

3 RECONSTRUCTION UPDATE



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Afghan National Army corps commander Brigadier General Dawood Shah Wafadar, left, greets U.S. Army Brigadier General Paul Bontrager before taking a battlefield-familiarization flight over key terrain in southern Afghanistan. (Resolute Support photo by Lieutenant Colonel Bill Coppernoll)

RECONSTRUCTION UPDATE

OVERVIEW

President Obama announced on October 15, 2015, that the United States will cease withdrawing U.S. troops from Afghanistan through most of 2016 and keep thousands in the country through the end of his term in 2017. President Obama said U.S. forces will continue to perform two critical missions—training Afghan forces, and supporting counterterrorism operations against al-Qaeda.

In a major setback for the Afghan government, the Taliban this quarter temporarily seized the northern city of Kunduz on September 28. It was the group's first capture of a provincial capital since Coalition forces began operations in Afghanistan in 2001. The Afghan National Defense and Security Forces (ANDSF) retook the city within two weeks with U.S. forces providing close-air support to troops clearing the city. However, one of those airstrikes hit a Doctors Without Borders trauma center, killing at least 22 people, including medical staff and patients. President Obama apologized to the president of Doctors Without Borders and said the United States would examine its military procedures. U.S. Forces-Afghanistan (USFOR-A) and Resolute Support (RS) commander General John F. Campbell has pledged a thorough, objective, and transparent U.S. investigation of the incident. However, the president of Doctors Without Borders continued to call for a fact-finding mission under the Geneva Convention.

On September 5, international donors met with Afghan government officials in Kabul for the second Senior Officials Meeting (SOM) to refresh mutual-accountability measures agreed upon at the 2012 donors' meeting in Tokyo. Delegations from 41 countries and 11 international agencies along with ministers and senior officials of the Afghan government and representatives of Afghan civil society and the private sector attended the SOM. As a result of the SOM, the Tokyo Mutual Accountability Framework (TMAF) has now transitioned to the Self-Reliance through Mutual Accountability Framework (SMAF). The SMAF will now guide the activities of the Afghan government and the international community at least to the end of the term of the present government.

Despite hopeful steps last quarter, reconciliation efforts stalled following an internal power struggle within the Taliban after the confirmation

RECONSTRUCTION UPDATE



Several ministers and key government officials held a press conference in Kabul on September 7 to present the outcomes of the SOM. The conference brought together more than 60 governments, international agencies, and others with the Afghan authorities to review the country's progress toward realizing self-reliance. (UNAMA photo)

that Taliban leader Mullah Mohammad Omar had died in 2013 and after subsequent Taliban attacks in Kabul, Kunduz, and elsewhere. Further complicating the peace effort, bilateral relations between Afghanistan and Pakistan deteriorated despite Pakistan's previously constructive role as the host for the July 7 talks. As General Campbell observed, "for every two steps forward in [Afghanistan-Pakistan] relations, another is seemingly taken backwards."

Afghanistan's economy did not recover in 2015 as the World Bank had predicted. The World Bank now projects real GDP to grow 1.9% and to remain sluggish over the medium term. Afghanistan is experiencing deflation, which may be a result of declining demand due to the reduced international troop presence and lower levels of foreign aid.

Although domestic revenues in the first eight months of fiscal year (FY) 1394 increased about 13% above the same period in FY 1393, and overall expenditures remained flat, there has been little progress in closing the considerable gap between revenues and expenditures. Revenues paid for less than half (39%) of total budget expenditures so far, with donor contributions making up the difference. An Afghanistan Ministry of Finance (MOF) mid-year budget review showed an expected gap of around \$165 million, after donor grants, primarily in the development budget, which covers capital projects. The fiscal gap could widen or shrink,

depending on variables, but Afghanistan is expected to require substantial donor aid for the foreseeable future.

President Ashraf Ghani in October signed Afghanistan's new counter-narcotics strategy for the next five years, the National Drug Action Plan (NDAP). The United States has committed \$350 million for the Afghan counternarcotics effort, including implementation and support of the plan. However, the U.S. track record in combatting narcotics production in Afghanistan is not encouraging. U.S. spending on counternarcotics since 2002 already exceeds \$8 billion, yet Afghanistan remains the world's leading producer of opium.

The United Nations Office on Drugs and Crime (UNODC) reported this quarter that opium production decreased 48% this year compared to last year. The drop would be significant, but UNODC cautions that its reporting methodology changed between 2014 and 2015, possibly "making the extent of changes appear greater than it actually was."

As of September 30, 2015, approximately \$109.6 billion had been appropriated for Afghanistan relief and reconstruction since 2002. Nearly \$92.3 billion of this total was appropriated for the seven major reconstruction funds, and approximately \$8.9 billion remained in the pipeline for potential disbursement.

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STATUS OF FUNDS

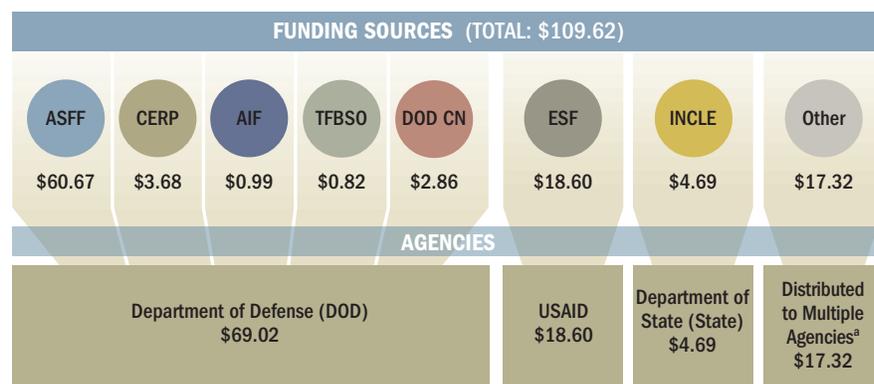
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of September 30, 2015, the United States had appropriated approximately \$109.62 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002. This total has been allocated as follows:

- \$65.04 billion for security (\$4.43 billion for counternarcotics initiatives)
- \$31.79 billion for governance and development (\$3.96 billion for counternarcotics initiatives)
- \$2.92 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.

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

Source: DOD, response to SIGAR data calls, 10/20/2015, 10/16/2015, 10/15/2015, 10/8/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 10/20/2015, 10/13/2015, 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, 10/13/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 9/24/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2015," 10/19/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS



The amount provided to the seven major U.S. funds represents more than 84.2% (nearly \$92.31 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 92.1% (nearly \$85.01 billion) has been obligated, and nearly 85.7% (more than \$79.10 billion) has been disbursed. An estimated \$4.28 billion of the amount appropriated these funds has expired.

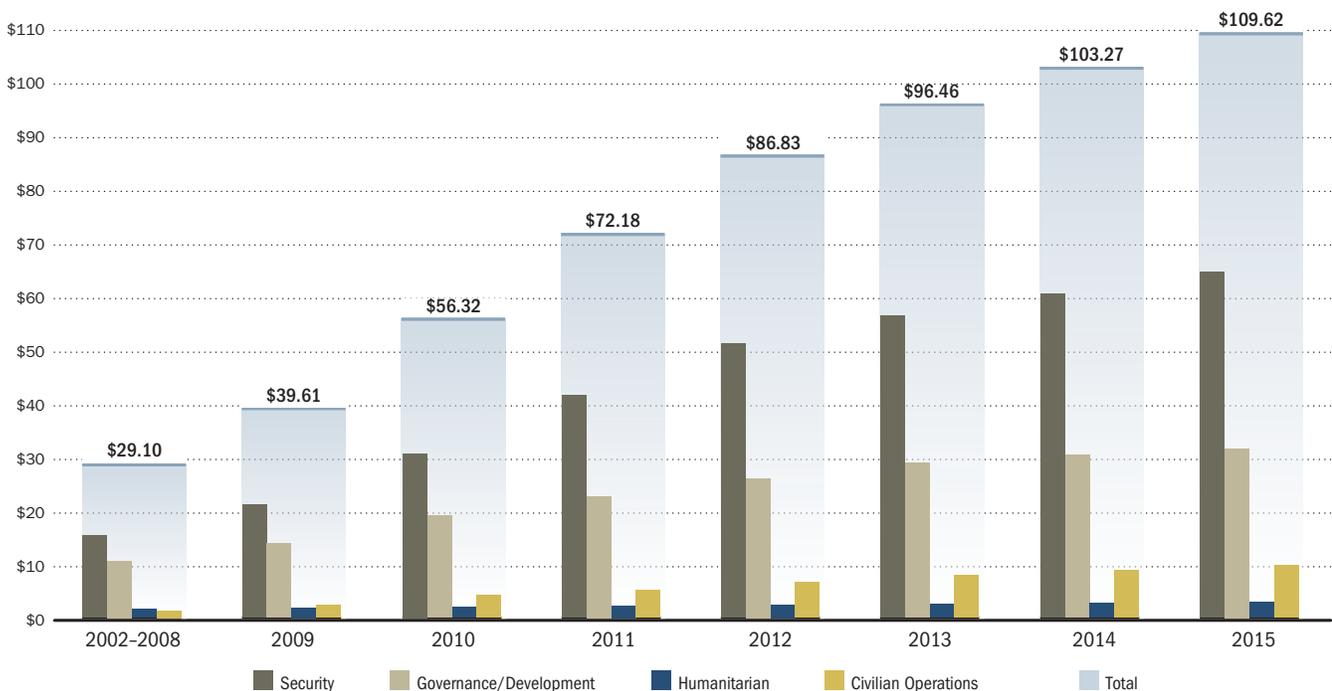
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of September 30, 2015, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$109.62 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 \$8.40 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.43 billion) and governance and development (\$3.96 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional \$6.35 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 64.7% of FY 2015 funding.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF SEPTEMBER 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. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD reprogrammed \$1.78 million from FY 2013 ASFF. Pub. L. 113-235 rescinded \$764.38 million from FY 2014 ASFF. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

Source: DOD, response to SIGAR data calls, 10/20/2015, 10/16/2015, 10/15/2015, 10/8/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 10/20/2015, 10/13/2015, 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, 10/13/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 9/24/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2015," 10/19/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 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.¹ 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.² Since 2002, the United States has provided nearly \$9.59 billion in on-budget assistance. This includes about \$5.52 billion to Afghan government ministries and institutions, and nearly \$4.07 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 (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

U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$4,946
State	92
USAID	485
Multilateral Trust Funds	
LOTFA	\$1,527
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 September 30, 2015, USAID has obligated approximately \$1.3 billion for government-to-government assistance.

Source: DOD, response to SIGAR data call, 6/25/2015; USAID, response to SIGAR data call, 10/13/2015; World Bank, ARTF, *Administrator's Report on Financial Status as of August 22, 2015 (end of 8th month of FY 1394)*, p. 5; UNDP, response to SIGAR data call, 10/19/2015.

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. 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, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

Source: DOD, response to SIGAR data calls, 10/20/2015, 10/16/2015, 10/15/2015, 10/8/2015, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 10/20/2015, 10/13/2015, 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, 10/13/2015, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 9/24/2015 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2015," 10/19/2015; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly \$109.62 billion for Afghanistan relief and reconstruction. Of this amount, \$92.31 billion (84.2%) was appropriated to the seven major reconstruction funds, as shown in Table 3.3.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

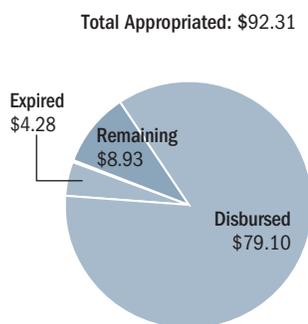


TABLE 3.3

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2015 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$60.67	\$56.92	\$55.79	\$3.07
Commander's Emergency Response Program (CERP)	3.68	2.28	2.27	0.02
Afghanistan Infrastructure Fund (AIF)	0.99	0.79	0.48	0.32
Task Force for Business & Stability Operations (TFBSO)	0.82	0.76	0.64	0.12
DOD Drug Interdiction and Counter-Drug Activities (DOD CN)	2.86	2.86	2.86	0.00
Economic Support Fund (ESF)	18.60	17.06	13.54	4.36
International Narcotics Control & Law Enforcement (INCLE)	4.69	4.33	3.54	1.05
Total 7 Major Funds	\$92.31	\$85.01	\$79.10	\$8.93
Other Reconstruction Funds	7.44			
Civilian Operations	9.87			
Total	\$109.62			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$4.3 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, 10/20/2015.

TABLE 3.2

FY 2015 AMOUNTS APPROPRIATED (\$ MILLIONS)	
	Appropriated
ASFF	\$4,109.33
CERP	10.00
ESF	831.90
INCLE	250.00
Total Major Funds	\$5,201.23

Note: Numbers have been rounded. ESF was reduced from an anticipated \$900 million to \$831.9 million during the 653(a) congressional consultation process.

Source: DOD, response to SIGAR data call, 7/13/2015; State, response to SIGAR data calls, 4/15/2015 and 10/20/2015; Pub. L. No. 113-235.

As of September 30, 2015, approximately \$8.93 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 \$5.20 billion to four of the seven major funds, as shown in Table 3.2 in the margin. The AIF and TFBSO received no additional funding for new projects. As of September 30, 2015, more than \$2.17 billion of FY 2015 funding had been obligated and more than \$1.93 billion 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 \$1.88 billion remained for possible disbursement, as of September 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	\$4,802.34	\$4,650.60	\$151.74
CERP	200.00	42.07	37.24	4.84
AIF	145.50	124.31	75.51	48.80
TFBSO	138.20	130.57	101.98	28.59
DOD CN	255.81	255.81	255.81	0.00
ESF	1,802.65	1,737.64	435.09	1,302.54
INCLE	593.81	579.87	239.02	340.85
Total 7 Major Funds	\$8,082.17	\$7,672.60	\$5,795.25	\$1,877.36

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$410 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, 10/20/2015.

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, almost \$1.49 billion remained for possible disbursement, as of September 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	\$3,962.34	\$3,666.04	\$296.31
CERP	30.00	6.62	6.44	0.19
AIF	144.00	132.91	3.87	129.04
TFBSO	122.24	106.82	84.92	21.90
DOD CN	238.96	238.96	238.96	0.00
ESF	907.00	836.13	1.16	834.96
INCLE	225.00	224.75	19.79	204.96
Total 7 Major Funds	\$5,629.54	\$5,508.53	\$4,021.17	\$1,487.36

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$121 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, 10/20/2015.

FIGURE 3.5

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

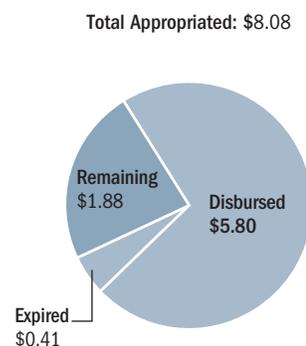
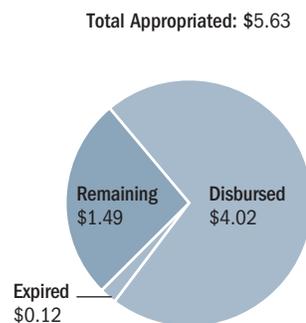
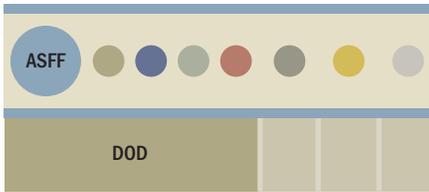


FIGURE 3.6

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 ASFF to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.³ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.⁴ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.⁵

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.⁶ As of September 30, 2015, nearly \$56.92 billion of total ASFF funding had been obligated, of which nearly \$55.79 billion had been disbursed.⁷ Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by nearly \$1.77 billion over the quarter, and cumulative disbursements increased by nearly \$2.31 billion.⁸ Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

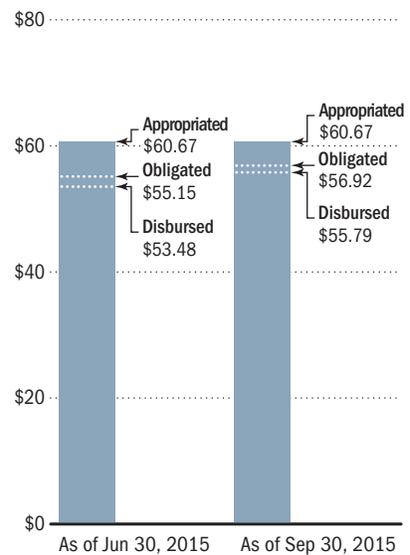
FIGURE 3.7

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 September 2015," 10/19/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015; Pub. L. Nos. 113-235, 113-76, and 113-6.

STATUS OF FUNDS

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.⁹ 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.¹⁰

As of September 30, 2015, DOD had disbursed nearly \$55.79 billion for ANDSF initiatives. Of this amount, nearly \$37.34 billion was disbursed for the ANA, and nearly \$18.06 billion was disbursed for the ANP; the remaining \$392.25 million was directed to related activities.¹¹

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$15.36 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than \$7.37 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.¹²

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–SEP 30, 2015 (\$ BILLIONS)

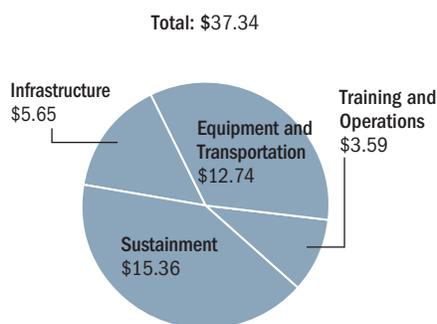
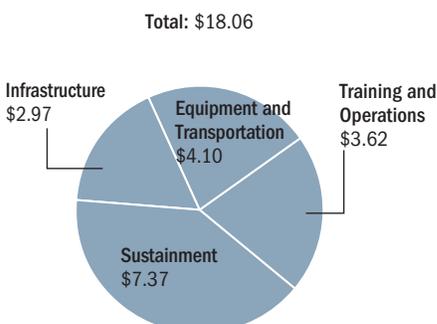


FIGURE 3.10

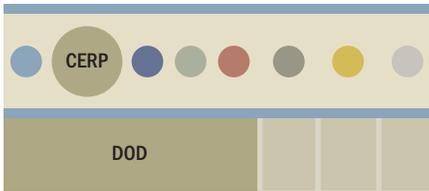
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–SEP 30, 2015 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2015," 10/19/2015.

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 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.¹³ CERP-funded projects may not exceed \$2 million each.¹⁴

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated \$10 million for CERP, increasing total cumulative funding to nearly \$3.68 billion.¹⁵ 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 September 30, 2015.¹⁶ 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)

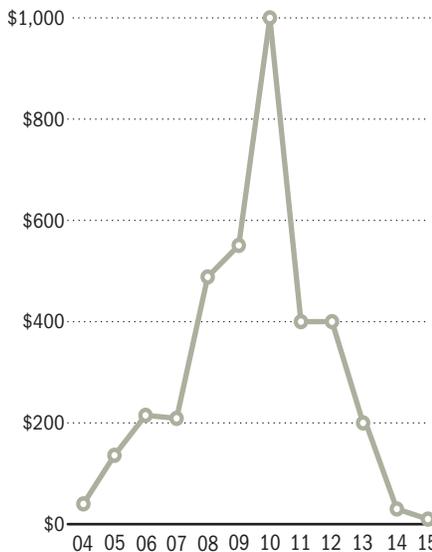


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

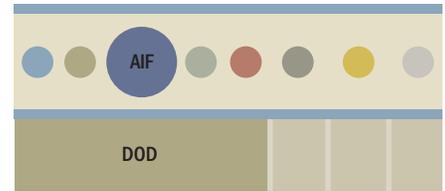
Source: DOD, response to SIGAR data calls, 10/20/2015 and 7/17/2015; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 113-235, 113-76, 113-6, 112-74, 112-10.

AFGHANISTAN INFRASTRUCTURE FUND

The 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.¹⁷

The AIF received cumulative appropriations of over \$1.32 billion; however, \$335.50 million of these funds were transferred to the Economic Support Fund (ESF) for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to \$988.50 million.¹⁸ Figure 3.13 shows AIF appropriations by fiscal year.

As of September 30, 2015, nearly \$793.18 million of total AIF funding had been obligated. Although the AIF will not receive additional funding, many AIF projects are still in progress—40% of obligated AIF funds and over 99% of the funds transferred to the ESF remain to be disbursed.¹⁹ Only \$475.87 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)

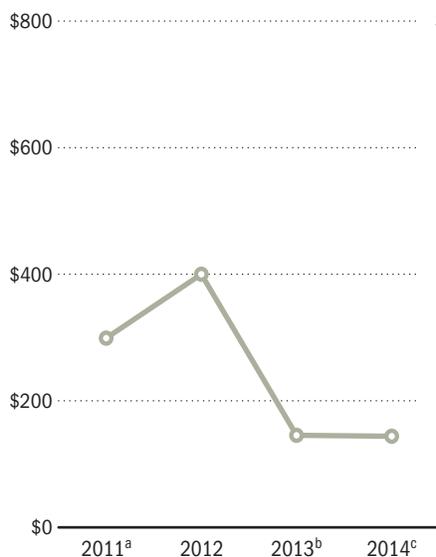
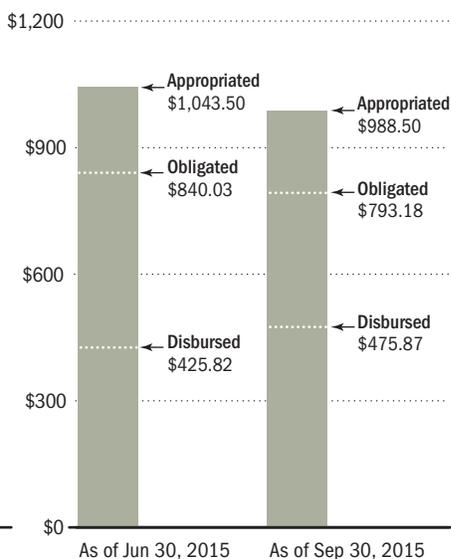


FIGURE 3.14

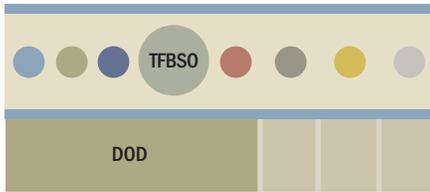
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded. A \$55 million transfer from AIF to ESF resulted in a lower appropriated figure than reported last quarter. Updated data resulted in a lower obligated figure than reported last quarter. Data reflects the following transfers from AIF to USAID's Economic Support Fund: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2015," 10/19/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2015," 7/17/2015; 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, the 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.²⁰

Although DOD was not authorized additional funding for TFBSO projects in the National Defense Authorization Act, 2015, the TFBSO did continue to receive a nominal amount of funding from the Operations and Maintenance, Army, account for costs associated with administrative shutdown.²¹ Through September 30, 2015, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, more than \$758.79 million had been obligated and nearly \$638.54 million had been disbursed.²² 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.

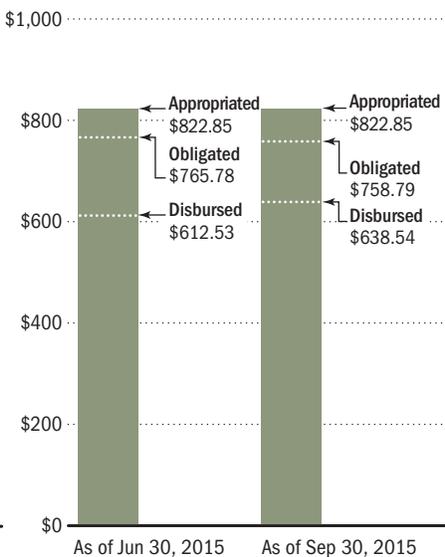
FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded. Updated data resulted in a lower obligated figure than reported last quarter. Of the \$822.85 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.

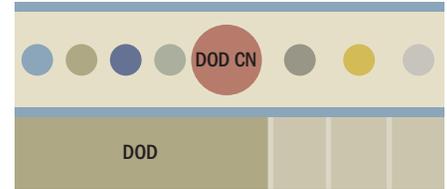
Source: DOD, response to SIGAR data calls, 10/16/2015, 7/8/2015, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, 112-10.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

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.²³

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.²⁴

Last 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 were reprogrammed to resource other DOD requirements. The reprogramming activity reduced cumulative appropriations for the DOD CN to \$2.86 billion, all of which had been transferred to the military services and defense agencies for DOD CN projects, as of September 30, 2015.²⁵ 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.

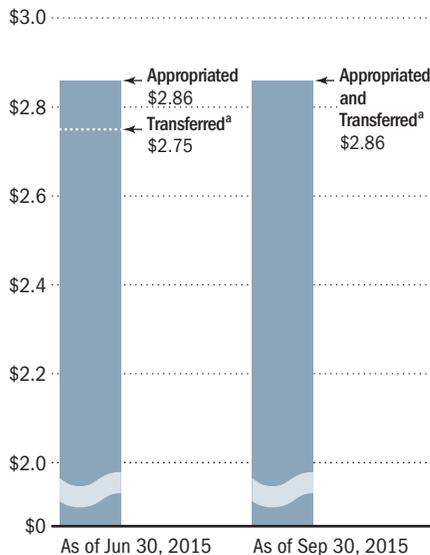
FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

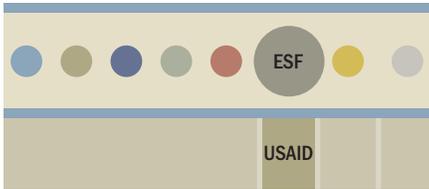


Note: Numbers have been rounded. Prior-year adjustments are done periodically to reflect deobligation and/or realignment of multi-year procurement funding. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

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

Source: DOD, response to SIGAR data calls, 10/8/2015 and 7/13/2015. OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

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 counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.²⁶

The ESF was appropriated \$831.90 million for FY 2015, bringing cumulative funding to nearly \$18.60 billion, including amounts transferred from the AIF to the ESF for USAID's power transmission lines projects. Of this amount, more than \$17.06 billion had been obligated, of which nearly \$13.54 billion had been disbursed.²⁷ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of September 30, 2015, increased by nearly \$946.24 million and cumulative disbursements increased by more than \$197.40 million from the amounts reported last quarter.²⁸ Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

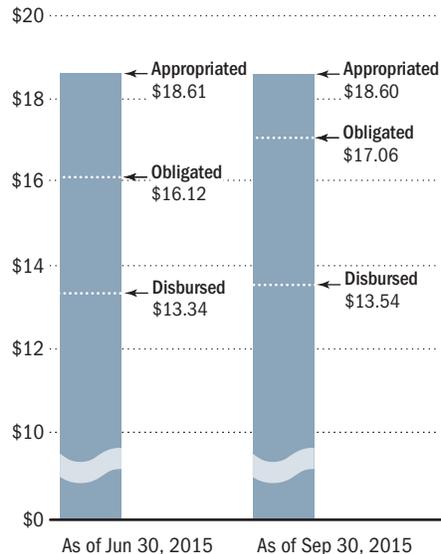
FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)



FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014. FY 2015 funding was reduced from an anticipated \$900 million to \$831.9 million during the 653(a) congressional consultation process.

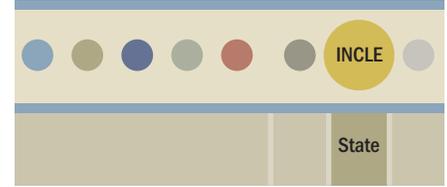
Source: USAID, response to SIGAR data calls, 10/13/2015 and 7/16/2015; State, response to SIGAR data calls, 10/20/2015, 4/15/2015 and 4/15/2014.

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 INCLE account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.²⁹

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 \$4.33 billion had been obligated, of which, nearly \$3.54 billion had been disbursed.³⁰ Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of September 30, 2015, increased by more than \$211.40 million compared to cumulative obligations as of June 30, 2015. Cumulative disbursements as of September 30, 2015, increased by nearly \$83.83 million over cumulative disbursements as of June 30, 2015.³¹ Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

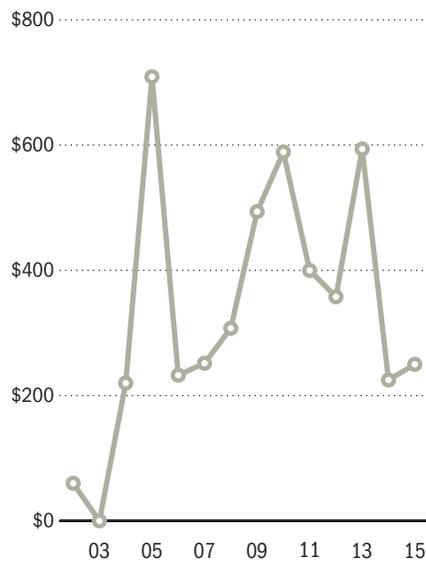
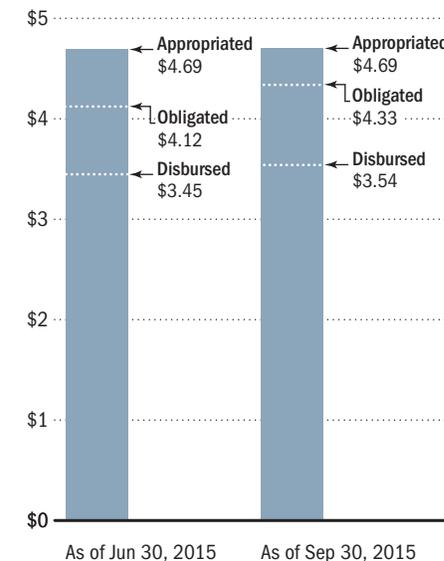


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers.
Source: State, response to SIGAR data calls, 10/13/2015 and 7/14/2015.

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

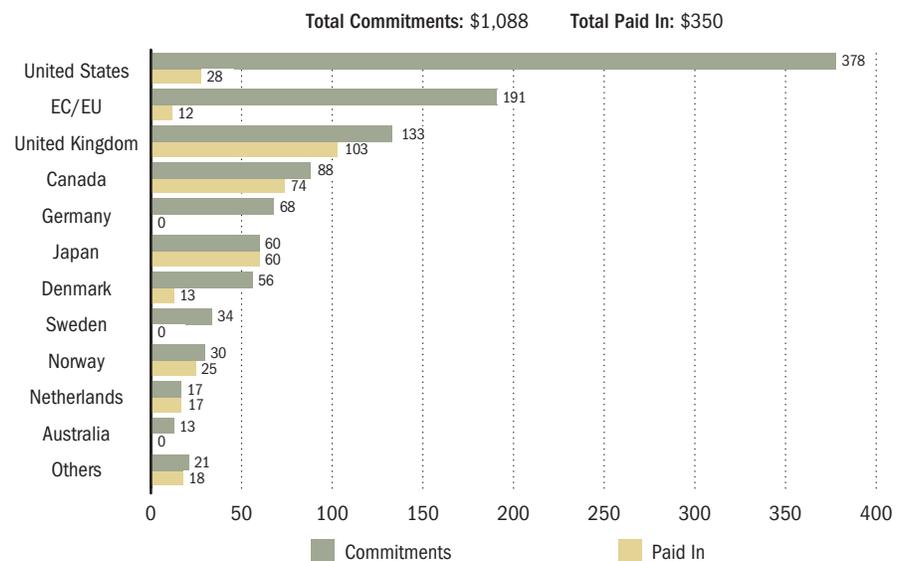
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the ARTF and the LOTFA.³²

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 August 22, 2015, the World Bank reported that 34 donors had pledged more than \$9.02 billion, of which more than \$8.28 billion had been paid in.³³ According to the World Bank, donors had pledged nearly \$1.09 billion to the ARTF for Afghan fiscal year 1394, which runs from December 22, 2014 to December 21, 2015.³⁴ Figure 3.23 shows the ten largest donors to the ARTF for FY 1394.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1394 BY DONOR, AS OF AUGUST 22, 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 August 22, 2015 (end of 8th month of FY 1394), p. 1.

STATUS OF FUNDS

As of August 22, 2015, the United States had pledged more than \$2.78 billion and paid in more than \$2.43 billion since 2002.³⁵ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing more than 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.³⁶ As of August 22, 2015, according to the World Bank, nearly \$3.52 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.³⁷ 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.³⁸

The Investment Window supports the costs of development programs. As of August 22, 2015, according to the World Bank, more than \$4.10 billion had been committed for projects funded through the Investment Window, of which more than \$3.06 billion had been disbursed. The World Bank reported 19 active projects with a combined commitment value of nearly \$2.77 billion, of which nearly \$1.73 billion had been disbursed.³⁹

Contributions to the Law and Order Trust Fund for Afghanistan

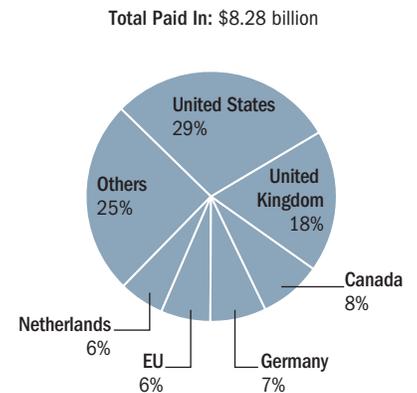
The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.⁴⁰ Since 2002, donors have pledged more than \$4.32 billion to the LOTFA, of which more than \$4.07 billion had been paid in, as of October 15, 2015.⁴¹ As of October 15, 2015, the United States had committed nearly \$1.53 billion since the fund’s inception and had paid in all of the commitment.⁴² 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 budget of \$293.07 million. At the end of the phase, approximately \$223.48 million had been expended to cover ANP and Central Prisons Directorate staff remunerations. Aside from payroll and related expenses, \$4.94 million had been expended on various capacity building initiatives, and \$1.74 million went toward the UNDP’s Programme Management Unit.⁴³

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, 2016.⁴⁴

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–AUGUST 22, 2015

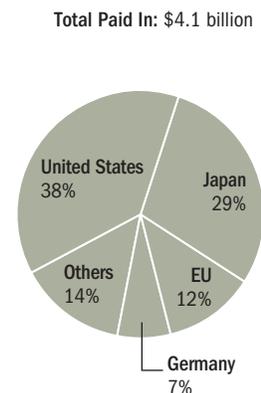


Note: Numbers have been rounded. EU = European Union. "Others" includes 28 donors.

Source: World Bank, *ARTF, Administrator's Report on Financial Status as of August 22, 2015 (end of 8th month of FY 1394)*, p. 5.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF OCTOBER 15, 2015



Note: Numbers have been rounded. EU = European Union. "Others" includes 24 donors.

Source: UNDP, response to SIGAR data call, 10/19/2015.

SECURITY CONTENTS

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SECURITY

As of September 30, 2015, the U.S. Congress had appropriated more than \$65 billion to provide assistance to the Afghan National Defense and Security Forces (ANDSF). This accounts for 59.3% of all U.S. reconstruction funding in Afghanistan since FY 2002. Congress established the Afghanistan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANDSF, which comprises all security forces under the Ministry of Defense (MOD) and the Ministry of Interior (MOI). 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, \$56.9 billion had been obligated and \$55.8 billion disbursed, as of September 30, 2015.⁴⁵

This section discusses assessments of the Afghan National Army (ANA) and Afghan National Police (ANP) and of 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.

KEY ISSUES AND EVENTS THIS QUARTER

President Obama Halts U.S. Troop Withdrawal

On October 15, 2015, President Obama announced that the United States will cease withdrawing U.S. troops from Afghanistan through most of 2016 and keep thousands in the country through the end of his term in January 2017. President Obama said U.S. forces will continue to perform two critical missions—training Afghan forces and supporting counterterrorism operations against al-Qaeda.⁴⁶ He said the United States will:⁴⁷

- through most of 2016, maintain the current level of 9,800 U.S. troops in Afghanistan
- in 2017, reduce to 5,500 troops stationed in Kabul and at a small number of bases including Bagram, Jalalabad, and Kandahar
- work with NATO and the Coalition to align the U.S. troop presence in accomplishing the two missions
- continue to support Afghan President Ashraf Ghani and the national-unity government as they pursue critical reforms

The Obama Administration's original plan had been to cut the number of U.S. troops in half next year and then reduce the U.S. force to about 1,000 troops based only at U.S. Embassy Kabul by the start of 2017. However, President Obama said the security situation in key areas of Afghanistan remains very fragile, with risk of deterioration in some areas.⁴⁸ His decision followed consultations with his national security team, Congress, and international partners, and also took into consideration requests for continued U.S. support from President Ghani.⁴⁹ The cost of the larger force is projected at approximately \$15 billion a year, about \$5 billion more than the 1,000-person, Kabul-based force would have cost.⁵⁰

The Capture of Kunduz

In a major setback for the Afghan government, the Taliban this quarter temporarily seized a provincial capital for the first time since Coalition forces began operations in Afghanistan in 2001. In the early hours of Monday, September 28, 2015, Taliban fighters appeared in the center of Kunduz, a city of more than 300,000 in northern Afghanistan and, by some measures, Afghanistan's fifth-largest city.⁵¹ During the attack, insurgents captured the governor's compound and police headquarters. They also released inmates from the local jail and occupied a local hospital. Residents reported the looting of the local United Nations (UN) office, the Afghan intelligence agency's office, two radio stations, and car dealerships, as well as an attack on a bank.⁵² Electricity and phone service were reportedly down throughout most of the city, and there were reports of executions.⁵³

Testifying before the Senate Armed Services Committee on October 6, 2015, General John F. Campbell, commander of U.S. Forces-Afghanistan (USFOR-A) and the Resolute Support (RS) mission, said Afghan army units were largely deployed outside of Kunduz at the time of the attack, so the Taliban, who attacked from within the city, were initially engaging police units. As regular and special-forces troops were, at the time of his testimony, still clearing the city of small, isolated pockets of insurgents, the full implications of the fall of Kunduz remained unclear.⁵⁴ However, in his testimony, General Campbell said "poor leadership" played a role in the Afghan police's inability to hold Kunduz: "I go back to leadership and leadership makes a difference. In areas that they have had problems, I think leadership has been the key."⁵⁵

According to media reports, the ANDSF's effort to retake the city was slowed by ambushes and roadside bombs.⁵⁶ U.S. forces provided close-air support to ANDSF troops clearing the city. However, one of those airstrikes hit a Doctors Without Borders trauma center, killing at least 22 people, including medical staff and patients.⁵⁷ The president of Doctors Without Borders called for what would be a first-ever fact-finding mission to be launched under the applicable Geneva Convention protocol.⁵⁸ In addition, the United Nations Assistance Mission in Afghanistan (UNAMA)

“The Afghan security forces’ inconsistent performance in Kunduz underscores several of their shortcomings.”

—General John F. Campbell,
RS and USFOR-A commander

Source: Senate Armed Services Committee, *Statement of General John F. Campbell, USA, Commander U.S. Forces-Afghanistan before the Senate Armed Services Committee on the Situation in Afghanistan*, 10/6/2015.

AFTER KUNDUZ: ASSESSING THE ANDSF

One of the most important questions facing Afghanistan has long been whether the Afghan National Defense and Security Forces (ANDSF) can maintain security following the U.S. and Coalition military drawdown.

On September 28, 2015, Taliban fighters took control of Kunduz, a northern city of more than 300,000 people, forcing the ANDSF to retreat.⁵⁹ The ANDSF retook the city within two weeks, but important questions remain.

Will this happen again? And could it happen in Kabul? General John F. Campbell told a Senate committee on October 6 that the Taliban “will not overthrow the Afghan government.”⁶⁰ Despite events in Kunduz, his statement appears accurate. The ANDSF have so far protected national-level government institutions. But SIGAR is concerned that if insurgents repeatedly draw Afghan army troops outside cities, then stage dramatic, if temporary, successes against police units, the cumulative impact on ANDSF morale and popular support of the Afghan government could be as adverse as defeats in main-force battles.

U.S. national-security strategy in Afghanistan aims to deny the Taliban the ability to overthrow the government and to strengthen the capacity of Afghanistan’s security forces. To achieve these and other goals, the United States has provided more than \$65 billion to build, train, equip, and sustain the ANDSF. SIGAR carefully tracks this funding and how it is used. However, much of what SIGAR tracks is quantitative and does not address intangible factors such as leadership and the will to fight. The ANDSF has more tools at their disposal than their enemies, but that fact by itself does not guarantee success. As Campbell has told the ANDSF, “The Taliban don’t have D-30 howitzers, it doesn’t have [reconnaissance aircraft], it doesn’t have Mi-35s, Mi-17s, MD-530 helicopters. It doesn’t have up-armored Humvees.”⁶¹ Yet the Taliban can still fight.

SIGAR and other organizations have long voiced concern about the ANDSF’s capability to counter the threats facing them in the foreseeable future. For example:

- In June 2010, SIGAR found that army and police units deemed capable of operating independently later showed significant levels of backsliding in their capability levels. This was due, in part, to the fact that once a unit achieved a top rating, Coalition forces withdrew assistance such as force protection, supplies, or expertise.⁶²
- In July 2012, the Government Accountability Office (GAO) raised concerns that changing the title of the highest rating level an ANDSF unit could attain—from “independent” to “independent with advisors”—was, in part, responsible for an increase in the number of units rated at the highest level.⁶³
- In January 2014, the nonprofit Center for Naval Analyses (CNA) predicted that the insurgency will be a greater threat in 2015 due to the reduction in NATO forces. CNA accurately forecasted that the Taliban would keep pressure on the ANDSF, encircle key cities, and conduct high-profile attacks in Kabul and other cities.⁶⁴
- In February 2014, SIGAR repeated that the assessment tool used to rate the ANDSF was inconsistently applied and not useful. A new assessment tool was created that provided brigade-level assessments, but after October 2014, that level of detail was classified by the International Security Assistance Force (ISAF).⁶⁵
- In December 2014, SIGAR included ANDSF capabilities in its High-Risk List calling attention to areas susceptible to waste, fraud, and abuse.⁶⁶
- Earlier this year SIGAR published two audits reporting that there is no assurance that ANDSF personnel and payroll data are accurate.⁶⁷
- This quarter SIGAR released an audit showing that the Afghan Local Police lacked adequate logistics support, oversight, and planning.⁶⁸
- This quarter the U.S. military told SIGAR that its current assessment tool was “not intended to be used as an assessment or evaluation the entire ANDSF.” This raises questions about the U.S. ability to determine ANDSF effectiveness at an operational level.

General Joseph Dunford warned in March 2014, “If we leave at the end of 2014, the Afghan security forces will begin to deteriorate. The security environment will begin to deteriorate, and I think the only debate is the pace of that deterioration.”⁶⁹ The situation in Kunduz warrants close monitoring and may call for a reassessment of the tools used to measure Afghan force capabilities and the security outlook.

announced they are reviewing the Kunduz incident and will report to the Afghan government and the NATO-led RS mission on their findings and recommendations to protect civilians.⁷⁰ On October 7, 2015, President Obama apologized to the president of Doctors Without Borders for the air attack on their facility and said the United States would examine its military procedures.⁷¹ The Afghan government pledged cooperation with a full and transparent investigation.⁷² General Campbell has pledged a thorough, objective, and transparent U.S. investigation of the incident. He also directed a review of the U.S. forces' operational authorities and rules of engagement and force-wide training for U.S. personnel in targeting authorities and rules of engagement.⁷³

The Taliban attack on Kunduz did not come as a complete surprise. The head of the provincial council reported local officials warning for months of insurgents advancing in the area.⁷⁴ Twice this year insurgents had encroached into Kunduz.⁷⁵ The UN reported on July 2, 2015, that the Doctors Without Borders hospital in Kunduz was temporarily closed after Afghan security forces raided the hospital and allegedly threatened medical staff while searching for insurgents reportedly being treated there.⁷⁶ According to one account, insurgents had been amassing arms and ammunition in the city for weeks before the assault.⁷⁷ On August 13, 2015, General Wilson Shoffner, RS deputy chief of staff for communications, said the ANA corps operating in the north was stretched so thin that another brigade was added and another deputy brigade commander assigned.⁷⁸

On October 9, 2015, an Afghan government spokesman reported the majority of Kunduz City was again under government control, though pockets of resistance remained and skirmishes erupted as security forces performed a house-by-house search.⁷⁹ On October 13, 2015, the Taliban announced their complete withdrawal from the city, 15 days after they entered it.⁸⁰

General Campbell Testifies to Congress

During the week of October 5, 2015, General Campbell testified before the Senate Armed Services Committee and the House Armed Services Committee on the situation in Afghanistan.⁸¹ General Campbell recommended that President Barack Obama revise his original plan of reducing the U.S. troop presence to a Kabul-based embassy presence by the end of 2016.⁸² Campbell said much had changed since that plan was formulated in mid-2014, such as the rise of the Islamic State of Iraq and the Levant (ISIL), an increased al-Qaeda presence in Afghanistan due to Pakistani military operations, and the emergence of a new Afghan national-unity government that is willing to work with the United States. He said the U.S. military would have a very limited ability to carry out its train-advise-and-assist and counterterrorism missions with only an embassy presence of about 1,000 in Kabul.⁸³

Despite the recent fall of Kunduz, Campbell said he believes the Taliban will not overthrow the Afghan government, and any action toward peaceful reconciliation will take a “good couple months.”⁸⁴ He classified the ISIL presence as an operational emergency, with reports of ISIL in at least 25 provinces, but predominantly in Nangarhar.⁸⁵ Within the context of a “very, very tough” fighting season, he said the ANDSF has remained intact and resilient, a creditable performance for a young force severely tested. General Campbell admitted the ANDSF has faltered at times, but said they continue to evolve, improve, and fight hard in spite of increased casualties.⁸⁶

General Campbell said the enemies of Afghanistan, including the Taliban, al-Qaeda, the Haqqani Network, ISIL, and other extremist groups, will present formidable challenges for the remainder of 2015 and beyond.⁸⁷ He concluded that the United States needs to exercise strategic patience and sustain its commitment to Afghanistan.⁸⁸

Taliban Leadership Changes

In late July, Afghan officials announced that Taliban leader Mullah Mohammed Omar had died in 2013 in a Pakistan hospital.⁸⁹ The Taliban later admitted they withheld announcing his death in order to maintain solidarity in the fight against the United States and Afghanistan.⁹⁰ The news resulted in a divisive struggle among various factions before a new leader, Mullah Akhtar Mansoor, was recognized. Planned peace talks were cancelled.⁹¹

A former DOD official told *Pajhwok Afghan News* that he believed a few people at the Pakistani intelligence agency knew of Mullah Omar’s death but withheld the information in order to better control the Taliban.⁹² Former Deputy Assistant Secretary of Defense David Sedney added that in 2010, Pakistan had no interest in peace talks and had imprisoned approximately 40–50 Taliban members who were open to them.⁹³

ANDSF Members Sexually Abusing Boys

This quarter the *New York Times* reported that U.S. forces had been instructed to ignore the rape of young boys by ANDSF members. In response to the report, President Ghani called for action to remove those ANDSF members violating children from the security forces and to charge them in the courts. He said the sexual abuse of boys will not be tolerated, although he acknowledged that “the larger cultural dynamic needs time” since the Afghan custom of *bacha bazi* is centuries old.⁹⁴ In his testimony to the Senate Armed Services Committee on October 6, 2015, General Campbell said the incidents cited in the *New York Times* article dated from 2010–2012. He said there is no U.S. policy to ignore such acts of sexual abuse, and that a policy in place since at least 2011 requires U.S. service members to report all suspected human-rights violations to their chain of command, who will then report them to the Afghan authorities.⁹⁵ On

Bacha Bazi: literally translates to “playing with boys,” and encompasses the ancient Afghan custom of powerful men sexually abusing young boys. The Taliban made the practice punishable by death, but *bacha bazi* has been resurrected since the fall of the Taliban. Under the practice, young boys, also known as ‘chai (tea) boys’ are sold to wealthy and powerful men for entertainment and illicit sex. As women are not allowed to dance in public, boys are made to dance and perform feminine gestures and acts. Boys have been raped, kidnapped, trafficked, and even sold by their parents for family prestige and money. Reports that *bacha bazi* is evolving into a nonviolent and consensual practice do not recognize that adolescent boys have not reached the age of consent.

Leahy Amendment: Commonly known by the name of its Senate sponsor, section 826 of the National Defense Appropriations Act of 2013, Pub. L. 112-239, provides that CSTC-A cannot use U.S. funds for any training, equipment, or other assistance for members of an ANDSF unit if the U.S. Secretary of Defense has credible information that the unit has committed a “gross violation of human rights.”

Source: Pub. L. No. 112-239, National Defense Appropriations Act for Fiscal Year 2013, p. 1833; CSTC-A, response to SIGAR data call, 9/25/2015.

September 22, 2015, General Campbell issued a statement for U.S. and non-U.S. personnel assigned to the RS mission to immediately report suspicions of sexual abuse to the chain of command.⁹⁶

Senator Patrick Leahy (D-VT) condemned the reported sexual abuse, saying it violated a provision of U.S. law, the **Leahy Amendment**.⁹⁷ However, CSTC-A reported this quarter that both the MOI and MOD are making sufficient progress to date with regard to the Leahy Amendment. CSTC-A said it routinely performs Leahy vetting for all individuals slated to attend U.S.-funded training, but did not state if any individuals had been rejected due to Leahy violations. CSTC-A stated it would enforce any decisions made by the Secretary of Defense to deny equipment or funds to ANDSF units found in violation of the Leahy Amendment.⁹⁸

A spokesman for RS told the *Times* that allegations of child sexual abuse by Afghan military or police personnel would be a matter for Afghan domestic law enforcement. While sexual assault is addressed in Afghan law, there is no specific provision with regard to bacha bazi (sexual abuse of boys is not the totality of bacha bazi). The Afghanistan Independent Human Rights Commission (AIHRC) has recommended the government criminalize the practice and modify the penal code based on provisions in the Universal Declaration of Human Rights and other human-rights conventions.⁹⁹

UN Reports Conflict Intensity Shows no Signs of Abating

The intensity of conflict in Afghanistan shows no signs of abating and the security environment has become more fragile and dynamic, according to UNAMA.¹⁰⁰

The UN recorded 6,096 **security incidents** from May 1, 2015, through July 31, 2015, a 4.6% decrease compared to the same period in 2014 during the second round of the presidential election.¹⁰¹ The count included 291 assassinations and attempted assassinations, an increase of 11.4% compared to the same period in 2014.¹⁰² The UN reported armed clashes (53%) continued to account for the majority of the incidents, together with improvised-explosive device (IED) events (26%) accounting for 79% of all security incidents.¹⁰³

While more security incidents were reported than last quarter, as reflected in Figure 3.26, there were more days in the latest reporting period, resulting in the incidents-per-day average being slightly lower this period compared to last quarter.¹⁰⁴ The UN said the majority of the incidents were reported in the southern and eastern regions, with Kandahar, Nangarhar, Ghazni, Helmand, and Kunar enduring 44.5% of all security incidents.¹⁰⁵

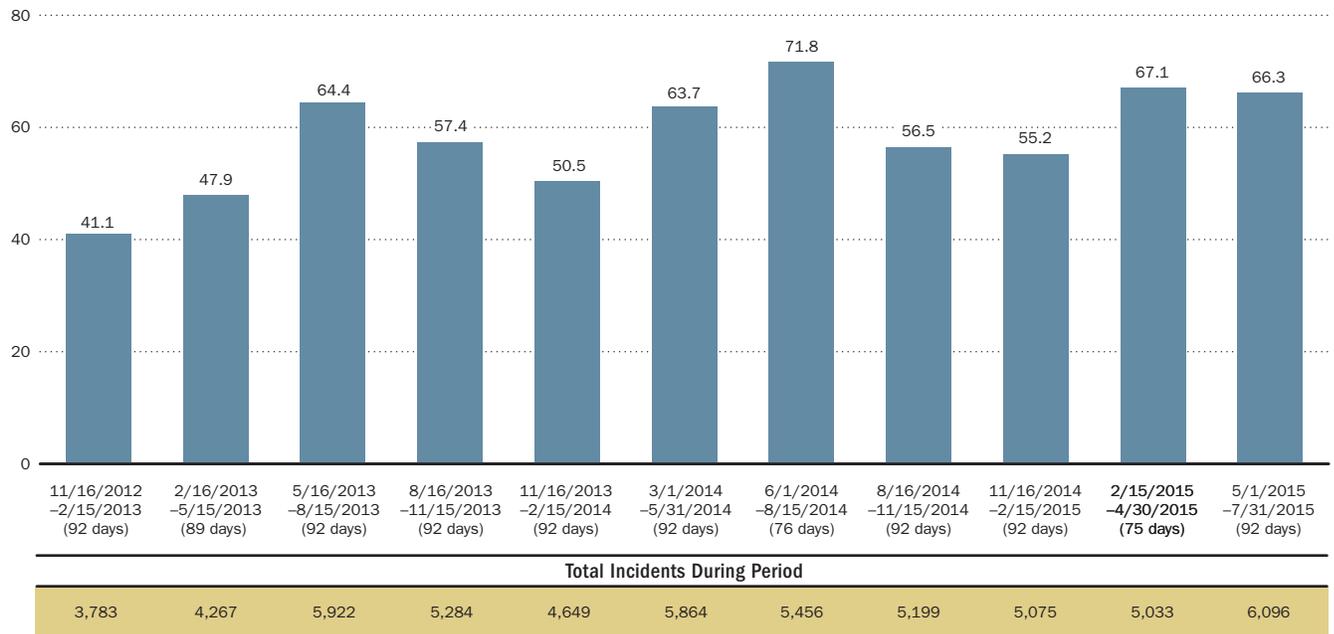
The UN reported that the period was marked by antigovernment elements’ efforts to capture and hold district centers in a number of provinces. Of the 364 districts in Afghanistan, seven district centers were captured, a significantly larger number than in previous years, with five recaptured by the ANDSF during the reporting period.¹⁰⁶

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 of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security*, 12/9/2014, p. 6.

FIGURE 3.26

AVERAGE NUMBER OF REPORTED SECURITY INCIDENTS PER DAY



Source: UN, reports of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security*, 9/1/2015, 6/10/2015, p. 4; 2/27/2015, p. 4; 12/9/2014, p. 5; 9/9/2014, p. 6; 6/18/2014, p. 5; 3/7/2014, p. 5; 12/6/2013, p. 6; 9/6/2013, p. 6; 6/13/2013, p. 5; and 3/5/2013, p. 5.

Civilians continue to endure most of the attacks; from May 1 through July 31, UNAMA documented 2,985 civilian casualties (934 killed and 2,051 injured).¹⁰⁷ The UN reported August 7, 2015, to have been the deadliest day since UNAMA began tracking civilian casualties in 2009, with 355 civilian casualties (42 deaths and 313 injured).¹⁰⁸ UNAMA attributed a 78% increase in civilian casualties to antigovernment elements from suicide and **complex attacks** in the first half of 2015.¹⁰⁹

MOD Continues Without a Confirmed Minister for Over One Year

The MOD has been without a confirmed minister since September 29, 2014, when Ghani was sworn in as president.¹¹⁰ On July 4, 2015, the Afghan parliament rejected President Ghani's third nominee for minister of defense, Masoom Stanekzai, who has been serving in an acting capacity since May.¹¹¹ The second nominee for minister of defense withdrew his nomination on April 8, 2015, before the parliament scheduled the vote. Ghani had nominated General Mohammad Afzal Ludin, a military advisor in the National Security Council, on April 6.¹¹² However, General Ludin said he did not wish his nomination to prove divisive for the country.¹¹³ Earlier,

Complex Attack: A deliberate and coordinated attack which includes a suicide device, at least one other type of device, and more than one attacker. All three elements must be present for an attack to be considered complex.

Note: DOD's definition of "complex attack" does not require a suicide device.

Source: UNAMA, "Afghanistan Midyear 2015 Report, Protection of Civilians in Armed Conflict," 8/2015.

Acting Minister of Defense Masoom Stanekzai

Confirmed Confirmation rejected; serving as acting minister since May 21, 2015.

Ethnicity Pashtun

Tribe Stanekzai

Nominated by President Ashraf Ghani

Experience

- Jennings Randolph Afghanistan Fellow at the U.S. Institute of Peace
- Head of the High Peace Council
- Chief executive of the Afghanistan Peace and Reintegration Program

Background As a former official of the High Peace Council and the Chief executive of the Afghanistan Peace and Reintegration Program, Minister Stanekzai has been an integral part in peace negotiations with the Taliban. In 2011, Stanekzai was seriously injured in a suicide attack which also killed then High Peace Council Chairman Berhanuddin Rabbani.



Acting Minister of Defense Masoom Stanekzai (Körber Foundation photo by Marc Darchinger)

Source: Afghan Biographies, *Stanikzai, Masoom*, 6/19/2015; *Pajhwok Afghan News*, "Stanikzai wants offensive strategy changed," 9/21/2015; *Tolo News*, "Parliament Rejects Stanekzai as Defense Minister," 7/4/2015; *Tolo News*, "Ghani Names Stanekzai as Defense Minister Nominee," 5/21/2015; USIP, "Adviser to Afghan President Karzai, an Ex-USIP Fellow, Confers with Institute Staff," 1/11/2013; *RS News*, "Minister Stanekzai: Afghanistan's Future is Bright," 5/12/2011.

Afghan parliamentarians rejected Ghani's nomination of then ANA chief of staff General Sher Mohammad Karimi to lead the country's military forces in January.¹¹⁴

DOD to Review USFOR-A Inputs to SIGAR

This quarter DOD informed SIGAR that DOD will receive, review, and incorporate responses to comments made on SIGAR's quarterly report drafts by the U.S. Central Command (CENTCOM), including USFOR-A and CSTC-A, before submitting them to SIGAR. In the past SIGAR has received CENTCOM's comments on its drafts as the command judged appropriate. SIGAR is concerned that receiving consolidated submissions will reduce the informational value from the original CENTCOM submissions, and will monitor the impacts of the change.¹¹⁵

U.S. FORCES IN AFGHANISTAN

According to USFOR-A, approximately 8,550 U.S. forces were serving in Afghanistan as of August 22, 2015, with approximately 7,000 personnel from other Coalition nations also serving.¹¹⁶ Of the U.S. forces serving in Afghanistan, approximately 3,550 are assigned to the RS mission.¹¹⁷

Since the RS mission began on January 1, 2015, 11 U.S. military personnel were killed in action and 50 U.S. military personnel wounded in action. In addition, 17 DOD civilians or contractors have been killed in service and seven wounded.¹¹⁸ This includes the loss of six U.S. service members and five civilian contractors in the C-130 crash in Jalalabad on October 1, 2015.¹¹⁹

Five insider attacks against U.S. forces have occurred in 2015, killing three soldiers and wounding 15 others. Also during 2015, three U.S. civilian contractors were killed and one has been wounded as a result of an insider attack.¹²⁰

A Georgian soldier killed on September 22, 2015, brings to 12 the number of foreign forces (including U.S.) killed in Afghanistan since the beginning of the RS mission. The Republic of Georgia is the second-largest force contributor to the NATO-led RS mission after the United States.¹²¹

On October 1, 2015, Major General Gordon Davis took over leadership of CSTC-A from Major General Todd Semonite in a change of command ceremony in Kabul.¹²²

ANDSF STRENGTH DECLINES SLIGHTLY

This quarter, ANDSF assigned force strength was 324,716 (including civilians), according to USFOR-A. As reflected in Table 3.6, this is 90.2% of the ANDSF target force strength of 360,004, counting MOD civilian employees. (The commonly cited end-strength goal of 352,000 does not count MOD civilians). The new assigned-strength number reflects a decrease of 7,228 since May 2015 and 4,089 since February 2015.¹²³ This quarter the ANA decreased by 342, while the ANP decreased by 6,886, as shown in Table 3.7 on the following page.¹²⁴ However, 5,788 of the ANP decrease is due to corrections to the records made following a CSTC-A audit; for more information, see page 108 of this section. SIGAR has long questioned the validity and reliability of Afghan security-personnel numbers for several reasons (see “Questionable ANSF Numbers Thicken Fog of War in Afghanistan” in SIGAR’s April 2015 *Quarterly Report to the United States Congress*, pages 3–15). Recent reporting of negligible ANA personnel strength decreases during the fighting season and the issues uncovered with ANP personnel strength data show no indication that data is becoming more reliable.

“No one can argue with the naysayer that feels progress should be faster, but we need to reinforce those with a long-term vision, to champion those who know that successes comes with challenges and to embrace those with strategic patience to support steady progress.”

—Major General Todd Semonite,
outgoing CSTC-A commander

Source: RS News, “Combined Security Transition Command-Afghanistan welcomes new commander,” 10/1/2015.

TABLE 3.6

ANDSF ASSIGNED FORCE STRENGTH, JULY 2015						
ANDSF Component	Approved End-Strength Goal	Target Date	Current Assigned as of July 2015	% of Target Authorization	Difference Between Current Assigned and Approved End-Strength Goals	Difference (%)
ANA including AAF ^a	195,000	December 2014	160,461	82.3%	(34,539)	(17.7%)
ANA Civilians including AAF Civilians	8,004	-	7,048	88.1%	(956)	(11.9%)
ANA + AAF Total	203,004		176,420	86.9%	(26,584)	(13.1%)
Afghan National Police	157,000	February 2013	148,296	94.5%	(8,704)	(5.5%)
ANDSF Total with Civilians	360,004		324,716	90.2%	(35,288)	(9.8%)

Note: AAF = Afghan Air Force; ANA = Afghan National Army; ANDSF = Afghanistan National Defense and Security Forces.

^a The ANA and AAF detail numbers do not equal the reported ANA-including-AAF total number. Trainee, Transient, Holdee, and Students (TTHS) may represent part or all of the unreconciled variance of 8,911 personnel.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 12/2012, p. 56; USFOR-A, response to SIGAR data call, 9/11/2015.

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TABLE 3.7

ANDSF ASSIGNED FORCE STRENGTH, FEBRUARY 2014–JULY 2015							
	2/2014	5/2014	8/2014	11/2014	2/2015	5/2015	7/2015
ANA including AAF	184,839	177,489	171,601	169,203	174,120	176,762	176,420**
ANP	153,269	152,123	153,317	156,439*	154,685	155,182	148,296
Total ANDSF	338,108	329,612	324,918	325,642	328,805	331,944	324,716

Note: ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces; ANA and AAF numbers include 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.

**The supporting ANA and AAF numbers do not equal the reported ANA including AAF July 2015 total; Trainee, Transient, Holdee, and Students (TTHS) may represent all or part of the unreconciled number.

Source: CSTC-A response to SIGAR data calls, 3/31/2014, 7/1/2014, and 10/6/2014; RS, response to SIGAR request for clarification, 3/14/2015; USFOR-A, response to SIGAR vettings, 4/10/2015 and 7/12/2015; USFOR-A, response to SIGAR data calls, 12/28/2014, 3/24/2015, 6/29/2015, and 9/11/2015.

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

ANDSF Attrition Holding Steady

ANDSF attrition rates are holding steady, according to reporting provided to RS by the MOD and MOI. The ANA had a monthly attrition rate of 2.4% in July 2015, up from 2.3% in May; and more than a one percentage-point decrease from the average monthly attrition rates the ANA endured in 2013 of 3.52% and 2014 of 3.62%.¹²⁵ The ANP's monthly average attrition rate was reported to be holding steady at 1.9% from May through July.¹²⁶ This quarter USFOR-A reported that RS is no longer tracking a monthly attrition goal. For more information, see page 101 of this section.

USFOR-A Clarifies MAAR Assessment Process

During the last two quarters SIGAR reported on the assessments of the ANA, Afghan Uniformed Police (AUP), Afghan Border Police (ABP), and the Operations Coordination Centers-Regional (OCC-Rs) using a new assessment tool, the Monthly ANDSF Assessment Report (MAAR). As with past systems used to assess the ANDSF, SIGAR found the MAAR did not provide a clear picture of ANDSF capability. This quarter USFOR-A informed SIGAR that use of the MAAR as a comprehensive assessment for the ANDSF components is incorrect, as the MAAR differs fundamentally from the prior Regional ANDSF Status Report. USFOR-A gave three reasons:¹²⁷

- The MAAR assesses only the six ANA corps headquarters, six provincial ABP and AUP headquarter elements, and the ANCOP headquarters, and not ANA or ANP corps, battalions, or lower-level operational units.
- MAAR assessment categories are not weighted equally. Some category ratings contribute more to the overall unit capability than other categories, so unweighted averaging of ratings is not appropriate.

- The MAAR assessment process varies over time and among regions, resulting in variations in assessment completeness, reliability, and accuracy, and preventing strictly apples-to-apples comparisons.

USFOR-A reported that training, advising, and assisting is conducted by a small number of advisors at the corps/police-headquarters level who provide input into the MAAR. The MAAR is one of many tools used by RS to direct the efforts of the Coalition trainers and advisors.¹²⁸

USFOR-A's response to SIGAR raises a serious concern that the United States does not have a reliable system to actually rate the capability of the ANDSF and, by extension, the effectiveness of the United States' \$65 billion investment to build, train, equip, and sustain them.

Under the circumstances, SIGAR cannot evaluate the progress of ANA corps or police units and their operational capabilities this quarter. In the future, USFOR-A has offered to provide SIGAR an unclassified narrative that provides "a comprehensive assessment."¹²⁹ It was not clear, why USFOR-A had not previously provided this type of assessment despite SIGAR's quarterly requests for ANDSF capability assessments. SIGAR, in absence of any other usable or analyzable assessment, will provide the assessment narratives as reported by USFOR-A.

USFOR-A also said the MAAR provided to SIGAR last quarter reflected rating decreases at the headquarters level attributable to the significant stresses of the fighting season. The ANDSF suffered decreases in a number of areas early in the fighting season, but have begun to recover in some areas as they gain experience. Other areas will likely not recover until after the fighting season when the ANDSF have time to reconstitute their forces.¹³⁰

During his testimony to the Senate Armed Services Committee on October 6, 2015, General Campbell described the fighting in Kunduz and underscored several ANDSF shortcomings: poor intelligence sharing, lack of cross-pillar coordination, and suboptimal use of the forces.¹³¹ Without the combat power and numbers to protect every part of Afghanistan, he said the ANDSF has difficulty countering the Taliban's ability to temporarily mass, seize an objective, and then blend back into the population when confronted with an ANDSF counterattack.¹³² The general said the ANDSF needs to improve responsiveness, flexibility, and preparedness of the forces at the tactical and operational levels. He added that ANDSF leaders need to discern better when to take the offense, when to defend, and where to assume risk.¹³³ Yet when the ANDSF deliberately plan their operations and coordinate across the security pillars, they achieve results, he said.¹³⁴

Measuring Control in Afghanistan

The UN reported that while the ANDSF retained control in the overwhelming majority of district centers, antigovernment elements and other illegally armed groups continue to intimidate the population in many rural areas.¹³⁵

“They (ANDSF) do not possess the necessary combat power and numbers to protect every part of the country.”
—General John F. Campbell, RS and USFOR-A commander

Source: Senate Armed Services Committee, Statement of General John F. Campbell, USA, Commander U.S. Forces-Afghanistan before the Senate Armed Services Committee on the Situation in Afghanistan, 10/6/2015.

Safe Haven: an area where insurgents effectively influence the populace and maintain unrestricted freedom of movement due to limited Afghan government presence.

Operating Area: an area where insurgents actively contest Afghan government control to influence the populace and gain freedom of movement.

Source: USFOR-A, response to SIGAR data call, 9/6/2015.

Areas not assessed to be insurgent **safe havens** or **operating areas** are considered to be under Afghan government control.¹³⁶

RS LOWERS EXPECTATIONS FOR MINISTRY OF DEFENSE AND MINISTRY OF INTERIOR FOR SECOND CONSECUTIVE QUARTER

RS revised its forecasts this quarter as it did last quarter by lowering the expected capacity levels the MOD and MOI will achieve by the end 2016.¹³⁷

USFOR-A reported that due to changes in the operating environment, the Essential Function (EF) offices have refocused the plans and reassessed the end-of-mission forecast. RS now forecasts that by the end of its mission in 2016, 69% of MOD functions are expected to be sustaining or fully capable (the highest and second-highest ratings), a drop from the 74% and 90% forecasts in the last two quarters. Similarly lowered expectations were forecast for the MOI, where 57% of functions are predicted to be “sustaining” or “fully capable,” down from previous quarters’ forecasts of 68% and 86%.¹³⁸

Each RS EF directorate and the Gender Affairs office use the Essential Function Plan of Action and Milestones (POAM) to assess the essential-function capabilities of the offices in each ministry.¹³⁹ The milestones are assessed based on the five-stage rating system displayed in Table 3.8.¹⁴⁰ Milestone assessments are 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.¹⁴¹

This quarter RS reduced by one the number of milestones required to develop EF-2 (Transparency, Accountability, and Oversight) ministry capacity and core competencies under the assessment process.¹⁴² This reduces the total number of assessment milestones from 46 to 45 for MOD, and from 38 to 37 for MOI.¹⁴³

The five ratings reflect the degree to which Afghan systems are in place, functioning, and being used effectively. The highest rating, “sustaining capability,” indicates an Afghan ministry can perform a specific function without Coalition advising or involvement.¹⁴⁴ As of this quarter, no essential function of either the MOD or MOI had achieved a rating of “sustaining capability,” however, two MOD EF-5 (Sustainment) milestones and four MOI milestones—two in EF-4 (Force Generation) and two in EF-5—have achieved a rating of “fully capable,” as shown in Table 3.8.¹⁴⁵

This quarter, the RS assessment indicates the MOD has increased the percentage of its “fully capable” and “partially capable” development milestones from 37% last quarter to 55.6%. The MOI also increased its ratings, with 59.5% of its development milestones at “fully capable” or “partially capable” compared to 36.8% last quarter.¹⁴⁶

According to the current RS assessment, one MOD EF-7 (Intelligence) milestone has remained in the “not scoped” stage for a second consecutive

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TABLE 3.8

MINISTRY ASSESSMENT USING NATO SYSTEM, AS OF AUGUST 2015																																							
RATING MEANING	EF-1			EF-2			EF-3			EF-4			EF-5			EF-6			EF-7			EF-8			Gender			Total											
	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-															
Ministry of Defense Assessment																																							
Rating 5 Sustaining Capability	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=
Rating 4 Fully Capable/Effective	0	0	=	0	0	=	0	0	=	0	0	=	0	2	+	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	2	+
Rating 3 Partially Capable/Effective	1	2	+	0	0	=	3	4	+	2	5	+	8	9	+	1	1	=	2	2	=	0	0	=	0	0	=	0	0	=	0	0	=	17	23	+			
Rating 2 Initiated (In Development)	3	4	+	3	4	+	1	0	-	4	1	-	4	1	-	2	2	=	1	1	=	0	0	=	0	0	=	0	2	+	18	15	-						
Rating 1 Scoped/Agreed	2	0	-	2	0	-	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	3	3	=	1	1	=	8	4	-						
Rating 0 Not Scoped/Agreed	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	1	1	=	0	0	=	2	0	-	3	1	-									
EF Total	6	6	=	5	4	-	4	4	=	6	6	=	12	12	=	3	3	=	4	4	=	3	3	=	3	3	=	46	45	-									
Ministry of Interior Assessment																																							
Rating 5 Sustaining Capability	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=
Rating 4 Fully Capable/Effective	0	0	=	0	0	=	0	0	=	1	2	+	0	2	+	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	1	4	+						
Rating 3 Partially Capable/Effective	1	3	+	0	0	=	0	2	+	2	2	=	8	9	+	2	2	=	0	0	=	0	0	=	0	0	=	0	0	=	13	18	+						
Rating 2 Initiated (In Development)	4	3	-	1	2	+	4	2	-	1	0	-	4	1	-	0	0	=	3	3	=	0	0	=	0	2	+	17	13	-									
Rating 1 Scoped/Agreed	1	0	-	3	1	-	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	2	1	-	6	2	-						
Rating 0 Not Scoped/Agreed	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	0	0	=	1	0	-	1	0	-						
EF Total	6	6	=	4	3	-	4	4	=	4	4	=	12	12	=	2	2	=	3	3	=	0	0	=	3	3	=	38	37	-									

Note: EF = Essential Function; ASI = Afghan Security Institutions; EF-1 = Multi-Year Budgeting and Execution; EF-2 = Transparency, Accountability, and Oversight; EF-3 = Civilian Governance of the ASI; EF-4 = Force Generation; EF-5 = Sustainment; EF-6 = Strategy and Policy, Planning, Resourcing, and Execution; EF-7 = Intelligence; EF-8 = Strategic Communications. Q2 = June 2015; Q3 = August 25, 2015. One EF-2 rating category was dropped for Q3 2015.

Source: USFORA, response to SIGAR data calls, 6/6/2015 and 9/4/2015.

quarter.¹⁴⁷ And three EF-8 (Strategic Communications) milestones have not reached the “initiated” stage for a second consecutive quarter. However, EF-4 has five of six milestone assessments rated as “partially capable.”¹⁴⁸

Within the MOI, there has been no assessment for EF-8 for the past two quarters. Whereas EF-5 has progressed from eight milestones rated as “partially capable” and four milestones as “initiated,” to two milestones assessed as “fully capable,” nine as “partially capable,” and one as “initiated.”¹⁴⁹

Within both the MOD and MOI, the Gender Affairs office has progressed with only one of three milestones remaining as “scoped.”¹⁵⁰

Essential Functions highlights this period include:¹⁵¹

- **EF-1 (Multi-Year Budgeting and Execution):** MOU to implement the mobile money program for 100% of the ALP by December 2016 was drafted and in review
- **EF-2 (Transparency, Accountability, and Oversight):** MOD approved the Ministerial Internal Controls Program implementation plan
- **EF-3 (Civilian Governance of the ASI):** the MOD Criminal Investigation Division, Inspector General, and Intelligence office agreed to form both a headquarters- and corps-level corruption coordination cell
- **EF-4 (Force Generation):** in conjunction with EF-6, advisor support to the National Security Council in development of the national security policy
- **EF-5 (Sustainment):** coordinated network vulnerability assessments with both MOD and MOI network operations centers and assisted the ANA and ANP with fielding 25 radio repair facilities
- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):** advisor support to the National Security Council in development of the national security policy in conjunction with EF-4
- **EF-7 (Intelligence):** creation of intelligence sharing cells for pre-planned ANDSF operations
- **EF-8 (Strategic Communications):** re-initiated recurring Afghan national-level strategic communications working groups for the first time since 2012
- **Gender Office:** implementation of the complaints commission and female harassment committee

MOD and MOI Literacy Training Contracts Pending National Procurement Commission Approval

This quarter, USFOR-A reported the MOD and MOI literacy contract packages were submitted for National Procurement Commission review and approval.¹⁵² In the interim, the ministries continue to provide literacy training using train-the-trainer graduate instructors at the regional training centers.¹⁵³ USFOR-A reports all ANA and ANP officers and non-commissioned officers are expected to be literate to hold their positions.¹⁵⁴ ANA policy requires officer applicants be fully literate—able to read, write, and grasp the idea of a topic—and requires noncommissioned-officer applicants be able to read and write.¹⁵⁵

AFGHAN LOCAL POLICE

ALP members, known as “guardians,” are local citizens selected by village elders or local power brokers to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.¹⁵⁶ Effective June 15, 2015, the ALP transitioned to align under the

“The ALP are not as well equipped or trained as other ANDSF. They have often been misemployed as ANP in distant checkpoints even though they should only operate within their local villages.”

—General John F. Campbell,
RS and USFOR-A commander

Source: Senate Armed Services Committee, *Statement of General John F. Campbell, USA, Commander U.S. Forces-Afghanistan before the Senate Armed Services Committee on the Situation in Afghanistan*, 10/6/2015.

command and control of the AUP. However, the ALP will not be absorbed into the AUP **tashkil** (organizational strength) and even though the AUP is one of the ANP components, the ALP **tashkil** will remain independent of the ANP's total authorized strength.¹⁵⁷

As of August 26, 2015, however, the ALP had not reached its target of 30,000 guardians. According to the NATO Special Operations Component Command-Afghanistan (NSOCC-A), the ALP comprised 28,073 personnel, 21,889 of whom were fully trained.¹⁵⁸ This is a reduction from 25,179 since May 24, 2015, when the ALP comprised 28,356 personnel.¹⁵⁹ NSOCC-A reports that it no longer has direct situational awareness of the ALP personnel, and depends on reporting from Afghan counterparts. The Afghans report that during the first seven months of 2015, 2.2% of the ALP guardians were killed in action, 7.4% have been dropped from the rolls, 2.3% were wounded, and 0.09% have become disabled; an overall 11.9% attrition rate. Yet 93% of ALP members renew their contracts.¹⁶⁰

NSOCC-A estimates the annual cost to sustain the ALP target strength is \$117 million; with the United States contributing \$112.5 million of ASFF and the Afghans funding the remainder.¹⁶¹ Of the estimated \$469.7 million DOD has obligated for the ALP through August 31, 2015, CSTC-A reported \$307.9 million was from ASFF. The latest ASFF disbursement to the MOI of \$45 million was made in late June.¹⁶²

NSOCC-A reports after the ALP transition to the AUP, the AUP initiated a nationwide audit of the ALP program that encompassed the tactical employment of the ALP and their checkpoint locations.¹⁶³ Earlier this year NSOCC-A attempted to validate the checkpoint locations using surveillance imagery, but had limited success due to the drawdown of Coalition forces and the lack of grid reference points.¹⁶⁴ Given those limitations, NSOCC-A was only able to verify that 271 of 929 checkpoints were still operational.¹⁶⁵ The AUP-led audit assessed 127 ALP districts and an additional 43 districts by phone on the personnel-accountability systems, logistics support, salary-disbursement methods, and tactical employment of the ALP guardians.¹⁶⁶ The resulting assessment and recommendations are expected to reform the ALP program.¹⁶⁷

One recommendation the AUP has made to the MOI is to disarm and disband unofficial militia groups who have joined the ALP. NSOCC-A reports of a militia group known as the **Anti-Taliban Movement (ATM)** whom Afghan ministerial leaders have discussed integrating into the ALP. However, currently there is no formal plan to incorporate the ATM into either the ALP or ANP.¹⁶⁸

The audit is timely as after the fall of Kunduz the news media reported that ALP members in the city—who receive three weeks' training and a monthly salary rarely exceeding \$120 if their commanders take a share—had been supplementing their salary by selling drugs, collecting a “tax” from residents, and killing citizens in crossfire during skirmishes with other ALP members.¹⁶⁹

Tashkil: list of personnel and equipment requirements used by the MOD and MOI that detail authorized staff positions and equipment items. The word means “organization” in Dari.

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

SIGAR AUDIT

SIGAR issued an audit on DOD's support to the ALP program, which found the ALP lacks adequate logistics support, oversight, and a plan for either disbanding the force or incorporating it into the ANP. For more information, see Section 2, p. 25.

Anti-Taliban Movement: a broad term for several isolated groups in eastern Afghanistan that violently oppose Taliban control without government or NATO assistance. The Anti-Taliban Movement gained notoriety in the summer of 2012 when one such group successfully repelled a Taliban attack in Ghazni's Andar district.

Source: RFE/RL, “Afghan Villagers Hit Back Against Taliban,” 8/23/2012; *Foreign Policy*, “The anatomy of an anti-Taliban uprising,” 9/12/2012.

SECURITY PROTECTION FORCES

Afghan Public Protection Force Transition Awaits Presidential Action

The Afghan Public Protection Force (APPF), a state-owned enterprise under the authority of the MOI, was established to provide contract-based facility and convoy-security services. In 2013, then President Hamid Karzai ordered it to be dissolved and its guard functions transitioned to the ANP.¹⁷⁰ DOD reported, however, that President Ghani modified the APPF charter in February 2015, demonstrating that the APPF remains a state-owned enterprise.¹⁷¹ As of September 30, 2014, the United States had spent more than \$51 million on the APPF.¹⁷² DOD reports the provisions of Afghan Presidential Decree (PD) 62 on the “Bridging Strategy,” which states that APPF should be the primary source of security for U.S. and NATO contractors, remain in place.

USFOR-A reports while private security companies (PSC) are authorized, by Afghan PD 66, signed August 29, 2015, to contract with NATO and U.S. forces to provide external facility security and a limited grant of authority for certain U.S. and NATO contractors to subcontract with PSCs, as of October 6, 2015, there are no PSC contracts in place.¹⁷³ Risk-management companies are authorized to provide advisory services and command-and-control functions for the APPF.¹⁷⁴

Facilities Protection Force

On September 13, 2014, International Security Assistance Force (ISAF) commander General John Campbell and the Afghan National Security Advisor signed an MOU regarding the security of Afghan and U.S./NATO facilities. According to the MOU, the MOD will field a Facilities Protection Force (FPF) of 5,030 personnel to primarily provide security for select forward operating bases being turned over to the MOD.¹⁷⁵ However, the MOU also provides for Afghan force protection of the perimeter of U.S./NATO facilities and authorizes U.S./NATO forces “to utilize contracted armed security services inside NATO/U.S. agreed facilities.”¹⁷⁶

The FPF will be employed by the MOD, but will not be part of the regular ANA. The MOU calls for USFOR-A to fund FPF salaries the first year at \$13.7 million, with the option for the United States to fund the force for an additional year.¹⁷⁷ According to the MOU, the MOD will allow CSTC-A “to inspect and audit financial records” and ensure that “funds will be auditable by all U.S. Government agencies responsible for oversight of CSTC-A and U.S. Forces-Afghanistan.”¹⁷⁸

DOD reported General Campbell signed a memorandum on July 13, 2015, documenting the FPF was developed as a temporary force and no salary funding would be provided after September 2015. The MOD is recruiting the FPF personnel into the ANA, with 3,344 accessions as of September 20, 2015.¹⁷⁹

AFGHAN NATIONAL ARMY

As of September 30, 2015, the United States had obligated \$38.1 billion and disbursed \$37.3 billion of ASFF funds to build, train, equip, and sustain the ANA.¹⁸⁰

Negligible ANA Personnel Decrease

As of July 20, 2015, the overall assigned end strength of the MOD, including the ANA, the AAF and civilians, was 176,420 personnel, according to RS.¹⁸¹ This is a decrease of 342 ANA personnel since last quarter, when the May 2015 assigned end strength was reported at 176,762. The slight decrease follows two quarters of increasing numbers.¹⁸²

SIGAR has long questioned the validity of Afghan security-personnel numbers. A SIGAR audit released earlier this year on the reliability and usefulness of ANA personnel and payroll data found no assurance that data are valid, that controls and oversight are weak, and that computer systems possess inherent weaknesses and are not fully integrated. For more information, see SIGAR's April 2015 *Quarterly Report to the United States Congress*, page 23.

This quarter, some details of ANA troop strength at corps level remain classified. SIGAR will report on these in a classified annex to this report.

ANA Attrition

This quarter, USFOR-A reported that neither RS nor the ANA currently are tracking a monthly attrition goal. The informal 1.4% goal that ISAF promoted was deemed unrealistic. The attrition rates reported will be for a given month relative to the previous month-end strength without averaging or smoothing.¹⁸³

During the month of July 2015, the ANA attrition was 2.4%, with the AAF attrition at 0.6%. ANA and AAF attrition rates during May 2015 were 2.3% and 0.7%, respectively.¹⁸⁴

RS is working with the ANA to forecast attrition and calculate future monthly recruiting goals to counter the attrition and meet the full tashkil authorizations, considering training course capacities. RS reports that recent senior noncommissioned officer (NCO) promotions to officer positions are filling those positions with battlefield-experienced leaders while creating vacancies for qualified junior NCOs to move into the senior NCO ranks and gain critical leadership experience.¹⁸⁵

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

ANA Sustainment

As of September 30, 2015, the United States had obligated \$15.7 billion and disbursed \$15.4 billion of ASFF funds for ANA sustainment.¹⁸⁶ The most

SIGAR AUDIT

An ongoing SIGAR audit will focus on DOD's procurement, maintenance, and oversight of OCIE purchases for the ANDSF.

prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition replenishment, fuel purchases, and organizational clothing and individual equipment (OCIE). Funding for food ceased on December 21, 2013, after CSTC-A suspected widespread fraud by the MOD.¹⁸⁷

The U.S. Congress appropriates funds to the ASFF for training, equipping, sustaining, and funding the ANDSF, as well as for facility repair and construction. DOD is authorized to use ASFF to provide funds directly (on budget) to the Afghan government.¹⁸⁸ 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.¹⁸⁹

The Afghan FY 1394 financial-commitment letter requires the MOD to comply with the **Berry Amendment** when using any ASFF funds received on-budget for uniform purchases. A CSTC-A audit revealed the MOD did not comply with the Berry Amendment on a \$27 million purchase of uniforms from FY 1392 (December 2012–December 2013). At press time, CSTC-A was still determining the withholding penalty.¹⁹⁰ After problems with Afghan procurements of OCIE, including scams by Afghan contractors buying from Chinese instead of Afghan firms, shoddy quality, and other forms of corruption, the U.S. Congress restricted the use of ASFF to procure OCIE from non-U.S. companies. A provision in the FY 2013 National Defense Authorization Act (Section 826) requires that the Berry Amendment be applied to textile components supplied by DOD to the ANA or ANP for purposes of production of uniforms, without exceptions or exemptions.¹⁹¹

The Afghan FY 1394 financial-commitment letter also requires the MOD to document fuel consumption and deliveries. CSTC-A adjusts the following month's fuel allocation based on the sufficiency and accuracy of the fuel consumption documentation.¹⁹²

ANA Salaries and Incentives

As of September 30, 2015, CSTC-A reported that the United States had provided \$2.76 billion through the ASFF to pay for ANA salaries, food, and incentives since FY 2009.¹⁹³ CSTC-A reported the funding required for ANA base salaries, bonuses, and incentives will average \$682 million annually over the next five years.¹⁹⁴

CSTC-A noted that funding is provided on the basis of 100% of the ANA's authorized, not assigned, strength. However, any unspent funds carry forward into the following fiscal year to support the requirements in the next year.¹⁹⁵ To encourage the MOD to use electronic-payment systems, CSTC-A plans to provide 100% funding only for those authorized tashkil positions being paid electronically, once the automated pay system is ready for use in 2016; pay for other positions will be 80% funded.¹⁹⁶ Additionally, all ANA personnel records are required to be entered into the Afghan Human Resources Information Management System (AHRIMS) and all

The Berry Amendment: (Title 10 United States Code Section 2533a) requires DOD-purchased textile components (among other items), over the simplified acquisition threshold of \$250,000, to be produced in the United States when using appropriated funding. This law, passed in 1941, applies when CSTC-A is purchasing uniforms for the ANDSF or when providing on-budget financing to the Afghan ministries for uniform purchases.

Source: Defense Procurement and Acquisition Policy, "Berry Amendment FAQ," 10/5/2014.

SIGAR ALERT LETTER

SIGAR sent an alert letter to DOD, CENTCOM, and USFOR-A warning that the ANDSF has gone through multiple winters without appropriate cold-weather uniforms, and faces another shortage of cold-weather gear. For more information, see Section 2, p. 22.

personnel must be assigned a tashkil position.¹⁹⁷ USFOR-A reports as of August 24, 2015, the MOD has entered nearly all ANA members personnel records in AHRIMS and has assigned a tashkil position to 97% of the assigned personnel.¹⁹⁸

ANA Equipment and Transportation

As of September 30, 2015, the United States had obligated \$12.8 billion and disbursed \$12.7 billion of the ASFF for ANA equipment and transportation.¹⁹⁹ Most of these funds were used to purchase vehicles, aircraft, communication equipment, weapons, and related equipment. Approximately 54% of U.S. funding in this category was for vehicles and related parts, as shown in Table 3.9.²⁰⁰

As it did last quarter, DOD reported an increase in most equipment categories. Last quarter DOD said the increase was due in part to replenishment purchases required to replace current and projected battlefield damage and other losses, as well as the cost of supplying a new special-operations *kandak* (battalion).²⁰¹ CSTC-A reported the replenishment purchases cost approximately \$5 million.²⁰² Other equipment provided included clothing, such as uniforms, and individual equipment. Equipment purchased for the ANA that was later determined to no longer be required by the ANDSF can be transferred to DOD for disposition, after the U.S. Congress is notified; to date \$215 million has been transferred to DOD, as shown in Table 3.10.²⁰³ CSTC-A reports that cumulatively more than 456,000 weapons, 104,400 communications devices, and 60,000 vehicles have been procured for the ANA using the ASFF appropriation.²⁰⁴

While progress toward improving the Afghan supply life-cycle management processes is occurring, CSTC-A reported the anticipated enhancement to the ANDSF's inventory and logistics information-management system

TABLE 3.9

COST OF U.S.-FUNDED ANA EQUIPMENT, AS OF JUNE 30, 2015			
Type of Equipment	Procured	Procured and Fielded to the ANA	Remaining to be Procured
Weapons	\$631,737,933	\$522,370,326	\$24,983,028
Vehicles	7,214,663,193	6,440,981,649	TBD
Communications	840,433,973	703,298,191	82,830,726
Aircraft	1,183,859,713	649,861,508	441,514,596
Ammunition	2,291,847,017	2,180,830,996	380,830,461
Transportation Services	40,000,000	13,459,569	0
C-IEDs	341,550,056	341,550,056	74,059,985
Other	884,304,375	773,658,682	1,005,377
Total	\$13,428,396,260	\$11,626,010,977	\$1,005,224,173

Note: C-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, 9/4/2015.

SIGAR SPECIAL PROJECT

SIGAR sent an inquiry letter to USFOR-A and CSTC-A requesting information on purchases of equipment and vehicles in quantities that exceed the needs of the ANDSF and if such purchases may result in the premature disposal of equipment or vehicles with significant service-life remaining. For more information, see Section 2, p. 40.

TABLE 3.10

U.S.-PURCHASED EQUIPMENT NOT TRANSFERRED TO OR RETURNED FROM ANA (\$ MILLIONS)		
	Scrap	To DOD Stock
Vehicles ^a	\$23.2	\$6.0
Troop Enclosure	9.0	
HMMWVs	3.4	
Aircraft	146.9	3.1
Office Equip		1.7
Crane/Forklifts	1.1	
Body Armor		.3
Weapons		1.1
Ammo		13.6
GPS/NVG		.1
Communication Equipment		4.4
Other		1.1
Total	\$183.6	\$31.4

Note: Dollar amounts rounded and cumulative. Already-owned C-208s became a suitable training aircraft substitute, resulting in the transfer to DOD stock of six C-182 aircraft (\$3.14 million). 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 vehicles. GPS/NVG = global positioning system and night vision goggle items.
^a Includes vehicles and parts

Source: CSTC-A, response to SIGAR data call, 9/4/2015; OSD-P, response to SIGAR data call, 9/23/2015; SIGAR, ANDSF analysis, 10/2015.

known as CORE-IMS has not yet been fully implemented. The testing of the software is complete, however, the server installation at the national and regional logistics centers will occur when the 165 new computers are received and installed. CSTC-A did not provide a revised implementation date for this system.²⁰⁵

Eighty-six Afghans were hired in the first group of logistical specialists to serve at the national and regional centers, providing training and assistance to the ANSDF.²⁰⁶ The logistics specialists have inventoried supplies at the regional centers, entered vendor data and thousands of supply class items into the existing system, and processed hundreds of transactions, some being the first transactions entered for a supply-class (spare-parts and supply items are grouped by classes) in three years.²⁰⁷ Also, in July, 18 MOD acquisition, technology, and weapons logistical specialists attended training provided by the Defense Institute of Security Assistance Management (DISAM) on the U.S. foreign military sales process, including life-cycle management (from requirements generation to delivery). The MOI also received the DISAM training.²⁰⁸

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 vehicles.²⁰⁹

ANA Infrastructure

As of September 30, 2015, the United States had obligated \$6 billion and disbursed \$5.6 billion of the ASFF for ANA infrastructure such as military headquarters, schoolhouses, barracks, police checkpoint structures, air fields, and roads.²¹⁰

As of August 31, 2015, the United States had completed 369 infrastructure projects valued at \$5 billion, with another 20 projects valued at \$372.8 million ongoing, according to CSTC-A.²¹¹

The largest ongoing ANA infrastructure projects this quarter continue to be the brigade garrisons for the 2nd Brigade of the 201st Corps in Kunar (at a cost of \$115.7 million) and the second phase of the Marshal Fahim National Defense University (which had costs increase from \$72.2 million to \$76.3 million), to be completed in December 2017, and the third phase of the Afghan Defense University (\$35.1 million), awarded in July 2012 and scheduled to be completed in September 2015.²¹² In addition, three projects were completed at a cost of \$61.4 million, including phase three of the MOD headquarters and garrisons (\$61.3 million), and four projects were awarded this quarter at a cost of \$34.9 million, including the final phase of the MOD garrisons (\$18.6 million).²¹³ Of the 18 projects (\$181.6 million) in the planning stage, three projects (\$32.1 million) are to construct facilities for females, according to CSTC-A.²¹⁴

SIGAR AUDIT

An ongoing SIGAR audit will review DOD's support to the ANA's portion of the 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.



An ANA 201st Corps electrical power-plant fuel farm was built in Kunar Province. (CSTC-A photo)

Several training and development programs for MOD engineers and public-works personnel are under way. CSTC-A has eight engineering advisors who mentor MOD engineers on operations and maintenance, sustainment, and construction issues during multiple weekly engagements. A CSTC-A contract provides subject-matter experts to train MOD personnel on the Afghan infrastructure computer system to plan and budget facility operations and maintenance. The contractor also provides MOD engineers survey technique training.²¹⁵

After a nine-month, train-the-trainer program in such areas as carpentry/masonry, indoor/external electrical, plumbing, and road survey and design, ANA instructors began teaching at the ANA Engineer School in August, under the observation of contractors and a U.S. Air Force civil engineer officer.²¹⁶

In addition, three training programs will begin this fall.²¹⁷

- an on-the-job training program for engineers and public works personnel to operate and maintain power plants, water treatment plants, and waste-water treatment plants
- a mobile-training team to deploy to ANA sites to training engineers and public works personnel
- a facilities-management workshop for engineers

The FY 1394 MOD financial-commitment letter requires the Afghan government to provide CSTC-A a transition and sustainment plan, including infrastructure security, for the facilities constructed with U.S. funding and transferred to the Afghan government.²¹⁸ CSTC-A reports that it continues to work with the MOD to reach consensus on the list of excess facilities which would no longer require sustainment funding.²¹⁹

SIGAR ALERT LETTER

SIGAR issued an alert letter on the results of an inspection of the U.S.-funded construction of the command-and-control center at Camp Brown. The \$5 million contract, terminated for convenience almost one year after the building was to have been completed. The building had numerous safety issues and was less than half completed. For more information, see Section 2, p. 21.



A USFOR-A mobile training team provides instruction in Kabul. (CSTC-A photo)

ANA and MOD Training and Operations

As of September 30, 2015, the United States had obligated and disbursed \$3.6 billion of the ASFF for ANA and MOD operations and training.²²⁰

CSTC-A reported 25 ongoing U.S.-funded training programs: 18 focusing on technical training, four on professional military education, two on basic training, and one on English language.²²¹ The largest U.S.-funded training contracts include pilot training, special operations, counter improvised-explosive-device and explosive-ordnance disposal, and aircraft-maintenance training.²²²

Afghan Air Force and the Special Mission Wing

CSTC-A reported that between FY 2010 and FY 2015, the United States has obligated more than \$2.3 billion to develop the AAF, including over \$905 million for equipment and aircraft.²²³ Since last quarter, DOD reduced its FY 2015 request from \$925.2 million to \$683.3 million. The amount requested for training declined, but the amount for equipment and aircraft rose from \$21.4 million to \$173.5 million. However, the majority of the funding requested continues to be for sustainment.²²⁴ Additionally, the FY 2016 request is for \$548.3 million, with the significant majority of the funds for training and sustainment.²²⁵

According to USFOR-A, this quarter, the AAF aircraft inventory includes:²²⁶

- 11 Mi-35 helicopters (one less than last quarter)
- 52 Mi-17 helicopters (four less)
- 16 MD-530 helicopters (two less)
- 26 C-208 airplanes
- 4 C-130 airplanes

SIGAR SPECIAL PROJECT

In February 2015, SIGAR conducted a fact-finding visit on the A-29 Super Tucanos at Moody Air Force Base in the State of Georgia. SIGAR will conduct ongoing monitoring of the program's roll-out and the training of the Afghan pilots.

Additionally, 20 A-29 Super Tucanos, a light-attack aircraft for counterinsurgency, close-air support, and aerial reconnaissance, have been purchased but are not yet delivered.²²⁷

This quarter USFOR-A reported the first eight AAF pilots were qualified to fly the armed variant of the MD-530 helicopter.²²⁸ Additionally, Afghan pilot training is ongoing in the United States on the A-29 Super Tucanos. The first class will graduate in December, which aligns with the first delivery of the A-29 Super Tucanos in the fourth quarter of 2015.²²⁹ That success is offset by the loss of two Mi-17 pilots killed during an aircraft accident.²³⁰ For the fledging AAF, a DOD official told SIGAR, the loss of a pilot has an even greater impact than the loss of a plane.²³¹

USFOR-A reported a mix of internal and external contract-maintenance and logistics-management support as the goal for the AAF. The Afghans will perform routine maintenance and time-required inspections, while outside contractors will perform the heavy depot-level repairs and aircraft overhauls. USFOR-A estimates it will take five to seven years to develop the AAF organic maintenance workforce: 18 months is required to train an apprentice maintainer, and another two to three years is required to develop a craftsman-level maintainer. The airframe expected to achieve the organic maintenance capability soonest is the C-208 in 2018; the C-130 and the new MD-530 are expected to achieve Afghan organic-maintenance status in 2023.²³²

CSTC-A reported that between FY 2012 and FY 2015, the United States has invested over \$1.77 billion in the development of the SMW, obligating more than \$935.8 million of that amount for equipment and aircraft.²³³ According to CSTC-A, the SMW fleet of 45 fielded aircraft comprises Mi-17 helicopters and PC-12 turboprop planes that perform intelligence, surveillance, and reconnaissance capabilities.²³⁴ According to NSOCC-A, the SMW comprises 475 members, of which 102 are pilots, all part of the MOD.²³⁵ Fifty-four additional personnel are undergoing entry, English-proficiency, and security background checks.²³⁶

NSOCC-A reports the SMW has flown over 840 *sorties* in the Mi-17 as of September 1, 2015, compared to 400 during 2014. The PC-12 pilots have flown 972 sorties this year compared to 205 in 2014.²³⁷

According to NSOCC-A, most modern aviation organizations contract for some of their maintenance due to the complexity of aviation systems.²³⁸ The goal for the SMW is 80% organic to 20% contract maintenance.²³⁹ It will take 60 months to fully train a Mi-17 or PC-12 mechanic according to NSOCC-A, marking the summer of 2020 as the earliest the SMW will have organic maintenance and repair capability.²⁴⁰ In August 2014, the SMW had no inspection teams; now there are three 50-hour and one 100-hour scheduled inspection teams.²⁴¹ Currently the Afghans perform approximately 20% (up from 15% last quarter) of the scheduled maintenance to the Mi-17 fleet. All PC-12 maintenance is performed by third-party contractors.²⁴²

Sortie: In military aviation, a sortie is a combat mission of an individual aircraft, starting when the aircraft takes off and ending on its return. For example, one mission involving six aircraft would tally six sorties.

AFGHAN NATIONAL POLICE

As of September 30, 2015, the United States had obligated \$18.4 billion and disbursed \$18.1 billion of ASFF funds to build, equip, train, and sustain the ANP.²⁴³

SIGAR AUDIT

A January 2015 SIGAR audit on ANP personnel and payroll data 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.

USFOR-A Review of ANP Personnel Strength Reporting

This quarter, USFOR-A reported a review of the ANP personnel rollup reporting method revealed several counting issues that resulted in a net decrease of 5,788 when corrected.²⁴⁴

The review revealed a number of units were being counted in both the MOI Headquarters and Institutional Support (MOI HQ & IS) and within the AUP pillars, and that another unit should be counted within the MOI HQ & IS, but was not.²⁴⁵

The MOI HQ & IS contains many departments including the Criminal Investigation Department, the General Command of Police Special Units, and seven deputy-minister offices (support, administration, the APPF, counternarcotics, security, intelligence, and strategy/policy). The Afghan Police Academy, the Higher Education Command, and the Kabul Training Center are all included under the Deputy Minister for Administration, while the Logistics Headquarters personnel are aligned with the Deputy Minister for Support.²⁴⁶ The ABP includes its headquarters, customs police, and six zones. The ANCOP includes its headquarters, a company command, and eight brigades. The AUP includes traffic, fire/rescue, and 34 provincial headquarters, each with a regional training center and logistics support.²⁴⁷

Additionally, CSTC-A reported that students and personnel on standby are no longer included in its totals.²⁴⁸

The review and correction come after SIGAR reported in a January 2015 audit that there was no assurance that ANP personnel or payroll data were accurate. On September 27, 2015, Tolo News reported that President Ghani, questioning the current number of the security forces and the likely presence of “ghost” forces, was initiating an audit to ascertain the exact numbers.²⁴⁹ The UN reported the Independent Joint Anti-Corruption Monitoring and Evaluation Committee issued a “vulnerability to corruption” assessment covering the payment system for martyrs and persons disabled by conflict.²⁵⁰ Then on October 6, 2015, Pajhwok Afghan News reported the Ministry of Labor, Social Affairs, Martyrs, and Disabled had found “ghost” martyrs within the system and had cancelled more than 50,000 cards that had been issued to persons with fake disabilities and fake families of martyrs.²⁵¹

This quarter USFOR-A reported the overall strength of the ANP totaled 148,296 personnel, a decrease of 6,886 since last quarter and 8,704 below the authorized end strength of 157,000, as reflected in Table 3.11.²⁵²

USFOR-A reported that neither RS nor the ANP are now tracking a monthly attrition goal. The informal 1.4% goal that ISAF promoted was deemed

TABLE 3.11

ANP STRENGTH, QUARTERLY CHANGE						
ANP Component	Authorized			Assigned		
	Q2 2015	Q3 2015	Quarterly Change	Q2 2015	Q3 2015	Quarterly Change
AUP	93,045	90,139	(2,906)	95,389	86,754	(8,635)
ABP	22,742	22,955	213	22,021	21,775	(246)
ANCOP	15,192	15,223	31	15,017	15,169	152
MOI HQs & IS	27,077	28,523	27,077	22,827	24,598	1,771
Required to reconcile to ANP Subtotal	-	-	-	(72)	-	72
ANP Total (as reported)	158,056	156,840	24,415	155,182	148,296	(6,886)

Note: Quarters are calendar-year; Q2 2015 data as of 5/2015; Q3 2015 data as of 7/2015. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; ANCOP = Afghan National Civil Order Police; IS = Institutional Support personnel.

Source: USFOR-A, response to SIGAR data calls, 6/29/2015 and 9/11/2015; USFOR-A, response to SIGAR vetting, 6/29/2015.

unrealistic. The attrition rates reported will be for one-month periods relative to the previous month-end strength without averaging or smoothing.²⁵³

During the months of May, June, and July, the ANP experienced a 1.9%, 2.0%, and 1.9% attrition.²⁵⁴

ANP Sustainment

As of September 30, 2015, the United States had obligated \$7.5 billion and disbursed \$7.4 billion of ASFF funds for ANP sustainment.²⁵⁵ This includes contributions to the Law and Order Trust Fund for Afghanistan (LOTFA), which pays for ANP salaries. The most prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition replenishment, fuel purchases, and OCIE. Since December 21, 2013, the United States has no longer funded food costs after CSTC-A suspected widespread fraud by the MOI.²⁵⁶

DOD reported that relatively small quantities of OCIE, either unserviceable or not suitable for use by the ANDSF, have been disposed of by transferring them to DOD stock. DOD further stated that once the ANDSF disposal capabilities are developed, the process of “returning to DOD stock” will not include OCIE or similar supplies or equipment that does not require demilitarization.²⁵⁷

ANP Salaries

Through October 15, 2015, the U.S. government had provided \$1.53 billion, contributed through LOTFA, to pay ANP salaries, food, and incentives (extra pay for personnel engaged in combat or employed in specialty fields).²⁵⁸ The U.S. contribution to LOTFA for calendar year 2015 is \$112 million to fund salaries, incentives, and the United Nations Development

Programme management fee.²⁵⁹ The first distribution of \$56.2 million was made in June.²⁶⁰

CSTC-A reports the U.S. funding required for LOTFA over the next five years will depend on the contributions of Coalition partners. The estimated annual expenses range from a high of \$616.3 million to a low of \$608.1 million, for an average of \$613.2 million annually.²⁶¹

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.²⁶² To incentivize the MOI to use electronic-payment systems, CSTC-A plans to provide funding only for those authorized tashkil positions being paid electronically, once the automated pay system is ready for use in 2016.²⁶³ USFOR-A reports as of August 30, 2015, the MOI has input nearly all ANP members' personnel records in AHRIMS and has assigned a tashkil position to 93% of the assigned personnel.²⁶⁴

In addition to the LOTFA contributions, CSTC-A reported the first U.S. direct contribution, \$238.4 million, was provided to the Ministry of Finance in May to cover ANP payroll expenses through August 2015.²⁶⁵

ANP Equipment and Transportation

As of September 30, 2015, the United States had obligated and disbursed \$4.1 billion of ASFF funds for ANP equipment and transportation.²⁶⁶ Most of these funds were used to purchase vehicles, aircraft, ammunition, weapons, and communication equipment, as shown in Table 3.12.²⁶⁷ More than 58% of funding in this category was used to purchase vehicles and vehicle-related equipment.²⁶⁸

Equipment purchased for the ANP includes sophisticated items such as high-mobility, multipurpose wheeled vehicles (HMMWV); night-vision devices; global-positioning systems; explosive-ordnance disposal equipment; and biometrics equipment. Ordinary items include ambulances, spare parts, pistols, machine guns, radios, clothing, dental and medical equipment, and transportation services.²⁶⁹ Cumulatively, CSTC-A reported more than 575,000 weapons, 108,700 communications devices, and 55,000 vehicles had been procured for the ANP.²⁷⁰ The total equipment procured CSTC-A has reported since June has increased by over \$900 million.²⁷¹ Last quarter DOD said the large increase was due in part to purchases needed to replace current and projected battlefield damage and other losses.²⁷²

The financial-commitment letter providing ASFF funds to the MOI for 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 vehicles.²⁷³

Equipment purchased for the ANP that was later determined to be no longer required by the ANDSF can be transferred to the DOD for disposition,

TABLE 3.12

COST OF U.S.-FUNDED ANP EQUIPMENT, AS OF JUNE 30, 2015			
Type of Equipment	Procured	Procured and Fielded to the ANP	Remaining to be Procured
Weapons ^a	\$272,449,808	\$205,851,400	TBD
Vehicles ^b	3,410,392,212	3,109,856,026	TBD
Communications	230,376,282	224,995,225	11,588,547
Aircraft	766,950,000	692,950,000	74,000,000
Ammunition	738,345,011	419,352,362	TBD
Transportation Services	20,026,263	7,770,471	0
C-IEDs	115,581,810	115,581,810	2,165,915
Other	243,097,382	91,438,300	14,412,160
Total	\$5,797,218,768	\$4,867,795,594	\$102,166,622

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

^a \$727,337 reduction from last quarterly report is due to requirement changes.

^b Vehicle costs include vehicles and parts.

Source: CSTC-A, response to SIGAR data call, 9/4/2015.

after the U.S. Congress is notified; to date \$18.4 million has been transferred to DOD.²⁷⁴ This process is available for equipment that CSTC-A had not transferred to the ANP as well as equipment that had been transferred.²⁷⁵

SIGAR analysis of the equipment being transferred to DOD to be scrapped shows that it includes several items that could be useful to the ANDSF—such as OCIE and ammunition. However, DOD reported the ANP is consulted on the equipment prior to the transfer to DOD stocks.²⁷⁶ CSTC-A reported the ammunition, valued at \$27.2 million, is being transferred to DOD stock as the ANA and ANP no longer require these low-use munitions and their national stock objectives have been met. As the ammunition is currently in the United States at storage facilities awaiting transport to Afghanistan, this action will save \$14 million that would have been incurred in storage costs.²⁷⁷

ANP Infrastructure

As of September 30, 2015, the United States had obligated \$3.1 billion and disbursed \$3 billion of ASFF funds for ANP infrastructure.²⁷⁸

As of August 31, 2015, the United States had completed 729 infrastructure projects (valued at \$3.5 billion), according to CSTC-A.²⁷⁹

The last active ANP infrastructure project, phase three of the MOI headquarters (at a cost of \$55.1 million), is scheduled to be completed this fall.²⁸⁰

While no new contracts were awarded this year, six ANP infrastructure projects (\$76.5 million) were completed this quarter, to include the ANCOP brigade and battalion headquarters building in Paktiya (\$23.4 million), and the transportation brigade and four transportation battalion headquarters (\$23.3 million).²⁸¹



The MOI headquarters administration buildings are located in Kabul. (CSTC-A photo)

CSTC-A reports of the 15 projects (\$62.3 million) in the planning stage, 14 of the projects (\$61.3 million) are to construct training, dining, and living facilities for females.²⁸²

Six CSTC-A engineering advisors mentor the MOI engineers on facility-sustainment policy, planning, programming budgeting, and execution several times a week, as well as contract reviews and project planning.²⁸³ A CSTC-A contract provides subject-matter experts to train MOI personnel on the Afghan infrastructure computer system to plan and budget facility operations and maintenance. The contractor also provides MOI engineers survey technique training.²⁸⁴

CSTC-A is attempting to negotiate an agreement between the MOD and MOI to provide ANP billets at the ANA Engineer School. The ANP need training for instructors in carpentry/masonry, indoor/exterior electrical, plumbing, and road survey and design.²⁸⁵ In addition, three training programs will be this fall:²⁸⁶

- a CSTC-A training and advisory team to increase ANP logistics officer capabilities to operate, maintain, and sustain infrastructure
- a training program for 39 facility engineers and personnel in developing contractual requirements, statement of works, and execution oversight (an earlier program placed 29 graduates within the MOI and ANP)
- a facilities management workshop for engineers and their MOD counterparts

ANP Training and Operations

As of September 30, 2015, the United States had obligated \$3.7 billion and disbursed \$3.6 billion of the ASFF for ANP and MOI training and operations.²⁸⁷

CSTC-A reported there are seven ongoing U.S.-funded technical training programs for the ANP: five technical, one basic training, and one on professional military training.²⁸⁸ The largest U.S.-funded training includes operational-specialty training, such as special operations intelligence, equipment maintenance, counter-improvised-explosive-device procedures, explosive-ordnance disposal, and radio operation and maintenance.²⁸⁹

STATUS OF WOMEN IN THE ANDSF

This quarter USFOR-A reported the number of women serving in the ANDSF increased by 415. With the decrease in the overall ANDSF strength, the percentage of women serving also increased from 0.99% to 1.16%.²⁹⁰ This quarter, RS reported 3,753 women among the ANDSF's assigned force strength for the ANA and ANP, including students-in-training and recent training graduates. Of the total, there were 817 officers, 1,258 NCOs, 1,154 soldiers, and 524 cadets.²⁹¹

RS reported the ANA reduced their recruitment goal to 485 women per year to match the current training capacity. The limited number of barracks

is restricting the number of women who can be accommodated in basic training.²⁹² USFOR-A reported that the number of female recruits has doubled in the ANP since March 2013.²⁹³ ANP recruiting is traditionally more successful than ANA female recruiting because the ANP recruits can typically work in their home provinces.²⁹⁴

The National Defense Authorization Act for FY 2014 authorizes \$25 million to be used for programs, facilities, recruiting, and integration of women into the ANDSF. CSTC-A reports that all the \$25 million, plus some extra funding, has been obligated. Over \$4 million was obligated for on-budget items such as building improvements, public relations and advertising, bonuses and incentives, and travel. However, over \$23 million was executed off-budget for building improvements, to include \$787,000 for the female facilities at the Marshal Fahim National Defense University, and supplies.²⁹⁵ Additionally, of the \$10 million NATO allocated from the ANA Trust Fund for ANA women's programs, CSTC-A has obligated \$5.6 million for building improvements.²⁹⁶

ANDSF MEDICAL/HEALTH CARE

Since 2006, the United States has funded the construction of 184 ANDSF medical facilities valued at \$188.2 million and procured approximately \$54.7 million in ANA medical equipment.²⁹⁷ An additional \$150,000 for ANA and \$200,000 for ANP equipment purchases were scheduled for this fiscal year, in addition to \$1.76 million for on-budget acquisitions that were held up due to procurement issues.²⁹⁸ The ANA has eight regional medical hospitals; the AAF has five clinics and five detachments. The ANP has just one hospital, in Kabul, but has an agreement with the ANA to treat police.²⁹⁹ At this time, no other medical-facility construction is planned; however, the South Korean hospital at Bagram Air Field will be transferred to the MOD in December.³⁰⁰ CSTC-A reports the ANA intends to use the hospital to provide medical services to the AAF and the local civilian population.³⁰¹

CSTC-A reported there were 868 physicians assigned in the ANDSF health-care system as of August 17, 2015. The total number of positions authorized is 1,185, with 546 physicians assigned in ANA positions and 322 in ANP positions. The ANA and ANP have a shortage of 194 and 123 physicians respectively.³⁰² Seven of the eight ANA regional hospitals, to include the Kabul National Military Hospital, are fully operational. The eighth hospital in Helmand was planned to have 50% of the tashkil staffed by the end of June 2015.³⁰³

The ANDSF also has 2,582 nurses, physicians' assistants, and other medical personnel, an increase of 140, yet an additional 867 positions remain unfilled.³⁰⁴ While the number of unfilled medical personnel positions has increased since the end of May, the number of positions authorized has increased by 242, increasing the overall shortage.³⁰⁵

This quarter, CSTC-A reported the ANA and ANP created joint plans to provide medical services to soldiers and police during 2015 fighting season.³⁰⁶ The AAF medical service, at times augmented by ANA flight medics, continues to fly 30–40 medical evacuation missions per week.³⁰⁷ CSTC-A contracted for biomedical equipment technician training to enable the ANP technicians to maintain their equipment.³⁰⁸ However, critical medical supplies totaling \$465,000 and nearly \$24 million in vaccines were procured by the Coalition after problems with ANDSF procurement.³⁰⁹

STATUS OF CLASSIFIED ANDSF DATA

This quarter, RS classified some information about ANDSF personnel strength, attrition, and assessments; the AAF; and the SMW. As authorized by its enabling statute, SIGAR provides Congress with a classified annex to this report containing that information.

REMOVING UNEXPLODED ORDNANCE

Afghanistan remains heavily contaminated by mines and explosive remnants of war (ERW). The Department of State's (State) Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (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, State has provided \$305.6 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan. All PM/WRA FY 2014 funds have been expended as of this quarter. PM/WRA has two-year funding; FY 2015 funding has not been made available for obligation at this time.³¹⁰

In July 2015, the Jangalak industrial complex in Kabul was declared free of mines and ERW and handed over to the Afghan government. The factory complex, once one of the most productive in Afghanistan, employed 3,000 workers before it was destroyed during the 1990s civil war. With mine-clearance operations now complete, the Ministry of Finance plans to construct a large printing press at the complex, which will employ around 1,000 workers.³¹¹

State directly funds five Afghan nongovernmental organizations (NGOs), four international NGOs, and one U.S. government contractor to clear areas contaminated by ERW and to support the clearance of conventional weapons used by insurgents to construct roadside bombs and other improvised explosive devices (IEDs). As of June 30, 2015, State-funded implementing partners have cleared more than 172.3 million square meters of land (approximately 66.5 square miles) and removed or destroyed approximately 8.9 million landmines and other ERW such as unexploded ordnance (UXO),

SECURITY

TABLE 3.13

CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, JANUARY 1, 2013–JUNE 30, 2015						
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
1/1-3/31/2015	388	8,495	3,571	930,110	2,425,318	535,600,000
4/1-6/30/2015	434	3,037	2,748	980,748	3,390,216	535,600,000
Total	17,969	459,712	664,496	18,341,091	47,285,333	535,600,000

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 calls, 4/1/2015, 6/26/2015, and 9/28/2015.

abandoned ordnance (AO), stockpiled munitions, and home-made explosives (see Table 3.13).³¹²

The estimated total area of contaminated land continues to fluctuate as clearance activities reduce hazardous areas while ongoing survey activities find new contaminated land. At the beginning of this quarter, there were 535.6 square kilometers (206.8 square miles) of contaminated minefields and battlefields. PM/WRA defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.³¹³ During the quarter, 6.5 square kilometers (2.5 square miles) were cleared. However, ongoing surveys identified 29.8 square kilometers (11.5 square miles) of additional contaminated areas, bringing the total of known contaminated area to 558.9 square kilometers (215.7 square miles) by the end of the quarter.³¹⁴

In April 2015, USAID issued its first grant of \$9.6 million under the \$30.2 million Afghan Civilian Assistance Program (ACAP III). ACAP III's goal is to support victims of war, including victims of mines and ERW. The program provides immediate medical and other nonmonetary assistance tailored to meet victims' needs. It also develops the capacity of government ministries and institutions to aid victims of war and enhance outreach to and advocacy efforts for victims. ACAP III will run until February 2018. In its August report, UNAMA reported the highest number of civilian casualties during the first six months of 2015 compared to the same period in previous years. The increase in civilian casualties during those six months

SIGAR AUDIT

SIGAR issued a financial audit this quarter reviewing the costs incurred by International Relief and Development Inc. in its implementation of a cooperative agreement used to fund ACAP II. The audit identified two material weaknesses in International Relief and Development's internal controls and one instance of noncompliance with the terms and conditions of the cooperative agreement. For more information see Section 2, p. 32.

stems from an increase in attacks; IEDs are the second-leading cause of civilian casualties, with 4% from ERW. The security situation has led to increased casualties among women and children; ACAP III will emphasize economic-reintegration services for women and youth.³¹⁵

COUNTERNARCOTICS

As of September 30, 2015, the United States has provided \$8.4 billion for counternarcotics efforts in Afghanistan since 2002. Congress appropriated most of these funds through the DOD Drug Interdiction and Counter-Drug Activities (DOD CN) Fund (\$2.9 billion), the Afghan Security Forces Fund (ASFF) (\$1.6 billion), the Economic Support Fund (ESF) (\$1.6 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account (\$2.2 billion).³¹⁶ USAID's alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production.³¹⁷ In addition to reconstruction funding, the U.S. Drug Enforcement Administration (DEA) receives funding through direct appropriations to operate in Afghanistan. (See Appendix B.)

The United Nations Office on Drugs and Crime (UNODC) reported this quarter that opium production decreased 48% this year compared to last year. The drop would be significant, but UNODC cautions that its reporting methodology changed between 2014 and 2015, possibly "making the extent of changes appear greater than it actually was." The 2014 opium production was estimated at 6,400 tons (14.1 million pounds); 2015 results are estimated at 3,300 tons (7.3 million pounds). Cultivation levels also decreased from 224,000 hectares in 2014 to 183,000 hectares in 2015, but the number of poppy-free provinces declined in 2015, with Balkh losing its status. Despite the reduced opium production levels, cultivation remains significant and eradication levels have little impact on curtailing production or cultivation as illustrated in the Figure 3.27.³¹⁸

President Ghani in October signed Afghanistan's new counternarcotics strategy for the next five years, the National Drug Action Plan (NDAP). The three goals of the NDAP are to decrease opium-poppy cultivation; decrease the production and trafficking of opiates and reduce domestic demand for illicit drugs; and increase the provision of treatment for users. The plan outlines specific targets to achieve these goals to be reviewed annually. For instance, it proposes to decrease cultivation by 10% by 2016 and 40% by 2019; transition 15 treatment programs to the Ministry of Public Health (MOPH) the first year and 75 by 2019; and solicit regional and international support in several program areas such as interdiction, border control, and anti-money laundering.³¹⁹

The United States has committed \$350 million for Afghan counternarcotics efforts, including implementation and support of the plan. However, the

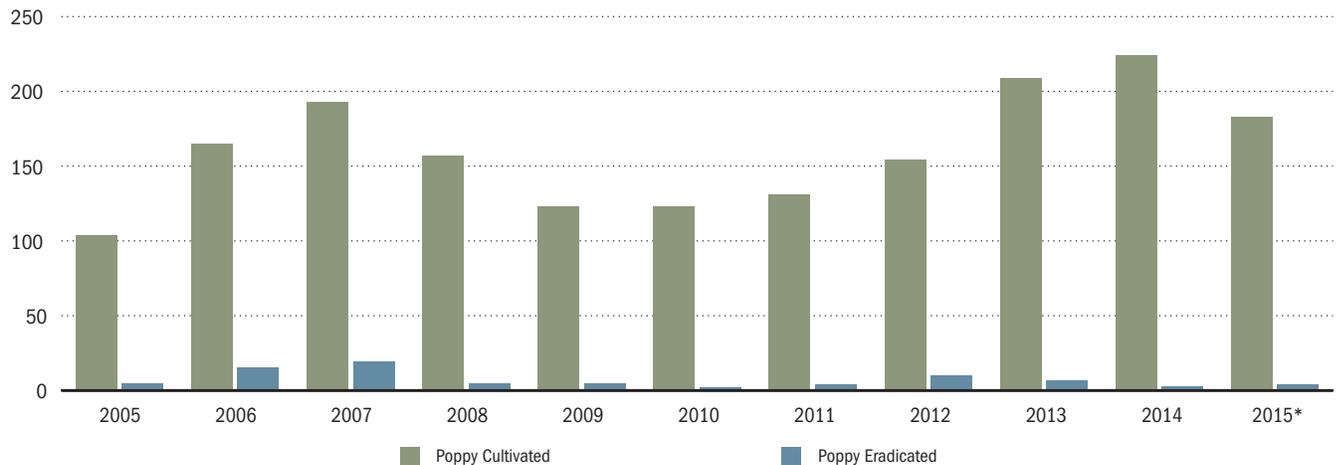
U.S. track record in combating narcotics production in Afghanistan is not encouraging. U.S. spending on counternarcotics since 2002 already exceeds \$8 billion, yet Afghanistan remains the world's leading producer of opium. Limiting opium cultivation and curtailing drug use are becoming even more formidable challenges with a rising number of heroin users in China increasing the demand for Afghan opium.³²⁰

U.S. Ambassador P. Michael McKinley told SIGAR in February that an updated U.S. counternarcotics strategy would be finalized within six months. However, State informed SIGAR this quarter that the U.S. government is still operating under the December 2012 strategy. After review of Afghanistan's recently announced NDAP, the United States will prepare a revised strategy that complements the NDAP.³²¹

With the reduced Coalition footprint and the tenuous security situation in certain provinces, limited resources are available to execute programs and oversee their implementation. For instance, State informed SIGAR last quarter that security conditions prevented American staff visits to the Ministry of Counter-Narcotics' (MCN) offices.³²²

FIGURE 3.27

OPIUM CULTIVATION AND ERADICATION RESULTS, 2005-2015 (HECTARES IN THOUSANDS)



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

* UNODC notes that its report methodology changed between 2014 and 2015, possibly "making the extent of changes appear greater than it actually was."

Source: UNODC, *Afghanistan Opium Survey 2015: Executive Summary*, 10/2015, pp. 4, 5; UNODC, *World Drug Report 2014*, 7/2014, p. 21.

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 supports the work of the Colombo Plan to establish a national-level training and certification system for drug addiction counselors. The basic level of the Universal Treatment Curriculum is utilized in Asia, Africa and Latin America. This professionalization of treatment leads to improved treatment outcomes, lower relapse rates and greater confidence in the treatment system.

Source: *The Colombo Plan Secretariat*, www.colombo-plan.org, accessed 4/7/2014; State, INL, *International Narcotics Control Strategy Report: Volume I, Drug and Chemical Control*, 3/2015, p. 23.

Drug Demand Reduction

INL currently supports 97 residential and outpatient treatment centers serving nearly 30,000 Afghans per year. Last quarter, the MOPH published the results of the latest national drug-use survey. As opium cultivation levels have continued to rise in recent years, so has the country's domestic addiction problem. Drug users may well exceed 10% of the population, according to INL. In January 2015, INL transitioned the first group of 13 treatment programs to MOPH responsibility and transferred the clinical staff to the Afghan government staff list (tashkil). Another 15 treatment programs will transition to the government by the end of January 2016 and the remainder by the end of 2019.

According to INL, the MOPH has been leading the monthly transition task force meetings with the MCN, the **Colombo Plan**, and INL since July. INL meets twice a year with the same stakeholders to discuss and resolve any potential budgetary issues. INL contributed over \$7.6 million to the Colombo Plan for its drug demand-reduction program in October 2014 and \$12.9 million in September 2015.³²³

In his recent interview with SIGAR, President Ghani raised the issue of domestic drug addiction, saying some 3.5 million Afghans are addicted. President Ghani said Afghanistan's opium production can only be curtailed by creating better-paying jobs in the agriculture sector. (For more information, see Section 1 of this report.)

Counter-Narcotics Community Engagement

INL funds the nationwide Counter-Narcotics Community Engagement (CNCE) program, which focuses on discouraging poppy cultivation, preventing drug use by raising public awareness, and encouraging licit crop production. Since 2013, INL has expended \$9.2 million on the program. The program was extended for one year on April 4, 2015, with an additional cost of almost \$1.6 million. A campaign targeting the 2016 preplanting season began on July 25. The campaign included antidrug billboards and radio and TV advertisements at the national and local levels. Other community-outreach events were held in Farah, Helmand, Kandahar, Uruzgan, Badghis, Badakhshan, Baghlan, Daykundi, Nangarhar, Nimroz, and Kunar. The MCN also held outreach sessions with religious and civil-society leaders.³²⁴

As part of the program, Sayara Media Communications (Sayara) analyzes the effectiveness of antinarcotics media campaigns. Its 42 reporters were placed in several provinces, which were ranked from tier 1 to tier 4 based on their cultivation levels. The reporters gathered information and gauged perceptions on the state of counternarcotics policies and messaging. In addition, Sayara assessed the effectiveness of campaigns with audience survey reports.³²⁵

An INL assessment released last quarter dealt with the impact of programs to reduce opium cultivation by Afghan farmers. The report concluded that the effectiveness of public-information campaigns is difficult to evaluate. It analyzed the public-information campaign component of the 2008–2012 Helmand Food Zone program, whose activities were similar to those of CNCE. Even the MCN, which has claimed public-awareness campaigns appeared to noticeably influence decisions to cultivate poppy, warned that no conclusive research exists on the effectiveness of counter-narcotics messaging.³²⁶

Ministry of Counter-Narcotics Capacity Building

An 18-month MOU signed with the MCN last year that provided funding for 24 Afghan national advisors ended on September 15, 2015. Responding to SIGAR's data-call question, INL was unable to provide financial information on cumulative spending and obligations. According to INL, the MCN has shown significant progress in institutional development and has an increased ability to develop staff and programs. The Afghan national advisor program started with a staff of 34. The MOU was not renewed, but INL will provide advisory support to the MCN in the future if it is necessary. INL concluded that shifting from capacity-building support to training opportunities would enable the MCN to take on greater responsibility in its transition plan.

In August, 13 Asian University for Women graduates started their one-year fellowships at the MCN. The fellows are assigned throughout the ministry to develop staff capacity and raise gender awareness. The MCN revised their proposals, based on INL feedback, for a series of short- and long-term courses to be taught at Afghan universities. The courses were designed to increase work-related skills and overall capacity of the MCN staff. INL is exploring funding options for three of the five updated proposals.³²⁷

SIGAR is unable to assess the MCN's capacity-building efforts as no performance-measurement plan (PMP) or evaluation or progress reports were provided for this program. Last quarter, INL informed SIGAR it was developing methods for measuring Afghan national advisor effectiveness to be included in the PMP. However, security conditions have prevented regular visits to the MCN's offices by American staff since early this year.³²⁸

INL conducted an independent risk assessment of the MCN's public financial-management system during the first quarter of 2015. The report identified deficiencies that increased the potential for inaccurate financial reporting, inefficiency and ineffectiveness of operations, and noncompliance with laws and regulations; areas of particular concern were internal control, program management and monitoring, and fixed-assets management. INL's remediation plan for the MCN assessment was finalized this quarter. INL is procuring a contractor to implement this remediation plan.

SIGAR INSPECTION

This quarter SIGAR published an inspection report that reviewed the power grid project at the Counter Narcotics Strip Mall in Kabul. The inspection found that the project was completed within budget and met contract performance standards. However, the power grid was not tested or deemed operable until January 2015—a year and a half after completion. INL funded this project to support eight law enforcement compounds. For more information see Section 2, p. 36.

The year-long plan includes creating databases, establishing policies and standard procedures, and providing training.³²⁹

Governor-Led Eradication Program

INL funds the Governor-Led Eradication Program (GLE) program, which operates at different times of the year depending on each province's cultivation cycle. Since the program's inception in 2008, INL has obligated \$9.9 million and disbursed \$4.2 million. The MCN tracks cumulative eradication results that are subsequently verified by UNODC. GLE provides limited financial support to provincial governments who participate in poppy-eradication efforts. According to INL, GLE is part of a larger process whereby provincial authorities and Kabul balance incentives for growing licit crops with disincentives for illicit cultivation. GLE is the only eradication program financially supported by the U.S. government. It accounts for less than 2% of INL's Afghanistan counternarcotics budget.³³⁰

According to INL, UNODC's August 2015 eradication report shows total eradication results of 3,760 hectares, a 40% increase over last year's result of 2,692 hectares. The improved results of this year's eradication campaign still pale compared to the 2013 eradication total of 7,348 hectares; the 2015 eradication result represents 3% of the current (incomplete) UNODC national opium-cultivation estimate of 115,843 hectares (UNODC provided estimates for 28 of Afghanistan's 34 provinces). Based on the \$4.2 million spent on GLE to date, serious questions remain about program effectiveness and return on investment. UNODC's forthcoming opium-survey report will contain the finalized national area estimate and eradication totals for all provinces.³³¹

For more information on GLE, see SIGAR's April 2015 *Quarterly Report to the United States Congress*.

Good Performer's Initiative

INL's Good Performer's Initiative (GPI) supports the MCN's efforts to reduce provincial poppy cultivation and boost licit crops. To date, INL has obligated \$73 million and disbursed \$17.2 million for GPI. Under the terms of GPI, a province must demonstrate verifiable achievements against defined standards to receive awards. In August 2014, INL and the MCN announced GPI II, which expands the award categories for "good performers" to include public outreach and law enforcement, in addition to cultivation. The redesigned GPI provides more support for rural alternative livelihoods. Its aim is to reduce poppy cultivation in select communities by enhancing the profitability of licit crops and improving rural employment options and incomes. The GPI II MOU has been finalized; the Afghan government and the U.S. Embassy Kabul are making arrangements for its execution. As of August 31, 2015, a total of 245 GPI projects with a value of more than \$116 million have been approved.

Some 183 projects had been completed, 60 were ongoing, and two were nearing completion.³³²

INL ensures that projects proposed under the GPI program do not conflict with other U.S. government work through interagency consultation. INL and its implementing partners consult with USAID to avoid pitfalls like duplicative work or competing activities, and to develop complementary activities. State's Special Representative for Afghanistan and Pakistan hosts regular counternarcotics working groups to bring together personnel from State, DOD, DEA, USAID, and other relevant agencies to maintain coordination on counternarcotics programs.³³³

ALTERNATIVE DEVELOPMENT/ALTERNATIVE LIVELIHOOD

USAID's alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. INL funding also supports programs in several areas including supply reduction and alternative development.³³⁴

Strengthening Afghan Governance and Alternative Livelihoods

INL supports alternative-livelihood programs as part of its efforts to combat drug trafficking. The nongovernmental Aga Khan Foundation and its partners implement activities under the \$11.9 million Strengthening Afghan Governance and Alternative Livelihoods (SAGAL) grant from INL. 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 sub-national governance systems

SAGAL activities are implemented in 16 provinces including Helmand and Kandahar. INL informed SIGAR that \$6.2 million have been expended to date.³³⁵

According to INL, SAGAL activities complement past and ongoing investments in licit livelihoods and rural development by the U.S. government, including support for GPI II. Where possible, SAGAL will support a more decentralized GPI II project-selection and nomination process to improve the recognition of rural community needs. Wherever GPI II and SAGAL both operate, SAGAL project teams will provide needed support such as access to improved techniques and technologies, agricultural inputs, linkages to markets, and greater capacity for communities to increase postproduction crop value. SAGAL supplements the work of USAID projects wherever

SECURITY

TABLE 3.14

ALTERNATIVE LIVELIHOOD PROGRAMS					
Agency	Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
State	Strengthening Afghan Governance and Alternative Livelihoods (SAGAL)	7/21/2014	1/20/2016	\$11,884,816	\$6,162,146
USAID	Commercial Horticulture and Agricultural Marketing Program (CHAMP)	2/1/2010	12/30/2016	45,296,184	44,141,069
USAID	Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW)	3/2/2009	9/30/2015	159,878,589	155,860,217
USAID	Kandahar Food Zone (KFZ)	7/31/2013	8/30/2016	27,695,788	18,212,000
USAID	Regional Agricultural Development Program (RADP)-South	10/7/2013	10/6/2018	125,075,172	37,871,187
USAID	RADP-North	5/21/2014	5/20/2019	78,429,714	10,988,400
USAID	RADP-West	8/10/2014	8/9/2019	69,973,376	10,502,291

Note: USAID programs listed are not necessarily funded from the agency's Alternative Development Fund.

Source: USAID, response to SIGAR data call, 10/8/2015; INL, response to SIGAR data call, 9/24/2015; USAID, response to SIGAR vetting, 7/12/2015.

possible and expands U.S.-funded alternative-livelihood projects into new areas. Program staff consult with USAID to avoid working with the same beneficiaries or offering competing activities.³³⁶

Table 3.14 provides summary financial information on SAGAL and other alternative livelihood programs.

Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a \$27.7 million USAID project implemented by International Relief and Development Inc. (IRD) 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. IRD was granted a one-year extension of the program through August 30, 2016, increasing its total cost to \$27.7 million.³³⁷

In its first two years, KFZ completed the rehabilitation of 12 canals in two districts (totaling almost 168 kilometers or 104.4 miles) which provide water to more than 19,000 hectares of farmland and 33 alternative livelihood activities such as vocational masonry training, vegetable production and processing for women, pre- and post harvest marketing and management, greenhouses establishment, and solar drying-mechanism trainings for fruits and vegetables. KFZ also held the April 2014 Alternative Development Conference where 560 people participated including the Acting Minister of Counter-Narcotics, the Kandahar provincial governor, various district government officials, community development councils (CDCs), local shura, villagers from various districts, and other donors. The conference inaugurated the canal rehabilitation and construction projects completed by KFZ.

USAID expended \$2.9 million between April and June 2015, and \$2.3 million between July and September 2015.³³⁸

Last quarter, USAID informed SIGAR of its intent to maintain IRD as an implementing partner during the one-year extension of KFZ after August 30, 2015, despite the fact that IRD had previously been suspended for gross misconduct. USAID informed SIGAR that the one-year extension will enable KFZ to improve access to water by rehabilitating additional irrigation systems and concentrate on promoting high-value crops that can serve, over the long term, as alternatives to poppy. USAID plans to continue its alternative-development activities in the Kandahar region after KFZ ends. Coordination between INL and USAID complements USAID's alternative-development efforts with eradication, public outreach, and drug-demand reduction programs. As an example of the program's effectiveness, USAID cites the improved coordination led by the MCN under the GLE program in Kandahar that resulted in the eradication of 396 hectares of poppy (verified by UNODC) in 2015 compared to 68 hectares in 2014. Besides INL's nationwide public outreach, Sayara also highlighted USAID's KFZ work in its media campaigns.³³⁹

KFZ faces challenges of operating in an insecure environment and under often primitive conditions. Despite that, KFZ's local staff members have been successful in getting into the field and working with beneficiaries; the project has encountered no security incidents. As of mid-September 2015, USAID had disbursed \$18.1 million to IRD since KFZ's inception in July 2013. According to USAID, 100 staff—two U.S. civilians, eight third-country nationals, and the 90 local nationals—work on the KFZ program. Measuring Impact of Stabilization Initiatives, USAID's third-party monitoring program, reported that KFZ's activities have been restricted, because of the limited budget, to numerous training courses being provided and some irrigation canals being rehabilitated or constructed in two districts. USAID told SIGAR that by addressing the drivers of poppy cultivation with a bottom-up strategy with CDCs and community representatives, KFZ has identified infrastructure, agricultural, and other alternative livelihood projects that will enable a community's behavior to change towards a licit economy. KFZ worked closely with the MCN, the provincial governor, the district governors, the directors of line ministries, and the district development assemblies who have provided political will, guidance, leadership, and community contributions to facilitate KFZ's role.³⁴⁰

The benefits to Afghan farmers and local communities are not clear. For example, IRD has not provided performance indicators for the percentage of households reporting an increase in income from licit livelihood or the percentage of change in opium-poppy cultivation in targeted areas. After nearly two years, IRD reported only five activities to increase opportunities for women as a result of U.S. government assistance in licit livelihoods.³⁴¹

By September 2014, USAID has disbursed at least \$5 million, yet no alternative-livelihood or infrastructure projects were implemented. USAID's own midterm evaluation (in March 2015) concluded that it was premature to measure impact under the period of performance regarding irrigation improvements and that the trainings provided were inadequate to address all the root causes of poppy cultivation identified in the community; the evaluation only covered the period of performance through November 2014.³⁴²

Regional Agricultural Development Program

The Regional Agricultural Development Program (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 improving the productivity and profitability of the wheat, high-value crops and livestock value chains. Using a **value-chain** approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains.³⁴³

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.

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 2018.³⁴⁴ RADP-South's focus is on strengthening the capacity of producers, associations, traders, and businesses to respond to market demands and facilitate market linkages between value-chain actors such as retailers, input suppliers, mills, and agricultural depots. This quarter, RADP-South conducted training in wheat cultivation, pest management, nutrition, and high-value crops for several thousand farmers. RADP-South also supported veterinary field units and several thousand herders with livestock vaccinations, medication, and treatment of diseases. It also conducted training for paraveterinarians (community-based animal health workers who provide initial diagnosis and basic treatment of animals) to deliver animal health-care services.³⁴⁵

The \$78 million RADP-North project began in May 2014. It operates in Balkh, Jowzjan, Samangan, Baghlan, Kunduz, and Badakhshan. During the quarter, RADP-North selected beneficiaries for its conservation agriculture and contract activities, established test plots and conducted needs assessments for the melon value chain, and conducted cashmere harvesting training. Conservation agriculture training is being provided on the wheat value chain. The \$70 million RADP-West operates in Herat, Farah, and Badghis Provinces. That project also seeks to promote increases in the productivity of wheat and high-value crops, including orchard crops and vegetables, and livestock.³⁴⁶

USAID is planning RADP-East, which will encompass Nangarhar and several other provinces, after the Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW) program closes later this year.

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

RADP-East will focus on strengthening value chains, working with input suppliers, market intermediaries and other agribusinesses, particularly in the Jalalabad area, and working less directly with farmers. RADP-East is in the solicitation phase and expects to identify a contractor by late November. Program implementation would probably begin in January 2016, creating a short lag between the close-out of IDEA-NEW and the start-up of RADP-East.³⁴⁷

Though a majority of projects are up and running, progress against targets has not been realized. According to the implementing partner, it could be a long time before outcome indicators are attained. RADP-South, for instance, has not shown increased productivity for the number of farmers growing wheat or the number of farmers in selected value-chains. Likewise, there is no quarterly information on the number of firms (small, medium, and large businesses) with an increased financial return as a result of project assistance. Over 15,000 individuals received short-term agricultural productivity or food security training and over 11,500 households benefitted from alternative development or agriculture interventions this quarter; yet the number of farmers growing high value crops or the number of hectares under improved technologies or management practices as a result of U.S. assistance is zero. Despite the reported number of trainings or individuals trained, only 11 private enterprises, producers' organizations, women's groups, and community-based organizations reported that they applied the new technologies or management practices from the trainings.³⁴⁸ RADP-South expenditures totaled \$8.1 million last quarter and 70% of its \$50.9 million obligated amount had been spent as of June 30, 2015.³⁴⁹ Progress for various performance indicators may not materialize until several months in the future, but results after two years are underwhelming in light of the funds spent.

As of September 30, 2015, USAID has made cumulative disbursements of \$11.0 million on RADP-North, \$37.9 million on RADP-South, and \$10.5 million on RADP-West.³⁵⁰ For summary information on this alternative-livelihood program, see Table 3.14 on page 122 of this report.

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a \$45 million USAID program designed to boost agricultural productivity and food security, provide market opportunities, and decrease 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.

CHAMP has worked in 17 provinces of Afghanistan, providing training in agricultural best practices, building storage facilities such as cool rooms and raisin-drying facilities, and helping grape farmers convert from

traditional ground-level 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. The program has been extended an additional two years until December 2016 to reinforce gains made in the export sector and increase Afghan exports to regional supermarkets by up to 10,000 metric tons annually.

CHAMP is carrying out activities throughout six main value chains (apples, apricots, almonds, grapes, melons, and pomegranates). The program focuses on improving horticultural and marketing practices to produce high-quality fruit for high-value markets such as the United Arab Emirates and India.³⁵¹

Since 2010, CHAMP's various achievements include training 107,000 farmers, including 3,000 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 and created over 7,500 full-time jobs in agribusiness.³⁵²

As of September 30, 2015, USAID has disbursed \$44.1 million for CHAMP projects.³⁵³ For summary financial information on this program, see Table 3.14 on page 122 of this report.

Incentives Driving Economic Alternatives for the North, East, and West

The mission of USAID's \$160 million IDEA-NEW program was to expand the licit agricultural economy in the northern, eastern, and western regions of the country. It was launched in March 2009 and ended in September 2015. Since 2013, IDEA-NEW has concentrated its efforts on the eastern region and on fruit and vegetable value chains.³⁵⁴

An evaluation of IDEA-NEW's impact on opium production, using Nangarhar Province as a case study, found "that none of the monitoring and evaluation mechanisms adopted by the IDEA-NEW program . . . assess how different project activities might impact on opium poppy cultivation." The report found that in districts where IDEA-NEW was able to maintain a presence and continue working with farmers, opium cultivation levels declined. However, in more remote areas, where the contractor was forced to leave due to deteriorating security, opium cultivation levels increased. The initial investments made by IDEA-NEW in terms of improving infrastructure and improving irrigation systems and introducing orchard crops and higher value crops were not, in and of themselves, sufficient to reduce poppy cultivation. A longer-term commitment was needed to ensure that farmers were able to sustain the new technologies. The report cautioned that evaluating the impact of IDEA-NEW is complex, given:

- insecurity in areas of the province

- factors other than development assistance that contribute to reduced opium cultivation
- numerous interventions in the region from other international organizations³⁵⁵

As of September 30, 2015, USAID has disbursed \$155.9 million to date for IDEA-NEW activities.³⁵⁶ For financial information on IDEA-NEW and other alternative-livelihood programs, see Table 3.14 on page 122 of this report. Please see SIGAR's April 2015 *Quarterly Report to the United States Congress* for more information on IDEA-NEW.

Interdiction Operations and Results

DOD reported that from July 1 to September 14, 2015, Afghan security forces and law-enforcement agencies conducted 23 drug-interdiction operations resulting in 50 detained individuals. Most interdiction activities occurred in the northern region of the country. These operations included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations.

This year, the U.S. military stopped providing Afghans with logistical and intelligence support for counternarcotics activities; however, DEA continues to provide mentoring and support to specialized Afghan investigative units. The U.S. military still provides logistics support to the SMW. The SMW, a unit of the ANDSF, is a fleet of fixed- and rotary-wing aircraft supporting counternarcotics and counterinsurgency operations.³⁵⁷ More information on SMW can be found on page 106 of the Security section of this report.

According to DOD, the security situation and the closure of the Interagency Operations Coordination Center (IOCC) have hindered counternarcotics activities in Afghanistan. In particular, operations in the south, southwest, and north are now extremely difficult to conduct due to the decrease in security forces and the increase in Taliban attacks, particularly in Musa Qala and Kunduz. The IOCC was a key targeting and planning center, integral to counternarcotics operations.

The lack of an in-country capability to combine intelligence and operations planning has made it more difficult for counternarcotics forces to carry out missions. Select IOCC members have been relocated to the Regional Narcotics Interagency Fusion Cell (RNIFC) in Bahrain. The RNIFC does not specifically target raw or processed opium. It was created to track and interdict the illicit movement of Afghan heroin shipped by dhows (ocean-going sailboats) to the Middle East and East Africa. The RNIFC targets dhow trafficking within the Arabian Sea and focuses on key narcotics traffickers.³⁵⁸

DOD stated in its June 2015 *Report on Enhancing Security and Stability in Afghanistan* that direct international assistance to the Counter

SIGAR INSPECTION

This quarter SIGAR announced the inspection of the \$24.2 million construction of facilities supporting the SMW squadron in Kandahar.

SECURITY

TABLE 3.15

INTERDICTION RESULTS, FISCAL YEARS 2008–2015									
	2008	2009	2010	2011	2012	2013	2014	2015*	Total
Number of Operations	136	282	263	624	669	518	333	250	3,075
Detainees	49	190	484	862	535	386	441	371	3,318
Hashish seized (kg)	241,353	58,677	25,044	182,213	183,776	37,826	19,088	24,405	772,382
Heroin seized (kg)	277	576	8,392	10,982	3,441	2,489	3,052	2,657	31,866
Morphine seized (kg)	409	5,195	2,279	18,040	10,042	11,067	5,925	505	53,462
Opium seized (kg)	15,361	79,110	49,750	98,327	70,814	41,350	38,307	26,082	419,101
Precursor chemicals seized (kg)	4,709	93,031	20,397	122,150	130,846	36,250	53,184	234,981 ^a	695,548

Note:

^a The significant difference in precursor chemicals total seizures between 2014 and 2015 is due to a December 22, 2014, seizure of 135,000 liters of precursor chemicals.

* Partial fiscal year results through 9/14/2015 only.

Source: DOD, response to SIGAR data calls, 7/29/2015 and 9/24/2015.

Precursor chemical: a 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.

Narcotics Police of Afghanistan, particularly from State, is expected to decrease dramatically in 2016. Last quarter, DOD told SIGAR it will continue to support counternarcotics efforts post-2014, in collaboration with their U.S. counterparts, to curb the flow of drugs from Afghanistan, disrupt and dismantle transnational criminal organizations, and reduce illicit proceeds that finance global terrorist activities.³⁵⁹

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

- 2,435 kg of opium
- 60 kg of heroin
- 8,877 kg of hashish/marijuana
- No seizures of precursor chemicals³⁶⁰

As shown in Table 3.15, interdiction results have been declining since 2012.

According to DOD, vetted Afghan units have successfully conducted complex counterdrug investigations and operations without Coalition assistance. However, the drawdown of Coalition forces and the increase of large-scale attacks by the Taliban have had an impact on Afghanistan's ability to conduct counternarcotics interdiction operations, particularly in Kunduz, Kandahar, and Helmand Provinces. DOD is putting more focus on using Afghan counternarcotics forces to attack counternarcotics/insurgent-nexus targets. This should open up more enablers, support the security effort, and increase training and operations.³⁶¹

Aviation Support

State counternarcotics support to DEA consisted of 35.57 flight hours, 36 sorties, 602 personnel transported, and 33,071 pounds of cargo moved. The last DEA interdiction mission was flown in May 2015. Additionally, the Air Wing in Afghanistan provided INL with a total of 33.4 flight hours of support, conducted 128 sorties, moved 326 passengers, and transported 10,630

pound of cargo. INL and DEA will continue to use the air assets of Embassy Air for movements.

The INL air-wing element at Kandahar Airfield officially closed in June 2015, limiting INL's ability to support tactical operations in the south and southwest regions of the country. That element provided rotary-wing assets in support of DEA missions in southern Afghanistan. According to INL, a specially trained Afghan counternarcotics police unit will continue to operate in the area, with a National Interdiction Unit (NIU) platoon based at the Kandahar Regional Law Enforcement Center. NIU officers continue to perform operations using aircraft from the DOD-funded SMW.³⁶²

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GOVERNANCE

As of September 30, 2015, the United States had provided nearly \$31.8 billion to support governance and economic development in Afghanistan. Most of this funding, more than \$18.6 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department and the United States Agency for International Development (USAID).

KEY EVENTS

On September 5, international donors met with Afghan government officials in Kabul for the second Senior Officials Meeting (SOM) to refresh mutual-accountability measures agreed upon at the 2012 donors' meeting in Tokyo. Delegations from 41 countries and 11 international agencies along with ministers and senior officials of the Afghan government and representatives of Afghan civil society and private sector attended the SOM.³⁶³

Despite hopeful steps last quarter, reconciliation efforts stalled following an internal power struggle within the Taliban after the confirmation that Taliban leader Mullah Mohammad Omar had died in 2013 and after subsequent Taliban attacks in Kabul, Kunduz, and elsewhere. Several high-ranking Afghan government officials accused Pakistan of sabotaging the peace talks, with the acting minister of defense saying that an “undeclared war [between Afghanistan and Pakistan] has turned into a declared war.”³⁶⁴ Additionally, Chief Executive Abdullah Abdullah stated that Afghanistan would no longer seek Pakistan’s assistance in facilitating talks with the Taliban.³⁶⁵

In August, the Special Elections Reform Commission (SERC) presented 11 recommendations to change Afghanistan’s method for holding elections. Shortly thereafter, President Ashraf Ghani issued a decree approving seven of the 11 recommendations. There was disagreement over recommended changes to the electoral system, electoral constituencies, and mechanisms for addressing electoral challenges and complaints. President Ghani also extended the SERC’s mandate until the end of December. The SERC has until December 21, 2015, to elaborate on the legal, technical, and practical aspects of the remaining recommendations.³⁶⁶

NATIONAL UNITY GOVERNMENT

Refreshed Mutual Accountability

On September 5, international donors, Afghan officials, and others met in Kabul for the second SOM. The meeting was a continuation of the high-level meetings held every year to follow up on the mutual commitments from the July 2012 Tokyo Conference. The September session was the first high-level meeting since the new Afghan government presented its reform agenda called “Realizing Self-Reliance” at the December 2014 London Conference.³⁶⁷ The purpose of the SOM was to review progress on the Afghan reform program, discuss key policy issues, and to jointly decide the way forward.³⁶⁸

The Afghan government presented a post-London Conference self-assessed progress report in nine areas ranging from governance to economic cooperation. The report acknowledged that the Afghan government faces significant challenges across several sectors, “is still at the bottommost register of nearly every international indicator of effective development,” and that some previously positive trends have slowed significantly or have even reversed. The Afghan government also admitted that insecurity and aid dependency have created a situation in which “both donors and the [Afghan] government are to some extent locked into a partnership they cannot avoid.”³⁶⁹

Despite the somber assessment of the challenge, the Afghan government was fairly upbeat regarding the progress of its reforms. As shown in Table 3.16, the Afghan government gave itself passing scores in a number of reform areas. The government noted that these assessments should be interpreted as indicating “whether the government has satisfactorily advanced to the starting gate, not to the finishing line.”³⁷⁰

As a result of the September SOM, the Tokyo Mutual Accountability Framework (TMAF) has now transitioned to the Self-Reliance through Mutual Accountability Framework (SMAF). The SMAF will now guide the activities of the Afghan government and the international community at least to the end of the term of the present government. The SMAF covers six areas: (1) improving security and political stability (with three associated indicators); (2) anticorruption, governance, rule of law, and human rights (14 indicators); (3) restoring fiscal sustainability and integrity of public finance and commercial banking (nine indicators); (4) reforming development planning and management, and ensuring citizens’ development rights (three indicators); (5) private-sector development and inclusive growth and development (four indicators); and (6) development partnerships and aid effectiveness (eight indicators).³⁷¹ In addition to the SMAF indicators, there are 39 short-term deliverables across the same six areas that are collectively due to be completed by the end of 2016.³⁷²

TABLE 3.16

AFGHAN GOVERNMENT SELF-ASSESSMENT OF PROGRESS	
Improving Security and Political Stability	B
Tackling the Underlying Drivers of Corruption	B-
Building Good Governance	B+
Restoring Fiscal Sustainability	B+
Reforming Development Planning and Management	C+
Bolstering Private Sector Confidence, Promoting Growth, and Creating Jobs	C+
Ensuring Citizens’ Development Rights	B-
Regional Economic Cooperation	A
Reforming Development Partnerships	No grade

Source: GIROA, *Afghanistan’s Road to Self-Reliance: The First Mile Progress Report*, 9/5/2015, pp. 6–19.

Overall, SOM donors reaffirmed their Tokyo commitment of providing \$16 billion through 2015, and sustaining support through 2017 at or near the levels of the past decade.³⁷³ USAID said that although it cannot identify funds directly related to compliance or noncompliance with SMAF targets and indicators, noncompliance with SMAF indicators could erode donor confidence and reduce aid contributions.³⁷⁴

Electoral Reform Challenges

The 2014 presidential elections, which international monitors noted had experienced substantial fraud, highlighted Afghanistan's continuing need for electoral reforms.³⁷⁵ As the United Nations Secretary-General observed in June, "comprehensive electoral reforms will be crucial for restoring the faith of the Afghan people in the democratic process."³⁷⁶

Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his former election rival, current Chief Executive Abdullah, after the troubled presidential elections. The September 2014 agreement that led to formation of the national-unity government called for immediate establishment of a special commission for election reform with the aim of implementing reform before the 2015 parliamentary elections, and distribution of electronic identity cards to all Afghan citizens as quickly as possible.³⁷⁷

Following its establishment on July 16, SERC members traveled across Afghanistan to collect Afghan views and proposals to implement fundamental reforms in the nation's electoral system. On August 30, following a month of deliberations, the SERC chairman presented first-phase recommendations to Chief Executive Abdullah. The 11-point SERC recommendations concentrated on issues such as changes in electoral system, changes to education requirements for Independent Election Commission (IEC) and Independent Electoral Complaints Commission (IECC) members, voter lists and voter re-registration, boundaries of election districts and location of polling centers, and mechanisms for addressing electoral complaints and objections.³⁷⁸

The day before the SERC presentation to Abdullah, two of the 14 SERC officials resigned in protest of what they claimed was a predetermined set of reforms advanced by the other SERC members. The disagreement focused on the proposals to change the electoral system for parliamentary elections. Currently Afghanistan has a **single nontransferable vote** system. The SERC proposed a **parallel system**, while the protesting SERC members favored a **first past the post system**.³⁷⁹

On September 6, President Ghani issued a decree accepting seven of the SERC's recommendations for short-term reforms and tasked the Ministry of Justice and the Office of Administrative Affairs to begin implementing the adopted recommendations. However, Ghani advised the SERC to continue assessing the recommended changes to the electoral system, electoral

Single nontransferable vote (SNTV):

the voting system currently in use in Afghanistan for the 34 provincial-level, multi-member constituencies in which each voter gets a single vote for a single candidate. The candidates that get the most votes win the number of seats available. Afghanistan, however, also has quotas that set aside a number of seats for women even if they are not the top vote recipient. The Afghanistan Research and Evaluation Unit (AREU) has argued that SNTV inhibits the development of parties since it does not allow groups of candidates to pool their votes so that support for one helps the group as a whole. Afghanistan is one of the only countries, along with Vanuatu, that use SNTV for legislative elections.

SERC's parallel system: a system proposed by SERC that would set aside one third of the seats of the lower house of parliament for political parties. The political parties would provide an open list with their preferred candidates. Those candidates would compete in an electoral constituency that covered the whole country. Only political parties that receive at least 3% of the overall vote would be eligible for seats in parliament. For non-party candidates, the SERC proposed that smaller constituencies be established within provinces to create one to five member constituencies. Japan and South Korea are among the 33 countries that use a parallel system for legislative elections.

First past the post (FPTP): a system in which voters are assigned to electoral districts and are able to cast a single vote for a candidate. The candidate with the most votes wins. This system is generally used where a single individual represents the district. The SERC dissenters argued that a FPTP system will improve the links between constituents and their representatives. The United States and United Kingdom are among the 62 countries that use FPTP for legislative elections.

Source: AREU, *Fixing Afghanistan's Electoral System*, 7/2012, pp. 1, 3; The National Democratic Institute, "Electoral Systems: Women and Elections," n.d., p. 16–17; Special Electoral Reform Commission, "Summary of SERC Reform Recommendations I," 8/30/2015, p. 1; *Tolo News*, "Two ERC Members Boycott Commission Meetings," 8/29/2015; ACE Electoral Knowledge Network, "Comparative Data: Electoral System (Chamber 1) What is the electoral system for Chamber 1 of the national legislature?" accessed 10/5/2015, http://aceproject.org/epic-en/CDTable?question=ES005&set_language=en.

constituencies, and the mechanisms for addressing electoral challenges and complaints. Ghani also extended the SERC's mandate until the end of December. The SERC has until December 21, 2015, to elaborate on how the three recommendations would work.³⁸⁰ A new SMAF short-term deliverable requires the SERC to provide its recommendations and the Afghan government to begin implementing reforms by the first half of 2016.³⁸¹

Among the recommendations accepted by President Ghani, the SERC called for distributing electronic identity cards (*e-tazkera*) as soon as possible and invalidating existing voting cards.³⁸² There have been plans since 2009 to introduce e-tazkera to reduce opportunities for ballot fraud.³⁸³ The e-tazkera pilot project, however, did not make significant progress during the quarter. On June 28, USAID stopped funding the pilot program due to lack of progress and the lack of a clear commitment of Afghan government agencies; the European Union ended its salary assistance for the pilot.³⁸⁴ According to State, the Afghan government has delayed implementation of the e-tazkera pilot due to the ongoing political controversy over including ethnicity and/or nationality on the cards.³⁸⁵

International donors have reduced funding for Afghan electoral organizations due to the lack of an electoral schedule and insufficient progress towards electoral reform. Consequently, the IEC reduced its staff from 911 to 504.³⁸⁶ Both the IEC and IECC reached a formal agreement with the Afghan Ministry of Finance (MOF) for funding from the regular government budget. Starting in early July and continuing to the end of the Afghan fiscal year (FY) at the end of 2015, the Afghan government budget includes funding for key IEC and IECC staff positions and daily operational expenses. In late 2015, the MOF will work with the Independent Administrative Reform and Civil Service Commission (IARCSC) to transition IEC and IECC staff to full support from the 2016 Afghan government budget.³⁸⁷

On-budget assistance: 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.

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

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** through the Afghan government.³⁸⁸ Donors, including the United States, reiterated this pledge at the July 2012 Tokyo Conference and again at both the December 2014 London Conference and the September 2015 SOM.³⁸⁹

According to the World Bank, donors collectively have met the 50% on-budget commitment, disbursed more than half of the Tokyo Conference pledges, and provided donor grants that are increasingly discretionary for the Afghan government to use as it sees fit.³⁹⁰ The MOF, however, reported

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 3.17

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 9/30/2015 (\$)	
Bilateral Government-to-Government Projects							
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	Yes	1/1/2013	12/31/2018	\$670,000,000	\$52,730,385	
Partnership Contracts for Health Services (PCH) Program	Ministry of Public Health (MOPH)	Yes	7/20/2008	12/31/2015	259,663,247	228,899,313	
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	33,604,487	
Afghanistan Workforce Development Project (AWDP)	Ministry of Education (MOE)	Yes	9/18/2013	4/3/2016	30,000,000	1,321,456	
Basic Education, Literacy, and Training (BELT) - Textbooks Printing and Distribution	MOE	Yes	11/16/2011	12/31/2015	26,996,813	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	1,058,302,620	
Afghanistan Infrastructure Trust Fund (AITF)**	Multiple	No	3/7/2013	3/6/2018	113,670,184	105,000,000	

Note:

* 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 \$2,430,293,815.

** On October 9, 2014, USAID de-sub-obligated \$179,500,000 from the AITF.

Source: USAID, response to SIGAR data call, 10/8/2015.

that of all the bilateral and multilateral donors, only 12 managed to achieve or exceed the target of channeling 50% of official development assistance (ODA) through the on-budget system by volume of commitment, and only nine achieved or exceeded the same target by volume of disbursement.³⁹¹

As shown in Table 3.17, USAID expects to spend \$1.07 billion dollars on active direct bilateral-assistance programs. It also expects to contribute \$1.9 billion to the Afghanistan Reconstruction Trust Fund (ARTF), on top of \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank. USAID has disbursed \$105 million to the Afghanistan Infrastructure Trust Fund (AITF).³⁹²

The U.S. government announced in March that it intends to seek funding to support the Afghan National Defense and Security Forces (ANDSF), including army and police, at the level of 352,000 personnel through at least 2017.³⁹³ The Department of Defense (DOD) requested and received \$4.1 billion for the ANDSF in its FY 2015 budget,³⁹⁴ which will help sustain the end strength of 352,000 through 2015, and has requested \$3.8 billion in the FY 2016 budget.³⁹⁵

Previously, at the 2012 Chicago Conference, the United States and its allies committed to financially support the Afghan security forces with its estimated annual budget of \$4.1 billion. However, that estimated budget was for a reduced force of 228,500 personnel.³⁹⁶ At the September 2014 Wales Summit, NATO allies and partners renewed their commitment to contribute significantly to financial sustainment of the ANDSF through the end of 2017 and to financially sustain the ANDSF over the next 10 years. The international community has pledged an additional amount of almost €1 billion, or approximately \$1.29 billion, annually to sustain the ANDSF for 2015 through the end of 2017.³⁹⁷

For 2015, DOD expects to contribute \$108 million for police salaries to the Ministry of Interior (MOI) through the United Nations Development Programme's (UNDP) Law and Order Trust Fund for Afghanistan (LOTFA).³⁹⁸ On June 30, the MOI announced that LOTFA would be extended for 18 months, after which MOI will assume full management of police salary payments.³⁹⁹

DOD also expects to contribute approximately \$1.6 billion this year in direct contributions to the Ministry of Defense (MOD) and approximately \$553 million in direct contributions to the MOI.⁴⁰⁰

Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with four Afghan government entities and (2) through contributions to two multidonor trust funds, the ARTF and the AITF.⁴⁰¹ According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the MOF for each program.⁴⁰²

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.⁴⁰³ The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.⁴⁰⁴ 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.⁴⁰⁵

According to USAID, 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.⁴⁰⁶

According to the latest report by the World Bank's recurrent-cost window monitoring agent available to USAID, 46% of the sampled recurrent-cost window expenditures for the first quarter of Afghan FY 1394 were deemed ineligible. According to the monitoring agent, all the ineligibilities

were avoidable and 48% can be rectified with the provision of additional documents by the Afghan government. Ineligible costs were split equally between operations and maintenance and salary costs. The main reasons expenditures were deemed ineligible included: (1) missing procurement files and forms (41% for non-payroll-based salary expenditures, 38% for payroll-based salary expenditures, and 37% for operation and maintenance costs) and (2) missing authorized approval for the expense (41% for non-payroll-based salary expenditures).⁴⁰⁷

This quarter, USAID released the first \$100 million tranche of funds for the \$800 million, USAID-administered New Development Partnership (NDP). The NDP utilizes already budgeted or requested funding and is delivered via the ARTF.⁴⁰⁸ The NDP contains its own, independent conditions that were negotiated bilaterally between the U.S. and Afghan governments.⁴⁰⁹ In August, the U.S. and Afghan governments signed a memorandum of understanding (MOU) governing the NDP that proposed 40 development results the Afghan government will be expected to achieve. Currently, 31 development results and indicators have been agreed to, with nine to be determined. USAID noted that the results and indicators for 2017 and beyond may be modified given Afghanistan's uncertain future. The Afghan government will receive \$20 million through U.S. funds provided via the ARTF's recurrent-cost window for achieving each development result.⁴¹⁰

The five indicators met this quarter to justify the release of \$100 million included: (1) approval of a Staff Monitored Program (SMP) by the International Monetary Fund (IMF); (2) signing of civil airspace-management contract; (3) piloting of the customs department e-payment system at one border crossing; (4) establishment and regular meeting of the of the National Procurement Committee (NPC); and (5) approval of a National Action Plan for Women, Peace, and Security.⁴¹¹ In March, a senior U.S. official was quoted as saying a key feature of the NDP was that conditions for release of funds were "not going to be short-term, check the box, do this thing, make this reform." Rather, the NDP conditions were to require "more substantial reforms or development outcomes."⁴¹²

In December 2014, the U.S. Embassy Kabul negotiated direct access to the Afghanistan Financial Management Information System (AFMIS) as one of two conditions for the accelerated release of \$25 million to address a severe Afghan government budget gap. Direct AFMIS access was intended to give U.S. officials the ability to analyze Afghan government expenditures in real time. Technical issues, however, continue to prevent the U.S. Embassy Kabul from connecting to AFMIS. According to USAID, embassy personnel receive fiscal data on the Afghan government's budgets but are unable to generate more detailed, custom reports such as Afghan government revenue broken out by province and source.⁴¹³ State, however, now questions the value of having U.S. government personnel review the raw AFMIS data.⁴¹⁴

On-Budget Assistance to the ANDSF

A large portion of on-budget U.S. 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 multi-donor LOTFA.⁴¹⁵ Administered by the UNDP, LOTFA primarily funds Afghan National Police (ANP) salaries and incentives.⁴¹⁶ Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.⁴¹⁷

In February 2011, the Under Secretary of Defense Comptroller authorized the Combined Security Transition Command-Afghanistan (CSTC-A) to provide direct contributions to the Afghanistan government 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.⁴¹⁸

The commitment letters express CSTC-A's conditions for MOD and MOI assistance. The FY 1394 commitment letters contain 45 conditions for the MOD and 48 for the MOI.⁴¹⁹ MOI and MOD compliance with the conditions in the FY 1394 commitment letters has been mixed, CSTC-A said. The majority of conditions—35 for MOI and 32 for MOD—have satisfactory progress to date. Table 3.18 provides the number of conditions by status as assessed by CSTC-A.⁴²⁰

TABLE 3.18

STATUS OF FY 1394 MOD AND MOI COMMITMENT-LETTER CONDITIONS		
Status	Number of MOD-specific conditions	Number of MOI-specific conditions
Satisfactory progress to date	35	32
Insufficient progress due to ministry failure, with no financial penalty	6	5
Insufficient progress due to ministry failure, with financial penalty	4	2
Insufficient progress due to factors beyond ministry control	3	4
Unresolved	1	1

Source: CSTC-A, response to SIGAR data call, 9/25/2015.

According to CSTC-A, the conditions and related penalties requiring the MOI and MOD to input personnel information into the Afghanistan Human Resources Information System (AHRIMS) were examples of successful conditionality. Both the MOI and MOD made significant progress towards

slotting personnel in AHRIMS following, in the MOI's case, imposition of progressively increasing penalties. After the MOI missed a March 1 deadline to have all police records loaded into AHRIMS, CSTC-A levied a 1% penalty on MOI operations-and-maintenance funds for March and April, and a 5% penalty in May. CSTC-A has now shifted its focus to validating the data loaded into AHRIMS.⁴²¹

For the commitment-letter conditions that were not met or enforced, CSTC-A deemed the circumstances were outside of MOD or MOI control. Generally, these conditions fell into one of three areas:

- conditions based on assumptions about Afghan capacity and capability that did not mature as anticipated
- conditions based on metrics or conditions that were not measurable or assessable as originally anticipated
- conditions whose enforcement as written would have been overly detrimental to key capabilities required to execute fighting season 2015⁴²²

An example of an unmet and unenforced condition was the MOD's failure to provide an annual inventory of weapons. If the MOD failed to meet this condition, CSTC-A was to freeze future delivery of weapons. According to CSTC-A, the MOD has failed to provide reports, annual or otherwise, for either night-vision devices or weapons. However CSTC-A did not enforce the commitment-letter condition, as enforcement would have negatively affected the MOD's capability during the 2015 fighting season.⁴²³

CSTC-A has faced difficulty in defining conditions for their contributions to the LOTFA. In December 2014, CSTC-A sent UNDP a draft commitment letter that would allow CSTC-A to delay, reduce, or withhold UNDP's administrative fees—administrative fees constituted 4% of the CSTC-A contribution to LOTFA for a total of \$4.4 million—if UNDP did not meet the conditions of the commitment letter. UNDP, however, disagreed with the draft language on conditions and penalties. A compromise between CSTC-A and UNDP led to moving the disputed language from the actual commitment letter and placing it in a CSTC-A cover letter to communicate CSTC-A's intent to apply more rigor in oversight of LOTFA funds. According to CSTC-A, the commitment letter signed in March 2015 is not a binding legal contract, so each LOTFA donor country can decide whether or not they will honor their commitment throughout the year with no legal ramifications.⁴²⁴

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).⁴²⁵ CSTC-A's total contribution to the MOI FY 1394 budget is 30.99 billion afghani (approximately \$553 million using the same exchange rate).⁴²⁶

In February, Ghani established the NPC to centralize procurements of large contracts under a presidential commission consisting of a core group of Afghan officials with “impeccable credential[s] for honesty.”⁴²⁷ According

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to the Afghan government, the NPC has approved 219 projects, returned for correction 41 projects, and rejected 28 projects as of August 17, 2015. The Afghan government also claims a savings of approximately \$130 million on \$919 million of projects evaluated by the NPC.⁴²⁸

Ghani's effort to reduce procurement-related corruption has slowed procurement and created what CSTC-A has labeled the "[Afghan fiscal year] 1394 Procurement Crisis."⁴²⁹ Of the 648 MOD requirements, 329 have been submitted to the MOD acquisition agency and 149 contracts have been awarded, an increase from the 31 contracts awarded as of last quarter. The MOI is experiencing a similar backlog with 925 defined requirements, 378 of which have been submitted to the MOI procurement directorate, and 83 contracts have been awarded, an increase from 47 contracts awarded as of last quarter. According to CSTC-A, the procurement backlog significantly limits the opportunities to successfully transition off-budget contracts to on-budget procurement.⁴³⁰

NATIONAL GOVERNANCE

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.⁴³¹ As shown in Table 3.19, active 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.⁴³² USAID is also funding the Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE) project, a \$15 million project that, among other things, assists the ministry to improve its financial management, as required for future on-budget assistance.⁴³³

TABLE 3.19

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Leadership, Management, and Governance Project (LMG)	Ministry of Public Health, Ministry of Education	9/25/2012	12/31/2015	\$38,341,106	\$36,207,450
Assistance to Legislative Bodies of Afghanistan (ALBA)	Parliament	3/28/2013	3/27/2018	24,990,827	11,615,069
Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE)	Ministry of Women's Affairs	12/20/2012	12/19/2015	14,182,944	7,237,481

Source: USAID, response to SIGAR data call, 10/8/2015.

This quarter, USAID conducted eight rounds of consultations with the Ministry of Women's Affairs (MOWA) to learn the new minister's vision and how MORE can assist. The new minister's priorities for MORE include recruiting senior-level Afghan women's rights advocates who would assist the minister in the areas of donor coordination, strategic planning, program implementation, and communications and outreach; supporting the MOWA's renovation of Zainab Auditorium for use in events, conferences, trainings, and presentations; assisting MOWA in developing a five-year strategic plan; extending the MORE scholarship program for ministry staff in Kabul and the provinces; and training MOWA staff in production of provincial profiles and status-of-women reports. According to USAID, these recommendations have been incorporated into MORE's revised program.⁴³⁴

Also this quarter, MORE provided 76 scholarships for MOWA staff to attend private Afghan universities; provided English language classes to 100 MOWA staff; trained 80 MOWA staff on the National Action Plan for Women in Afghanistan; and funded MOWA's national awareness-raising campaign on women's rights.⁴³⁵

National Assembly

Parliament was in recess for much of the quarter, followed by Ramadan and the first Eid holiday. Consequently, parliament carried out relatively few oversight actions as neither plenary sessions and commission sessions were held.⁴³⁶

Despite a constitutional requirement to hold elections 30–60 days prior to the expiration of the *Wolesi Jirga* (the lower house) term, the lower house's term expired on June 22, 2015, with no elections held. President Ghani granted an extension to the lower-house members, but critics called that unconstitutional. According to USAID, the delay in parliamentary elections for the lower house has added to a general sense of frustration with the Afghan government. Within parliament there were increased political tensions between the two houses, with members of the upper house questioning the legitimacy of the lower house due to the lack of new parliamentary elections.⁴³⁷ The IEC has suggested two possible dates for holding lower-house and district-council elections in May or September 2016, but no date has yet been announced.⁴³⁸

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. However, staffing struggles, corruption, and low levels of education and experience continue to plague the body.⁴³⁹

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

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- On September 19, the Minister of Counter-Narcotics was questioned on increased drug cultivation and addicts, lack of medical centers, and drug sales.
- On September 30, the Minister of Interior, the National Directorate Security (NDS) Chief, the Deputy Chief of Staff of the Afghan Army, the Deputy Advisor to National Security Council, and the Independent Directorate Local Governance (IDLG) Chief provided a briefing on the fall of Kunduz.
- On October 3, the Minister of Border and Tribal Affairs was questioned on the reported MOU with the Taliban that applied to peace and stability in Dandi Ghorī District, Baghlan Province.
- On October 5, the Minister of Martyred, Disabled, Labor, and Social Affairs and the acting Minister of Refugees and Repatriation testified on youth issues including emigration, youth unemployment, Taliban recruitment, and drug addiction.⁴⁴⁰

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.⁴⁴¹ ALBA provides assistance through the Afghanistan Parliamentary Institute (API) to increase Afghan ownership and sustainability of its programs. The API conducts specialized training for members of parliament and support staff as needed. According to USAID, API conducted 70 different trainings over the past two years on topics including legislative drafting, research, legislative process, parliamentary oversight, committee procedure, national budget, and other administrative and management issues. In addition, API conducts an annual training-needs assessment for upper- and lower-house staff.⁴⁴²

In June, USAID issued a contracted midterm performance evaluation of ALBA. The evaluation found that although many ALBA-provided trainings are well received by participants, more-technical trainings tended to be too short and lack sufficient detail. Additionally, ALBA's support to legislative capacity building often took the form of direct technical assistance by ALBA staff rather than teaching parliamentary personnel skills to perform legislative analysis, drafting, and amendment functions unaided. The result was capacity substitution rather than capacity building. The evaluation noted that several factors beyond ALBA's control might justify capacity substitution, such as disproportionate executive-branch influence in developing legislation, lack of legislative-branch budget independence, the "brain drain" as previously trained staff leave for higher-paying jobs elsewhere, and constitutional time limits for passing legislation.⁴⁴³

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

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- **Kunduz:** The first secretary of the upper house organized a public event on August 8 to examine the Afghan government’s handling of security matters, over 500 members of the public participated.
- **Balkh, Jowzjan, Sar-e Pul, and Faryab:** Budget and Finance Commission reviewed government performance in the execution of the development budget in these four provinces.⁴⁴⁴



Participants at the ALBA-sponsored parliamentary event on the security situation in Kunduz Province. (USAID photo)

SUBNATIONAL GOVERNANCE

Rural Stabilization Programs

USAID has several stabilization programs aimed at helping the Afghan government extend its reach into unstable areas and building local governance capacity. The active programs include USAID’s Stability in Key Areas (SIKA) projects, the Community Cohesion Initiative (CCI) program, and the Afghan Civilian Assistance Program III (ACAP III).⁴⁴⁵ Table 3.20 summarizes total program costs and disbursements to date.

TABLE 3.20

USAID SUBNATIONAL (RURAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Stability in Key Areas (SIKA) East	12/7/2011	9/6/2015	\$145,000,000	\$137,289,015
SIKA South*	4/10/2012	7/31/2015	82,076,234	78,916,121
SIKA West	1/29/2012	8/31/2015	54,000,000	50,730,931
Afghanistan Civilian Assistance Program (ACAP III)	4/20/2015	2/14/2018	30,223,597	9,644,000
Community Cohesion Initiative (North, West)**	9/10/2013	12/2015	29,569,265	20,286,508

Note:

* The disbursement data includes the total for both SIKA South awards.

** As of 9/23/2015.

Source: USAID, response to SIGAR data calls, 9/22/2015 and 10/8/2015.

The Measuring Impacts of Stabilization Initiatives (MISTI) program recently released the results of data collected in 107 districts between September and November 2014 as part of its mandate to determine whether USAID project activities caused changes in stability and resilience at the district and village levels. According to MISTI, stability was an aggregate measure of whether participatory local-development projects succeed in strengthening perceptions of good governance and effective service delivery, thereby improving citizens’ lives and addressing local grievances that might otherwise contribute to support for insurgents. Resilience, on the other hand, measures how well local leaders are able to mobilize their communities to solve local problems with or without government support.⁴⁴⁶

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.

MISTI found that villages that received USAID stability programming registered lower scores for stability than those that did not receive assistance. MISTI hypothesized that the villages selected to receive assistance were initially relatively stable, with higher expectations that were frustrated due to the violence and uncertainty surrounding the presidential elections. MISTI also found that villages receiving SIKA assistance registered lower perceptions of Afghan government performance but higher perceptions of traditional-leader performance.⁴⁴⁷ USAID responded that while they agree that expectations in villages receiving assistance were likely higher, they do not believe that the lower stability scores were exclusively due to USAID's stability projects.⁴⁴⁸

MISTI also explored the relationship between USAID stability programs and the insurgency and found increased support for the Taliban when USAID stabilization programs were implemented in Taliban-controlled villages. Additionally, violence increased in government-controlled villages that received USAID stability projects. MISTI concluded that insurgents will purposely target villages because of stability projects.⁴⁴⁹ USAID responded that while they do not dispute that violent incidents occur in the vicinity of their stability projects, the direct, definitive correlation of USAID stability projects and violence is unsubstantiated. Additionally, USAID explains MISTI's conclusion that stability programming in Taliban-controlled villages increases support for the Taliban as indicating the "Taliban substantially boosted its local popularity by *allowing* programming to take place in these villages."⁴⁵⁰



A SIKA West-sponsored flood-protection wall being constructed by the community in Badghis Province. (USAID photo)

Stability in Key Areas

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.⁴⁵¹ 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.⁴⁵²

Community Cohesion Initiative

USAID’s CCI program supports creating conditions for stability and development in conflict-prone and other priority areas of Afghanistan by (1) increasing cohesion within and between communities, (2) supporting peaceful and legitimate governance processes and outcomes, and (3) countering violent extremism. CCI currently works in 18 districts across six provinces in the north and west of the country.⁴⁵³

From July to September 10, CCI completed 146 activities. According to USAID, all CCI activities will be fully implemented by the end of October 2015 and the program will close in December 2015.⁴⁵⁴

Since July, security incidents and threats in Kabul have at times affected the ability of CCI personnel to travel to and from their offices or from their offices to the U.S. Embassy Kabul for meetings with USAID. According to USAID, the impact has been minimal, with CCI staff conducting more business remotely, via e-mail and phone. CCI expatriate staff faced challenges in traveling from Kabul to the provincial offices in northern and western Afghanistan due to security restrictions. However, USAID reports that this too has been mitigated with increased use of remote-management tools. While security in several CCI operating provinces has declined in the past quarter, CCI activities have largely proceeded as planned.⁴⁵⁵

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 3.21 summarizes total program costs and disbursements to date.

TABLE 3.21

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2017	\$73,499,999	\$6,584,726
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	62,364,687	2,475,394

Source: USAID, response to SIGAR data call, 10/8/2015.

Initiative to Strengthen Local Administrations

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.⁴⁵⁶

ISLA will operate out of five regional hubs: Kabul, Mazar-e Sharif, Jalalabad, Kandahar, and Herat. It 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 Zabul.⁴⁵⁷

Last quarter, USAID reported that the IDLG was reviewing the 16 provinces identified in the ISLA contract.⁴⁵⁸ Following protracted discussions, IDLG agreed this quarter to maintain the 16 provinces listed in ISLA's scope of work.⁴⁵⁹

This quarter, ISLA completed a capacity assessment of the Ministry of Economy, and is holding discussions with IDLG to conduct the same assessment at IDLG.⁴⁶⁰

Strong Hubs for Afghan Hope and Resilience

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 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**, as well as the four regional-hub provincial capitals of Kandahar, Herat, Mazar-e Sharif, and Jalalabad.⁴⁶¹

This quarter, SHAHAR completed field work and data analysis for the Citizen Perception Surveys that covered all 20 SHAHAR municipalities. Four hundred respondents were interviewed in each municipality for a total of 8,000 interviews.⁴⁶²

SHAHAR examined municipal-revenue collection figures for the first two quarters of the year (as of June 21) for all SHAHAR municipalities except Jalalabad. SHAHAR found that the municipal collection of fixed (recurring) revenue has averaged only 28% of budgeted revenues, with non-fixed revenue collection averaging 11%, and total revenue collection averaging almost 20%. According to SHAHAR, municipal-revenue collections should have represented 50% of budgeted revenues.⁴⁶³

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," 12/3/2013.

RECONCILIATION AND REINTEGRATION

Initially promising direct peace talks between the Taliban and the Afghan government last quarter gave way to increased uncertainty following the announcement of the previously undisclosed 2013 death of Taliban leader Mullah Mohammad Omar. According to the United Nations Secretary-General, rather than ushering in greater peace, the conflict grew in both intensity and geographic scope over the quarter.⁴⁶⁴ Rifts emerging within the Taliban leadership fueled doubts about the Taliban's commitment to a peace process.

In his first public message, the Taliban's new leader, Mullah Akhtar Mohammad Mansoor, released a statement on August 1, 2015, calling for continued jihad and claiming the peace process was enemy propaganda.⁴⁶⁵ According to Resolute Support commander General John F. Campbell, it remains unclear whether Mullah Omar's death and Taliban infighting will undermine or aid reconciliation efforts.⁴⁶⁶

Further complicating the peace effort, bilateral relations between Afghanistan and Pakistan deteriorated despite Pakistan's previously constructive role as the host for the July 7 talks.⁴⁶⁷ As General Campbell observed, "for every two steps forward in [Afghanistan-Pakistan] relations, another is seemingly taken backwards."⁴⁶⁸

The Pakistan and Afghan governments engaged in tit-for-tat recriminations throughout August and September. Following a series of attacks in Kabul, President Ghani called on Pakistan to take action against Taliban facilities in Pakistan. Ghani pointedly said, "We don't want Pakistan to bring the Taliban to peace talks, but to stop the Taliban's activities on their soil."⁴⁶⁹ The rhetoric increased in mid-August when the Afghan acting minister of defense, Masoom Stanekzai, made statements that were understood by Afghan media as meaning that relations between Afghanistan and Pakistan had transitioned from "an undeclared war [...] into a declared war."⁴⁷⁰

After Afghanistan summoned Pakistan's ambassador over a border incident, Pakistan summoned the Afghan ambassador over concerns that Afghan political leaders were engaged in a smear campaign against Pakistan.⁴⁷¹ Following the September attack by the Pakistani Taliban against a Pakistani air force base in Peshawar, Pakistan claimed that the attack was planned from Afghan territory. The spokesman noted that Pakistan did not, however, believe that the Afghan government was involved. The Afghan government rejected the Pakistani claims, saying that Afghanistan never has and never will allow its territory to be used against other states.⁴⁷²

Despite the mutual accusations, Pakistan's advisor to the prime minister on foreign affairs and national security, Sartaj Aziz, said that efforts were under way to revive peace talks and that Pakistan remained willing to facilitate talks if requested by the Afghan government.⁴⁷³

General Campbell told the Senate that Afghanistan and Pakistan's political and military relations are likely to improve, albeit only incrementally

and on a transactional basis.⁴⁷⁴ Despite the challenges in bilateral relations, State said that Pakistan continues to make efforts to further an Afghan-led and Afghan-owned reconciliation process. According to State, both Afghanistan and Pakistan have worked to build stronger bilateral ties and have undertaken efforts to address their mutual concerns.⁴⁷⁵

Afghanistan Peace and Reintegration Program

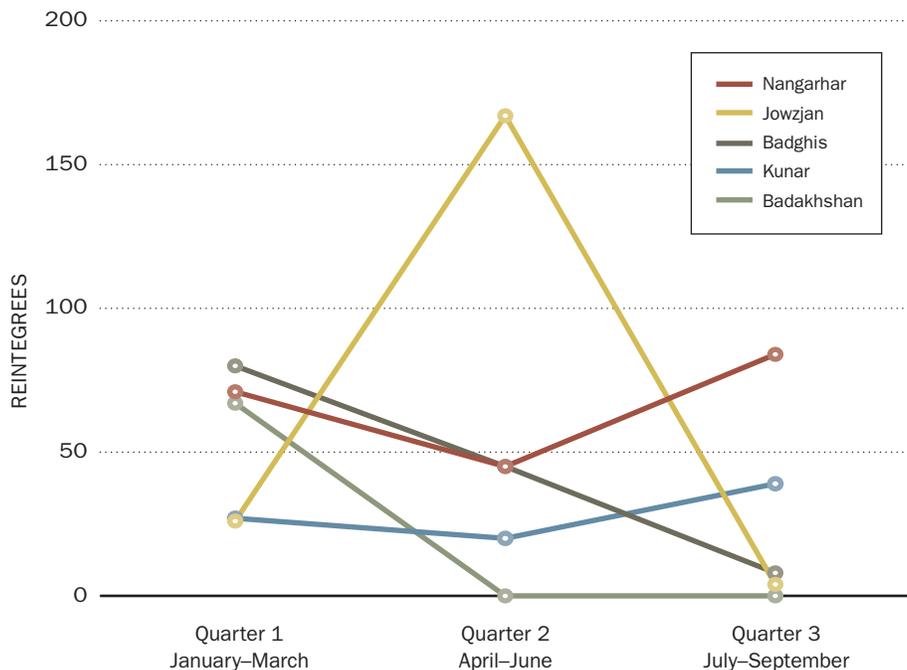
The Afghanistan Peace and Reintegration Program (APRP) is an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society.⁴⁷⁶ For more information, see SIGAR’s October 2014 *Quarterly Report to the United States Congress*, pages 149–151.

According to State, as of September 30, the APRP has facilitated a total of 10,578 reintegrees, 988 of whom were reportedly “commanders.” A total of 143 reintegrees are documented recidivists. Badghis and Baghlan Provinces saw the largest number of reintegrees: 1,604 and 1,204 respectively.⁴⁷⁷ The top reintegration provinces for 2015 are shown in Figure 3.28.

The number of reintegration requests declined following the July 2015 confirmation of Mullah Omar’s death. The number of reintegrees went from

FIGURE 3.28

2015 REINTEGREGES BY PROVINCE AND QUARTER (TOP FIVE PROVINCES)



Source: State, SCA, response to SIGAR data call, 10/8/2015.

133 in July (up from 17 in June) after the July 7 peace talks, then decreased significantly to 40 in August after confirmation of Omar’s death and the Taliban’s subsequent leadership struggle. The numbers dropped to just one reintegree during September. According to UNDP, the significant drop could be attributed partially to the Eid-e Qurban holiday (September 23–26). The APRP Joint Secretariat expects the number of reintegrees to increase to 200 in October after it processes those in its backlog.⁴⁷⁸

The goal of APRP is to remove fighters and commanders from the battlefield. According to State, the latest estimate of active Taliban fighters ranges from 20,000 to 30,000.⁴⁷⁹

The Afghan High Peace Council has reported to State that information gathered from the APRP reintegree program has contributed to a broader understanding of insurgent leadership, structure, operations, sanctuaries, hideouts, funding resources, supporting countries, recruitment methods, goals and objectives, relationships with international and regional terrorist organizations, ideological narrative, and sympathizers.⁴⁸⁰

In March, the United States announced that it will provide up to \$10 million to UNDP’s support to APRP. According to State, this assistance is meant to support APRP’s provincial efforts in the event of peace talks, improve APRP’s strategic-communications capacity, and bolster donor confidence following several months of wavering support.⁴⁸¹

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 3.22.

TABLE 3.22

STATE DEPARTMENT RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Justice System Support Program II (JSSP II)	6/16/2010	2/29/2016	\$224,142,053	\$203,431,814
Corrections System Support Program (CSSP III)*	1/1/2015	2/28/2016	22,161,965	10,639,917
Justice Training Transition Program (JTTP)	1/2/2013	3/31/2016	47,435,697	47,435,697
Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)	5/19/2015	8/31/2020	3,000,000	500,000

Note: * As of 8/31/2015.

Source: State, INL, response to SIGAR data calls, 9/24/2015 and 10/8/2015; USAID, response to SIGAR data call, 10/8/2015.

GOVERNANCE

USAID has a forthcoming rule-of-law program in the procurement phase and will work with the Supreme Court, Ministry of Justice, and the informal justice system.⁴⁸²

In the area of anticorruption, State works primarily in enforcement by providing support to prosecutors and the Major Crimes Task Force (MCTF). USAID signed a cooperation arrangement with the United Kingdom's Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID support funds the MEC's monitoring, analysis, and reporting activities, including vulnerability-to-corruption assessments. According to USAID, President Ghani has shown interest in expanding the MEC's work beyond its current monitoring framework.⁴⁸³

USAID is designing two anticorruption activities for Afghanistan.⁴⁸⁴ USAID previously reported that one of the proposed projects will aim to strengthen the capacity of Afghan government institutions to assess vulnerabilities to corruption and to implement reforms in its most commonly accessed public service delivery systems. In addition, the project will enhance civil society's ability to monitor, advocate for, and publicize the implementation of reforms.⁴⁸⁵

The State Department's JSSP objectives include continuing to develop a case-management system (CMS) to track cases throughout Afghanistan's justice system and building the capacity and administrative skills of ministry officials.⁴⁸⁶

The CMS is used to monitor criminal cases on an 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. Ministries routinely utilize the CMS to understand the functioning 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. In addition to using the CMS to conduct criminal background checks on internal and external employment applicants, the MOI generates a weekly report of arrests in Kabul by the type of crime.⁴⁸⁷ From 2013 to August 2015, JTTP has reviewed 2,699 CMS cases of which 91% were found to be accurate. In the provinces, Balkh Province had the lowest amount (66%) of correct CMS files to date.⁴⁸⁸

The State Department's JTTP provides regional training to justice-sector officials on a wide range of criminal-justice topics.⁴⁸⁹ JTTP aims to increase the confidence of Afghan citizens in their justice sector and to achieve two 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.⁴⁹⁰

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 State's Bureau of International Narcotics and Law Enforcement Affairs (INL) many instances in the formal-justice proceedings where attorneys and judges have increasingly applied the correct laws and sentencing requirements.⁴⁹¹

JTTP legal advisors visit courtrooms of judges who have graduated or will graduate 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 reason for the restriction, the trial is reported as "closed."⁴⁹²

From 2013 to August 2015, JTTP observed a total of 800 trials, of which 93% were open. In the provinces, Nangarhar Province had the lowest overall percentage of open trials to date (39%).⁴⁹³

The Supreme Court and the Formal Justice Sector

A new Supreme Court chief justice, former Deputy Justice Minister Sayed Yousuf Halim, was appointed and sworn into office this quarter. According to State, the new chief justice is well-regarded in the legal community and has indicated an interest in instituting judicial reforms.⁴⁹⁴ In his recent interview with SIGAR, President Ghani described Halim as "our best legal mind, with immense experience and not one whiff of corruption." (For more information, see Section 1 of this report.)

According to the SMAF, short-term deliverables related to the justice sector include the launch of a justice-sector reform plan by December 2016 and a draft of a revised penal code completed December 2016.⁴⁹⁵

In a statement issued this quarter, the MEC said, "The justice sector remains largely incapable of investigating and prosecuting corruption cases, especially against well-connected individuals who operate with near impunity, secure in the knowledge that they are effectively above the law."⁴⁹⁶

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 an average of 10.75% annually over the past five years. As of July 31, the GDPDC incarcerated 26,119 male and 727 females, while the Ministry of Justice's Juvenile Rehabilitation Directorate (JRD) incarcerated 826 male juveniles and 78 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.⁴⁹⁷

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for men, although state-funded prison construction has added some new prison beds and presidential-amnesty decrees have reduced the prison population significantly. As of July 31, the total male provincial-prison population was at 190% of capacity, as defined by International Committee of the Red Cross's (ICRC) minimum standard 3.4 square meters per inmate. By contrast, the total female provincial-prison population was at 65% of the ICRC-recommended capacity. The JRD's juvenile-rehabilitation centers' population was at 66% of ICRC-recommended capacity.⁴⁹⁸

State is soliciting a contract for renovations of the Pol-i-Charkhi prison. The planned project includes constructing a wastewater treatment plant, remodeling three cell blocks, and extensive structural, electrical, and plumbing renovations.⁴⁹⁹ SIGAR reported last year on the challenges State faced with a previous, five-year renovation project at Pol-i-Charkhi prison that was terminated for convenience: the contractor had done only 50% of the work, but State paid out \$18.5 million on a contract valued at \$20.2 million.⁵⁰⁰

Anticorruption

During a meeting with religious scholars in Kabul this quarter, President Ghani called for “a national jihad to fight corruption.”⁵⁰¹ In his interview with SIGAR, he described various steps his government has taken to combat corruption, such as the prosecution of the individuals responsible for the Kabul Bank scandal, and a cleanup of the government contract-procurement process. (For more information, see Section 1 of this report.)

However, according to CSTC-A, there is insufficient high-level Afghan government strategic guidance regarding anticorruption. The revised anticorruption strategy is overdue and the anticorruption law remains in draft form.⁵⁰²

Afghan Attorney General's Office

The Afghan government has yet to nominate a new attorney general.⁵⁰³ In his interview with SIGAR, President Ghani said he would soon be turning “in earnest” to the appointment of a new attorney general. (For more information, see Section 1 of this report.) The appointment of a new attorney general by the end of 2015 is a SMAF short-term deliverable.⁵⁰⁴

According to State, the Attorney General's Office (AGO) is widely criticized as unresponsive and lacking in transparency in its prosecution of cases. Afghan government officials complain they are often unable to learn the status of cases that have been referred to the AGO.⁵⁰⁵

Major Crimes Task Force

The MCTF is an investigatory arm of the MOI and the NDS.⁵⁰⁶ According to DOD, since the formation of the national-unity government, the MCTF has begun to more aggressively target senior-level government officials

in its investigations of corruption cases.⁵⁰⁷ According to State, MCTF's pace of investigations has decreased greatly due to the MOI's refusal or inability to continue providing MCTF funding for its confidential human sources. MCTF senior leadership and line investigators continue to encounter resistance from senior Afghan government officials and members of parliament when investigating allegations of corruption against politically-connected targets.⁵⁰⁸

Despite an increase in referrals, the MCTF has seen no improvement in case processing at the AGO. Under the CPC, felony-level cases should be brought to trial within 75 days of arrest. In five of the seven recent cases, no arrest was made prior to referral to AGO, meaning there is no time limit for AGO's investigation or prosecution decision. So far, none of the cases has been adjudicated by the AGO. The MCTF is, however, hopeful that the AGO's prosecution rate will increase once a new attorney general is in place.⁵⁰⁹

According to DOD, although the MCTF regularly demonstrates its ability to investigate crime and is motivated to combat corruption, the MCTF suffers from the lack of clear jurisdiction and insufficient autonomy to pursue cases. For example, every case the MCTF wishes to pursue must be approved by senior officials outside of the MCTF. This provides an opportunity for investigations to be halted before they begin and also provides disincentives for detectives to take the initiative. Additionally, corruption cases handled by the MCTF must pass through at least two prosecution offices before reaching the AGO's anticorruption prosecution units. Cases face potential derailment as they navigate each additional office. According to DOD, simplifying and making the criminal-justice pathway for corruption cases more transparent is a potential reform that will improve MCTF's work.⁵¹⁰

Independent Joint Anti-Corruption Monitoring and Evaluation Committee

The MEC was formally established in March 2010 by presidential decree. The MEC's mandate is to develop anticorruption recommendations and benchmarks, to monitor efforts at fighting corruption, and to report on these efforts. It comprises three Afghan members and three international members and is led by an Afghan executive director. MEC has approximately 20 staff, but USAID notes that the MEC may increase its staff since President Ghani has increasingly sought analytical products from it.⁵¹¹

According to State, the MEC continues to demonstrate administrative competence and technical capacity. State notes, however, that despite demonstrating the political will to address some of the toughest corruption-related questions confronting Afghanistan, the MEC lacks the authority to do more than illuminate poor or corrupt practices.⁵¹² This quarter, the MEC began working with the Ministry of Public Health, at the ministry's request, to start an overall assessment of corruption in the institution.

GOVERNANCE

USAID, together with the small working group, is working with the MEC to develop its capacity, prioritize its work, and support the implementation of suggested reforms.⁵¹³ The MEC has also signed an MOU with the Afghan government to examine the defense ministry.⁵¹⁴

This quarter the MEC issued reports covering corruption vulnerabilities in teacher recruitment at the Ministry of Education (MOE); corruption vulnerabilities associated with the process for registering official documents; and an assessment of 22 ministries' 100-day plans.

After discussions in Kabul, Herat, Nangarhar, Balkh, Badakhshan, and Laghman Provinces, the MEC found the teacher-recruitment system highly vulnerable to corruption. Additionally, although corruption in the teacher-recruitment process is well known and often easily identified, very little action is ever taken by the MOE or AGO. The MEC found that although teachers are required to fill in attendance sheets, this requirement is often not followed. In most of the provinces, including Kabul, attendance sheets are not being used or are frequently forged. According to the MEC, the salaries usually go to a group of officials who collude to steal money from accounts allotted for teacher salaries. The MEC also found that members of parliament often trade their votes on the MOE budget for a certain allotment of teacher positions that they can give to their constituencies or use for other political favors. Provincial officials who spoke to the MEC even suggested that nearly 50% of the positions are "given" to parliamentarians in this way, although the MEC notes that it could not verify this figure.⁵¹⁵

When the MEC examined the process for registering certified or notarized documents with the government, it found numerous vulnerabilities. According to the MEC, many of vulnerabilities were due to a failure to observe laws and regulations, poor inter-institutional coordination among government stakeholders, and significant human-resource and technical-capacity deficiencies. These deficiencies, combined with organizational-structure issues, lengthy and overly complicated bureaucratic procedures, and overlapping responsibilities within different entities, create an environment conducive to a range of corruption vulnerabilities. Additionally, the MEC found that many certified or notarized documents can be easily forged. According to multiple interviewees conducted by the MEC, it is possible to bribe judges to accept even the most obvious forgeries.⁵¹⁶

The MEC also reviewed the anticorruption provisions of 100-day ministry plans mandated by the president for each ministry this year. The plans were meant to describe how the ministries planned to improve service provision and implement internal reforms to improve the efficiency of their operations. Of the 22 plans the MEC reviewed, only six had a specific anti-corruption section. The MEC did note, however, that most of the remaining plans outlined reforms that, if implemented, could reduce corruption. The MEC identified several deficiencies that were common to many, though not all, plans including:

- failure to outline implementation mechanisms necessary for achieving desired goals
- insufficient detail about most initiatives described in the plans
- general lack of prioritization
- unclear relationship between the plans and the ministries' current resources and future budgets
- lack of monitoring and evaluation to track the progress of the plans
- unrealistic, short-term goals, and overly ambitious timeframes
- failure to directly address the MEC's recommendations⁵¹⁷

High Office of Oversight and Anticorruption

The High Office of Oversight and Anti-Corruption (HOO) was established in July 2008 by presidential decree to oversee and coordinate implementation of the Afghan government's Anticorruption Strategy. The HOO collects corruption complaints through a hotline and complaint boxes installed in several ministries and other public-service delivery institutions, and conducts the initial investigation of corruption allegations. According to USAID, these investigations do not often lead to prosecution. Mutual recrimination between AGO and HOO is common.⁵¹⁸ Ghani has limited the HOO's mandate to collecting and verifying public officials' asset declarations.⁵¹⁹

On July 3, the acting director general of the HOO told *Tolo News* that several senior Afghan officials—including President Ghani, Chief Executive Abdullah, and 14 cabinet ministers—had yet to register their assets per the requirements of the Afghan constitution. According to the acting director general, Ghani has instructed all top government officials to submit their asset registration forms.⁵²⁰ As of late September, however, CSTC-A reports that Ghani, Abdullah, and first vice president Dostum had not yet declared their assets.⁵²¹

A SMAF short-term deliverable includes the requirement for 90% of government officials required to declare their assets to do so by mid-2016.⁵²² Asset declaration was previously a TMAF hard deliverable requirement. Since the inauguration of the new government in September 2014, 23 out of 25 cabinet ministers have declared their assets, meaning a total of 24 out of 38 government officials have declared their assets per the constitutional requirement.⁵²³

Parliamentary Anti-Corruption Caucus

The Parliamentarian Anti-Corruption Caucus (PACC) was established in March 2013 and currently has 23 members—14 lower-house parliamentarians and nine upper-house senators—making it one of the largest caucuses in parliament. The PACC is the only parliamentary caucus with members from both houses; its members are all female. This quarter, the PACC received anticorruption pledges from 24 nominated ministers who were

appointed. The PACC also introduced a representative to participate in the National Procurement Committee sessions.⁵²⁴

According to State, the PACC has proposed anticorruption legislation that is not supported outside the PACC.⁵²⁵

Security Services

In April, the then commander of CSTC-A, Major General Todd T. 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.⁵²⁶ Since that admission, according to CSTC-A, there have been no studies or reviews to quantify the level of corruption in Afghanistan.⁵²⁷

According to CSTC-A, the Ghani administration has increased focus on high-level corruption challenges at the MOD, but has had little impact on anticorruption efforts at the MOI.⁵²⁸ While it is too early to measure the impact of the new administration on anticorruption efforts, CSTC-A sees positive signs in MOD’s increased awareness and emphasis on counter-corruption initiatives.⁵²⁹

Ministry of Defense

Two active forums are currently addressing corruption issues within the MOD: the Counter Corruption Working Group (CCWG) and the Senior High Level Committee on Anti-Corruption (SHCAC). DOD reported last quarter that neither forum has been an effective arena for meaningful anticorruption or counter-corruption efforts, partly because the forums consist of the same senior officials who engage in corrupt acts.⁵³⁰ This quarter, DOD reports that the CCWG has shown improvement through regular, monthly meetings and review of corruption cases. The SHCAC mechanism, however, remains in its infancy and its effectiveness cannot be assessed despite a new chair being appointed.⁵³¹

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), lack independence, and are unlikely to report any information critical of the corps commander. This structure of the committees also insulates the deputy corps commander (who is also the head of procurement for the corps) from oversight on procurement decisions.⁵³² According to a recent assessment by the MOD Inspector General (MOD IG), the TACs are ineffective and their work unsatisfactory.⁵³³

Ministry of Interior

Last quarter, the Afghan government removed the former MOI IG and appointed Major General Rahimullah. According to CSTC-A, MOI IG

Rahimullah has proven a solid choice who has demonstrated leadership and motivation in performing his duties.⁵³⁴ This quarter, the MOI IG initiated fuel inspections as the first step into verifying fuel accountability. MOI IG aims to establish a fuel inspection program to reduce misappropriation and policy noncompliance within MOI.⁵³⁵

HUMAN RIGHTS

Refugees and Internal Displacement

As of July 15, the United Nations High Commissioner for Refugees (UNHCR) estimated that at least 291,800 people have crossed from Pakistan into Afghanistan's Khowst and Paktika Provinces since June 2014 due to large-scale Pakistan military operations in neighboring North Waziristan. According to State, it is unlikely that there will be significant returns to Pakistan until 2016 due to the reconstruction needs in North Waziristan.⁵³⁶

State reported no major change in numbers of refugees leaving Afghanistan.⁵³⁷ However, according to UNHCR, 77,731 Afghans applied for asylum in Europe in the first six months of 2015. This represented a significant increase from the 24,154 who sought asylum in the same period in 2014. Afghans are second only to Syrians in claiming asylum in Europe, the UNHCR numbers show.⁵³⁸

UNHCR recorded facilitating the return of 50,433 Afghan refugees from Pakistan as of August 28.⁵³⁹ 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 following the December 2014 Peshawar school attacks and the Pakistani security response.⁵⁴⁰ Overall, 91,458 undocumented Afghans were recorded at border crossings returning to Afghanistan from Pakistan during the first six months of 2015, compared with 21,866 individuals during the same period in 2014. A total of 243,107 individuals spontaneously returned or were deported from Iran during the first half of 2015, compared with 220,564 during the same period in 2014.⁵⁴¹

As of July 31, UNHCR recorded a total of 980,324 registered conflict-affected internally displaced persons (IDPs), compared to the 949,995 registered IDPs as of June.⁵⁴² UNHCR reports the major causes of displacement during the quarter were ground offensives by anti-government forces and ANDSF counteroffensives.⁵⁴³

Gender

The largest gender-focused initiative in USAID's history is the Promote partnership that aims to assist over 75,000 Afghan women in achieving leadership roles in all parts of society, such as business, academia, politics, and public policy over five years.⁵⁴⁴ USAID has committed \$216 million to

SIGAR AUDIT

This quarter, SIGAR issued an audit of State's efforts to assist Afghan refugees living in Pakistan and Iran, and Afghan returnees. The audit found that the UNHCR and State are unable to independently verify the number of Afghan refugees reported by the Pakistani and Iranian governments. The audit also found that the Afghan Ministry of Refugees and Repatriation—the ministry responsible for coordinating refugee and returnee affairs with other ministries and international organizations—has limited capacity to fulfill its obligations or to work with other ministries, and had been beset by allegations of corruption. For more information, Section 2, p. 23.

GOVERNANCE

TABLE 3.23

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Afghan Women's Leadership in the Economy	7/1/2015	6/30/2020	\$71,571,543	\$80,819
Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	5,163,910
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	827,228
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	-
Promote: Economic Empowerment of Women in Afghanistan	5/8/2015	5/7/2018	1,500,000	50,000
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data calls, 9/23/2015 and 10/8/2015.

Promote and hopes to raise an additional \$200 million from other international donors.⁵⁴⁵ However, no donors have committed to contribute funds to Promote. In August, the Japan International Cooperation Agency signed a memorandum with USAID agreeing to cooperate on efforts that work towards advancing equality for women in Afghanistan.⁵⁴⁶

This quarter, USAID launched the Promote High Level Advisory Committee (PAC); two meetings have been held. The PAC will create a forum for feedback and advice on Promote program implementation. USAID has also established a Promote Outreach and Communications Working group to ensure quality and timely outreach to Afghans about the program, as shown in Table 3.23.⁵⁴⁷



The launch event for a USAID's women's leadership skills course that is aimed at young high-school graduates. (USAID photo)

The Promote Women in Government (WIG) program is conducting a pilot internship program for 22 interns who will train for six months at the Afghan Civil Service Institute. Each intern will have a three-month on-the-job internship. Interns who complete the program will be able to apply for grade 4 or 5 (mid-level) civil service positions. A second tranche of 200 interns is planned for October.⁵⁴⁸

The Promote Women's Leadership Development (WLD) program is rolling out the Leadership Program in five regional centers (Kabul, Herat, Mazar-e Sharif, Jalalabad, and Kandahar cities). USAID reports that there are currently 1,000 students benefiting from WLD leadership programs.⁵⁴⁹

The SMAF includes several short-term deliverables related to women's rights, including: the requirement for a national action plan for women peace-and-security implementation and financing plan approved by the end of 2015, with implementation started by mid-2016; an antiharassment regulation for improving working environments for public-sector women, to be issued by mid-2016; and dedicated violence-against-women prosecution units established in 26 provinces by December 2016.⁵⁵⁰

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ECONOMIC AND SOCIAL DEVELOPMENT

As of September 30, 2015, the U.S. government has provided nearly \$31.8 billion to support governance and economic and social development in Afghanistan. Most of these funds were appropriated to the U.S. Agency for International Development's (USAID) Economic Support Fund (ESF). The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional \$831.9 million for the ESF, bringing the cumulative total to \$18.6 billion. Of this amount, \$17.1 billion has been obligated and \$13.5 billion has been disbursed.⁵⁵¹

KEY EVENTS

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

- The Senior Officials Meeting (SOM) of Afghan and international-donor representatives took place in Kabul on September 5 to discuss policies, review Afghan progress toward reforms outlined during the London Conference, and decide a path forward. The Afghan government presented donors with a self-graded progress report on reforms it has undertaken, and participants agreed on a refreshed mutual-accountability framework that will be the basis for continued donor support.⁵⁵²
- The International Monetary Fund (IMF) said preliminary data indicate Afghanistan met Staff-Monitored Program (SMP) quantitative targets through June 2015, with significant progress being made in implementing structural benchmarks. The IMF has not yet confirmed these findings.⁵⁵³
- Domestic revenues collected in the first eight months of Afghan fiscal year (FY) 1394 (December 22, 2014–December 21, 2015) rose 13.3% above the same period in FY 1393, covering 39% of total expenditures. Expenditures increased 0.2% compared to the same period last year.⁵⁵⁴ The government has not yet released updated year-to-date targets that would monitor Afghan progress against its budget goals.
- The sixth Regional Economic Cooperation Conference on Afghanistan (RECCA VI) took place in Kabul on September 3–4.⁵⁵⁵ Departing from

prior RECCA approaches, the main objective was to facilitate new investment deals that are primarily funded by the private sector, rather than by donors or the government, and that can be implemented in one to three years.⁵⁵⁶

“The conditions are not conducive to the kind of private sector investment that could drive a diversified and sustainable economy, and not expected to change for some years to come. Instead, employment is driven by security spending, aid projects, a large but not very productive informal sector, and a battery of illicit activities that include growing opium, cross-border smuggling, and small scale illegal mining.”

Source: GIROA, *Afghanistan’s Road to Self-Reliance: The First Mile Progress Report*, 9/5/2015, p. 1.

Afghanistan did not meet, or make significant progress toward, the State Department’s minimum requirements of fiscal transparency in FY 2015. Revenue and expenditure data are unreliable; the Afghan budget does not include allocations to and earnings from state-owned enterprises and the accounts of state-owned enterprises have not been audited.

Source: State, *2015 Fiscal Transparency Report*, 9/8/2015.

ECONOMIC PROFILE

Lack of security is the most important perceived obstacle to private investment in Afghanistan, according to the World Bank. The absence of security damages human capital, constrains productive economic activities, increases social unrest, promotes unequal access to basic services, and increases political instability.⁵⁵⁷ Violence, as well as uncertainty over the country’s future, continued to impede investment, and Afghanistan’s economy did not recover as expected in 2015. The World Bank calculated Afghanistan’s gross domestic product (GDP) at \$20.8 billion in 2014 and projects Afghanistan’s real (net of inflation) GDP to grow 1.9% this year to \$21.2 billion, excluding opium. Growth is expected to remain sluggish over the medium term.⁵⁵⁸ In contrast, Afghanistan’s FY 1394 budget forecast 9% GDP growth.⁵⁵⁹

Afghanistan is experiencing deflation, which may be a result of declining demand due to the reduced international troop presence and lower levels of foreign aid.⁵⁶⁰ Deflation, and lower demand generally, can cause increased unemployment.⁵⁶¹ The World Bank warned that with an estimated 2.7% annual population growth and 400,000 young people entering the labor force each year, Afghanistan needs higher growth rates if it is to increase future per capita incomes and reduce income inequality.⁵⁶²

Afghanistan’s Fiscal Outlook

Afghanistan will require substantial donor aid for the foreseeable future.⁵⁶³ The World Bank reported this quarter that security costs have grown beyond donors’ initial projections. The 2012 NATO summit in Chicago predicted Afghanistan’s contribution to its security costs would be at least \$500 million in 2015. However, Afghanistan spent \$583 million in 2013, \$754 million in 2014, and \$699 million in just the first eight months of FY 1394 (2015).⁵⁶⁴ Additionally, the World Bank said civil-service costs are not fiscally sustainable—wages and salaries have consumed 53% of Afghan expenditures in FY 1394 so far. Pension costs and benefits to families of those killed or injured account for 7% of Afghan expenditures in FY 1394 so far, and are rising.⁵⁶⁵

The World Bank expects 2015 revenues as a share of GDP to exceed 8.4% in 2014 (about \$1.75 billion), but that would be well below the 11.6% level of 2011. Under current conditions, and through better tax policy and administration, and reduced revenue leakages, the World Bank sees maximum revenue potential of up to 16% of GDP (\$3.4 billion). However, that would

still be inadequate to finance Afghanistan’s current level of spending at 36% of GDP (\$7.6 billion) or its long-term financing needs.⁵⁶⁶

FY 1394 Revenues and Expenditures Update

Total collected domestic revenues—a figure that excludes donor grants—stood at 70.8 billion afghanis (AFN) (\$1.1 billion) in the first eight months of FY 1394, about 13.3% above the same period in FY 1393. Domestic revenues paid for less than half (39%) of Afghanistan’s total budget expenditures of AFN 182.2 billion (\$2.8 billion) thus far in FY 1394; donor contributions make up the difference. Afghan government expenditures in FY 1394 increased by AFN 402 million (by 0.2% or \$6.2 million in current dollars) compared to the same period last year.⁵⁶⁷

Although revenues in FY 1394 have increased year-on-year while expenditures remained flat, there has been little progress in closing the considerable budget gap for each of the first eight months of FY 1394, as illustrated in Figure 3.29. The World Bank said it will be very difficult to reduce security-related expenditures should security not improve.⁵⁶⁸

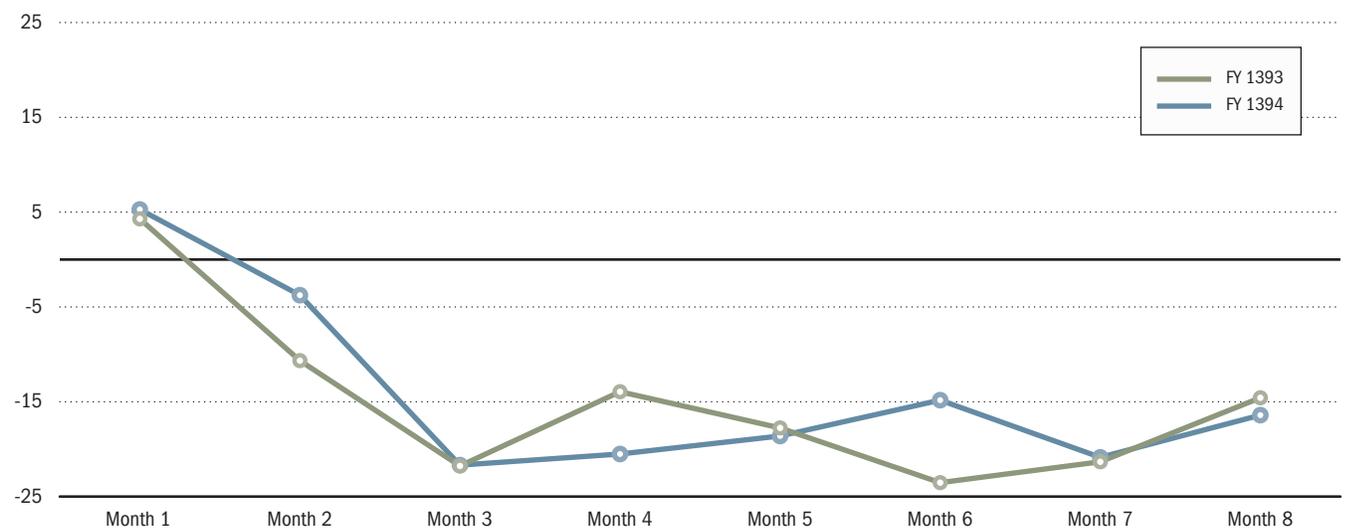
Expenditures are expected to continue rising—to 30% of GDP in FY 1395 (2016) versus 26% in FY 1393, according to World Bank projections—largely due to increased spending on security, service delivery, essential infrastructure, and operations and maintenance (O&M).⁵⁶⁹

In September, the Afghan government reported that it needs a 20% revenue increase in order to balance the budget. It does not, however, consider that target to be realistic. Subsequent budgets are to be constructed more carefully so that revenue targets become credible management tools for policy makers.

Source: GIROA, *Afghanistan’s Road to Self-Reliance: The First Mile Progress Report*, 9/5/2015, p. 12.

FIGURE 3.29

THE GAP: AFGHANISTAN’S DOMESTIC REVENUES MINUS OUTLAYS (AFN BILLIONS)



Note: FY 1394 runs from December 22, 2014, through December 21, 2015. AFN = afghani.

Source: MOF, *Assad Financial Statements FY 1393 V2*, 9/8/2014; MOF, *Assad Financial Statements FY 1394*, 8/30/2015.

Measuring Afghan progress against its budget goals was not possible this quarter because updated and accurate Ministry of Finance (MOF) year-to-date targets were not publicly available.⁵⁷⁰ Additionally, SIGAR does not have access to Afghanistan’s Financial Management Information System (AFMIS), the country’s government-wide accounting system.

SIGAR’s October 2014 *Quarterly Report to the United States Congress* called for U.S. government agencies to press the MOF for complete access to AFMIS. This would allow the United States to see what the Afghan government reports to be spending money on and at what rate, as well as the details of budgetary shortfalls to better inform U.S. responses to requests for emergency funds.⁵⁷¹ Since at least January 2015, the U.S. Embassy Kabul has had Afghan permission to use AFMIS, but State says it cannot access the system due to ongoing “technical difficulties.”⁵⁷²

USAID and the U.S. Embassy Kabul were unable to respond to several SIGAR requests for information this quarter about independent oversight of the Afghan budget, specific revenue breakouts, or the validity of AFMIS data. The U.S. Embassy Kabul said it relies on the Afghan government for AFMIS reports and questioned the benefit of accessing raw AFMIS data without having full-time staff trained to use it. With the number of embassy staff in Kabul declining, the embassy said it was unclear if they could devote resources to that purpose.⁵⁷³

FY 1394 Budget Gap Projections

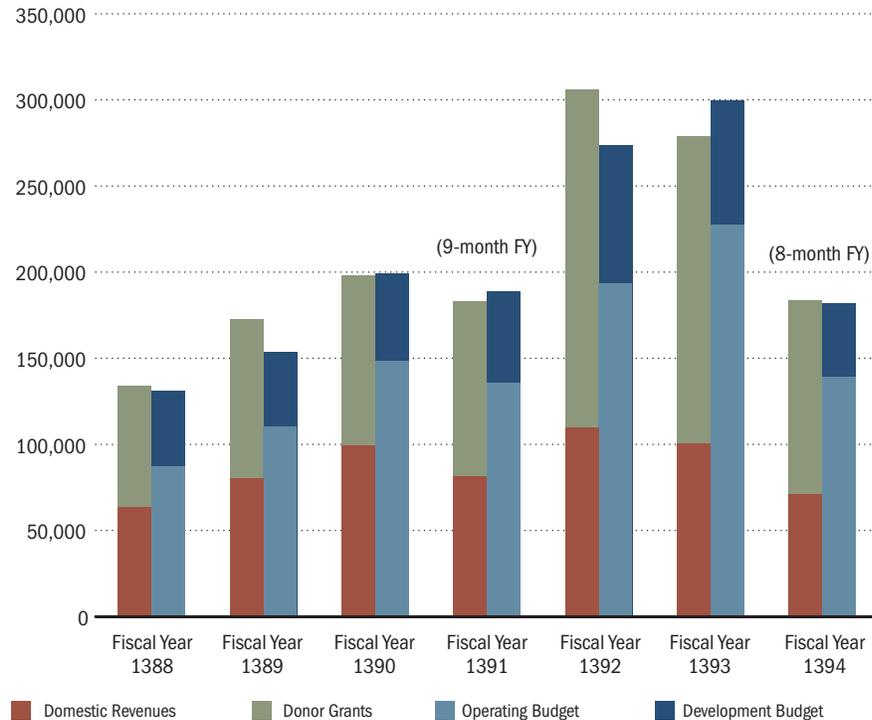
The Afghan FY 1394 began with a \$352 million unfinanced deficit from the preceding fiscal year, weak cash reserves, and significant arrears, while revenue-collection reforms stalled in parliament in the first quarter, according to the World Bank. In April 2015, the World Bank warned that Afghanistan could face budget shortfalls this year similar to last year’s shortfall of \$537 million (after donor assistance).⁵⁷⁴

The FY 1394 budget projected domestic revenues of approximately AFN 125.5 billion, about 30% more than collected in FY 1393, which the World Bank found “ambitious,” cautioning that the government has smaller cash reserves from which to draw should revenues not be realized.⁵⁷⁵ However, the IMF set a goal of AFN 120 billion and recently revised it downward to AFN 114 billion.⁵⁷⁶ As noted previously, Afghanistan collected AFN 70.8 billion through the first eight months (56.4% of the initial budget goal and 62% of the revised IMF goal).⁵⁷⁷

An MOF mid-year budget review showed an expected gap of around \$165 million, after donor grants, primarily in the development budget, which covers capital projects. (Recurring costs such as public-sector payroll, are included in the operating budget.)⁵⁷⁸ The fiscal gap could widen or shrink, depending on variables including budget-execution rates, donor grants received, qualification for donor incentive funds, revenue collection, and changing expenditures.⁵⁷⁹

FIGURE 3.30

AFGHANISTAN'S DOMESTIC REVENUES AND DONOR GRANTS COMPARED TO OPERATING AND DEVELOPMENT BUDGET EXPENDITURES (AFN MILLIONS)



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. Grants represent funds received from donors. Donor grants are often for specific projects or activities, but can sometimes be spent at GIROA's discretion. FY 1394 is first eight months only. FY 1394 operating and development budget revenue and expenditure data are as of 8/30/2015. AFN = afghani.

Source: MOF, *Assad Financial Statements FY 1394*, 8/30/2015; MOF, "Annual Fiscal Report 1393," 3/12/2015; MOF "1394 National Budget," 1/28/2015; MOF, "1393 National Budget," 2/1/2014.

The fiscal gap is large. An October 2015 World Bank report projected the fiscal deficit at around 23% (about \$4.9 billion) of GDP.⁵⁸⁰ Donor assistance either narrows or closes this gap, as depicted in Figure 3.30.

International Monetary Fund Staff-Monitored Program

The IMF's nine-month Staff-Monitored Program (SMP) runs April–December 2015 and is monitoring implementation of Afghanistan's macroeconomic policies and structural-reform agenda. The IMF said preliminary data indicate Afghanistan met the program's fiscal and monetary quantitative targets through June 2015, with "significant progress" being

Indicative targets: quantitative indicators used to help assess progress in meeting objectives of an IMF program, including predictive economic trends where data are uncertain.

Source: IMF, "Factsheet, IMF Conditionality," 4/13/2015.

IMF Staff-Monitored Program Performance-Monitoring Reviews

SMP performance-monitoring reviews of Afghan progress on benchmarks are based on two test dates—June 21 and December 21, 2015.

The SMP provides 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. Successful completion of an SMP can encourage donor assistance and give the IMF staff confidence that the national authorities will meet their obligations under a more formal program like an Extended Credit Facility (ECF) arrangement.

Afghanistan's poor record with its previous ECF, which expired in November 2014, caused program reviews to be suspended due to missed performance targets, uneven and delayed structural reforms, unanticipated shocks, and an inadequate policy response.

Source: Treasury, response to SIGAR data calls, 3/27/2015 and 6/25/2015; IMF, Press Release No. 15/247, *IMF Managing Director Approves a Staff-Monitored Program for the Islamic Republic of Afghanistan*, 6/2/2015; IMF, *Islamic Republic of Afghanistan, Staff-Monitored Program*, 5/7/2015, pp. 5, 13; IMF, "Factsheet, IMF Conditionality," 4/13/2015.

made in implementing structural benchmarks, albeit more slowly than planned.⁵⁸¹ The progress came despite IMF warnings in May about significant risks to a successful SMP, as well as Afghan delays in enacting some structural benchmarks by the June 21 test date. The first review of the June test date had been scheduled for August with an intervening **indicative target** review scheduled for September 22.⁵⁸² Instead, the IMF combined both in meetings with Afghan authorities September 8–21.⁵⁸³ No official update was available as of October 20.

Delayed, but implemented, SMP benchmarks include revenue-generation measures like increased business-receipt taxes, fuel fees collected at customs, and a new telecommunications tax (on October 14, Afghanistan's lower house of parliament rejected the telecommunications tax that had been implemented by presidential decree on September 23).⁵⁸⁴ Also, a new banking law was enacted in August and an independent auditor was hired to monitor bad-debt recoveries at an unnamed state bank. The benchmark of issuing a regulation on currency reporting has been partially met. The IMF said the Afghan government identified ways to offset the impact from these delayed measures, but did not detail them.⁵⁸⁵ The IMF reiterated the need for continued donor support to Afghanistan.⁵⁸⁶

The IMF also said earlier bank reforms are progressing mostly as planned. All weak Afghan banks were subject to enforcement actions in 2015, especially for two vulnerable, publicly unidentified banks. One of these banks increased its capital and reduced foreign-exchange exposure. The other prepared a five-year operating strategy that is under review, hired chief operating and credit officers, and is searching for a chief executive officer. Its capital targets appear to have been met as of June. Furthermore, a "private systemic bank" was recapitalized, preparations to sell New Kabul Bank are proceeding, and anti-money-laundering regulations for financial institutions were drafted.⁵⁸⁷

Trade

In his interview with SIGAR this quarter, detailed in Section 1 of this report, President Ashraf Ghani said Afghanistan's most important economic asset is its location as a hub for trade between South and Central Asia. The World Bank said while regional economic integration can play an important role in the country's economic growth, its prospects depend on external factors, are unpredictable, and require time, proper policies, and external support.⁵⁸⁸

For example, USAID said Pakistan-Afghanistan-Tajikistan Transit Trade Agreement (PATTTA) negotiations were stalled as of September 20, almost exclusively due to Pakistan's unwillingness to open its Wagah border to allow trade between Afghanistan, India, and the rest of South Asia. Without access through Wagah, Afghanistan is unwilling to finalize the agreement. Afghanistan wants to transfer most of the terms under PATTTA into the Afghanistan-Pakistan Transit Trade Agreement, but Pakistan refuses. While

the United States is working to improve trade between the two countries, Afghanistan is investing more effort into potential deals with Turkmenistan and Iran.⁵⁸⁹

The Afghan government's progress report on the status of its reforms said Afghanistan's trade balance—negative \$8 billion (38% of GDP) in 2014—is unsustainable, and shows an urgent need for an environment that promotes domestic and foreign investment. The Afghan government pledged to simplify the visa process and work to identify ways to “expedite, rather than impede, exports.” The government aims to increase the number of border crossings, develop dry ports to advance trade and transit agreements, and increase customs cooperation.⁵⁹⁰

Export and Import Data

Although Afghanistan routinely sustains a large trade deficit, donor aid helped the country maintain a positive current-account balance of 6.1% of GDP in 2014. Without it, the IMF estimates Afghanistan would have a current-account deficit equivalent to 36% of its GDP—about \$7.3 billion.⁵⁹¹

During 2012–2014, Afghanistan exported around \$3.3 billion–\$4 billion worth of goods and services annually, not including illicit narcotics, according to IMF estimates.⁵⁹² The World Bank said Afghanistan exports only a small number of products and has few trade partners, making it highly dependent on a few commodities for earnings, and consequently more vulnerable to unstable prices and trade shocks.⁵⁹³ Since commodity exports represent only around 20% of total exports—services-related exports account for 80%—their variability is less significant, according to USAID.⁵⁹⁴

The IMF estimated Afghanistan's 2014 imports at more than \$10.6 billion of goods and services, with more than \$8 billion paid for by official donor grants.⁵⁹⁵ The World Bank said lower consumer and business confidence led to 20% lower demand for imports. But the Bank also estimates that most of the decline in official imports is probably due to poor recording and increased smuggling, since 15–20% of all Afghan trade is thought to be unrecorded and smuggled. Though the trade deficit has narrowed since 2012, it remains large and is fully financed by donor assistance.⁵⁹⁶

Afghanistan Trade and Revenue Project

USAID's four-year, \$77.8 million Afghanistan Trade and Revenue (ATAR) project is 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.⁵⁹⁷

This quarter, Afghanistan's Customs Department (ACD) and central bank concluded a pilot program at Kabul International Airport and at Kabul's

Afghanistan's main licit exports are carpets and dried fruits, which comprise 49% of all licit exports.

Source: World Bank, *Afghanistan Economic Update*, April 2015, pp. 15–16.

inland customs office, allowing customs duties to be paid electronically from any commercial bank. USAID said more than \$2 million in fees were channeled through this e-payment system, which it expects to be expanded to all major customs houses. Additionally, an ATAR-supported customs compliance strategy, which contains professional standards, internal auditing, and enforcement regulations and procedures, gained support; an anti-corruption hotline at ACD was reactivated; and ATAR helped the Ministry of Commerce and Industry finalize and send to President Ghani a briefing package for Afghanistan's accession to the WTO.⁵⁹⁸

Regional Economic Cooperation Conference on Afghanistan VI

The sixth Regional Economic Cooperation Conference on Afghanistan (RECCA VI) took place in Kabul on September 3–4.⁵⁹⁹ Departing from prior RECCAs, where development approaches were deemed too Afghan-centric, the primary objective was to facilitate new regional investment deals that are mainly funded by the private sector, rather than by donors or the government, and that can be implemented in one to three years. To address shortcomings of previous meetings, RECCA VI added economic-impact assessments to all projects, including technical projections that go beyond GDP growth; a narrowed list of feasible, priority investment projects; and a project-implementation phase that commenced postconference.⁶⁰⁰

BANKING AND FINANCE

The IMF reported that lax governance and regulatory enforcement in early 2014 caused the financial positions of some Afghan banks to deteriorate. In the IMF's view, eight of Afghanistan's 15 banks are considered "weak," and two others—not identified publicly—are vulnerable.⁶⁰¹ While a banking law was enacted in August and other corrective actions are under way, the impact of these corrective actions, along with lower confidence in the sector have caused monetary growth to decline in 2015, according to the IMF. Additionally, higher emigration and uncertainty have increased demand for foreign exchange, putting pressure on Afghanistan's currency and causing some financial reserve losses.⁶⁰²

Banking-sector deposit growth slowed to 2.8% in 2014 compared to 5.9% in 2013 and 15.8% in 2012, according to World Bank calculations. Similarly, lending to the private sector fell 7.3% in 2014 after rising 7.6% in 2013. The World Bank said this suggests private investment has stalled and reflects banks' growing risk aversion since the collapse of Kabul Bank in 2010.⁶⁰³

Afghanistan's poor have limited access to formal financial institutions.⁶⁰⁴ Less than 10% of the Afghan population uses banks,⁶⁰⁵ preferring to hold cash. The Asian Development Bank (ADB) said this reflects continued distrust of banks and weak banking-sector performance since the massive Kabul Bank failure.⁶⁰⁶ The ADB ranks Afghanistan 25th of 26 developing

“Strengthening of the banking sector and stronger capacity in bank supervision will improve confidence in Afghanistan’s economic potential.”

Source: Treasury, response to SIGAR data call, 9/24/2015.

Asian nations in the proportion of adults with accounts. Afghanistan also has fewer than five automatic-teller machines per 100,000 people, which puts it last among 33 developing Asian countries.⁶⁰⁷

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 occasionally use hawalas to transmit funds to remote areas in Afghanistan.⁶⁰⁸

U.S. Treasury Assistance

This quarter, the U.S. Treasury's Office of Technical Assistance (OTA) continued implementing its March 23, 2015, agreement to develop technical assistance and capacity-building programs for Afghanistan's MOF.⁶⁰⁹ OTA's assistance will initially consist of conceptual guidance on developing and monitoring national-priority objectives, along with associated ministerial budgets; multiyear budgeting; integration of development and operating budget planning processes; and on improving budget formulation and execution.⁶¹⁰

So far in 2015, OTA conducted two missions to Kabul (February and May) to discuss cooperation and capacity building for budget and treasury management; another two missions (February and March) dealt with economic crimes. A mission scheduled for July was postponed pending funding, potentially from the State Department's Bureau of International Narcotics and Law Enforcement Affairs. An initial assessment mission to strengthen bank supervision and problem bank resolutions took place in September and will develop follow-up recommendations for a program. A scheduled mission on revenue generation and management was postponed until January due to security conditions.⁶¹¹

OTA said security-imposed travel restrictions are a major constraint in establishing a more sustained presence in Afghanistan, causing the implementation of reforms to depend largely on the Afghan government and on other donors. OTA also said additional funding is needed for more robust engagement with Afghan authorities in FY 2016.⁶¹²

Kabul Bank Theft Accountability

Despite a presidential order, a special oversight committee, and President Ghani's claims of taking "decisive action" in holding accountable those responsible for the Kabul Bank theft, Kabul Bank's ex-CEO Khalil Ferozi was reportedly released from prison this quarter at behest of high-ranking Afghan government officials after serving only a fraction of his 10-year sentence.⁶¹³ This was ostensibly done to enable him to more easily liquidate and transfer assets and properties to the government to help satisfy his debts. The Kabul Bank Receivership reportedly collected \$500,000 from Ferozi this quarter. So far, Ferozi has paid back approximately \$8 million,

After Kabul Bank's near-collapse in 2010, the MOF issued an eight-year, \$825 million bond to the central bank to compensate it for the losses it covered. Repayments by the government, which sometimes include the proceeds of recovered Kabul Bank assets, are to be made quarterly through budget appropriations. Parliament has not consistently authorized these repayments, while payments that were authorized are in arrears. No repayments appear to have been made since 2013 and none were budgeted for in FY 1394.

Source: IMF, *Islamic Republic of Afghanistan, Memorandum of Economic and Financial Policies*, 11/1/2011, p. 9; Treasury, response to SIGAR data calls, 6/25/2015 and 9/24/2015.

or about 2% of the \$333.8 million court judgment, which includes embezzled amounts, interest, and fines. The bank's ex-Chairman Sherkhan Farnood has paid back approximately \$61 million, or slightly more than 10% of his \$571.6 million obligation.⁶¹⁴ Farnood and Ferozi are two of 36 individuals and companies who were convicted in the nearly \$1 billion theft that brought the bank near collapse in 2010.⁶¹⁵

This quarter, a new Kabul Bank Receiver was appointed following the June arrests of the director and deputy director of the Kabul Bank Clearance Committee for taking a \$100,000 bribe from an unnamed Kabul Bank debtor to process a settlement payment.⁶¹⁶ The Kabul Bank Clearance Committee was established by a March 2015 presidential decree to look into and help resolve the Kabul Bank case.⁶¹⁷

On June 22, 2015, President Ghani set a one-week deadline for debtors to settle their accounts or be referred to the Attorney General's Office (AGO) for prosecution and be banned from leaving the country.⁶¹⁸ DOJ learned this quarter that the AGO listed 14 primary Kabul Bank debtors who failed to settle their obligations on official no-fly lists, although it is believed that they are no longer living in the country.⁶¹⁹

Discrepancies in Cash and Asset Recoveries

The Kabul Bank Receivership informed the U.S. Department of Justice (DOJ) that total recoveries reportedly stand at \$246.2 million as of August 25, 2015. This comprises cash recoveries, forgiven debts, and assets recovered or seized, including \$6 million this quarter from Mahmood Karzai, former president Hamid Karzai's brother. Another \$585 million—\$635 million in total is outstanding.⁶²⁰ State puts recoveries at \$438 million with \$549 million still owed.⁶²¹ The large discrepancy between the two agencies' estimates showcases the U.S. government's limited visibility on this issue.

The Receivership said its main challenge in recovering cash and assets is inadequate pressure on borrowers to repay their debts, primarily because so many have significant political ties or allies. Integrity Watch Afghanistan, a donor-supported independent civil society organization, blamed the Afghan government for lacking the political will to support the Receivership and the AGO in their efforts to collect debts.⁶²² However, in his interview with SIGAR this quarter, President Ghani predicted that his government would "make history" by recovering the public money lost in the scandal.

U.S. Assistance

DOJ said Afghanistan's attorney general's office is in critical need of anti-money-laundering (AML) training with several line-level prosecutors requesting assistance in applying international agreements. This quarter, DOJ provided AML training to the AGO's civilian and military anticorruption units and case-analysis training to Afghan counternarcotics units.⁶²³

Neither the U.S. Embassy Kabul nor DOJ received new or revised diplomatic notes, or other official requests, from the Afghan government about recovering Kabul Bank assets and beginning discussions to request mutual legal assistance.⁶²⁴ DOJ deemed Afghanistan's May 2015 request deficient and identified corrective actions that were needed before DOJ could assist. DOJ said mutual legal assistance agreements play a vital role in criminal prosecutions, allowing the prosecuting country to obtain evidence and information they would otherwise not have a legal or jurisdictional basis to collect.⁶²⁵

SENIOR OFFICIALS MEETING

The second Senior Officials Meeting (SOM) of Afghan and donor-community officials took place in Kabul on September 5, to discuss policies, review Afghan progress toward reforms outlined during the London Conference last December, and agree upon a path forward. Afghanistan committed to implementing and enforcing new revenue measures, along with a public financial-management roadmap and an associated expenditure framework.⁶²⁶ Afghanistan also published its first self-graded progress review of its “Realizing Self-Reliance” reform agenda that was presented at the December 4, 2014, London donor conference.⁶²⁷ For more information, see page 132 of this report.

Self-Reliance Mutual Accountability Framework

The SOM also ushered in a refreshed Tokyo Mutual Accountability Framework, now called the Self-Reliance through Mutual Accountability Framework (SMAF), which will be the conditional basis for continued donor support.⁶²⁸ The Afghan government reaffirmed its reform commitments under the framework and the international community reaffirmed its financial commitments made in Tokyo in 2012—\$16 billion in assistance through 2015, and sustaining support through 2017, at or near levels of the past decade.⁶²⁹

The SMAF is governed by several general principles:

- predictable, on-budget donor support for Afghan government development priorities, aligned with a limited number of outcome-focused national programs
- conditional donor support predicated on Afghanistan's fulfilling commitments
- transparent and accountable governance to eliminate corruption, and ensure efficiency and effectiveness, with citizen-based monitoring of benchmarks
- building market institutions to attract investment, create jobs, and sustainable economic growth
- regional economic cooperation to drive growth and reduce poverty⁶³⁰

The SMAF also contains goals and indicators across six cross-cutting areas, including efforts to help Afghanistan improve revenue collection and become fiscally sustainable through anticorruption and enforcement efforts in the government's revenue-generating departments; satisfactorily implementing the IMF SMP, with a more formal financial program to be negotiated in its wake; implementing a new public financial management roadmap; and strengthening banking reforms. The SMAF also aims to generate a business-friendly environment conducive to private-sector development and investment, while focusing on the agriculture, extractives, and services sectors that are Afghanistan's existing and potential economic drivers.⁶³¹

U.S. ECONOMIC AND DEVELOPMENT SUPPORT STRATEGIES

On August 3, 2015, the U.S. and Afghan governments signed a memorandum of understanding (MOU) to govern the \$800 million New Development Partnership (NDP) announced on March 23, 2015.⁶³² The NDP intends to promote Afghan self-reliance by helping Afghan institutions achieve three objectives: fiscal sustainability, improved governance, and reduced poverty. It aims to do this through monetary incentives to the Afghan government for implementing solutions to development challenges that are linked to 40 specific development results—each worth \$20 million—and measured by associated indicators. USAID is overseeing NDP funding, which will be disbursed through the Afghanistan Reconstruction Trust Fund (ARTF) or other jointly determined mechanisms.⁶³³

On September 1, USAID said it would provide \$100 million to the Afghan government for achieving five results.⁶³⁴

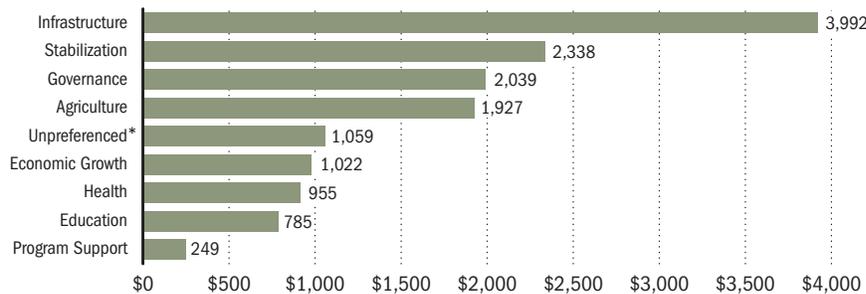
- addressing fiscal and banking vulnerabilities, revenue mobilization, and strengthening supervision and enforcement in the financial sector, by agreeing to the IMF's informal SMP
- maintaining commercial civil-aviation services by contracting out civil-airspace management (last quarter, the Afghan government selected U.S.-based Readiness Management Support to help manage Afghan airspace for two years)⁶³⁵
- improving revenue mobilization through customs reform by piloting a e-payment system at one border crossing
- implementing procurement reform by establishing a national procurement committee that meets regularly
- implementing a national action plan for women that was approved by the president

USAID Development Assistance

Most assistance from the Economic Support Fund (ESF) goes toward USAID’s development programs. In September 2015, USAID published an updated Performance Management Plan (PMP) to guide and measure its development objectives, and articulate its development strategy through 2018. The PMP will be reviewed at least annually and updated as necessary.⁶³⁶ Figure 3.31 shows USAID assistance by sector.

FIGURE 3.31

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF SEPTEMBER 30, 2015
(\$ MILLIONS)



Note: Numbers rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and other programs that built health and education facilities, roads, extractives, and other programs that built health and education facilities.

* Unpreferenced 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, 10/8/2015; SIGAR analysis of World Bank, ARTF, Administrator’s Report on Financial Status, As of August 22, 2015, accessed 10/17/2015.

Development of Natural Resources

The World Bank believes development of Afghanistan’s natural resources can underpin future economic growth in the face of declining external aid. Likewise, President Ghani listed mining as one of the country’s most important economic assets in his interview with SIGAR. So far, however, mining has contributed only slightly to the country’s GDP.⁶³⁷ The FY 1394 Afghan budget projected annual mining revenues of AFN 2 billion, but actual receipts were only about AFN 479 million in the first eight months (24%). Compared to the same time last year, extractives revenue decreased approximately 24%.⁶³⁸ The need for infrastructure financing, Afghan progress on regulatory and legislative frameworks, and an improved security environment make the timing of significant revenues from this sector uncertain.⁶³⁹

The majority of mining contracts and tenders are being reassessed by the Ministry of Mines and Petroleum (MOMP) due to what the minister called a lack of transparency in the award process under the Karzai administration.⁶⁴⁰

“Unlocking the potential of extractive industries will require progress on the legislative framework as well as securing financing for the necessary infrastructure.”

Source: World Bank, *Afghanistan: Emerging from Transition*, Senior Officials Meeting, September 4–5, 2015, 9/2015, p. 16.

USAID said the Afghan government continues to take a slow, methodical approach to the sector until it feels it has the capacity to manage tenders and contracts. Currently, the MOMP refuses to authorize any more sample/core drilling contracts.⁶⁴¹ It is unclear how this may affect negotiated but yet-unsigned contracts, but it could cause further investor uncertainty.

Representatives from the U.S. and Afghan governments and the Afghan civil society organization Integrity Watch Afghanistan all agree that the MOMP still lacks the technical capacity to research, award, and manage contracts without external support despite receiving U.S. assistance since 2009. MOMP's independently managed tenders were said to be severely flawed and rife with corruption.⁶⁴²

In one high-value example, the Mes Aynak copper mine project in Logar Province is stagnant, even though the MOMP awarded the \$3 billion contract for extraction rights to state-owned Metallurgical Corporation of China (MCC) in 2008.⁶⁴³ This is partly due to the continuing archeological mitigation of damage to cultural relics in the area and to landmine clearing.⁶⁴⁴ The MOMP announced this quarter that the Aynak demining program will be completed at the end of the year.⁶⁴⁵ Nevertheless, MCC wants to reduce its commitments, including building a power plant, smelter, and railway.⁶⁴⁶

Also this quarter, the deputy minister of mines began a review of the Aynak contract with the license holder and developer. MOMP wants a firm schedule for MCC to complete the required feasibility study, initiate and complete construction of the mine and associated infrastructure, and begin commercial copper production. The MOMP also wants greater protection for the surrounding environment and affected communities. The first stakeholders meeting took place in July.⁶⁴⁷

Contract negotiations for valuable Hajigak iron-ore concessions have been deadlocked since it was awarded in November 2011.⁶⁴⁸ The World Bank previously reported that hopes were fading for Aynak and Hajigak-related energy infrastructure that was supposed to be built as part of the mining projects.⁶⁴⁹

For a list of contracts awaiting final Cabinet approval, see page 161 in SIGAR's January 2015 *Quarterly Report to the United States Congress*.

Mining Investment and Development for Afghan Sustainability

This quarter, USAID's Mining Investment and Development for Afghan Sustainability (MIDAS) program resumed geospatial/geographic-data training, and geophysics training for Afghan Geological Survey (AGS) staff; provided legal training on mineral-contract reviews and negotiations for MOMP staff; and reviewed shareholder and investment agreements, and supported planning and negotiations for the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project.⁶⁵⁰

MIDAS aims to strengthen MOMP and relevant private-sector-entity capacities to exploit Afghanistan's natural resources, in accordance with international standards.

Source: USAID, *Mining Investment and Development for Afghan Sustainability (MIDAS), Monthly Progress Report, August 2015*, 9/5/2015.

TABLE 3.24

USAID EXTRACTIVES-ASSISTANCE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Sheberghan Gas Generation Activity (SGGA)	12/21/2011	7/31/2016	\$30,440,958	\$23,178,610
Sheberghan Gas Development Project (SGDP)	5/15/2012	8/31/2016	90,000,000	0
Mining Investment and Development for Afghan Sustainability (MIDAS)	3/31/2013	3/31/2017	50,096,175	22,097,148

Source: USAID, response to SIGAR data call, 10/8/2015; USAID, response to SIGAR vetting, 10/12/2015.

MIDAS continued cataloging potential amendments to the mining law for the minister of mines and petroleum’s review. One proposed change would base exploration-license issuance on application filing order rather than competition. Another proposal would limit the number of licenses MOMP can issue to a single firm.⁶⁵¹

MIDAS and USAID’s other extractives-assistance programs are listed in Table 3.24.

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.⁶⁵² 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 fuel imports.⁶⁵³ The country imports 10,000 tons of oil products a day from Turkmenistan, Uzbekistan, Russia, Pakistan, and Iran,⁶⁵⁴ representing roughly one-fourth of all annual Afghan imports, or approximately \$1.5 billion.⁶⁵⁵

This quarter, Tolo News reported that an Afghan government investigation found the China National Petroleum Corporation (CNPC) had violated the terms of its 2011 contract to extract oil from three blocks in the Amu Darya Basin. The government accused CNPC of owing the government \$68 million for not developing land surrounding their operations as stipulated, and of improper extractions leading to corruption. CNPC has reportedly extracted about 627,000 barrels of crude oil so far.⁶⁵⁶ No update on the royalties the Afghan government has received from this extraction was available. While DOD’s former Task Force for Business and Stability Operations (TFBSO) provided technical assistance to the MOMP for this award, USAID, which funds the only U.S. government extractives assistance program in Afghanistan, is not involved and has no further information on this project.⁶⁵⁷

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.⁶⁵⁸ USAID is supporting the Sheberghan project to help

SIGAR AUDIT

A SIGAR audit 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. A subsequent audit of U.S. assistance to the extractives industry is ongoing.

SIGAR SPECIAL PROJECT

This quarter, SIGAR's Office of Special Projects published its review of TFBSO's Downstream Gas Utilization project. The Task Force spent nearly \$43 million to construct a compressed natural gas (CNG) automobile filling station in the city of Sheberghan, Afghanistan. Although TFBSO achieved its immediate objective of building the CNG filling station, it apparently did so at an exorbitant cost to U.S. taxpayers. Furthermore, there is no indication that TFBSO considered the feasibility of achieving the station's broader objectives or considered any of the potentially considerable obstacles to the project's success before beginning construction. For more information, see Section 2, p. 41.

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.⁶⁵⁹

USAID said the entire Sheberghan program is behind its original 2012 schedule due to a year-long absence of a minister of mines and petroleum, and because the government had to replace almost the entire Petroleum Authority staff. This quarter, Turkish Petroleum Corporation (TPAO), SGDP's drilling contractor, completed drilling the first of three test wells, although the work has taken almost twice as long as the contract stipulated and is causing oversight challenges. The revised drilling schedule demanded all three wells to be completed by September 25, 2015. Last quarter, TPAO requested an extension to December 31, 2015, and again this quarter through January 2016. The MOMP rejected both revisions and said all work after October 10 is subject to penalties.⁶⁶⁰

AGRICULTURE

Agriculture continues to be the main source of employment and subsistence for the Afghan population, accounting for about 25% of GDP, employing more than 50% of the labor force, and affecting the 75% of Afghans who depend on agricultural activities for their livelihoods.⁶⁶¹ USAID believes agriculture can stimulate and sustain Afghan-led economic growth. USAID projects aim to help farmers improve their output and sales through new technology, management practices, and the cultivation of key high-value

TABLE 3.25

USAID ACTIVE AGRICULTURE PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Afghanistan Agriculture Extension Project II (AAEP-II)	10/1/2014	9/30/2017	\$19,814,702	\$5,036,227
Agriculture Credit Enhancement II (ACE II)	6/24/2015	6/23/2018	18,234,849	620,416
Capacity Building and Change Management Program II (CBCMP II)	7/10/2014	7/9/2017	19,999,989	6,924,961
Digital Integration to Amplify Agriculture Extension in Afghanistan (DIAAEA)	11/30/2014	11/29/2015	391,000	265,525
Famine Early Warning System Network (FEWSNET) Phase III	12/29/2011	12/28/2016	7,492,739	3,420,553
Strengthening Afghan Agricultural Faculties (SAAF)	3/25/2011	12/31/2016	7,824,209	6,436,618
Mothers and Under-Five Nutrition and Child Health (MUNCH)	12/16/2014	12/31/2016	5,000,000	5,000,000
Irrigation and Watershed Management Program (IWMP)	12/21/2012	12/20/2017	129,963,114	14,923,248
SERVIR	9/14/2015	9/30/2020	3,600,000	0

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see Table 3.14 on p. 122 of this report.

Source: USAID, response to SIGAR data call, 10/8/2015.

crops, while also focusing on improving natural-resource management, and creating or rehabilitating irrigation and drainage systems.⁶⁶²

USAID reported that its agribusiness and trade activities work to stimulate agricultural-sector growth, create jobs, improve livelihoods, and boost local economies. Moreover, implementation for two follow-on projects, which were previously under the auspices of the U.S. Department of Agriculture—the Afghan Agricultural Extension Program and the Capacity Building and Change Management Program—aim to strengthen the capacity of the Ministry of Agriculture, Irrigation, and Livestock (MAIL).⁶⁶³

Since 2002, USAID has obligated approximately \$2.4 billion to improve agricultural production, increase access to markets, and to develop income alternatives to growing poppy.⁶⁶⁴ Pages 121–127 of this quarterly report discuss USAID’s alternative-development programs. A list of all active USAID agriculture programs is found in Table 3.25.

Agricultural Credit Enhancement II

The Agricultural Credit Enhancement (ACE) II project is the technical-assistance/advisory-support component of the conditions-based, MAIL-led Agricultural Development Fund (ADF). The USAID-ADF grant to the MAIL extends agriculture-related credit access to small- and medium-sized farms and agribusinesses, in all regional economic zones, particularly to those like distributors, producers, processors, and exporters who add value to agricultural products. ACE II supports the ADF by encouraging other financial intermediaries—banks, farm stores, leasing companies, and food processors—to enter into agriculture-related finance.⁶⁶⁵

This quarter, USAID reported that with ACE help, ADF has cumulatively provided around \$60 million: \$21.8 million in loans to farmers in the north, \$11 million in the central region, \$14.1 million in the east, \$4.1 million in the south, and \$9.6 million in the west.⁶⁶⁶

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.⁶⁶⁷ Afghanistan imports approximately 81% of its total electricity.⁶⁶⁸ Electricity imports are expected to rise in the near term, according to the World Bank, which also noted that limited access

SIGAR SPECIAL PROJECT

This quarter, SIGAR again wrote to USAID about the utilization of the Tarakhil Power Plant. Based on information provided in USAID’s response to a past SIGAR inquiry letter about the plant, SIGAR found that the \$335 million Tarakhil Power Plant, an apparently “vital component” of the electrical grid serving Kabul, remains severely underutilized. In fact, SIGAR analysis determined that power production has actually declined over time. In addition to running far below its full capacity, the plant contributes a relatively small amount of electricity to the power grid serving Kabul. For more information, see Section 2, p. 39.

to electricity is one of Afghanistan's biggest constraints to private-sector development.⁶⁶⁹ Afghanistan will need regional cooperation to meet its energy demands.⁶⁷⁰

Regional Energy Initiatives

On August 6, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline leadership committee elected state-owned TurkmenGaz to lead the consortium.⁶⁷¹ The \$9 billion, 1,127-mile natural gas pipeline, will transport up to 33 billion cubic meters of natural gas per year from Turkmenistan to these other countries.⁶⁷² The MOMP urged Afghan construction companies to participate in the TAPI effort; work is scheduled to begin in December 2015.⁶⁷³

Afghanistan, through the Afghanistan-Tajikistan-Kyrgyzstan-Pakistan, Central Asia-South Asia Electricity Transmission and Trade project (CASA-1000) will receive electricity from 300 MW of generation capacity in Tajikistan and Kyrgyzstan, and will collect transit-fee revenue from electricity delivered to Pakistan. Construction was scheduled to begin in September 2015 and be completed in 2018.⁶⁷⁴ The \$953 million project is financed by the World Bank, Islamic Development Bank, and European Investment Bank; USAID provided initial technical and financial support for the CASA-1000 Secretariat.⁶⁷⁵

Another regional energy initiatives involving Afghanistan is the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) transmission line that will enable power to be dispatched from Turkmenistan to Pakistan through Afghanistan. TUTAP is financed by the ADB and the ADB-administered Afghanistan Infrastructure Trust Fund, to which USAID contributes. Work is scheduled to be completed in 2020.⁶⁷⁶

U.S. Power Sector Assistance

Since 2002, USAID obligated more than \$2.2 billion to build generators, substations, and transmission lines, and provide technical assistance in the sector.⁶⁷⁷ USAID believes that economic expansion and increased employment depends on maintaining and improving Afghanistan's electrical infrastructure. It is helping Afghanistan's national electric utility, Da Afghanistan Breshna Sherkat (DABS), to increase electricity supply and revenue generation by improving sustainability, management, and commercial viability.⁶⁷⁸ For its part, DOD has provided approximately \$292 million for power 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.⁶⁷⁹

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

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, p. 107.

TABLE 3.26

USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Kandahar Helmand Power Project	12/9/2010	11/30/2015	\$229,222,002	\$227,069,778
Power Transmission Expansion and Connectivity	1/1/2013	12/31/2018	670,000,000	52,730,385
Contribution to the Afghanistan Infrastructure Trust Fund	3/7/2013	3/6/2018	113,670,184	105,000,000
Kajaki Dam Unit 2	4/22/2013	12/31/2015	75,000,000	33,604,487
Public Awareness Campaign to Increase Afghans' Knowledge of Energy Development Programs	2/1/2014	1/31/2016	1,789,224	1,439,504
Utility Executive Exchange	9/30/2007	9/30/2017	698,555	698,555
Afghan Engineering Support Program	11/9/2009	11/8/2016	97,000,000	68,213,502
PEER Grants	7/25/2011	7/24/2016	5,440,647	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 p. 175 of this report.

Source: USAID, response to SIGAR data call, 10/8/2015.

the capacity of 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.⁶⁸⁰ USAID's active power-infrastructure projects are listed in Table 3.26.

Kandahar-Helmand Power Project

The KHPP is intended to increase power supply and reliability in Kandahar and Helmand Provinces.⁶⁸¹ All USAID components of this project are closed out, except for a technical-support services subcomponent scheduled to end on November 30. Black and Veatch is providing technical support to DABS in its efforts to increase long-term, sustainable hydro-power from Kajaki Dam by installing a third turbine, known as Unit 2, in the powerhouse.⁶⁸²

DOD said ongoing fighting in northern Helmand Province continued to challenge contractors at Kajaki Dam and SEPS construction sites between Tangi and Sangin. Insurgent activity this quarter continued to cause road closures along Route 611—the road leading from Sangin to Kajaki—delaying delivery of construction materials and possibly affecting project completion.⁶⁸³ The turbine-installation completion date was revised to July 2016 and is 30% achieved.⁶⁸⁴

Last quarter, Black and Veatch reported delays in both project and design schedules.⁶⁸⁵ However, this quarter USAID reported that the civil design is complete and approved by GFA Consulting Ltd., DABS's



Stakeholders attend a meeting in Kandahar about the DABS public awareness campaign. (USAID photo)

construction-management consultant; the mechanical design is under GFA review; and the electrical design is scheduled to be submitted for GFA review in November 2015. USAID said design delays have not affected project completion dates.⁶⁸⁶ No updated contractor reports were provided to SIGAR this quarter.

Kandahar Bridging Solution

The Kandahar Bridging Solution (KBS), which provided fuel and technical support to operate and maintain diesel power-generation plants in Kandahar City while turbine-installation work at Kajaki Dam is under way, expired on September 30, 2015.⁶⁸⁷ DOD disbursed almost \$141 million since FY 2011 for this effort through the AIF.⁶⁸⁸

The United States has no plans for additional funding for the diesel generators. State and DOD said that DABS requested no additional assistance, expressing confidence it can operate and fund the generators that have been under its control since December 2013.⁶⁸⁹ DOD added that DABS, which is planning to contribute \$4 million in FY 2016 to fuel the generators, could absorb the cost and/or raise customer rates, if necessary.⁶⁹⁰ However, USAID told SIGAR that when DABS considered raising rates last year to pay for diesel after DOD subsidies ended, it faced difficulties convincing the Kandahar governor and community to accept higher prices.⁶⁹¹

State expects electricity rates in Kandahar to rise significantly higher than the previously subsidized rate and said DABS is considering a progressive rate based on usage. USAID will continue to train DABS in revenue-generation and cost-recovery strategies, but State maintained

that the Afghan government is ultimately responsible for Kandahar's electricity supply.⁶⁹²

Power Transmission Expansion and Connectivity Program

The U.S.-funded PTEC program was designed to strengthen and expand Afghanistan's power-generation, transmission, and distribution systems, including funding the 320-mile transmission line between Kabul and Kandahar to connect NEPS with SEPS.⁶⁹³ PTEC's DABS commercialization and capacity-building components aim to increase revenues using utility management software in Kabul, Mazar-e Sharif, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.⁶⁹⁴

Construction has started on the transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector, which USAID sees as essential for power-sector development. USAID reported that equipment is arriving after being delayed by customs and that construction is moving forward, but is about a month behind schedule. To date, \$52.7 million has been disbursed to PTEC contractors for this effort.⁶⁹⁵

In support of the second segment, Ghazni to Kandahar, \$179.5 million from FY 2013 AIF funds was reprogrammed and transferred to USAID after DOD cancelled construction at Dahla Dam in Kandahar Province.⁶⁹⁶ Another \$55 million in FY 2014 AIF funds is being transferred. Furthermore, an additional \$300 million was deobligated from the Asian Development Bank-administered Afghanistan Infrastructure Trust Fund (AIF) and returned to PTEC to ensure this segment remains a construction priority. These monies are being used as a direct-assistance award to DABS for two requests for proposals to construct this segment of the transmission line and five substations. Bids for the substations and transmission lines were submitted and are under evaluation by DABS.⁶⁹⁷

On September 8, DABS, with USAID funding, issued a request for proposals for the design and construction of a Salang Tunnel substation and associated infrastructure; a subcomponent of NEPS expansion. Bids are due on November 8, and project completion is expected by October 2017.⁶⁹⁸

To help bridge the gap between Kandahar's electric-generation capacity and demand until the NEPS-SEPS transmission line is completed, 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-to-late 2016, may be able to operate at an installed capacity of 10 MW of power compared to the diesel generators funded through the Bridging Solution, which have a combined average output of 8–13 MW.⁶⁹⁹ USAID reported this quarter that DABS accepted a power-purchase agreement and tariff rate ceiling, and the construction of an 11.2-mile overhead transmission line connecting the solar plant to the distribution substation. The MOF transferred 60 acres of land to DABS for this effort.⁷⁰⁰

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.27

AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS, AS OF SEPTEMBER 23, 2015 (\$ MILLIONS)						
AIF Project	Description	Notified Amount	Obligated	Disbursed	Status	
AIF FY 2011	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	\$40.5	\$39.1	\$39.1	Complete
	SEPS - Kajaki Dam-Lashkar Gah	Repair, install transmission lines and rebuild, construct power substations	130.0	67.0	51.8	Terminated Due to Security Cost Increase
	NEPS - SEPS Connector, Arghandi to Ghazni	Design, construct transmission line and substation (first segment of NEPS-SEPS connection) USAID: PTEC	101.0	101.0	20.1	Under Construction
	NEPS - Arghandi to Pul-e Alam	Design, construct transmission line and power substations	93.7	51.8	12.2	In Design
AIF FY 2012	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	67.0	64.7	64.7	Complete
	SEPS - Maiwand to Durai Junction - Phase 2	Design, construct transmission line; rebuild and construct substations	40.0	29.5	3.7	In Design
	NEPS - Pul-e Alam to Gardez - Phase 2	Design, construct transmission line and power substation	77.5	70.2	37.3	Transmission Line Under Construction; Substation in design
	NEPS - Charikar to Gul Bahar and Nejrab - Phase 3	Design, construct transmission lines and power substation	42.5	38.8	14.1	Transmission Line Under Construction; Substation In Design
AIF FY 2013	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	37.0	34.0	34.0	Complete
	NEPS - Charikar to Gul Bahar and Nejrab -Phase 3	Design, construct transmission lines and power substation	33.0	25.3	13.4	Transmission Line Under Construction; Substation In Design
	SEPS Completion - Phase 1	Design, construct, and rehabilitate substations in Tangi, Sangin North and South	15.0	64.6	36.2	Under Construction; Security Challenges
		Design, construct, transmission lines from Sangin North to Lashkar Gah	60.0			In Design
	NEPS - SEPS Connector, Ghazni to Kandahar	Design, Construct transmission line and substations. Final Phase of NEPS-SEPS connector. USAID: PTEC	179.5	179.5	0.0	Bids Received; Under Evaluation by DABS
AIF FY 2014	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	20.0	3.9	2.9	Bridging Solution ended; \$16 million reprogrammed
	SEPS Completion - Phase 2	Design, construct transmission line, and install equipment and commission substations	55.0	0.0	0.0	Transferring to USAID
	NEPS - Gardez to Khowst - Phase 4	Design, construct transmission line and substation. DOD's final contribution to NEPS.	130.0	124.0	0.4	Contract Awarded

Note: All AIF projects are to be sustained by Afghanistan's Ministry of Energy and Water, and Da Afghanistan Breshna Sherkat (DABS), Afghanistan's national power utility. Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 8/31/2015. All other information is as of 9/23/2015.

Source: DOD, response to SIGAR data calls, 10/7/2014 and 9/28/2015; USAID, OEGI, response to SIGAR data call, 9/23/2015; U.S. Embassy Kabul/USFOR-A, Memorandum for United States Secretary of State, United States Secretary of Defense, Afghanistan Infrastructure Fund Reprogramming for Fiscal Year 2014, 5/8/2015.

Afghanistan Infrastructure Fund Programs

AIF projects were initiated to support critical counterinsurgency and economic development objectives in Afghanistan. DOD's mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, but AIF projects remain a high priority, with an expected four million to five million Afghan beneficiaries.⁷⁰¹ This quarter, DOD remained focused on implementing power projects to complete its portion of the NEPS and SEPS using FY 2011–FY 2014 AIF money (no FY 2015 AIF funds were requested or appropriated), as shown in Table 3.27.⁷⁰²

The Ministry of Energy and Water and DABS will be responsible for sustaining these projects, including O&M costs once they are completed and turned over to the government. DOD has notified Congress that increased revenue from an expanded customer base and improved collection capabilities will help DABS provide long-term sustainment of AIF infrastructure.⁷⁰³ DABS has recently started to pay for more of its operating expenses,⁷⁰⁴ but nonrecurring major capital-infrastructure expenses are still mainly funded by donors. SIGAR has raised questions about DABS's capacity and said Afghanistan lacks the resources necessary to pay for O&M.⁷⁰⁵

TRANSPORTATION

Afghanistan's lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said Afghanistan's transportation-infrastructure shortcomings constrain the service and agriculture sectors, which have typically been the leading drivers of the economy.⁷⁰⁶ It also holds back the mining industry, whose future revenues the Afghan government and international donor community are counting on to offset declining international aid.⁷⁰⁷ This quarter, the United States continued its efforts to develop the capacity of the Ministry of Public Works in the areas of road construction, operations, and maintenance.⁷⁰⁸

Roads

The United States has disbursed approximately \$2.4 billion cumulatively for road construction and O&M, and will spend up to \$5 million this year for additional O&M.⁷⁰⁹ Yet the World Bank has said 85% of Afghan roads are in poor shape and a majority cannot be used by motor vehicles.⁷¹⁰ Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to USAID. Afghanistan is estimated to spend \$17 million annually for O&M, leaving a projected \$100 million annual shortfall.⁷¹¹ USAID's active road construction and O&M programs are listed in Table 3.28 on the following page. The largest is Engineering, Quality Assurance, and Logistical Support (EQUALS), which provides architectural, engineering, and construction-quality-assurance services, and other management support for infrastructure development projects.⁷¹²

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.

TABLE 3.28

USAID ACTIVE ROAD-CONSTRUCTION AND OPERATIONS AND MAINTENANCE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Technical Assistance to Ministry of Public Works	8/3/2014	8/2/2017	\$25,486,058	\$6,890,587
Gardez to Khowst Road, Phase IV	6/26/2014	12/31/2015	32,960,265	25,584,057
Salang Tunnel Maintenance	4/1/2013	3/30/2016	3,533,350	1,697,401
Engineering, Quality Assurance, and Logistical Support (EQUALS)	4/18/2011	4/17/2016	126,307,645	109,191,325
Support for USAID's Construction of Health and Education Facilities Program	1/19/2008	12/31/2015	57,160,749	57,160,748
Emergency Road O&M	11/30/2014	11/30/2015	5,000,000	49,102

Source: USAID, response to SIGAR data call, 10/8/2015; USAID, response to SIGAR vetting, 10/12/2015.



Workers construct the footing for a bridge that is part of the Gardez-Khowst road rehabilitation project. (USAID photo)

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.⁷¹³ It includes bridges, causeways, drainage structures, excavation, “river training” structures to control flow and sedimentation, and asphalt pavement.⁷¹⁴

The \$33 million phase IV is the only ongoing USAID-funded road construction project. The three previous phases are complete with 55 miles of road paved. The remaining road and bridge construction is scheduled to be completed by December 2015. As of September 24, 2015, \$25.5 million has been disbursed.⁷¹⁵

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.29

USAID ACTIVE ECONOMIC-GROWTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Financial Access for Investing in the Development of Afghanistan (FAIDA)	2/7/2011	8/5/2016	\$108,258,374	\$95,956,126
Afghanistan Trade and Revenue Project (ATAR)	11/7/2013	11/6/2017	77,754,267	32,826,032
Afghanistan Public Financial Management (APFM)	7/27/2015	7/26/2018	22,130,033	0
Afghan Women's Leadership in the Economy (AWLE)	7/1/2015	6/30/2020	71,571,543	80,819
Regenerating Murad Khane	11/2/2008	11/1/2015	10,637,111	10,084,791
Turquoise Mountain Smithsonian Exhibition	3/9/2015	12/31/2016	535,055	26,205
IFC PIO Grant - Support of Business Environment Reform	10/15/2010	10/30/2017	4,030,000	4,030,000
AIB Guarantee Agreement	9/27/2012	9/27/2020	2,000,000	190,400
DCA with FINCA OXUS and 1st Microfinance Banks	9/25/2014	9/24/2020	1,953,875	0
Commercial Law Development Program	3/1/2014	9/30/2019	10,000,000	1,104,131
Afghanistan Workforce Development Program (AWDP) On-Budget	9/18/2013	4/3/2016	30,000,000	1,321,456
Afghanistan Workforce Development Program (AWDP) Off-Budget	4/5/2012	4/4/2016	32,647,898	22,992,075
E-Government Resource Center II	8/28/2013	6/1/2016	3,900,000	30,000
Mobile-izing Saving Study	N/A	N/A	50,022	50,022
Assistance in Building Afghanistan by Developing Enterprise (ABADE)	10/16/2012	10/16/2016	104,997,656	55,722,201
Strengthening the Revenue Collection Capacity of GIROA	11/30/2014	12/30/2018	4,000,000	4,000,000
Regional Water Management	N/A	N/A	3,750,000	0
Rebranding Afghanistan	11/2/2015	11/1/2018	4,800,000	0
Afghanistan Investment Climate Program	3/27/2015	3/26/2020	13,300,000	0

Source: USAID, response to SIGAR data call, 10/8/2015.

ECONOMIC GROWTH

The World Bank ranked Afghanistan 183rd overall in its annual *Doing Business 2015* review of business regulations for domestic companies in 189 economies.⁷¹⁶ At the SOM, President Ghani stressed the need for accountability in carrying out the difficult economic reforms needed for Afghanistan to build a competitive, export-oriented economy, with access to neighboring markets.⁷¹⁷

As of September 30, 2015, USAID had disbursed approximately \$1 billion cumulatively for economic growth programs in Afghanistan.⁷¹⁸ Active programs can be found in Table 3.29.

Afghanistan Public Financial Management

USAID's three-year, \$22 million, Afghanistan Public Financial Management (APFM) program was launched on July 27, 2015. It is the United States'

principal off-budget effort to help strengthen the Afghan government's ability to generate and domestic revenue, manage its budget, and become more fiscally sustainable. The program aims to build the government's capacity for forecasting revenue; increasing payment compliance, collection, and transfers to the treasury; and budget planning, execution, monitoring, reporting, and coordination.⁷¹⁹

Assistance in Building Afghanistan by Developing Enterprises

USAID's four-year, \$105 million, Assistance in Building Afghanistan by Developing Enterprises (ABADE) aims to help small-to-medium enterprises (SMEs) add jobs, increase investment, and improve sales of domestic products and services through public-private alliances (PPAs). ABADE has three components: implementing approved PPAs; identifying, selecting, and supporting the alliances with technical-assistance and business-advisory services; and working with the government to improve the environment for business.⁷²⁰

From April through June 30, 2015, 23 PPAs worth \$3.4 million were completed and closed out. Of that, ABADE contributed \$400,000 worth of equipment; the SMEs covered the rest. Twenty-eight new PPAs were signed valued at \$18 million, of which ABADE contributed \$2.6 million. As of October 3, 2015, ABADE had 183 active PPAs valued at \$193.9 million, of which its contribution is \$24.9 million, with the rest invested by the SMEs—almost a 7 to 1 ratio.⁷²¹

Also during this time, ABADE helped identify the technology, equipment, production processes, and systems needed for their investments; it trained 475 people, 66 of them women, in financial, operational, general-management, and other high-value skills; completed an initiative that identified the constraints to growth in the carpet industry; and assisted female SMEs as they navigated business registration and tax requirements.⁷²²

EDUCATION

Minister of Education Balkhi told parliament last quarter that more than half of all Afghan teachers do not have the necessary skill sets, the general-education curriculum is insufficient, students do not have timely access to textbooks, and educational services are unbalanced.⁷²³ This quarter, the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) determined that efforts to improve teaching quality are being subverted by a recruitment system that is highly vulnerable to corruption, and that Afghan students' educations are being "significantly undermined by bribery and nepotism."⁷²⁴ For more information on the MEC's report on corruption vulnerabilities in teacher recruitment at the Ministry of Education, see page 154 of this report.

The United States aims to improve Afghan access to quality education by promoting capacity building, providing assistance for learning materials and teacher development, establishing community-based classes in remote regions, and increasing and strengthening higher-education systems to better prepare Afghans for employment.⁷²⁵ As of September 30, 2015, USAID disbursed more than \$785 million for education programs in Afghanistan.⁷²⁶

Ministry of Education Data

According to the Education Management Information System (EMIS), Afghanistan reportedly has 15,030 general education (government) schools, including 639 inactive schools, with 8.6 million students enrolled.⁷²⁷ The number of enrolled students is the sum of present and absent students.⁷²⁸ Students can be absent for up to three years and still count as enrolled in MOE data because they “might” return to school.⁷²⁹

EMIS does not track which schools are open or closed at any given time, nor does it track teacher and student attendance. Currently, figures are not independently verified.⁷³⁰ The MEC said that “ghost teachers” has been a long-standing problem, and found that in most cases student attendance sheets are not filled out or are frequently forged.⁷³¹

Minister Balkhi confirmed that some nonexistent schools receive funding in insecure areas and that EMIS data on the number of functioning schools are imprecise. The Ministry of Education (MOE) is working to improve the data quality; it started its own data-quality assessment and hired a third-party monitoring firm to verify a sample of EMIS data.⁷³² In August 2015, provincial teams were assigned to collect more reliable figures for 6,000 schools across all 34 provinces. Field work began September 1 and data collection was scheduled to be completed by September 20. The assessment report was not finalized as of October 12.⁷³³

USAID Programs

USAID aims to help Afghans with equitable access to education and relevant, in-demand technical skills. Programs will focus on early-grade reading, higher literacy rates through training and coaching to teacher and educators, textbooks, and other learning material.⁷³⁴ USAID’s priority education programs are aligned with Afghanistan’s objectives to increase quality education, improve workforce development, and strengthen the quality of higher education.⁷³⁵

The programs are:⁷³⁶

- **Basic Education, Learning, and Training (BELT):** an overarching basic education program that aims to improve education access and quality. BELT encompasses a number of activities, including a new national early-grade reading program. A contract to produce a 20-month national reading assessment of 2nd and 4th grade students was awarded on July 27, 2015. The results of the assessment can provide opportunities

SIGAR AUDIT

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

TABLE 3.30

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Global Partnership for Education	10/11/2012	3/31/2016	\$3,108,580	\$1,761,682
Support to American University of Afghanistan	8/1/2013	7/31/2018	40,000,000	16,493,425
Strengthening Education in Afghanistan (SEA II)	5/19/2014	5/18/2019	29,835,920	5,001,568
PROMOTE Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522
Assessment of Learning Outcomes and Social Effects in Community-Based Education	1/1/2014	12/31/2017	7,262,016	1,194,883
Afghanistan University Support and Workforce Development Program	1/1/2014	12/31/2018	91,927,769	17,677,499
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	77,402,457	54,027,000
Basic Education, Literacy, and Technical-Vocational Education (BELT) Textbooks	11/16/2011	12/31/2015	26,996,813	24,436,268
Early Grade Reading Survey	7/27/2015	3/27/2017	12,487,469	0
BELT/All Children Reading and Improved Access	7/27/2015	3/27/2017	427,585	0

Source: USAID, response to SIGAR data call, 10/8/2015.

for early-stage intervention, and test ministry capacity to implement nationwide intervention, if necessary.

- American University of Afghanistan (AUAF):** This quarter, USAID signed a contract modification to provide an additional \$5.9 million for scholarships for 20 Afghan female government-ministry employees to pursue MBA degrees, and to expand scholarship study for women in AUAF's Professional Development Institutes by opening a center in Jalalabad.
- Afghanistan University Support and Workforce Development Program (USWDP):** strengthens the ability of the Ministry of Higher Education (MOHE) and 11 public universities to deliver market-relevant education services. This quarter, USWDP hired a senior advisor for the MOHE minister to assist in academic planning and program coordination; provided technical support for the National Higher Education Strategic Plan; completed a comprehensive assessment of Jowzjan University; signed a letter of agreement with Herat University; and supported a Partnership Agreement between Herat University and Purdue Universities.
- Community Based Education:** provides access to basic education in 13 provinces. As of September 2015, 802 Community Based Education schools and 56 accelerated learning centers have been established providing access to more than 43,000 boys and girls.
- Education Quality Improvement Project (EQUIP) II:** USAID funds teacher training through World Bank-administered EQUIP II. More than

84,000 teachers have been trained with U.S. government assistance. All funds for teacher training have been utilized, so no additional teachers were trained for the last two quarters.

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

HEALTH

Afghanistan has registered 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.⁷³⁷ U.S. health-sector programs aim to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health (MOPH) includes capacity-building, training, and quality-assurance activities to strengthen the ministry's management and control over health-care delivery across Afghanistan.⁷³⁸

USAID Funding

U.S. on- and off-budget assistance disbursed to Afghanistan's health sector totaled more than \$955 million, as of September 30, 2015.⁷³⁹ On-budget assistance to the MOPH provides basic health-care and essential hospital services. Off-budget assistance includes activities to strengthen health systems, engage the private sector, reduce child and maternal deaths, reduce tuberculosis-related deaths, reduce child undernutrition, improve the use of modern family-planning methods, and eliminate polio.⁷⁴⁰

USAID Health Programs

USAID believes that the MOPH's ownership of and ability to deliver quality health care through the **Basic Package of Health Services (BPHS)** and **Essential Package of Hospital Services (EPHS)**—the cornerstone of health service delivery in Afghanistan—is critical to improve health outcomes. Between 2015 and 2018, USAID will aim to further improve health services, outcomes, and access for women, infants, and children.⁷⁴¹ USAID's active health programs have a total estimated cost of \$752.2 million, and are listed in Table 3.31 on the following page.

As part of increasing MOPH capacity, this quarter the USAID-funded Strengthening Pharmaceutical Systems (SPS) project migrated away from procuring essential drugs and commodities to providing technical assistance to the organizations and facilities that do, as well as to the MOPH. SPS was extended 22 months to July 2017.⁷⁴²

In other developments this quarter, USAID transitioned funding support for health services in 13 provinces through its Partnerships Contract for Health (PCH) program to the System Enhancement for Health Action in Transition (SEHAT) program serving all 34 provinces.⁷⁴³ Additionally, USAID ended its MOPH capacity-building Health Policy Project to regulate

SIGAR AUDIT

An ongoing SIGAR audit is focusing 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.

SIGAR SPECIAL PROJECTS

On August 18, 2015, SIGAR wrote to USAID, addressing USAID's response to a request for a list and locations of PCH-supported health facilities (see SIGAR 15-67-SP). In its response, USAID sent SIGAR an updated list of 586 PCH-supported health facilities, which is 55 fewer facilities than the original list of 641 that SIGAR originally analyzed. After analyzing the updated list, SIGAR found new irregularities that led the agency to believe that the updated list may contain errors. In a related special project, SIGAR provided its findings after conducting 23 site inspections of USAID-supported health facilities in Herat Province. For more information, see Section 2, pp. 39–41.

BPHS: provides primary health care services—such as immunizations and prenatal care—at small and rural health clinics and forms the core of health service delivery for all primary care facilities in Afghanistan.

EPHS: outlines the medical services each type of hospital in the Afghan health care system should provide in terms of general services, staff, equipment, diagnostic services, and medications while promoting a health referral system that integrates the BPHS with hospitals.

TABLE 3.31

USAID ACTIVE HEALTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2015 (\$)
Strengthening Pharmaceutical Systems	8/28/2011	7/10/2017	\$34,399,936	\$23,339,502
Challenge Tuberculosis	1/1/2015	12/31/2020	15,000,000	230,825
Partnership Contracts for Health (PCH)	7/20/2008	12/31/2015	259,663,247	228,899,313
Weekly Iron Folic Acid Supplementation	11/7/2014	12/31/2017	5,610,012	5,408,826
Disease Early Warning System (DEWS Plus)	9/30/1996	9/30/2022	32,728,000	9,600,000
Family Planning and Assessment	5/16/2015	5/15/2016	634,833	634,833
Health Sector Resiliency (HSR)	9/28/2015	9/27/2020	40,000,000	0
Demographic and Health Surveys	9/9/2013	9/8/2018	5,453,731	1,000,000
Leadership Management and Governance (LMG)	9/25/2012	12/31/2015	38,341,106	36,207,450
Regional Fortification in the Central Asian Republics and Afghanistan	9/29/2014	9/29/2016	9,722,000	9,722,000
Enhance Community Access, Use of Zinc, ORS for Management of Childhood Diarrhea	7/21/2015	7/7/2020	15,002,610	0
Helping Mother and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	2,844,038
Basic Package for Health Service (BPHS)	9/17/2015	12/31/2017	8,000,000	0

Source: USAID, response to SIGAR data call, 10/8/2015.

In October 2014, the MEC reported a “dramatic increase in the importation of poor quality medicine” with 50% of the market composed of illegally imported products.

Source: Independent Joint Anti-Corruption Monitoring and Evaluation Committee, *Vulnerability to Corruption Assessment on Pharmaceuticals Importation Process*, 10/2014, p. 2.

the health sector, manage public-private partnerships, and strengthen financial management of health resources. USAID is still supporting these same components and providing technical assistance to MOPH staff through the Health Sector Resiliency project.⁷⁴⁴

System Enhancement for Health Action in Transition

In an effort to consolidate health-sector support of the three main financiers of BPHS and EPHS (USAID, the World Bank, and the European Union), in January 2014, USAID began transitioning away from its PCH program—the core service-delivery component of its health services in 13 provinces—toward the World Bank-administered SEHAT, which provides similar support in all 34 Afghan provinces. That transition was completed on June 30, 2015. SEHAT-contracted nongovernmental organization (NGO) health-service providers are allowed greater flexibility than under PCH to procure medicines and medical equipment, as well as setting and modifying their budgets, in order to adapt to changing health-care needs on the ground.⁷⁴⁵

Under SEHAT phase II, USAID contributions will be disbursed through the ARTF.⁷⁴⁶ The United States has contributed \$107.5 million to SEHAT

since 2002; around 4.4% of total U.S. contributions to the ARTF, according to USAID.⁷⁴⁷

Afghanistan Demographic and Health Survey

USAID is funding the Afghanistan Demographic and Health Survey (ADHS), a nationally representative survey designed to provide health and demographic information to help the Afghan government develop modern health and social programs. The survey will also build the government's commitment to evidence-based decision making and capacity to develop and conduct future surveys.⁷⁴⁸ ADHS results will be compiled according to international standards and be comparable to results collected in other countries.⁷⁴⁹

Survey teams were deployed in June to all 34 provinces to begin data collection. USAID reported that field teams and staff in Zabul, Uruzgan, and Badghis Provinces have not been able to access certain household clusters due to security risks. Some project areas were relocated as a result, but USAID said the scope of work has not changed. Insecurity in those three provinces, as well as in Nuristan, Helmand, Farah, and Kandahar, also caused some field-work delays, but USAID said the deadline for survey completion is unaffected.⁷⁵⁰

