

# 3 RECONSTRUCTION UPDATE



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**Photo on previous page**

Afghan women participate in a United Nations Assistance Mission in Afghanistan education and leadership program in Bamyan Province. (UNAMA photo by Fardin Waezi)

## RECONSTRUCTION UPDATE

### OVERVIEW

Delegations from the Afghan government and the Afghan Taliban met in Pakistan on July 7 in what the Afghan Ministry of Foreign Affairs labeled the “first meeting of formal peace negotiations.” Senior leaders of the Taliban and the Haqqani network reportedly took part in the meeting. President Ashraf Ghani indicated a second round would likely occur between late July and early August. There were indications that the Taliban is divided on the talks. For example, a front-page editorial on the Taliban’s website initially decried the talks, but was later removed from the site without explanation. On July 15, however, Taliban leader Mullah Omar reportedly hailed the peace talks as “political endeavors” and “peaceful pathways” which are legitimate means to “bring an end to the occupation.”

Despite a constitutional requirement for elections 30–60 days prior to the expiration of the term of the lower house, the continuing disagreement between President Ghani and Chief Executive Officer Abdullah Abdullah on election reforms has delayed the scheduling of parliamentary elections. Although the lower house’s term expired on June 22, 2015, no elections were held. On June 19, Ghani announced that the lower house would continue its work until elections are held and the results are known. The president also said a date for elections would be announced within one month.

United States Forces-Afghanistan (USFOR-A) informed SIGAR last quarter that the Department of Defense’s (DOD) preferred term for the Afghan National Security Forces (ANSF) is now the Afghan National Defense and Security Forces (ANDSF). SIGAR has adopted the new DOD term in this quarterly report.

In June, the United Nations (UN) Secretary-General reported conflict-related violence increased in Afghanistan as the ANDSF sought to contain intensifying insurgent activity that resulted in record-high levels of civilian casualties. Insurgents demonstrated their willingness to target civilians even during the holy month of Ramadan. The UN representative in Afghanistan called for the immediate stop of attacks targeting civilians.

This quarter, DOD and Resolute Support (RS) officials acknowledged that the Islamic State in Iraq and the Levant (ISIL) had spread into

Afghanistan, although they added that the group was “nascent and relatively small.” DOD officials characterize ISIL’s presence in Afghanistan primarily as disgruntled Taliban members rebranding themselves. The UN reported that despite the initial attribution of several attacks to ISIL, including an April 18 suicide bombing in Jalalabad, “there remained a lack of clarity on any operational presence by ISIL.”

At the end of the quarter, the Ministry of Defense (MOD) remained without a confirmed minister. The MOD has been without a confirmed minister since September 29, 2014, when Ghani was sworn in as president.

This quarter, based on SIGAR analysis of the Monthly ANDSF Assessment Report (MAAR), the ANDSF was assessed as less capable than last quarter. Due to the classified status of ANDSF unit-level assessments, this determination was derived based on the number of categories assessed at the “capable” or higher rating. RS also revised its forecasts for Afghan ministries by lowering the expected capacity levels ministerial offices could achieve by the end 2016.

Afghanistan began fiscal year (FY) 1394 (December 22, 2014–December 21, 2015) with weak cash reserves and significant arrears, while revenue-collection reforms stalled in parliament. In the first four months of FY 1394, domestic revenue collection missed budgetary targets by 5.9%, but improved 7.5% from the same period in FY 1393. Domestic revenues paid for 48% or \$576 million of Afghanistan’s total budget expenditures of \$1.2 billion so far, with donor contributions making up the difference.

This quarter, the U.S. Treasury began developing technical assistance and capacity-building programs for the Ministry of Finance (MOF) to strengthen Afghanistan’s public financial-management systems and oversight of its financial sector. In addition, the International Monetary Fund began monitoring Afghanistan’s macroeconomic policies and structural-reform agenda though the nine-month, Staff Monitoring Program agreement reached last quarter with the Afghan government.

The United Nations Office on Drugs and Crime (UNODC) reported this quarter in the *World Drug Report 2015* that Afghanistan’s record opium cultivation levels remain a formidable challenge for the country and the international community. State’s Bureau of International Narcotics and Law Enforcement Affairs (INL) also released the Afghanistan *National Drug Use Survey 2015*. The survey found that 11% of the population—approximately 13% of adults and 9% of children—tested positive for one or more drugs. By comparison, the UNODC global estimate for the prevalence of drug use in adults is 5.2%. A third-party monitoring report for INL this quarter found that no program would succeed in the near term in assisting farmers to reduce opium cultivation, although programs that promote income growth could lay the groundwork for lower levels of opium cultivation in the long term.

# RECONSTRUCTION UPDATE

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As of June 30, 2015, approximately \$109.7 billion had been appropriated for Afghanistan relief and reconstruction since 2002. Nearly \$92.38 billion of this total was appropriated for the seven major reconstruction funds, and approximately \$11.89 billion remained in the pipeline for potential disbursement. Cumulative reconstruction funding decreased slightly from the amount reported last quarter due to a planned reprogramming of FY 2015 funding for DOD Drug Interdiction and Counter-Drug Activities (DOD CN) for Afghanistan.

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## STATUS OF FUNDS

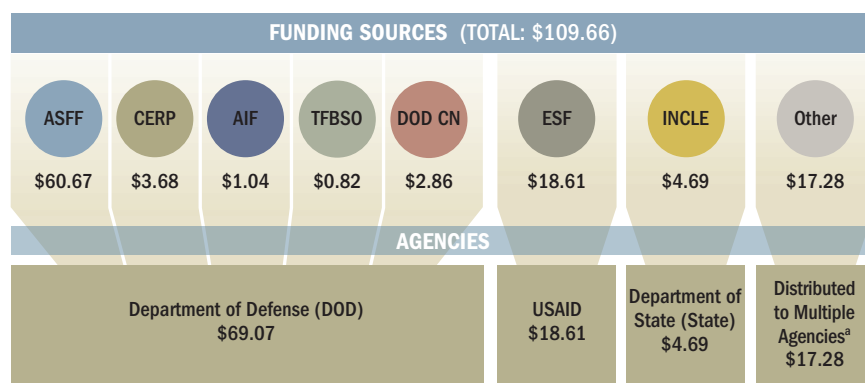
To fulfill SIGAR's legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2015, the United States had appropriated approximately \$109.66 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$65.04 billion for security (\$4.43 billion for counternarcotics initiatives)
- \$31.85 billion for governance and development (\$3.77 billion for counternarcotics initiatives)
- \$2.90 billion for humanitarian aid
- \$9.87 billion for civilian operations

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

FIGURE 3.1

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



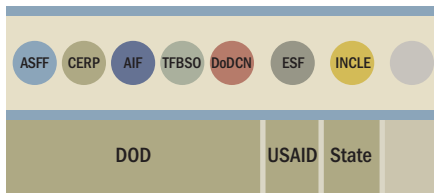
**ASFF:** Afghanistan Security Forces Fund  
**CERP:** Commander's Emergency Response Program  
**AIF:** Afghanistan Infrastructure Fund  
**TFBSO:** Task Force for Business and Stability Operations  
**DOD CN:** DOD Drug Interdiction and Counter-Drug Activities  
**ESF:** Economic Support Fund  
**INCLE:**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

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

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

Source: DOD, response to SIGAR data calls, 7/17/2015, 7/13/2015, 7/8/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 7/14/2015, 6/25/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; 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, 7/16/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 7/14/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, and 111-118.

# STATUS OF FUNDS



The amount provided to the seven major U.S. funds represents more than 84.2% (nearly \$92.38 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 88.8% (more than \$82.02 billion) has been obligated, and over 82.6% (more than \$76.32 billion) has been disbursed. An estimated \$4.16 billion of the amount appropriated these funds has expired.

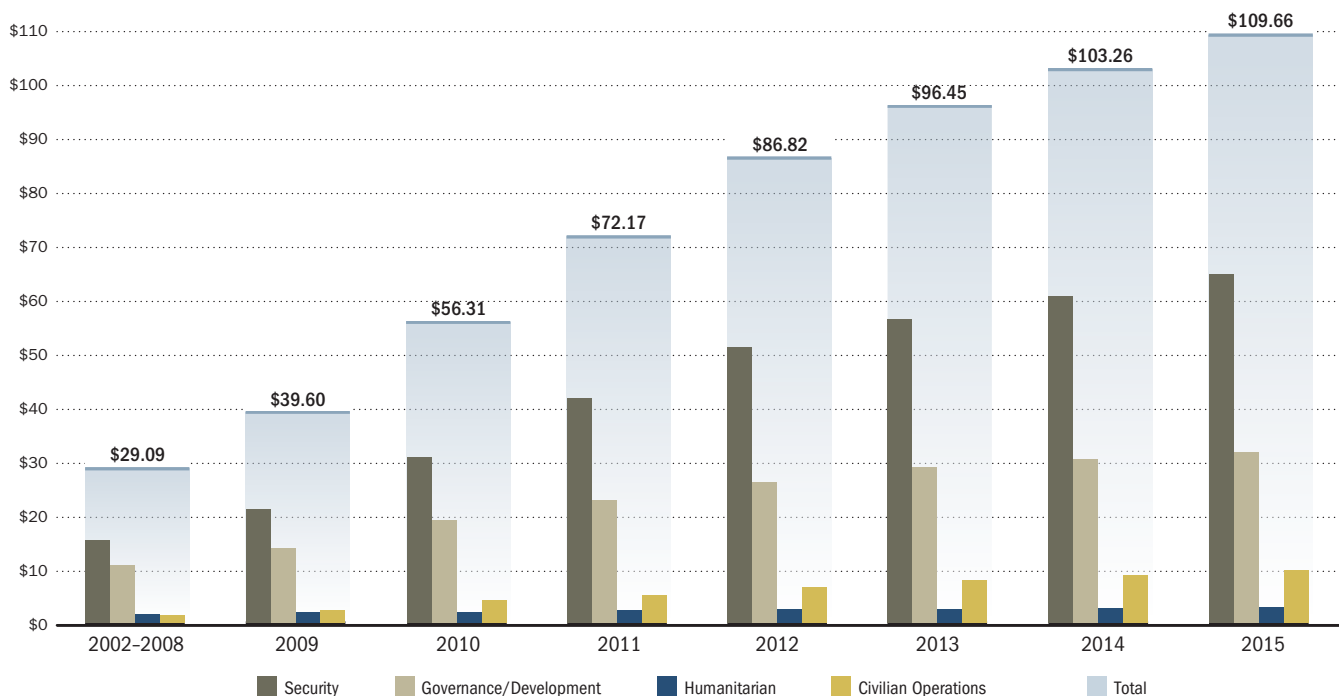
## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of June 30, 2015, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$109.66 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 \$8.21 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.43 billion) and governance and development (\$3.77 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional \$6.40 billion for FY 2015, as shown in Figure 3.3. Security remains the largest appropriation category. Appropriations to train, equip, and support the Afghan National Defense and Security Forces (ANDSF) make up more than all other categories of reconstruction funding combined—more than 64.2% of FY 2015 funding.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JUNE 30, 2015 (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. Pub. L. No. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD reprogrammed \$178 million from FY 2013 ASFF. Pub. L. No. 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. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval.

Source: DOD, response to SIGAR data calls, 7/17/2015, 7/13/2015, 7/8/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 7/14/2015, 6/25/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; 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, 7/16/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 7/14/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, and 111-118.



# STATUS OF FUNDS

The United States aims to channel at least 50% of its development assistance on-budget to the government of Afghanistan.<sup>53</sup> This assistance is provided either directly to Afghan government entities or via contributions to multilateral trust funds that also support the Afghan government's budget.<sup>54</sup> Since 2002, the United States has provided nearly \$9.55 billion in on-budget assistance. This includes about \$5.49 billion to Afghan government ministries and institutions, and nearly \$4.06 billion to three multinational trust funds—the World Bank's Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme's Law and Order Trust Fund for Afghanistan (LOTFA), and the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

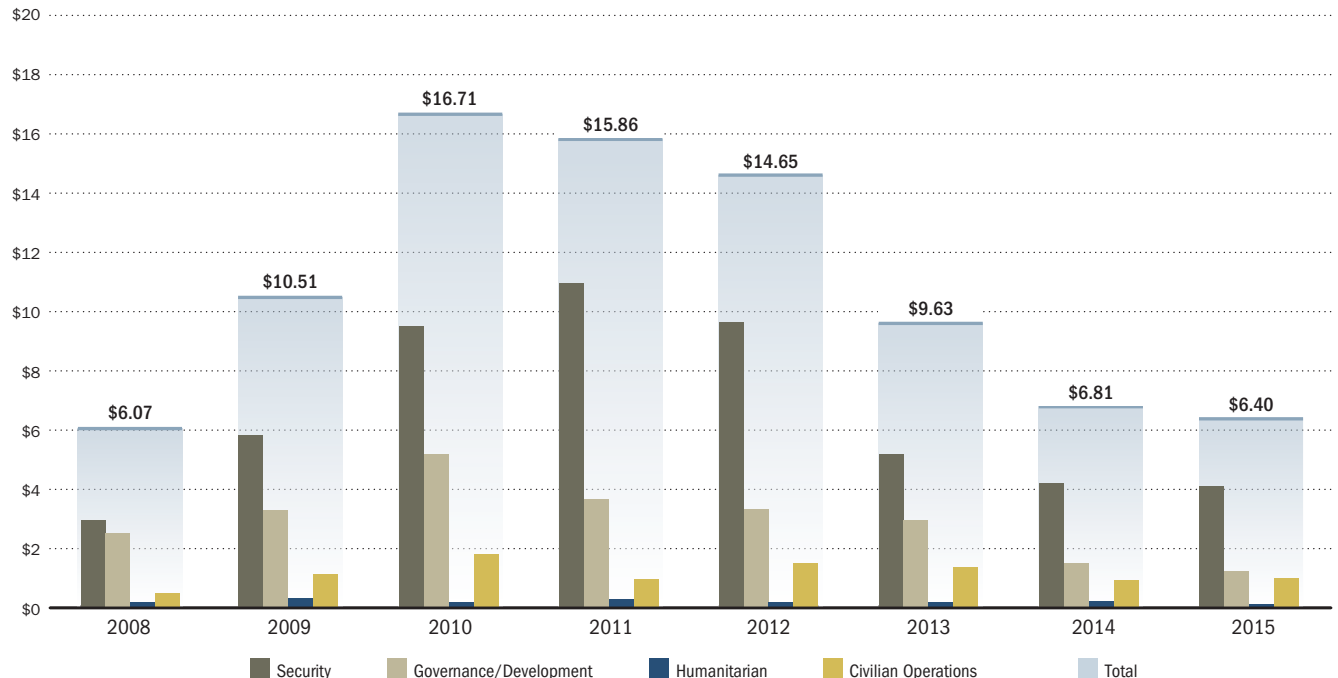
<b>U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)</b>	
<b>Government-to-Government</b>	
DOD	\$4,946
State	92
USAID	454
<b>Multilateral Trust Funds</b>	
LOTFA	\$1,519
ARTF	2,433
AITF	105

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of June 30, 2015, USAID had obligated approximately \$1.2 billion for government-to-government assistance.

Source: DOD, response to SIGAR data call, 6/25/2015; USAID, response to SIGAR data call, 7/12/2015; World Bank, "ARTF: Administrator's Report on Financial Status as of June 21, 2015 (end of 6th month of FY 1394)", p. 5; UNDP, "Law and Order Trust Fund for Afghanistan (LOTFA) Annual Project Progress Report 2014," 4/1/2015, p. 66; SIGAR, analysis of UNDP's quarterly and annual LOTFA reports, 7/19/2015.

FIGURE 3.3

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



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. Pub. L. No. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD reprogrammed \$178 million from FY 2013 ASFF. Pub. L. No. 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. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval.

Source: DOD, response to SIGAR data calls, 7/17/2015, 7/13/2015, 7/8/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 7/14/2015, 6/25/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; 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, 7/16/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 7/14/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015; 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 \$109.66 billion for Afghanistan relief and reconstruction. Of this amount, \$92.38 billion (84.2%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

### CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

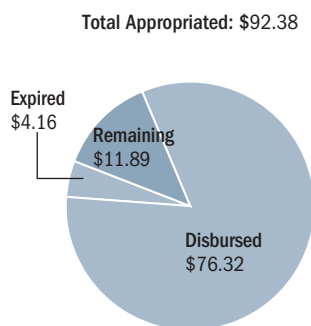


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2015 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$60.67	\$55.15	\$53.48	\$5.46
Commander's Emergency Response Program (CERP)	3.68	2.28	2.27	0.02
Afghanistan Infrastructure Fund (AIF)	1.04	0.84	0.43	0.48
Task Force for Business & Stability Operations (TFBSO)	0.82	0.77	0.61	0.17
DOD Drug Interdiction and Counter-Drug Activities (DOD CN)	2.86	2.75	2.75	0.11
Economic Support Fund (ESF)	18.61	16.12	13.34	4.53
International Narcotics Control & Law Enforcement (INCLE)	4.69	4.12	3.45	1.13
<b>Total 7 Major Funds</b>	<b>\$92.38</b>	<b>\$82.02</b>	<b>\$76.32</b>	<b>\$11.89</b>
Other Reconstruction Funds	7.42			
Civilian Operations	9.87			
<b>Total</b>	<b>\$109.66</b>			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$4.2 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, 7/19/2015.

TABLE 3.3

FY 2015 AMOUNTS APPROPRIATED (\$ MILLIONS)	
	Appropriated
ASFF	\$4,109.33
CERP	10.00
ESF	900.00
INCLE	250.00
<b>Total 4 Major Funds</b>	<b>\$5,269.33</b>

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

Source: DOD, response to SIGAR data call, 7/13/2015; State, response to SIGAR data call, 4/15/2015; Pub. L. No. 113-235.

As of June 30, 2015, approximately \$11.89 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 train, equip, and sustain the ANDSF; complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

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 \$5.27 billion to four of the seven major funds, as shown in Table 3.3 in the margin. The AIF and TFBSO received no additional funding for new projects. As of June 30, 2015, more than \$883.49 million of FY 2015 funding had been obligated and over \$439.29 million of that amount had been disbursed. Nearly all of this activity was from ASFF.

# STATUS OF FUNDS

Congress appropriated more than \$8.08 billion to the seven major reconstruction funds for FY 2013. Of that amount, nearly \$2.01 billion remained for possible disbursement as of June 30, 2015, 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	\$4,800.74	\$4,625.42	\$175.32
CERP	200.00	42.07	37.33	4.74
AIF	145.50	130.31	69.09	61.22
TFBSO	138.20	134.08	79.15	54.93
DOD CN	255.81	255.81	255.81	0.00
ESF	1,802.65	1,705.37	399.43	1,305.94
INCLE	593.81	579.87	176.98	402.89
<b>Total 7 Major Funds</b>	<b>\$8,082.17</b>	<b>\$7,648.24</b>	<b>\$5,643.20</b>	<b>\$2,005.04</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$434 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, 7/19/2015.

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, more than \$2.44 billion remained for possible disbursement as of June 30, 2015, 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	\$3,400.88	\$2,933.76	\$1,028.58
CERP	30.00	6.65	6.29	0.36
AIF	199.00	135.45	3.22	195.78
TFBSO	122.24	106.87	82.26	39.99
DOD CN	238.96	127.55	127.55	111.41
ESF	852.00	3.49	0.18	851.82
INCLE	225.00	16.60	11.50	213.51
<b>Total 7 Major Funds</b>	<b>\$5,629.54</b>	<b>\$3,797.48</b>	<b>\$3,164.75</b>	<b>\$2,441.43</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$23 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. 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, 7/19/2015.

FIGURE 3.5

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

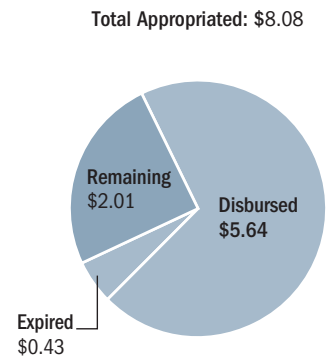
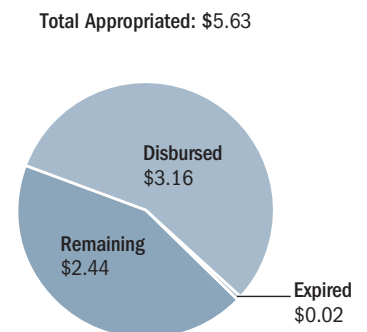
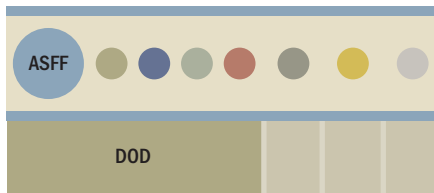


FIGURE 3.6

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 the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.<sup>55</sup> The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.<sup>56</sup> A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.<sup>57</sup>

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated nearly \$4.11 billion for the ASFF for FY 2015, increasing total cumulative funding to more than \$60.67 billion.<sup>58</sup> As of June 30, 2015, more than \$55.15 billion of total ASFF funding had been obligated, of which more than \$53.48 billion had been disbursed.<sup>59</sup> Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by more than \$2.07 billion over the quarter, and cumulative disbursements increased by nearly \$1.89 billion.<sup>60</sup> Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

**ASFF APPROPRIATED FUNDS BY FISCAL YEAR**  
(\$ BILLIONS)

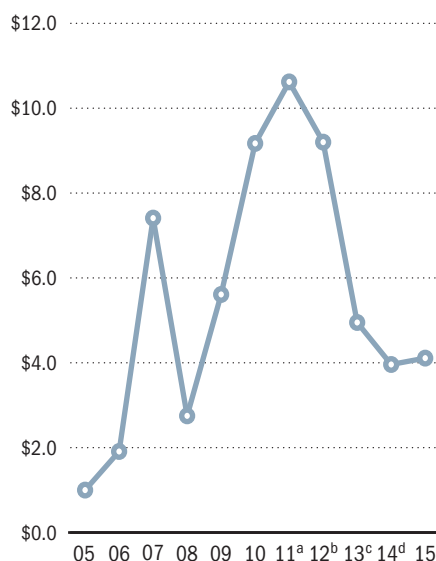
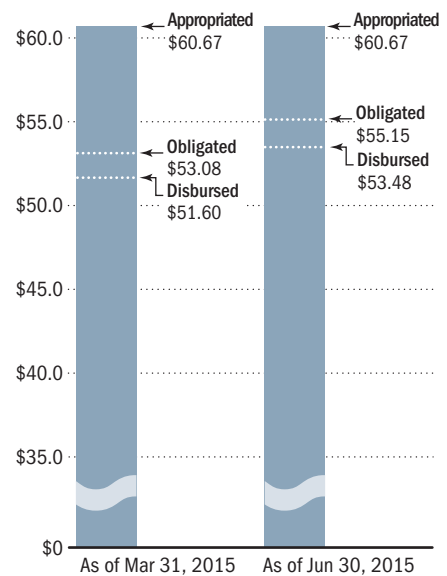


FIGURE 3.8

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



Note: Numbers have been rounded.

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

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

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

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

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2015," 4/17/2015; Pub. L. Nos. 113-235, 113-76, and 113-6.

## ASFF BUDGET ACTIVITIES

DOD allocates funds to three **budget activity groups** within the ASFF:

- Defense Forces (Afghan National Army, ANA)
- Interior Forces (Afghan National Police, ANP)
- Related Activities (primarily Detainee Operations)

Funds for each budget activity group are further allocated to four **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.<sup>61</sup> The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any non-standard equipment requirement in excess of \$100 million.<sup>62</sup>

As of June 30, 2015, DOD had disbursed more than \$53.48 billion for ANDSF initiatives. Of this amount, nearly \$35.77 billion was disbursed for the ANA, and nearly \$17.34 billion was disbursed for the ANP; the remaining nearly \$370.66 million was directed to related activities.<sup>63</sup>

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than \$14.29 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$7.01 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.<sup>64</sup>

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

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

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

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA  
BY SUBACTIVITY GROUP,  
FY 2005–JUN 30, 2015 (\$ BILLIONS)

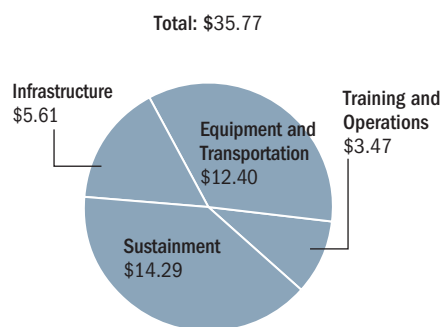
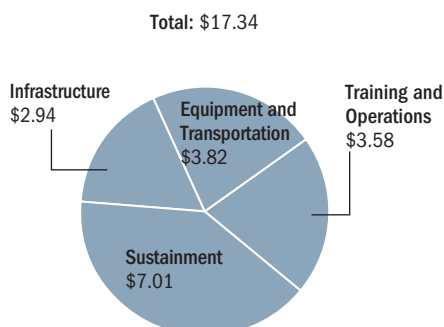


FIGURE 3.10

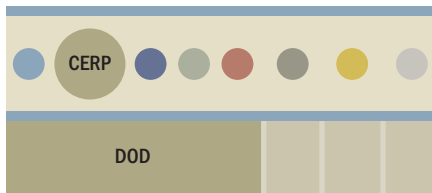
ASFF DISBURSEMENTS FOR THE ANP  
BY SUBACTIVITY GROUP,  
FY 2005–JUN 30, 2015 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015.

# STATUS OF FUNDS



## CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DOD, response to SIGAR data call, 4/14/2010.

## COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than \$500,000 each.<sup>65</sup> CERP-funded projects may not exceed \$2 million each.<sup>66</sup>

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated \$10 million for CERP, increasing total cumulative funding to nearly \$3.68 billion.<sup>67</sup> Of this amount, DOD reported that more than \$2.28 billion had been obligated, of which nearly \$2.27 billion had been disbursed as of June 30, 2015.<sup>68</sup> Figure 3.11 shows CERP appropriations by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.11

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

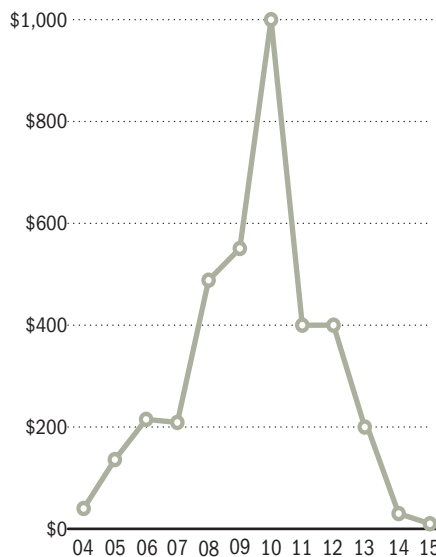
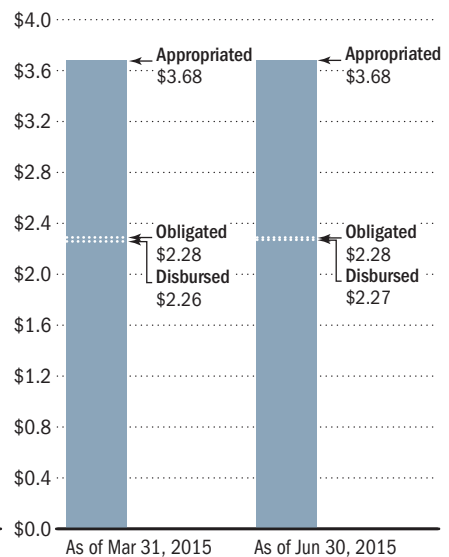


FIGURE 3.12

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



Note: Numbers have been rounded. Data may include interagency transfers.

Source: DOD, response to SIGAR data calls, 7/17/2015 and 4/17/2015; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, and 112-10.

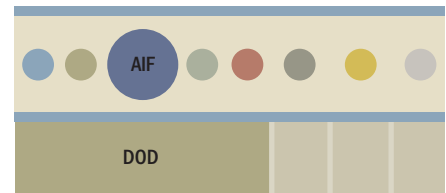


## AFGHANISTAN INFRASTRUCTURE FUND

The Afghanistan Infrastructure Fund (AIF) was established in FY 2011 to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort. Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. The AIF received appropriations from FY 2011 through FY 2014. DOD did not request funds for the AIF for FY 2015. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.<sup>69</sup>

The AIF received cumulative appropriations of over \$1.32 billion; however, \$280.5 million of these funds were transferred to the Economic Support Fund (ESF) for USAID's Northeast Power System transmission lines projects, bringing the cumulative amount remaining in the AIF to \$1.04 billion.<sup>70</sup> Figure 3.13 shows AIF appropriations by fiscal year.

As of June 30, 2015, nearly \$840.03 million of total AIF funding had been obligated. Although the AIF will not receive additional funding, many AIF projects are still in progress—nearly 51% of obligated AIF funds and all \$280.5 million of the funds transferred to the ESF remain to be disbursed.<sup>71</sup> Only \$425.82 million of AIF funds had been disbursed, as shown in Figure 3.14.



### AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

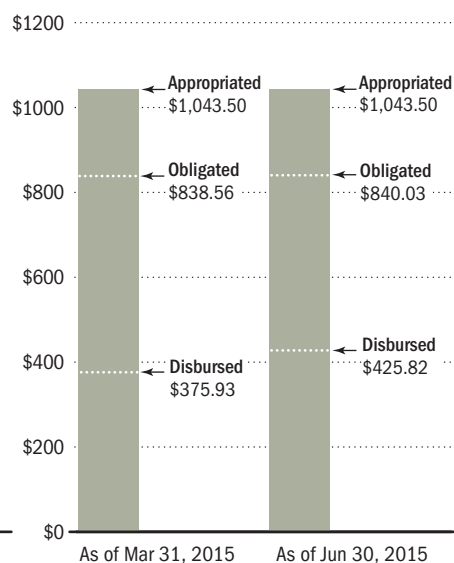
FIGURE 3.13

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



FIGURE 3.14

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



Note: Numbers have been rounded.

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

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

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2015," 4/17/2015; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.



## TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

## TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the Task Force for Business and Stability Operations (TFBSO) began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial-system development, agricultural diversification and revitalization, and energy development.<sup>72</sup>

Although DOD was not authorized additional funding for TFBSO projects in the FY 2015 National Defense Authorization Act, 2015, TFBSO did continue to receive a nominal amount of funding from the Operations and Maintenance, Army, account for costs associated with administrative shut-down.<sup>73</sup> Through June 30, 2015, TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, more than \$765.78 million had been obligated and more than \$612.53 million had been disbursed.<sup>74</sup> Figure 3.15 displays the amounts appropriated for TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for TFBSO and its projects.

FIGURE 3.15

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

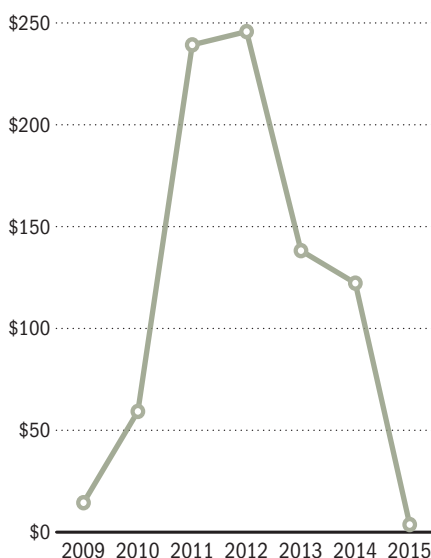
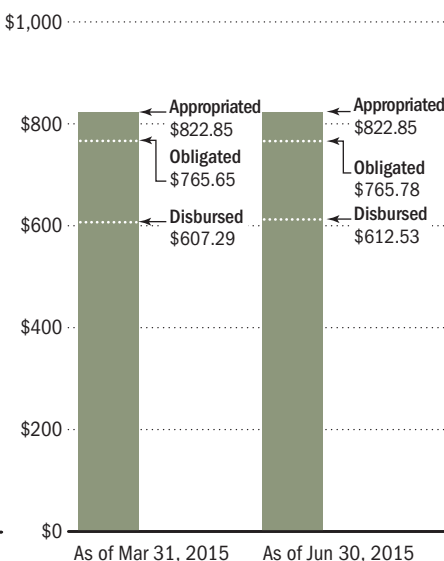


FIGURE 3.16

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



Note: Numbers have been rounded. Of the \$822.85 million appropriated to 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.

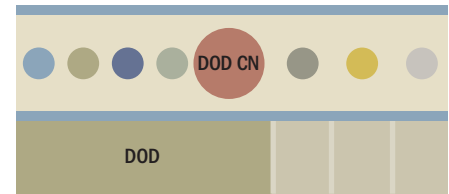
Source: DOD, response to SIGAR data calls, 7/8/2015 and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

## DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

DOD's Drug Interdiction and Counter-Drug Activities fund (DOD CN) supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law-enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.<sup>75</sup>

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-Narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds.<sup>76</sup>

This quarter, DOD reported that DOD CN funds appropriated for FY 2015 would not be executed this fiscal year due to a significant reduction in operational requirements. These funds will be reprogrammed to resource other DOD requirements. The reprogramming activity reduces cumulative appropriations for the DOD CN to \$2.86 billion. Of this amount, nearly \$2.75 billion had been transferred to the military services and defense agencies for DOD CN projects as of June 30, 2015.<sup>77</sup> Figure 3.17 shows DOD CN appropriations by fiscal year and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



### DOD CN FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

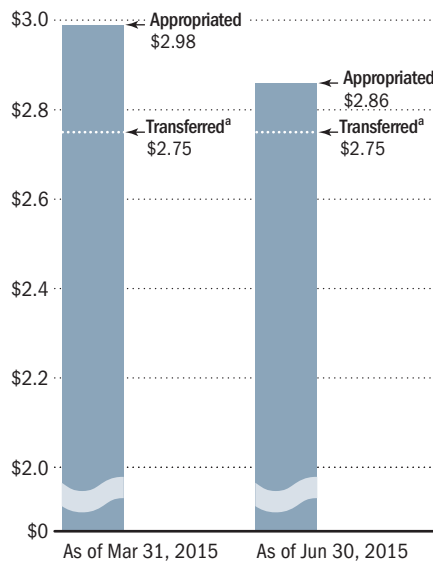
FIGURE 3.17

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



FIGURE 3.18

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

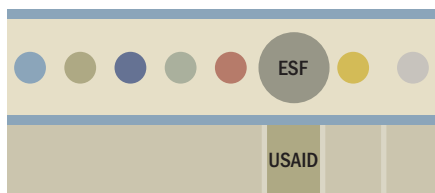


Note: Numbers have been rounded. Prior-year adjustments are done periodically to reflect deobligation and/or realignment of multi-year procurement funding. FY 2015 appropriated DOD CN funds for Overseas Contingency Operations are unable to be executed this fiscal year due to a significant reduction in operational requirements. The DOD Comptroller is in the process of requesting prior approval from the U.S. Congress to reprogram the funds to resource emergent DOD requirements.

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

Source: DOD, response to SIGAR data calls, 7/13/2015 and 4/10/2015.

# 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

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counterterrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.<sup>78</sup>

The ESF was appropriated \$900 million for FY 2015, bringing cumulative funding for the ESF to more than \$18.61 billion, including amounts transferred from the AIF to the ESF for USAID's Northeast Power System transmission lines projects. Of this amount, more than \$16.12 billion had been obligated, of which nearly \$13.34 billion had been disbursed.<sup>79</sup> Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of June 30, 2015, decreased by more than \$184.62 million and cumulative disbursements increased by nearly \$253.15 million from the amounts reported last quarter.<sup>80</sup> Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR  
(\$ BILLIONS)

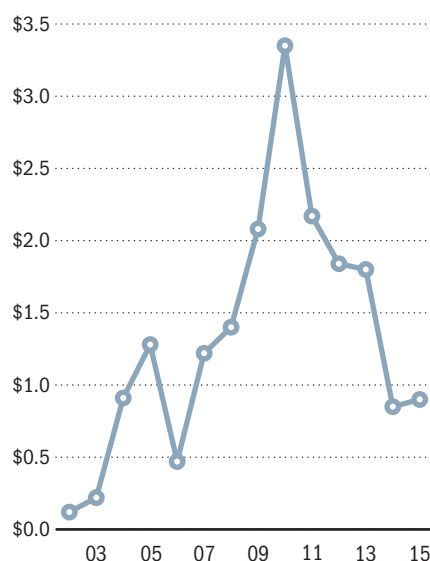
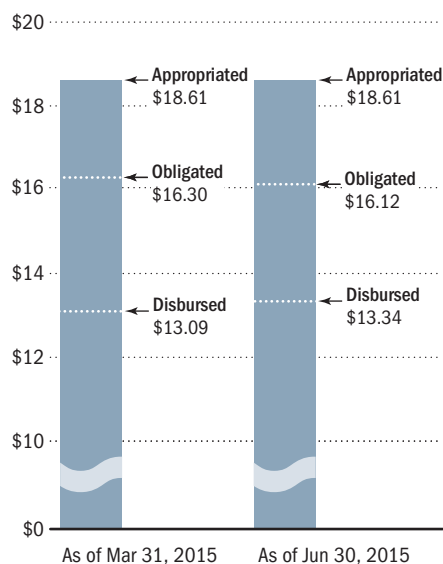


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



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

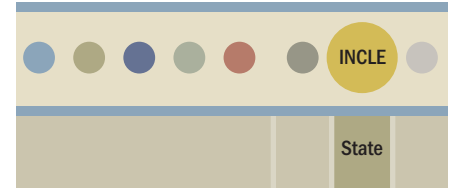
Source: USAID, response to SIGAR data calls, 7/16/2015 and 4/9/2015; State, response to SIGAR data calls, 4/15/2015 and 4/15/2014.

## INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages an account for advancing rule of law and combating narcotics production and trafficking—the International Narcotics Control and Law Enforcement (INCLE) account. INCLE supports several INL program groups, including police, counternarcotics, and rule of law and justice.<sup>81</sup>

State reported that INCLE was appropriated \$250 million for FY 2015, bringing cumulative funding for INCLE to more than \$4.69 billion. Of this amount, more than \$4.12 billion had been obligated, of which, more than \$3.45 billion had been disbursed.<sup>82</sup> Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of June 30, 2015, decreased by nearly \$41.65 million compared to cumulative obligations as of March 31, 2015. Cumulative disbursements as of June 30, 2015, increased by nearly \$113.37 million over cumulative disbursements as of March 31, 2015.<sup>83</sup> Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



### INL FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR  
(\$ MILLIONS)

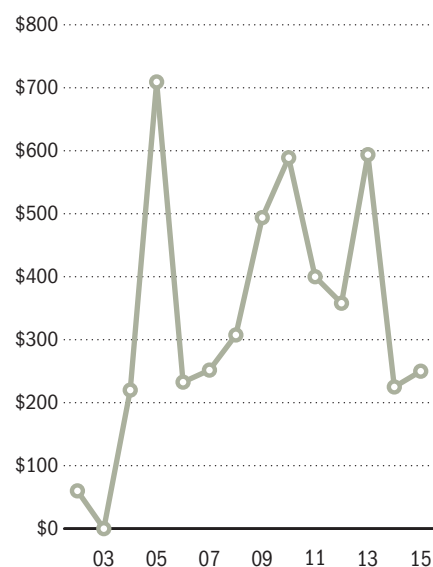
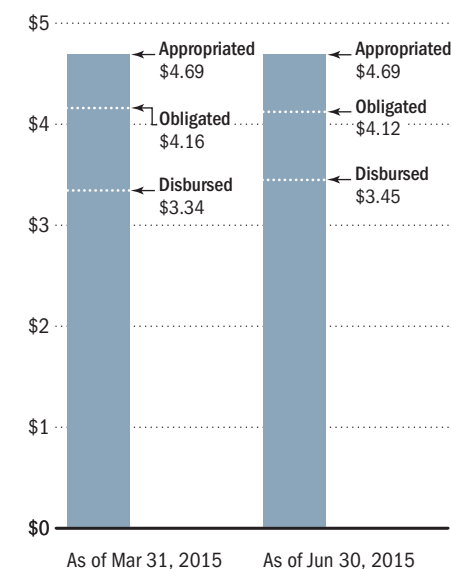


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include interagency transfers. Updated data resulted in a lower obligated figure than reported last quarter. FY 2015 figure reflects draft allocation amount for Afghanistan and is subject to final Congressional approval. Source: State, response to SIGAR data calls, 7/14/2015 and 4/15/2015.

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

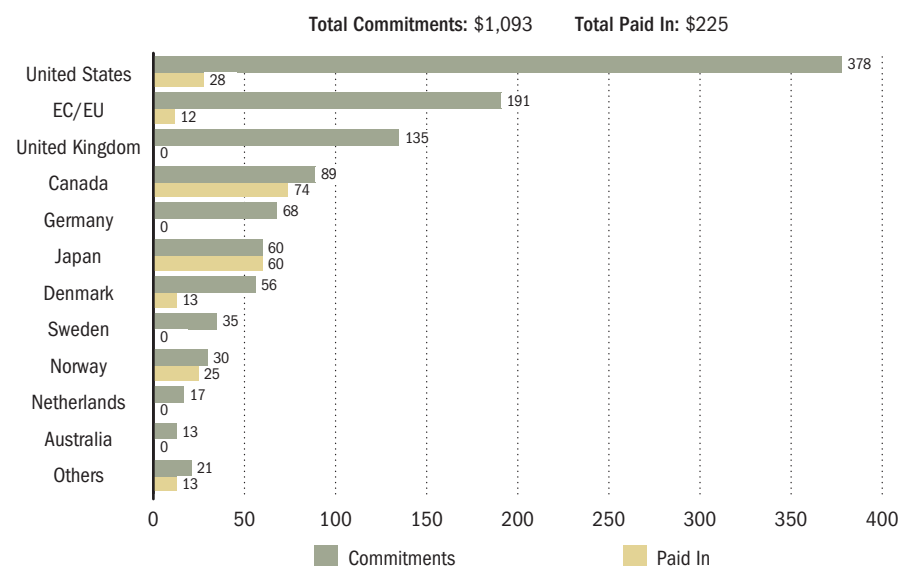
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).<sup>84</sup>

### Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to June 21, 2015, the World Bank reported that 34 donors had pledged nearly \$9.03 billion, of which nearly \$8.16 billion had been paid in.<sup>85</sup> According to the World Bank, donors had pledged more than \$1.09 billion to the ARTF for Afghan fiscal year 1394, which runs from December 22, 2014 to December 21, 2015.<sup>86</sup> Figure 3.23 shows the 11 largest donors to the ARTF for FY 1394.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1394 BY DONOR, AS OF JUNE 21, 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 June 21, 2015 (end of 6th month of FY1394)," p. 1.



# STATUS OF FUNDS

As of June 21, 2015, the United States had pledged more than \$2.78 billion and paid in more than \$2.43 billion since 2002.<sup>87</sup> The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing nearly 47% of its total funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.<sup>88</sup> As of June 21, 2015, according to the World Bank, more than \$3.48 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.<sup>89</sup> The RC Window supports the operating costs of the Afghan government because the government's domestic revenues continue to be insufficient to support its recurring costs. To ensure that the RC Window receives adequate funding, donors to the ARTF may not “prefer” (earmark) more than half of their annual contributions for desired projects.<sup>90</sup>

The Investment Window supports the costs of development programs. As of June 21, 2015, according to the World Bank, nearly \$3.89 billion had been committed for projects funded through the Investment Window, of which more than \$3.00 billion had been disbursed. The World Bank reported 20 active projects with a combined commitment value of more than \$2.56 billion, of which nearly \$1.68 billion had been disbursed.<sup>91</sup>

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

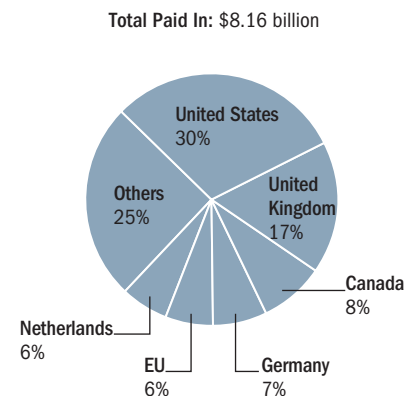
The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.<sup>92</sup> Since 2002, donors have pledged more than \$3.86 billion to the LOTFA, of which over \$3.79 billion had been paid in, as of December 31, 2014—the most recent LOTFA data available.<sup>93</sup> The United States had committed more than \$1.52 billion since the fund's inception and had paid in all but \$3.89 million of the commitment.<sup>94</sup> Figure 3.25 shows the four largest donors to the LOTFA since 2002.

The LOTFA's seventh support phase began on January 1, 2015, and ended on June 30, 2015. The phase had a total estimated budget of \$293.07 million. As of April 30, 2015—the most recent bi-monthly progress report available—more than \$149.87 million had been expended to cover ANP and Central Prisons Directorate staff remunerations. Aside from payroll and related expenses, \$1.29 million had been expended on various capacity building initiatives, and \$847,590 went toward the UNDP's Programme Management Unit.<sup>95</sup>

The LOTFA's eighth phase began on July 1, 2015. The phase has an initial estimated budget of \$883.56 million and is planned to run through December 31, 2016.<sup>96</sup>

FIGURE 3.24

### ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–JUNE 21, 2015



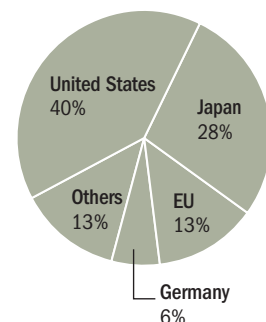
Note: Numbers have been rounded. “Others” includes 28 donors.

Source: World Bank, “ARTF: Administrator's Report on Financial Status as of June 21, 2015 (end of 6th month of FY1394),” p. 5.

FIGURE 3.25

### DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF DECEMBER 31, 2014

Total Paid In: \$3.8 billion



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

Source: UNDP, “Law and Order Trust Fund for Afghanistan (LOTFA) Annual Project Progress Report 2014,” 4/1/2015, pp. 65–66; SIGAR, analysis of UNDP's quarterly and annual LOTFA reports, 7/19/2015.