscal gap. Afghanistan is operating without an approved budget for FY 1394.

The Asia Foundation released the 2014 *Survey of the Afghan People* based on in-person interviews conducted from June 22 to July 8, 2014. At that time, 54.7% of Afghan respondents said the country is moving in the right direction, down from 57.2% in 2013; 40.4% said it is moving in the wrong direction, up from 37.9% in 2013. Despite yearly fluctuations, the long-term trend since 2006 shows an increase in the perception that the country is moving in the right direction.

This quarter, the United Nations Office on Drugs and Crime (UNODC) published its latest opium survey results for Afghanistan. Once again, the area under poppy cultivation increased, this time to 224,000 hectares—surpassing 2013's all-time record—and eradication results decreased significantly to 2,692 hectares when compared to the 2013 numbers. Meanwhile, on the interdiction front, DOD reported lower interdiction numbers for 2014 as well as for this quarter. The drawdown of Coalition forces has affected the ability of Afghan counternarcotics forces to conduct operations. Even though specialized Afghan units are able to conduct complex counterdrug investigations and operations, results will likely continue to decline without the support of Coalition quick-reaction forces, air support, and dedicated medical evacuation.

On December 16, 2014, President Obama signed the Consolidated and Further Continuing Appropriations Act, 2015, funding the U.S. government for the rest of the fiscal year and increasing cumulative funding for Afghanistan reconstruction to approximately \$107.5 billion, as of December 30, 2014. When this report went to press, final FY 2015 appropriation amounts for State and USAID accounts were still being determined. Total FY 2015 funding levels will increase when these amounts are known. A significant amount of reconstruction funds remain to be disbursed. Of the \$91.2 billion appropriated for the seven major reconstruction funds, approximately \$15.3 billion remained in the funding pipeline for potential disbursement at the end of the fiscal quarter.

# RECONSTRUCTION UPDATE

The United States provides on-budget assistance to Afghan government entities and contributions to multinational trust funds. Since 2002, the United States has provided more than \$8.1 billion in on-budget assistance. This includes about \$4.1 billion to Afghan government ministries and institutions, and more than \$4 billion to three multinational trust funds—the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme’s Law and Order Trust Fund 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

<b>U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)</b>	
<b>Government-to-Government</b>	
DOD	\$2,905
State	92
USAID	1,076
<b>Multilateral Trust Funds</b>	
LOTFA	\$1,519
ARTF	2,430
AITF	105

Note: Government-to-government figures reflect amounts the United States has committed in on-budget assistance, excluding commitments to Multilateral Trust Funds. Multilateral Trust Funds figures reflect amounts the United States has paid in to each trust fund.

Source: 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, 1/12/2015; World Bank, ARTF: Administrator’s Report on Financial Status as of December 21, 2014 (end of 12th month of FY 1393), p. 5; UNDP, Law and Order Trust Fund for Afghanistan (LOTFA) 2014 Third Quarter Project Progress Report, 1/17/2015, p. 47; SIGAR analysis of UNDP’s quarterly and annual LOTFA reports, 1/17/2015.

# RECONSTRUCTION UPDATE

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

## FUNDING FOR AFGHANISTAN RECONSTRUCTION

Since 2002, Congress has appropriated nearly \$107.5 billion for Afghanistan relief and reconstruction. Of this amount, \$91.2 billion (85%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2. This amount will increase when appropriation amounts for Afghanistan are determined for State and USAID accounts.

As of December 31, 2014, approximately \$15.3 billion of the amount appropriated to the seven major reconstruction 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.

FIGURE 3.1

### STATUS OF CUMULATIVE APPROPRIATED FUNDS

(\$ BILLIONS)

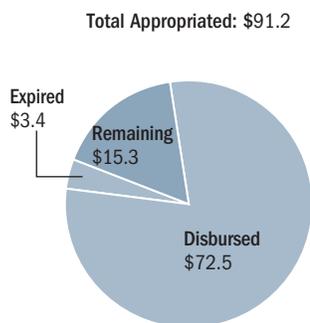


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2015 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$60.67	\$52.35	\$50.74	\$8.67
CERP	3.68	2.28	2.26	0.03
AIF	1.04	0.84	0.33	0.57
TFBSO	0.81	0.76	0.63	0.15
DOD CN	2.83	2.80	2.80	0.03
ESF	17.71	16.38	12.49	4.74
INCLE	4.44	4.16	3.29	1.09
<b>Total 7 Major Funds</b>	<b>\$91.20</b>	<b>\$79.57</b>	<b>\$72.54</b>	<b>\$15.28</b>
Other Reconstruction Funds	7.33			
Civilian Operations	8.96			
<b>Total</b>	<b>\$107.48</b>			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$3.4 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, 1/19/2015.

On December 16, 2014, President Obama signed the Consolidated and Further Continuing Appropriations Act, 2015, funding the U.S. government for the rest of the fiscal year and appropriating the following amounts for the seven major reconstruction funds:

- \$4.1 billion for the ASFF
- \$10 million for CERP
- No additional funding for AIF
- No additional funding for TFBSO
- \$110.1 million for DOD CN
- ESF amount for Afghanistan still being determined
- INCLE amount for Afghanistan still being determined

# RECONSTRUCTION UPDATE

Congress appropriated nearly \$8.1 billion to the seven major reconstruction funds for FY 2013. Of that amount, nearly \$2.6 billion remained for possible disbursement, as of December 31, 2014, as shown in Table 3.3 and Figure 3.2.

TABLE 3.3

<b>FY 2013 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED</b> (\$ MILLIONS)				
	<b>Appropriated</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Remaining</b>
ASFF	\$4,946	\$4,856	\$4,616	\$240
CERP	200	42	37	5
AIF	146	130	41	89
TFBSO	138	134	113	22
DOD CN	256	256	256	0
ESF	1,803	1,741	26	1,715
INCLE	594	594	89	505
<b>Total 7 Major Funds</b>	<b>\$8,082</b>	<b>\$7,753</b>	<b>\$5,176</b>	<b>\$2,576</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$329 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, 1/19/2015.

Congress appropriated nearly \$5.5 billion to the seven major reconstruction funds for FY 2014. Of that amount, nearly \$4.5 billion remained for possible disbursement, as of December 31, 2014, as shown in Table 3.4 and Figure 3.3.

TABLE 3.4

<b>FY 2014 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED</b> (\$ MILLIONS)				
	<b>Appropriated</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Remaining</b>
ASFF	\$3,962	\$1,013	\$826	\$3,136
CERP	30	7	4	3
AIF	199	138	1	198
TFBSO	122	107	66	57
DOD CN	105	105	105	0
ESF	852	0	0	852
INCLE	225	9	9	216
<b>Total 7 Major Funds</b>	<b>\$5,496</b>	<b>\$1,379</b>	<b>\$1,011</b>	<b>\$4,462</b>

Note: Numbers have been rounded. Pub. L. 113-235 rescinded \$764.38 million from FY 2014 ASFF. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$23 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, 1/19/2015.

FIGURE 3.2

**FY 2013 STATUS OF APPROPRIATED FUNDS**  
(\$ MILLIONS)

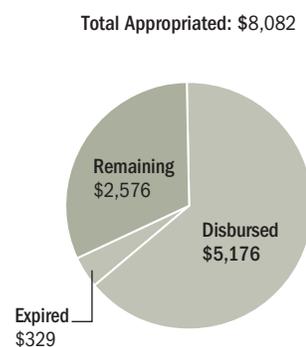
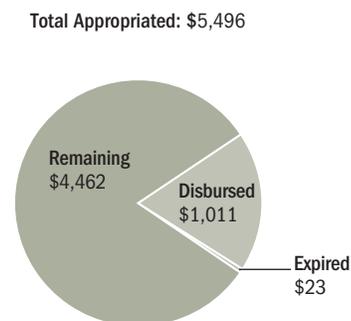


FIGURE 3.3

**FY 2014 STATUS OF APPROPRIATED FUNDS**  
(\$ MILLIONS)



## STATUS OF FUNDS CONTENTS

<b>U.S. Reconstruction Funding for Afghanistan</b>	<b>78</b>
<b>Afghanistan Security Forces Fund</b>	<b>80</b>
<b>ASFF Budget Activities</b>	<b>81</b>
<b>Commander's Emergency Response Program</b>	<b>82</b>
<b>Afghanistan Infrastructure Fund</b>	<b>83</b>
<b>Task Force for Business and Stability Operations</b>	<b>84</b>
<b>DOD Drug Interdiction and Counter-Drug Activities</b>	<b>85</b>
<b>Economic Support Fund</b>	<b>86</b>
<b>International Narcotics Control and Law Enforcement</b>	<b>87</b>
<b>International Reconstruction Funding for Afghanistan</b>	<b>88</b>

## STATUS OF FUNDS

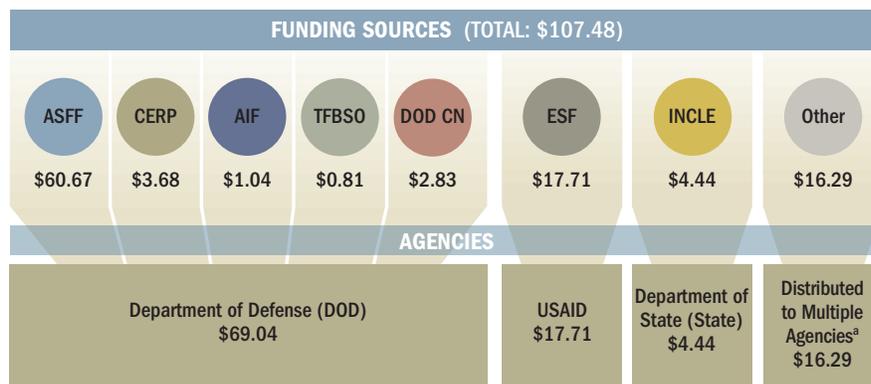
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of December 31, 2014, the United States had appropriated approximately \$107.48 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$65.02 billion for security (\$4.20 billion for counternarcotics initiatives)
- \$30.65 billion for governance and development (\$3.81 billion for counternarcotics initiatives)
- \$2.86 billion for humanitarian aid
- \$8.96 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

Note: Numbers have been rounded. Final FY 2015 appropriation amounts for State and USAID accounts were still being determined when this report went to press.

<sup>a</sup> Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, BBG, and SIGAR.

Source: DOD, response to SIGAR data call, 1/20/2015, 1/17/2015, 1/14/2015, 1/5/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 1/16/2015, 1/15/2015, 1/14/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 10/9/2014; OMB, response to SIGAR data call, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 1/14/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 1/8/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014, 1/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# STATUS OF FUNDS



The amount provided to the seven major U.S. funds represents over 84.8% (almost \$91.20 billion) of total U.S. reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 87.3% (more than \$79.57 billion) has been obligated, and over 79.5% (more than \$72.54 billion) has been disbursed. An estimated \$3.38 billion of the amount appropriated for these funds has expired.

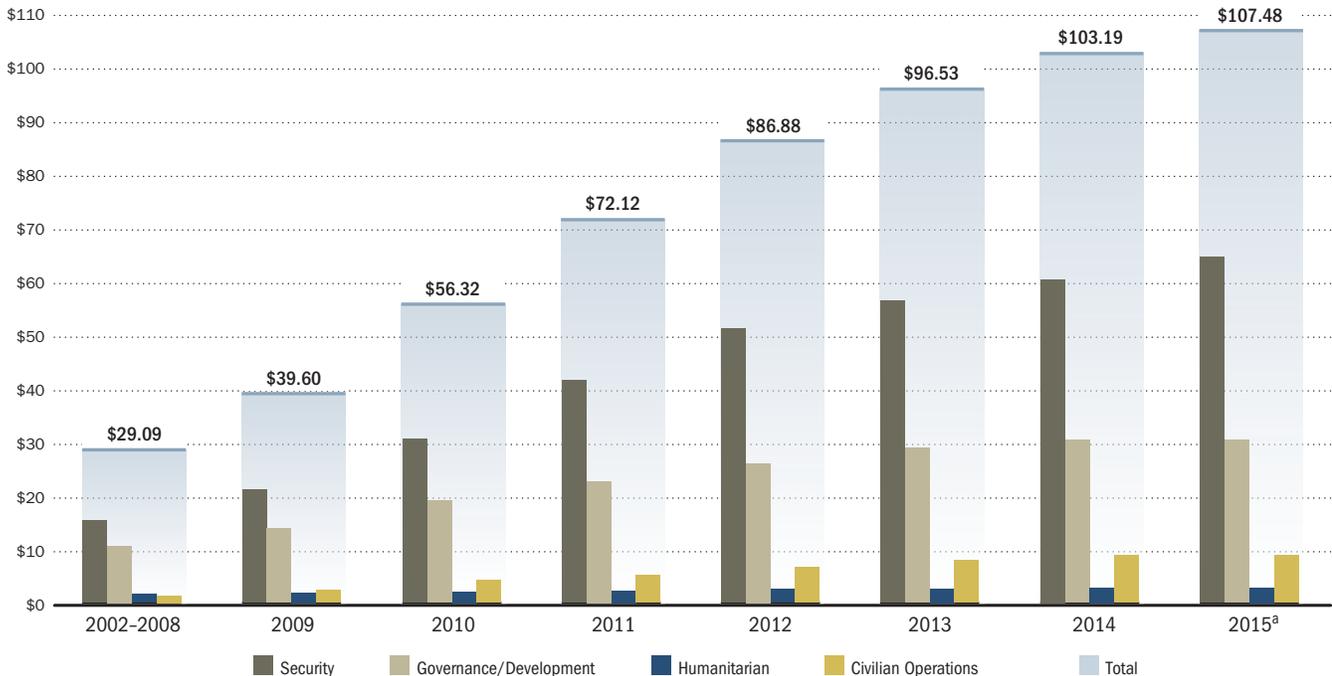
## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of December 31, 2014, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$107.48 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 oversight and operations. Approximately \$8.01 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.20 billion) and governance and development (\$3.81 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

On December 16, 2014, President Obama signed the Consolidated and Further Continuing Appropriations Act, 2015, funding the U.S. government for the rest of the fiscal year. When this report went to press, final FY 2015 appropriation amounts for State and USAID accounts were still being determined. The amount reported as appropriated for FY 2015 will increase from the \$4.29 billion, shown in Figure 3.6, when funding levels for these accounts are known.

FIGURE 3.5

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF DECEMBER 31, 2014 (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. Pub. L. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD reprogrammed \$1.78 million from FY 2013 ASFF. Pub. L. 113-235 rescinded \$764.38 million from FY 2014 ASFF. DOD transferred \$101 million from FY 2011 AIF and \$179.5 million from FY 2013 AIF to the ESF to fund infrastructure projects implemented by USAID.

<sup>a</sup> Final FY 2015 appropriation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data call, 1/20/2015, 1/17/2015, 1/14/2015, 1/5/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 1/16/2015, 1/15/2015, 1/14/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 10/9/2014; OMB, response to SIGAR data call, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 1/14/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 1/8/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014, 1/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

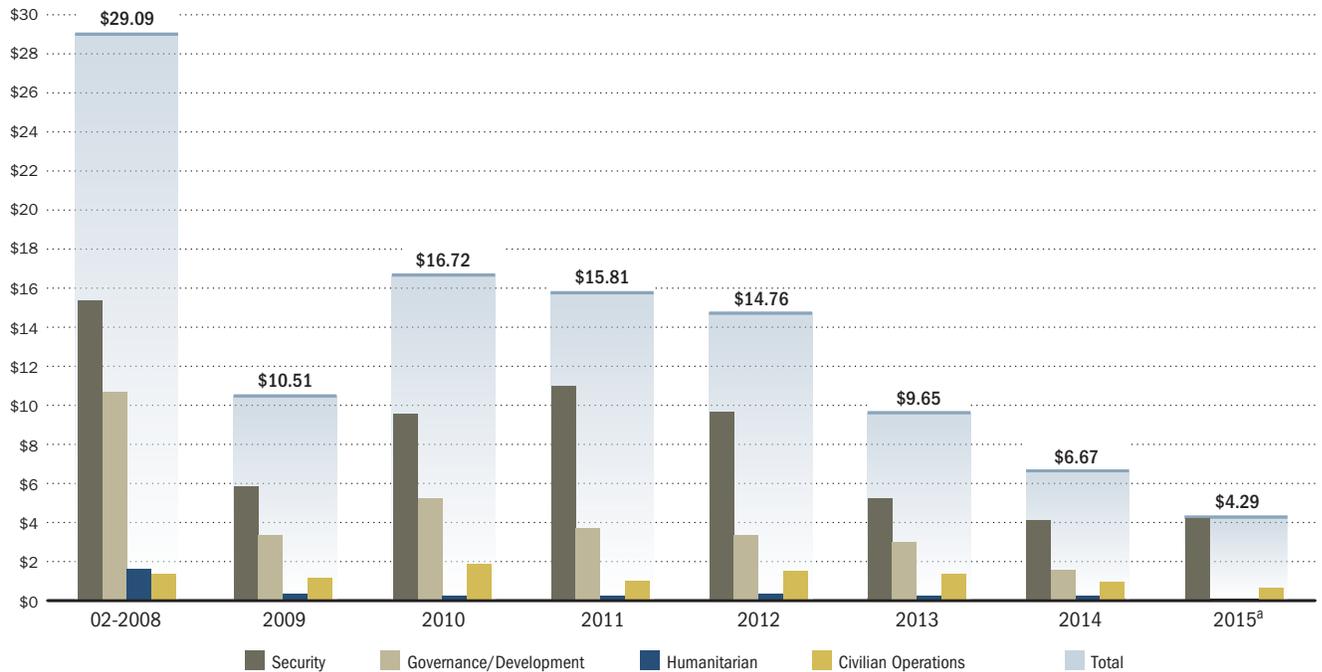
# STATUS OF FUNDS

Two of the seven major reconstruction funds—the Afghanistan Infrastructure Fund (AIF) and the Task Force for Business and Stability Operations (TFBSO)—did not receive an appropriation for FY 2015. While many AIF-funded projects are still in progress with a significant amount remaining to be disbursed, the TFBSO plans to cease operations by March 31, 2015. The Afghanistan Security Forces Fund was appropriated the nearly \$4.11 billion DOD requested for FY 2015; however, the FY 2015 Appropriations Act rescinded \$764.38 million from FY 2014 ASFF.

Despite U.S. troop reductions in Afghanistan, a considerable amount is still in the reconstruction funding pipeline. More than \$15.28 billion remains for potential disbursement even after the FY 2015 ASFF rescission. For more information about the reconstruction funding pipeline, see pages 74–75.

FIGURE 3.6

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

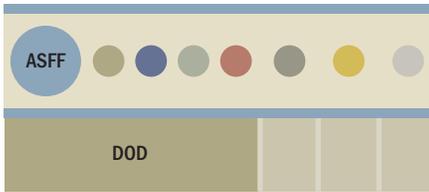


Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. Pub. L. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD reprogrammed \$178 million from FY 2013 ASFF. Pub. L. 113-235 rescinded \$764.38 million from FY 2014 ASFF. DOD transferred \$101 million from FY 2011 AIF and \$179.5 million from FY 2013 AIF to the ESF to fund infrastructure projects implemented by USAID.

<sup>a</sup> Final FY 2015 appropriation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data call, 1/20/2015, 1/17/2015, 1/14/2015, 1/5/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 1/16/2015, 1/15/2015, 1/14/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 10/9/2014; OMB, response to SIGAR data call, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 1/14/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 1/8/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014, 1/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# 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.<sup>44</sup> The primary organization responsible for building the ANSF is the Combined Security Transition Command-Afghanistan.<sup>45</sup> A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.<sup>46</sup>

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated nearly \$4.11 billion for the ASFF for FY 2015, increasing total cumulative funding to more than \$60.67 billion.<sup>47</sup> As of December 31, 2014, more than \$52.35 billion of total ASFF funding had been obligated, of which nearly \$50.74 billion had been disbursed.<sup>48</sup> Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by nearly \$582.52 million over the quarter, and cumulative disbursements increased by nearly \$1.80 billion.<sup>49</sup> Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

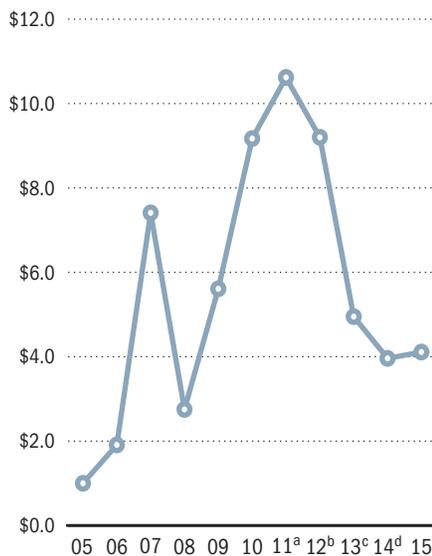
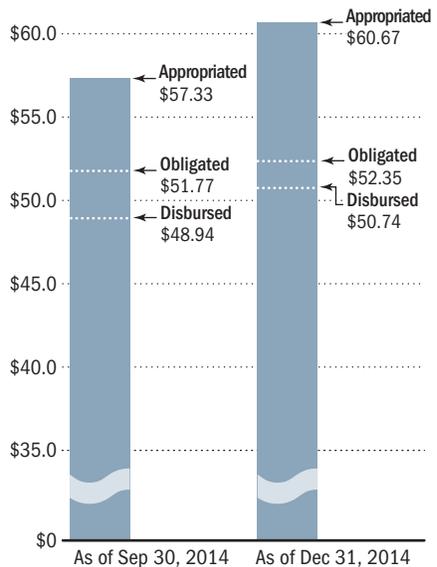


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



Note: Numbers have been rounded.

<sup>a</sup> DOD reprogrammed \$1 billion of FY 2011 ASFF.

<sup>b</sup> DOD reprogrammed \$1 billion of FY 2012 ASFF; another \$1 billion was rescinded in Pub. L. 113-6.

<sup>c</sup> DOD reprogrammed \$178 million of FY 2013 ASFF.

<sup>d</sup> \$764.38 million of FY 2015 ASFF was rescinded in Pub. L. 113-235.

Source: DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014, 1/17/2015; DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2014, 10/16/2014; Pub. L. Nos. 113-235, 113-76, and 113-6.

## 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.<sup>50</sup> 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.<sup>51</sup>

As of December 31, 2014, DOD had disbursed nearly \$50.74 billion for ANSF initiatives. Of this amount, more than \$33.74 billion was disbursed for the ANA, and more than \$16.62 billion was disbursed for the ANP; the remaining nearly \$372.26 million was directed to related activities.<sup>52</sup>

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$13.51 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$6.59 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.<sup>53</sup>

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

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

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

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005-DEC 31, 2014 (\$ BILLIONS)

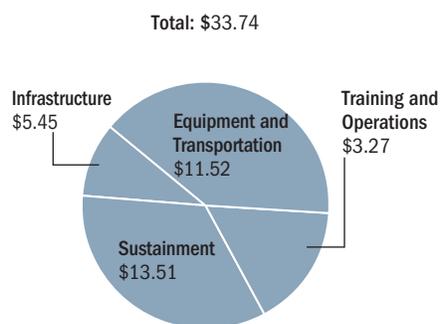
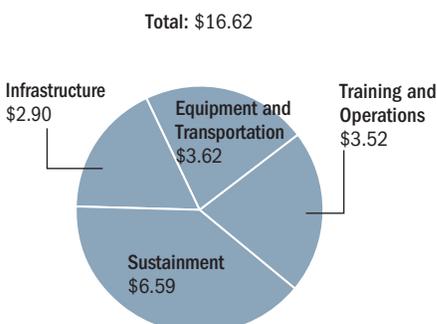


FIGURE 3.10

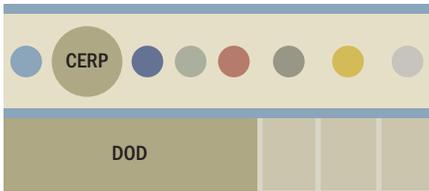
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005-DEC 31, 2014 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014, 1/17/2015.

# 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.<sup>54</sup> CERP-funded projects may not exceed \$2 million each.<sup>55</sup>

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated \$10 million for CERP, increasing total cumulative funding to nearly \$3.68 billion.<sup>56</sup> Of this amount, DOD reported that nearly \$2.28 billion had been obligated, of which nearly \$2.26 billion had been disbursed as of December 31, 2014.<sup>57</sup> 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)

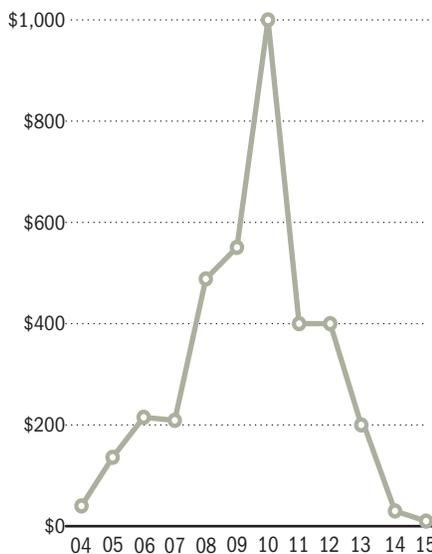
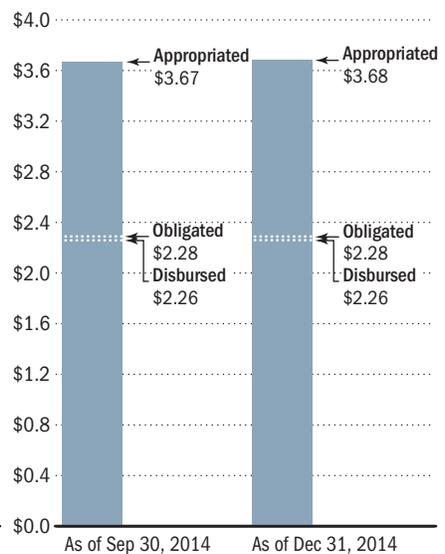


FIGURE 3.12

**CERP FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)



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

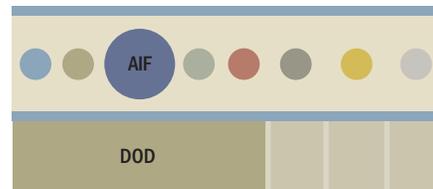
Source: DOD, response to SIGAR data call, 1/20/2015 and 10/20/2014; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10.

## AFGHANISTAN INFRASTRUCTURE FUND

The **Afghanistan Infrastructure Fund (AIF)** received appropriations from FY 2011 through FY 2014. DOD did not request funds for the AIF for FY 2015. Each AIF-funded project was required to have a plan for its sustainment and a description of how it supported the counter-insurgency strategy in Afghanistan.<sup>58</sup>

The AIF received cumulative appropriations of over \$1.32 billion; however, \$280.5 million of these funds were transferred to the Economic Support Fund (ESF) for USAID’s Northeast Power System transmission lines projects, bringing the cumulative amount remaining in the AIF to \$1.04 billion.<sup>59</sup> Figure 3.13 shows AIF appropriations by fiscal year.

As of December 31, 2014, more than \$837.47 million of total AIF funding had been obligated. Although the AIF will not receive additional funding, many AIF projects are still in progress—more than 60% of obligated AIF funds and all \$280.5 million of the funds transferred to the ESF remain to be disbursed.<sup>60</sup> Only \$332.14 million of AIF funds had been disbursed, as of December 31, 2014, as shown in Figure 3.14.



### AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

FIGURE 3.13

**AIF APPROPRIATIONS BY FISCAL YEAR**  
(\$ MILLIONS)

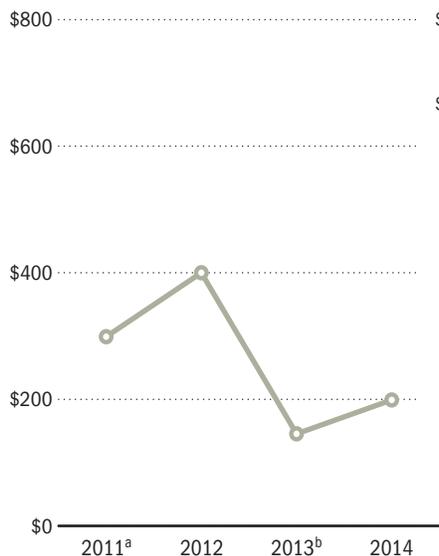
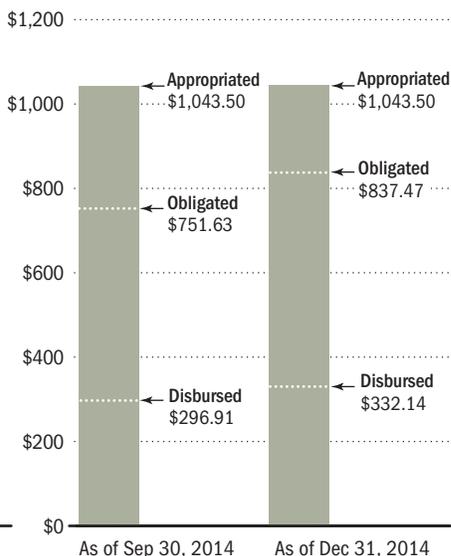


FIGURE 3.14

**AIF FUNDS, CUMULATIVE COMPARISON**  
(\$ MILLIONS)



Note: Numbers have been rounded.

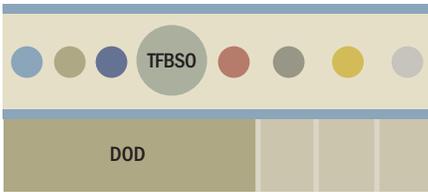
<sup>a</sup> FY 2011 figure excludes \$101 million that was transferred to USAID to execute an AIF project.

<sup>b</sup> FY 2013 figure excludes \$179.5 million that was transferred to USAID to execute an AIF project.

Source: DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014, 1/17/2015; DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2014, 10/16/2014; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

**Afghanistan Infrastructure Fund (AIF):** 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.

# 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 authorities expired on December 31, 2014, and the TFBSO is concluding its operations, which are planned to cease no later than March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.<sup>61</sup>

Although DOD was not authorized additional funding for TFBSO projects in the FY 2015 National Defense Authorization Act, TFBSO did continue to receive a nominal amount of funding from the Operations and Maintenance, Army, account for costs associated with administrative shutdown.<sup>62</sup> Through December 30, 2014, the TFBSO had been appropriated nearly \$814.92 million since FY 2009. Of this amount, more than \$763.47 million had been obligated and nearly \$631.26 million had been disbursed. DOD reported that approximately \$4.3 million had been deobligated over the quarter.<sup>63</sup> Figure 3.15 displays the amounts appropriated for the TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

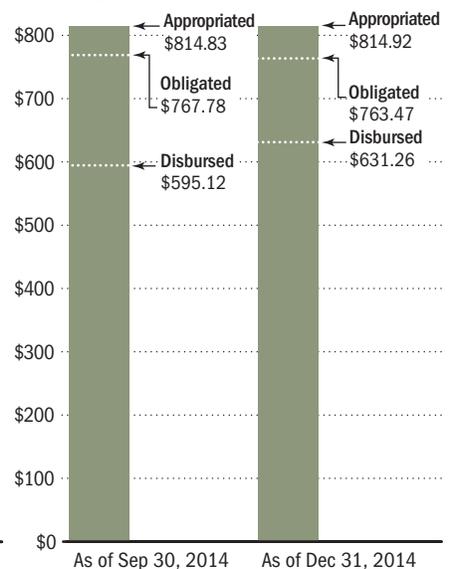
FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR  
(\$ MILLIONS)



FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON  
(\$ MILLIONS)



Note: Numbers have been rounded. Updated data resulted in a lower obligated figure than reported last quarter. Of the \$814.92 million appropriated the TFBSO, \$358.12 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

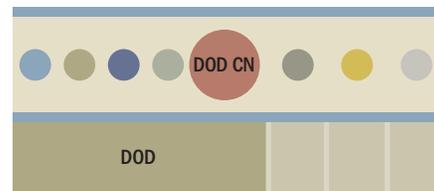
Source: DOD, response to SIGAR data calls, 1/5/2015, 10/6/2014, and 10/4/2011; Pub. L. 113-76, 1/17/2014; Pub. L. 113-6, 3/26/2013; Pub. L. 112-74, 12/23/2011; Pub. L. 112-10, 4/15/2011.

## 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 agencies—including the Afghan Border Police—with specialized training, equipment, and facilities.<sup>64</sup>

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.<sup>65</sup>

DOD reported that DOD CN received nearly \$110.10 million for Afghanistan for FY 2014, bringing cumulative funding for DOD CN to more than \$2.83 billion since FY 2004. Of this amount, more than \$2.80 billion had been transferred to the military services and defense agencies for DOD CN projects, as of December 31, 2014.<sup>66</sup> 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)

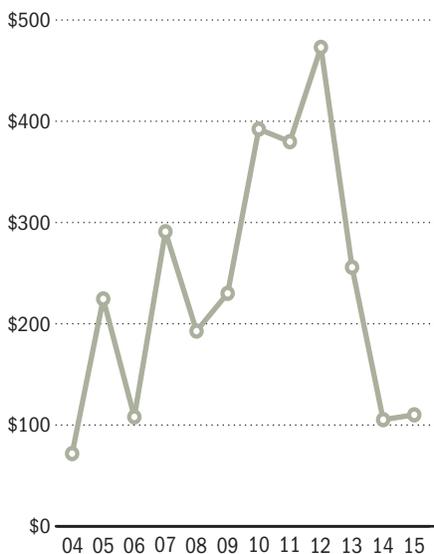
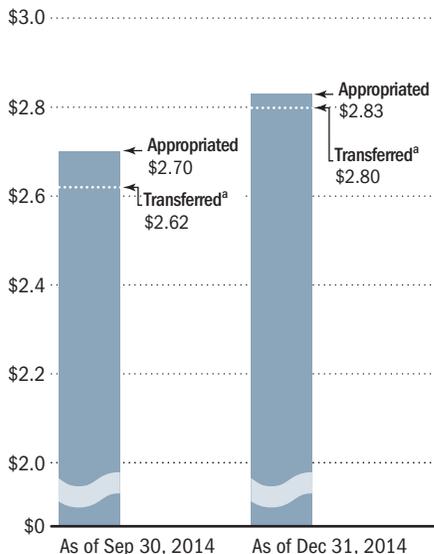


FIGURE 3.18

**DOD CN FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)

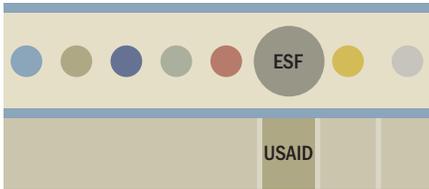


Note: Numbers have been rounded. Prior-year adjustments are done periodically to reflect deobligation and/or realignment of multi-year procurement funding. FY14 DOD CN allocation for Afghanistan was significantly reduced from the planned \$317.7 million to \$105.3 million, as of December 31, 2014.

<sup>a</sup> DOD reprograms all funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data calls, 1/14/2015 and 10/20/2014.

# 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 counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.<sup>67</sup>

When this report went to press, final FY 2015 funding levels for the ESF had not been determined. USAID reported that cumulative funding for the ESF amounted to more than \$17.71 billion, including amounts transferred from the AIF to the ESF for USAID's Northeast Power System transmission lines projects. Of this amount, nearly \$16.38 billion had been obligated, of which nearly \$12.49 billion had been disbursed.<sup>68</sup> Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of December 31, 2014, decreased by more than \$55.17 million and cumulative disbursements increased by more than \$240.42 million from the amounts reported last quarter.<sup>69</sup> Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

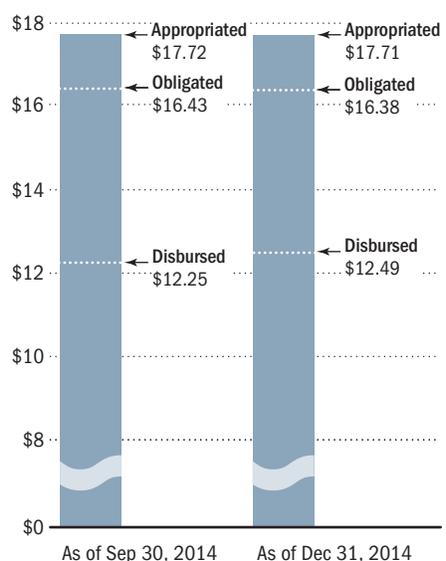
FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR  
(\$ BILLIONS)



FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Note: Numbers have been rounded. Updated data resulted in a lower appropriated and obligated figure than reported last quarter. FY 2011 figure includes \$101 million that was transferred to the ESF from the Afghanistan Infrastructure Fund (AIF). FY 2013 figure includes \$179.5 million that was transferred to the ESF from the AIF. FY 2015 ESF appropriation amount will be determined after State completes the 653(a) consultation process.

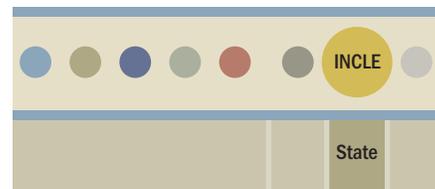
Source: USAID, response to SIGAR data calls, 1/14/2015 and 10/9/2014; State, response to SIGAR data calls, 1/14/2015 and 4/15/2014.

## 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.<sup>70</sup>

When this report went to press, final FY 2015 funding levels for INCLE had not been determined. State reported that cumulative funding for INCLE amounted to more than \$4.44 billion. Of this amount, more than \$4.16 billion had been obligated, of which, nearly \$3.29 billion had been disbursed.<sup>71</sup> Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of December 31, 2014, increased by nearly \$1.40 million compared to cumulative obligations as of September 30, 2014. Cumulative disbursements as of December 31, 2014, increased by more than \$135.85 million over cumulative disbursements as of September 30, 2014.<sup>72</sup> Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



### INL FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

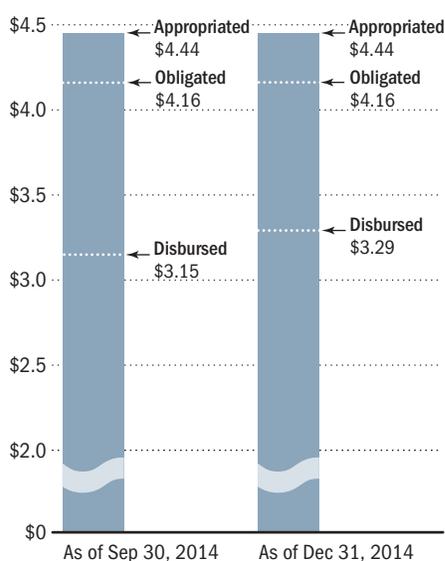
FIGURE 3.21

**INCLE APPROPRIATIONS BY FISCAL YEAR**  
(\$ MILLIONS)



FIGURE 3.22

**INCLE FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers. FY 2015 INCLE appropriation amount will be determined after State completes the 653(a) consultation process.

Source: State, response to SIGAR data calls, 1/15/2015 and 10/17/2014.

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

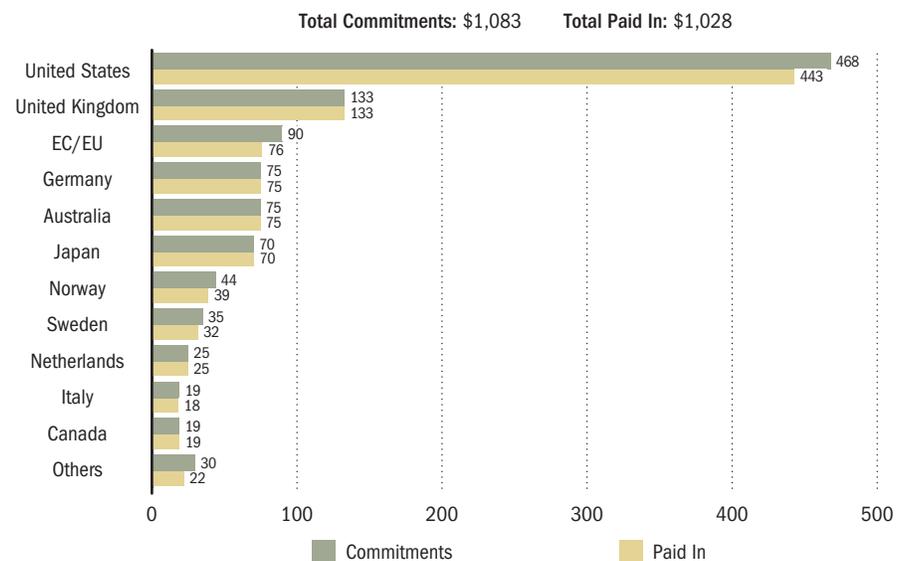
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust 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).<sup>73</sup>

### 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 December 21, 2014, the World Bank reported that 34 donors had pledged more than \$7.98 billion, of which more than \$7.93 billion had been paid in.<sup>74</sup> According to the World Bank, donors had pledged more than \$1.08 billion to the ARTF for Afghan fiscal year 1393, which ran from December 21, 2013 to December 20, 2014.<sup>75</sup> 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 DECEMBER 21, 2014 (\$ MILLIONS)



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

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of December 21, 2014 (end of 12th month of FY 1393)," p. 1.

# STATUS OF FUNDS

As of December 21, 2014, the United States had pledged more than \$2.43 billion and paid in nearly \$2.41 billion since 2002.<sup>76</sup> The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing 48% 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.<sup>77</sup> As of December 21, 2014, according to the World Bank, nearly \$3.35 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.<sup>78</sup> 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.<sup>79</sup>

The Investment Window supports the costs of development programs. As of December 21, 2014, according to the World Bank, nearly \$3.69 billion had been committed for projects funded through the Investment Window, of which more than \$2.86 billion had been disbursed. The World Bank reported 20 active projects with a combined commitment value of more than \$2.36 billion, of which more than \$1.53 billion had been disbursed.<sup>80</sup>

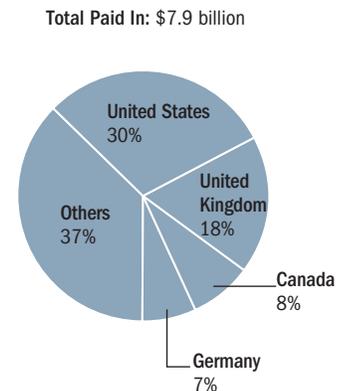
## Contributions to the Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.<sup>81</sup> Since 2002, donors have pledged nearly \$3.84 billion to the LOTFA, of which nearly \$3.77 billion had been paid in, as of September 30, 2014—the most recent LOTFA data available.<sup>82</sup> The LOTFA's sixth support phase started on January 1, 2011, and ended on December 31, 2014.<sup>83</sup> From the beginning of Phase VI through September 30, 2014, the UNDP had transferred nearly \$1.90 billion from the LOTFA to the Afghan government to cover ANP and Central Prisons Directorate staff remunerations and an additional \$53.52 million for capacity development and other LOTFA initiatives.<sup>84</sup> As of September 30, 2014, donors had committed nearly \$2.31 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 \$746.76 million. Their combined commitments make up over 74% of LOTFA Phase VI commitments. The United States had committed more than \$1.52 billion since the fund's inception and had paid in all but \$3.9 million of the commitment, as of September 30, 2014.<sup>85</sup> Figure 3.25 shows the four largest donors to the LOTFA since 2002.

The LOTFA's seventh phase began on January 1, 2015, and is initially planned to run through a six-month inception phase with an estimated budget of \$296.84 million. During the inception phase, LOTFA activities are to begin transitioning to the Afghan government.<sup>86</sup>

FIGURE 3.24

### ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–DECEMBER 21, 2014

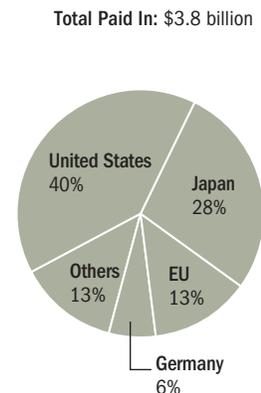


Note: Numbers have been rounded. "Others" includes 30 donors.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of December 21, 2014 (end of 12th month of FY 1393)," p. 5.

FIGURE 3.25

### DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF SEPTEMBER 30, 2014 (PERCENT)



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

Source: UNDP, Law and Order Trust Fund for Afghanistan (LOTFA) 2014 Third Quarter Project Progress Report, 1/17/2015, pp. 46–47; SIGAR analysis of UNDP's quarterly and annual LOTFA reports, 1/17/2015.