

# 3 RECONSTRUCTION UPDATE



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Masonry workers restore a wall in Kabul. (United Nations Environment Programme photo by Najeeb Azad)

## RECONSTRUCTION UPDATE

### OVERVIEW

From March 22 to 25, 2015, President Ashraf Ghani and Chief Executive Officer (CEO) Abdullah Abdullah made their first visit to Washington, DC, since Afghanistan's national-unity government was inaugurated in September 2014. According to Special Representative for Afghanistan and Pakistan (SRAP) Daniel Feldman, the visit focused on "the need to change the narrative of the U.S.-Afghanistan bilateral relationship."<sup>40</sup> The visit resulted in a number of U.S. commitments of support for the Afghan government:

- President Obama's announcement to maintain 9,800 deployed U.S. troops in Afghanistan into 2016.<sup>41</sup>
- DOD's intention to seek funding through 2017 to sustain the Afghan National Security Forces (ANSF) at an authorized force strength of 352,000.<sup>42</sup>
- An \$800 million, five-year "New Development Partnership" incentive-based program to support Ghani's reform agenda. This new U.S. Agency for International Development (USAID)-administered initiative will utilize already budgeted or requested funding and will be delivered through the World Bank's Afghanistan Reconstruction Trust Fund (ARTF). According to a senior U.S. official, a difference in this program is that the incentive milestones "are not going to be short-term, check the box, do this thing, make this reform" approaches of past incentive-based programs, but will focus on "substantial reforms or development outcomes."<sup>43</sup>
- Funding of \$30 million in support of electoral reforms and operations to be implemented by United Nations Development Programme's (UNDP) Enhancing Legal and Electoral Capacity for Tomorrow—Phase II (UNDP/ELECT II) program.
- Up to \$10 million to the UNDP's Support to Afghanistan Peace and Reintegration Programme (APRP) to support the efforts of the Afghan High Peace Council (HPC).<sup>44</sup>

While Ghani and Abdullah's trip was widely regarded as a success, the national-unity government still lacked a full cabinet at the end of the quarter. Nor did the government succeed in initiating peace talks with the

# RECONSTRUCTION UPDATE

Taliban by the end of the quarter. In early April, an Afghan news agency reported Abdullah saying “I am not at all satisfied with government’s performance. It has been negligent.”<sup>45</sup>

In February, the UN Secretary-General reported that the security situation in Afghanistan remained volatile, with the highest number of security incidents in the months of December 2014 and January 2015 compared with the same period in each year since 2001, a fact it attributed to the relatively mild winter.<sup>46</sup> Additionally, the Secretary-General predicted that armed conflicts will intensify this summer.<sup>47</sup>

Also in February, the ANSF began Operation Zulfikar, the largest operation it has conducted independently since taking responsibility for Afghanistan’s security this year, to clear insurgents from Helmand Province.<sup>48</sup> The 50-day operation ended with officials reporting the deaths of 418 insurgents, 93 security personnel, and seven civilians.<sup>49</sup>

In March, a young woman named Farkhunda was beaten to death and burnt by a mob in Kabul following accusations that she had burnt a Koran. The killing prompted large protests in Kabul.<sup>50</sup> According to an Afghan government fact-finding report, the accusations against the 27-year-old Farkhunda were false. Police tried to intervene at the beginning of the incident, but stood by as the mob became more violent.<sup>51</sup> The Afghan Attorney General’s Office (AGO) announced that 49 people, 20 of them police, were being held in connection to Farkhunda’s death.<sup>52</sup>

Afghanistan ended its fiscal year (FY) 1393 (December 22, 2013–December 21, 2014), missing budgetary revenue collection targets by 35%. This represented a 9.9% decrease from the same period in FY 1392, while expenditures increased 9.2%. Domestic revenues in FY 1393 paid for only 33% or \$1.7 billion of Afghanistan’s total budget expenditures of \$5.2 billion, with donor contributions making up the difference.

This quarter, the FY 1394 national budget was approved, totaling \$7.65 billion, a 1.8% increase over FY 1393. The Afghan government and the International Monetary Fund reached a nine-month staff-level agreement to monitor implementation of Afghanistan’s macroeconomic policies and structural-reform agenda. And the U.S. Treasury agreed to develop technical assistance and capacity-building programs to strengthen Afghanistan’s public financial-management systems and its financial-sector oversight.

As of March 31, 2015, approximately \$109.8 billion had been appropriated for Afghanistan relief and reconstruction since 2002. More than \$92.5 billion of this total was appropriated for the seven major reconstruction funds, and approximately \$14.9 billion of the amount appropriated to these funds remained in the funding pipeline for potential disbursement. On February 2, 2015, President Obama released his FY 2016 budget request. The request, if approved, would provide an additional \$5.4 billion for the major reconstruction funds—approximately the same amount these funds received for FY 2015.

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The United States provides on-budget assistance to Afghan government entities and contributions to multinational trust funds. Since 2002, the United States has provided nearly \$8.5 billion in on-budget assistance. This includes about \$4.4 billion to Afghan government ministries and institutions, and nearly \$4.1 billion to three multinational trust funds—the World Bank’s ARTF, UNDP’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	1,404
<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, *Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries’ Ability to Manage Donor Funds, but Weaknesses Remain*, Audit Report 14-32-AR, 1/2014; SIGAR, *Comprehensive Risk Assessments of MOD and MOI Financial Management Capacity Could Improve Oversight of Over \$4 Billion in Direct Assistance Funding*, Special Project Report 14-12-SP, 12/2013; USAID, response to SIGAR data call, 4/9/2015; World Bank, “ARTF: Administrator’s Report on Financial Status as of March 20, 2015 (end of 3rd month of FY 1394),” 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.

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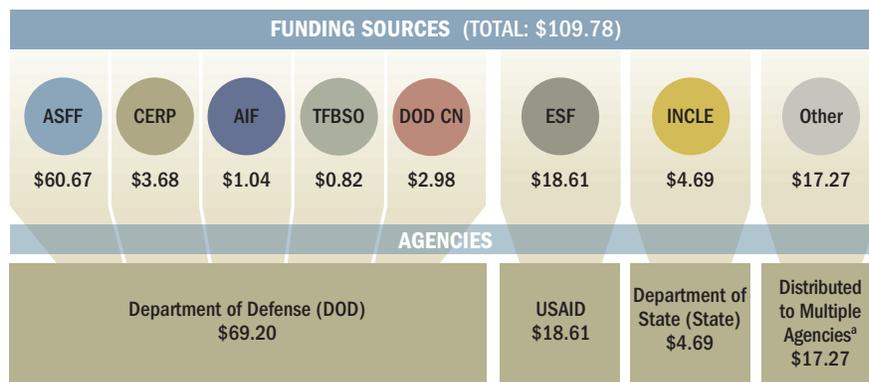
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of March 31, 2015, the United States had appropriated approximately \$109.78 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002. This total has been allocated as follows:

- \$65.17 billion for security (\$4.56 billion for counternarcotics initiatives)
- \$31.85 billion for governance and development (\$3.81 billion for counternarcotics initiatives)
- \$2.89 billion for humanitarian aid
- \$9.86 billion for civilian operations

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

FIGURE 3.1

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



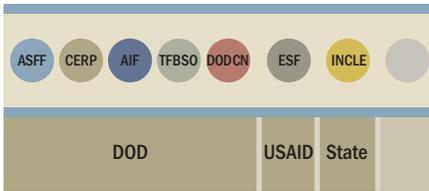
- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International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

Note: Numbers have been rounded. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval.

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

Source: DOD, response to SIGAR data calls, 4/21/2015, 4/17/2015, 4/10/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 4/15/2015, 3/30/2015, 1/16/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 4/6/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data calls, 4/9/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 4/9/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2015," 4/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, and 111-118.

# STATUS OF FUNDS



## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

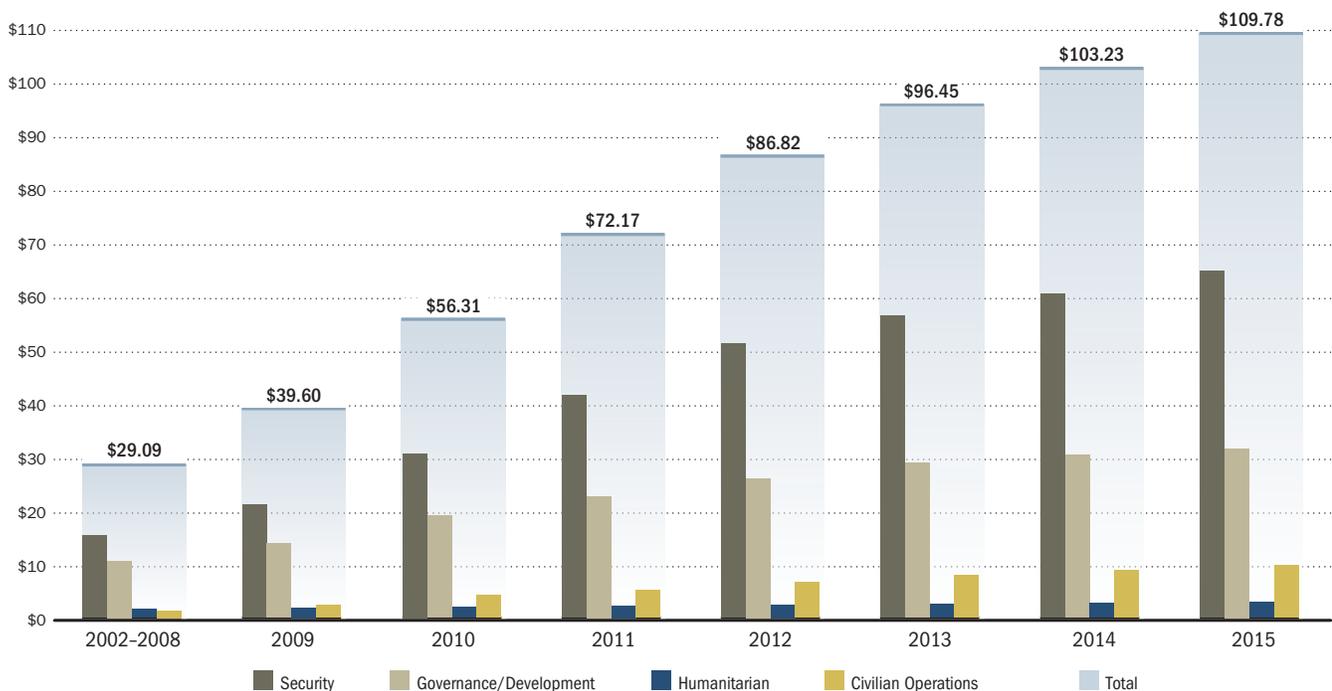
As of March 31, 2015, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$109.78 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.37 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.56 billion) and governance and development (\$3.81 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional \$6.54 billion for FY 2015, as shown in Figure 3.3. Most of this amount (76.6%) was appropriated to two funds—\$4.11 billion for the ASFF and \$900 million for the ESF. Security remains the largest appropriation category by a wide margin. Appropriations to train, equip, and support the Afghan National Security Forces (ANSF) make up more than

The amount provided to the seven major U.S. funds represents nearly 84.3% (more than \$92.50 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 86.7% (more than \$80.17 billion) has been obligated, and over 80.0% (nearly \$74.02 billion) has been disbursed. An estimated \$3.63 billion of the amount appropriated to these funds has expired.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF MARCH 31, 2015 (\$ BILLIONS)



Note: Numbers have been rounded. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval. 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.

Source: DOD, response to SIGAR data calls, 4/21/2015, 4/17/2015, 4/10/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 4/15/2015, 3/30/2015, 1/16/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 4/6/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data calls, 4/9/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 4/9/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2015," 4/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, and 111-118.

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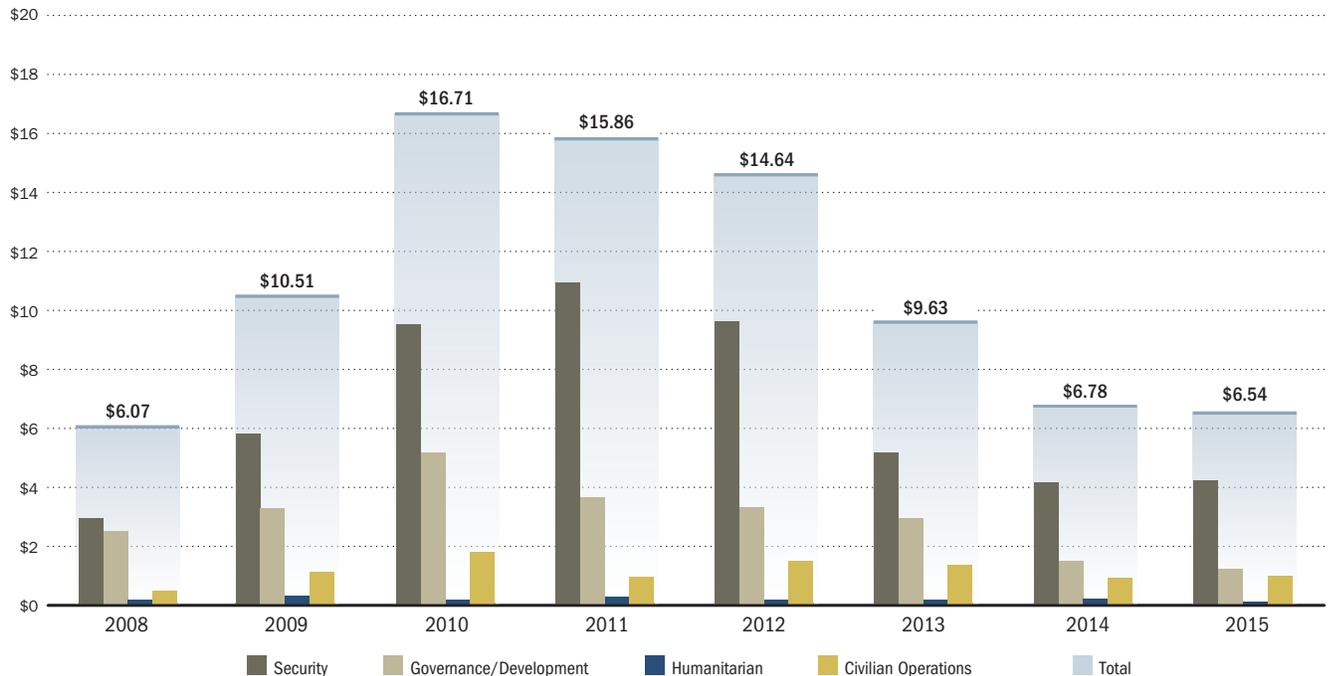
all other categories of reconstruction funding combined—nearly 65.1% of FY 2015 funding.

On February 2, 2015, President Obama released his FY 2016 budget request. The request, if approved, would provide an additional \$5.4 billion for the major reconstruction funds—approximately the same amount these funds received for FY 2015. Amounts requested for the major reconstruction funds for FY 2016 include:

- \$3.76 billion for the Afghanistan Security Forces Fund (ASFF)
- \$1.23 billion for the Economic Support Fund (ESF)
- \$250 million for the International Narcotics and Law Enforcement (INCLE) account
- \$147.6 million for DOD's Drug Interdiction and Counter-Drug Activities fund (DOD CN)
- \$10 million for Commander's Emergency Response Program (CERP)

FIGURE 3.3

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



Note: Numbers have been rounded. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval. 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.

Source: DOD, response to SIGAR data calls, 4/21/2015, 4/17/2015, 4/10/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 4/15/2015, 3/30/2015, 1/16/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 4/6/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data calls, 4/9/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 4/9/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2015," 4/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, and 111-118.

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## AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly \$109.78 billion for Afghanistan relief and reconstruction. Of this amount, \$92.50 billion (84.3%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

As of March 31, 2015, approximately \$14.86 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to complete on-going, large-scale infrastructure projects, such as those funded by 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 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

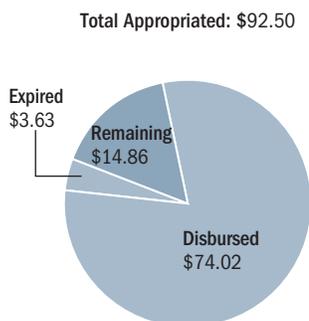


TABLE 3.3

FY 2015 AMOUNTS APPROPRIATED (\$ MILLIONS)	
	Appropriated
ASFF	\$4,109.33
CERP	10.00
DOD CN	147.60
ESF	900.00
INCLE	250.00
<b>Total 5 Major Funds</b>	<b>\$5,416.93</b>

Note: Numbers have been rounded. ESF and INCLE reflect draft allocation amounts for Afghanistan and are subject to final Congressional approval.

Source: DOD, response to SIGAR data call, 4/10/2015; State, response to SIGAR data call, 4/15/2015; Pub. L. No. 113-235.

TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2015 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$60.67	\$53.08	\$51.60	\$7.64
Commander's Emergency Response Program (CERP)	3.68	2.28	2.26	0.03
Afghanistan Infrastructure Fund (AIF)	1.04	0.84	0.38	0.53
Task Force for Business & Stability Operations (TFBSO)	0.82	0.77	0.61	0.17
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	2.98	2.75	2.75	0.24
Economic Support Fund (ESF)	18.61	16.30	13.09	4.97
International Narcotics Control & Law Enforcement (INCLE)	4.69	4.16	3.34	1.29
<b>Total 7 Major Funds</b>	<b>\$92.50</b>	<b>\$80.17</b>	<b>\$74.02</b>	<b>\$14.86</b>
Other Reconstruction Funds	7.41			
Civilian Operations	9.86			
<b>Total</b>	<b>\$109.78</b>			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$3.6 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. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/21/2015.

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 providing an additional \$5.42 billion to five of the seven major funds, as shown in Table 3.3 in the margin. AIF and TFBSO received no additional funding for new projects. As of March 31, 2015, only \$214,263 of FY 2015 funding had been obligated and disbursed, mostly from CERP.

# STATUS OF FUNDS

Congress appropriated more than \$9.63 billion for Afghanistan reconstruction for FY 2013. More than \$8.08 billion of that amount went to the major funds. As of March 31, 2015, nearly \$2.20 billion of these funds remained for possible disbursement, as shown in Table 3.4 and Figure 3.5.

TABLE 3.4

FY 2013 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$4,946.20	\$4,824.20	\$4,604.81	\$219.39
CERP	200.00	42.07	37.14	4.93
AIF	145.50	130.31	56.33	73.98
TFBSO	138.20	134.06	79.11	54.95
DOD CN	255.81	255.81	255.81	0.00
ESF	1,802.65	1,719.88	355.03	1,364.85
INCLE	593.81	593.57	115.36	478.21
<b>Total 7 Major Funds</b>	<b>\$8,082.17</b>	<b>\$7,699.91</b>	<b>\$5,503.60</b>	<b>\$2,196.31</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$382 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. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/21/2015.

Congress appropriated more than \$6.78 billion for Afghanistan reconstruction for FY 2014. Nearly \$5.61 billion of that amount went to the major funds. As of March 31, 2015, nearly \$3.80 billion of these funds remained for possible disbursement, as shown in Table 3.5 and Figure 3.6.

TABLE 3.5

FY 2014 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$3,962.34	\$1,913.94	\$1,556.85	\$2,405.49
CERP	30.00	6.36	5.28	1.08
AIF	199.00	133.98	1.79	197.21
TFBSO	122.24	106.87	82.19	40.05
DOD CN	215.46	127.55	127.55	87.91
ESF	852.00	0.02	0.00	852.00
INCLE	225.00	12.13	10.20	214.80
<b>Total 7 Major Funds</b>	<b>\$5,606.04</b>	<b>\$2,300.84</b>	<b>\$1,783.86</b>	<b>\$3,798.54</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$24 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. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/21/2015.

FIGURE 3.5

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

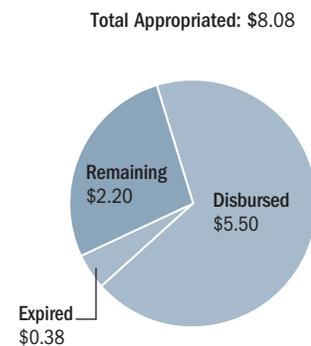
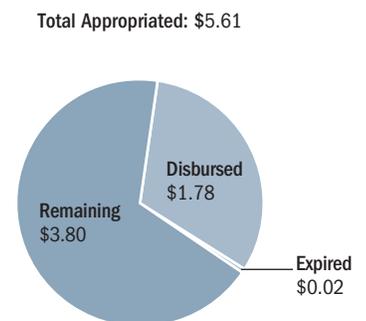
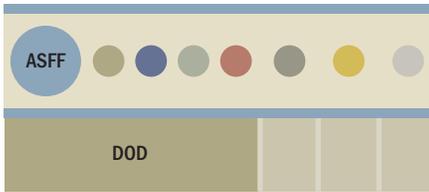


FIGURE 3.6

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



# STATUS OF FUNDS



## ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

## AFGHANISTAN SECURITY FORCES FUND

The Congress created ASFF to provide the ANSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.<sup>53</sup> The primary organization responsible for building the ANSF is the Combined Security Transition Command-Afghanistan.<sup>54</sup> A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.<sup>55</sup>

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated nearly \$4.11 billion for ASFF for FY 2015, increasing total cumulative funding to more than \$60.67 billion.<sup>56</sup> As of March 31, 2015, nearly \$53.08 billion of total ASFF funding had been obligated, of which nearly \$51.60 billion had been disbursed.<sup>57</sup> Figure 3.7 displays the amounts made available for ASFF by fiscal year.

DOD reported that cumulative obligations increased by more than \$722.91 million over the quarter, and cumulative disbursements increased by nearly \$858.04 million.<sup>58</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)

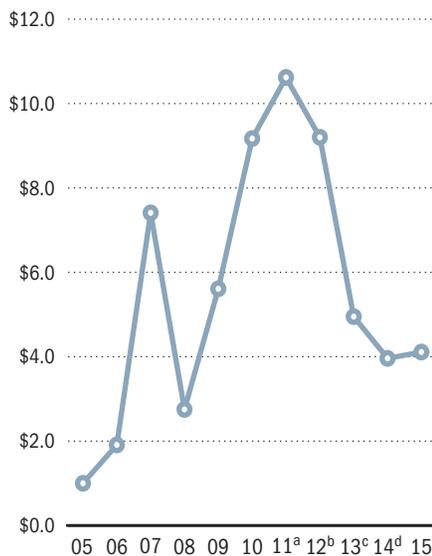
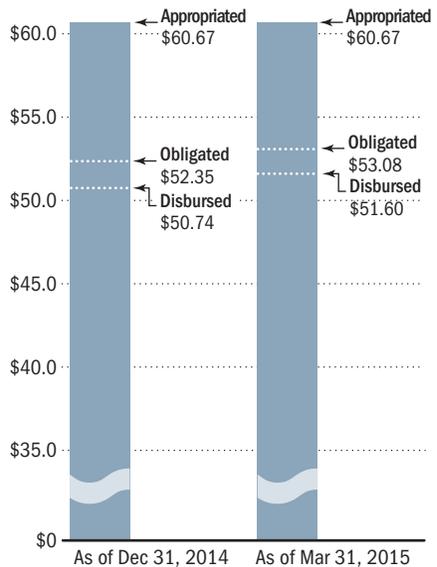


FIGURE 3.8

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. No. 113-6.

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

<sup>d</sup> \$764.38 million of FY 2014 ASFF was rescinded in Pub. L. No. 113-235.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2015," 4/17/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014," 1/17/2015; 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>59</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>60</sup>

As of March 31, 2015, DOD had disbursed nearly \$51.60 billion for ANSF initiatives. Of this amount, nearly \$34.45 billion was disbursed for the ANA, and nearly \$16.77 billion was disbursed for the ANP; the remaining nearly \$379.53 million was directed to related activities.<sup>61</sup>

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than \$13.98 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than \$6.67 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.<sup>62</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-MAR 31, 2015 (\$ BILLIONS)

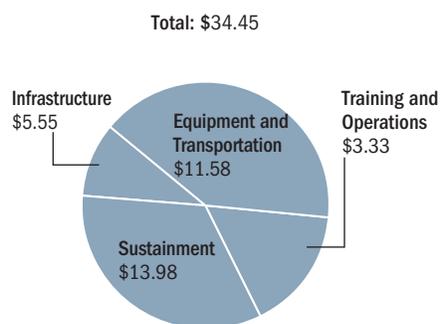
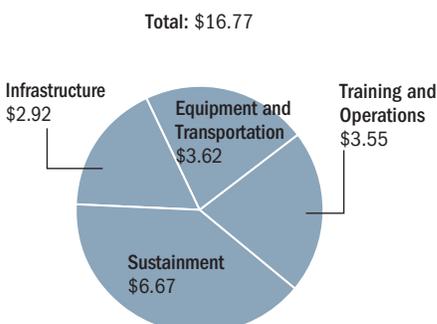


FIGURE 3.10

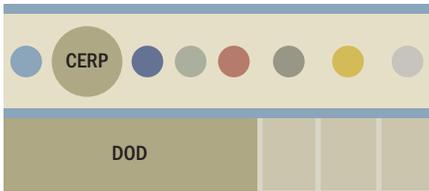
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005-MAR 31, 2015 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2015," 4/17/2015.

# 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

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>63</sup> CERP-funded projects may not exceed \$2 million each.<sup>64</sup>

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated \$10 million for CERP, increasing total cumulative funding to nearly \$3.68 billion.<sup>65</sup> Of this amount, DOD reported that more than \$2.28 billion had been obligated, of which more than \$2.26 billion had been disbursed as of March 31, 2015.<sup>66</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)

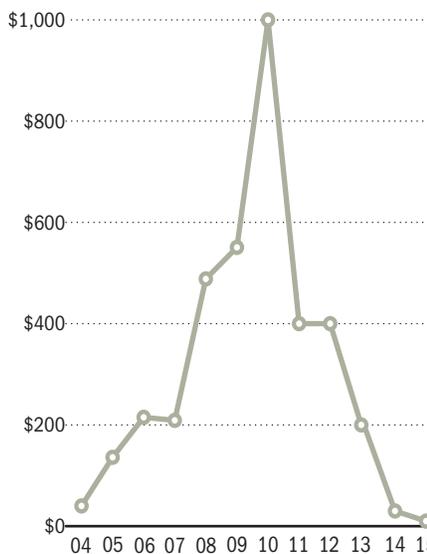
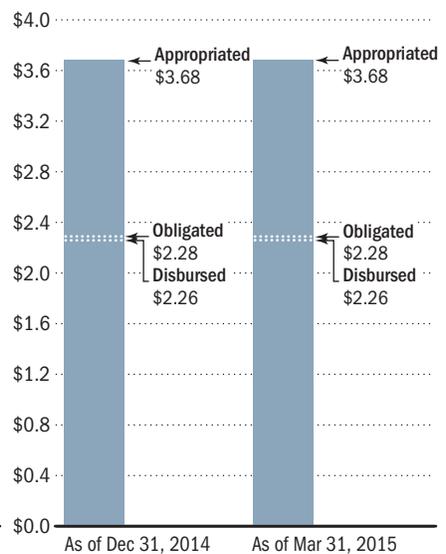


FIGURE 3.12

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



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

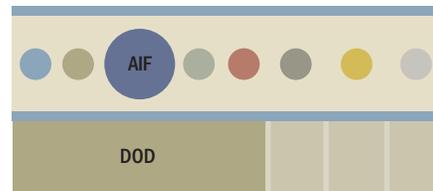
Source: DOD, response to SIGAR data calls, 4/17/2015 and 1/20/2015; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, and 112-10.

## 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 AIF to be jointly selected and managed by DOD and State. AIF received appropriations from FY 2011 through FY 2014. 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>67</sup>

AIF received cumulative appropriations of over \$1.32 billion; however, \$280.5 million of these funds were transferred to ESF for USAID's Northeast Power System transmission lines projects, bringing the cumulative amount remaining in AIF to \$1.04 billion.<sup>68</sup> Figure 3.13 shows AIF appropriations by fiscal year.

As of March 31, 2015, more than \$838.56 million of total AIF funding had been obligated. Although AIF will not receive additional funding, many AIF projects are still in progress—more than 55% of obligated AIF funds and all \$280.5 million of the funds transferred to the ESF remain to be disbursed.<sup>69</sup> Only \$375.93 million of AIF funds had been disbursed, 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)

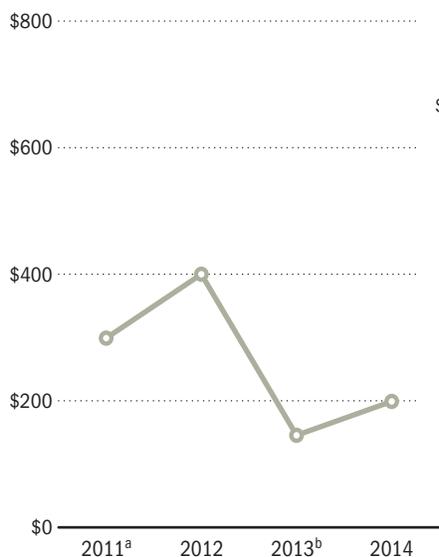


FIGURE 3.14

**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 March 2015," 4/17/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2014," 1/17/2015; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

# 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, TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.<sup>70</sup>

Although DOD was not authorized additional funding for TFBSO projects in the FY 2015 National Defense Authorization Act, 2015, TFBSO did continue to receive a nominal amount of funding from the Operations and Maintenance, Army, account for costs associated with administrative shut-down.<sup>71</sup> Through March 31, 2015, TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, more than \$765.65 million had been obligated and nearly \$607.29 million had been disbursed.<sup>72</sup> Figure 3.15 displays the amounts appropriated for TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

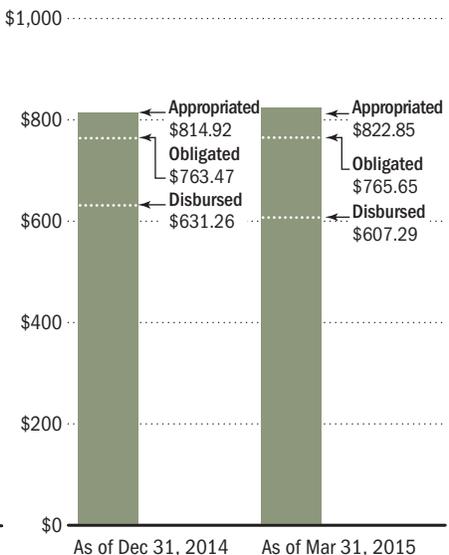
FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR  
(\$ MILLIONS)



FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON  
(\$ MILLIONS)



Note: Numbers have been rounded. Updated data during TFBSO's closeout resulted in a lower disbursed figure than reported last quarter. Of the \$814.92 million appropriated the TFBSO, \$366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

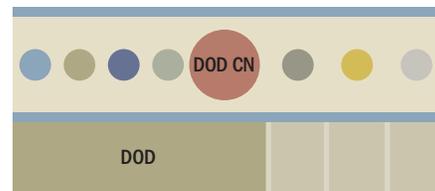
Source: DOD, response to SIGAR data calls, 4/21/2015, 1/5/2015, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

## DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

DOD CN funds support 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.<sup>73</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>74</sup>

DOD reported that DOD CN received nearly \$147.60 million for Afghanistan for FY 2015, bringing cumulative funding for DOD CN to more than \$2.98 billion since fiscal year 2004. Of this amount, nearly \$2.75 billion had been transferred to the military services and defense agencies for DOD CN projects, as of March 31, 2015.<sup>75</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.

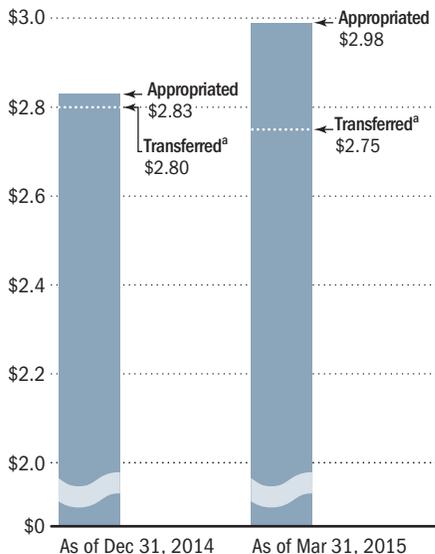
FIGURE 3.17

**DOD CN APPROPRIATIONS BY FISCAL YEAR**  
(\$ MILLIONS)



FIGURE 3.18

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

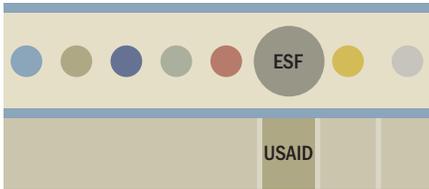


Note: Numbers have been rounded. Prior-year adjustments are done periodically to reflect deobligation and/or realignment of multi-year procurement funding. DOD CN allocations for Afghanistan for FY 2014 and FY 2015 increased \$110.15 million and \$37.5 million respectively from amounts reported last quarter. DOD recalled previously distributed FY 2015 funds back to the CTA to distribute remaining FY 2014 funding, resulting in a lower transferred figure than reported last quarter.

<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, 4/10/2015 and 1/14/2015.

# 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

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.<sup>76</sup>

ESF was appropriated \$900 million for FY 2015, bringing cumulative funding for ESF to more than \$18.61 billion, including amounts transferred from AIF to ESF for USAID's Northeast Power System transmission lines projects. Of this amount, more than \$16.30 billion had been obligated, of which nearly \$13.09 billion had been disbursed.<sup>77</sup> Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of March 31, 2015, decreased by more than \$74.48 million and cumulative disbursements increased by nearly \$541.00 million from the amounts reported last quarter.<sup>78</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)

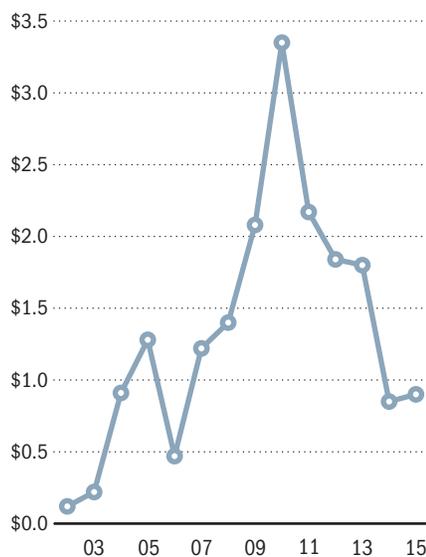
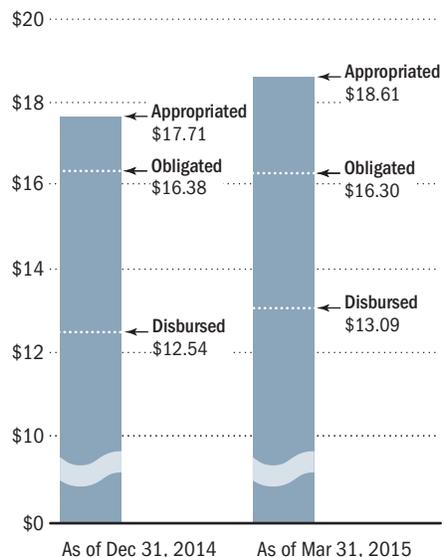


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Note: Numbers have been rounded. FY 2015 figure reflects draft allocation amount for Afghanistan and is subject to final Congressional approval. Updated data resulted in a lower obligated figure than reported last quarter. FY 2011 figure includes \$101 million that was transferred to ESF from AIF. FY 2013 figure includes \$179.5 million that was transferred to ESF from AIF.

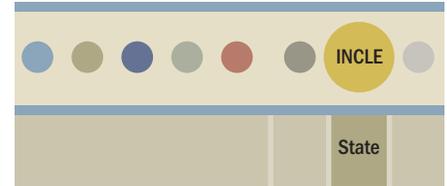
Source: USAID, response to SIGAR data calls, 4/9/2015 and 1/14/2015; State, response to SIGAR data calls, 4/15/2015 and 4/15/2014.

## INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The State Department'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 INCLE account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.<sup>79</sup>

State reported that INCLE was appropriated \$250 million for FY 2015, bringing cumulative funding for INCLE to more than \$4.69 billion. Of this amount, more than \$4.16 billion had been obligated, of which, nearly \$3.34 billion had been disbursed.<sup>80</sup> Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of March 31, 2015, increased by more than \$1.91 million compared to cumulative obligations as of December 31, 2014. Cumulative disbursements as of March 31, 2015, increased by more than \$49.05 million over cumulative disbursements as of December 31, 2014.<sup>81</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.

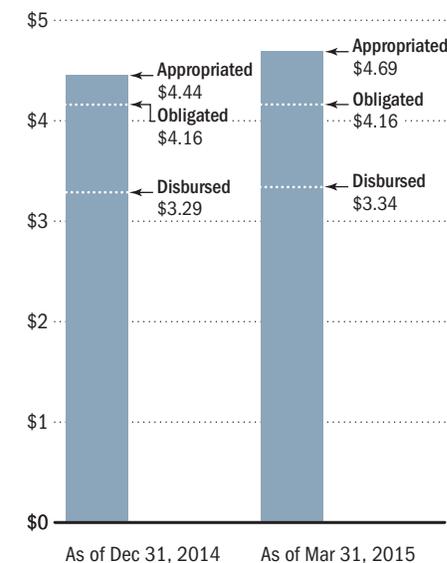
FIGURE 3.21

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



FIGURE 3.22

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



Note: Numbers have been rounded. FY 2015 figure reflects draft allocation amount for Afghanistan and is subject to final Congressional approval. Data may include inter-agency transfers.

Source: State, response to SIGAR data calls, 4/15/2015 and 1/15/2015.

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

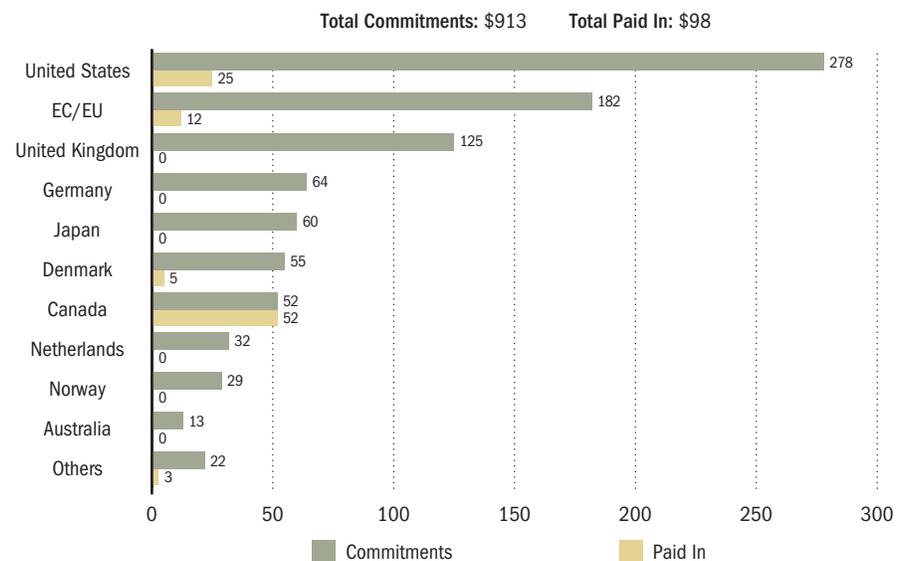
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust 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>82</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 March 20, 2015, the World Bank reported that 34 donors had pledged nearly \$8.85 billion, of which more than \$8.03 billion had been paid in.<sup>83</sup> According to the World Bank, donors had pledged more than \$913.03 million to the ARTF for Afghan FY 1394, which runs from December 22, 2014, to December 21, 2015.<sup>84</sup> Figure 3.23 shows the ten largest donors to the ARTF for FY 1394. As of March 20, 2015, the United States had pledged more than \$2.68 billion and paid in more than \$2.43 billion since 2002.<sup>85</sup> The United States and the

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1394 BY DONOR, AS OF MARCH 20, 2015 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1394 = 12/22/2014–12/21/2015.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of March 20, 2015 (end of 3rd month of FY1394)," p. 1.

# STATUS OF FUNDS

United Kingdom are the two biggest donors to the ARTF, together contributing over 47% 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>86</sup> As of March 20, 2015, according to the World Bank, more than \$3.44 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>87</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 “prefer” ( earmark) more than half of their annual contributions for desired projects.<sup>88</sup>

The Investment Window supports the costs of development programs. As of March 20, 2015, according to the World Bank, nearly \$3.79 billion had been committed for projects funded through the Investment Window, of which more than \$2.89 billion had been disbursed. The World Bank reported 20 active projects with a combined commitment value of more than \$2.46 billion, of which nearly \$1.57 billion had been disbursed.<sup>89</sup>

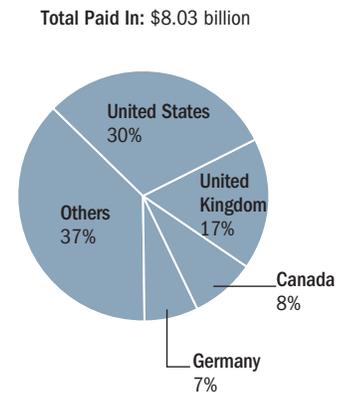
## Contributions to the Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.<sup>90</sup> Since 2002, donors have pledged nearly \$3.84 billion to LOTFA, of which nearly \$3.77 billion had been paid in, as of September 30, 2014—the most recent LOTFA data available.<sup>91</sup> LOTFA’s sixth support phase started on January 1, 2011, and ended on December 31, 2014.<sup>92</sup> From the beginning of Phase VI through September 30, 2014, the UNDP had transferred nearly \$1.90 billion from 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>93</sup> As of September 30, 2014, donors had committed nearly \$2.31 billion to 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>94</sup> Figure 3.25 shows the four largest donors to LOTFA since 2002.

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>95</sup>

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–MARCH 20, 2015

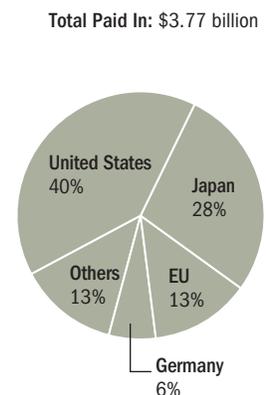


Notes: Numbers have been rounded. “Others” includes 30 donors.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of March 20, 2015 (end of 3rd month of FY1394),” p. 4.

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. The 9/30/2014 data are most recently reported.

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.