

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."⁴⁰ 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 2016.⁴¹
- DOD's intention to seek funding through 2017 to sustain the Afghan National Security Forces (ANSF) at an authorized force strength of 352,000.⁴²
- 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."⁴³
- 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).⁴⁴

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

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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.”⁴⁵

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.⁴⁶ Additionally, the Secretary-General predicted that armed conflicts will intensify this summer.⁴⁷

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.⁴⁸ The 50-day operation ended with officials reporting the deaths of 418 insurgents, 93 security personnel, and seven civilians.⁴⁹

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.⁵⁰ 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.⁵¹ The Afghan Attorney General’s Office (AGO) announced that 49 people, 20 of them police, were being held in connection to Farkhunda’s death.⁵²

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.

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 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

U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$2,905
State	92
USAID	1,404
Multilateral Trust Funds	
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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STATUS OF FUNDS

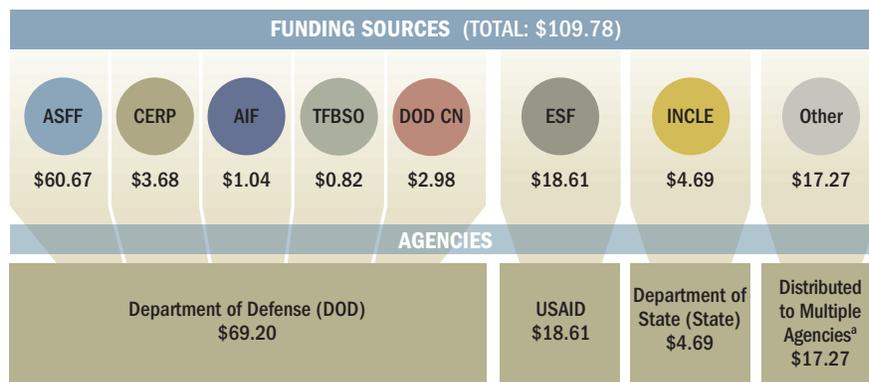
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of March 31, 2015, the United States had appropriated approximately \$109.78 billion for relief and reconstruction in Afghanistan 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)



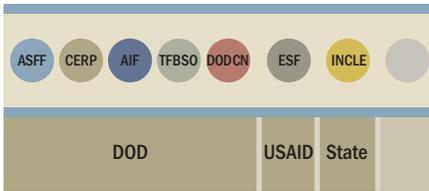
- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International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

^a 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.

STATUS OF FUNDS

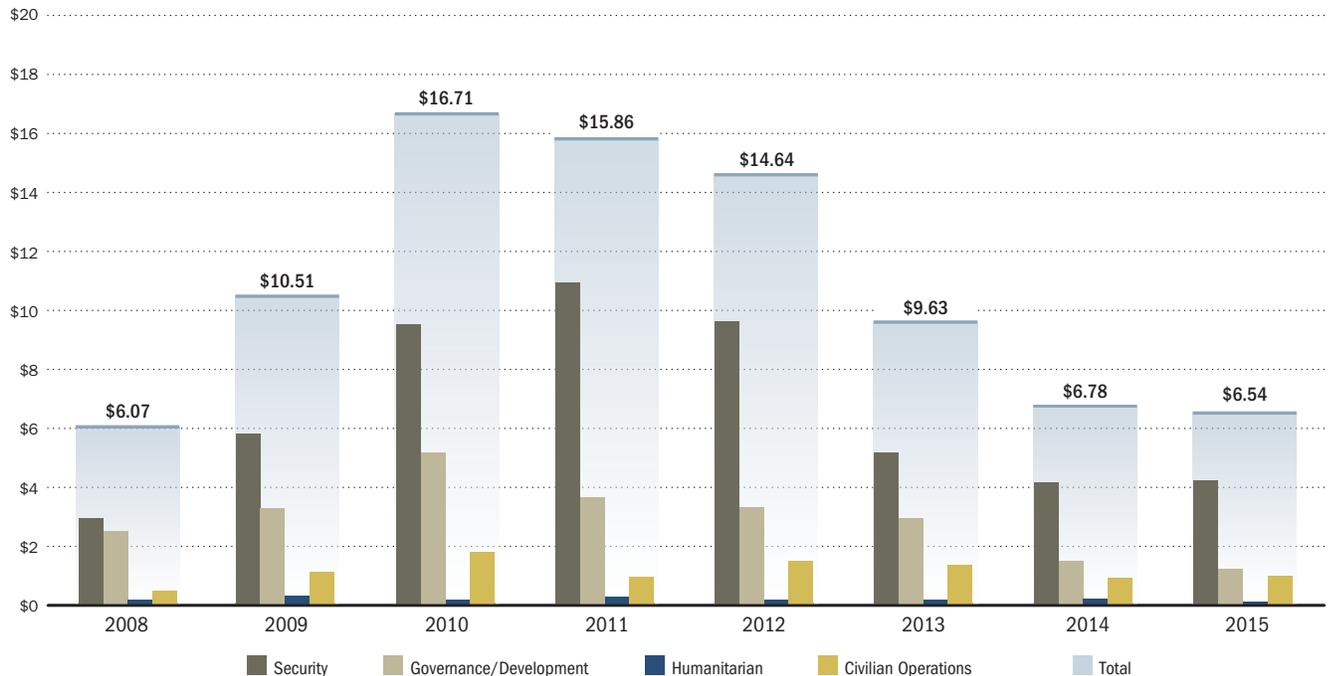
all other categories of reconstruction funding combined—nearly 65.1% of FY 2015 funding.

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.

STATUS OF FUNDS

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)

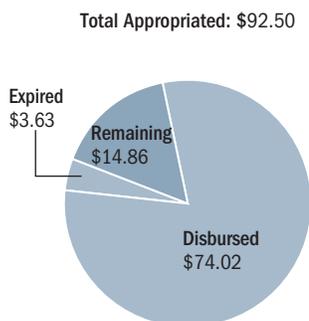


TABLE 3.3

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

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
Total 7 Major Funds	\$92.50	\$80.17	\$74.02	\$14.86
Other Reconstruction Funds	7.41			
Civilian Operations	9.86			
Total	\$109.78			

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
Total 7 Major Funds	\$8,082.17	\$7,699.91	\$5,503.60	\$2,196.31

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
Total 7 Major Funds	\$5,606.04	\$2,300.84	\$1,783.86	\$3,798.54

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)

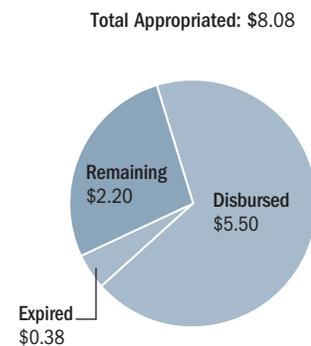
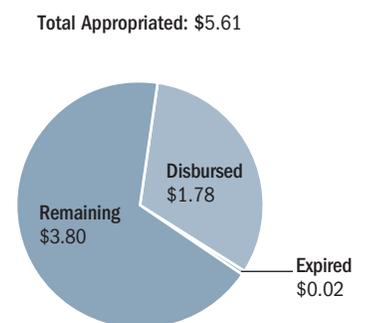
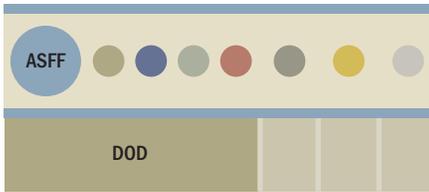


FIGURE 3.6

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.⁵³ The primary organization responsible for building the ANSF is the Combined Security Transition Command-Afghanistan.⁵⁴ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.⁵⁵

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.⁵⁶ 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.⁵⁷ 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.⁵⁸ Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

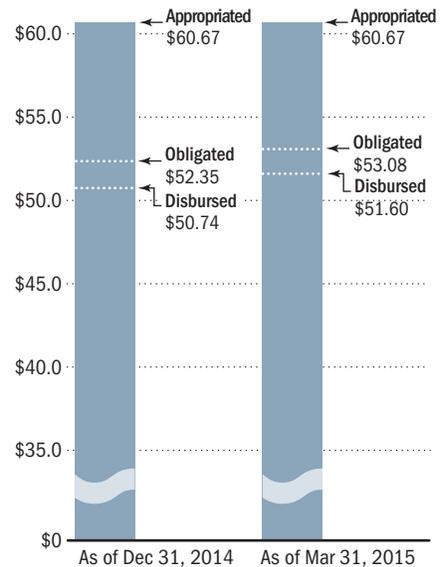
FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)



FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



Note: Numbers have been rounded.

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

^b DOD reprogrammed \$1 billion of FY 2012 ASFF; another \$1 billion was rescinded in Pub. L. No. 113-6.

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

^d \$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.⁵⁹ 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.⁶⁰

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.⁶¹

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 3.10.⁶²

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)

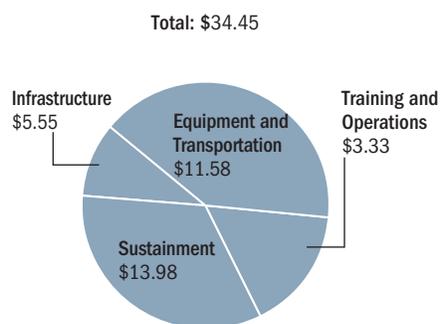
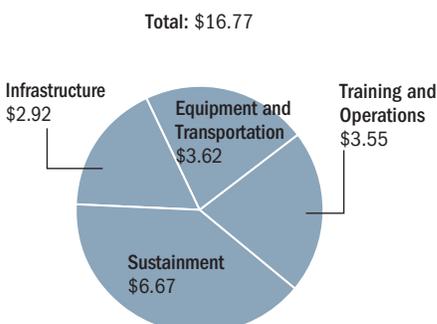


FIGURE 3.10

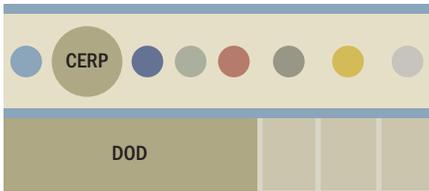
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–MAR 31, 2015 (\$ BILLIONS)



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.⁶³ CERP-funded projects may not exceed \$2 million each.⁶⁴

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated \$10 million for CERP, increasing total cumulative funding to nearly \$3.68 billion.⁶⁵ 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, 2015.⁶⁶ 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)

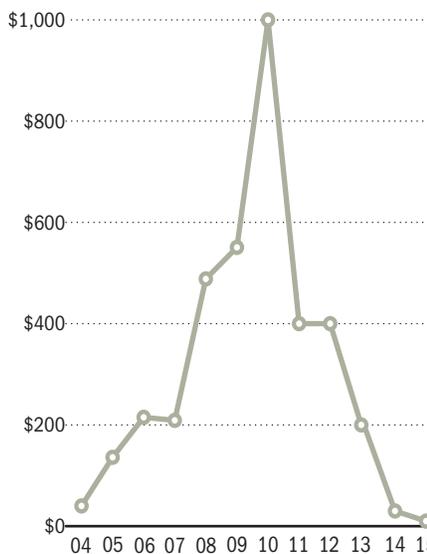


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

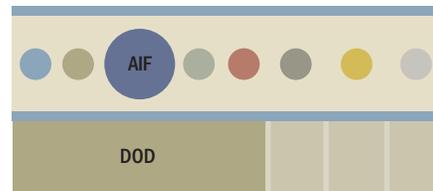
Source: DOD, response to SIGAR data calls, 4/17/2015 and 1/20/2015; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, and 112-10.

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.⁶⁷

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.⁶⁸ 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.⁶⁹ 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)

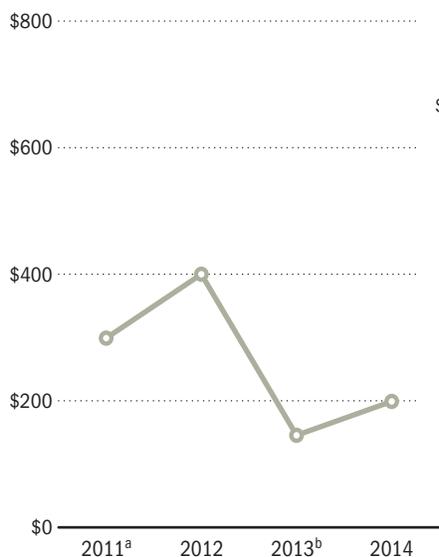


FIGURE 3.14

AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded.

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

^b 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.⁷⁰

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.⁷¹ 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.⁷² 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.

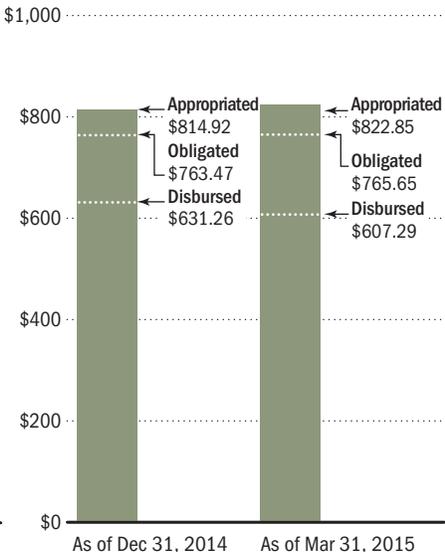
FIGURE 3.15

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.

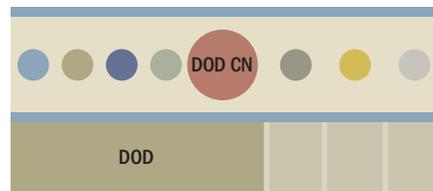
Source: DOD, response to SIGAR data calls, 4/21/2015, 1/5/2015, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

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.⁷³

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.⁷⁴

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, 2015.⁷⁵ 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.

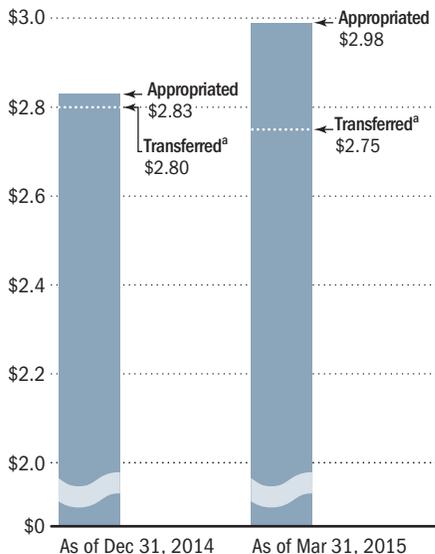
FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

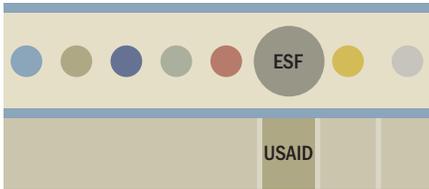


Note: Numbers have been rounded. Prior-year adjustments are done periodically to reflect deobligation and/or realignment of multi-year procurement funding. DOD CN allocations for Afghanistan for FY 2014 and FY 2015 increased \$110.15 million and \$37.5 million respectively from amounts reported last 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.

^aDOD 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.⁷⁶

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.⁷⁷ 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.⁷⁸ 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)

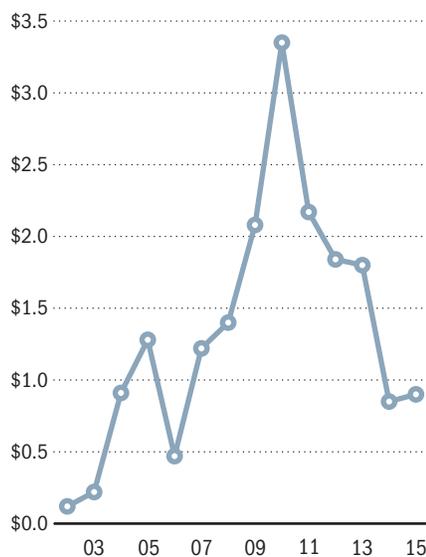
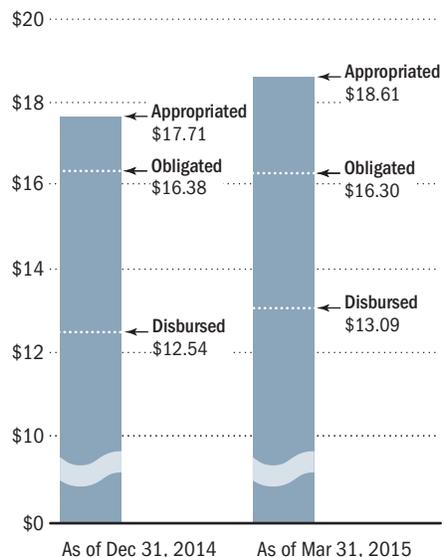


FIGURE 3.20

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.

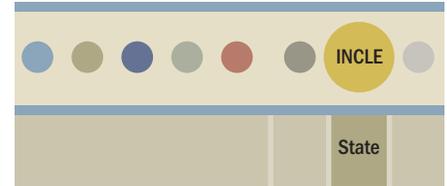
Source: USAID, response to SIGAR data calls, 4/9/2015 and 1/14/2015; State, response to SIGAR data calls, 4/15/2015 and 4/15/2014.

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.⁷⁹

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.⁸⁰ 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, 2014.⁸¹ 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.

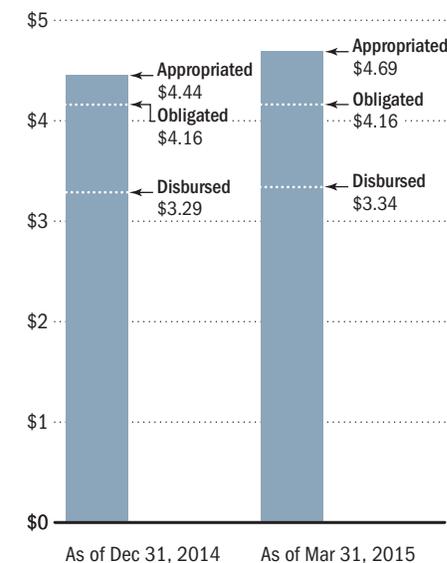
FIGURE 3.21

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

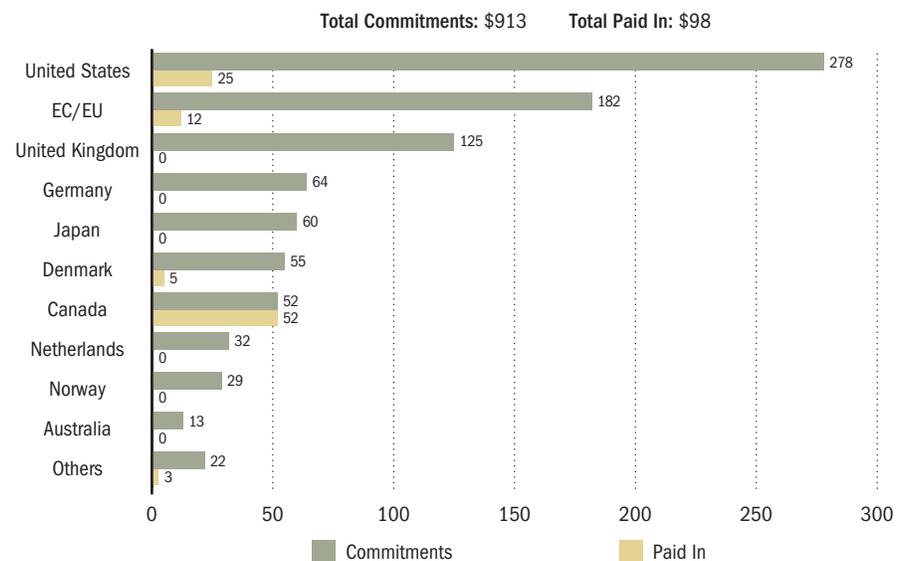
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust 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).⁸²

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.⁸³ 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, 2015.⁸⁴ 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 2002.⁸⁵ 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.⁸⁶ 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.⁸⁷ 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.⁸⁸

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.⁸⁹

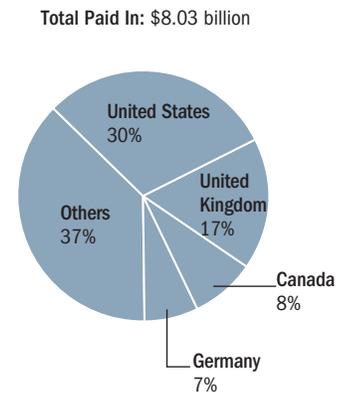
Contributions to the Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.⁹⁰ 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.⁹¹ LOTFA’s sixth support phase started on January 1, 2011, and ended on December 31, 2014.⁹² 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.⁹³ 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, 2014.⁹⁴ 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.⁹⁵

FIGURE 3.24

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

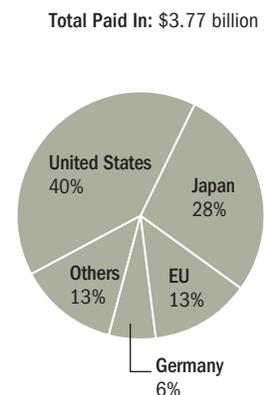


Notes: Numbers have been rounded. “Others” includes 30 donors.

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.

SECURITY CONTENTS

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SECURITY

As of March 31, 2015, the U.S. Congress had appropriated \$65.2 billion to support the Afghan National Security Forces (ANSF). Congress established the Afghanistan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANSF, which comprises the Afghan National Army (ANA) and Afghan National Police (ANP).

United States Forces-Afghanistan (USFOR-A) informed SIGAR this quarter that the Department of Defense's (DOD) preferred term for the ANSF is now the **Afghan National Defense and Security Forces (ANDSF)**. DOD said its definition of the ANDSF includes the members of the security forces under the Ministry of Defense (MOD) and the Ministry of Interior (MOI) of Afghanistan, which includes several organizations apart from the ANA and ANP.⁹⁶

Although the Security and Defense Cooperation Agreement Between the United States of America and the Islamic Republic of Afghanistan (known commonly as the Bilateral Security Agreement) includes “the National Directorate of Security, and other entities as mutually agreed,”⁹⁷ DOD does not include the National Directorate of Security (NDS) in its definition of the ANDSF, as that directorate does not fall under MOD and MOI control. Further, DOD's ASFF does not fund the NDS.⁹⁸ To avoid confusion, SIGAR plans to adopt the new DOD term and definition in its next quarterly report, after all SIGAR directorates have had time to change the terminology in their products.

Most U.S.-provided funds were channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency. Of the \$60.7 billion appropriated for the ASFF, approximately \$53.1 billion had been obligated and \$51.6 billion disbursed as of March 31, 2015.⁹⁹

This section discusses assessments of the ANA and ANP and the Ministries of Defense and Interior; gives an overview of how U.S. funds are used to build, equip, train, and sustain the Afghan security forces; and provides an update on efforts to combat the cultivation of and commerce in illicit narcotics in Afghanistan.

Afghan National Defense and Security

Forces (ANDSF): defined by DOD to include the members of the security forces under the MOD and MOI. The MOD includes the ANA and the new Facilities Protection Force (FPF). The ANA includes the Afghan Air Force (AAF), ANA Special Operations Command (ANASOC), and the Special Mission Wing (SMW). The MOI includes the ANP, the Afghan Local Police (ALP), and the Afghan Public Protection Force (APPF). The ANP includes the Afghan Uniformed Police (AUP), Afghan Border Police (ABP), Afghan National Civil Order Police (ANCOP), Counternarcotics Police of Afghanistan (CNPA), and the General Command of Police Special Units (GCPSU). However, neither the ALP nor the APPF are included in DOD's authorization of a 352,000 force strength for the ANDSF.

Source: OSD-P, email correspondence with SIGAR, 4/13/2015.

KEY ISSUES AND EVENTS THIS QUARTER

Afghan President and CEO Visit the United States

During the week of March 22, 2015, President Ashraf Ghani and Chief Executive Officer (CEO) Abdullah Abdullah visited the United States. The leaders conferred with President Obama, addressed the U.S. Congress, met with the Secretaries of Defense and State, visited Camp David, and spoke at various institutions.

The security-related highlights of the visit included:

- On March 24, during a press conference at the White House with Ghani, President Obama announced his decision to maintain the current strength of 9,800 deployed U.S. troops into 2016, postponing the original plan to halve the number of U.S. forces in Afghanistan by the end of 2015.¹⁰⁰
- During a March 23 press conference at Camp David, U.S. Defense Secretary Ashton B. Carter announced the department intends to seek funding through 2017 to sustain the ANSF at an authorized force strength of 352,000.¹⁰¹
- Ghani addressed a joint meeting of Congress on March 24 in which he expressed a profound debt to U.S. servicemen and women who served in Afghanistan and to those who lost their lives to keep Afghanistan free. He also thanked Americans who came to his country to help build schools, care for the sick, and provide clean water.¹⁰²
- During his address, Ghani also reaffirmed the strategic partnership agreement and the Bilateral Security Agreement, defined the framework for Afghanistan's relationship with the United States, and committed Afghanistan to becoming self-reliant by the end of this decade.¹⁰³
- During a forum at the U.S. Institute for Peace addressing how peace with the Taliban is possible, Ghani emphasized the importance of Pakistan. He said both governments now acknowledge their undeclared state of hostilities and his position that the fundamental problem is not about peace with the Taliban, but instead about peace between Pakistan and Afghanistan.¹⁰⁴

For more information on the Afghan leaders' visit, see page 127 of this report.

ANSF Leading Security Operations

When the International Security Assistance Force (ISAF) concluded operations at the end of 2014 and the new NATO-led Resolute Support Mission (RSM) began its training, advising, and assisting role on January 1, 2015, the ANSF assumed responsibility for the security of Afghanistan. In mid-February 2015, the ANSF began Operation Zulfikar, reportedly the largest operation the ANSF has ever conducted independently, to clear Helmand of insurgents ahead of the spring fighting season.¹⁰⁵ This joint cross-ministry operation was planned and led by the ANA's 215th Corps, with support from

the 205th and 207th Corps, and includes units from the Afghan Air Force (AAF), ANA Special Operations Command, and the ANP.¹⁰⁶

On April 8, 2015, an ANA commander announced the 50-day Zulfiqar military operation had ended, resulting in the deaths of 418 insurgents, 93 security personnel, and seven civilians.¹⁰⁷ The same day, local officials reported Afghan police leaving checkpoints in Sangin, possibly indicating police could not remain at their posts without ANA support.¹⁰⁸ The reports of the ANA and the police departing after clearing the district conflicted with an earlier statement by Helmand's deputy governor that the government planned to build army and police posts throughout the district to keep the Taliban from returning.¹⁰⁹ A month later, local officials reported the Taliban controlled most of the district with government forces controlling only the bazaar and the asphalt road.¹¹⁰

With the uptick in fighting, increased civilian casualties were reported in Sangin, a Taliban stronghold in northern Helmand. Since the operation began, the local hospital had admitted 30% more patients than during the same period last year.¹¹¹ The hospital reported more civilians are getting caught in crossfire. A hospital official said, "These are not normal numbers for the place and it's never been peaceful."¹¹² A Helmand-based civil activist group reported 1,500 families had left the district to escape the violence.¹¹³

On April 14, 2015, the interior minister told the Afghan parliament that 11 provinces face high-level security threats and nine others face medium-level security threats.¹¹⁴

The U.S. Director of National Intelligence, James Clapper, in his statement for the record submitted to the U.S. Congress, reportedly sees the Taliban steadily reasserting influence over significant portions of the Pashtun countryside in 2015, as the Taliban view the exit of Coalition forces as a sign of their inevitable victory.¹¹⁵ Clapper expects the Afghan military to maintain control of the largest cities, but does not expect the ANSF to remain a cohesive or viable security force without continued donor contributions.¹¹⁶

UN Reports Security Incidents Decreasing but Afghanistan Still Volatile

The security situation in Afghanistan remained volatile, according to the United Nations Assistance Mission in Afghanistan (UNAMA). The number of **security incidents** was less than in March 2013, as reflected in Table 3.6 on the following page. However, there were still 9.2% more incidents recorded this period than the 4,649 recorded during same period in 2013–2014 and 33.2% more from the same period in 2012–2013.¹¹⁷ The UN reported 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.¹¹⁸

The UN recorded 5,075 security incidents from November 16, 2014, through February 15, 2015, that included 191 assassinations and 40

Security Incidents: reported incidents that include armed clashes, improvised explosive devices, targeted killings, abductions, suicide attacks, criminal acts, and intimidation. Reported incidents are not necessarily actual incidents.

Source: SIGAR analysis of the United Nations report, 12/9/2014.

SECURITY

TABLE 3.6

NUMBER OF REPORTED SECURITY INCIDENTS			
Date Range	Number of Security Incidents	Number of Days	Average Number of Security Incidents per Day
11/16/2013-2/15/2014	4,649	92	50.5
3/1/2014-5/31/2014	5,864	92	63.7
6/1/2014-8/15/2014	5,456	76	71.8
8/16/2014-11/15/2014	5,199	92	56.5
11/16/2014-2/15/2015	5,075	92	55.2
Totals and average incidents/day	26,243	444	59.1

Source: UN Security Council, *The situation in Afghanistan and its implications for international peace and security*, 2/27/2015, p. 4; 12/9/2014, p. 5; 9/9/2014, p. 6; 6/18/2014, p. 5; and 3/7/2014, p. 5.

attempted assassinations, increases of 26.4% and 29% over the same period in 2013–2014. Armed clashes (46.8%) and IED events (30.9%) accounted for nearly 78% of all security incidents. Some 40 suicide attacks occurred, including one at an Afghan Local Police (ALP) commander’s funeral in Laghman that resulted in 15 fatalities, among them senior ALP personnel.¹¹⁹

Following the spike in insurgent activity in Kabul during October and November, operations by Afghan security forces, supported by Coalition forces, contributed to reducing the number of high-profile insurgent operations in the capital. Suicide attacks were down from 10 to five, while improvised-explosive-device (IED) attacks were down from 18 to five during December and January.¹²⁰

In his February 27, 2015, report to the UN Security Council, the UN Secretary-General predicted the coming summer season will see an intensification of the armed conflict.¹²¹ He also affirmed that peace remains the fundamental precondition to durable and sustained political and economic progress in Afghanistan.¹²²

On April 12, 2015, concerned with the record-high civilian casualties and the impact on civilians during the seasonal resumption of conflict-related violence, the UNAMA head called on all parties to prevent harm to civilians. UNAMA reports civilian casualties from ground engagements increased 8% compared to the same period in 2014 and pled for the parties to stop using mortars and rockets in populated areas.¹²³

The UN reported that despite media speculation about the presence of antigovernment elements linked to the Islamic State in Iraq and the Levant (ISIL), there is no indication of widespread or systematic support for or accommodation of ISIL in Afghanistan.¹²⁴ However, on April 18, 2015, President Ghani blamed a suicide bombing in Jalalabad that reportedly killed 35 people and wounded 125 on ISIL. The Taliban denied involvement.¹²⁵

“The United Nations calls on the Taliban to cease all attacks against persons who are not taking a direct part in hostilities.”

—Georgette Gagnon, Director,
UNAMA Human Rights

Source: UNAMA, Press Release: Latest UNAMA figures show continuing record high civilian casualties, 4/12/2015.

Status of Classified ANSF Data

This quarter, RSM classified some information about ANSF personnel strength and attrition, the AAF, and the Afghan Special Mission Wing (SMW). From now on, as authorized by its enabling statute, SIGAR will publish a classified annex to this report for Congress containing the classified data.

U.S. FORCES IN AFGHANISTAN

According to USFOR-A, some 9,000 U.S. forces were serving in Afghanistan as of February 28, 2015, a decrease of 500 since December 20, 2014. Another 7,000 personnel from other Coalition nations were also serving at that time.¹²⁶

On March 24, during a press conference at the White House with President Ghani, President Obama announced his decision to maintain a strength of 9,800 deployed U.S. troops into 2016, deferring the original plan to halve the number of U.S. forces in Afghanistan during 2015. The decision allows U.S. troops to remain at bases that are critical for gathering intelligence and launching counterterrorism operations, as well as to continue air and logistical support to the ANSF.¹²⁷ Since military operations began in 2001, a total of 2,215 U.S. military personnel have died in Afghanistan—83% of whom were killed in action—and 20,026 were wounded as of March 30, 2015.¹²⁸

Seven insider attacks against U.S. forces during 2014 resulted in four deaths and 15 personnel wounded.¹²⁹ This is one more attack than USFOR-A reported last quarter; the earlier number was updated after a review revealed U.S. forces were the probable target of one additional attack.¹³⁰ One insider attack against U.S. forces has occurred in 2015, killing one soldier and wounding two others. This attack ended the longest period between combat-zone deaths of U.S. military members since September 2001.¹³¹ Another attack during 2015 killed three U.S. contractors and wounded one.¹³²

ANSF STRENGTH SHOWS SLIGHT INCREASE

This quarter, ANSF's assigned force strength was 328,805 (including civilians), according to USFOR-A. As reflected in Table 3.7 on the following page, this is 91.3% of the ANSF target force strength of 360,004. (The commonly cited end-strength goal of 352,000 does not count civilian employees). The new assigned-strength number reflects an increase of 3,163 since November 2014.¹³³ The increase came in the ANA, which grew by 4,917, while the ANP decreased by 1,754, as shown in Table 3.8 on the following page.¹³⁴

This quarter, details of ANSF force strength at corps level and below remained classified. SIGAR will therefore report on them in a classified annex to this report.

SIGAR ESSAY

This quarter, SIGAR took an in-depth look at why having accurate, reliable force strength numbers for the ANSF matters. To read this analysis, see Section 1, page 3.

SECURITY

TABLE 3.7

ANSF ASSIGNED FORCE STRENGTH, FEBRUARY 2015						
ANSF Component	Approved End-Strength Goal	Target Date	Current Assigned as of February 2015	% of Target Authorization	Difference Between Current Assigned and Approved End-Strength Goals	Difference (%)
ANA including Afghan Air Force	195,000	December 2014	167,024	85.7%	(27,976)	(14.3%)
ANA including AAF Civilians	8,004		7,096	88.7%	(908)	(11.3%)
ANA + AAF Total	203,004		174,120	85.8%	(28,884)	(14.2%)
Afghan National Police	157,000	February 2013	154,685	98.5%	(2,315)	(1.5%)
ANSF Total with Civilians	360,004		328,805	91.3%	(31,199)	(8.7%)

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 12/2012, p. 56; USFOR-A, response to SIGAR data call, 3/24/2015; USFOR-A, response to SIGAR vetting, 4/10/2015.

TABLE 3.8

ANSF ASSIGNED FORCE STRENGTH, Q1 2014–Q1 2015					
	2/2014	5/2014	8/2014	11/2014	2/2015
ANA including AAF	184,839	177,489	171,601	169,203	174,120
ANP*	153,269	152,123	153,317	156,439	154,685
Total ANSF	338,108	329,612	324,918	325,642	328,805

Note: Afghan Army and Air Force numbers include 7,096 civilians. Available data for ANP do not indicate whether civilians are included. *Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.

Source: CSTC-A, response to SIGAR data calls, 3/31/2014, 7/1/2014, 10/6/2014, 12/28/2014, and 3/24/2015; RSM, response to SIGAR request for clarification, 2/3/2015; RSM, email communication from General John F. Campbell, Commander, RSM, to SIGAR, 2/25/2015; USFOR-A, response to SIGAR vetting, 4/10/2015.

SIGAR SPECIAL PROJECT

This quarter, SIGAR sent a letter to the Commanders of RSM and CSTC-A requesting information on the analysis underlying the current and optimal ANSF size and structure and the U.S. government's ability to anticipate future support costs. For more information, see Section 2, page 42.

DOD To Seek Funding for Larger ANSF

During the March 23, 2015, press conference at Camp David, Secretary of Defense Ashton B. Carter announced the Defense Department intends to seek funding through 2017 to sustain the ANSF at an authorized force strength of 352,000. Previously, the United States had agreed at the 2012 Chicago Conference to reduce the ANSF to 228,500 as a cost-saving measure.¹³⁵ Carter stated both Coalition and Afghan military commanders recommended the 352,000 force size to ensure lasting security gains.¹³⁶

DOD reports the total annual cost for the ministries of Defense and Interior and the ANSF, at the current authorized force strength of 352,000, is \$5.5 billion a year. To help meet that need for fiscal year (FY) 2015, the U.S. Congress appropriated \$4.1 billion for ASFF. While DOD has requested just over \$3.7 billion for FY 2016, future sustainment costs will depend on the size, structure, and operational tempo of the force.¹³⁷

MOD Remains Without a Minister

As SIGAR went to press, the MOD remained without a confirmed minister. President Ghani's second choice for minister of defense withdrew his nomination on April 8, 2015. Ghani had nominated General Mohammad

Afzal Ludin, a military advisor in the National Security Council, on April 6.¹³⁸ However, General Ludin said he did not wish his nomination to prove divisive for the country.¹³⁹ In January, Afghan parliamentarians rejected Ghani's nomination of then-acting Defense Minister General Sher Mohammad Karimi to lead the country's military forces. The MOD has been without a confirmed minister since September 29, 2014, when Ghani was sworn in as president.¹⁴⁰

ANSF Attrition Declines

ANSF attrition rates are declining, according to reporting provided to RSM by the MOD and MOI, although neither the ANA nor the ANP has attained the ANSF-established goal of a 1.40% average monthly attrition. The ANA has a monthly average attrition rate of 2.55% compared to the ANP's 1.64%.¹⁴¹ This is a significant 1% decline from the average monthly attrition rates for the ANA in 2013 (3.52%) and 2014 (3.62%).¹⁴² ANP monthly attrition rates for four of the past five months have been below normal averages.¹⁴³

To assist the MOD and MOI in mitigating attrition, RSM identified five areas for the Afghans to evaluate.¹⁴⁴ These focused on fairly assigning, promoting, and paying soldiers and patrolmen; providing improved quality of life conditions, such as leave and casualty care; and holding leaders accountable.¹⁴⁵

The UN supported the Afghan security forces in revising verification procedures for recruitment into the ANSF.¹⁴⁶ The revised procedures require the recruit to be an Afghan citizen, at least 18 years of age (sometimes difficult to verify in a country with limited birth records), who can pass the medical and character tests, and meet literacy requirements.¹⁴⁷

This quarter, more detailed information on ANSF attrition remained classified. SIGAR will report on this in a classified annex to this report.

Resolute Support Changes Assessment Reporting

Effective January 1, 2015, NATO changed the method of assessing the ANSF to align with the new train, advise, and assist mission. The Monthly ANSF Assessment Report (MAAR) has superseded the Regional ANSF Status Report (RASR) that was used since August 2013.¹⁴⁸ The RASR summary that SIGAR received provided reporting at the brigade level with synthesized analysis of observations and shortfalls, highlighting priority issues hampering long-term ANSF sustainability, and assessments of the ANSF operational and equipment readiness status.¹⁴⁹ The MAAR will assess aggregate ANSF capability and effectiveness for eight essential functions related to the unit's capacity to perform such functions as force generation, resource management, sustainment, intelligence, and strategic communications. The MAAR provides the ability to evaluate the capabilities of the Ministries of Defense and Interior, their institutions, and their corps/provincial headquarters, and to determine how well they perform those functions to support their forces in defeating the insurgency and securing Afghanistan.¹⁵⁰

Operations Coordination Centers

(OCCs): regional and provincial OCCs are responsible for the coordination of both security operations and civil response to developing situations in their respective areas of responsibility. The focus of OCC activities will be coordination of security operations.

Source: ISAF/SFA, RS Security Force Assistance Guide 3.1, p. G-6, 7/1/2014.

The first MAAR assessed select ANA and ANP capabilities during January 2015, as shown in Table 3.9.¹⁵¹ One MAAR combines all seven ANA corps and the 111th Capital Division into a single assessment. Another MAAR combines all seven Operations Coordination Centers-Regional (OCC-Rs) into a single assessment. Two ANP components are assessed in separate MAARs: one combines the seven Afghan Uniformed Police (AUP) zones; another combines the seven Afghan Border Police (ABP) zones.¹⁵² The ANP's Afghan National Civil Order Police (ANCOP) are no longer assessed.

There are six assessment categories for the ANA and ANP and seven categories for the OCC-Rs to address operational and sustainment effectiveness. Every ANSF component is assessed on command and leadership; the ANA, AUP, and ABP are also assessed on command and control, personnel and training, and sustainment. The ANA corps/division is further assessed on combined arms, while the AUP and ABP are assessed on integration with other ANSF units. The remaining five categories for the OCC-Rs are intra-ANSF command and control, enabler coordination, intelligence sharing, logistics coordination, and information, communications, and technology.¹⁵³

The assessment ratings are similar to the RASR ratings: sustaining, fully capable/effective, capable/effective, partially capable/effective, in development, or not rated due to lack of advisory presence.¹⁵⁴

The first MAAR assessed 93% of ANSF components, rated in several categories, as capable, fully capable, or sustaining.¹⁵⁵ USFOR-A reports that while progress is being made, the ANSF still struggles in the areas of sustainment and installation management.¹⁵⁶ However, with decreased U.S. and Coalition oversight, the reliability of the ANSF-provided assessment data cannot be validated.

USFOR-A said the ANA demonstrated improvements in combined-arms integration through information sharing with the OCC-Rs.¹⁵⁷ USFOR-A Commander General John F. Campbell told a congressional panel this quarter he has counseled the Afghans to not plan operations wholly dependent upon U.S. close-air support. "The Taliban doesn't have close-air support," he said. "The Taliban doesn't have up-armored Humvees. The Taliban doesn't have D-30 howitzers. The Taliban doesn't have, you know, weapons that you have."¹⁵⁸ USFOR-A also reported the ANA still had challenges accurately forecasting supply demands and tracking consumption.¹⁵⁹

USFOR-A reports effective ANP higher-level leadership and positive outcomes in operations integrated with the ANA, but says police are challenged by lack of evidence-collection equipment and an inability to get evidence to the labs. The ANP's reported inability to use secure communications during police operations is also a cause of concern.¹⁶⁰ The OCC-Rs serve as a coordinating authority between the ANSF, provincial government officials, and other government officials.¹⁶¹ ANSF units use OCC-Rs

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TABLE 3.9

MONTHLY ANSF ASSESSMENT REPORT, JANUARY 2015							
COMMANDS IN SEVEN GEOGRAPHICAL REGIONS ASSESSED IN EACH CATEGORY							
ANA Corps and 111th Capital Division							
Command Assessment	●	●	●	●	●	●	●
Leadership	●	●	●	●	●	●	●
Combined Arms	●	●	●	●	●	●	●
Command & Control	●	●	●	●	●	●	●
Personnel & Training	●	●	●	●	●	●	●
Sustainment	●	●	●	●	●	●	●
ANP							
AUP Command Assessment	●	●	●	●	●	●	●
AUP Leadership	●	●	●	●	●	●	●
AUP Integration	●	●	●	●	●	●	●
AUP Command & Control	●	●	●	●	●	●	●
AUP Personnel & Training	●	●	●	●	●	●	●
AUP Sustainment	●	●	●	●	●	●	●
ABP Command Assessment	●	●	●	●	●	●	●
ABP Leadership	●	●	●	●	●	●	●
ABP Integration	●	●	●	●	●	●	●
ABP Command & Control	●	●	●	●	●	●	●
ABP Personnel & Training	●	●	●	●	●	●	●
ABP Sustainment	●	●	●	●	●	●	●
OCC-Rs							
Command Assessment	●	●	●	●	●	●	●
Leadership	●	●	●	●	●	●	●
IntraANSF Command & Control	●	●	●	●	●	●	●
Enabler Coordination	●	●	●	●	●	●	●
Intel Sharing	●	●	●	●	●	●	●
Logistics Coordination	●	●	●	●	●	●	●
ICT	●	●	●	●	●	●	●
Color Key							
● Sustaining	● Fully Capable	● Capable					
● Partially Capable	● Developing	● Not Assessed					

Note: Specific region not identified due to classification. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; OCC-R = Operational Coordination Centers-Regional; ICT = Information, Communications, and Technology

Source: USFOR-A, response to SIGAR data call, 3/11/2015.

for communication sharing between units as well as between regional and provincial OCCs. However, USFOR-A reports that facilities and equipment maintenance continues to be a challenge for OCC-R leaders.¹⁶²

ANSF Detainees

UNAMA reported one-third of the 790 detainees they interviewed experienced torture or ill treatment on arrest or in an Afghan security-forces detention facility. While the number of incidents decreased by 14% compared with January 2013 reporting, the UN stressed increased efforts were needed for Afghanistan to comply with international law. The UN found a pervasive lack of accountability for perpetrators of torture and observed continuing impunity for those involved. In response to the UN report, the national-unity government announced a national action plan to eliminate torture that includes regulatory reforms, deterrence measures, and comprehensive training programs.¹⁶³

MOD and MOI Continuing Literacy Training

This quarter, USFOR-A reported the MOD and MOI are benefitting from train-the-trainer programs at all regional training areas.¹⁶⁴ Two third-party, nonprofit organizations are also conducting literacy training to the police in the field.¹⁶⁵ USFOR-A reports the MOD has 15,000 soldiers in 324 classes being conducted in all provinces. While reportedly less capable than contracted trainers, the MOD and MOI are establishing an internally resourced literacy program. When an Afghan-contracted literacy class is held, the Afghan trainers in training serve as assistant instructors to build their capability.¹⁶⁶

MINISTRY OF DEFENSE AND MINISTRY OF INTERIOR ASSESSMENTS

RSM focuses on training, advising, and assisting the MOD and MOI at the ministerial, institutional, and operational levels. RSM developed a security-force assistance framework, with seven focus areas, to guide Afghan and Coalition efforts to develop capacity and core competencies of the ministries for enduring sustainability.¹⁶⁷ The eight essential functions (EF) directorates lead RSM's efforts to identify the processes and build the assessment framework, known as the Plan of Actions and Milestones (POAM).¹⁶⁸ The respective EF processes, milestones, and associated actions for ministry offices and departments are captured in separate POAMs.¹⁶⁹ Each process can have more than one milestone and each milestone can have one or many associated actions.

This quarter, EF1, the RSM directorate for planning, programming, budgeting, and executing programs, added one additional milestone to both the

Minister of Interior Noor ul-Haq Ulumi

Confirmed	January 28, 2015
Ethnicity	Pashtun
Tribe	Barakzai
Political Party	National United Party of Afghanistan (Hezb-e Muttahed-e Melli)
Nominated by	CEO Abdullah Abdullah
Experience	<ul style="list-style-type: none"> • Wolesi Jirga member from Kandahar; defense committee chair • Governor of Kandahar (under Soviet-backed government) • Commanding General of the 2nd Corps Kandahar (under Soviet-backed government)



(EUPOL photo)

Source: Afghan Biographies, *Ulumi, Noorulhaq Noor ul Haq Olomi Ulumi*, 1/29/2015; Reuters, “Factbox: A look at the major nominees for Afghanistan’s new cabinet,” 1/12/2015; *Wall Street Journal*, “Afghanistan announces members of cabinet,” 1/15/2015; *The Guardian*, “Afghan President names cabinet three months after taking office,” 1/15/2015.

MOD and MOI assessments. This brings to 49 the number of milestones on which the MOD is assessed. The MOI is assessed on 43.¹⁷⁰

An example of an associated action, process, and milestone would be to develop an operationally informed list of requirements as part of the MOD medium-term budget-framework development process. The milestone is for the ministry to be capable of accurately identifying requirements, programs, and funding over a three-year horizon based on strategic guidance.¹⁷¹

Each EF directorate uses the POAM to assess the essential-function capabilities of every ministry’s offices.¹⁷² The offices are assessed based on the five-stage rating system displayed in Table 3.10 on the following page.¹⁷³ Every office assessment is then combined to determine the overall assessment of that department. All department assessments, in turn, are combined to determine the assessment of the ministry as a whole.¹⁷⁴

The five ratings reflect the degree to which Afghan systems are in place, functioning, and used effectively. The highest rating, “sustaining capability,” indicates an Afghan ministry can perform a specific function without Coalition advising or involvement.¹⁷⁵ As of this quarter, no essential function of either the MOD or MOI had achieved a rating of “sustaining capability” (the highest rating) or “fully capable” (the second highest rating) as shown in Table 3.10. Under the previous assessment tool, the Capability Milestone (CM) rating system, which assessed ministerial and general staff offices (rather than essential functions), several offices had achieved the highest ratings of “autonomous” or “capable with oversight.” For more information on the CM rating system, see page 97 of SIGAR’s October 2014 *Quarterly Report to the United States Congress*.¹⁷⁶

According to the current assessment, all MOD and MOI development conditions are at least at the “initiated” stage. The MOD has increased the

SIGAR SPECIAL PROJECT

This quarter, SIGAR wrote to the commanders of USFOR-A and CSTC-A to request information about how the Resolute Support Mission will measure the progress of its efforts to ensure the effectiveness and sustainability of the ANSF and the Afghan Security Institutions (ASI). According to the Resolute Support Security Force Assistance handbook, efforts to develop the ANSF and ASI will focus on eight essential functions (EF). For more information, see Section 2, page 45.

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TABLE 3.10

MINISTRY ASSESSMENT USING NATO SYSTEM, AS OF FEBRUARY 2015											
RATING MEANING		ESSENTIAL FUNCTION (EF)	EF1: Multi-Year Budgeting and Execution	EF2: Transparency, Accountability, and Oversight	EF3: Civilian Governance of the ASI	EF4: Force Generation	EF5: Sustainment	EF6: Strategy and Policy, Planning, Resourcing, and Execution	EF7: Intelligence	EF8: Strategic Communications	Rating Total
MOD ASSESSMENT	Rating 5: Sustaining Capability/Effectiveness		0	0	0	0	0	0	0	0	0
	Rating 4: Fully Capable/Effective		0	0	0	0	0	0	0	0	0
	Rating 3: Partially Capable/Effective		1	0	2	0	6	2	0	3	14
	Rating 2: Initiated (In Development)		3	2	1	5	7	2	5	3	28
	Rating 1: Scoped/Agreed		2	3	1	1	0	0	0	0	7
	Rating 0: Not Scoped/Agreed		0	0	0	0	0	0	0	0	0
	EF Total		6	5	4	6	13	4	5	6	49
MOI ASSESSMENT	Rating 5: Sustaining Capability/Effectiveness		0	0	0	0	0	0	0	0	0
	Rating 4: Fully Capable/Effective		0	0	0	0	0	0	0	0	0
	Rating 3: Partially Capable/Effective		1	0	0	1	6	4	0	0	12
	Rating 2: Initiated (In Development)		3	0	2	3	7	0	4	0	19
	Rating 1: Scoped/Agreed		2	4	2	1	0	0	0	3	12
	Rating 0: Not Scoped/Agreed		0	0	0	0	0	0	0	0	0
	EF Total		6	4	4	5	13	4	4	3	43

Note: EF1 & EF7 assessments as of 3/1/2015; EF2 & EF5 - 2/26/2015; EF3 & EF6 - 2/12/2015; EF4 - 2/17/2015; EF8 - 2/20/2015. Sustaining Capability/Effectiveness: Condition fully achieved. Advising only as requested by ANSF counterparts if opportunity and resources permit. Fully Capable/Effective: Developmental conditions nearly achieved. ANSF element fully capable but still requires attention; on track to be achieved by end of Resolute Support Mission; advising will continue. Partially Capable/Effective: Development conditions in progress. ANSF element is partially capable/effective. Conditions can be achieved by end of Resolute Support Mission; advising will continue. Initiated (In Development): Baseline design initiated by ANSF element; plan ready for implementation. Scoped and Agreed Upon: Development tasks/milestones (conditions) scoped and agreed; baseline capability and measures not complete. Not Scoped/Agreed: Development tasks/milestones (conditions) not scoped and/or agreed upon.

Source: USFOR-A, response to SIGAR data call, 3/11/2015.

percentage of its “partially capable” development conditions from 15% to 28.5%. For the MOI, 27.9% of its development conditions are “partially capable”; an increase from last quarter’s rating of 10%.¹⁷⁷ By the end of FY 2016, RSM forecasts both the MOD and MOI will have achieved sustaining capability in approximately 50% of their milestones. Additionally, they forecast the MOD will achieve a combined fully capable/sustaining capability of 90% and the MOI to attain 86%.¹⁷⁸ The medical corps is one area not expected to achieve sustaining capability for many years due to Afghanistan’s lack of fully trained medical professionals.¹⁷⁹

There are 311 U.S. personnel advising or mentoring the MOD and MOI; and an additional 111 Coalition advisors.¹⁸⁰

CSTC-A reports they will maintain three existing training and mentoring support contracts, totaling \$183.4 million in 2015, until a single omnibus contract is fielded in the first quarter of FY 2016.¹⁸¹ The Coalition assesses that the ANSF will require ministerial development, logistics, professionalization, and acquisition-management support through 2017.¹⁸²

AFGHAN LOCAL POLICE

The Afghan Local Police (ALP) is under MOI authority and functions under the supervision of the district Afghan Uniformed Police (AUP). ALP members, known as “guardians,” are selected by village elders or local power brokers to protect their communities against Taliban attack, guard facilities, and conduct local counterinsurgency missions.¹⁸³ As of April 4, 2015, the ALP comprised 28,376 personnel, according to the NATO Special Operations Component Command-Afghanistan (NSOCC-A).¹⁸⁴ That is a slight reduction of 74 since February 28, when the ALP comprised 28,450 personnel, all but 4,000 of whom were fully trained.¹⁸⁵ The number trained decreased due to combat losses, *tashkil* (organizational-strength) redistribution, and attrition.¹⁸⁶ The goal was to have 30,000 personnel in 154 districts by the end of December 2014, assigned to 1,320 checkpoints across 29 provinces.¹⁸⁷

According to NSOCC-A, the ALP will cost \$121 million per year to sustain once it reaches its target strength.¹⁸⁸ The United States has provided \$469.7 million to support the ALP as of April 1, 2015.¹⁸⁹ The United States has provided the ALP with equipment such as rifles, machine guns, light trucks, motorcycles, and radios.¹⁹⁰

According to NSOCC-A, the ALP has a retention rate of 93%. During the past year, NSOCC-A reported a low attrition rate of 1–2% per month. During the last quarter of 2014, the ALP had 1.82% of its force killed or wounded in action, a decrease from the 2.05% reported for same time period in 2013.¹⁹¹

The Afghan government has not determined the final disposition of the ALP or its funding source.¹⁹² DOD says U.S. policy on funding the ALP has not yet been determined.¹⁹³ According to an independent assessment conducted by NSOCC-A based on data provided by Eureka Research and Evaluation focus-group surveys in ALP districts, the majority of Afghans surveyed perceived the ALP as an effective security element and stabilizing force.¹⁹⁴ That finding is consistent with survey results from March 2014 that public perceptions of ALP’s value to community security were positive overall.¹⁹⁵ For details on the last survey results, refer to page 98 in SIGAR’s January 2015 *Quarterly Report to the United States Congress*.¹⁹⁶

Tashkil: the list of personnel and equipment requirements used by the MOD and MOI. The word means “organization” in Dari.

Source: GAO, *Afghanistan Security*, GAO-08-661, 6/2008, p. 18.

SIGAR AUDIT

In an ongoing audit, SIGAR is reviewing DOD’s support to the ALP program, the extent to which the ALP is achieving its security goals, oversight and controls of ALP salary payments, and future planning for the ALP.

AFGHAN PUBLIC PROTECTION FORCE TRANSITION AWAITING PRESIDENTIAL ACTION

The Afghan Public Protection Force (APPF), a state-owned enterprise under the authority of the MOI, established to provide contract-based facility and convoy-security services in Afghanistan, was ordered in 2013 to be dissolved and its guard functions transitioned to the ANP.¹⁹⁷ However, USFOR-A reports the APPF is currently operating and providing limited convoy-escort security. The APPF charter is awaiting presidential signature before being presented to the Council of Ministers.¹⁹⁸ For details on the last update on restructuring the security services into three parts, refer to page 88 in SIGAR's *October 2014 Quarterly Report to the United States Congress*.¹⁹⁹

Facilities Protection Force

On September 13, 2014, ISAF commander General John F. Campbell and the Afghan National Security Advisor signed a memorandum of understanding (MOU) regarding the security of Afghan and U.S./NATO security facilities. According to the MOU, the MOD “will field an organization known as the Facilities Protection Force” (FPF) of 5,030 personnel to provide security for select forward operating bases being turned over to the MOD.²⁰⁰ The FPF will be employed by the MOD but will not be part of the regular ANA. USFOR-A will provide funding for FPF salaries for one year at a cost of \$13.7 million, with the option to fund the force for an additional year.²⁰¹

According to the MOU, the MOD will allow CSTC-A “to inspect and audit financial records” and that the “funds will be auditable by all U.S. Government agencies responsible for oversight of CSTC-A and U.S. Forces-Afghanistan.”²⁰²

The MOU also provides for Afghan force protection of the perimeters of U.S./NATO agreed-upon facilities and authorizes U.S./NATO forces “to utilize contracted armed security services inside NATO/U.S. agreed facilities.”²⁰³

SIGAR AUDIT

An audit SIGAR released this quarter on the reliability and usefulness of the ANA personnel and payroll data found no assurance of that data being valid, that controls and oversight are weak, and that computer systems possess inherent weaknesses and are not fully integrated. For more information, see Section 2, page 23.

AFGHAN NATIONAL ARMY

As of March 31, 2015, the United States had obligated \$35.5 billion and disbursed \$34.4 billion of ASFF funds to build, train, equip, and sustain the ANA.²⁰⁴

Number of ANA Personnel Rebounds Slightly

As of February 20, 2015, the overall assigned end strength of the ANA—which includes the AAF and civilians—was 174,120 personnel, according to RSM.²⁰⁵ This is an increase of 4,917 ANA personnel since last quarter, when the ANA's November 2014 assigned end strength was reported at 169,203, and a reversal of a decreasing trend since February 2014.²⁰⁶ USFOR-A reports that MOD provides ANA personnel data. Until Afghanistan

completes installation of its human-resource information systems and inputs the data, however, RSM will not be able to validate MOD's strength numbers.²⁰⁷ Even then, SIGAR believes it is unlikely RSM will have the personnel and resources to validate ANA personnel numbers other than by analyzing reports based on Afghan inputs into the new system.

This quarter, some details of ANA troop strength remained classified. SIGAR will provide Congress a classified annex to this report.

ANA Attrition

In past quarterly reports, SIGAR reported on its concerns about ANA attrition. Between September 2013 and August 2014, more than 36,000 ANA personnel were dropped from ANA rolls,²⁰⁸ an average of 3,000 per month. This quarter 2,225 ANA personnel were dropped from the rolls.²⁰⁹ However, USFOR-A reported an ANA training surge will result in approximately 5,000 new soldiers being added to the rolls when they complete training during April 2015.²¹⁰

This quarter, some details of ANA attrition remained classified. SIGAR will report on this in a classified annex to this report.

ANA Sustainment

As of March 31, 2015, the United States had obligated \$14.3 billion and disbursed \$14.0 billion of ASFF funds for ANA sustainment.²¹¹ The most prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition replenishment and fuel purchases. Funding for food ceased on December 21, 2013, after CSTC-A suspected widespread fraud by the MOD.²¹²

The U.S. Congress appropriates funds to the ASFF for the training, equipping, sustaining, and funding of the ANSF, as well as to provide funding for facility repair and construction. DOD is authorized to use ASFF to provide funds directly (on budget) to the Afghan government.²¹³ To ensure U.S. funds are used as intended, CSTC-A, the MOD, and the Ministry of Finance (MOF) signed a Bilateral Financial Commitment Letter.²¹⁴ The Afghan FY 1394 financial-commitment letter requires the MOD to document fuel consumption and deliveries. CSTC-A is to set the following month's fuel allocation based on the sufficiency of the fuel documentation. Further reductions in fuel allocations are to occur if the documentation quality does not improve and if required audits and corrective actions are not performed within the agreed-to time frame.²¹⁵ For information on the ongoing fuel investigation, see pages 135–136 of this report.

ANA Salaries and Incentives

As of March 31, 2015, CSTC-A reported that the United States had provided \$2.6 billion through the ASFF to pay for ANA salaries, food, and incentives since FY 2009.²¹⁶ CSTC-A also estimated the annual amount of

SIGAR AUDIT

An audit SIGAR initiated this quarter will focus on DOD's procurement, maintenance, and oversight of occupational clothing and individual equipment (OCIE) purchases for the ANSF. For more information, See Section 2, page 28.

funding required for ANA base salaries, bonuses, and incentives this year is \$710.4 million. CSTC-A said the funding will range from a high of \$741.7 million and a low of \$613.6 million—an average of \$690 million annually—over the next five years.²¹⁷

Incentives are used to retain high-quality soldiers and airmen. ANA personnel are eligible for various incentives, in addition to their base salaries. Examples include occupational incentives (such as aviation, medical, engineering/explosive-ordnance disposal), hazard-pay incentives, and longevity-pay incentives for every three additional years of continuous service.²¹⁸

CSTC-A noted that funding is provided on the basis of 100% of the ANA's authorized, not assigned, strength.²¹⁹ To encourage the MOD to use electronic payment systems, beginning in July 2015, CSTC-A plans to provide 100% funding only for those authorized tashkil positions being paid electronically; pay for other positions will be 80% funded.²²⁰ Additionally, by June 1, 2015, all ANA personnel records are required to be input into the Afghan Human Resources Information Management System and all personnel must be assigned a tashkil position.²²¹

ANA Equipment and Transportation

As of March 31, 2015, the United States had obligated \$11.7 billion and disbursed \$11.6 billion of the ASFF for ANA equipment and transportation.²²² Most of these funds were used to purchase vehicles, aircraft, communication equipment, weapons, and related equipment. Approximately 50% of U.S. funding in this category was for vehicles and transportation-related equipment, as shown in Table 3.11.²²³

Because CSTC-A used a new reporting format last quarter, SIGAR did not report quarter-to-quarter comparisons. This quarter, CSTC-A reported

TABLE 3.11

COST OF U.S.-FUNDED ANA EQUIPMENT			
Type of Equipment	Procured	Procured and Fielded to the ANA	Remaining to be Procured
Weapons	\$613,581,608	\$522,336,282	\$1,700,000
Vehicles	5,405,890,683	4,767,803,280	TBD
Communications	709,157,101	688,157,101	TBD
Aircraft	1,091,376,104	649,861,508	441,514,596
Ammunition	1,699,431,299	1,563,013,160	TBD
Transportation Services	40,000,000	13,459,569	26,540,431
Counter-IED	330,656,219	296,489,871	2,700,000
Other	883,546,190	773,658,682	1,005,377
Total	\$10,773,639,204	\$9,274,779,453	\$473,460,404

Note: Counter-IED = Counter-improvised explosive devices. TBD = To be determined; amount depends on how much damaged and destroyed equipment is turned in for replacement.

Source: CSTC-A, response to SIGAR data call, 3/24/2015.

SIGAR AUDIT

An ongoing SIGAR audit will review DOD's support to the ANA's Technical Equipment Maintenance Program (A-TEMP). Specifically, SIGAR plans to determine (1) the extent to which the ANA A-TEMP is meeting its stated goals, and (2) whether key ANA A-TEMP contract requirements are being met.

SIGAR INSPECTION

In an inspection report released this quarter, SIGAR looked at the termination of a stalled ANA slaughterhouse construction project after \$1.25 million had already been expended. For more information, see Section 2, page 39.

TABLE 3.12

CUMULATIVE U.S. COSTS TO PROCURE ANA EQUIPMENT (\$ MILLIONS)				
	Weapons	Vehicles	Communications	Total
September 2013	\$447.2	\$3,955.0	\$609.3	\$5,011.5
December 2013	439.2	4,385.8	612.2	5,437.2
March 2014	461.2	4,385.8	670.3	5,517.3
June 2014	461.2	4,385.8	670.3	5,517.3
September 2014	522.3	4,638.9	688.2	5,849.4
December 2014	537.8	4,767.8	688.2	5,993.8
March 2015	613.6	5,405.9	709.2	6,728.7

Source: CSTC-A, responses to SIGAR data calls, 10/1/2013, 12/30/2013, 3/31/2014, 7/1/2014, 9/29/2014, 2/6/2015, and 3/24/2015.

an increase in most equipment categories and corrected prior cumulative reporting figures.²²⁴ Table 3.12 reflects an \$879.3 million increase in the three commonly reported types of equipment since September 2014.²²⁵ CSTC-A reported more than 426,000 weapons, 104,000 communication devices, and 56,000 vehicles had been procured for the ANA.²²⁶ The bulk of the “other” equipment category is clothing, such as uniforms, and individual equipment.

CSTC-A notified Congress that some ASFF-purchased equipment for the ANA will be transferred to DOD in accordance with the FY 2014 National Defense Authorization Act (NDAA) provision. Table 3.13 provides more details on these transfers.

USFOR-A led a vehicle team of DOD subject-matter experts that identified logistical and sustainment gaps necessary for the Afghans to overcome prior to assuming full supply-management ownership. This quarter the team identified additional gaps and solutions, including:²²⁷

- developing the contract requirements to provide maintenance management training at all the regional maintenance sites
- the ANA approved life-cycle management tashkil positions to address personnel shortfalls; RSM EF5 is developing a life-cycle management training program
- recruiting Afghan college graduates, training them in supply functions and computer systems, and assigning them to critical supply sites

The financial-commitment letter providing funds to the MOD for Afghan FY 1394 requires the MOD to determine the types and the number of vehicles it needs, ensure that maintenance is done following standard practices, and ensure that vehicles are used as intended prior to CSTC-A providing additional vehicle funding.²²⁸

ANA Infrastructure

As of March 31, 2015, the United States had obligated \$6.2 billion and disbursed \$5.6 billion of the ASFF for ANA infrastructure.²²⁹

TABLE 3.13

TRANSFERRED ASFF-FUNDED EQUIPMENT (\$ MILLIONS)		
	Scrap	To DOD Stock
Vehicles	\$7.9	\$5.4
Troop Enclosure	9.0	
HMMWVs	2.9	
Aircraft	136.0	3.1
Office Equipment		1.7
Crane/Forklifts	1.1	
Water Tankers	0.2	
Body Armor		0.3
Weapons		1.1
GPS/NVG		0.1
Total	\$157.1	\$11.7

Note: Dollar amounts rounded. Already-owned C-208s became a suitable training aircraft substitute, resulting in the transfer to DOD stock of six C-182 aircraft. A troop enclosure is an add-on installed to the roof of a HMMWV or other vehicle that allows a soldier to stand up through a roof hatch with some degree of protection. HMMWV = High-mobility, multipurpose wheeled vehicle; GPS/NVG = Global Positioning System and Night Vision Goggles items.

Source: CSTC-A, response to SIGAR data calls, 1/14/2015 and 3/24/2015; RSM, response to SIGAR request for clarification, 2/3/2015; OSD-P, response to SIGAR data call, 3/27/2015.

At that time, the United States had completed 357 infrastructure projects (valued at \$4.8 billion), with another 24 projects ongoing (\$512 million) and two planned (\$81 million), according to CSTC-A.²³⁰

The largest ongoing ANA infrastructure projects this quarter, as last quarter, were brigade garrisons for the 2nd Brigade of the 201st Corps in Kunar (at a cost of \$115.7 million) and the 2nd Brigade of the 215th Corps in Nimroz (\$78.7 million), and phase three of the MOD headquarters and garrisons (\$58.6 million). All are expected to be completed by the end of summer.²³¹ In addition, one project was awarded this quarter at a cost of \$7 million, and 14 projects were completed at a cost of \$156.3 million, including the garrison for the 2nd Brigade of the 209th Corps in Kunduz (\$25.8 million).²³² CSTC-A reported that one facility was transferred to the ANSF since the beginning of December. The transfer of the remaining 19 facilities is contingent on the ANSF training readiness and their ability to effectively perform contracting functions.²³³

According to CSTC-A, the projected operations-and-maintenance (O&M), sustainment, restoration, and minor-construction costs for ANA infrastructure for FY 2015 through FY 2019 is \$168 million a year, for a total of \$840 million. The ANA has authorized 3,100 positions to maintain these facilities.²³⁴

The FY 1394 MOD financial-commitment letter requires the Afghan government to provide CSTC-A a transition and sustainment plan for the transferred facilities, including infrastructure security, by the end of 2015.²³⁵

ANA and MOD Training and Operations

As of March 31, 2015, the United States had obligated and disbursed \$3.3 billion of the ASFF for ANA and MOD operations and training.²³⁶

CSTC-A reported 18 ongoing U.S.-funded technical training programs.²³⁷ Additionally, USFOR-A reported two contracts for training, advising, and assisting the ANA Training and Education Command at Marshal Fahim National Defense University that require RSM to perform and report monthly contractor-performance observations.²³⁸ U.S.-funded training contracts include special operations, counter improvised-explosive-device and explosive-ordnance disposal, and intelligence training.²³⁹

Afghan Air Force and the Special Mission Wing

The United States has a considerable investment in the AAF. Between FY 2010 and FY 2015, the United States provided more than \$6.8 billion to support and develop the 7,800-person AAF, including over \$3.3 billion for equipment and aircraft.²⁴⁰ In addition, DOD requested more than \$548 million, including \$22 million for equipment and aircraft, in FY 2016 for the AAF. However, the majority of the funding is being requested for sustainment and training.²⁴¹

SIGAR INSPECTION

SIGAR has an ongoing inspection of the U.S.-funded construction of the MOD headquarters to determine if construction is being completed in accordance with contract requirements and if any occupied portions of the headquarters are being properly maintained and used as intended.

SIGAR AUDIT

In a financial audit completed this quarter, SIGAR found a lack of supporting documentation on a counterinsurgency intelligence training contract resulting in \$134.6 million in questionable costs and other findings. For more information, see Section 2, page 33.



A-29 Super Tucano aircraft on the flight line at Moody Air Force Base, Georgia, USA. (SIGAR photo by Nick Heun)

According to CSTC-A, this quarter, the AAF has a requirement for 136 aircraft, to include:²⁴²

- Mi-17 transport helicopters
- C-208 light transport planes
- MD-530 helicopters
- Mi-35 attack helicopters
- C-130H medium transport aircraft
- A-29 Super Tucanos light attack aircraft

Last month, the first of the MD-530 helicopters was delivered to the AAF.²⁴³ In the fourth quarter of 2015, the first of 20 A-29 Super Tucanos, a light attack aircraft for counterinsurgency, close air support, and aerial reconnaissance, will be deployed to Afghanistan.²⁴⁴ The planes are intended to replace aging Mi-35 attack helicopters.²⁴⁵

RSM Train, Advise, and Assist Command-Air (TAAC-Air) reports working with the AAF to accelerate the growth of flight engineers and loadmasters through in-country training. There are adequate numbers of pilots in the training pipeline, according to TAAC-Air, with more pilots expected to join the force in 2016 and 2017.²⁴⁶

According to TAAC-Air, the AAF is expected to reach full operational capability in airlift missions by early 2016, and to reach full operational capability in attack missions by early 2017.²⁴⁷ The C-130 affords new capabilities, although the AAF will need time to fully exploit the airframe's potential.²⁴⁸ The AAF is not expected to achieve full sustainability of

maintenance capability until the end of 2023. The AAF will depend on contracted logistics support for the majority of its fleet maintenance until AAF capability exists for each type of aircraft.²⁴⁹

The AAF capability to perform casualty evacuation (CASEVAC) missions has steadily increased over the last three years. With the withdrawal of Coalition forces, the AAF CASEVAC missions increased 45% this year over last year.²⁵⁰ Approximately 140 AAF and ANA air medics were trained by the Coalition on CASEVAC procedures improving their capacity and capability.²⁵¹ The U.S. Air Force's 9th Air and Space Expeditionary Task Force-Afghanistan (AETF-A) assesses the AAF can provide adequate CASEVAC support if they maximize use of the C-208 aircraft at unimproved airfields and the ANSF executes missions with proper synchronization, prioritization, and disciplined command and control.²⁵²

MOI, MOD, and National Directorate of Security leaders signed the SMW air charter on May 14, 2014, outlining the creation of a new Joint Command and Control Coordination Center (JCCC) to facilitate priority SMW missions. Both MOD and MOI special-operations forces will have liaison officers to the JCCC. The AAF is to provide personnel, recruiting, and other administrative (nonoperational) support to SMW. The SMW commander meets weekly with special-operations unit leaders to discuss pending operations and synchronize requirements and priorities.²⁵³ During FY 2015, two missions have supported six counternarcotics sorties and 68 missions have supported 115 counterterrorism sorties.²⁵⁴ The Afghan national security advisor is currently reviewing a proposal to transfer the SMW to the MOD.²⁵⁵

U.S. reconstruction funding of \$1.75 billion has been obligated for the SMW, with \$920 million for aircraft and equipment.²⁵⁶ SMW will require Coalition funding for almost all its costs through 2020.²⁵⁷ The SMW consists of 450 members, 224 from the MOI and 226 from the MOD, according to NSOCC-A. Among the SMW members are 15 qualified flight crews, just short of the 2015 goal.²⁵⁸ The SWM fleet consists of Mi-17 helicopters and PC-12 passenger/cargo planes.²⁵⁹

According to NSOCC-A, contract support for both maintenance and logistics is anticipated to be required through 2020.²⁶⁰ The Afghans are currently performing approximately 10% of the scheduled maintenance on the Mi-17 fleet; it takes 60 months to fully train a Mi-17 or PC-12 mechanic.²⁶¹

This quarter, more detailed information on the AAF and the SMW remained classified. SIGAR will report on this in a classified annex to this report.

SIGAR SPECIAL PROJECT

On February 12, 2015, SIGAR conducted a fact-finding visit on the A-29 Light Air Support (LAS) aircraft training program at Moody Air Force Base in Georgia. This visit was a follow-up to a SIGAR Special Project inquiry letter issued last quarter.

AFGHAN NATIONAL POLICE

As of March 31, 2015, the United States had obligated \$17.2 billion and disbursed \$16.8 billion of ASFF funds to build, equip, train, and sustain the ANP.²⁶²

ANP Strength Reporting Changes

This quarter, USFOR-A reported the overall strength of the ANP totaled 154,685 personnel, a decrease of 1,754 since last quarter; as reflected in Table 3.14.²⁶³

However, another change in how ANP personnel numbers are calculated continues to raise questions about their validity. Last quarter, the reported number of the assigned Afghan Uniformed Police (AUP) personnel could not be reconciled unless traffic personnel and fire-and-rescue personnel were double-counted. This quarter, there was no reporting on the number of personnel assigned to the MOI headquarters. However, the number of AUP personnel increased by 11,854. In the past, the MOI headquarters personnel were sometimes included in the AUP personnel count.²⁶⁴ This quarter, the number of ANP personnel reported did not equal the total overall strength number provided. In its vetting comments, USFOR-A adjusted the overall strength number so that ANP personnel added up to the total first provided.²⁶⁵ SIGAR has reported on unbalanced and unsupported totals of ANSF personnel figures in past quarterly reports and audits.

USFOR-A reported the ANP had an aggregate attrition rate of 19.72% between February 21, 2014, and February 20, 2015, with most of the attrition occurring among patrolmen.²⁶⁶ Overall ANP monthly attrition averaged below 2% for 11 months of the year.²⁶⁷ Some 1,844 ANP personnel dropped

TABLE 3.14

ANP Component	Authorized			Assigned		
	Q4 2014	Q1 2015	Quarterly Change	Q4 2014	Q1 2015	Quarterly Change
	AUP	92,732	104,695	11,963	88,180	100,034
ABP	22,955	22,990	35	21,766	21,953	187
ANCOP	15,223	15,223	-	14,773	15,010	237
CID	-	11,592	11,592	-	10,847	10,847
NISTA	3,000	2,500	(500)	3,422	3,539	117
GDoP Reserve ^a	-	-	-	891	850	(41)
Undefined personnel above authorized strength	-	-	-	-	2,452	2,452
MOI HQs & IS	24,161	-	(24,161)	22,240	-	(22,240)
Required to reconcile to ANP Total ^b	-	-	-	5,167	-	(5,167)
ANP Total (as reported)	158,071	157,000	(1,071)	156,439	154,685	(1,754)

Note: Quarters are calendar-year; Q4 2014 data as of 11/2014; Q1 2015 data as of 2/2015. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; ANCOP = Afghan National Civil Order Police; CID = Criminal Investigation Department; NISTA = Not In Service for Training; GDoP = General Directorate of Personnel; IS = Institutional Support personnel.

^aPersonnel that are pending assignment.

^bReported Q4 2014 total assigned ANP number appears to double-count some AUP; actual number may be 151,272.

Source: RSM, response to SIGAR request for clarification, 2/3/2015; USFOR-A, response to SIGAR data call, 3/24/2015; USFOR-A, response to SIGAR vetting, 4/10/2015.

from the rolls during February 2015. Also, during the same period, the ANP saw 208 personnel killed in action.²⁶⁸

As with the ANA strength reporting, USFOR-A reports that until the Afghan government completes installation of their human-resource information systems and inputs the data, RSM will not be able to validate strength numbers.²⁶⁹ However, even if the new information system is installed, SIGAR believes it is unlikely RSM will have the personnel and resources to validate ANP personnel numbers other than by analyzing reports based on Afghan inputs into the new system.

ANP Sustainment

As of March 31, 2015, the United States had obligated \$6.8 billion and disbursed \$6.7 billion of ASFF funds for ANP sustainment.²⁷⁰ This includes \$1.5 billion in U.S. contributions to the Law and Order Trust Fund for Afghanistan (LOTFA), which pays for ANP salaries. Beginning in FY 1393 (starting December 22, 2013), the United States no longer funded food costs after CSTC-A suspected widespread fraud by the MOI.²⁷¹

ANP Salaries

From 2008 through December 31, 2014, the U.S. government had provided \$1.24 billion, contributed through the Law and Order Trust Fund for Afghanistan (LOTFA), to pay ANP salaries, food, and incentives (extra pay for personnel engaged in combat or employed in specialty fields), CSTC-A reported.²⁷²

The United Nations Development Program (UNDP) charges 4% of donor contributions—more than \$20 million based on their estimated annual expenditures—to manage the LOTFA program. The Afghan government and some international donors prefer this funding instead be applied to police salaries.²⁷³

According to CSTC-A, at an authorized strength of 157,000 personnel, the UNDP estimates annual international expenditures of \$508.4 million for the ANP, based on an exchange rate of 56 afghanis to one U.S. dollar. The U.S. contribution to LOTFA for calendar year 2015 is \$114.4 million to fund salaries and incentives.²⁷⁴ *The Times* of London reported in April that the British government decided to suspend its planned contribution of £70 million to LOTFA because of corruption concerns.²⁷⁵

The CSTC-A financial commitment letter to the MOI for Afghan FY 1394 includes the LOTFA Steering Committee mandate for the MOI to provide 100% of ANP salaries through electronic funds transfer by March 31, 2015.²⁷⁶ To incentivize the MOI to use electronic payment systems, beginning in July 2015, CSTC-A plans to provide funding only for those authorized tashkil positions being paid electronically.²⁷⁷

SIGAR AUDIT

A SIGAR audit on ANP personnel and payroll data released last quarter found that data has no assurance of being valid, that controls and oversight are weak, and that computer systems are not fully functional or integrated. For more information, see SIGAR's January 2015 *Quarterly Report to the United States Congress*.

ANP Equipment and Transportation

As of March 31, 2015, the United States had obligated and disbursed \$3.6 billion of ASFF funds for ANP equipment and transportation.²⁷⁸ Most of these funds were used to purchase vehicles, aircraft, ammunition, weapons, and communication equipment, as shown in Table 3.15. The most funding in this category, more than 49.5%, was used to purchase vehicles and vehicle-related equipment.

TABLE 3.15

COST OF U.S.-FUNDED ANP EQUIPMENT			
Type of Equipment	Procured	Procured and Fielded to the ANP	Remaining to be Procured
Weapons	\$224,603,779	\$205,607,238	\$208,805
Vehicles	2,205,856,127	2,048,056,127	TBD
Communications	212,294,780	212,294,780	TBD
Aircraft	766,950,000	692,950,000	74,000,000
Ammunition	667,741,562	324,984,471	TBD
Transportation Services	20,026,263	7,770,471	12,255,792
Counter-IED	119,980,508	86,305,626	0
Other	243,088,347	91,438,300	14,412,160
Total	\$4,460,541,366	\$3,669,407,013	\$100,876,757

Note: Counter-IED = Counter-improvised explosive devices. TBD = To be determined. Amount depends on how much damaged or destroyed equipment is turned in for replacement.

Source: CSTC-A, response to SIGAR data call, 3/24/3015.

Examples of the types of equipment purchased for the ANP include sophisticated items such as high-mobility, multipurpose wheeled vehicles (HMMWV); night-vision devices; global-positioning systems; explosive-ordnance disposal equipment; and biometrics; as well as ordinary items such as ambulances, spare parts, pistols, machine guns, radios, clothing, dental and medical equipment, and transportation services.²⁷⁹

The financial commitment letter providing ASFF funds to the MOI for their FY 1394 requires the MOI to determine the types and the number of vehicles it needs, to ensure that maintenance is done following standard practices, and that vehicles are used as intended prior to CSTC-A providing additional vehicle funding.²⁸⁰

CSTC-A notified Congress of the following ASFF-purchased equipment for the ANP that will be transferred to DOD in accordance with the FY 2014 National Defense Authorization Act (NDAA) provision. Table 3.16 provides more details on these transfers.

ANP Infrastructure

As of March 31, 2015, the United States had obligated \$3.2 billion and disbursed \$2.9 billion of ASFF funds for ANP infrastructure.²⁸¹

TABLE 3.16

TRANSFERRED ASFF-FUNDED EQUIPMENT (\$ MILLIONS)		
	Scrap	To DOD Stock
8 RHIB Patrol Boats		\$1.9
Other		1.4
Vehicles	\$1.3	
Total	\$1.3	\$3.3

Note: RHIB = rigid-hulled inflatable boats. Dollar amounts rounded.

Source OSD-P, response to SIGAR data call, 12/30/2014; CSTC-A response to SIGAR data call, 3/24/2015.

At that time, the United States had completed 719 infrastructure projects (valued at \$3.5 billion), with another 11 projects ongoing (\$101.7 million), according to CSTC-A.²⁸²

This quarter, one project valued at \$4 million was awarded and 12 projects valued at \$106.7 million were completed, including ammo bunkers and a fuel depot (\$17.5 million and \$13.9 million respectively).²⁸³ Another project, a building and utilities (\$35 million) at MOI headquarters, was reported both completed and as ongoing after being recompeted.²⁸⁴ The largest ongoing ANP infrastructure projects were an ANCOP provincial headquarters building in Paktiya (\$25 million), and the ANP command center and barracks at MOI headquarters (\$24.1 million).²⁸⁵ CSTC-A reported that sustainment and maintenance services are being funded for 214 ANP facilities.²⁸⁶

According to CSTC-A, the projected annual O&M, sustainment, restoration, and minor-construction cost (less than \$750,000 per project) for ANP infrastructure for FY 2015 through FY 2019 is \$147 million per year, of which the U.S. will fund \$131 million (\$655 million over five years), with 2,184 skilled personnel required to maintain the facilities.²⁸⁷

CSTC-A reported that while no additional facility sustainment and maintenance had been transferred to the ANSF this reporting period, the transfer of the remaining two facilities is contingent on the training readiness and the ANSF's ability to execute O&M contracts.²⁸⁸

ANP Training and Operations

As of March 31, 2015, the United States had obligated and disbursed \$3.6 billion of the ASFF for ANP and MOI training and operations.²⁸⁹

CSTC-A reported seven ongoing U.S.-funded technical training programs.²⁹⁰ U.S.-funded training contracts include operational-specialty training, such as police intelligence, counter improvised-explosive-device and explosive-ordnance disposal, and radio operator and maintenance.²⁹¹

STATUS OF WOMEN IN THE ANSF

This quarter, women finally account for 1% of the ANSF, in a small, but hard-earned, milestone of long-standing efforts to recruit and retain women.²⁹²

This quarter, RSM reported 3,325 women in the ANSF's assigned force strength for ANA and ANP, including students in training and recent training graduates. Of the total, 910 were officers, 1,249 were non-commissioned officers, and 1,166 were soldiers.²⁹³

Ongoing recruitment has slightly increased the number of females joining the ANSF across Afghanistan.²⁹⁴ The goal to increase the number of women in the ANA by 10% was moved into a 10-year plan. In March, the MOD was scheduled to publish the FY 1394 accession plan which was to include the annual recruitment goal.²⁹⁵ To achieve this goal, the ANA has

waived a requirement that the recruitment of women be balanced among Afghanistan's various ethnic groups.

As in prior quarters, the number of women in the ANP is increasing, but the ANP was far from reaching its goal of 5,000 women by March 2015. Women still make up only 1.4% of the force. There were 190 ANP female officer-academy graduates in February who graduated with the rank of second lieutenant.²⁹⁶ Graduation ceremonies were held in their honor in Kabul and Mazar-e-Sharif. Beginning in May, the basic police course, also being held in Turkey, has a goal to graduate 400 policewomen.²⁹⁷

While resistance to women in Afghan forces has long existed within the MOD and MOI, the President and the First Lady of Afghanistan and MOD and MOI leaders have expressed support for an expanded female presence in the ANSF.²⁹⁸ The ANA and ANP are continuing their efforts to increase their numbers of women and to better integrate their forces.²⁹⁹

The ANP is focused on finding secure workplaces with appropriate facilities for females and developing strategies to attract and retain qualified female recruits with at least a high-school degree.³⁰⁰ The 10-year goal for the ANP is to have 15,700 policewomen serving.³⁰¹

Both the ANA and ANP are continuing to provide training opportunities and female-appropriate facilities. The ANA has 45 slots allocated for women for the four-year National Military Academy, 90 for the one-year Junior Officer Academy, and 150 for the officer candidate school/noncommissioned officer school.³⁰² The 12-week Basic Warrior Training course that every soldier takes includes a class on behavior and expectations of male soldiers who work with ANA women. The Afghan Independent Human Rights Commission conducts two-day seminars for the ANSF that include training in eliminating violence against women.³⁰³ The ANP conducted 51 workshops last year and is committed, during the next two years, to holding seminars on investigation and prosecution procedures toward violence-against-women offenders.³⁰⁴

The NDAA for FY 2014 authorizes \$25 million to be used for programs, facilities, recruiting, and the integration of women into the ANSF. Of the \$25 million, \$1.05 million has been committed for incentives and domestic travel.³⁰⁵ CSTC-A has met with gender advisors from both ministries to validate and prioritize requirements. They anticipate initial requirements will be to renovate facilities and institute a recruitment campaign.³⁰⁶ Additionally, NATO has allocated \$10 million from the ANA Trust Fund for ANA women's programs.³⁰⁷

ANSF MEDICAL/HEALTH CARE

Since 2006, the United States has funded the construction of 184 ANSF medical facilities valued at \$188.2 million.³⁰⁸ The ANA has eight regional medical hospitals, the AAF has five clinics and five detachments, and the



Police Sergeant Training Academy graduates at Mazar-e-Sharif (RS News photo by Philipp Hoffmann)

ANP has one hospital in Kabul but has an agreement with the ANA to treat police.³⁰⁹ At this time, no other medical-facility construction is planned.³¹⁰

This quarter, USFOR-A reported there are 905 physicians currently assigned in the ANSF health-care system. The total number of positions authorized is 1,144, with 574 physicians assigned in an ANA position and 331 in an ANP position. The ANA and ANP have a shortage of 166 and 73 physicians respectively.³¹¹ The shortage is critical in the rural districts near conflict areas, where trauma care is needed most.³¹²

The ANSF also has 2,440 nurses, physicians' assistants, and other medical personnel, with an additional 773 positions remaining unfilled.³¹³ While the number of unfilled medical personnel positions declined by 236 positions since last quarter, the overall number of authorizations also fell, by 785 positions.³¹⁴ To compensate for shortages, the ANA medical commander shifts personnel during contingency operations to the nearest regional hospital.³¹⁵ Physician, nurse, and medic training pipelines are established with partner international and non-government organizations to sustain the need for medical personnel.³¹⁶

USFOR-A reported efforts to solidify healthcare and related logistics operations for both the ANA and ANP. The ANA medical command developed its first five-year strategic plan. The ANP developed a medical supply requirement list to improve procurement, usage, and demand forecasting.³¹⁷ RSM TAAC-Air Surgeon General (SG) advisors have trained 80 AAF medical personnel on three different air frames and 336 ANA medical personnel on the Mi-17 helicopter and/or the C-208 airplane.³¹⁸ TAAC-Air advisory efforts are aimed at building AAF medical evacuation capability to have trained medics in aircraft able to render care en route. A similar goal is to have trained medics in ambulances administering life-saving medical care.³¹⁹ The ANA medical commander and the ANP SG stress the need for personnel to wear protective equipment and are working to increase the number of personnel trained in combat life-saving skills.³²⁰

REMOVING UNEXPLODED ORDNANCE

Afghanistan remains one of the countries most contaminated by mines and explosive remnants of war (ERW), even though 80% of known contamination has been cleared since 1989. In January 2015, the Mine Action Coordination Centre of Afghanistan (MACCA) reported that an average of 38 casualties occurred every month, down from a peak of 16 casualties per day in 2001.³²¹ Unexploded ordnance remains in 1,609 communities, 253 districts, and 33 provinces directly affecting 774,000 people.³²² The country faces the recent challenge of contamination around International Security Assistance Force (ISAF) and North Atlantic Treaty Organisation (NATO) firing ranges and bases. From 2010 to the end of March 2014, MACCA recorded 82 casualties resulting from ERW accidents in or around ISAF/

NATO firing ranges and bases. There were 23 people killed and 59 injured; 83% of casualties were children. Casualties have risen around firing ranges and bases as the withdrawal of international military forces has made those places more accessible.³²³

Last quarter, SIGAR reported that DOD transferred \$901,511 to the Department of State's Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PM/WRA) to support an international nongovernmental organization's (NGO) effort to monitor the clearing of ordnance left behind more recently at U.S. firing ranges.³²⁴ However, this may be only a small percentage of the funding needed. An April 2014 *Washington Post* article noted that the U.S. military has reportedly left about 800 square miles of contaminated land that is expected to cost \$250 million to clear.³²⁵

PM/WRA manages the Conventional Weapons Destruction program in Afghanistan to protect victims of conflict, provide life-saving humanitarian assistance, and enhance the security and safety of the Afghan people. Since FY 2002, the Department of State has provided more than \$299.3 million in weapons destruction and humanitarian mine-action assistance to Afghanistan.³²⁶ Not all PM/WRA FY 2014 funds have been expended as of this quarter; PM/WRA has two-year funding, and additional 2014 funding will be captured in subsequent SIGAR reports.³²⁷

State directly funds five Afghan NGOs, five international NGOs, and one U.S. government contractor. These funds enable the clearance of areas contaminated by ERW and support the removal and destruction of abandoned or otherwise at-risk conventional weapons used by insurgent elements to construct roadside bombs and other improvised explosive devices that target coalition forces, Afghan civilians, and international aid organizations.³²⁸ As of December 31, 2014, U.S. Department of State-funded implementing partners have cleared more than 166.5 million square meters of land (nearly 64.3 square miles) and removed or destroyed approximately 7.9 million landmines and other ERW such as unexploded ordnance, abandoned ordnance, stockpiled munitions, and home-made explosives (see Table 3.17 on the following page).³²⁹

The total area of contaminated land recorded continues to fluctuate as clearance activities reduce hazardous areas while ongoing surveys identify and add new contaminated land to the Information Management System for Mine Action database. At the beginning of this quarter, there was a total area of 511.6 square kilometers (197.5 square miles) of contaminated minefield and battlefield. During the quarter, 16.8 square kilometers (6.5 square miles) were cleared. However this quarter, ongoing survey identified an additional contaminated area of 29.8 square kilometers (11.5 square miles), bringing the total of known contaminated area to 524.6 square kilometers (202.5 square miles) by the end of the quarter.³³⁰ PM/WRA defines a minefield as the area contaminated by land mines, whereas a contaminated area can include both land mines and other ERW.³³¹

TABLE 3.17

CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, JANUARY 1, 2013–DECEMBER 31, 2014						
Date Range	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared	Minefields Cleared (m²)	Estimated Contaminated Area Remaining (m²)*
1/1–3/31/2013	1,984	100,648	105,553	3,722,289	7,978,836	552,000,000
4/1–6/30/2013	1,058	18,735	49,465	1,079,807	5,586,198	537,000,000
7/1–9/30/2013	1,243	21,192	98,306	1,673,926	4,229,143	521,000,000
10/1–12/31/2013	8,211	2,460	54,240	3,064,570	5,729,023	518,000,000
1/1–3/31/2014	1,780	254,734	245,380	262,750	5,473,170	638,400,000
4/1–6/30/2014	1,077	3,264	25,362	3,227,697	5,163,035	519,000,000
7/1–9/30/2014	1,329	26,873	21,502	2,860,695	5,705,984	511,600,000
10/1–12/31/2014	465	20,274	58,369	538,499	1,604,410	524,600,000
TOTAL	17,147	448,180	658,177	16,430,233	41,469,799	524,600,000

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition. Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m²) to an acre. *Total area of contaminated land fluctuates as clearance activities reduce hazardous areas while ongoing survey identifies and adds new contaminated land in the Information Management System for Mine Action (IMSMA) database.

Source: PM/WRA, response to SIGAR data call, 4/1/2015, 12/30/2014, and 10/7/2014.

SIGAR LESSONS LEARNED PROJECT

This quarter the Lessons Learned Program announced a project that will review the efficacy of counternarcotics efforts within Afghan reconstruction. For more information, see Section 2, page 46.

COUNTERNARCOTICS

As of March 31, 2015, the United States has provided \$8.4 billion for counternarcotics (CN) efforts in Afghanistan since 2002. Congress appropriated most of these funds through the Department of Defense Drug Interdiction and Counter-Drug Activities (DOD CN) Fund (\$3.0 billion), the Afghan Security Forces Fund (ASFF) (\$1.6 billion), the Economic Support Fund (ESF) (\$1.5 billion) to encourage farmers to plant crops other than poppy, and a portion of the State Department’s International Narcotics Control and Law Enforcement (INCLE) account (\$2.1 billion).³³² USAID’s Alternative Development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production.³³³ In addition to reconstruction funding, the U.S. Drug Enforcement Administration (DEA) receives funding through direct appropriations to operate in Afghanistan (see Appendix B).

Afghanistan is the global leader in illicit opium cultivation and production.³³⁴ The United Nations Office of Drugs and Crime (UNODC) and the U.S. government provide data on opium poppy cultivation in Afghanistan. The two estimates have long varied, such as in 2004, when there was a difference of 80,000 hectares between the U.S. and UNODC surveys.³³⁵ Since 2005, the surveys are more congruent thanks to the improved use of high-resolution imagery by UNODC and closer association between the technical experts responsible for the annual estimates in UNODC and the U.S. government. While national opium-cultivation data have become more aligned, discrepancies remain at the provincial level. For 2014, the U.S. government estimates illegal opium cultivation at 211,000 hectares and production of raw opium at 6,300 metric tons (MT); the November 2014

Afghanistan Opium Survey by UNODC estimates opium cultivation at 224,000 hectares.³³⁶ One hectare is roughly 2.5 acres of land; one metric ton is about 2,200 pounds.

The 2014 U.S. government figures represent a 6.6% increase in poppy cultivation from the 2013 U.S. estimate of 198,000 hectares, and a 14.5% increase in opium production from the 2013 estimate of 5,500 MT of raw opium.³³⁷

The Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) performs counternarcotics activities, such as disrupting overseas production and trafficking of illegal drugs, and developing police and a robust criminal justice system.³³⁸ INL advises the U.S. president and U.S. departments and agencies on developing policies and programs to combat international narcotics and crime. INL programs in Afghanistan support two of State's strategic goals:

- reduce the entry of illegal drugs into the United States
- minimize the impact of international crime on the United States and its citizens³³⁹

INL supports the U.S. counternarcotics strategy for Afghanistan, approved in December 2012, and the key priorities of Afghanistan's National Drug Control Strategy, approved in October 2013.³⁴⁰ The Department of State is preparing a new counternarcotics strategy that will be finalized later this year.³⁴¹

Through its CN fund, DOD has funded capacity building in the Counternarcotics Police of Afghanistan (CNPA), improvements to border security, information sharing, and regional and international cooperation to reduce the national-security impacts of the illicit narcotics trade and networks. DOD's *Post-2014 CN Strategy for Afghanistan and the Region*, released in October 2013, lays out DOD's goals to continue supporting Afghan counternarcotics (CN) efforts, transition CN program responsibilities to Afghans, and build regional cooperation to combat the Afghan drug flow.³⁴²

Domestic Drug Use: A Looming Health Crisis

Drug abuse is spreading in Afghanistan, with long-term social, political and economic ramifications.³⁴³ The 2012 National Drug Use Survey sponsored by INL estimated the number of Afghan drug users at 1.3–1.6 million in a population of nearly 31 million, one of the highest per capita rates in the world.³⁴⁴ The Government of Afghanistan's National Development Strategy states: "The number of domestic drug users in Afghanistan has also increased significantly and illicit drugs and the corruption surrounding it is threatening to destroy the next generation of Afghan youth."³⁴⁵ In its latest *International Narcotics Control Strategy Report*, INL notes that more recent drug studies underscore the pervasiveness of drug use, including among Afghan children.³⁴⁶ INL also conducted a rural survey in 2014; its

Colombo Plan: Instituted as a regional intergovernmental organization to further economic and social development, it was conceived at a conference held in Colombo, Sri Lanka (then Ceylon), in 1950 with seven founding member countries, and has expanded to 26 member countries. INL continues to support the Colombo Plan's Asian Centre for Certification and Education of Addiction Professionals, a training unit of treatment experts to assist governments in developing a professional certification process for addiction professionals in Asia and Africa.

Source: The Colombo Plan Secretariat website, History, www.colombo-plan.org, accessed 4/7/2014; State, INL, *International Narcotics Control Strategy Report: Volume I, Drug and Chemical Control*, 3/2013, p. 20.

preliminary findings suggest that drug use may exceed 10% of the population, or more than twice the global rate reported by UNODC.³⁴⁷

Afghanistan has 113 U.S.-funded treatment centers with a current annual capacity for treating about 30,000 individuals.³⁴⁸ Clearly, the demand for treatment services exceeds the capacity of the national government. INL told SIGAR it supports 97 treatment programs through the **Colombo Plan**. INL's goal is to train 75% of the more than 500 treatment workers in the country between 2015 and 2016, with at least 50% of the trainees passing the initial credentialing exam for International Certified Addiction Professional-Level I.³⁴⁹ In October 2014, INL contributed \$7,609,541 to the Colombo Plan for the FY 2013 drug-demand reduction program. INL has yet to contribute or commit FY 2014 and FY 2015 funds to the Colombo Plan.³⁵⁰

Training was scarce prior to 2008, when INL established its first treatment center. Between 2008 and 2015, INL expanded its support to 97 programs. In the past two years, INL intensified training when it translated and modified its Universal Treatment Curriculum and emphasized training as part of its drug-demand reduction transition strategy.³⁵¹ Between 2003 and 2012, 506 individuals were trained in drug treatment; another 580 individuals were trained in 2013–2014 alone.³⁵² However, the recent influx of trained addiction professionals probably is not sufficient to address the growing addiction problem, particularly given the current capacity of treating only 30,000 persons every year. Though the United States funds outpatient treatment centers nationwide, most have waiting lists for new patients.³⁵³

January 2015 marked the official start of the transition of the first group of 13 treatment programs supported by INL to the Ministry of Public Health (MOPH) control, as well as transfer of the clinical staff onto the Afghan government staff list (tashkil).³⁵⁴ INL worked closely with the MOPH to ensure the full transition of the clinical staff to the Afghan government tashkil. According to INL, all the necessary steps were completed for the January 2015 transition start date, but the Afghan government faced some payment delays for the new employees. INL closely monitored the situation and informed SIGAR that the government has resolved the internal issues and employees are receiving pay, including any delayed paychecks.³⁵⁵ Throughout the quarter, INL continued to support clinical-staff training, treatment services, and outpatient and village-based demand reduction.³⁵⁶

INL's Drug Demand Reduction Program provides treatment directly to men, women, and children to overcome addiction. The Preventative Drug Education program provides antidrug education to youth in schools, targeting the next generation and aiming to prevent drug use.³⁵⁷

The negative economic impact of so many opiate users will be felt increasingly as the Afghan economy develops; the burden of providing shelter and treatment to the large population with substance-use disorders is already falling heavily on provincial governments.³⁵⁸

Counter Narcotics Community Engagement (CNCE)

INL also funds the nationwide CNCE program, which focuses on discouraging poppy cultivation, preventing drug use by raising public awareness, and encouraging licit crop production.³⁵⁹ Since 2013, INL has obligated \$8.2 million and expended \$6.6 million to date.³⁶⁰ As a part of the program, Sayara Media Communications monitors the effectiveness of media campaigns by analyzing audience reports, including a baseline report to identify provincial drivers of drug trafficking and cultivation, and public sentiment. Sayara additionally has 42 reporters placed in most categories of tiered provinces. Provinces are ranked from tier 1 to tier 4 based on cultivation levels, with category one as the highest. The reporters gather information and gauge perceptions on the state of counternarcotics policies and messaging.

Sayara also conducts media monitoring, with a baseline assessment of how CN media products fit into the current Afghan media landscape, with monthly monitoring and evaluation of the amount and type of CN-related items in the media and any changes (positive or negative) to the initial baseline assessment. Addressing the effectiveness of the media campaign, INL told SIGAR that some areas exposed to CN media experienced a decrease in opium cultivation, while cultivation numbers have increased or remained the same in other areas where security and governance remain a broader challenge.³⁶¹ However, one should not conclude that opium cultivation levels are directly linked to the presence or absence of CN messaging. Rising cultivation levels of the past few years attest to the inability of media campaigns to discourage opium poppy planting.

According to UNODC, reductions in cultivation occurred between 2013 and 2014 in the central, eastern, western, and southwestern regions in provinces as diverse as Nimroz, Herat, Daykundi, Kabul, Laghman, Kapisa, and Kunar.³⁶² INL told SIGAR that this past quarter, in the high poppy-cultivating provinces, the program found a statistically significant increase in the percentage of respondents who think poppy can lead to addiction of a farmer and/or his family, a key message of INL's outreach.³⁶³

During the same time period, radio and television counternarcotics messages increased to a monthly average of 15.4 aired pieces from 5.4 last quarter and to 147.7 from 5.8 last quarter on television across provinces.³⁶⁴ The Afghan Premier Soccer League, which carries a U.S. government-sponsored antidrug message, is now the most-watched program on Afghan television.³⁶⁵ According to INL, public-opinion polling shows that the majority of Afghan people polled have heard antipoppy and anticultivation messages.³⁶⁶ The CNCE program will conclude April 2015, with a possible extension to continue remaining civil society subgrants, and to support INL's most significant antipoppy campaign of the year, the preplanting campaign.³⁶⁷ An independent evaluation of the INL-funded messaging has not yet taken place, but a 2008 evaluation of a similar campaign concluded that "public CN awareness campaigns cannot be effective in isolation and, to

Minister of Counter Narcotics Salamat Azimi

Confirmed	April 18, 2015
Ethnicity	Tajik
Nominated by	President Ashraf Ghani
Experience	<ul style="list-style-type: none"> • Professor and deputy director at Balkh University • Head of the law department, Ministry of Justice • Head of the children's rights section at the Afghan Independent Human Rights Commission in Mazar-e-Sharif • Director of the Ariana Legal Foundation in Mazar-e-Sharif



(Afghan Ministry of Counter Narcotics photo)

Source: *Afghan Analysts Network*, "Finally Towards a Complete Afghan Cabinet? The next 16 minister nominees and their bios (amended)," 3/24/2015; *Pajhwok Afghan News*, "WJ approves all 16 ministers-designate," 4/18/2015.

increase the chances of success, need to be (i) coordinated with the development of the licit rural economy to provide alternatives to opium poppy cultivation, and (ii) accompanied by credible threats of punishment (including eradication)."³⁶⁸

Ministry of Counter Narcotics Capacity Building

The Ministry of Counter Narcotics (MCN) coordinates the actions of other ministries and takes the lead in developing counternarcotics policy.³⁶⁹

The MCN signed an MOU with INL in February 2014 renewing its capacity-building program for 18 months and providing funding for 24 local national advisors to help build capacity at the MCN.³⁷⁰ INL completed the performance-measurement plan designed to assess MCN capacity building progress, in February 2015.³⁷¹

The plan will evaluate MCN's capacity development by measuring program self-management, the effectiveness of U.S. and local national advisors, and process efficiency. Some of the indicators, to be collected quarterly, are the number of independently led MCN projects; the number of MCN staff capable of planning workshops, training, and other events without assistance; and the number of MCN staff capable of drafting government documents and donor funding proposals.³⁷² During the reporting period, the MCN completed and submitted their proposal for a series of short- and long-term courses that will be taught by Dunya University in order to increase work-related skills and overall capacity of MCN staff.³⁷³

Governor Led Eradication Program (GLE)

INL funds the GLE program, which operates at different times of the year depending on provinces' crop season. MCN tracks cumulative results, which are subsequently verified by UNODC.³⁷⁴ Verified eradication results

decreased in 2014 for a third consecutive year to 2,692 hectares, 63% less than the 7,348 hectares eradicated in 2013.³⁷⁵ According to INL, Afghan government officials ascribe the latest decrease to the reallocation of security forces from eradication efforts to election security.³⁷⁶

In late January 2015, INL cosponsored a two-day conference with the British High Commission, attended by the MCN, MOI, National Directorate of Security, Ministry of Defense, provincial governors, and international organizations. The conference developed national, provincial, and district plans for the 2015 eradication program scheduled for February 27 to July 31, 2015.³⁷⁷ According to INL, early indications are that 2015 eradication efforts will achieve more than in 2014.³⁷⁸ As of March 2015, 1,753 hectares have been destroyed compared to 793 hectares by the same time last year; 2,721 hectares in 2013 and 2,637 hectares in 2012.³⁷⁹ Eradication efforts under this year's plan are designed to disrupt the drug trade by placing a greater focus on conducting eradication efforts in the highest-cultivating districts. According to INL, this approach should lead to higher eradication levels and inject greater risk into farmers' planting decisions for 2016.³⁸⁰

Last quarter, INL informed SIGAR it had donated 47 new tractors to the MCN for provincial poppy eradication.³⁸¹ Based on information INL provided this quarter, the total cost for these tractors exceeds \$600,000.³⁸² In 2013, the MCN received 55 new tractors,³⁸³ yet eradication results decreased 24% from the 2012 level of 9,672 hectares to 7,348 hectares in 2013.³⁸⁴ According to INL, the new tractors augment the existing fleet of 210 tractors, purchased from various sources.³⁸⁵ The MCN and INL's Kabul office coordinated the placement of the new tractors based on a review of cultivation levels, terrain, and previous equipment stock.³⁸⁶ However, several provinces are slated to receive new tractors though their cultivation results were nominal, while certain provinces with higher cultivation results were omitted. For example, as shown in Table 3.18 on the following page, Kunar and Sar-e Pul will receive two tractors when their respective cultivation results for 2014 were 754 hectares and 195 hectares. Sar-e Pul had even been declared poppy-free in 2013.³⁸⁷ On the other hand, Badghis, Uruzgan, and Laghman received no tractors even though the provinces cultivated thousands of hectares.³⁸⁸

Eradication is under way in certain provinces.³⁸⁹ Eradication campaigns, as illustrated in Figure 3.26 on page 117, have remained ineffective in reducing overall opium cultivation, which has been expanding in recent years. Eradication or its threat has proven effective on a localized basis but only where the right conditions are in place.

According to INL, early results indicate better cooperation between the MCN, the MOI, and provincial government offices. If provincial governors similarly strengthen their leadership, then Afghanistan will certainly increase eradication over last year's results with large increases possible in several provinces.³⁹⁰ However, the eradication season in the south and east,

SECURITY

TABLE 3.18

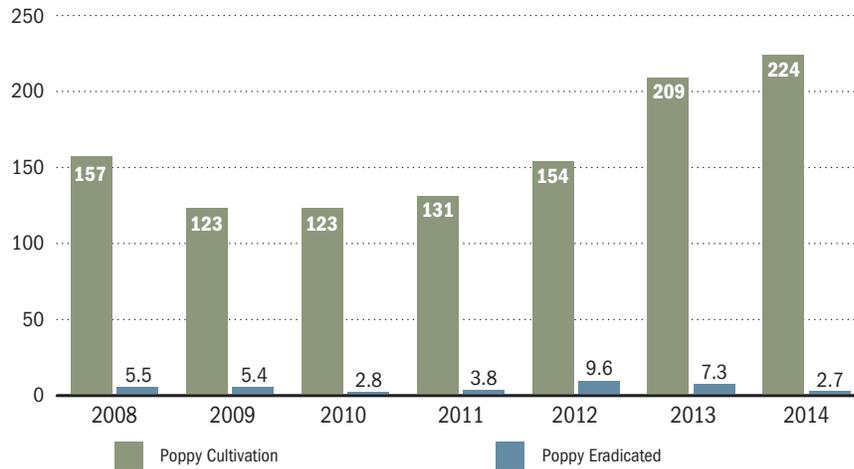
GLE NEW TRACTOR DONATION BY PROVINCE AND CULTIVATION RESULTS					
Province	2014 Tractor Donation	2015 Tractor Donation (February)	Functioning Tractors per 2015 MCN Eradication Plan	2013 Opium Cultivation (hectares)	2014 Opium Cultivation (hectares)
Badakhshan	2		9	2,374	4,204
Badghis	-		0	3,596	5,721
Baghlan	-		0	141	168
Balkh	-		4	410	poppy free
Bamyan	-		0	poppy free	poppy free
Daykundi	-		0	1,536	587
Farah	5		19	24,492	27,513
Faryab	1		3	158	211
Ghazni	-		0	poppy free	poppy free
Ghor	3		3	264	493
Helmand	-	14	39	100,693	103,240
Herat	6		6	952	738
Jowzjan	-		0	poppy free	poppy free
Kabul	-		0	298	233
Kandahar	-		20	28,335	33,713
Kapisa	-		0	583	472
Khowst	-		0	poppy free	poppy free
Kunar	-	2	2	1,127	754
Kunduz	-		0	poppy free	poppy free
Laghman	-		0	1,236	901
Loghar	-		0	poppy free	poppy free
Nangarhar	3		5	15,719	18,227
Nimroz	7		7	16,252	14,584
Nuristan	-		0	poppy free	poppy free
Paktika	-		0	poppy free	poppy free
Paktiya	-		0	poppy free	poppy free
Panjshir	-		0	poppy free	poppy free
Parwan	-		0	poppy free	poppy free
Samangan	-		0	poppy free	poppy free
Sar-e Pul	2		2	poppy free	195
Takhar	-		1	poppy free	poppy free
Uruzgan	-		5	9,880	9,277
Wardak	-		0	poppy free	poppy free
Zabul	2		5	1,335	2,894
Total	31	16	130	209,381	224,125

Note: A "-" indicates data not provided. Opium cultivation totals differ slightly from UNODC published numbers which have been rounded.

Source: INL, response to SIGAR data call, 3/27/2015; INL, response to SIGAR vetting, 4/16/2015; UNODC, *Afghanistan Opium Survey 2014: Cultivation and Production*, 11/2014, p. 60.

FIGURE 3.26

OPIMUM CULTIVATION AND ERADICATION RESULTS, 2008–2014 (HECTARES IN THOUSANDS)



Note: A hectare is 10,000 square meters, or almost 2.5 acres.

Source: UNODC, *Afghanistan Opium Survey 2014: Cultivation and Production*, 11/2014, pp. 26, 60, 67; UNODC, *World Drug Report 2014*, 7/2014, p. 87; UNODC, *Afghanistan Opium Survey 2013*, 12/2013, p. 32.

where the majority of cultivation occurs, is almost at an end with the harvest beginning in Helmand on April 7, 2015.³⁹¹

Good Performer's Initiative (GPI)

INL supports the MCN's efforts to achieve and sustain poppy-free provinces through the GPI. Under the terms of the GPI program, a province is eligible for financial support of GPI development projects for each year that it achieves poppy-free status, as verified by UNODC. In August 2014, INL and MCN announced GPI II, which expands the award categories for "good performers" to include public outreach and law enforcement, beginning in the 2014–2015 poppy cultivation season, and reduces the amount a province may receive for being poppy-free to \$500,000. (Previous award amounts were \$1 million.)³⁹²

Following concerns that the initial program was inappropriately targeted, development assistance under GPI II will be tailored to better meet the needs of rural communities by prioritizing alternative-livelihoods projects that support farmers as they transition from poppy cultivation to licit crops.³⁹³ The GPI II MOU is currently under negotiation and feasibility studies will be conducted under GPI II on a project-level basis. The program will be implemented nationwide once the new implementing documents have been finalized.³⁹⁴

The GPI program has experienced problems and challenges, according to the MCN's own assessment. In 2014, the GPI procurement process was suspended for several months, partly as a result of the program's redesign. Some GPI projects implemented in 2014 had already completed the requisite procurement stages in 2013, yet were not awarded until 2014. GPI projects were delayed by a slow procurement process, mainly due to the "unprofessional" work of MCN staff in procurement and evaluation committees. As a result, MCN readvertised all GPI projects in the procurement pipeline during 2014.³⁹⁵ Other challenges such as delayed payments and insecure environments impeded project implementation.

As of February 28, 2015, a total of 222 GPI projects with a value of \$108.6 million were approved with over \$80.5 million in expenditures: 166 projects were completed, 55 are ongoing, and one is nearing completion.³⁹⁶ INL deconflicts projects proposed under the GPI program with other U.S. government work through an interagency consultation drawing on mission experience in each province. INL and its implementing partners consult with USAID to avoid pitfalls such as working with the same beneficiaries or offering competing activities, and to develop complementary activities wherever possible. State's Special Representative for Afghanistan and Pakistan hosts regular counternarcotics working groups to bring together interagency personnel from State, DOD, DEA, USAID, and other relevant agencies to maintain coordination on multiple programs.³⁹⁷

ALTERNATIVE DEVELOPMENT/ALTERNATIVE LIVELIHOOD

USAID's alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production.³⁹⁸ INL funding supports programs in several areas including supply reduction and alternative development.³⁹⁹ INL told SIGAR it coordinates regularly with USAID to ensure that INL-supported alternative-development efforts complement past and ongoing investments by USAID in licit livelihoods and rural development in Afghanistan.⁴⁰⁰

Strengthening Afghan Governance and Alternative Livelihoods (SAGAL)

INL provides support to alternative-livelihood programs as part of its efforts to combat drug trafficking.⁴⁰¹ In Afghanistan, the nongovernmental Aga Khan Foundation and its partners implement activities under the \$12 million SAGAL grant from INL.⁴⁰² The implementers favor activities, rather than stand-alone projects, with the following five objectives:

- improve agricultural yields of high-potential licit crop systems
- increase economic return for licit crop systems
- improve farmers' access to financing
- reduce vulnerability of at-risk populations to engage in the illicit economy
- improve subnational governance systems

TABLE 3.19

ALTERNATIVE LIVELIHOOD PROGRAMS					
Agency	Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
State	Strengthening Afghan Governance and Alternative Livelihoods (SAGAL)	7/21/2014	1/20/2016	\$11,884,816	\$3,926,198
USAID	Commercial Horticulture and Agriculture Marketing Program (CHAMP)	2/1/2010	12/30/2016	45,296,184	42,438,854
USAID	Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW)	3/2/2009	9/30/2015	159,878,589	150,702,887
USAID	Kandahar Food Zone (KFZ)	7/31/2013	7/30/2015	18,695,804	12,544,000
USAID	Regional Agricultural Development Program (RADP)-South	10/7/2013	10/6/2018	125,075,172	22,279,151
USAID	Regional Agricultural Development Program (RADP)-North	5/21/2014	5/20/2019	78,429,714	4,177,911
USAID	Regional Agricultural Development Program (RADP)-West	8/10/2014	8/9/2019	69,973,376	3,532,601

Source: USAID, response to SIGAR data call, 4/9/2015; INL, response to SIGAR data call, 3/27/2015; INL, response to SIGAR vetting, 1/14/2015.

SAGAL activities are implemented in 16 provinces across Afghanistan: Badakhshan, Baghlan, Takhar, Bamyan, Kunduz, Parwan, Faryab, Kabul, Balkh, Jowzjan, Kandahar, Nangarhar, Helmand, Laghman, Uruzgan, and Kunar.⁴⁰³ INL informed SIGAR that \$3.9 million has been expended to date.⁴⁰⁴

According to INL, SAGAL activities will complement past and ongoing investments in licit livelihoods and rural development by the U.S. government. In particular, SAGAL will provide a system of support for GPI II. Where district development planning structures exist, SAGAL will support a more decentralized GPI II project-selection process, improving the recognition of rural community needs in the provincial GPI II project-nomination process.⁴⁰⁵

Table 3.19 provides summary financial information on SAGAL and other alternative livelihood programs.

Kandahar Food Zone (KFZ)

The KFZ is a two-year, \$18.7 million project implemented by USAID under a joint strategy and in close coordination with INL. KFZ is designed to identify and address the drivers of poppy cultivation in targeted districts of Kandahar province.⁴⁰⁶

Early in the quarter, USAID suspended KFZ's implementer, International Relief and Development Inc. (IRD), for serious misconduct.⁴⁰⁷ The USAID Office of Inspector General is currently investigating IRD for allegedly improperly charging certain overhead costs to the U.S. government.⁴⁰⁸ As a result, IRD's contracts will not be extended beyond current project end dates, nor will new ones be awarded. USAID is currently exploring

a one-year extension of the KFZ program that would be implemented by a public international organization (PIO), rather than IRD. This one-year extension would serve as a bridge while USAID designs and completes the procurement for a follow-on alternative development activity in the province. The proposed PIO agreement would have to be in place prior to July 31, 2015, to allow for a smooth transition from the existing KFZ program to the one-year extension and mitigate the disruption caused by the IRD suspension.⁴⁰⁹

USAID recognizes that its suspension of IRD could potentially disrupt activities and slowdown the momentum of KFZ's efforts. Retaining personnel will become a challenge in view of the looming personnel contract terminations in July 2015.⁴¹⁰ There are over 100 individuals (expatriates and local staff) employed full-time on KFZ activities.⁴¹¹ To mitigate these problems, USAID recognizes the need to get the new contract implementation arrangements in place quickly.⁴¹²

From February 25 to March 1, 2015, all canal construction and rehabilitation activities were suspended in Zharai District as a precautionary measure in response to the start of Afghan security forces' poppy-eradication activities in the district.⁴¹³ Eradication efforts occasionally meet with armed resistance in insecure areas.⁴¹⁴ Since that time, canal construction and rehabilitation activities in Zharai District have recommenced. As of April 9, four out of five projects in the district were complete, while the remaining one is 81% complete.⁴¹⁵ Other alternative-development activities, such as pre- and post-harvest marketing trainings, solar drying mechanisms for fruits and vegetables projects, vocational training, greenhouses or women's vegetable production and processing projects, continued unabated throughout various districts.⁴¹⁶

As of March 31, 2015, USAID has cumulatively disbursed \$12.5 million on KFZ.⁴¹⁷

Regional Agricultural Development Program (RADP)

The RADP is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. Three RADP projects are under way in the southern, western, and northern regions of Afghanistan. These projects share objectives focused on strengthening the capacity of farmers in improving the productivity of wheat, high-value crops (i.e., perennial and annual horticultural crops) and livestock.⁴¹⁸ Using a **value-chain** approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales of commodities, and overall development of agricultural value chains.⁴¹⁹

RADP-South, a five-year, \$125 million effort, operates in Helmand, Kandahar, Zabul, and Uruzgan Provinces. It began in October 2013 and is scheduled to end in October 2019.⁴²⁰

RADP-South's focus is on strengthening the capacity of producers, associations, traders and businesses to respond to market demands and

Value chain: the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing and transportation, wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.

facilitate market linkages between value chain actors⁴²¹ such as retailers, input suppliers, mills and agricultural depots. During the quarter, RADP-South conducted training-of-trainers courses for master trainers to transfer their knowledge to lead farmers and other beneficiary farmers.⁴²² The program also worked with a local company, Kandahar Fresh Fruit Association, to build its capacity in post-harvest and cold-storage techniques. As a result, the company successfully shipped pomegranates to Western Europe for the first time.⁴²³ RADP-South also provided training for paraveterinarians to deliver animal health care services.⁴²⁴ The decline of the security situation during the quarter may hamper program activities.⁴²⁵

The \$78 million RADP-North project began in May 2014. It operates in Balkh, Jowzjan, Samangan, Baghlan, Kunduz, and Badakhshan Provinces.⁴²⁶ RADP-North activities centered on program startup for several months in 2014.⁴²⁷ Additionally, analysis and implementing activities began on wheat, high-value crop (melon, dried fruit, nut, and grape/raisin) value chains in Jowzjan, Samangan, and Baghlan.⁴²⁸ RADP-North sponsored several businesses to take part in the Ministry of Agriculture, Irrigation and Livestock's September 2014 Agricultural Fair resulting in economic success: the agribusinesses represented sold over 80% of their goods and began negotiations for future lucrative contracts thanks to contacts made at the fair.⁴²⁹

RADP-West, which operates in Herat, Farah, and Badghis Provinces with a \$70 million cost estimate, began operations in August 2014, finalizing its chain analysis in order to identify constraints and potential areas for RADP-West intervention.⁴³⁰

USAID informed SIGAR it is planning RADP-East which will encompass Nangarhar and several other provinces, after IDEA-NEW comes to a close later this year. It will focus on strengthening value chains (working with input suppliers, market intermediaries and other agribusinesses, particularly in the Jalalabad area) and less on working directly with farmers.⁴³¹

As of March 31, 2015, USAID has made cumulative disbursements of \$4.2 million on RADP-North, \$22.3 million on RADP-South and \$3.5 million on RADP-West.⁴³² For summary information on this alternative livelihood program, see Table 3.19 on page 119 of this report.

Commercial Horticulture and Agricultural Marketing Program (CHAMP)

CHAMP is a \$45 million USAID program designed to boost agricultural productivity and food security, provide market opportunities, and decrease the country's poppy production. CHAMP works to reduce poverty among rural Afghan farmers by assisting them to shift from relatively low-value subsistence crops, such as wheat and corn, to high-value crops such as fruits and vegetables.⁴³³

CHAMP provides training in agricultural best practices, builds storage facilities such as cool rooms and raisin-drying facilities, and helps grape farmers convert from traditional ground-based vineyards to higher-output trellis systems. CHAMP also helps stimulate farm exports by linking farmers to traders and traders to high-paying markets. CHAMP includes women in many of its activities in an effort to integrate them into the mainstream agricultural sector.⁴³⁴ The program has been extended an additional two years until December 2016 to focus resources and activities on a value chain approach that emphasizes post-harvest handling and marketing activities.⁴³⁵

Under the new approach, CHAMP is carrying out activities throughout six main value chains (grapes, almonds, pomegranates, apricots, apples, and melons).⁴³⁶ The program focuses on improving horticultural and marketing practices to produce high-quality fruit for high-value markets such as the United Arab Emirates, Saudi Arabia, Australia, Russia, and Canada.⁴³⁷ Initially, Afghan traders were supplying their products to wholesale markets that involved the commission of agents to sell their products in their respective countries. CHAMP now enables Afghan traders to bypass commission agents by linking them directly to supermarket retailers in those countries.⁴³⁸

During the years 2010 to 2014, CHAMP's various achievements include training 105,000 farmers, including 2,700 women, to improve agricultural techniques; planting nearly three million saplings and root cuttings benefiting 19,500 farmers; and exporting 29,500 tons of produce valued at \$33 million to international markets. CHAMP enabled the construction of over 230 storage facilities (cool rooms and raisin-drying facilities) and created over 7,500 full-time jobs in agribusiness.⁴³⁹ During the quarter, CHAMP provided training to 264 farmers, including 32 women, at established farmer field schools in Kandahar, Kapisa, Parwan, Logar, and Wardak Provinces. At CHAMP farmer field schools, participants learn new agricultural practices such as orchard or trellis management and receive modern agricultural tools. In January 2015, CHAMP also made preparations for the February Gulfood Exhibition in Dubai, where Afghan products were displayed to buyers around the world.⁴⁴⁰ During the February 8–12 exhibition, CHAMP, along with another USAID program, facilitated the participation of seven Afghan traders.⁴⁴¹

According to USAID, planting orchards and upgrading vineyards have resulted in nearly doubling the income of beneficiary farmers. Thus, the CHAMP project has provided tangible alternatives to poppy cultivation, and played a vital role in reducing poppy cultivation.⁴⁴² Additionally, USAID said converting the land to orchards/vineyards (once they are mature and assuming appropriate crop management), will prevent beneficiary farmers from returning to poppy cultivation, although an evaluation of IDEA-NEW in Nangarhar suggest that this is not always the case and in some areas, orchards may in fact be removed and poppy replanted.⁴⁴³ Nevertheless,



An opium poppy in bloom. (Photo by David Mansfield)

USAID concluded that the risk is negligible that CHAMP's activities will backfire and increase poppy cultivation.⁴⁴⁴ As of March 31, 2015, USAID has disbursed \$42.4 million.⁴⁴⁵ For summary financial information on this program, see Table 3.19 on page 119 of this report.

Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW)

Launched in March 2009, the mission of USAID's \$160 million IDEA-NEW program is to expand the licit agricultural economy in the northern, eastern, and western regions of the country.⁴⁴⁶ During the quarter, project activities included accounting and marketing on-the-job coaching sessions for input suppliers and food processors in central and eastern provinces. Workshops were held in Kabul and Jalalabad with representatives from food processing companies and government representatives.⁴⁴⁷ IDEA-NEW hosts monthly coordination meetings with SAGAL and other USAID development projects to enhance coordination and avoid duplication of activities. As of March 31, 2015, USAID has disbursed \$150.7 million.⁴⁴⁸ For financial information on IDEA-NEW and other alternative livelihood programs, see Table 3.19 on page 119 of this report.

Interdiction Operations and Results

DOD reported that from January 1, 2015, to March 17, 2015, Afghan security and law-enforcement forces conducted 89 drug-interdiction operations resulting in 126 individual detentions.⁴⁴⁹ These operations included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. The U.S. military ended general logistics

and intelligence support, while DEA continued providing mentorship and support to specialized Afghan investigative units. The U.S. intelligence community provided supplemental targeting and analytical support to Coalition mentors.⁴⁵⁰

Most interdiction activities occurred in the east and capital regional commands. Previously, interdictions were concentrated in southern regional commands, where the majority of opiates are grown, processed, and smuggled out of Afghanistan. DOD said the continued reduction is likely a result of the Coalition drawdown, which has left Afghan security forces with less freedom of movement in southern and southwest Afghanistan.⁴⁵¹ Under the Resolute Support Mission, Coalition military forces no longer conduct operations, except for counterterrorism.⁴⁵² Interagency elements, including the Interagency Operations Coordination Center (IOCC), continued to support combined Afghan and Coalition interdiction efforts. The IOCC provided data from military and law enforcement sources to enable operations against narco-insurgent elements.⁴⁵³

INL provides operations-and-maintenance support to the Counternarcotics Police of Afghanistan (CNPA) Headquarters and the specially vetted units, such as the National Interdiction Unit (NIU) and Technical Investigations Unit (TIU) in Kabul, but not to the provincial CNPA.⁴⁵⁴ DOD has provided training, equipment, and infrastructure to the vetted units within the CNPA.⁴⁵⁵ Specially trained Afghan CNPA continued to operate in Kandahar with an NIU platoon based out of the Kandahar Regional Law Enforcement Center. The NIU unilaterally conducted at least two cases involving the arrest of three traffickers and the seizure of small amounts of narcotics. One of the cases involved the arrest of a trafficker who was related to a government official. This generated political sensitivities, which were handled by NIU officers on the scene without any U.S. assistance. In Helmand, MOI police elements conducted eradication operations concurrently with MOD military operations elsewhere in the province.⁴⁵⁶

Afghan operations during this period also resulted in the reported seizures of the following narcotics contraband:

- 8,077 kg of opium
- 415 kg of heroin
- 961 kg of hashish/marijuana
- 1,027 kg of precursor chemicals⁴⁵⁷

Other seizures took place but were not vetted during the reporting period.⁴⁵⁸

Since 2014, the Afghan government has taken measures to block all imports of acetic anhydride, the main precursor chemical used to manufacture heroin. The United States and regional and other international partners are also seeking to limit Afghanistan's imports of the substance.⁴⁵⁹

As shown in Table 3.20, interdiction results have been declining since 2012.

Precursor chemical: substance that may be used in the production, manufacture and/or preparation of narcotic drugs and psychotropic substances.

Source: UNODC, "Multilingual Dictionary of Precursors and Chemicals," 2009, viii.

TABLE 3.20

INTERDICTION RESULTS, FY2008–FY2015									
	2008	2009	2010	2011	2012	2013	2014	2015*	Total
Number of Operations	136	282	263	624	669	518	333	144	2,969
Detainees	49	190	484	862	535	386	441	226	3,173
Hashish seized (kg)	241,353	58,677	25,044	182,213	183,776	37,826	19,088	14,267	762,244
Heroin seized (kg)	277	576	8,392	10,982	3,441	2,489	3,052	930	30,139
Morphine seized (kg)	409	5,195	2,279	18,040	10,042	11,067	5,925	495	53,452
Opium seized (kg)	15,361	79,110	49,750	98,327	70,814	41,350	38,307	17,954	410,973
Precursor chemicals seized (kg)	4,709	93,031	20,397	122,150	130,846	36,250	53,184	4,257	464,824

Note: 1 kilogram (kg) = about 2.2 pounds. *First- and second-quarter results.

Source: DOD, response to SIGAR data call, 3/31/2015.

According to DOD, vetted Afghan units have successfully conducted complex counterdrug investigations and operations without Coalition assistance. However, the drawdown of Coalition forces has had an impact on Afghanistan’s ability to conduct CN interdiction operations, particularly in Kandahar and Helmand.⁴⁶⁰ Overall, counterdrug operations decreased 46.6%, from 624 in FY 2011 at the height of the ISAF surge to 333 in FY 2014, while actual heroin seizures have decreased 72%, from 10,982 kg in FY 2011 to 3,052 kg in FY 2014, and opium seizures have decreased 61% from 98,327 kg in FY 2011 to 38,307 kg in FY 2014, according to the Consolidated Counterdrug Database. In FY 2011, 75% of all CN operations occurred in Helmand and Kandahar provinces with a decrease to 32% of all CN operations occurring in those same provinces in FY 2014.⁴⁶¹

The Bilateral Security Agreement has not altered the Coalition forces’ train, advise and support mission for counternarcotics. The CNPA continue to conduct operations across Afghanistan with mentoring and support from Coalition members.⁴⁶²

Aviation Support

According to INL, State counternarcotics support to the DEA consisted of 116.6 flight hours with 60.4 flight hours supporting interdiction efforts, 37.3 flight hours supporting Afghan NIU and DEA passenger movements and 18.9 flight hours of mission training.⁴⁶³

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As of March 31, 2015, the United States had provided nearly \$31.9 billion to support governance and economic development in Afghanistan. More than \$18.6 billion of this support was appropriated for the Economic Support Fund (ESF) administered by the United States Agency for International Development (USAID). Another \$4.7 billion was appropriated for the International Narcotics Control and Law Enforcement (INCLE) account administered by the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL). Together the ESF and INCLE account for nearly 73.2% of the funding provided to support governance and economic development in Afghanistan. See Appendix B for Afghanistan relief and reconstruction appropriations by fiscal year (FY).

KEY EVENTS

From March 22 to 25, 2015, President Ashraf Ghani and Chief Executive Officer Abdullah Abdullah visited Washington, DC, for a series of high-level meetings and speeches.⁴⁶⁴ 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.”⁴⁶⁵ The visit resulted in several financial commitments by the United States to support Afghan governance, including:



SIGAR staff and Special IG Sopko meet with President Ashraf Ghani at the presidential palace in February. (GIROA photo)



Special IG Sopko and SIGAR staff meet with CEO Abdullah Abdullah and his staff in Kabul in April. (GIROA photo)

GOVERNANCE

- An \$800 million, five-year “New Development Partnership” incentive-based program to support Ghani’s reform agenda. This new USAID-administered initiative will utilize already budgeted or requested funding and 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;”⁴⁶⁶
- 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; and
- 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).⁴⁶⁷

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 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.”⁴⁶⁸

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.⁴⁶⁹ According to an Afghan government fact-finding report, the accusations against the 27-year-old Farkhunda were false. Although police tried to intervene at the beginning of the incident, they stood by as the mob became more violent.⁴⁷⁰ The Afghan Attorney General’s Office (AGO) announced that 49 people, 20 of them police, were being held in connection to Farkhunda’s death.⁴⁷¹

Provincial council members protested throughout the quarter following the January 28 decision by the lower house of parliament to remove the power of provincial councils to oversee the performance of provincial Afghan government departments. At least 22 provincial councils closed their offices in protest. The protests ended after a decree from Ghani reinstated the authority of the provincial councils.⁴⁷²



On March 26, the U.S. Embassy Kabul held a memorial ceremony in memory of the brutal murder of a young woman in Kabul. (State Department photo)

NEW AFGHAN GOVERNMENT

Initial Appointments

Despite a campaign promise to form his government within 45 days of the inauguration in September⁴⁷³ and a promise at the December 4 London

Conference to have a cabinet in place within a month,⁴⁷⁴ Ghani failed to announce nominations for key government positions until January 12, more than three months after the new government's inauguration.⁴⁷⁵

On January 28, the *Wolesi Jirga*, or lower house of parliament, confirmed nine out of 19 cabinet nominees with several candidates dropped due to allegations of dual citizenship, criminal prosecution, and incomplete educational documents.⁴⁷⁶

On April 1, second vice president Mohammad Sarwar Danesh introduced the remaining cabinet nominees to parliament, with the notable exception of nominees for minister of defense and attorney general.⁴⁷⁷ On April 8, General Mohammad Afzal Ludin, a former communist-era commander nominated by Ghani for Minister of Defense on April 6, withdrew his nomination after expressing concern for causing unspecified "division among my people." On April 18, the lower house of parliament approved all 16 cabinet nominees that were introduced on April 1. Several key positions—including minister of defense, chief justice of the supreme court, attorney general, and the head of the Afghan central bank—remained vacant; however, on April 20 the lower house's second deputy speaker announced that he had met with both leaders of the unity government and that nominees would be announced soon.⁴⁷⁸

Electoral Reform Challenges

As reported last quarter, the 2014 elections highlighted the continuing need for electoral reforms.⁴⁷⁹ The September 2014 agreement that led to formation of the national-unity government included several items related to election reform, including: (1) immediate establishment of a special commission for election reform with the aim of implementing reform before the 2015 parliamentary elections and (2) distribution of electronic identity cards to all Afghan citizens as quickly as possible.⁴⁸⁰ According to State, the Afghan government has made no significant progress on electoral reform during the quarter.⁴⁸¹ The head of the Afghan elections-focused, nongovernmental organization Transparent Election Foundation of Afghanistan (TEFA), expressed a similar view and was quoted in late March saying, "I see no clear political will on the part of the government to bring about electoral reforms."⁴⁸²

Afghan and international observers have called for election reform before the upcoming parliamentary elections. In April, the Afghan elections-focused, nongovernmental organization Free and Fair Election Forum of Afghanistan (FEFA) released survey results from 125 members of parliament. The survey found that 92% of respondents support reforming the elections laws and structure of the electoral bodies.⁴⁸³

The current parliament's term is set to expire on June 21, 2015. The Afghan constitution requires elections for the lower house of parliament to take place 30–60 days prior to the expiration of the term.⁴⁸⁴ In February, the British Ambassador to Afghanistan, Richard Stagg, stated in an interview

that holding elections before reforming the electoral institutions would be “a big mistake.”⁴⁸⁵ In an interview in late March, Abdullah was quoted saying, “as long as the electoral system is not reformed, the elections will not be held.”⁴⁸⁶ On April 1, Second Vice President Danesh told parliament that parliamentary elections may be postponed for a year if election reforms are not finalized in a timely fashion.⁴⁸⁷

The September 2014 agreement that led to formation of the national-unity government included a commitment to form a commission on electoral reform. On March 21, the Office of the President announced that Ghani had established the Special Electoral Reform Commission (SERC). According to the statement, Ghani formed the SERC to bring “fundamental reform” to the Afghan electoral system, strengthen rule of law and the democratic process, and prevent violations of electoral laws and regulations. The statement said the SERC would have 15 members.⁴⁸⁸ In April, the SERC deputy was quoted as saying that the commission had not begun its work due to “disagreements” between Ghani and Abdullah. The SERC deputy also reportedly said there was internal debate between SERC members over the value of the commission, as it is an advisory body and decision-making authority remains with Ghani.⁴⁸⁹

There have been plans since 2009 to introduce biometric identity cards (*e-tazkera*) to reduce opportunities for ballot fraud. These plans have been delayed by logistical problems and disagreements about which terms to use on the identity cards to indicate categories of nationality.⁴⁹⁰ According to USAID, the introduction of the electronic identification cards was a priority under the national-unity government agreement, and both the Afghan president and CEO back using the cards. USAID and the European Union are currently supporting a 90-day pilot test in Kabul in which the Ministry of Interior (MOI) is collecting data from civil servants and their families in support of the e-tazkera.⁴⁹¹ The e-tazkera project is also working with UNDP ELECT II to conduct a pilot project in a selected *nahiya* (precinct) in Kabul City for the upcoming election. The e-tazkera project will develop population data that can be used by the Independent Election Commission (IEC) to develop a voter list based on the electronic identification with biometric data.⁴⁹²

USAID and other donors are currently discussing UNDP’s ELECT II proposed budget and action plan for next election. According to USAID, while USAID and other donors want ELECT II to assist the next election, they have sent clear messages to UNDP that improvements are required in the areas of voter registration and boundaries, election integrity, sustainability, financial oversight, and anti-fraud strategy. UNDP ELECT II has acknowledged donor concerns and is working with Afghan election-management bodies to develop a better action plan.⁴⁹³

In February, Democracy International (DI) issued the findings from an election survey that collected the views of 4,020 Afghans in October and

November 2014. DI found that 62.1% of respondents agreed that the 2014 election results reflected the will of the people. An overwhelming majority of respondents (92.3%) believe that there is a need for electoral reform in Afghanistan before the parliamentary elections. Only 19.5% and 14.9% of respondents reported having a lot of confidence in the Afghan IEC and the Independent Electoral Complaints Commission (IECC), respectively. The rate of respondents who reported having no confidence in the IEC and IECC increased by nearly 13.5 points and 10.9 points, respectively, since 2013.⁴⁹⁴

In early March, the IECC announced the results of a three-month investigation into fraud allegations against IEC staff stemming from the 2014 elections. According to the IECC, approximately 13,000 temporary and 20 permanent IEC staff were accused of fraud and other violations.⁴⁹⁵ The IECC announced later that the top IEC provincial officials for Faryab, Khowst, and Paktika Provinces were found to have committed fraud and were removed from their positions for 10 years. Nearly 10,000 temporary IEC personnel were blacklisted for fraud or other violations.⁴⁹⁶

In late March, the head of the legal and judicial commission of the lower house of parliament accused IEC officials and members of parliament of trading the promise of electoral victory in the upcoming parliamentary elections in return for not supporting amendments to the election law.⁴⁹⁷

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

Summary of On-Budget Agreements

To improve governance and align development efforts with Afghan priorities, international donors at the 2010 Kabul Conference committed to increase to 50% the proportion of civilian development aid delivered **on-budget** to the Afghan government.⁴⁹⁸ The donors, including the United States, reiterated this pledge at the July 2012 Tokyo Conference and again at the December 2014 London Conference.⁴⁹⁹

As shown in Table 3.21 on the following page, USAID expects to spend \$1.32 billion on active direct bilateral-assistance programs. It also expects to contribute \$1.9 billion to the ARTF, on top of \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank.⁵⁰⁰ USAID has disbursed \$105 million to the AITF.⁵⁰¹

At the 2012 Chicago Conference, the international community committed to financially support the Afghan security forces through separate mechanisms for the army and police with an estimated annual budget of \$4.1 billion for an initial force of 228,000 personnel.⁵⁰² At the September 2014 Wales Summit, NATO allies and partners renewed their commitment to contribute significantly to financial sustainment of the Afghan National Security Forces (ANSF) through the end of 2017 and to financially sustain the ANSF over the next 10 years. The international community has

On-budget: encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and appropriated by the parliament and managed by the Afghan treasury system. On-budget assistance is primarily delivered either through direct bilateral agreements between the donor and Afghan government entities, or through multidonor trust funds.

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2014, p. 130; Ministry of Finance, "Aid Management Policy for Transition and Beyond," 12/10/2012, p. 8.

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TABLE 3.21

USAID ON-BUDGET PROGRAMS						
Project/Trust Fund Title	Afghan Government On-Budget Partner	Special Bank Account?	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Bilateral Government-to-Government Projects						
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	Yes	1/1/2013	12/31/2016	\$670,000,000	\$28,049,353
Partnership Contracts for Health Services (PCH) Program	Ministry of Public Health (MOPH)	Yes	7/20/2008	12/31/2015	259,663,247	210,034,769
Sheberghan Gas Development Project (SGDP)	Ministry of Mines and Petroleum (MOMP)	Yes	5/15/2012	4/30/2015	90,000,000	0
Kajaki Unit 2 Project (Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant)	DABS	Yes	4/22/2013	12/31/2015	75,000,000	18,424,853
Agriculture Development Fund (ADF)	Ministry of Agriculture, Irrigation and Livestock (MAIL)	Yes	7/18/2010	12/31/2014*	74,407,662	54,000,000
Basic Education and Literacy and Vocational Education and Training (BELT) - Community-Based Education	Ministry of Education (MOE)	Yes	10/29/2013	10/28/2017	56,000,000	0
Afghanistan Workforce Development Project (AWDP)	MOE	Yes	9/18/2013	4/3/2016	30,000,000	664,275
Basic Education and Literacy and Vocational Education and Training (BELT) - Textbooks Printing and Distribution	MOE	Yes	11/16/2011	12/31/2018	57,000,000	24,436,268
E-Government Resource Center (EGRC)	Ministry of Communications and Information Technology (MOCIT)	Yes	8/28/2013	6/1/2016	3,900,000	30,000
Multi-Donor Trust Funds						
Afghanistan Reconstruction Trust Fund (ARTF) (current award)**	Multiple	No	3/31/2012	3/31/2017	1,900,000,000	1,033,302,620
Afghanistan Infrastructure Trust Fund (AITF)***	Multiple	No	3/7/2013	3/6/2018	105,670,184	105,000,000

Note: *Extension in process. **USAID had a previous award to the ARTF that concluded in March 2012 and totaled \$1,371,991,195 in disbursements. Cumulative disbursements from the two ARTF awards are currently \$2,405,293,815. ***On October 9, 2014, USAID de-subobligated \$179,500,000 from the AITF.

Source: USAID, OPPD, response to SIGAR data calls, 3/26/2015 and 4/9/2015; USAID, response to SIGAR vetting, 4/12/2015.

pledged nearly €1 billion, approximately \$1.29 billion,⁵⁰³ annually to sustain the ANSF for 2015 through the end of 2017. The Department of Defense requested and received \$4.1 billion in the FY 2015 budget,⁵⁰⁴ which would help sustain the ANSF surge end strength of 352,000 through 2015 and has requested \$3.8 billion in the FY 2016 budget.⁵⁰⁵ The U.S. government announced in March that it intends to seek funding to support the ANSF at the level of 352,000 personnel through at least 2017.⁵⁰⁶

In 2015, DOD expects to contribute \$112 million to the MOI through the Law and Order Trust Fund for Afghanistan (LOTFA).⁵⁰⁷ Other international donors increased their contributions to LOTFA,⁵⁰⁸ allowing for a significant decrease in the U.S. contribution to LOTFA which was approximately \$308 million in the previous year.⁵⁰⁹ DOD also expects to contribute

approximately \$1.597 billion this year in direct contributions to the Ministry of Defense (MOD) and approximately \$553 million in direct contributions to the MOI.⁵¹⁰

According to an April report by *The Times* of London, the British government decided to suspend its planned £70 million (approximately \$105 million) contribution to LOTFA due to corruption concerns.⁵¹¹

Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with seven Afghan government entities and (2) through contributions to two multidonor trust funds, the Afghanistan Reconstruction Trust Fund (ARTF) and the Afghanistan Infrastructure Trust Fund (AITF).⁵¹² According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the MOF for each program.⁵¹³

The ARTF, administered by the World Bank, provides funds to both the Afghan government's operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.⁵¹⁴ The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.⁵¹⁵ According to USAID, the majority of on-budget funding has been and will continue to be directed through the multidonor trust funds, particularly the ARTF.⁵¹⁶

The World Bank, as the ARTF administrator, employs a systematic approach to minimizing the exposure of ARTF funds to fiduciary risk. This includes policies, procedures, and practices to identify, analyze, evaluate, and then address and monitor risk. The World Bank provides technical assistance to the Afghan government to ensure that such systems are in place and strengthened.⁵¹⁷

In addition to the Afghan government's own control systems, the World Bank closely supervises the ARTF funds, according to USAID. The World Bank has added controls to its normal supervision system in the form of the ARTF monitoring agent (MA) and the ARTF supervisory agent. Disbursements to the Afghan government under the Recurrent Cost Window are made for eligible civilian operating expenditures of the government. The Bank has hired an MA to review recurrent-cost expenditures. The purpose of the MA is to ensure all expenditures financed from the Recurrent Cost Window are eligible and to deduct ineligible expenditure. The MA's monitoring is undertaken in two stages: a desk review of expenditure is followed by selective site visits to ensure supporting documentation is in place.⁵¹⁸

Over the past three quarters, SIGAR requested USAID to provide information on the ARTF MA for operating costs (Recurrent Cost Window). USAID said it does not know how frequently the MA visits the provinces and has no findings from these visits. The agency added that while the World Bank may share MA reports with donors at its discretion, it does

not regularly provide them.⁵¹⁹ Despite SIGAR's request, USAID failed to provide examples of these reports. For more information, USAID directed SIGAR to the World Bank's public reporting,⁵²⁰ the most recent of which shows that the MA and the World Bank approved 100% of the payroll and operations and maintenance expenditures submitted thus far for FY 1393 (December 22, 2013–December 21, 2014). In past years, the ARTF Recurrent Cost Window MA and the World Bank approved a low of 73% of payroll submissions (Afghan solar year (SY) 1391, March 21, 2012–December 20, 2012) and a low of 13.89% of operations and maintenance submissions (SY 1382, March 21, 2003–March 19, 2004).⁵²¹

This quarter, USAID indicated that their confidence in the World Bank's administration of the Recurrent Cost Window, as well as the entire ARTF, is based on the U.S. government determination that the World Bank is a Category 1 Public International Organization. According to USAID, U.S. law and policies mean that USAID relies on the World Bank's implementation of internationally accepted standards with regard to financial oversight of the ARTF.⁵²² However, SIGAR has raised concerns about the administration of another trust fund that covers recurrent costs, the LOTFA, that is administered by another Category 1 Public International Organization, UNDP.⁵²³ In an audit issued last quarter, SIGAR found that the MA employed by UNDP to verify recurrent costs such as salaries used a process that may have artificially inflated the percentage of successfully verified police personnel from a range of 59% to as much as 84%.⁵²⁴

On-Budget Assistance to the ANSF

A large portion of on-budget assistance is for the Afghan security forces. DOD provides on-budget assistance to the Afghan government through (1) direct contributions from the Afghanistan Security Forces Fund (ASFF) to the MOD and the MOI, and (2) ASFF contributions to the multidonor LOTFA. Administered by the UNDP, LOTFA primarily funds Afghan National Police (ANP) salaries.⁵²⁵ Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.⁵²⁶

In February 2011, the Under Secretary of Defense Comptroller authorized the Combined Security Transition Command-Afghanistan (CSTC-A) to provide direct contributions to the government of Afghanistan from ASFF to develop ministerial capacity and capability in the areas of budget development and execution, acquisition planning, and procurement. CSTC-A administers all contributions of ASFF resources to the MOD and MOI. CSTC-A monitors and formally audits the execution of those funds to assess ministerial capability, ensure proper controls and compliance with documented accounting procedures, and compliance with the provisions in the annual commitment letters.⁵²⁷ CSTC-A has an audit division consisting of eight auditors to perform independent assessments of Afghan government

financial processes.⁵²⁸ CSTC-A reviews weekly data from the Afghanistan Financial Management Information System (AFMIS) to monitor expenditures for sufficiency of funds and rate of expenditures or “burn rates.”⁵²⁹

CSTC-A analyzes AFMIS expenditure data to identify abnormalities. Abnormalities are AFMIS reported expenditures classified with object codes which CSTC-A does not fund. The Afghan government seems to be working to limit MOD expenditure abnormalities, potentially leading to less questioning of costs. When CSTC-A identifies abnormalities in AFMIS coding, these abnormalities are provided to MOI and MOD to correct.⁵³⁰ According to CSTC-A analysis, “the rate of correct coding [for MOD expenditures] in AFMIS has greatly improved from 50% coded correctly in FY 1392 (December 21, 2012–December 21, 2013) to 99% coded correctly in FY 1393 (December 22, 2013–December 21, 2014).” CSTC-A states that MOD appears to have undertaken “a significant process change” that “suggests that [the Afghan government] has an increased understanding of CSTC-A’s miscode procedure.” Any CSTC-A-provided funding that is miscoded and not corrected within the 30-day period will be withheld from future disbursements.⁵³¹

CSTC-A acknowledges that AFMIS data is entered by Afghan ministry staff, making the reliability of AFMIS data dependent on those same Afghan government staff. If a transaction is omitted, for example, CSTC-A would not necessarily be aware of it. CSTC-A does not know of any periodic data-validity checks of AFMIS data quality,⁵³² but reports that CSTC-A conducts weekly AFMIS reviews and “validates data to the maximum extent possible.”⁵³³

Last quarter, CSTC-A concluded new agreements, called commitment letters, governing direct contributions to the MOD and MOI. CSTC-A’s total contribution to the MOD FY 1394 budget is 89.47 billion afghani (approximately \$1.6 billion using an exchange rate of 56 afghani per dollar).⁵³⁴ CSTC-A’s total contribution to the MOI FY 1394 budget is 30.99 billion afghani (approximately \$550 million using the same exchange rate).⁵³⁵

The 1394 commitment letters expressed CSTC-A’s intent to transition management of previously **off-budget assistance** to the ANSF, including fuel services. According to the commitment letters, the estimated annual cost for fuel services for MOD is \$262 million,⁵³⁶ while the estimate for MOI is \$150 million. CSTC-A retains the right to procure fuel off-budget.⁵³⁷ CSTC-A noted in the commitment letters for both MOD and MOI that corruption in the purchase and delivery of fuel is a particular area of concern.⁵³⁸

As reported last quarter, SIGAR conducted a criminal investigation into serious allegations that the MOD fuel contract was corrupted by contractor collusion, price fixing, and bribery.⁵³⁹ This quarter, Ghani canceled the nearly \$1 billion contract to supply fuel to the Afghan army for three years following accusations of procurement-related corruption. Ghani also launched an investigation after learning of a reported \$214 million

Off-budget assistance: encompasses donor funds that are excluded from the Afghan national budget and not managed through Afghan government systems.

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2014, p. 130; Ministry of Finance, “Aid Management Policy for Transition and Beyond,” 12/10/2012, p. 8.

The Special Procurement Commission

(SPC): an Afghan government body involved in procurements for contract awards that exceed regular procurement approval thresholds (which vary depending on the type of procurement), was one of the bodies accused of improprieties in the MOD fuel-procurement scandal. The commission consisted of the ministers of finance, justice, and economy. At the time of the MOD fuel procurement, the SPC was chaired by the Minister of Finance, Omer Zakhilwal, who is currently Ghani's economic adviser.

In November 2014, before the February 2015 announcement that Ghani had suspended MOD officials related to the fuel-procurement scandal, the MOF announced plans to centralize major contract procurements under Ghani's direct review. In February, Ghani issued a presidential decree that modified the Afghan procurement law and established the National Procurement Commission (NPC) to replace the SPC. According to Ghani, his plan is to centralize procurements of large contracts for a "couple of years" under a presidential commission consisting of a core group of officials with "impeccable credential[s] for honesty" and later return procurement authorities to other Afghan institutions. The NPC is chaired by Ghani, and consists of the first and second vice presidents and the ministers of justice, finance, and economy. Both Ghani and Abdullah have actively participated in NPC meetings.

difference between the higher bid of the winning contractor and that of another potential bidder.⁵⁴⁰ According to the *Wall Street Journal*, Ghani's investigation focuses on whether Afghan officials colluded with the winning bidder to award the contract to the company at an inflated price. Representatives of the company with the lower bid claimed that police prevented them from submitting their bid on time. Their bid was reportedly rejected for arriving 15 minutes late. Five senior Afghan military officers and a civilian ministry official have been suspended pending the results of the investigation.⁵⁴¹ In April, the Oversight Committee for MOD Agreements found that potential bidders collaborated with each other and with the MOD, the Afghan Directorate of Reconstruction and Development, and the Afghan **Special Procurement Commission** to charge more than \$100 million above the daily market rate for fuel. The committee reported that after signing a contract with one of the companies, one Afghan official was paid up to \$5 million as a bribe. The committee recommended that the involved government officials be fired and that the Afghan government take legal action against them.⁵⁴² A presidential spokesman said Ghani will make a decision based on the suggestions of the committee.⁵⁴³

According to CSTC-A, the fuel procurement investigation has caused CSTC-A and the Afghan government to reexamine and, in some cases, delay the transition of off-budget procurements to on-budget contracting for fuel and other items. CSTC-A is reexamining the Afghan government's procurement process to address execution problems, lack of capacity, failure to adhere to Afghan procurement laws, and other systemic issues.⁵⁴⁴ The 1394 commitment letters require a fuel-contract documentation review every two weeks with each ministry (MOI or MOD), contracted vendors, and Coalition representatives. CSTC-A intends to decrease future funding if a purchase fails to comply with provisions within the commitment letter. CSTC-A has also focused their audit efforts on fuel, along with other priorities including pay and ammunition.⁵⁴⁵

Following an agreement between donors and MOI, in December 2014 LOTFA ended its pilot program to pay police salaries through mobile-money payments to cell phones. The mobile-money pilot was intended to reduce administrative corruption in paying salaries, particularly in areas that lacked banking facilities. (Normally in such areas a "trusted agent" would deliver other salaries in cash.)⁵⁴⁶ The mobile-money pilot also operated in areas where commercial bank services were available, but with mobile-money costs higher than equivalent payments through commercial banks, they were deemed unfeasible. The final group of police paid via mobile money included 79 police personnel in Ghor Province and in 221 in Badakhshan Province.⁵⁴⁷

Despite the end of the LOTFA mobile-money pilot, the MOF recently started a mobile-money pilot program with 50 of its own personnel. Once the pilot program is complete, the MOF plans to rapidly expand the program nationally. According to CSTC-A, this will potentially affect all ANP salary

Source: *Tolo News*, "Ghani to Create Procurement Office, Oversee Contracting," 11/9/2014; *Tolo News*, "\$100 million USD MoD Fuel Contract Scandal Revealed," 4/9/2015; National Public Radio, "Transcript: NPR's Interview With Afghan President Ashraf Ghani," 3/23/2015; *Pajhwok*, "MoD officials suspended on graft charges," 2/1/2015; Government of the Islamic Republic of Afghanistan, Procurement Law, 2008 with January 2009 amendments, 1/2009; USAID, OEGI, response to SIGAR data call, 3/26/2015; *Pajhwok*, "President scrutinises ministries' contracts," 4/12/2015.

payments made via mobile money. CSTC-A advisors have been told that Ghani requested that police salary payments be made via mobile money, but these advisors have not seen written documentation to this effect. According to CSTC-A, LOTFA donors support this new pilot program.⁵⁴⁸

In an audit released this quarter, the Department of Defense Inspector General (DOD IG) raised concerns previously identified by SIGAR when it found that the MOI and MOD did not have effective controls over the contract-management process for U.S. direct-assistance funding provided to sustain the ANSF. Specifically, the ministries did not adequately develop, award, execute, or monitor individual contracts funded with U.S. direct assistance. According to DOD IG, the Ministry of Finance (MOF) did not sufficiently oversee the MOD and MOI's planning, accounting, and expenditure of U.S. direct assistance funding, nor did MOD and MOI develop internal compliance functions to ensure adherence to Afghan procurement law and the commitment letters.⁵⁴⁹

According to CSTC-A officials interviewed by DOD IG, one of the main reasons the Afghan ministries did not develop the required level of capacity was "internal pressure to not allow the Afghans to fail." Furthermore, CSTC-A officials stated that pressure to maintain hard-fought gains and not compromise ANSF operations resulted in the Coalition overlooking ministerial shortcomings. Consequently, CSTC-A officials often performed ministerial functions, did not enforce commitment-letter requirements, and allowed the MOF to exclude mentors.⁵⁵⁰ According to CSTC-A, the approach documented by DOD IG does not reflect CSTC-A's official position since CSTC-A personnel performing ministerial functions is not encouraged nor endorsed.⁵⁵¹

NATIONAL GOVERNANCE

The United States provides assistance to Afghan governing institutions to build their capacity to perform critical services and thereby increase their legitimacy in the eyes of the Afghan population. Assistance is provided in two ways: (1) through contracts, grants, and cooperative agreements, and increasingly, (2) through on-budget assistance. The U.S. government is focused on increasing the financial and program-management capabilities of Afghan government institutions through capacity building and on-budget programs.⁵⁵²

The Tokyo Mutual Accountability Framework (TMAF) serves as a cornerstone of international engagement and is the agreed instrument for measuring mutual accountability.⁵⁵³ The international community and Afghan government agreed to the TMAF at the Tokyo Conference of Donors in July 2012. Later the TMAF was augmented with intermediate targets for the Afghan government and the international community called "hard deliverables," such as passage of a mining law.⁵⁵⁴ According to State, the TMAF

and related indicators are intended to provide Afghan citizens, international donors, and other international observers a readily available mechanism to assess the Afghan government's commitment to reform and as a means for donors to justify continuing to provide extraordinary amounts of assistance. The consequence of non-performance is a weaker justification for continued assistance.⁵⁵⁵

USAID has reported that, as a matter of policy, the U.S. Embassy Kabul is no longer evaluating or updating the original version of hard deliverables. According to USAID, the previous set of hard deliverables is no longer part of the discussion.⁵⁵⁶ According to State, international donors and the Afghan government have discussed the need to refresh TMAF and agree that the revisions should be based on the Afghan government's paper presented at the December 2014 London Conference, *Realizing Self-Reliance: Commitments to Reforms and Renewed Partnership*. The Afghan government is working to translate this paper into a prioritized action plan coordinated with a revised set of national priority programs (NPPs). The Senior Officials Meeting is set for September 2015.⁵⁵⁷

Capacity-Building Programs

USAID capacity-building programs seek to improve Afghan ministries' ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity-building of Afghan government entities.⁵⁵⁸ As shown in Table 3.22, programs include USAID's \$31 million Leadership, Management, and Governance Project that aims to strengthen Afghanistan's financial-management systems and the capacity of the Ministry of Public Health and the Ministry of Education to meet requirements set at the 2010 Kabul International Conference for increased on-budget aid.⁵⁵⁹ USAID is also funding the Ministry of Women's Affairs Organizational Restructuring and Empowerment project, a \$15 million project that among other things assists the ministry to improve its financial management, as required for future on-budget assistance.⁵⁶⁰

To encourage Afghan ministries to rely more heavily upon the civil service and reduce dependency on the "parallel civil service" created through certain donor-funded programs to pay the salaries of highly qualified non-civil servants, USAID has decided to move assistance from stand-alone programs to the ARTF's Capacity Building for Results (CBR) program.⁵⁶¹ CBR supports ongoing public-administration reforms across the government, training for selected civil servants, and limited technical assistance to support ministry reforms.⁵⁶²

In January, the World Bank found the CBR was making unsatisfactory progress due to ongoing slow implementation, particularly with recruitment of CBR-supported Afghan civil servants, resulting in limited progress on results indicators. The Bank said CBR cannot achieve its expected

GOVERNANCE

TABLE 3.22

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Leadership, Management, and Governance Project	Ministry of Public Health Ministry of Education	9/25/2012	6/30/2015	\$37,853,384	\$32,007,979
Assistance to Legislative Bodies of Afghanistan (ALBA)	Parliament	3/28/2013	3/27/2018	24,990,827	8,342,392
Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE)	Ministry of Women's Affairs	12/20/2012	12/19/2015	14,182,944	5,268,555

Source: USAID, response to SIGAR data call, 4/9/2015.

development objectives without substantial changes in implementation and approach. The new Afghan government views CBR as a key instrument for implementation of NPPs. Overall progress towards achievement of its development objectives has been slow due to aspects of the project design, capacity issues, and political/economic factors.⁵⁶³

According to the World Bank, establishing a comprehensive program for reforms and training with robust entry criteria, an appropriate salary scale, and the necessary management systems was a complex undertaking given the environment. The pace of project implementation requires significant acceleration to reach the project objectives within the targeted time frame.⁵⁶⁴

According to the World Bank, project progress has been limited. There are four ministries with approved CBR programs, two of which were approved in July 2014. These are the Ministry of Agriculture, Irrigation, and Livestock; Ministry of Communication and Information Technology; Ministry of Mines and Petroleum; and Ministry of Labor and Social Affairs, Martyrs, and Disabled. These ministries have requested over 600 CBR-supported civil service recruitments. The World Bank had expected that the pace of recruitment would increase after CBR engaged a human resources firm to support the Independent Administrative Reform and Civil Service Commission, but this has not been the case since the Afghan government imposed a civil-service hiring freeze in September 2014.⁵⁶⁵ On April 6, Abdullah announced that parliament-approved ministers were empowered to hire new staff if necessary.⁵⁶⁶

National Assembly

According to State, Afghanistan's parliament continues to demonstrate growing capacity and political maturity. While fractious, the parliament is capable of protecting its legislative equities with the executive branch and directing a public spotlight on ministries. The legislative branch remains weaker relative to the executive, but members of parliament appear to be trying to strengthen their hand. However, staffing struggles, corruption, and low levels of education and experience continue to plague the body.⁵⁶⁷

GOVERNANCE

The *Wolesi Jirga* (the lower house) and *Meshrano Jirga* (the upper house) were in their winter recess for most of the quarter, from January 30 to March 6.⁵⁶⁸

Before beginning winter recess, on January 28, the Wolesi Jirga confirmed nine out of 19 cabinet nominees made by Ghani and Abdullah. Those approved included:

- **Minister of Finance:** Eklil Hakimi (Ghani selection), former Afghan Ambassador to the United States and former Deputy Minister of Foreign Affairs;
- **Minister of Hajj and Religious Affairs:** Faiz Mohammad Osmani (Ghani selection), former university lecturer;
- **Minister of Mines:** Daud Shah Saba (Ghani selection), former governor of Herat;
- **Minister of Foreign Affairs:** Salahuddin Rabbani (Abdullah selection), former chairman of the High Peace Council;
- **Minister of Interior:** Noor ul-Haq Ulumi (Abdullah selection), former governor of Kandahar, former member of the Wolesi Jirga;
- **Minister of Refugees and Repatriation:** Sayed Hussain Alemi Balkhi (Abdullah selection), former member of the Wolesi Jirga;
- **Minister of Rural Rehabilitation and Development:** Nasir Durrani (Abdullah selection);
- **Minister of Public Health:** Ferozuddin Feroz (Abdullah selection), former Deputy Minister of Health;
- **Director of the National Directorate for Security (NDS):** Rahmatullah Nabil (independent), previous NDS chief.⁵⁶⁹

According to USAID, while achieving quorum has been a challenge for parliament in the past, this quarter both houses of parliament achieved quorum when critical legislation was before them. This quarter, the Wolesi Jirga had no issue with achieving quorum during the ministerial hearings.⁵⁷⁰

Parliament also held hearings and summoned various government officials during the quarter including:

- On March 15, the Meshrano Jirga summoned the Minister of Foreign Affairs and the Minister of Refugees on the issue of Afghan refugees in Pakistan. The Minister of Refugees also appeared before the Wolesi Jirga on March 16 to discuss the same issue.
- On March 18, the lower house summoned the Minister of Foreign Affairs, members from the High Peace Council, and the Deputy of the National Security Council to answer questions regarding reconciliation.
- On March 23, the lower house summoned the Minister of Interior, Deputy Minister of Defense, and the Deputy NDS chief to answer questions about insecurity in the country.⁵⁷¹

GOVERNANCE

USAID funds the \$23.5 million Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan’s parliament operate as an independent and effective legislative, representative, and oversight body.⁵⁷²

Over the past quarter, ALBA supported the following parliamentary commissions to undertake oversight trips in the provinces:

- **Nangarhar:** Meshrano Jirga Commission on the Disabled and Refugees;
- **Kunduz:** Meshrano Jirga Economic and Budget Affairs Commissions; and
- **Nangarhar, Kunar, and Laghman:** Joint Oversight Visit by Meshrano Jirga Commissions on Public Welfare Affairs, Natural Resources and Environment, and Religious Affairs, Higher Education, Education, Cultural Affairs.⁵⁷³

SUBNATIONAL GOVERNANCE

The United States government supports initiatives at the subnational level to give Afghans a greater stake in their own government. The goal is to make local government more visible, accountable, and responsive to the Afghan people.⁵⁷⁴

Rural Stabilization Programs

USAID has several stabilization programs aimed at helping the Afghan government extend its reach into unstable areas and build local governance capacity. These programs include USAID’s four Stability in Key Areas (SIKA) projects, two Community Cohesion Initiative (CCI) programs, the Afghan Civilian Assistance Program II (ACAP II), and the ARTF’s National Solidarity Program (NSP). The United States has requested that \$865 million of its ARTF contributions support the NSP, but has not “preferenced” (earmarked) any additional ARTF support for NSP since 2012.⁵⁷⁵ Table 3.23 summarizes total program costs and disbursements to date.

SIGAR AUDIT

SIGAR has an ongoing audit of the Measuring Impacts of Stabilization Initiatives (MISTI) project. This audit plans to (1) assess the extent to which the MISTI contractor provided third-party monitoring services in accordance with the terms of the contract; (2) assess the extent to which USAID considered MISTI program results in the planning and implementation of stabilization programs; and (3) identify challenges in MISTI, if any, with USAID using third-party monitoring to evaluate stabilization reconstruction programs, and the extent to which USAID has addressed those challenges.

TABLE 3.23

USAID SUBNATIONAL (RURAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
National Solidarity Program (NSP) via the Afghanistan Reconstruction Trust Fund (ARTF)*	2004	2012	\$865,000,000	\$865,000,000
Stability in Key Areas (SIKA) East	12/7/2011	9/6/2015	177,054,663	107,849,917
SIKA South**	4/10/2012	4/9/2015	116,888,836	67,472,586
Community Cohesion Initiative (East, South, Southwest)	3/1/2012	2/28/2015	161,499,422	80,516,780
Afghanistan Civilian Assistance Program (ACAP II)	9/27/2011	2/15/2015	64,000,000	52,219,722
SIKA West	1/29/2012	8/31/2015	54,000,000	42,837,673
SIKA North	3/15/2012	4/30/2015	38,000,000	33,061,508
Community Cohesion Initiative (North, West)	9/10/2013	9/9/2015	36,221,640	13,859,275

Note: *This includes USAID contributions to the ARTF with an express preference for the National Solidarity Program (NSP). According to the agreement with the World Bank, donors can only express a preference on how their donations are used up to 50% of their total contribution. The remaining, unpreferred funds provided to the ARTF may also be used to support NSP.
**The disbursement data includes the total for both SIKA South awards.

Source: USAID, response to SIGAR data calls, 4/1/2015 and 4/9/2015.

The USAID Measuring Impacts of Stabilization Initiatives (MISTI) project is a third-party monitoring and evaluation program that evaluates the impact of USAID stabilization programs. This quarter, SIGAR asked USAID whether MISTI had information on how its data, particularly MISTI-sponsored surveys and the resulting stability index, is used to gauge the impact of USAID stabilization programs. According to MISTI, the primary purpose of the MISTI survey data is to perform a village-level impact evaluation that looks at the impact of USAID programming on perceptions of stability at the village level and how this changes over time.⁵⁷⁶ However, the USAID office that oversees MISTI responded that

How the [USAID Afghanistan] Mission utilizes the impact evaluation and stabilization trends is best answered by each of the individual [USAID contracting officer representatives] CORs for the programs that MISTI supports. MISTI has no involvement with how the [USAID Afghanistan] Mission uses these results, either in directing changes based on results or tracking course corrections made by the individual CORs in response to MISTI data. To understand how each program utilizes MISTI data, only the CORs of those programs can answer that question—MISTI is not contractually tasked with tracking use of the data it provides.⁵⁷⁷

SIGAR found the response contradictory since MISTI has hosted a series of summits, attended by USAID and the implementing partners of all USAID stabilization programs that have focused on lessons learned. However, USAID said although MISTI presents their findings at these summits, MISTI does not have any involvement with the USAID mission's decision making process related to how the data is used.⁵⁷⁸

Stability in Key Areas (SIKA)

The objective of SIKA is to help district- and provincial-level Afghan government officials respond to the local population's development and governance concerns, thus instilling confidence in the government and bolstering stability.⁵⁷⁹ USAID intended the four SIKA programs to “be seen as an extension of the [Afghan government], not as increased foreign presence,” and stipulated that SIKA “must work within Afghan structures” in order to partner with the Afghan Ministry of Rural Rehabilitation and Development (MRRD).⁵⁸⁰

All four SIKA programs, along with the Independent Directorate for Local Governance (IDLG), MRRD, and USAID participated in three sustainability and transition Workshops from October 2014 to January 2015. Each SIKA implementing partner developed a handover package that defines the program's closeout plan.⁵⁸¹

According to a USAID response this quarter, “none of the SIKAs collect [data] on a comprehensive set of outcome indicators.” The SIKA program monitoring and evaluation units have largely served as data clearinghouses that have conducted a few impact assessments using some focus groups



A SIKA West 220-meter canal project in Herat Province. (USAID/SIKA West photo)



A SIKA East-supported school playground in Wardak Province. (USAID/SIKA West photo)

and pre- and post-testing. From MISTI's perspective, SIKA efforts have never been rigorous or systematic enough to understand the outcomes of their programming.⁵⁸² In response, the USAID office that oversees the SIKA programs commented that they believe the performance monitoring plans for the four SIKA programs outline output, outcome, and impact indicators to be collected by the SIKA programs.⁵⁸³

Community Cohesion Initiative (CCI)

USAID's CCI programs, split between one program covering the east, south, and southwest, and another covering the north and west, aim to build what USAID calls "resilience" in areas vulnerable to violence and insurgent exploitation. CCI implements initiatives such as engaging community leaders and government officials in identifying and overseeing local community-development projects. The CCI also supports peace-advocacy campaigns at sporting events.⁵⁸⁴

This quarter, the CCI program covering east, south, and southwest concluded on February 28.⁵⁸⁵

The CCI independent monitoring unit (IMU) released a case study on youth and resiliency that aimed to evaluate the impact of CCI projects that sought to improve relations among youth and between youth and their communities and local government. The report found that levels of violence and community cohesiveness vary among the districts that received CCI support;⁵⁸⁶ however, it was not clear from the report what role CCI played in shaping these indicators. CCI's goals included strengthening community capacities to promote a peaceful transition and countering violent threats to a peaceful transition.⁵⁸⁷ Despite this, however, according

Resilience: "the ability of people, households, communities, countries and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth," according to USAID, which adds, "As this suggests, the concept of resilience and its measurement are complex."

Source: USAID, "The Resilience Agenda: Measuring Resilience in USAID," 6/2013.

to USAID, CCI “does not claim or intend to impact security in these areas whatsoever.”⁵⁸⁸ According to the IMU, “all [projects meant to benefit youth] were viewed as beneficial” with the greatest support for skill-based training that can improve opportunities for employment.⁵⁸⁹

The IMU report, however, did not provide much evidence that CCI youth projects overcame the security or political situation to produce more resiliency or cohesion. In one case highlighted in the report, the IMU highlighted ongoing difficulties experienced by a youth association that was supported by CCI’s predecessor, the Afghanistan Stabilization Initiative-East (ASI-E). The ASI-E-supported youth association dissolved after external financial assistance ended. Even while receiving financial support, youth association participants noted that insecurity across the district diminished the association’s capacity to operate in other villages and limited its access to youth across the district. The association’s membership was limited to one village in which the Afghan security forces had visible control.⁵⁹⁰

Among the lessons learned, the report noted that youth in Taliban-controlled communities cannot voice support or participate in youth initiatives due to personal risks from Taliban. Also, in many places, youth report that their communities are suspicious of their motives.⁵⁹¹

Afghan Civilian Assistance Program II (ACAP II)

This quarter, the MISTI program issued the final performance evaluation report for ACAP II. ACAP II provided humanitarian relief to families that had suffered losses as a result of conflict between Coalition military forces and the Taliban or other insurgents.⁵⁹² ACAP II assistance included immediate assistance (essential items worth up to \$50 in the first year and \$400 for years two and three of the program), medical assistance and referrals, supplementary assistance (replacement of damaged infrastructure, household items, furniture, and other property lost as result of the incident), and tailored assistance (\$4,000 to \$7,000 worth of materials and training to start a small business).⁵⁹³ According to MISTI, ACAP II accomplished its stated goals and objectives. MISTI surveys and focus-group results show that tailored assistance helped people rebuild their lives.⁵⁹⁴

Although ACAP II assistance was available nationwide, over 80% of the assistance was focused in the south, southeast, and east. According to MISTI, ACAP II was the only internationally funded program that provided relatively short term, tailored, non-monetary assistance to individuals and families to fit their circumstances. ACAP II is not a compensation program, nor is it intended to provide condolence payments. Assistance was provided according to the needs of the family and was not per injury or death. The determination of the reason for the incident or who was at fault is not required by ACAP II as a prerequisite for assisting Afghan civilians harmed.⁵⁹⁵

MISTI recommended that incident eligibility criteria for future programs should reflect the greater role Afghans now play in providing for their

own security by incorporating operations carried out by Afghan security forces as well as international military forces. MISTI also recommended that ACAP II should focus more on capacity building—including database management and information-sharing, eligibility and beneficiary-verification training, and networking between Afghan ministry staff, ACAP II employees, and field-based nongovernmental and international organizations—to improve the sustainability of ACAP II’s approach.⁵⁹⁶

Provincial and Municipal Programs

USAID recently started two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.24 summarizes total program costs and disbursements to date.

TABLE 3.24

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2017	\$73,499,999	\$648,596
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	62,364,687	8,353

Source: USAID, response to SIGAR data call, 4/9/2015.

Initiative to Strengthen Local Administrations (ISLA)

The ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement. This should lead to services that more closely respond to all citizens’ needs in health, education, security, justice, and urban services.⁵⁹⁷

ISLA will operate out of five regional hubs: Kabul, Mazar-e-Sharif, Jalalabad, Kandahar, and Herat, and plans work in 16 provinces, pending agreement with the Afghan government: Badghis, Baghlan, Balkh, Farah, Faryab, Ghazni, Ghor, Herat, Kandahar, Kunar, Laghman, Logar, Nangarhar, Parwan, Wardak, and Zabol.⁵⁹⁸

ISLA is in mobilization phase; there are no significant developments to report.⁵⁹⁹

Strong Hubs for Afghan Hope and Resilience (SHAHAR)

The objective of the SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. Targeted support to municipal governments, as well

Regional Economic Zones: areas within Afghanistan that have the potential to develop into geographic centers of increased production and commerce, promising high and inclusive economic growth. The zones are expected to act as catalysts for improved food security, economic development, job creation, and increased regional trade, by targeting investments in key sectors that are considered to be drivers of economic growth.

Source: USAID, "Draft REZ Strategy," 12/3/2014.

as to the General Directorate of Municipal Affairs and Municipal Advisory Boards, aims to improve municipal financial management, urban service delivery, and citizen consultation. The program will focus on 16 small and medium-sized provincial capitals located within USAID's three designated **Regional Economic Zones (REZ)**, as well as the four regional hub provincial capitals of Kandahar city, Herat, Mazar-e-Sharif, and Jalalabad.⁶⁰⁰

SHAHAR is in mobilization phase; there are no significant developments to report.⁶⁰¹

RECONCILIATION AND REINTEGRATION

The Afghan government has placed considerable emphasis on achieving national reconciliation through a formal Afghan-led process.⁶⁰² According to the UN Secretary-General, there is presently "an alignment of factors [that] offer new possibilities [for reconciliation] including the drawdown of international military forces; a new administration in Kabul; increased regional engagement, including by China; and improved bilateral relations with Pakistan."⁶⁰³

In January, the Taliban published a statement on its website stating that the movement "wanted peace," provided its preconditions are met. These preconditions included the end of the foreign military presence, establishment of an Islamic government, and implementation of Sharia law.⁶⁰⁴ However, despite announcements of imminent talks, there has been little overt progress.⁶⁰⁵ As of late March, SRAP Feldman stated that "there are no talks [between the Afghan government and Taliban] yet."⁶⁰⁶ On April 3, a Ghani spokesman dismissed rumors of meetings between the Afghan government and Taliban.⁶⁰⁷

In April, the first deputy chief executive officer, Mohammad Khan of the national-unity government, said there was no need for the Afghan High Peace Council (HPC), that the HPC has not been involved in negotiations since the foundation of the government, and that Ghani was undertaking his own efforts independent of the HPC.⁶⁰⁸

Reconciliation

Afghanistan and Pakistan appeared to have improved their relationship this quarter following a Pakistani Taliban attack in December on a school that killed 132 children in Pakistan.⁶⁰⁹ Ambassador Feldman said he believes "there is a sincere effort" by Pakistan to facilitate reconciliation. He further stated "I've heard frequently in Pakistan a description of the Peshawar massacres as Pakistan's 9/11."⁶¹⁰

Ghani, in a talk at the United States Institute of Peace, emphasized the importance of Pakistan to reconciliation. He stated that the challenge is

not about peace with Taliban, the problem is fundamentally about peace between Pakistan and Afghanistan. For thirteen

years, we have been in an undeclared state of hostilities and this is the definition we have offered our Pakistani counterparts and they have accepted this definition of the problem. That is the breakthrough. ... I am cautiously optimistic and waiting for results [of talks with Pakistani civilian and security officials].

In the same talk, Ghani referred to the Afghan Taliban variously as “Afghan patriots” and “political opponents” who possess a level of political legitimacy and represent some legitimate grievances.⁶¹¹

The *Wall Street Journal* reported last quarter that China hosted a delegation of Afghan Taliban officials in December. The delegation reportedly wanted to discuss the possibility of opening talks with the Afghan government.⁶¹² On January 27, the Taliban issued a statement clarifying that a recent visit by its representatives to Beijing was not an effort to seek a mediation role for China.⁶¹³

Afghanistan Peace and Reintegration Program

The Afghanistan Peace and Reintegration Program (APRP), an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society, is financed by \$182.3 million in contributions from 12 donor nations. Seven donor nations, led by Japan and Germany, provide operational funding for the program. The United States provides funding for reintegration-related community-recovery efforts administered by the World Bank.⁶¹⁴ For more information, see the October 2014 *Quarterly Report to the United States Congress*, pages 149–151.

DOD and State provided no updates this or last quarter on the number of reintegrees facilitated by the APRP. Despite this, the U.S. government recently pledged up to \$10 million in support of APRP and the HPC.⁶¹⁵ Of this \$10 million, State said \$5 million will likely support the operating budget of the APRP Secretariat through an on-budget funding mechanism administered by UNDP.⁶¹⁶

According to State, APRP has been successful in bringing a modest number of former insurgent fighters back to mainstream Afghan society, but its overall impact on the insurgency likely will not become evident for several years. The new Afghan government intends to use APRP as its primary instrument for facilitating peace and reconciliation activities.⁶¹⁷

RULE OF LAW AND ANTICORRUPTION

Project Summary

The United States has assisted the formal and informal justice sectors through several mechanisms. These include the State Department’s Justice Sector Support Program (JSSP), and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.25 on the following page.

GOVERNANCE

TABLE 3.25

STATE DEPARTMENT RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/26/2015 (\$)
Justice System Support Program II (JSSP II)	6/16/2010	6/30/2015	\$200,552,518	\$190,078,391
Corrections System Support Program (CSSP III)	1/1/2015	8/1/2015	12,000,000	2,010,605
Justice Training Transition Program (JTTP)	1/2/2013	9/30/2015	26,500,000	26,500,000

Source: State, response to SIGAR data call, 3/27/2015.

SIGAR AUDIT

SIGAR has an ongoing audit of U.S. government efforts to assist and improve the rule of law in Afghanistan. SIGAR plans to determine the extent to which (1) the strategies and objectives guiding U.S. government support are current and have consistently defined the scope of rule of law assistance; (2) U.S. agencies can fully identify and account for U.S. government programs and funding; (3) current rule of law programs' performance management systems are measuring progress made in achieving program objectives and in contributing to achieving U.S. strategic objectives; and (4) the U.S. government has encountered challenges in achieving its objectives and the extent to which it has addressed these challenges.

USAID is designing a stand-alone anticorruption program for Afghanistan. According to USAID, the program will strive to increase transparency and accountability within Afghan government institutions, while also increasing civil society and private sector capabilities to monitor, research, and advocate for anticorruption-related matters.⁶¹⁸ This program is currently in the design phase.⁶¹⁹

The State Department's JSSP objectives include developing a case-management system (CMS) to track cases throughout Afghanistan's justice system and building the capacity and administrative skills of ministry officials.⁶²⁰

The CMS is used to monitor criminal cases at either the individual or aggregated basis from the time of arrest until the end of confinement. All ministries in the formal criminal justice sector have access to the CMS. The CMS is used to demonstrate inefficiencies in the criminal justice system by identifying when cases are not being processed in a statutory manner. According to State, various ministries routinely use the CMS to generate various informative reports, including the Attorney General's Office (AGO), which generated a report for the new Afghan government. In addition to using the CMS for criminal background checks in order to grant "clearance" for internal and external employment applicants, the MOI generates a weekly report of arrests in Kabul by the type of crime.⁶²¹

Ministries additionally routinely utilize the CMS to understand the function of the formal justice sector. For example, the CMS can help identify an individual prosecutor's case load and conviction rates, information that is useful for determining promotion eligibility. Although there is no direct public access to the CMS, defense attorneys and family members of the defendant/accused can utilize certain CMS data. Defense attorneys can access the system to confirm the status of their clients' cases regarding, among other things, court dates and charges. Family members of the defendant/accused are also allowed access to ascertain information on their accused family member by contacting or inquiring at CMS offices in one of the relevant ministries.⁶²²

The State Department's JTTP provides regional training to justice-sector officials on a wide range of criminal-justice topics.⁶²³ JTTP aims to increase the confidence of Afghan citizens in their justice sector and to achieve two



In February, Afghan law students attended the closing ceremony of a commercial arbitration moot court competition. (USAID Afghanistan photo)

outcomes: (1) to increase the capacity and competencies of Afghan justice sector professionals in delivering justice according to Afghan law and (2) to ensure that Afghan justice institutions are capable of managing the sustainable implementation of training programs.⁶²⁴

JTTP undertakes limited trial observation, focusing on cases within the criminal division jurisdiction at provincial and district-levels. JTTP looks only at proceedings and appeals of cases that are subject to the Criminal Procedure Code (CPC). JTTP's observation and reporting are narrowly focused to collect objective comparative data on a single fair trial indicator, i.e. whether trials are deemed to be 'open' in accordance with the procedure set out under the CPC. JTTP has reported to INL many instances in the formal justice proceedings where attorneys and judges have increasingly applied the correct laws and sentencing requirements.⁶²⁵

JTTP legal advisors visit courtrooms of judges who will and/or who have graduated from JTTP courses. If the legal advisors are granted access to the courtroom for a given trial, the trial is reported as "open." If they are not permitted access to a courtroom for a given trial, and there is no permissible restriction, the trial is reported as "closed."⁶²⁶

From July 2013 to February 2015, JTTP observed a total of 754 trials, of which 93% were open. In 2015, all 46 trials observed by JTTP were open trials. In the provinces, Nangarhar Province had the lowest overall percentage of open trials to date, 38%.⁶²⁷

The Supreme Court and the Formal Justice Sector

According to the UN Secretary-General, Supreme Court Chief Justice Rasheed Rashid has begun reforms to the court system, including a comprehensive review of the credentials of all judicial staff with the purpose of

ensuring that staff are qualified. The Supreme Court has also established the Special Court for Ministers as required by the Afghan Constitution, to review indictments submitted by the AGO of seven former ministers for corruption and financial crimes.⁶²⁸

Afghan Correctional System

According to State, the inmate population of Afghanistan's prisons managed by the General Directorate of Prisons and Detention Centers (GDPDC) has increased by 16.7% annually over the past five years. As of January 31, the GDPDC incarcerated 28,598 male individuals while the Ministry of Justice's Juvenile Rehabilitation Directorate (JRD) incarcerated 1,021 male juveniles and 110 female juveniles. These incarceration totals do not include detainees held by any other Afghan governmental organization, as INL does not have access to data for other organizations.⁶²⁹

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities, although state-funded prison construction has added some new prison beds and presidential amnesty decrees have reduced the prison population significantly. As of January 31, the total male provincial-prison population was at 214% of capacity, down from 290% last quarter, as defined by International Committee of the Red Cross's (ICRC) minimum 3.4 square meters per inmate. The total female provincial-prison population was at 66% of the ICRC-recommended capacity, down from 123% last quarter. Information on the capacity of GDPDC-operated district detention centers and the JRD's juvenile rehabilitation centers is not available. However, anecdotal reporting by INL advisors visiting facilities indicates that overcrowding is a substantial problem in many provinces.⁶³⁰

Anticorruption

During Ghani's address to the joint session of Congress, he labeled corruption a "cancer" that undercut the confidence of Afghans and American taxpayers in the Afghan government, and pledged to "eliminate corruption."⁶³¹ Efforts to recover funds from the Kabul Bank scandal and the cancellation and subsequent investigation of a major MOD fuel contract were the major anticorruption measures undertaken by the Afghan government during the quarter.

Last quarter, an Afghan appellate court upheld convictions of two former senior officials and nine lower-level employees of crimes related to the 2010 Kabul Bank collapse. The two Kabul Bank officials were each sentenced on three counts and ordered to serve concurrent prison terms amounting to 10 years. In addition, one official was fined \$513 million and the other was fined \$278 million. The nine other Kabul Bank employees received lesser fines and one year each in jail. In addition, according to news reports, the court also ordered assets frozen for 19 individuals and companies

implicated in fraudulent borrowing schemes that led to the bank's collapse, pending loan repayment.⁶³²

On December 4, 2014, the Superior Court and the Public Security Court of the Afghan Supreme Court upheld the appellate court's ruling. The AGO reported that it would implement the Supreme Court's ruling and as of early December had recovered a total of \$12 million since the case was reopened in October.⁶³³

As of late March, Kabul Bank investigators reported that the six largest Kabul Bank debtors had pledged to pay off liabilities of \$72 million.⁶³⁴ Despite the reopening of the Kabul Bank case by the national-unity government, the head of the corruption-focused, Afghan nongovernmental organization Integrity Watch Afghanistan told reporters that the Afghan government has made insufficient progress in resolving the case and that the government had recovered only \$228 million of the \$977 million stolen.⁶³⁵ For more information, see pages 168–169 of this report.

This quarter, Ghani canceled a nearly \$1 billion contract to supply fuel to the Afghan army for three years following accusations of procurement-related corruption.⁶³⁶ Ghani also launched an investigation after learning of a reported \$214 million difference between the higher bid of the winning contractor and that of another potential bidder.⁶³⁷ Five senior Afghan military officers and a civilian ministry official have been suspended pending the results of the investigation.⁶³⁸

In an interview with *Tolo News*, the general director of the High Office of Oversight and Anti-Corruption (HOO) stated that, despite the new administration's promises to combat corruption, "corruption is on the rise." A spokesman for the Afghan Chamber of Commerce and Industries also reported in February that "corruption has remained as it was under the previous government."⁶³⁹

During a speech at the Council on Foreign Relations, Ghani stated that "corruption is the system" and highlighted the challenge of reforming the customs system in particular. Labeling the customs duties on transport "a cash cow," Ghani quantified the challenge by noting the \$1.7 billion discrepancy between the value of imports from Pakistan as reported by Afghan ministries (\$800 million) and the value of exports to Afghanistan reported by the Pakistan government (\$2.5 billion).⁶⁴⁰

Afghan Attorney General's Office

During the quarter, Ghani removed the attorney general and replaced him with a deputy attorney general in an acting capacity.⁶⁴¹ According to the U.S. Department of Justice (DOJ), there appears to be no political will within the AGO to pursue major crime and corruption cases. However, this may change if an attorney general who is competent and serious about corruption is appointed.⁶⁴² In a reversal from previous quarters, the acting attorney general has requested DOJ train-the-trainer training for 50 prosecutors.⁶⁴³

According to State, the Anti-Corruption Unit (ACU) of the AGO is able to prosecute lower-level corruption cases, but faces obstacles prosecuting higher-level corruption due to a lack of political will. The ACU suffers low morale; however, the ACU has recently shown an interest in DOJ-supported training opportunities for their prosecutors.⁶⁴⁴

Major Crimes Task Force

The Major Crimes Task Force (MCTF) is an investigatory arm of the MOI and the NDS.⁶⁴⁵ According to DOD, since the formation of the National Unity Government, the MCTF has begun to more aggressively target senior-level corruption. Over the past several weeks, the MCTF referred five separate corruption cases involving a deputy minister and senior-level MOI and Afghan Public Protection Force (APPF) officials to the AGO for further investigation and prosecution. Despite this increase in referrals, the MCTF has not seen an improvement in case processing at the AGO.⁶⁴⁶

The AGO has failed to update the MCTF on the progress of their referred cases. In August 2014, the MCTF director general sent official correspondence to the AGO requesting an update for these cases. To date he has not received a complete response to this request. The NDS director sent a similar official correspondence request seeking disposition for five senior-level corruption cases submitted in the fourth quarter of 2014, and has not received a response. According to DOD, the MCTF receives anecdotal evidence of AGO prosecutor corruption wherein prosecutors accept bribes in exchange for releasing suspects without prosecution.⁶⁴⁷

Over the last two quarters, MCTF has referred 10 separate corruption cases involving a minister, two deputy ministers, two mayors, three senior MOI officers, a senior APPF officer and a ministerial staff member for further investigation and prosecution by the AGO. Under the Criminal Procedure Code, felony-level cases should be brought to trial within 75 days of arrest. In seven of the 10 cases mentioned, no arrest was made prior to referral to AGO, meaning there is no time limit for AGO's investigation or prosecution decision. More than 90 days have passed since five of the 10 cases were referred to the AGO. In the one case adjudicated, the Pol-e Alam mayor was found guilty of accepting bribes and is currently serving seven months in prison.⁶⁴⁸

Over the last quarter, MCTF detectives have assumed all training responsibilities while foreign mentors inspect, rather than provide, trainings.⁶⁴⁹

Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)

According to State, the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) continues to demonstrate competent administrative and technical capacity. State notes, however, that the MEC lacks the authority to do more than illuminate poor or corrupt practices.⁶⁵⁰

During the quarter, the MEC issued recommendations on the HOO's self-assessment of Afghanistan's compliance with the UN Convention Against Corruption (UNCAC). Afghanistan became a signatory to the UNCAC in 2004 and ratified it in 2008. The Afghan government is required to comply with its provisions and conduct a two-phase review of their implementation. According to the MEC, the HOO failed to properly assess Afghanistan's compliance with the UNCAC. Labeling the HOO's efforts "superficial, incomplete, and often misleading," the MEC recommended that the Ghani government (1) conduct a comprehensive review of the first phase of the self-assessment to evaluate accurately its gaps and weaknesses and (2) designate a more competent agency to oversee the second phase of the self-assessment.⁶⁵¹

Following the MEC report, the HOO reported that of all the former Afghan government officials required by the constitution to register their assets both before and following their government tenure, only former President Karzai and former Minister of Public Works Najibullah Ozhan had correctly accounted for their assets. According to the HOO, of the 9,457 asset registration forms that were given to the government officials in the Karzai administration, only 5,358 forms were filed with the anticorruption body. Over 900 of the 1,378 forms reviewed by the HOO were found to be inaccurate. As of late March, the HOO reported that only two members of the new administration, the ministers of foreign affairs and mines, have registered their assets.⁶⁵²

Security Services

In a recent interview, the commander of CSTC-A, Major General Todd Semonite, said "the level of corruption [since formation of the national-unity government] is unknown and as a result I can't give you a number to somehow quantify that," and added that the Afghan government has implemented additional controls to limit corruption.⁶⁵³ According to DOD, both the MOD and MOI have established institutions for responding to corruption; however, these institutions do not appear to have had much positive effect.⁶⁵⁴ DOD said that certain dedicated domestic institutions actually hinder, rather than facilitate, **anti- and countercorruption** efforts, by pursuing "illusory reform" meant to placate donors.⁶⁵⁵

Ministry of Defense

According to DOD, since the Ghani administration has taken office, the MOD has increased its focus on anticorruption and countercorruption efforts. DOD cites the consideration of merit-based candidates for appointment to Minister of Defense and Chief of General Staff positions; the rejection of candidates for these two positions who have been accused of significant patronage and/or corruption; and Ghani's swift cancellation of contracts and suspension of the officials responsible following evidence

Anticorruption: measures aim at limiting the opportunities for corruption. This includes transparency and accountability control measures, inspections, audits, and actions to influence individual behavior.

Countercorruption: measures are corrective in nature, focus on sanctioning corrupt individuals, and provide a deterrent against corruption. Countercorruption measures are strongly reliant upon an effective legal system, particularly an independent judiciary.

Source: Joint and Coalition Operational Analysis (JCOA), division of Joint Staff J-7 (Joint Force Development), *Operationalizing Counter/Anti-Corruption Study*, 2/28/2014, p. 3.

New Report on the MOI Corruption-Complaints Process

A recent UNDP-commissioned assessment of the MOI corruption-complaints mechanism found that the level of corruption within the MOI IG renders useless technical training for MOI IG investigators or administrators involved in the corruption complaints process. The report further recommends that the MOI IG and all subordinate leaders be dismissed. The report says that “the single largest factor affecting burgeoning corruption at the [MOI] has been a failure of leadership, including integrity, esprit de corps, and discipline. Systemic corruption is endemic to the organization because the leadership has not only tolerated corruption, they have facilitated it and, in many instances, participated in it.” The report singled out the MOI IG for critique, saying it “suffers from severe ethical lapses stemming from duplicitous leadership. This duplicity permeates the ranks to such a degree that one general officer commented that investigations are no more than a chance to go have tea and collect money for sabotaging investigations.”

Source: Jeffrey Coonjohn, *Final Interim Report, Assessment Corruption Complaints Process: Afghan Ministry of Interior, 1/23/2015*, pp. i, 1–2, 10.

of procurement corruption as examples of a new focus on responding to corruption. The suspension of officials has reportedly emboldened honest brokers to speak out and “caused anxiety and distress” among senior officials implicated in corrupt schemes.⁶⁵⁶

There are currently two forums to address corruption issues within the MOD: the Counter Corruption Working Group (CCWG) and the Senior High Level Committee on Anti-Corruption (SHCAC). Both forums have been ineffective means to take meaningful action for either anticorruption or countercorruption efforts. These forums are primarily chaired, controlled, and manipulated by the same senior officials who engage in corrupt acts. According to DOD, these forums are used by corrupt senior officials to suppress or redirect investigations. With the exception of some minor corruption issues, DOD personnel have yet to witness either the CCWG or SHCAC resolve corruption challenges.⁶⁵⁷

Although each of the six ANA corps has members assigned to Transparency and Accountability Committees (TAC), all TAC members are members of corps staff (chaired by the deputy corps commander) and never report any information critical of the corps commander.⁶⁵⁸ This structure also insulates the deputy corps commander (who is also the head of procurement for the corps) from oversight on procurement decisions.⁶⁵⁹ Because of this lack of independence of the TACs, the MOD General Staff Inspector General (GS IG) assesses the concept of the TACs to be ineffective.⁶⁶⁰ DOD believes that one way to improve transparency and accountability would be for a GS IG at each of the corps to chair the TACs instead of a member of the Corps Commander’s staff. Although this idea has been presented at both the CCWG and the SHCAC for the past nine months, neither MOD leadership nor corps commanders have taken up the suggestion since, in DOD’s view, they benefit from the current lack of transparency and accountability.⁶⁶¹

Ministry of Interior

According to DOD, it appears that Ghani followed a merit-based review and selection process when he appointed Noor ul-Haq Ulumi as Minister of Interior. DOD notes, however, that while there have yet to be significant decisions to rid MOI of corrupt leadership, Minister Ulumi has stated numerous times that he is assessing the skills and leadership abilities of candidates within MOI before making decisions about the senior-level staff assignments.⁶⁶²

The MOI TAC used to meet weekly to discuss corruption issues with committee members. However, the TAC was dissolved when the current MOI Inspector General was appointed over a year ago. Currently, MOI, with the endorsement of Minister Ulumi, is at the beginning stage of creating the Transparency Working Group and Transparency Steering Group as the overarching programs which DOD hopes will increase transparency, accountability, and oversight within the MOI.⁶⁶³

HUMAN RIGHTS

Refugees and Internal Displacement

As of March 15, the United Nations High Commission for Refugees (UNHCR) estimated that more than 254,537 people have crossed from Pakistan into Afghanistan's Khowst and Paktika Provinces due to large-scale Pakistan military operations in neighboring North Waziristan since June 2014. According to State, the refugees are being registered to determine the total population and assess needs.⁶⁶⁴

State reported no large increases or decreases in refugees leaving Afghanistan. UNHCR recorded 7,045 Afghan refugees returning from both Pakistan and Iran in January and February 2015, compared to 3,025 returning from October through December 2014.⁶⁶⁵

UNHCR reported a sharp increase of 6,762 registered Afghan refugees returning from Pakistan following the December 2014 Peshawar school attacks and the Pakistani security response. The rate of return from Pakistan since January 2015 is substantially higher compared to the 995 registered Afghan refugees who returned during the same period in 2014. According to State, many returned refugees have felt pressured to return to Afghanistan due to reported arrests, detention, extortion, and harassment by local Pakistani authorities.⁶⁶⁶

The governments of Pakistan and Afghanistan, together with UNHCR, held the 25th Tripartite Commission Meeting in March to discuss refugee issues affecting the two countries. The participants reaffirmed their commitment to the principle of voluntary repatriation, acknowledged that full and effective reintegration will be a gradual and challenging endeavor, and agreed to engage in consultation to devise a comprehensive plan with realistic timelines for voluntary repatriation.⁶⁶⁷

As of February 28, UNHCR recorded a total of 829,295 registered conflict-affected Internally Displaced Persons (IDPs), compared to the 782,162 registered IPDs from October to December 31, 2014. According to State, the actual number of internally displaced could be much higher and is difficult to verify. UNHCR reports the major causes of displacement during the quarter were conflict between armed groups and the Afghan security forces, and harassment by armed groups.⁶⁶⁸

As of February 28, UNHCR reported the top 10 provinces of destination for IDPs were Kabul, Kunduz, Nangarhar, Wardak, Paktiya, Herat, Kunar, Logar, Faryab, and Badakhshan. The provinces of origin were the same as those of destination.⁶⁶⁹

According to State, Ghani and the new Minister of Refugees and Repatriation Sayed Balkhi have made the implementation of the National IDP Policy a key agenda item. Minister Balkhi has urged his ministry to work with UNHCR in helping provincial governments draft Provincial Action Plans that incorporate the IDP policy into 2015 budget plans.⁶⁷⁰

SIGAR AUDIT

SIGAR has an ongoing audit of State's efforts to assist Afghan refugees living in Pakistan and Iran, and Afghan returnees. The audit plans to assess the extent to which (1) State and UNHCR verify the number of Afghan refugees in Pakistan and Iran, and (2) assess the extent to which the Afghan government has implemented the Solutions Strategy for Afghan Refugees to support voluntary repatriation, sustainable reintegration, and assistance to host countries.



A woman presents her food voucher through the fence at a food distribution site in Kabul city. (USAID Afghanistan photo)

SIGAR SPECIAL PROJECT

This quarter, SIGAR released an inquiry letter about Promote, which has been highlighted as USAID's largest women's empowerment program in the world. The letter notes that USAID presentations on Promote have left SIGAR with a number of troubling concerns and questions. For more information, see Section 2, page 44.

Law on Elimination of Violence Against Women (EVAW)

Law on Elimination of Violence Against Women (EVAW): drafted in 2008 and enacted by presidential decree; however, questions remain as to the law's constitutionality. In May 2013, supporters sought to pass EVAW in parliament, but the law was withdrawn without a vote after some conservative members of parliament declared it un-Islamic.

Source: Afghanistan Justice Sector Support Program, "JSSP Legislative Reform Monthly Report," 10/2014, p. 3.

Gender

The largest gender-focused initiative in USAID's history is the Promote partnership that aims to assist over 75,000 Afghan women achieve leadership roles in all parts of society, from business to academia and in politics and public policy, over five years.⁶⁷¹ USAID has committed \$216 million to Promote and hopes to raise \$200 million from other international donors.⁶⁷² Thus far, USAID has awarded one contract for one of four Promote components (Women's Leadership Development) with an estimated cost of \$42 million.⁶⁷³

USAID is still negotiating with other donor agencies to explore synergies with their current and future women's empowerment programming. USAID anticipates donor contributions will happen in two ways: (1) donors making contributions to existing initiatives managed by USAID or (2) donor agencies aligning their programs directly implemented by their own contractors or grantees with Promote goals and jointly branded.⁶⁷⁴

USAID is "extremely confident" that Promote will assist beneficiaries in their careers and/or facilitate new careers and economic and social opportunities. USAID cited the experience of the USAID Afghan Workforce Development Program (AWDP) as a source of this confidence.⁶⁷⁵ As of April 2015, AWDP has assisted approximately 2,100 women with placement and/or promotion since 2012. The goal of AWDP is to increase job placement and wages for at least 6,250 women over the life of the four-year program.⁶⁷⁶

USAID views Promote as a "nontraditional program" that must be responsive to the shifting project priorities, utilize pilot activities, and employ a gradual approach to implementation with continual refinement of methodology.⁶⁷⁷

During a meeting in October 2014 with Promote implementers, USAID indicated that there were significant political sensitivities related to the program. Because of these sensitivities, it was critical for the Promote implementers to coordinate any meetings with Afghan government officials or Promote-related events with USAID. At the same meeting, USAID emphasized the need to reflect the importance the U.S. government places on Promote as a key legacy development program in Afghanistan.⁶⁷⁸

The debate over the future of the **Law on Elimination of Violence Against Women (EVAW)** continued into this quarter. In October 2014, the Ministry of Justice-led Criminal Law Reform Working Group (CLRWG) decided to partially incorporate the EVAW into the draft penal code. EVAW criminalizes acts of violence against women including physical abuse, sexual assault, child marriage, forced marriage, domestic violence, and the exchange of women to settle a dispute (a practice known as *baad*). The law imposes long prison terms for many of these crimes.⁶⁷⁹

In a February meeting of the CLRWG, there was disagreement between civil society representatives and the acting Minister of Justice over wisdom of incorporating the criminal provisions of the EVAW law into the

draft penal code. Civil-society representatives recently petitioned Ghani to prevent elements of the EVAW from being incorporated into the draft penal code. According to the civil-society representatives, if elements of the EVAW are integrated into the penal code, the government will ultimately ignore the EVAW. The acting justice minister noted that Afghan justice institutions, including the courts, view the EVAW as a legislative decree of the Afghan president; consequently, they do not implement it properly.⁶⁸⁰

In April, Amnesty International released a report that summarized the views of more than 50 women's rights defenders from 13 provinces.⁶⁸¹ According to the interviewees, women's rights defenders face a pattern of abuse that is matched by the Afghan government's systematic failure to provide an environment that protects them or to bring the perpetrators of abuses to justice. According to the report, the Taliban and other armed opposition groups are responsible for the majority of abuses against women's rights defenders, but government officials and those who are supported by local authorities have also been implicated in committing human-rights abuses against women's rights defenders.⁶⁸² According to experts interviewed by Amnesty International, the current legal framework in Afghanistan offers adequate protection for women's rights defenders, but there is a "systematic failure of the state to implement its own laws."⁶⁸³ According to Ghani, one of the challenges to enforcement of the rule of law, particularly as related to the protection of women, is that "ninety percent of our police are fighting terrorists."⁶⁸⁴

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ECONOMIC AND SOCIAL DEVELOPMENT

As of March 31, 2015, the U.S. government has provided nearly \$31.9 billion to support governance and economic and social development in Afghanistan. Most of these funds were appropriated to USAID's Economic Support Fund (ESF). The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional \$900 million for the ESF, bringing the cumulative total to \$18.6 billion. Of this amount, \$16.3 billion has been obligated and \$13.1 billion has been disbursed. The \$900 million appropriated to the ESF in FY 2015 is an increase from the \$852 million provided in FY 2014, but is a substantial reduction from the high of \$3.3 billion appropriated to the fund for FY 2010.⁶⁸⁵

KEY EVENTS

This quarter saw several developments that could affect Afghanistan's economic and social prospects:

- Secretary of State John Kerry and President Ghani announced a “New Development Partnership”—a five-year plan to promote Afghan self-reliance by using up to \$800 million in U.S. aid to incentivize Afghan solutions to specific development challenges and measure Afghan-led reform and development activities.⁶⁸⁶
- The U.S. Treasury signed an economic-cooperation framework agreement to develop technical assistance and capacity-building programs for Afghanistan's Ministry of Finance (MOF) to strengthen Afghanistan's public financial management systems and oversight of its financial sector.⁶⁸⁷ This is the first formal Treasury assistance program in Afghanistan since August 2013.⁶⁸⁸
- Domestic revenues collected in Afghan fiscal year (FY) 1393 (December 22, 2013–December 21, 2014) ended 35% below MOF budget targets, and 9.9% below actual collections in FY 1392.⁶⁸⁹
- Afghanistan's *Wolesi Jirga* (lower house of parliament) approved the FY 1394 national budget (December 22, 2014–December 21, 2015).⁶⁹⁰ It totals \$7.65 billion, a 1.8% increase over FY 1393.⁶⁹¹
- The International Monetary Fund (IMF) reached a nine-month, staff-level agreement with the Afghan government to monitor the implementation of Afghanistan's macroeconomic policies and structural reform agenda.⁶⁹²

ECONOMIC PROFILE

Afghanistan's real growth in gross domestic product (GDP), excluding opium, has slowed significantly over the last year, from an estimated 3–4% for 2013 to a World Bank-projected 1.5% in 2014 due to increasing political and security uncertainties that year. This has led to a slump in investor and consumer confidence, which is expected to continue through at least the first half of 2015. With foreign direct investment already in decline, continued insecurity, instability, and systemic corruption will further negatively affect private investment and dampen growth.⁶⁹³

Afghanistan's Fiscal Crisis

In December 2014, the Afghan government reported a fiscal crisis,⁶⁹⁴ two months after reporting a \$537 million FY 1393 budget shortfall.⁶⁹⁵ The MOF reported that in FY 1393, total domestic revenues—tax and non-tax revenues, and customs duties—missed targets by \$602 million (-35%), and fell by approximately \$187 million from the same period in FY 1392 (-9.9%).⁶⁹⁶ Domestic revenues paid for only 33% or \$1.7 billion of Afghanistan's total budget expenditures of \$5.2 billion in FY 1393, with donor contributions making up the difference. Afghan government expenditures in FY 1393 increased 9.2%, compared to FY 1392.⁶⁹⁷

The State Department said the Afghan government carried over some arrears from FY 1393 and could face similar budget shortfalls in FY 1394.⁶⁹⁸ Afghanistan has one of the lowest rates of domestic revenue collection in the world, averaging 9% of GDP from 2006 to 2013, compared to an average of around 21% in low-income countries, according to the IMF.⁶⁹⁹

Expenditures are expected to continue rising—to 30.5% of GDP in FY 1395 (2016) versus 27.3% in FY 1393, according to World Bank projections—largely due to increased spending on security, service delivery, essential infrastructure, and operations and maintenance (O&M).⁷⁰⁰ The fiscal gap is large and growing, as depicted in Figure 3.27. Donor assistance narrows this gap, but does not close it.

Lost Customs Revenue

The MOF recorded \$396.7 million in customs duties collected in FY 1393; \$91.3 million less than in FY 1392 and \$255.3 million less than the budget target of \$622 million.⁷⁰¹ USAID said the scope of customs revenue lost to corruption is unknown, with no reliable estimates.⁷⁰² The State Department said the U.S. government has largely lost the ability to monitor and assess Afghanistan's customs-collections processes due to ongoing reductions in U.S. civilian and military personnel. The U.S. Embassy Kabul also has no direct oversight of Afghan customs training facilities or of training and operations at Afghanistan's National Customs Academy.⁷⁰³

Tolo News reported Afghanistan Customs Department (ACD) data could be off by up to \$1 billion⁷⁰⁴—about 4.8% of the country's GDP.⁷⁰⁵ Illustrating

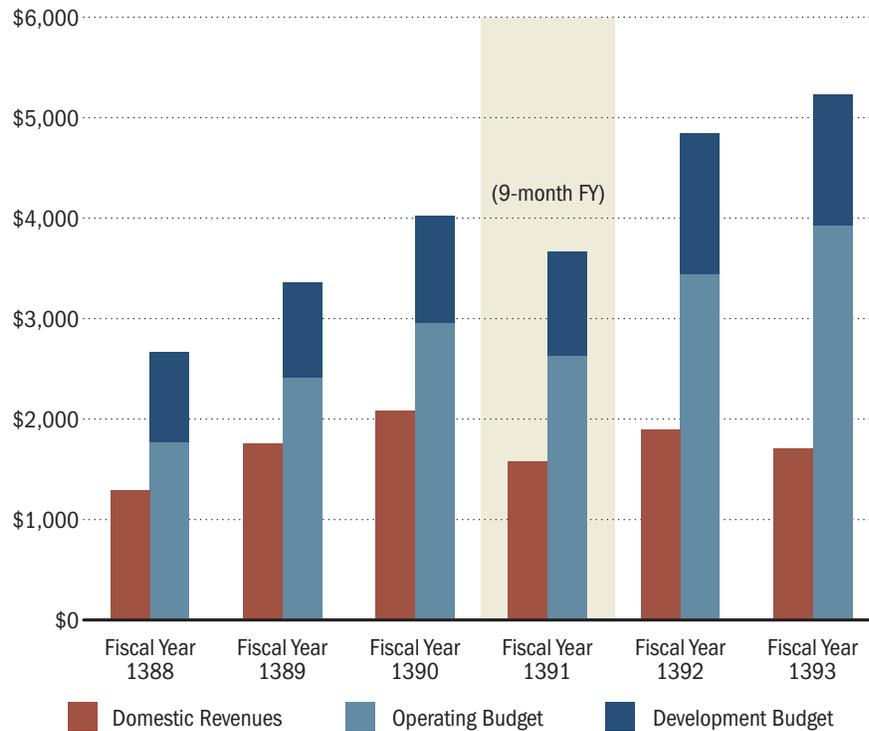
“Corruption is pervasive at the Afghanistan Customs Department (ACD). Although the trading community has a part to play, such corruption could not be successfully perpetrated without collusion (at some level) with ACD officials.”

Source: USAID, *Afghanistan Trade and Revenue Project*, Contract No. AID-OAA-I2-00035, *Annual Report*, Nov. 7, 2013–Nov. 6, 2014, 2/14/2015.

ECONOMIC AND SOCIAL DEVELOPMENT

FIGURE 3.27

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



Conflicting news reports emerged about government revenue collections in the first quarter of FY 1394. In one, MOF officials announced a 4% increase versus the same period in FY 1393. In another, MOF officials said revenue collections missed targets by 7%. As of April 17, 2015, the MOF had not yet released any fiscal bulletins in FY 1394 to confirm either claim.

Source: *Khaama Press*, "Government Financial Income Increased By 4%," 4/1/2015; *ToLo News*, "Ministry of Finance Reports Seven Percent Shortfall in Revenue Collection," 3/24/2015.

Note: Until recently, Afghan fiscal years ran approximately March 20 to March 20 of Gregorian calendar years. FY 1388 corresponds to March 20, 2009, to March 20, 2010, and so on. Nine-month data for fiscal year 1391 reflect a change in the timing of the Afghan fiscal year. Afghan fiscal years now generally run December 22 through December 21.

Source: MOF, "Annual Fiscal Report 1391," accessed 6/20/2013; MOF, "1393 National Budget," accessed 4/14/2014; MOF, "FY 1392 Monthly Fiscal Bulletin, Month 12," 2/14/2014; MOF, "FY 1393 Monthly Fiscal Bulletin, Month 12," 1/26/2015; Da Afghanistan Bank, "Daily Exchange Rates of Selected Currencies to Afghani," 2/14/2014; Da Afghanistan Bank, "Daily Exchange Rates of Selected Currencies to Afghani," 1/10/2015; World Bank, "ARTF Annual Report: December 22, 2013, to December 21, 2014."

the problem of Afghan government agencies' not having accurate trade data, President Ghani told a U.S. audience in March 2015 that Afghanistan's Central Statistics Organization (CSO) reported imports from Pakistan at \$800 million, while Pakistan told Afghan authorities that the value of their exports to Afghanistan was \$2.5 billion.⁷⁰⁶ USAID's Afghanistan Trade and Revenue (ATAR) project supported the implementation of an agreement between the CSO, ACD, and Export Promotion Agency of Afghanistan to reduce discrepancies in trade statistics.⁷⁰⁷

This quarter, the Herat Chamber of Commerce accused the provincial customs office's mobile monitoring units of corruption and smuggling for allowing the illegal importation of products that forced the shutdown of

SIGAR SPECIAL PROJECT

This quarter, SIGAR wrote to DOD, State, and USAID to share concerns raised by many U.S. Embassy Kabul officials during Special Inspector General Sopko's February 2015 trip to Afghanistan about the Afghan government's inability to meet its budgetary obligations due to projected decreases in revenue. U.S. officials noted that a large portion of the revenue decline could be attributed to concerns that approximately half of the customs duties for Afghan FY 1393 were believed to have been stolen. For more information, see Section 2, page 43.

SIGAR SPECIAL PROJECT

This quarter, SIGAR wrote Ambassador McKinley about the decision to disburse \$100 million in response to Afghanistan's FY 1393 budgetary shortfall. The letter asked, among other things, how the State Department determined the funding amount it provided, the consequences to the Afghan government should its remaining budget shortfall not be fully funded, and whether the U.S. verified with the World Bank how the \$100 million was spent. For more information, see Section 2, page 44.

local factories. *Tolo News* reported that Herat's Attorney General's Office said the investigative documents for five smuggling cases disappeared.⁷⁰⁸ In December 2014, President Ghani dismissed the head of Herat's customs department, and ordered investigations into him and the commercial-goods section of his staff.⁷⁰⁹

Donor Funds Alleviate the FY 1393 Fiscal Gap

Despite a State Department report that found Afghanistan made no significant progress toward meeting the minimum requirements of fiscal transparency in 2014, and that Afghan revenue data are unreliable,⁷¹⁰ last quarter the United States provided the Afghan government \$100 million to partially alleviate its reported \$537 million FY 1393 budget shortfall. Of the \$100 million provided, \$75 million was disbursed for Afghan actions already taken: the signing of the Bilateral Security and Status of Forces Agreements, and President Ghani's decision to reopen the Kabul Bank case.⁷¹¹ The remaining \$25 million was disbursed even though the Afghan government provided only a limited response to Ambassador P. Michael McKinley's request for "appropriate documentation showing how the aforementioned \$75 million in assistance is spent."⁷¹²

State informed SIGAR that two of the conditions on the \$25 million that SIGAR had reported in its January 2015 *Quarterly Report to the United States Congress*—parliamentary passage of a realistic budget and formal establishment of an IMF Staff Monitoring Program—were only preliminary.⁷¹³ State said Afghanistan met two final conditions for the release of the money: (1) access for key U.S. Embassy Kabul staff to the Afghanistan Financial Management Information System (AFMIS), the country's government-wide accounting system, and (2) written confirmation that the Afghan government was taking steps towards awarding a new contract for satellite bandwidth for civil aviation.⁷¹⁴

Fiscal Year 1394 Budget Approved

The Wolesi Jirga, Afghanistan's lower house of parliament, approved the FY 1394 national budget (December 22, 2014–December 21, 2015) on January 28, 2015.⁷¹⁵ The \$7.65 billion budget—a 1.8% increase over FY 1393—includes \$4.97 billion for the operating budget and \$2.68 billion for the development budget. Budget expenditures will focus on security (44% of the total budget), infrastructure (16%), education (13%), agriculture (10%), and health (4.2%).⁷¹⁶

The FY 1394 budget projected domestic revenues to reach approximately \$2.2 billion, about 30% more than collected in FY 1393. To accomplish this, the budget document stated that parliament would need to raise tax rates and customs duties, which will require relevant laws to be amended. Additionally, the budget assumed a 9% GDP growth rate in FY 1394 even though growth in FY 1393 was revised down to 1.9%.⁷¹⁷ Afghanistan has

repeatedly missed budget targets and these estimates may be difficult to realize.⁷¹⁸ The World Bank called the previously proposed budget's revenue projections "ambitious" and stressed the importance of credible projections, "backed by adequate measures."⁷¹⁹ The FY 1394 budget cut the discretionary portion of the development budget by 43% compared to FY 1393. State said Afghan officials have repeatedly assured U.S. officials that no new discretionary development spending will be initiated this fiscal year.⁷²⁰ However, even with expenditure restraints and urgent donor financing, the World Bank expected the residual FY 1393 fiscal gap to leave the government in arrears and with depleted cash reserves for FY 1394, requiring even more fiscal help.⁷²¹

Donor grants are expected to finance approximately \$5.3 billion of Afghanistan's \$7.65 billion FY 1394 national budget. Of the donor grants, approximately \$2.8 billion will go toward the operating budget and \$2.5 billion will go toward the development budget.

Source: MOF, *National Budget Document, 1394 Fiscal Year*, 1/28/2015.

International Monetary Fund Staff Monitored Program Approved

On March 20, 2015, the IMF announced it had reached terms on a nine-month Staff Monitored Program (SMP) agreement with the Afghan government. This informal agreement, whose details were still under negotiation at the time of the announcement, allows for IMF staff to monitor the implementation of Afghanistan's macroeconomic policies and structural reform agenda in 2015.⁷²² Treasury said an SMP reflects the IMF's limited confidence in the government's willingness and/or ability to meet its commitments to a formal program.⁷²³ Ambassador McKinley wrote the MOF in December 2014, indicating that an approved SMP would help maintain the U.S. government's ability to disburse future funding.⁷²⁴

The SMP will focus on fiscal policy such as revenue mobilization and repayment of arrears; monetary policy such as preserving low inflation and an exchange rate policy to protect international reserves and competitiveness; financial-sector reform such as dealing with weak banks, enacting a new banking law, and strengthening banking supervision; and better economic governance such as strengthening anticorruption and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) laws.⁷²⁵

Treasury said the ultimate purpose of an SMP is to qualify for a formal IMF program with access to potential financing. SMPs do not entail financial assistance or endorsement by the IMF Executive Board, but provide an opportunity for the IMF staff to work with a country's authorities to see if they are willing and able to keep their commitments to carry out an IMF-prescribed program and establish a positive track record. Treasury views the ability of Afghanistan's economic policies and management capability to pass the IMF's quality test as much more important than any financing it will receive from the IMF. Successful completion of an SMP gives the IMF staff confidence that the national authorities will meet their obligations under a more formal program.⁷²⁶

Given Afghanistan's poor record with the IMF's more formal three-year, \$129 million Extended Credit Facility loan agreement that expired in November 2014, Treasury said the IMF staff believes the Afghan

government must reestablish its credibility before beginning a new formal program.⁷²⁷ Treasury added that the U.S. government and other donors intend to work with the national-unity government, hoping to improve Afghanistan's capability as a strategic partner.⁷²⁸

Trade

During President Ghani and Chief Executive Officer Abdullah's visit to Washington, DC, in March 2015, the Office of the United States Trade Representative and the Afghan government announced their intention to hold a Trade and Investment Framework Agreement council meeting this year to improve cooperation and enhance opportunities for trade and investment.⁷²⁹ The United States imported \$63 million worth of Afghan goods in 2014, while exporting approximately \$782 million in goods to Afghanistan.⁷³⁰

During this visit, President Ghani said his goal was for Afghanistan to become a transit and trade hub for regional economic integration.⁷³¹ In line with this vision, Afghanistan continued its efforts to enhance regional economic and commercial cooperation this quarter. Afghan and Tajik officials met March 10–11, 2015, to review a draft trilateral transit trade agreement with Pakistan; a trilateral working group met in Dushanbe on April 9 to help finalize the details.⁷³² Additionally, Afghanistan was offered duty-free export access to India's market under the South Asia Free Trade Area.⁷³³ Also this quarter, Afghanistan will reportedly join the Transport Corridor Europe Caucasus Asia as part of its efforts to broaden its trade and economic development. Afghanistan was invited to join in 2005, but delayed its ratification for 10 years.⁷³⁴ Finally, a new trilateral transit agreement that will open up Iran's Chabahar port for Afghan and Indian trade is reportedly in the final stages of review.⁷³⁵

Export and Import Data

Trade-related taxes represented 45% of Afghanistan's total tax revenues from 2006 to 2013.⁷³⁶ Although Afghanistan routinely sustains a large trade deficit, donor aid helps the country maintain a current account balance of 4.1% of GDP.⁷³⁷ Without it, the IMF estimates Afghanistan would have a current account deficit equivalent to 41% of its GDP.⁷³⁸

During 2011–2014, Afghanistan exported \$3 billion–3.3 billion worth of goods and services annually, not including illicit narcotics, according to IMF estimates.⁷³⁹ The World Bank said Afghanistan exports only a small number of products and has few trade partners,⁷⁴⁰ making it highly dependent on a few commodities for earnings, and consequently more vulnerable to unstable prices and trade shocks.⁷⁴¹

The IMF projected Afghanistan's 2014 imports at more than \$11 billion of goods and services, with more than \$8 billion paid for by official donor grants. Treasury has projected Afghanistan's real import capacity, without a significant foreign presence driving demand, at less than \$2 billion annually,

excluding illicit narcotics revenues. Treasury said that without high levels of external assistance, import levels will decline, but the extent will depend on the demands of the foreign presence, Afghanistan's import needs once foreign-driven demand declines, and the required level of external assistance necessary to sustain healthy economic activity and growth. Reduced imports will not necessarily affect the economy adversely.⁷⁴²

Afghanistan Trade and Revenue Project

Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursement, as of 3/31/2015
Afghanistan Trade and Revenue	11/7/2013	11/6/2017	\$77,754,267	\$21,775,243

Source: USAID, response to SIGAR data call, 4/9/2015.

USAID's top priority for economic growth this quarter is its Afghanistan Trade and Revenue (ATAR) project, a trade-facilitation program designed to (1) improve trade liberalization policies, including support for Afghanistan's accession to the World Trade Organization (WTO); (2) improve and streamline the government's ability to generate revenue by modernizing Afghanistan's customs institutions and practices; and (3) facilitate bilateral and multilateral regional trade agreements.⁷⁴³

This quarter, ATAR collected preliminary 2014 import, export, and revenue data from the Afghan Customs Department (ACD); the data showed imports rose 2–3%, but revenue collected by the ACD decreased 8.3%. The ACD recorded re-exports of foreign goods in their domestic export valuations, which must be removed and recalculated. ATAR also helped traders secure \$3.6 million in deals at an international carpet exposition in Germany, while also helping traders secure a potential \$12 million in marble, onyx, and lapis lazuli deals at an event in India.⁷⁴⁴ ATAR also sponsored a trademark-awareness workshop for Afghan traders and Ministry of Commerce and Industries staff. It aimed to help create a more cooperative environment between the government and traders in order to discuss and solve trade-related problems.⁷⁴⁵

BANKING AND FINANCE

Less than 10% of the Afghan population uses banks; approximately 90% of financial transactions go through the informal *hawala* system. The State Department reported that there is no clear division between the hawala and formal banking systems—hawaladars keep bank accounts and use wire-transfer services, while banks use hawalas to transmit funds to remote areas in Afghanistan. To date, no Afghan money-service business or hawaladar has ever submitted a suspicious-transaction report to the government, as required under Afghan law, according to Afghanistan's financial intelligence unit.⁷⁴⁶

United States Treasury Assistance Agreement Signed

On March 23, 2015, U.S. Treasury Secretary Jack Lew agreed to develop technical assistance and capacity-building programs for Afghanistan's MOF. Treasury's Office of Technical Assistance will aim to strengthen Afghanistan's public financial management systems (budgets, cash, revenue, pensions, liability and risk, national and sub-national relations), enhance oversight of its financial sector (banking, auditing, capacity, regulations). Treasury will also provide technical assistance to Afghanistan's Financial Intelligence Unit to build core function capacity and raise awareness of its AML/CFT responsibilities.⁷⁴⁷ It intends to do so through intermittent missions to Afghanistan, remote support, and training in a third country.⁷⁴⁸

Money Laundering

The State Department lists Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds, all of which "continue to pose serious threats to the security and development of Afghanistan." Narcotics, corruption, and contract fraud are major sources of the country's illegal revenues and laundered funds. Afghanistan has weak or nonexistent supervisory and enforcement regimes, and weak political will to combat corruption.⁷⁴⁹ Treasury warned that if Afghanistan fails to aggressively enforce anti-money laundering/antiterrorist financing laws, its banking system will become isolated from the rest of the world and be unable to provide key financial services.⁷⁵⁰

SIGAR SPECIAL PROJECT

In 2012, SIGAR issued a Special Project report about U.S. efforts to track and safeguard U.S. cash in Afghanistan, including the implementation of bulk currency counters at Kabul International Airport, and other measures designed to monitor to outflows of currency. SIGAR found that cash counters at the Kabul airport were not being used for their intended purpose and VIPs continue to bypass key controls. For more information, see SIGAR-SP-13-1, *Anti-Corruption Measures: Persistent Problems Exist In Monitoring Bulk Cash Flows At Kabul International Airport*.

Anti-Money Laundering/Countering the Financing of Terrorism Legislative Deficiencies

Afghanistan's central bank reported approximately \$3.7 million in cash left Afghanistan through Kabul International Airport in 2014 and approximately \$83,200 left through the airport in Mazar-e-Sharif. While it is illegal to take more than \$20,000 out of the country, Afghan law does not require citizens to report outbound currency. State reported that cargo is often exempted from any screening or inspection due to corruption at the official border crossings and customs depots; most border areas are under-policed or not policed at all. Moreover, Kabul International Airport lacks stringent inspection controls for all passengers and includes a VIP lane that does not require these passengers to undergo any inspections or controls.⁷⁵¹

Even though Afghanistan has taken steps to improve its AML/CFT regime, its laws are still not in line with international standards, lacking clarity and effectiveness, according to a State Department report. State said that while the government has frozen bank accounts owned by some hawala networks, no bank accounts have been seized, and there is no legal mechanism for asset sharing. The report recommended that Afghanistan continue to work to criminalize money laundering and terrorism financing;

implement a framework for identifying, tracing, confiscating and freezing terrorist and money laundering-related assets; train and resource legal authorities to better understand and carry out their oversight and investigative duties; enhance the financial intelligence unit, Financial Transactions and Reports Analysis Center of Afghanistan; and strengthen controls for cross-border cash transactions.⁷⁵²

The U.S. Department of Justice (DOJ) has three training courses that focus on Afghanistan's AML/CFT laws, and on international asset tracking. The courses were first offered to Afghan representatives in November 2014 and then offered to a broader audience within the attorney general's office in February 2015. In March 2015, the acting attorney general requested that this training be provided to Afghan prosecutors, who the DOJ said appear to have limited knowledge of these laws.⁷⁵³

Financial Action Task Force

The Asia/Pacific Group on Money Laundering (APG), of which Afghanistan is a member, met with Afghan central bank officials in Sydney, Australia, January 12–14, 2015, to discuss Afghanistan's implementation of its Financial Action Task Force (FATF) action plan to: adequately criminalize money laundering and implement procedures for the confiscation of money laundering-related assets; establish and implement an adequate legal framework for identifying, tracing, and freezing terrorist assets; implement an adequate AML/CFT oversight program for all financial sectors; and establish and implement effective controls for cross-border cash transactions. APG is an associate member of FATF. The meeting focused on financial sanctions, supervision of its financial institutions, operation of its financial intelligence unit, and prosecutions of money laundering and terrorist financing. The APG commended Afghanistan's progress.⁷⁵⁴

Separately, Afghanistan also met with some members of FATF on January 14 to discuss its progress. The outcome of the Sydney meetings helped determine the Afghanistan report that FATF considered at its February 2015 plenary.⁷⁵⁵ FATF chose to keep Afghanistan on its Improving AML/CFT Global Compliance document, also known as the "gray list." This means that while Afghanistan has strategic AML/CFT deficiencies, its government has developed an action plan, written a high-level political commitment to address those deficiencies, and is making progress. This is the third consecutive plenary in which Afghanistan has maintained this status since being downgraded to the "dark-gray" list in February 2014.⁷⁵⁶

Treasury said Afghanistan has managed to avoid FATF's "blacklist" by addressing some of the FATF's technical requirements in its action plan. For example, Afghanistan enacted AML and CFT laws, which the FATF determined are largely adequate, even though questions remain on the extraterritorial scope of the law's money-laundering offense. (The FATF requirement for criminalization of money laundering requires

Afghanistan has been subject to FATF's public listing (evaluations) and monitoring process since June 2012.

Source: Treasury, response to SIGAR data call, 3/27/2015.

The U.S. Treasury and the FATF

Treasury leads the U.S. delegation to the FATF and participates closely in all of the working group discussions. Specifically, within the FATF, the International Cooperation Review Group (ICRG)—co-chaired by the United States and Italy—is tasked with leading the process to identify and monitor countries with AML/CFT deficiencies. Afghanistan was one of over 20 countries the ICRG reviewed at the most recent FATF plenary in February 2015. Before each ICRG meeting, Treasury reviews the information provided by the monitored countries, including laws or regulations, other legal instruments, and supporting materials, and then discusses with other agencies in the U.S. delegation what action(s) should be taken at the FATF on the identified countries of concern.

Source: Treasury, response to SIGAR data call, 3/27/2015.

that predicate offense should extend to conduct that occurs abroad.) Afghanistan also issued regulations on the process and legal framework for freezing terrorist assets, but still needs to finalize a procedural document to adequately demonstrate implementation of United Nations (UN) Security Council Resolutions 1267 and 1373 calling for an asset freeze on designated individuals.⁷⁵⁷

Other issues Treasury raised that require redress include the requirement in Afghanistan's draft banking law that prospective bank owners be deemed "fit and proper." The law contains an ambiguous provision for anyone "convicted by an authorized court of an offense for which he was sentenced to imprisonment *unless such sentence was motivated by his religious or political views or activities*" (emphasis added). Afghanistan also needs to put in a regulatory framework to implement a cross-border system to detect transportation of currency related to money laundering and terrorist financing. Afghanistan's financial-intelligence unit has been working with Afghanistan's customs department to further develop the reporting mechanism. Treasury added that Afghanistan will remain under FATF review (on the gray list) until those remaining actions are adequately addressed and the FATF conducts an onsite review to evaluate that implementation of its reforms have begun.⁷⁵⁸

Kabul Bank Theft Accountability

In one his first official actions upon being sworn into office in October 2014, President Ghani directed Afghan government officials to immediately reopen the Kabul Bank case, recover stolen funds, and hold accountable those involved in the theft of \$982.6 million.⁷⁵⁹ However, this quarter, a "pardon committee" that was established as a byproduct of a decree by former President Karzai attempted to reduce the prison sentences of ex-Kabul Bank chairman Sher Khan Farnood and ex-CEO Khalilullah Ferozi.⁷⁶⁰ In a meeting with DOJ this quarter, Afghanistan's acting attorney general indicated that he had stopped the pardon as soon as he learned of it and that the pardon was no longer in effect. The attorney general told DOJ that neither offender would receive reduced prison sentences, that he fired the head of the pardon committee, and that an investigation had been initiated into members of the pardon committee to determine whether they acted under a legitimate misunderstanding of the presidential order or had been paid off. The investigation remains open and no charges have yet been filed.⁷⁶¹

On March 3, 2015, the attorney general's office announced the arrest of Sofi Nesar Ahmad, the former deputy head of Afghanistan's central bank and owner of 1.7% of Kabul Bank's stock. Sofi, who had fled Afghanistan after being convicted and sentenced to a year in jail for his role in the theft of funds and near-collapse of Kabul Bank, appeared at the attorney general's office this quarter to discuss the proceedings against him. Beyond this individual case, the attorney general told DOJ that all known debtor accounts

and assets identified by the Kabul Bank Receivership—which attempts to recover and tender bad loans and other assets—had been frozen or seized.⁷⁶² For additional information on anticorruption activities and Kabul Bank, see page 151 in the Governance section of this report.

Cash and Asset Recoveries

In February 2015, the Kabul Bank Receivership informed DOJ that they collected an additional \$40 million, but did not specify where the money came from or over what time period it was collected. Total recoveries—cash paid back, forgiven debts, and assets recovered or seized—reportedly stand at \$227.9 million, as of December 2014.⁷⁶³ This is \$52.7 million more than the \$175.2 million the Independent Joint Anti-Corruption Monitoring and Evaluation Committee reported, as of April 2014.⁷⁶⁴ President Ghani was reportedly told in a March 31, 2015, meeting with Kabul Bank investigators that since the court’s November 2014 verdict, six debtors agreed to repay their debts, totaling \$72 million. DOJ said it cannot confirm these figures without an independent audit, and the Receivership declined to be more specific.⁷⁶⁵

The Receivership said it needs additional political support to identify more properties and assets, and international assistance in seizing or freezing those assets. The Receivership said its primary challenge in recovering cash and assets is inadequate pressure the borrowers feel to pay back their debts. According to DOJ, this is likely due to so many of them having significant political ties or allies, as well as unfilled Cabinet positions with officials serving in a “acting” capacity who lack influence, will, or authority to exert the necessary pressure. The Receivership believes that once the palace-brokered repayment agreements and settlement terms are finalized, borrowers will begin to repay their loans.⁷⁶⁶

Central Bank Branch Theft

The Spin Boldak branch of Afghanistan’s central bank in Kandahar was robbed this quarter. A manager and two employees allegedly stole between \$872,000 and \$1.4 million before fleeing to Pakistan, according to news reports; central bank officials have not confirmed that information.⁷⁶⁷ *Tolo News* reported that five bank branch officials who allegedly assisted the theft were arrested.⁷⁶⁸

U.S. ECONOMIC-SUPPORT STRATEGIES

On March 23, 2015, Secretary of State John Kerry and President Ghani announced an \$800 million “New Development Partnership,” (NDP) a plan to promote Afghan self-reliance over five years to incentivize Afghan solutions to specific development challenges and measure Afghan-led reform and development activities. It aims to “strengthen Afghan institutions,

Before its near-collapse in 2010, the Kabul Bank had been Afghanistan’s largest private bank, distributing most civil servants’ salaries on behalf of the Afghan government. Over 92% of \$935 million that was known at that time to have been stolen from the bank went to 19 individuals and companies associated with the bank. Afghanistan’s central bank, DAB, covered these losses, equivalent to 5–6% of Afghanistan’s GDP at that time.

Source: Independent Joint Anti-Corruption Monitoring and Evaluation Committee, *Report of the Public Inquiry Into the Kabul Bank Crisis*, 11/15/2012, pp. 2, 9.

sustainability, and fiscal transparency, and give the new unity government more opportunity to lead its own development trajectory.⁷⁶⁹ This money will come from previously budgeted or requested funds.⁷⁷⁰

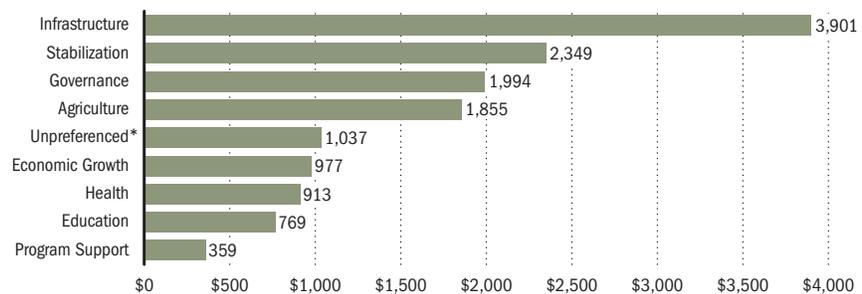
The State Department said this partnership will use U.S. aid to significantly expand and enhance the strategic effects of the existing U.S. bilateral incentive program under the Tokyo Mutual Accountability Framework, which has focused on short-term policy actions. Incentives must still be negotiated with the Afghan government. USAID will oversee NDP funding, which will be disbursed through the ARTF “only after agreed reforms or development results have been accomplished, as measured by clear and objective indicators of achievement.”⁷⁷¹

USAID Development Assistance

Most assistance from the Economic Support Fund (ESF) goes toward USAID’s development programs. Figure 3.28 shows USAID assistance by sector.

FIGURE 3.28

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF MARCH 31, 2015
(\$ MILLIONS)



Note: Numbers rounded. Agriculture programs include Alternative Development. Infrastructure programs include Power and Roads. *Unpreferred funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.

Source: SIGAR analysis of USAID response to SIGAR data call, 4/9/2015; SIGAR analysis of World Bank, “ARTF, Administrator’s Report on Financial Status, as of March 20, 2015,” accessed 4/16/2015.

Development Of Natural Resources

The newly appointed Minister of Mines and Petroleum, Dr. Daud Saba, announced this quarter that the majority of mining contracts would be reassessed due to a lack of transparency in the award process.⁷⁷² It is unclear how this may affect already negotiated, but still-unsigned contracts, which could cause further investor uncertainty. For a list of contracts awaiting final Cabinet approval, see page 161 in the January 2015 *Quarterly Report to the United States Congress*.

The World Bank believes development of Afghanistan’s natural resources can underpin future economic growth in the face of declining external aid,

although mining has so far contributed only a small share of the country's GDP.⁷⁷³ But it is uncertain when revenues generated from this sector may be realized because of a lack of infrastructure financing as well as weak Afghan progress on regulatory and legislative frameworks.⁷⁷⁴ Although the Afghan budget projected annual mining revenues of \$13 million, in FY 1393 (2014), actual receipts were only about \$7 million in royalties and fees.⁷⁷⁵ The FY 1394 budget forecasts government expectations of \$35 million in mining revenues, although there have been no developments to suggest revenues are likely to increase this year over last.⁷⁷⁶

Impediments to Investment

Afghanistan's lack of security overshadows all other constraints on investment, according to the World Bank.⁷⁷⁷ USAID said mining regions are remote and often located in insecure areas that may be littered with land mines and unexploded ordnance. Corruption, an uneducated workforce, lack of labor safety practices, and crude extraction methods are also inhibiting factors.⁷⁷⁸ USAID cited other issues that create investor uncertainty: regulations to support implementation of the new mining law passed in November 2014 are still being developed; amendments to the law remain unsigned by President Ghani, as do several mineral tenders; and a combination of corporate income taxes, export and import duties, production royalties, and other charges that constitute an uncompetitive levy of about 80% on mineral production.⁷⁷⁹

Illegal Mining

The use of violence by the Taliban and other insurgent groups to generate revenue by illegally extracting or obtaining Afghanistan's natural resources denies the Afghan people their share of revenue from those stolen resources. The UN reported in February 2015 that "Taliban penetration of the natural resources sector is deep and extortion in that sector is fairly pervasive." In one case, a government-licensed mining operation ceased operations after being threatened with violence simultaneously by the Taliban, the Haqqani Network, and Hizb-I-Islami (led by Golbuddin Hekmatyar) unless the company paid them and not the government. The Taliban are involved in illegal mining in three ways: extraction (they control at least 35 active onyx marble operations), extortion (threatening or committing violence if not paid off), and as service providers (security, transport, and smuggling).⁷⁸⁰

Mining Investment and Development for Afghan Sustainability

This quarter, USAID's five-year, \$50 million Mining Investment and Development for Afghan Sustainability (MIDAS) program continued its technical assistance to the Ministry of Mines and Petroleum (MOMP) in tender

SIGAR AUDIT

In an audit published this quarter, SIGAR examined the extent to which the Task Force for Business and Stability Operations (TFBSO) and USAID programs met their goals and addressed challenges to develop Afghanistan's extractives industry. The audit found the U.S. government did not have a unified strategy to develop the extractives industry, and the U.S. Embassy Kabul did little to coordinate interagency activities. It also found deficient capacity at the MOMP to manage the contracting process without external support, and a lack of planning to sustain TFBSO extractive initiatives. It also determined that USAID's MIDAS program identifies areas in need of assistance, articulates a strategy for mineral sector development, and lays out a clear set of criteria for selecting potential areas of investment by USAID. The results found in this audit will be the focus of a subsequent report. For more information, see Section 2, page 25.



Google Earth training at the Afghan Geological Survey. (USAID MIDAS photo)

processes, contract negotiations, and contract management. MIDAS is also guiding the MOMP and parliament on adopting investor and environmentally-friendly laws and regulations, in line with international best practices.⁷⁸¹

MIDAS has been also assisting MOMP and Afghan Geological Survey staff with mineral exploration and drilling, and enhancing their abilities to produce technical reports and 3-dimensional ore deposit models, as well as to deliver tender-ready mineral projects to the MOMP. MIDAS moved \$10 million this quarter from on-budget funding to an off-budget contract for core sample drilling services on three, high-value mineral sites—tantalum in Salang Valley, molybdenum in Saighan, and granite in Bamiyan.⁷⁸² This quarter, MIDAS advisors also completed the English translation of the new minerals law, while supporting MOMP efforts to draft technical and financial regulations to implement the new law, including: minerals ownership, tenders, licenses, royalties, fees, and penalties.⁷⁸³

USAID is waiting for a permanent MOMP procurement director, certification that the procurement directorate is capable of performing high-dollar-value contracting activities, and an updated third-party assessment of the MOMP's internal controls and financial management issues. The most recent audit that USAID is relying on is from 2011. Until the new assessment is complete (scheduled for May 2015), USAID will identify additional conditions precedent before it administers on-budget funding.⁷⁸⁴ MIDAS and USAID's other extractives assistance programs are listed in Table 3.26.

Hydrocarbons

Afghanistan's efforts to develop its oil and gas reserves focus on the Amu Darya Basin and Afghan-Tajik Basin, both in northern Afghanistan.⁷⁸⁵ Afghanistan has only small-scale topping plants—early-stage refineries that can process only limited petroleum components of crude oil—and remains heavily dependent on imports for fuels.⁷⁸⁶ The country imports 10,000 tons of oil products a day from Turkmenistan, Uzbekistan, Russia, Pakistan, and Iran.⁷⁸⁷

Sheberghan Programs

Sheberghan holds the potential for cheap natural gas-generated power that could be competitive with imported power from Uzbekistan, according to the World Bank.⁷⁸⁸ USAID is supporting the Sheberghan project to help Afghanistan identify and manage gas resources to be used for power generation through two mechanisms: (1) the \$90 million, on-budget Sheberghan Gas Development Project (SGDP) to rehabilitate and drill wells in the Amu Darya Basin, and fund a gas-gathering system and gas-processing plant; and (2) the \$35 million, off-budget Sheberghan Gas Generation Activity (SGGA) for capacity building and technical assistance to the MOMP.⁷⁸⁹

Last quarter, SIGAR reported the drilling contractor for SGDP, Turkish Petroleum Corporation, informed the MOMP it is behind schedule and

TABLE 3.26

USAID EXTRACTIVES ASSISTANCE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Sheberghan Gas Generation Activity	12/21/2011	7/31/2016	\$30,440,958	\$19,400,618
Sheberghan Gas Development Project	5/15/2012	4/30/2015	90,000,000	0
Mining Investment and Development for Afghan Sustainability	3/31/2013	3/20/2016	50,096,175	15,818,556

Source: USAID, response to SIGAR data call, 4/9/2015.

will not begin drilling until May 2015—taking almost twice as long as the contract stipulated.⁷⁹⁰ This quarter, USAID said it agreed to an August 2015 completion date with no more extensions to be granted. No disbursements have been made yet for this on-budget portion of the program because the contractor is still mobilizing and shipping equipment into the country. The off-budget capacity-building portion continued, but faced challenges this quarter. A new MOMP minister was hiring new staff, including a new gas sector development committee, which USAID hopes will be more effective than the previous one.⁷⁹¹

AGRICULTURE

Agriculture continues to be the main source of employment and subsistence for the Afghan population, accounting for 31% of GDP, according to the World Bank, and employing about 59% of the labor force.⁷⁹² Between FY 2002 and FY 2013, USAID obligated approximately \$1.25 billion to improve agricultural production and increase access to markets, and \$1.38 billion to develop income alternatives to growing poppy.⁷⁹³ Pages 118–125 of this quarterly report discuss USAID’s alternative-development programs.

USAID reported that it is extending the Commercial Horticulture and Agricultural Marketing Program (CHAMP) and Agricultural Credit Enhancement (ACE), as well as taking over two U.S. Department of Agriculture efforts—the Afghan Agricultural Extension Program (AAEP) and the Capacity Building and Change Management Program (CBCMP), which aim to build capacity at the Ministry of Agriculture, Irrigation, and Livestock (MAIL).⁷⁹⁴ A list of all active USAID agriculture programs are found in Table 3.27 on the next page.

USAID said its Office of Acquisition and Assistance (OAA) revised its contracting officer’s representative (COR) designation letters, emphasizing the need for CORs to play a central role in the multi-tier monitoring approach, ensuring that U.S. government personnel verify activities at all times, and helping ensure oversight effectiveness. OAA also started issuing letters to activity managers this quarter to strengthen U.S. government

TABLE 3.27

USAID ACTIVE AGRICULTURE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Afghanistan Agriculture Extension Project II (AAEP-II)	10/1/2014	9/30/2017	\$19,814,702	\$1,147,103
Agriculture Credit Enhancement (ACE)*	7/15/2010	2/25/2015	75,175,296	72,346,632
Capacity Building and Change Management Program II	7/10/2014	7/9/2017	19,999,989	3,961,994
Digital Integration to Amplify Agriculture Extension in Afghanistan (DIAAEA)	11/30/2014	11/29/2015	391,000	0
Famine Early Warning System Network (FEWSNET) Phase III	12/29/2011	12/28/2016	78,011,630	2,420,553
Incentives Driving Economic Alternatives-North, East, and West (IDEA-NEW)	3/2/2009	9/30/2015	159,878,589	150,702,887
Strengthening Afghan Agricultural Faculties (SAAF)	3/25/2011	12/31/2016	7,824,209	6,236,596
Regional Agricultural Development Program (RADP)-South	10/7/2013	10/6/2018	125,075,172	22,279,151
Regional Agricultural Development Program (RADP)-North	5/21/2014	5/20/2019	78,429,714	4,177,911
Regional Agricultural Development Program (RADP)-West	8/10/2014	8/9/2019	69,973,376	3,532,601
[Project Name Not Specified]	9/12/2013	9/30/2018	4,950,692	0
[Project Name Not Specified]	10/1/2013	9/30/2018	26,606,514	0
[Project Name Not Specified]	12/16/2014	12/31/2016	5,000,000	5,000,000

Note: *ACE expired 2/25/2015.

Source: USAID, response to SIGAR data call, 4/9/2015.

oversight efforts. In addition, USAID uses third-party monitoring whereby the CORs and agreement officer's representatives of projects can sign up for services such as field-based monitoring, evaluation, management information and reporting, and web content development, among others.⁷⁹⁵

Agricultural Credit Enhancement

The 55-month, \$75 million ACE that expired in February 2015 supported Afghanistan's Agriculture Development Fund (ADF), which provided credit across the agricultural value chain through banks, farm stores, leasing companies, and food processors. Much of this credit was then extended to farmers. ACE was the technical-assistance component that manages all ADF lending activities and helps build MAIL capacity.⁷⁹⁶

More than 234 loans valued at \$106 million were extended to over 31,000 farm households and agribusinesses in 33 of Afghanistan's 34 provinces with about \$60 million disbursed. ACE reportedly met 16 of its 19 performance targets and transferred to MAIL, a fully operational financial institution with a growing portfolio, but it also faced an unwillingness of Afghan banking institutions to act as intermediaries for ADF funds, delays in USAID vetting, and the unavailability of functional Development Credit Authority facilities. ADF's four-year portfolio cumulative default rate was 4.5%.⁷⁹⁷

Capacity Building and Change Management Program II

USAID's three-year, \$20 million CBCMP-II, which began in July 2014, works to build managerial and institutional capacity at the MAIL's central, provincial, and district offices. The program aims to create more efficient, better-run government support to Afghanistan's agricultural sector, especially from the district offices, which work directly with local farmers and herders. CBCMP will focus on the finance and accounting, monitoring and evaluation, and procurement and contracts directorates at central MAIL. CBCMP will also help the district offices prioritize, plan, budget, and secure resources to give farmers access to modern agricultural technology, and help provide useful agricultural and financial reporting to the central government and MAIL. USAID will also help MAIL shift its capacity-building efforts to the World Bank-funded Capacity Building for Results (CBR) Program.⁷⁹⁸ As of March 12, 2015, CBCMP-II has recruited 66 of 81 Change Management Specialists and has received used information technology equipment from USAID programs that are closing out.⁷⁹⁹

ESSENTIAL SERVICES AND DEVELOPMENT

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

Power Supply

Afghanistan has one of the lowest rates of electrification in the world, with only 25% of Afghans connected to the power grid—about the same proportion as those who live in cities.⁸⁰⁰ Afghanistan imports approximately 73% of its total electricity. Electricity imports are expected to rise in the near term, according to a recent World Bank report, which also noted that limited access to electricity is one of Afghanistan's biggest constraints to private-sector development.⁸⁰¹

New U.S.-Afghan Joint Regional Energy Working Group

On March 23, 2015, Secretary of State John Kerry announced establishment of a U.S.-Afghan Joint Regional Energy Working Group charged with exploring ways to support Afghanistan's integration into regional energy markets. State, USAID, Treasury, and other relevant U.S. agencies will participate in this effort. President Ghani envisions this initiative will help turn Afghanistan into a hub where energy generated from Central Asia, and also increasingly from Afghanistan, will flow into South Asia.⁸⁰²

USAID hosted a U.S. government-Internal [interagency] Regional Energy Symposium, March 31–April 1, 2015, in Dubai. The symposium's two

Current regional energy initiatives involving Afghanistan include the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan transmission line that will enable power to be dispatched from Turkmenistan to Pakistan; the CASA-1000 transmission line project that will move electricity between Kyrgyzstan and Tajikistan, and from Tajikistan to Afghanistan and Pakistan; and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline, which will transport natural gas from Turkmenistan to these other countries.

Source: ADB, 44463-013: Turkmenistan-Afghanistan-Pakistan-India Natural Gas Pipeline Phase 3, accessed 4/8/2015; CASA-1000, <http://www.casa-1000.org/MainPages/CASAAbout.php>; USAID, response to SIGAR vetting, 4/12/2015.

objectives were to: (1) improve the understanding of the current Silk Road regional energy situation, the U.S. government's current energy investments across the region, U.S. diplomatic efforts, and other key initiatives; and (2) gain consensus on where the U.S. government should invest declining funds for the most effective results and whether a strategic shift is needed.⁸⁰³

From 2002 through 2014, USAID alone obligated more than \$2.7 billion to build generators, substations, and transmission lines, and provide technical assistance in the sector.⁸⁰⁴ In addition, the Department of Defense (DOD) has provided approximately \$292 million for electricity projects through the Commander's Emergency Response Program and roughly \$1.1 billion through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.⁸⁰⁵ For more information about the status of AIF programs, see pages 165–166 in the January 2015 *Quarterly Report to the United States Congress*.

Afghanistan's two primary power systems are the **Northeast Power System (NEPS)** and the **Southeast Power System (SEPS)**. USAID has three projects to connect and increase the electricity supply in both systems: (1) the Power Transmission Expansion and Connectivity (PTEC) project to construct a transmission line connecting Kabul with Kandahar and build the capacity of Afghanistan's national electric utility, Da Afghanistan Breshna Sherkat (DABS), to sustain energy infrastructure investments; (2) the Sheberghan Gas Development Project (SGDP) to attract private investment to develop gas resources in Sheberghan and build power plants; and (3) the Kandahar-Helmand Power Project (KHPP), which includes installing a third turbine at Kajaki Dam and improving the transmission system connecting Kajaki with Kandahar.⁸⁰⁶ All of USAID's active power infrastructure projects are listed in Table 3.28.

Kandahar-Helmand Power Project

The KHPP is intended to increase power supply and reliability in Kandahar and Helmand Provinces.⁸⁰⁷ All components of this project are closed out, except for a USAID technical-support services contract with Black and Veatch to assist DABS with its efforts to increase long-term sustainable hydropower from Kajaki Dam by installing a third turbine in the powerhouse.⁸⁰⁸

This quarter USAID said that the December 31, 2015, turbine-installation completion date must be extended. Transportation of equipment and materials during ongoing military operations has not met the contract schedule; DABS's staffing levels are inadequate to meet management demands for the installation phase; and GFA Consulting Ltd., the construction management consultant to DABS, has shown weak project management. Yet DABS extended GFA's contract by 15 months until February 29, 2016, and increased the contract's budget by \$21 million to \$36 million. Payments to contractors have not been timely, and DABS faces challenges developing

NEPS: imports electricity from the Central Asian Republics to provide power to Kabul and the communities north of Kabul.

SEPS: draws most of its power from the Kajaki Dam and from diesel generators in Kandahar City to provide power in the Helmand and Kandahar areas.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 11/2013, accessed 12/29/2013.

the capacity to manage large-scale technical contracts. USAID affirmed the need for its continued support for capacity building.⁸⁰⁹

DOD has disbursed \$136 million for diesel fuel since FY 2011 to run generators in Kandahar City through the Kandahar Bridging Solution while turbine-installation work at Kajaki Dam is under way. Fuel subsidies (\$20 million obligated in FY 2014 funds alone) are scheduled to expire in September 2015.⁸¹⁰ USAID said DABS is considering raising tariff rates to pay for diesel after DOD subsidies end, and relayed that to the Kandahar governor and community last year, but has faced difficulties convincing them.⁸¹¹

Power Transmission Expansion and Connectivity Program

The U.S.-funded PTEC program was designed to strengthen and expand the power-generation, transmission, and distribution systems, including funding the transmission line between Kabul and Kandahar to connect NEPS with SEPS.⁸¹² PTEC's commercialization and capacity-building components aim to reduce technical and commercial losses.⁸¹³ Construction has started on the transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector. To date, \$17 million have been disbursed through DABS/MOF to PTEC contractors for this effort.⁸¹⁴

In support of the second segment, Ghazni to Kandahar, \$179.5 million was transferred from AIF to USAID.⁸¹⁵ In addition, \$300 million was deobligated from the Asian Development Bank (ADB)-administered Afghanistan Infrastructure Trust Fund and returned to PTEC because USAID felt ADB was not giving the project the priority to which it originally agreed.⁸¹⁶ Instead, USAID provided a direct-assistance award to DABS, which could shorten construction time for the NEPS-SEPS transmission line by one year. USAID completed the design work for this segment of the transmission line

SIGAR AUDIT

An ongoing SIGAR audit focuses on State Department progress in completing FY 2011 Afghanistan Infrastructure Fund projects, the impact on other infrastructure priorities and counterinsurgency objectives, and sustainment challenges.

SIGAR SPECIAL PROJECT

This quarter SIGAR issued a letter of inquiry to State, DOD, USFOR-A, and USAID about the status of the U.S. government's efforts to develop a reliable and sustainable source of electric power for Kandahar City after September 2015. For more information, see Section 2, page 45.

TABLE 3.28

USAID ACTIVE POWER INFRASTRUCTURE PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Kandahar-Helmand Power Project	12/9/2010	11/30/2015	\$226,669,100	\$224,010,474
Power Transmission Expansion and Connectivity	1/1/2013	12/31/2016	670,000,000	28,049,353
Contributions to the Afghanistan Infrastructure Trust Fund	3/7/2013	3/6/2018	285,170,184	105,000,000
Kajaki Dam Unit 2	4/22/2013	12/31/2015	75,000,000	18,424,853
Public Awareness Campaign to Increase Afghans' Knowledge of Energy Development Programs	2/1/2014	1/31/2016	1,789,224	929,863
Utility Executive Exchange	9/30/2007	9/30/2017	698,555	698,555
Afghan Engineering Support Program	11/9/2009	11/8/2015	72,000,000	62,706,294
PEER Grants	7/25/2011	7/24/2016	133,492,138	5,440,647

Note: The Sheberghan Gas Generation Activity (SGGA), Sheberghan Gas Development Project (SGDP), and Mining Investment and Development for Afghan Sustainability (MIDAS) programs, which are categorized under the power sector in USAID's funding pipeline report, are listed in the extractives sector programs subsection on pages 170–173.

Source: USAID, response to SIGAR data call, 4/9/2015.

and five substations, including preparation of bid documents, and assisted on the tender announced February 9, 2015.⁸¹⁷

Whether a resulting PTEC contract will be approved by Afghanistan's National Procurement Commission (NPC) is uncertain, USAID cautioned. The NPC, established by Presidential Decree #60 on February 20, 2015, replaced the Special Procurement Commission, through which all previous on-budget contracts went for Afghan government approval. As a result, USAID said program delays are possible.⁸¹⁸ For additional information about the NPC, see page 136 in the Governance section of this report.

To help bridge the gap between Kandahar's electricity generation capacity and demand until the NEPS-SEPS transmission line is completed, USAID said PTEC is funding a reverse auction whereby independent power producers will compete to construct and sell power to DABS from a solar power plant. This plant, expected to be operational by mid-2016, may be large enough to produce 10 megawatt output.⁸¹⁹

TRANSPORTATION

Afghanistan's lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said building the transportation sector is imperative for national economic development.⁸²⁰ Afghanistan's transportation infrastructure shortcomings constrain the service and agriculture sectors, currently the leading contributors to GDP.⁸²¹ They also hold back the mining industry, whose future revenues the Afghan government and international donor community are counting on to offset declining aid.⁸²² This quarter, the United States continued its efforts to assist Afghanistan in developing the capacity of the Ministry of Transportation, and sustaining operations and maintenance.⁸²³

Roads

While the United States has provided \$2.36 billion cumulatively for road construction and O&M, and will spend about \$5 million this year for O&M,⁸²⁴ the World Bank has said 85% of Afghan roads are in poor shape and a majority cannot be used by motor vehicles.⁸²⁵ Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to USAID.⁸²⁶ USAID's active road construction and O&M programs are listed in Table 3.29.

Road Sector Sustainability Project

USAID's Road Sector Sustainability Project (RSSP) helps the Ministry of Public Works strengthen its capacity to better fund and maintain Afghanistan's roadway infrastructure. It has four main activities:⁸²⁷

- **Activity 1:** Emergency O&M, which costs \$5 million over 12 months. So far, \$8,000 was spent on clearing mudslides.

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.29

USAID ACTIVE ROAD CONSTRUCTION, OPERATIONS AND MAINTENANCE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Technical Assistance to the Ministry of Public Works	8/3/2014	8/2/2017	\$21,366,222	\$2,339,998
Gardez to Khowst Road, Phase IV	6/26/2014	12/31/2016	31,963,736	14,554,611
Salang Tunnel Maintenance	4/1/2013	3/30/2016	3,533,950	1,469,001
Engineering, Quality Assurance, and Logistical Support (EQUALS)	4/18/2011	4/17/2016	126,307,645	102,069,140
Support for USAID's Construction of Health and Education Facilities Program	1/19/2008	7/31/2015	57,160,749	56,355,660

Note: Technical Assistance to the Ministry of Public Works is part of USAID's Road Sector Sustainability Project.

Source: USAID, response to SIGAR data calls, 3/26/2015 and 4/9/2015.

- **Activity 2:** Technical assistance to the Ministry of Public Works for creation of a road authority and road fund, which costs \$21.4 million for phase I; \$14 million for phase II. A three-year contract for phase I began in August 2014. Afghan agencies created in phase I will need parliamentary approval before phase II (buildings, equipment, training) begins.
- **Activity 3:** Capacity building for the Ministry of Public Works, which will cost \$38 million. The statement of work is being developed based on a needs assessment that is under way. Parliamentary approval for Activity 2, phase I is needed before Activity 3 begins.
- **Activity 4:** Transitional Incentives Funds for Road O&M, which will cost \$33 million. USAID funding will go on-budget through the Asian Development Bank (ADB)-administered Afghanistan Infrastructure Trust Fund (AITF) once the ADB develops an O&M incentive window.

Gardez-Khowst Road Rehabilitation Phase IV

The four-phase, \$233 million, 63-mile asphalt-paved highway project gives Khowst and Paktiya Provinces access to major trading routes to Pakistan, to Kabul, and to the Ring Road connecting Kabul, Kandahar, and Herat.⁸²⁸ It includes bridges, causeways, drainage structures, excavation, “river training” structures to control flow and sedimentation, and asphalt pavement. Three of the four phases are complete with 55 miles of road paved so far. The remaining road and bridge construction will commence soon (another bridge in Phase IV is already under way).⁸²⁹

ECONOMIC GROWTH

As of March 31, 2015, USAID disbursed approximately \$977 million for economic growth programs in Afghanistan.⁸³⁰

Afghanistan Workforce Development Program

USAID's four-year, \$62.6 million, Afghanistan Workforce Development Program (AWDP) aims to offer access for 25,000 Afghan men (75% target) and women (25% target) to labor-market-driven vocational education and training, business-development support, business-management training programs, financial credit, and job-placement services. AWDP is trying to mitigate high unemployment and the scarcity of technically skilled Afghan labor and trained Afghan business managers. The goal of the program is to facilitate job creation, develop a skilled and semi-skilled workforce, increase self-employment, and promote economic recovery in Afghanistan.⁸³¹

The AWDP is also supporting efforts to build the capacity of technical/vocational educators and trainers. AWDP seeks to improve the quality of these training programs through public-private partnerships, and make them more accessible. As of December 31, 2014, USAID reported more than 11,000 Afghans were trained and 6,700 were either placed in jobs or promoted in mid-career/semi-professional jobs. It is unknown if the program's targets of almost 21,000 trained and 17,500 placed or promoted was reached by its April 2015 deadline. Afghanistan's slowdown in economic activity will hurt the program. However, so far the program has exceeded its target of having women be 25% of those being trained, placed (31%) and promoted (34%).⁸³² The AWDP disbursed approximately \$18.3 million, as of March 31, 2015.⁸³³

SIGAR AUDIT

An ongoing SIGAR audit focuses on the U.S. efforts to improve access to and the quality of Afghanistan's primary and secondary education systems.

EDUCATION

The United States aims to improve Afghan access to quality education by promoting capacity building; responding to urgent needs for learning materials, schools, and teacher development; and increasing opportunities in adult literacy, employment skills, and youth development.⁸³⁴ As of March 31, 2015, USAID disbursed more than \$768 million for education programs in Afghanistan.⁸³⁵

According to the most complete data available from the Ministry of Education's (MOE) Education Information System (EMIS), Afghanistan had a total of 14,226 general education (government) schools in 1393 (2014), with 8.35 million students enrolled.⁸³⁶ Of the 8.12 million students enrolled in 1392—the most complete data available that breaks out the types of attendance—6.6 million were categorized as present, while 1.55 million students were considered absent.⁸³⁷ EMIS neither tracks open and closed schools at any given time, nor teacher and student attendance. Figures are not independently verified.⁸³⁸

USAID's priority education programs funded through the ESF this quarter remain:⁸³⁹

- **Basic Education, Literacy and Technical-Vocational Education and Training (BELT):** aims to improve access to basic education in

TABLE 3.30

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Global Partnership for Education	10/11/2012	3/31/2015	\$3,108,580	\$1,009,674
American University of Afghanistan, Professional Development Institute	8/1/2013	7/31/2018	40,000,000	12,075,066
Afghanistan Technical Vocational Institute	6/15/2013	6/14/2015	1,000,000	700,000
Strengthening Education in Afghanistan	5/19/2014	5/18/2019	29,835,920	2,076,818
Afghan Tuition Scholarship Program	8/21/2011	7/31/2017	7,384,665	6,398,771
Assessment of Learning Outcomes and Social Effects in Community-Based Education	1/1/2014	12/31/2017	7,262,016	699,801
Afghanistan University Support and Workforce Development Program	1/1/2014	12/31/2018	91,927,769	11,224,116
Increasing Access to Basic Education and Gender Equality	9/17/2014	9/16/2019	54,027,000	54,027,000
BELT-Community Based Education	10/29/2013	10/28/2017	56,000,000	0

Source: USAID, response to SIGAR data call, 4/9/2015.

communities that are typically beyond the government's reach. This quarter USAID issued a request for proposals for a national reading assessment of 2nd and 4th grade students.

- **BELT Community Based Education (CBE):** provides access to basic education in 10 provinces.
- **American University of Afghanistan (AUAF):** USAID signed an agreement to fund eight undergraduate and five graduate students.
- **Afghanistan University Support and Workforce Development Program (USWDP):** helps create and tailor higher education curricula based on market needs.
- **Education Quality Improvement Project (EQUIP):** focuses on teacher training. More than 84,000 teachers have been trained with U.S. government assistance.

A full list of USAID's active education programs can be found in Table 3.30.

University Support and Workforce Development Program

The five-year, \$92 million USWDP aims to improve the management capacity of the Ministry of Higher Education (MOHE) and of 10 universities to increase the number of professionally qualified Afghan men and women in the private and public sectors. The program also links universities and employers, helps tailor curricula to meet market demand, and strives to create a new or substantially enhanced degree at each university.⁸⁴⁰

So far, an information-technology associate degree program was launched at Kabul Polytechnic University with a class of 38 students, eight of whom are women. At Kabul University, 28 students (including eight

women) are enrolled in the second cohort of the master's program in public policy and administration, while bachelor's and master's programs in business administration were launched. USAID warned that establishing new degree programs is challenging given the substantial policy work required by MOHE and university leadership.⁸⁴¹

SIGAR AUDIT

A SIGAR audit initiated this quarter on USAID's efforts to support and improve Afghanistan's healthcare services and focuses on the extent to which USAID assessed the overall impact of its efforts and the extent to which USAID collects, verifies, and reconciles healthcare data to determine its accuracy. For more information, see Section 2, page 28.

HEALTH

Afghanistan has experienced improvements in its health indicators since 2002, though it remains below average for low-income countries and has one of the world's highest levels of child malnutrition, according to the World Bank.⁸⁴² U.S. assistance to the Ministry of Public Health (MOPH) includes capacity-building, training, and quality-assurance activities at central and subnational levels, particularly in provinces to the south and east, where services are largely lacking.⁸⁴³

In 2015, Afghanistan's Central Statistics Organization and MOPH, in partnership with USAID, will conduct the country's first Demographic and Health Survey to help the Afghan government develop modern health and social programs. USAID said it will use the "gold standard" in survey research, providing rigorous data in all 34 provinces of the country on issues such as marriage rates, fertility levels and preferences, family planning, maternal and child nutrition, mortality, health, as well as social indicators. The results will be compiled according to international standards and be easily comparable to results collected in other countries.⁸⁴⁴

USAID Funding

From FY 2002 through FY 2013, U.S. on- and off-budget assistance disbursed to Afghanistan's health sector totaled more than \$913 million.⁸⁴⁵ From FY 2014 through FY 2018, USAID assistance will total \$383 million.⁸⁴⁶ On-budget assistance to the MOPH includes salary payments to workers in U.S.-funded facilities, supplies and equipment, in-service training, minor renovations of facilities, and monitoring and supervision. Off-budget assistance includes activities to strengthen health systems, engage the private sector, and procure pharmaceuticals and contraceptives.⁸⁴⁷ USAID's active health programs are listed in Table 3.31.

Partnership Contracts for Health Services

The host-country Partnership Contracts for Health (PCH) Services program supports the MOPH's efforts to provide the Basic Package of Health Services—maternal and newborn health, child health and immunizations, public nutrition, communicable disease prevention, mental health, disability services, and supply of essential drugs—in 13 provinces and the Essential Package of Hospital Services in five provinces.⁸⁴⁸ PCH supports health care at over 6,000 health posts that provide limited curative care and more than

600 facilities, including hospitals and health centers. It also supports tertiary health-care services at five provincial hospitals and one national hospital. In addition, PCH supports the Community Midwifery Education program, which aims to reduce maternal and child mortality.⁸⁴⁹

USAID said its health-sector priorities are to document through its monitoring system how PCH supports health-service delivery, share lessons learned with the MOPH and World Bank, and ensure PCH's smooth transition to the World Bank-administered System Enhancement for Health Action in Transition. PCH is scheduled to expire in December 2015.⁸⁵⁰

TABLE 3.31

USAID ACTIVE HEALTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Strengthening Pharmaceutical Systems	8/28/2011	8/27/2015	\$24,499,936	\$19,320,374
Polio-Eradication Activities	9/30/1996	9/30/2022	10,830,615	9,265,102
Tuberculosis Care	9/29/2010	9/28/2015	5,600,000	4,600,000
Health Policy Project	9/25/2011	6/30/2015	29,732,652	26,475,988
Partnership for Supply Chain Management	6/1/2009	9/26/2015	894,402	394,402
Partnership Contracts for Health	7/20/2008	12/31/2015	259,663,247	210,034,769
Improving Nutrition Through Multi-Sectoral Approaches	11/7/2014	12/31/2017	5,610,012	5,408,826
Disease Early Warning System	9/1/2008	6/30/2017	8,500,000	8,500,000
Family Planning, Maternal, Neonatal, and Child Health Project	1/7/2015	1/6/2020	60,000,000	84,213
Deliver	9/30/2010	9/29/2015	13,535,571	11,720,015
Demographic and Health Surveys	9/9/2013	9/8/2018	5,453,731	293,586
Leadership Management and Governance Field Support	9/25/2012	6/30/2015	37,853,384	32,007,979

Source: USAID, response to SIGAR data call, 4/9/2015.

