
SIGAR’s oversight mission, as defined by the legislation, is to provide for the independent and objective
• conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
• leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations, and to prevent and detect waste, fraud, and abuse in such programs and operations.
• means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operation and the necessity for and progress on corrective action.

Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan.


(For a list of the congressionally mandated contents of this report, see Section 3.)
Provinces where SIGAR has conducted audit, inspection, and investigation work
I am pleased to submit to Congress, and the Secretaries of State and Defense, SIGAR’s 31st quarterly report on the status of the U.S. reconstruction effort in Afghanistan.

With the new commander of the NATO-led Resolute Support mission and U.S. forces in Afghanistan reviewing U.S. military plans, SIGAR has summarized some of its main findings on security issues in this quarterly report. Security is a necessary precondition to firmly establish a widely supported and sustainable Afghan government. Without effective security, insurgents will continue to mount violent attacks on people and programs essential for economic and political development. Yet a little over a year after the Afghan National Defense and Security Forces (ANDSF) took responsibility for combat operations, Afghanistan remains under increasing threat from the Taliban and other insurgents.

As the essay in Section One, “Security: The Eroding Bedrock,” argues, “Providing effective security is indeed essential for the survival of the Afghan state—and for the success of the reconstruction effort. Neither can deliver lasting gains without the other.” SIGAR’s completed and ongoing work indicates that five major challenges confront U.S. efforts to develop the ANDSF into a force capable of defending the country: (1) limited oversight visibility, (2) questionable force-strength numbers, (3) unreliable capability assessments, (4) limited on-budget assistance capacity, and (5) uncertain long-term sustainability.

Afghanistan’s lack of security also hinders SIGAR and other agencies in providing oversight for the reconstruction effort. Like other U.S. government personnel, SIGAR’s U.S. staff members are limited in their ability to travel in country. However, SIGAR is working with its Afghan staff, building partnerships with Afghan civil society, and using geospatial data to conduct fieldwork and perform its mission.

This quarter, President Ashraf Ghani requested SIGAR’s assistance with his government’s efforts to repatriate funds stolen from Kabul Bank. Before its near-collapse in 2010, Kabul Bank had been Afghanistan’s largest private bank, distributing most civil salaries on behalf of the Afghan government. Over 92% of the $935 million known at that time to be stolen went to 19 individuals and companies associated with the bank.

In February, SIGAR was asked to participate in a new task force President Ghani plans to create that will include the Ministry of Finance, the Attorney General’s Office, and the Kabul Bank Asset Recovery Commission. The president said SIGAR would have full access to relevant banking and financial records. President Ghani’s request gives SIGAR an opportunity to assist in the strong anticorruption effort needed to bolster government effectiveness and credibility, and reflects the regard in which reform-minded Afghans hold SIGAR’s work.

During this reporting period, I testified before Congress three times on SIGAR’s completed and ongoing work examining U.S. efforts to build, train, equip, and sustain the ANDSF; SIGAR’s inspections of facilities and infrastructure built and renovated by the Department of Defense (DOD) using reconstruction funds; and SIGAR’s work examining DOD’s Task Force for Business and Stability Operations (TFBSO) in Afghanistan. I also submitted written testimony concerning SIGAR’s fiscal year 2017 budget request, recent
successes, challenges to accomplishing its mission, and steps taken to overcome or mitigate these challenges.

SIGAR issued 17 audits, inspections, alert letters, and other products this quarter. SIGAR work to date has identified over $2 billion in savings to the U.S. taxpayer.

A performance audit examined the extent to which the Departments of Defense and State, and the U.S. Agency for International Development (USAID) have identified their efforts and accounted for funding to support primary and secondary education in Afghanistan. SIGAR completed seven financial audits this quarter of U.S.-funded contracts, grants, and cooperative agreements to rebuild Afghanistan. SIGAR also announced seven new financial audits of USAID awards and a financial-statement audit of TFBSO, bringing the total number of ongoing financial audits to 24 with nearly $3.6 billion in auditable costs.

This quarter, SIGAR’s Office of Special Projects wrote to the USAID Administrator about a health facility that appears to have structural damage that could put lives at risk. The Office of Special Projects also reported on the process DOD follows when disposing of excess real property in Afghanistan and on the monetary value of the property provided to the Afghan government.

During the reporting period, SIGAR investigations achieved significant results. Cost savings to the U.S. government amounted to $3.1 million; a civil settlement totaled nearly $3.7 million; and fines, forfeitures, and restitutions amounted to over $400,000. Additionally, there was one arrest, one indictment, one conviction, and six sentencings. SIGAR initiated 17 new investigations and closed 38, bringing the total number of ongoing investigations to 288.

The accomplishments of the quarter bring the cumulative total in criminal fines, restitutions, forfeitures, civil-settlement recoveries, and U.S. government cost savings from SIGAR’s ongoing investigations to $951 million.

In addition, SIGAR’s suspension and debarment program referred 25 individuals and 21 companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

SIGAR remains the largest and most capable U.S. audit and investigative entity operating in Afghanistan. SIGAR staff have more experience on the ground in Afghanistan than any other oversight organization. Our deployed personnel average more than 2.5 years in country, versus less than a year for other entities’ staff. Among oversight organizations, SIGAR maintains unequalled access to Afghanistan’s senior leadership and members of the diplomatic community. SIGAR’s work is widely known to Afghan government, civil society, and business leaders, and is regularly discussed in Afghan media.

My staff and I are determined to keep working with Congress and other stakeholders to achieve our national objectives and safeguard U.S. taxpayers’ investment in Afghanistan.

Respectfully,

John F. Sopko
Special Inspector General for Afghanistan Reconstruction
EXECUTIVE SUMMARY

This report summarizes SIGAR’s oversight work and updates developments in the three major sectors of Afghanistan’s reconstruction effort from January 1 to March 31, 2016.* It also includes an essay on the deteriorating security situation in Afghanistan and the five major challenges confronting U.S. efforts to develop the Afghan National Defense and Security Forces: (1) limited oversight visibility, (2) questionable force-strength numbers, (3) unreliable capability assessments, (4) limited on-budget assistance capability, and (5) the uncertain long-term sustainability of Afghan forces. During this reporting period, SIGAR published 17 audits, inspections, alert letters, and other reports assessing the U.S. efforts to build the Afghan security forces, improve governance, and facilitate economic and social development. These reports identified a number of problems, including a lack of accountability, failures of planning, deficiencies in internal-controls, and noncompliance issues. The cost savings to the U.S. government from SIGAR’s investigative work amounted to over $3.1 million; civil settlement recoveries totaled $3.7 million; and fines, forfeitures, and restitutions amounted to $400,000. SIGAR investigations also resulted in one arrest, one indictment, and six sentencings. Additionally, SIGAR referred 25 individuals and 21 companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

SIGAR OVERVIEW

AUDITS

SIGAR produced one performance audit, seven financial-audits, and three inspection reports.

The performance audit found the Department of Defense, Department of State, and the U.S. Agency for International Development (USAID) have not adequately assessed their efforts to support education in Afghanistan.

The financial audits identified $922,628 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included exceeding the approved budget without prior agency approval, failure to adhere to policies on payroll records, failure to adhere to federal regulations related to government-owned equipment and travel expenses, failure to properly monitor subcontractors, inadequate oversight of overtime and timekeeping policies, and inadequate documentation for invoices and non-payroll costs.

NEW AUDITS AND INSPECTIONS

This quarter, SIGAR initiated two new performance audits. One will examine U.S. government efforts to increase the supply, quantity, and distribution of electric power from the Kajaki Dam, and the other will review all the Task Force for Business and Stability Operations’ (TFBSO) programs and activities in Afghanistan from 2010 through 2014. This brings the total number of ongoing performance audits to 16.

SIGAR also announced seven new financial audits of USAID awards and a financial statement audit of TFBSO, bringing the total number of ongoing financial audits to 24 with nearly $3.6 billion in auditable costs, and one new inspection, which is a follow-up to an earlier inspection of the Pol-i-Charkhi prison.

SPECIAL PROJECTS

During this reporting period, the Office of Special Projects issued two products, one alert letter and one report, addressing:
EXECUTIVE SUMMARY

- Extreme structural damage at a health facility in Badakhshan Province.
- The Department of Defense process for disposing of foreign excess real property in Afghanistan, as well as the monetary value of the property provided to the Afghan government.

LESSONS LEARNED
During this reporting period, the Lessons Learned Program and the U.S. Institute of Peace co-hosted a two-day conference on “Lessons from the Coalition: International Experiences from the Afghanistan Reconstruction.” The Lessons Learned Program also worked with a team of graduate students from the Woodrow Wilson School of Public and International Affairs at Princeton University on an academic policy workshop that culminated in the publication of “Lessons from the U.S. Civilian Surge in Afghanistan, 2009–2014.”

INVESTIGATIONS
During the reporting period, SIGAR investigations resulted in cost savings to the U.S. government of over $3.1 million; fines, forfeitures, and restitutions amounted to over $400,000; and civil settlement recoveries totaled nearly $3.7 million. Criminal investigations resulted in one arrest, one indictment, one conviction, and six sentencings. SIGAR initiated 17 new investigations and closed 38, bringing the total number of ongoing investigations to 288. SIGAR’s suspension and debarment program referred 25 individuals and 21 companies for suspension or debarment.

Investigations highlights include:
- A U.S. contractor was sentenced to 46 months’ incarceration, followed by 36 months’ supervised release, and ordered to forfeit $51,000 for receipt of bribes and conspiracy to structure financial transactions to avoid currency reporting requirements.
- A criminal complaint was filed against an Afghan national, charging him with conspiracy and giving, offering, and promising gratuities to public officials in exchange for preferential treatment in the award of U.S. government contracts. In connection with the same investigation, two U.S. military members have already pled guilty for their roles in the conspiracy.
- An investigation related to aviation contracts has led to the sentencing of a U.S. Army contract officer for obstruction of a federal audit, and the indictment of a U.S. Army contract officer for filing a false tax return.
- An Afghan national’s attempt to extort money from a U.S. contractor operating in Afghanistan was thwarted due to SIGAR’s intervention, and $1.5 million in equipment and $200,000 in vehicles were released back to the contractor for use in a U.S. embassy project.
- A civil investigation involving U.S. government contracts and forged documents yielded a $3.6 million recovery for the U.S. government.
- A U.S. Army sergeant was sentenced to 21 months’ incarceration, followed by three years’ supervised release, 104 hours community service, and ordered to forfeit $113,050 for bulk cash smuggling and theft of government property.
- A retired U.S. Army National Guard sergeant was sentenced to 12 months and a day’s incarceration, followed by 12 months’ supervised release, and ordered to forfeit $16,200 for conspiracy to receive and accept bribes. As part of the same investigation, a retired U.S. Navy officer was sentenced to 24 months’ incarceration, followed by 24 months’ supervised release, fined $5,000, and ordered to forfeit $25,000 for receiving and accepting illegal bribes.
- A fuel theft investigation led to a U.S. Army sergeant entering a plea of guilty to one count of conspiracy to commit bribery and one count of bribery.
- A theft investigation resulted in an approximate $1.4 million recovery for the U.S. government after 12 missing U.S. government-owned containers and their contents were recovered.

* SIGAR may also report on products and events occurring after March 31, 2016, up to the publication date.
TABLE OF CONTENTS

SECTION 1

1 SECURITY: THE ERODING BEDROCK
5 Deteriorating Security
7 ANDSF Development Faces Stern Challenges
8 Oversight Visibility Is Limited
8 Force Strength Numbers Are Questionable
10 Capability Assessments Are Unreliable
11 Capacity To Handle On-Budget Aid Is Limited
12 Long-Term Sustainability Is Uncertain
14 Force Misuse And Enemy Reaction Complicate The Picture
17 Conclusion

SECTION 2

19 SIGAR OVERSIGHT ACTIVITIES
22 Audits
36 Inspections
45 Special Projects
46 Lessons Learned
47 Investigations
59 Other SIGAR Oversight Activities
67 SIGAR Passes Peer Review
67 SIGAR Budget
67 SIGAR Staff

SECTION 3

69 RECONSTRUCTION UPDATE
71 Overview
74 Status of Funds
90 Security
116 Quarterly Highlight: Afghan Air Force
140 Governance
168 Economic and Social Development
TABLE OF CONTENTS

SECTION 4

196 OTHER AGENCY OVERSIGHT

200 Completed Oversight Activities
201 Ongoing Oversight Activities

APPENDICES AND ENDNOTES

204 Appendix A: Cross-Reference of Report to Statutory Requirements
210 Appendix B: U.S. Funds for Afghanistan Reconstruction
212 Appendix C: SIGAR Written Products
216 Appendix D: SIGAR Investigations and Hotline
223 Endnotes
“In 2016, Afghanistan is being as severely tested as it was in 2015, by the task of managing its difficult transition with its interrelated political, economic and security challenges. ... For 2016, survival will be an achievement for the National Unity Government.”

—Nicholas Haysom, UN Secretary-General’s Special Representative for Afghanistan

1 SECURITY: THE ERODING BEDROCK
SECURITY: THE ERODING BEDROCK CONTENTS

Deteriorating Security 5
ANDSF Development Faces Stern Challenges 7
Oversight Visibility Is Limited 8
Force Strength Numbers Are Questionable 8
Capability Assessments Are Unreliable 10
Capacity To Handle On-Budget Aid Is Limited 11
Long-Term Sustainability Is Uncertain 12
Force Misuse And Enemy Reaction Complicate The Picture 14
Conclusion 17

Photo on previous page
Joint Chiefs of Staff Chairman General Joseph F. Dunford Jr. (USMC) and Brigadier General Michael Howard (U.S. Army) walk to the flight line at Forward Operating Base Fenty in Jalalabad, Afghanistan. (DOD photo by D. Myles Cullen)
Security: The Eroding Bedrock

This quarter, the incoming commander of the Resolute Support (RS) mission and U.S. forces in Afghanistan, General John W. Nicholson, told lawmakers that he planned to review American military plans in his first 90 days to assess “what amount of capability is necessary given the current conditions.” The “current conditions” prompting the general’s review involve continuing widespread assaults by the Taliban and other insurgents in Afghanistan, and concerns about the strength, capability, sustainability, and support needs of the Afghan military and police. The general’s assessment is expected to be ready at the end of May and to result, according to RS, in “a very frank and candid dialogue with his chain of command.”

Since fiscal year 2002, the United States Congress has appropriated more than $68 billion to recruit, train, equip, house, feed, supply, and pay the salaries of a force authorized up to 352,000 soldiers and police in the Afghan National Defense and Security Forces (ANDSF), plus 30,000 members of the Afghan Local Police (ALP). (The actual assigned strength of these forces is lower; verifying their real strength has long been one of SIGAR’s main concerns.) That security-related funding represents fully 60% of the 15-year total of $113 billion devoted to reconstructing Afghanistan.

Since January 1, 2015, the ANDSF has had the lead responsibility for the country’s security, while the U.S. military presence in the country has declined to fewer than 10,000, with further reductions to about 5,500 planned by the end of the year. The change reflects the RS mission’s primary function to train, advise, and assist the ANDSF, although U.S. forces are authorized to defend themselves and to take unilateral action against terrorists.

After nearly 15 years of effort, thousands of U.S., allied, and Afghan lives lost, and many billions of dollars spent, what are the prospects for the ANDSF from the standpoint of Afghan security and of U.S. geopolitical objectives? Some indicators are troubling:

- Insurgents took and briefly held a provincial capital last fall, have seized various district centers, and in the space of a few days in late March assassinated an Afghan army general in Kandahar Province and a judge in Ghazni Province, and fired rockets at the new Afghan parliament building.

General John Nicholson takes command of the Resolute Support mission, Kabul, March 2016. (Joint Staff photo)
Director of National Intelligence James Clapper testified before the U.S. Senate Intelligence Committee in March that “fighting in 2016 will be more intense than 2015, continuing a decade-long trend of deteriorating security.”

The UN Secretary-General’s Special Representative for Afghanistan told the Security Council in March that “For 2016, survival will be an achievement for the [Afghan] National Unity Government.”

On April 12, the Taliban announced the start of another spring offensive, pledging assaults against government strongholds and suicide and guerrilla attacks. This year’s offensive may reflect a new dynamic. An RS spokesman said the Taliban is developing a relationship with al-Qaeda elements, who can “serve as an accelerant” because of their “very special skills.”

Providing effective security is indeed essential for the survival of the Afghan state—and for the success of the reconstruction effort. Neither can deliver lasting gains without the other. As Ohio State University military-history professor and retired Army colonel Peter Mansoor has observed: “Military victory alone did not ensure that Germany, Italy, and Japan would emerge from [World War II] as liberal democracies committed to prosperity and human rights at home and a liberal world order abroad. It was, rather, the presence of US military forces, economic aid, and a political commitment from American policymakers to rebuild and restore these nations that ensured an enduring peace.”

A similar engagement is under way in Afghanistan. The 2015 White House National Security Strategy notes that the United States has “transitioned to a dramatically smaller force”—and immediately adds that the force is “focused on the goal of a sovereign and stable partner in Afghanistan that is not a safe haven for international terrorists.” That goal is more than a purely military matter. A March 2016 conference on Afghanistan hosted by the U.S. Institute of Peace, Stanford University, and the UK’s Royal Institute for International Affairs produced a consensus that securing and securing gains in Afghanistan “starts but does not end” with the ANDSF. Conferees, who included officials, scholars, and former U.S. Ambassador James Dobbins, recommended “long-term, predictable support,” adding that “Throughout history, Afghan governments have fallen when external support has been withdrawn.”

Given the bedrock importance of security to Afghanistan reconstruction—especially as reductions in international support and advisory forces continue—continuing these examinations is a critical mission in itself. Since SIGAR was created in 2008, it has released 74 reports examining how funds appropriated for the ANDSF have been used. That work continues in an atmosphere of deteriorating security.


DETERIORATING SECURITY

General John F. Campbell, until recently commander of the RS mission and U.S. forces in Afghanistan, has warned that “Afghanistan is at an inflection point,” adding, “If we do not make deliberate, measured adjustments, 2016 is at risk of being no better, and possibly worse, than 2015.”12

According to the United Nations, Afghanistan experienced record-high civilian casualties from the ongoing hostilities in 2015: more than 3,500 killed—a quarter of them children—and nearly 7,500 wounded.13 As of late November 2015, U.S. Forces-Afghanistan (USFOR-A) reports 287 (70.5%) of Afghanistan’s 407 provincial districts were “directly under [government] control or influence,” while 26 districts (6.4%) were under insurgent control or influence, and another 94 (23.1%) were “at risk.”14

Describing the security situation quantitatively can be difficult. Many numbers are generated, but they are often essentially qualitative assessments using questionable or shifting definitions. And many data points are reported by Afghan ministries with no practicable means of verification. Dr. Anthony Cordesman at the Center for Strategic and International Studies (CSIS) has cautioned that “There is no way to be sure of any figure like 70% [government-controlled territory], or to accurately estimate the size and location of the Afghan population.” Among other problems, he explained, “We no longer have a forward presence and Afghan government estimates cannot be trusted.”15

Reliance on encouraging data made the fall of the capital of Kunduz Province in 2015 a surprise for some observers. Yet a Department of Defense (DOD)-funded January 2014 report by the Center for Naval Analyses had predicted the Taliban would keep pressure on the ANDSF, expand its influence in areas vacated by Coalition forces, encircle key cities, and conduct high-profile attacks in Kabul and other cities.16 The Kunduz attack also laid bare capability gaps within the Afghan security forces. Government forces were able to clear the city of insurgents, but required U.S. close-air and other support in the operation.

The precarious situation of the ANDSF in Helmand Province in southern Afghanistan is another concern. In late December, as insurgents occupied the Sangin district, Helmand’s deputy governor warned President Ghani that Taliban fighters were positioned to take control of the province, the lead producer of Afghan opium that provides insurgents with considerable revenue.17 An RS officer said the Afghan National Army’s 215th Corps, heavily battered in Helmand fighting, suffered from “a combination of incompetence, corruption, and ineffectiveness.”18 Recognizing the mounting problems in Helmand, the ANDSF has begun to replace failed leaders, provide reinforcements, and dedicate other resources such as armed aircraft to the province.19

As for the Afghan National Police (ANP), more numerous but less heavily armed than the army, DOD notes that “The ANP have sustained a
Other vulnerabilities fester within the ranks: in late February, Afghan military personnel detained and disarmed 30 police officers suspected of having links to the Taliban. Those arrested included the acting police chief of the Sangin district in Helmand Province. Other vulnerabilities fester within the ranks: in late February, Afghan military personnel detained and disarmed 30 police officers suspected of having links to the Taliban. Those arrested included the acting police chief of the Sangin district in Helmand Province.21

Corruption—an issue where Afghanistan has long stood near the bottom of global rankings—is another threat to ANDSF effectiveness. As DOD has reported, “Corruption affects . . . the effectiveness of the MOD [Ministry of Defense] to support the ANA corps, AAF [Afghan Air Force], and other force components, [and] counter-corruption efforts are essential to maintaining international donor support.” For that reason, DOD says, increasing Afghan ministry accountability “remains a critical part” of the RS mission.22

Meanwhile, challenges for security forces are multiplying. Not only did the Taliban step up attacks during the past winter—usually a relatively quiet season—but other groups expanded their presence in Afghanistan. They include al-Qaeda in the Indian Subcontinent—a relatively new offshoot of al-Qaeda that operates primarily in Afghanistan, Pakistan, and India—and the Islamic State of Iraq and the Levant-Khorasan Province.24 Even if these factions are competing within the same pool of potential recruits that the Taliban draw upon, their higher profiles can pose additional credibility challenges for the Kabul government and complicate attempts at political reconciliation and peace negotiations.

SIGAR has had direct experience with the worsening security situation. When SIGAR began staffing its office at the Embassy in Kabul in 2009, its personnel could access many areas of the city and the countryside; drive themselves in Kabul, Herat, and Mazar-e Sharif; meet Afghans in their workplaces; and take ground transportation between the airport and the Embassy. Now, SIGAR and other oversight personnel are largely restricted to the Kabul embassy compound and the few remaining Coalition military bases, and for the past year have had to take helicopters to and from the Kabul airport because of the growing security risk.

The security threat has made it increasingly difficult for many U.S. and even some Afghan officials to get out to manage and inspect U.S.-funded reconstruction projects. SIGAR, the largest U.S. oversight organization in Afghanistan, has managed to continue its work of overseeing U.S. programs and projects, partly through the creative use of local Afghan staff, building disproportionately higher number of casualties than the ANA due to inadequate training and equipment, poor planning processes, and a suboptimal force posture that leaves ANP forces vulnerable at static checkpoints.”20

Afghan soldiers patrol in wintry countryside. (CJTF 101 photo by SGT Cooper Cash)
partnerships with Afghan civil society, and with the assistance of the U.S. military when available. Still, the security situation is a real constraint on both programs and oversight.

**ANDSF DEVELOPMENT FACES STERN CHALLENGES**

Recitals of concerns should not obscure the fact that the United States and its Coalition partners have accomplished a good deal in developing the ANDSF over the past 15 years. Upon the overthrow of the al-Qaeda-harboring Taliban regime in 2001, Afghanistan had no organized military or police forces. Now it has a sizable army, air force, and police force that report to a democratically elected government. Facing a determined insurgency largely on their own now, those forces have been fighting hard and taking significant casualties. The ANDSF had 6,637 personnel killed and 12,471 wounded in 2015; more than 2,000 additional casualties occurred in the first two months of 2016.\(^{25}\)

Nonetheless, recent developments and persistent institutional weaknesses raise doubts whether Afghanistan is on a course consistent with achieving and sustaining U.S. national-security objectives.

The Chairman of the Joint Chiefs of Staff, Marine Corps General Joseph Dunford, commanded U.S. forces in Afghanistan in 2013–2014. “When we looked at [Afghan capability] in 2013” he recently told reporters, “we assumed a certain progression, of ministerial capacity, core-level capabilities, the intelligence enterprise, special operations, and aviation. And many of the assumptions we made didn’t obtain.”\(^{26}\) Meanwhile, General Nicholson has said, heavy combat and high casualties among the ANDSF, and a changing threat, have put U.S. and NATO training efforts for the Afghans behind schedule.\(^ {27}\)

Progress has indeed been delayed and uneven. Further, SIGAR has found many instances when U.S. funding dedicated to the ANDSF was wasted, whether inefficiently spent on worthwhile endeavors or squandered on activities that delivered no apparent benefit. SIGAR’s completed and ongoing work indicates five major challenges confront U.S. efforts to develop the ANDSF:

1. Limited oversight visibility that makes it difficult to assess the effectiveness of assistance and to identify changing needs.
2. Questionable force-strength numbers that can lead to misestimating capability.
3. Unreliable capability assessments that can affect operational planning.
4. Limited capacity to use on-budget assistance that can prevent donor assistance from achieving intended results.
5. Uncertain long-term sustainability that can undermine the entire reconstruction effort.
OVERSIGHT VISIBILITY IS LIMITED
With fewer forces in theater, the United States military has lost much of its ability to make direct observations, provide tactical mentoring, and collect reliable information on ANDSF capability and effectiveness.

USFOR-A reports that U.S. advisors have little or no direct contact with ANDSF units below the level of army corps—that is, not at the battalion or brigade levels that are the main maneuver units—and regional police headquarters.28 Previously, many international advisors were embedded with ANDSF tactical units, enabling them to offer real-time advice and make detailed observations of performance. In heavily contested, high-casualty areas like Helmand Province, RS trainers have provided Afghan tactical units with “very hands-on training, everything from shooting rifles to being able to maneuver at the squad and platoon level.”29 But such low-level contact and attention can no longer be spread across the entire ANDSF.

The contraction of “touch points” to mostly corps and police headquarters levels is a serious concern. SIGAR and other U.S. oversight agencies have long questioned the reliability and accuracy of ANDSF assessments, even during the period when assessments had far more granularity than is possible today.

RS mission advisors now rely almost exclusively on data provided by the Afghan ministries to evaluate the operational readiness and effectiveness of the ANDSF. SIGAR has seen the effect of the U.S. and NATO drawdown on data quality first-hand. Incoming information, especially regarding the capability and effectiveness of the ANDSF, is less detailed and has less analytical value than in the past. With U.S. force numbers expected to decline further in coming years, the information problem may grow, and with it, the threat to an effective train-advise-assist mission.

FORCE STRENGTH NUMBERS ARE QUESTIONABLE
For years, the authorized strength of the ANDSF has been 352,000 soldiers and police. The ANDSF’s reported actual strength has at times approached that goal, but never reached it. More troubling is SIGAR’s assessment that neither the United States nor its Afghan allies know how many Afghan soldiers and police actually exist, how many are in fact available for duty, or, by extension, the true nature of their operational capabilities. For example, an infantry unit short of radio operators, mortar crews, medics, or reconnaissance scouts is not nearly as capable as one that is up to strength in those and other skill areas.

Testifying before the U.S. Senate Armed Services Committee in February, General Campbell said the ANDSF still suffers from capability gaps in aviation, combined-arms operations, and military intelligence, then added, “Those capability gaps notwithstanding, I still assess that at least 70% of the problems facing the Afghan security forces result from poor leadership.”30
The general noted that dozens of poor performing officers have been replaced. But even the best of leaders cannot do their jobs without a clear understanding each day of how many personnel, and with what skills, are present for duty.

The problem is at least a decade old. In 2006, before SIGAR was created, the DOD and Department of State inspectors general warned of inflated numbers among the ANP. A subsequent attempt by the Combined Security Transition Command-Afghanistan (CSTC-A) to verify the Ministry of Interior’s (MOI) payroll records by conducting a physical count of police personnel was unable to verify 20% of Afghan Uniformed Police and 13% of Afghan Border Police carried on the rolls. In 2009, the Government Accountability Office (GAO) found that the United Nations Development Programme (UNDP) and U.S. contractors were unable to validate the existence or active status of 29,400 MOI and ANP personnel—representing more than a third of both groups at that time—due to a lack of cooperation from ANP commanders. At that time, GAO reported that a State Department cable said that police chiefs were inflating their numbers by “creating ghost policemen” in order to obtain illegal payments for those “ghost” personnel. A 2011 SIGAR audit of ANP personnel systems found that various sources of personnel data showed total reported numbers of ANP personnel ranging from 111,774 to 125,218—a division-sized discrepancy of 13,444 personnel.

Since that time, DOD and CSTC-A responses to SIGAR requests for information on ANDSF numbers have raised even more questions. Over

An Afghan National Police member, left, assists an Afghan Local Police recruit training in the use of handcuffs. (USMC photo by SGT Pete Thibodeau)
The course of several quarters, the International Security Assistance Force (ISAF) told SIGAR that ANDSF personnel numbers sometimes included civilians and sometimes did not. Moreover, large quarterly changes in the numbers of Afghan Army personnel at the headquarters level, as well as discrepancies in the data, further raised concerns. A January 2015 SIGAR audit found that more than $300 million in annual, U.S.-funded salary payments to the ANP were based on data that were only partially verified or reconciled.35

In an April 2015 audit, SIGAR found that there was still no assurance that ANA personnel and payroll data—tracked and reported by the Ministry of Defense and the Afghan Army—are accurate.36 U.S. and Coalition officials are not present during the attendance-taking process, and command officials told SIGAR that they have limited knowledge of or influence over it. Having reasonably accurate reports on ANDSF strength is important for protecting the U.S. funds that support them, for judging their aggregate capabilities, and for calibrating the details of the RS train-advise-assist mission. Unfortunately, that knowledge remains elusive.

CAPABILITY ASSESSMENTS ARE UNRELIABLE
SIGAR is also concerned that measures of ANDSF capabilities and effectiveness have never been very reliable and are getting worse. The RS mission’s predecessor, ISAF, used several assessment tools to measure ANDSF unit capability in areas including leadership, command and control, equipment, and attrition. These assessments are important gauges for U.S. and Afghan stakeholders in security reconstruction. Over the years, however, detail and quality of these assessments have declined.

For example, a 2010 SIGAR audit found that top-rated ANDSF units—those deemed capable of operating independently—could not sustain the gains they had made. The rating system overstated their operational capabilities and actually created disincentives for ANDSF improvement. SIGAR auditors found significant levels of regression, or backsliding, in the capability levels of army and police units, due, in part, to the fact that once a unit achieved a top rating, Coalition forces withdrew assistance such as force protection, supplies, and expertise.37

Following SIGAR’s audit, ISAF Joint Command (IJC) changed its system for rating the ANDSF. The previous system’s top rating was “fully capable,” but the new system’s top rating changed over time from “effective with advisors” to “independent with advisors.”38 Unfortunately each new system seemed to provide less detail than the one before—and lower thresholds for determining the success of Afghan units.

In July 2012, the GAO raised concerns that the change of the title of the highest rating level from “independent” to “independent with advisors” was, in part, responsible for an increase in the number of ANDSF units rated at the highest level—suggesting that achieving independence proved
too difficult, whereas achieving “independence” but with advisors was an attainable goal.39

In February 2014, SIGAR again audited the system and again found the assessment tool was inconsistently applied and not useful. The rating system did not provide clear guidance on the level of detail necessary to support a team’s rating, or on what the team’s subjective assessments should contain. This lack of clear guidance led to disparities in information across assessments, and to inconsistencies in evaluations of ANDSF units’ capacity to staff, train, and equip its forces.40 Unfortunately, as the discussion of MOD and MOI ministerial assessments in the Section 3 “Security” portion of this report makes clear, the overall weakness of the Afghan security ministries raises concerns about their ability to process and apply RS counsel.

CAPACITY TO HANDLE ON-BUDGET AID IS LIMITED
SIGAR has long been concerned about the risk to U.S. funds provided to the ANDSF in the form of on-budget assistance, which include direct assistance (bilateral or government-to-government assistance) and assistance provided through multi-donor trust funds before reaching the Afghan government. The major multi-donor trust fund for the ANDSF is the Law and Order Trust Fund for Afghanistan (LOTFA), managed by the United Nations Development Programme to pay police salaries. Since 2002, the United States has contributed $1.6 billion to LOTFA.

Since 2010, the United States has been gradually increasing the amount of on-budget assistance to the Afghan Ministries of Defense and Interior. In 2015, DOD provided approximately $2 billion in on-budget assistance to the ANDSF. On-budget assistance is intended to allow the Afghans more freedom to manage their own budget and to build their capacity for doing so. Carrying out the commitment to increase on-budget assistance, however, also reduces U.S. control and visibility over these funds.

SIGAR has reviewed DOD’s safeguards for funds provided to the MOD and MOI, and has identified a number of weaknesses. These weaknesses increase the risk that on-budget funds provided to the ANDSF through a Ministry of Finance account at Afghanistan’s central bank are vulnerable to waste, fraud, and abuse. At the time of SIGAR’s review, CSTC-A’s process did not provide its trainers and decision makers with an overall understanding of each ministry’s financial management capacity, or help them identify risks associated with capacity weaknesses. CSTC-A uses audits designed to detect and correct improper spending to monitor high-risk areas such as fuel and pay, and has used agreed-upon conditions to hold funds until Afghan ministries demonstrate that they have corrected identified weaknesses. Nevertheless, SIGAR’s work has uncovered several cases in which the MOD and the MOI were incapable of managing on-budget assistance,
such as incomplete and inaccurate data on large fuel purchases for military vehicles, electrical generators, and power plants.\textsuperscript{41} Earlier, a SIGAR investigation had found that CSTC-A’s lack of record retention meant the U.S. government could not account for $201 million in fuel purchased for the Afghan Army.\textsuperscript{42}

Despite these difficulties, CSTC-A has since turned responsibility of managing ANA fuel over to the MOD. Unfortunately, SIGAR’s work has identified new problems with the MOD’s ability to manage and account for on-budget assistance used to pay for fuel. In 2015, a SIGAR investigation uncovered corruption—price-fixing, bid-rigging, and bribery by four Afghan vendors—prior to the award of a nearly $1 billion, multi-year Afghan MOD fuel contract. The vendors’ actions criminally increased the contract’s potential cost to the Afghan government and the American taxpayer by more than $214 million. After a briefing by SIGAR, President Ghani immediately suspended the MOD officials involved in the fuel contract award, cancelled the entire contract, warned the contractors of possible debarment, and assigned an independent Afghan investigator to look into various contract awards.\textsuperscript{43}

Afghanistan now has lead responsibility for its own security and is handling increasing proportions of international assistance through its own budget process. Given Afghanistan’s longstanding weaknesses in institutional capacity, however, it is important for DOD to maintain effective visibility into MOD’s and MOI’s use of U.S.-provided funds and equipment, and to ensure that legal requirements and negotiated conditions are observed.

**LONG-TERM SUSTAINABILITY IS UNCERTAIN**

Maintaining the ANDSF at an authorized strength of 352,000 personnel costs about $5 billion a year, with some 80% of that amount coming from the United States. General Campbell has recommended continuing that funding at least until 2020, and has said Afghanistan cannot foot the bill before 2024.\textsuperscript{44} In fact, Afghanistan has trouble meeting its current level-of-effort commitment. According to DOD, the Afghan government has increased its contributions to the security budget, but still has not reached the $500 million per year level it agreed to at the 2012 NATO Summit in Chicago. With its economy under great stress and facing years of low growth, Afghanistan’s difficulty in contributing significantly to its security costs will persist.

The United States and its allies plan to meet to discuss how to share the burden of financing the ANDSF in Warsaw this summer. But this year the United States contributed $4.1 billion, and even with U.S. funding of this magnitude, SIGAR’s work shows that the ANDSF is unable to sustain itself in many areas.

For example, the ANDSF relied for many years on the U.S. military for air support to its fighting forces. In 2016, the Afghans still lack the air assets
they need to protect and support their own forces. The impact of the lack of a well-equipped and capable Afghan Air Force (see the AAF highlight in the security section of this report) became all too clear during the aftermath of the September 28, 2015, fall of Kunduz to the Taliban. Despite the end of U.S. combat operations and a transition to a mission focused on training, advising, and assisting, U.S. forces were once again called upon to provide air support to Afghan forces.45

Both the United States and Afghanistan have long recognized the importance of developing air power. However, despite the fact that this was pointed out as a critical capability gap, the Afghan Air Force is still far from fully capable, let alone self-sustaining.

One of DOD’s plans to close the Afghan Air Force’s capability gaps was to provide it with 20 A-29 Super Tucanos. The Tucano is a single-prop, aerial reconnaissance aircraft that can be armed to provide fire support for ground troops. While a contract was signed to build these A-29s in November 2011, a legal challenge from another company prevented the winning contractor from meeting the initial delivery date of April 2013.46 Because of this, the first four A-29s were not delivered to Afghanistan until January 2016—a year after the drawdown of U.S. forces in Afghanistan.47 Another four arrived in late March.48 Moreover, as General Campbell said recently, it takes about three years to train a pilot.49

SIGAR has found significant instances of waste and squandered opportunities in building up the Afghan Air Force. One of the most egregious was DOD’s $486 million purchase of 20 G-222 medium-lift cargo planes for the
Afghan Air Force. Due to poor planning, poor oversight, poor contract management, and a lack of critical spare parts, those aircraft could not be kept flightworthy. The program was ended in March 2013 after experiencing continuous and severe operational difficulties, including a lack of spare parts. Sixteen of those 20 aircraft were sold for scrap metal for six cents a pound or $32,000.50.

Ensuring that the ANDSF will be a sustainable security force—including appropriate enablers and advisors—will require considerable improvements and constant attention in funding, recruiting and retention, materiel and supply procurements, training and maintenance, and program management. That will be a heavy lift.

**FORCE MISUSE AND ENEMY REACTION COMPLICATE THE PICTURE**

The ANDSF has fought hard over the past year, and DOD says it has continued to improve integration of indirect-fire and close-air attack capabilities. But its performance has been uneven, with numerous, high-profile tactical and operational setbacks detracting from overall success in preventing the Taliban from achieving strategic goals. And capability gaps persist in aviation, intelligence, logistics, maintenance, operational planning, and leadership.51

Even if ANDSF capability gaps were filled and performance made more consistent, however, two variables remain: how well the force is employed, and how its adversaries adjust to the changing calculus of comparative advantages.

The ANDSF, according to DOD’s latest semiannual report to Congress, remains “reactive,” allowing insurgents to pick and choose targets on their terms.52 “Though checkpoints and a fixed ANDSF presence, rather than patrols or a rotational presence, is consistent with Afghan perceptions of security—especially in rural areas—the ANDSF reliance on defending static checkpoints has come at a cost of increased ANDSF casualties,” DOD says. Consequently, “the ANDSF are being out-maneuvered by an overall numerically-inferior insurgent force. Furthermore, broadly emplaced checkpoints compound existing logistics and supply challenges.”53 In addition, overrunning small outposts can allow insurgents not only to inflict casualties, demoralize ANDSF units, discourage potential recruits, and undermine government control, but also to capture equipment, ammunition, and uniforms to use in other operations.

Another aspect of questionable use of ANDSF personnel, according to DOD, is that Afghan National Police members “are often . . . misemployed as personal bodyguards.”54 SIGAR has also heard of Afghan special-forces personnel assigned to defensive posts, and of trained medical personnel assigned to non-medical positions. Meanwhile, despite the ANDSF’s
Numerical and equipment advantages, DOD reports that “they remain reluctant to pursue the Taliban into their traditional safe havens.”

But reducing the numbers of ANDSF assigned to outpost or checkpoint duty, stopping their diversion to bodyguard work, and motivating units to do active patrols and seize operational initiative would not automatically improve the outcome against the insurgents. The Taliban, DOD assesses, react to changing facts on the ground:

The insurgency’s strategy will continue to be to exploit vulnerabilities in ANDSF force posture by conducting massed attacks against checkpoints, stretch the reach of the ANDSF into rural areas, isolate areas by staging smaller attacks in the surrounding areas, and impede ground lines of communication ahead of attacks against district or provincial centers. The Taliban-led insurgency has likely been emboldened by the coalition’s transition from direct combat operations to a TAA [train, advise, and assist] role and the accompanying reduction of coalition combat enablers. As a result, the Taliban will continue to test the ANDSF aggressively in 2016.

Several DOD witnesses at congressional hearings have made the point—correctly—that the Taliban have been unable to hold populated areas like Kunduz or other strategic ground for very long. On the other hand, they do not have to. As DOD also says, “Even when the ANDSF are able to regroup and reclaim key population centers and symbols of Afghan governance, this undermines public confidence that the government can protect the Afghan people and overshadows the numerous successes the ANDSF have had in clearing insurgent sanctuaries.”
Further, even if insurgents feel compelled to avoid open battles with government soldiers and police, they can still do a great deal to damage their adversary and undermine its popular support. Electric-power systems, for example, are a tempting target with a big payoff for insurgents. As the congressionally chartered National Research Council noted in a 2012 report on U.S. electric infrastructure, “The power grid is inherently vulnerable physically because it is spread across hundreds of miles, and many key facilities are unguarded.” The transformers that adjust voltage at transmission and distribution substations are a “particular concern,” the Council warned, as well as system sensors and controls. Even bullets hitting power-line insulators can cause outages, create electrocution hazards, and require expensive repairs. These are serious concerns for power companies in the United States; Afghanistan’s security and economic situation magnify the threat and the impact of sabotage there.

In January 2016, for example, insurgents destroyed one electric-transmission tower and damaged two others, temporarily cutting off much of Kabul’s already-sparse electricity service and affecting several other provinces. A spokesman for the national power company reported that insurgents had also cut cables or damaged transmission towers in southwestern Afghanistan more than 2,000 times in 2015, reducing or interrupting the flow of Kajaki Dam hydropower into Helmand and Kandahar Provinces.

Insurgents can also direct their antigovernment energies into less dramatic channels. For example, in 1944, the American Office of Strategic Services published a Simple Sabotage Field Manual advising citizens of Nazi-occupied European countries on ways to undermine the occupiers. They included nonviolent techniques such as breaking tools, “displaying surliness or stupidity” in the workplace, adding abrasives to engines or sawdust to fuel, and referring all questions to committees of “never less than five” to delay action.

Taliban infiltrators or sympathizers in Afghan government agencies or businesses could increase use of such wrecking or obstructing techniques to undermine government, military, or economic processes without giving themselves away. The prospect of adversaries’ changing strategy and tactics requires the Kabul government and its RS advisers to be ready to adjust their own measures, such as bolstering police and intelligence services if their military and paramilitary forces find they are facing fewer active opponents in the field. Doing so, of course, requires accurate information, cooperation, and ability to execute change.

The frustrating realities of the asymmetrical warfare typical of insurgencies impose some serious limits on what effective reconstruction programs and vigorous oversight can accomplish. An essential factor in the outcome will be ministerial, military, and police leadership that can be supplied only by the Afghans themselves.
CONCLUSION
The five challenges of limited oversight visibility, questionable force-strength, unreliable capability assessments, limited on-budget assistance capacity, and uncertain long-term sustainability of Afghan forces identified through SIGAR’s body of work, call into question the capability and effectiveness of the ANDSF—both now and in the future—and raise concerns about our efforts to give them the tools and resources they need to fight on their own. The U.S. ability to influence operational outcomes on the ground is constricting, while ANDSF capability has not correspondingly risen.

The United States and its allies have promised continued financial assistance for the ANDSF, but under the current plan to make further reductions in U.S. force strength, the ANDSF will be increasingly left not only with their own capability gaps in air support, signals, intelligence, and other areas highlighted by U.S. commanders, but without the ability to call on U.S. and Coalition military components for help. Furthermore, without the strong monitoring and mentoring arm of U.S. and Coalition troops, it is increasingly questionable whether the ANDSF will develop into a robust and sustainable force.

Security is the bedrock component of U.S. efforts to rebuild Afghanistan. But as noted earlier, the security and other elements of reconstruction depend upon and must reinforce one another. British military doctrine made this point more than 20 years ago: “There has never been a purely military solution to revolution; political, social, economic and military measures all have a part to play in restoring the authority of a legitimate government.”

In like spirit, DOD told Congress, “The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is reconciliation and a political settlement with the Taliban.” A purely military strategy may have the appeal of simplicity, but a RAND Corporation study found “strong evidence” against the “crush them” approach, which failed in 23 of 33 counterinsurgency campaigns that tried it.

Unless the ANDSF can provide an effective shield for other aspects of reconstruction such as electoral reform, anticorruption measures, rule of law, and economic development, Afghan insurgents may never feel the need to compromise their agenda. Without serious and sustained pressure to compromise, insurgents could block the official U.S. goal of “a sovereign and stable partner in Afghanistan that is not a safe haven for international terrorists.” That prospect makes intensified attention to the fighting power, use, and adaptability of the ANDSF a necessity for reconstruction to withstand the violent forces eroding security.
“The reconstruction effort in Afghanistan is in a perilous state. Afghanistan has had the lead responsibility for its own security for more than a year now, and is struggling with a four-season insurgency, high attrition, and capability challenges.”

—Special Inspector General John F. Sopko