

# 3 RECONSTRUCTION UPDATE



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**Photo on previous page**

An Afghan policeman chats with an apple seller at an outdoor market. The European Union Police Mission in Afghanistan is helping to build a civilian community-policing service in Afghanistan. (EUPOL photo)

## RECONSTRUCTION UPDATE

### OVERVIEW

A year after the Afghan National Defense and Security Forces (ANDSF) assumed lead responsibility for Afghan security, several high-ranking U.S. officials testified this quarter before congressional committees on the dire situation in Afghanistan.

General John F. Campbell, then commander of the Resolute Support (RS) mission and U.S. Forces-Afghanistan (USFOR-A), informed the Senate Armed Services Committee (SASC) in February 2016 that Afghanistan had not achieved an enduring level of security and stability that would allow for a reduction in U.S. support. National Intelligence Director James Clapper told the SASC that the intelligence community believes “fighting in 2016 will be more intense than 2015, continuing a decade-long trend of deteriorating security.”

In March, General Campbell handed over command of RS and USFOR-A in Afghanistan to General John W. Nicholson Jr., who within 90 days of confirmation is to provide his assessment of the conditions in Afghanistan and the necessary U.S. troop strength. According to USFOR-A, the ANDSF suffered 6,637 personnel killed and 12,471 wounded in 2015. In the first two months of 2016, an additional 820 members of the Afghan security forces were killed in action and 1,389 were wounded.

During this reporting period, insurgent activity continued across Afghanistan, and U.S. and British forces returned to Helmand province to support and train the beleaguered Afghan National Army (ANA) 215th Corps operating there. A lull in fighting reported during the poppy harvest was short-lived: the Taliban announced April 12, 2016, as the start date of their spring offensive.

In February, the Afghan Minister of the Interior resigned, frustrated by increased police and civilian casualties that he linked to the government’s lack of attention. He later accepted an appointment as Afghanistan’s ambassador to the Netherlands. A senior Helmand police official predicted that unless corruption were controlled, the security situation would not improve. In April, Taj Mohammad Jahid, a former ANA 207th Corps commander, was confirmed as the new minister.

# RECONSTRUCTION UPDATE

The delivery of eight A-29 Super Tucano light-attack aircraft to the Afghan Air Force during this reporting period is expected to improve ANDSF performance during the upcoming fighting season.

Nicholas Haysom, Special Representative of the United Nations (UN) Secretary-General and head of the UN Assistance Mission in Afghanistan, briefed the UN Security Council that 2016 will be a challenging year, saying “survival will be an achievement for the National Unity Government.” Haysom identified a fractious political elite, the erosion of the sense of national unity, and reduced confidence in the future as significant political challenges. He also warned of political consequences if election reforms are not implemented expeditiously.

In February, Democracy International (DI) released its survey of 215 Afghan parliamentarians. DI found that only 7% of parliamentarians believe Afghanistan is moving in the right direction. Respondents named poor governance (26%), neighboring countries’ behavior or policies (25%), and insecurity (21%) as the main reasons for pessimism. Parliamentarians are generally dissatisfied with President Ashraf Ghani’s performance, with nearly 45% very dissatisfied and 19% somewhat dissatisfied. Parliamentarians were also dissatisfied with Chief Executive Abdullah Abdullah, with more than half very dissatisfied and 20% somewhat dissatisfied.

In March, the federal Broadcasting Board of Governors and the Gallup opinion-research organization released the results of a survey of 2,500 Afghans that found deep public dissatisfaction with the Afghan government. Nearly 81% of respondents said they were somewhat or very dissatisfied with the performance of the national-unity government, while 17% said they were somewhat or very satisfied. Additionally, nearly 69% said their lives had gotten somewhat worse or much worse over the past year and almost 46% predicted their life would get even worse in the next year.

The continued decline in Afghanistan’s economic growth rate remains a concern, according to the UN Secretary-General. The World Bank expects a slow recovery over the next three years with Afghan economic-growth prospects dependent on stronger government progress on reforms, political stabilization, and improving security.

This quarter, the Afghan government approved the fiscal year (FY) 1395 national budget (December 22, 2015–December 21, 2016). Donors are expected to finance approximately 68% of the \$6.5 billion budget, mostly through grants. Domestic revenues paid for less than 40% of last year’s (FY 1394) budget expenditures; donor contributions made up most of the difference. The Afghan government projects domestic revenues to increase by about 8.2% in FY 1395, chiefly from new and increased taxes, customs duties, and fees.

The State Department again listed Afghanistan as a major money-laundering country. Narcotics, corruption, and contract fraud are major

sources of the country's illegal revenues and laundered funds. In February, the Financial Action Task Force kept Afghanistan on its "gray list," meaning that while Afghanistan has deficiencies in the areas of strategic anti-money laundering and combating financing of terrorism, its government made a high-level political commitment to address those deficiencies, developed an action plan, and is making progress.

The United States has not yet finalized a revised counternarcotics (CN) strategy for Afghanistan, although it announced last year that it would revise its strategy to support the goals and objectives of the Afghan government's updated strategy. The Afghan government unveiled its new CN strategy, outlined in the National Drug Action Plan (NDAP), in October 2015.

The Ministry of Counter Narcotics (MCN) unveiled its second 100-day plan in early April; the first one was released in June 2015. CN efforts remain a challenge for the MCN given its limited capacity and the deteriorating security conditions in certain provinces. The U.S.-funded Good Performers' Initiative to incentivize provincial CN performance is being phased out by the State Department due to the MCN's lack of technical capacity.

Drug interdiction results this quarter continued to decline, as they have done since the withdrawal of Coalition forces. U.S. Special Forces recently began partnering with Afghan CN forces. Their impact on results will be assessed next quarter.

As of March 31, 2016, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$113.17 billion; however, FY 2016 allocations for State Department (State) and U.S. Agency for International Development foreign assistance accounts were still undergoing the 653(a) congressional-consultation process at the end of the fiscal quarter. State reported that draft allocations were expected to be provided to Congress in late April. Of the total cumulative amount appropriated for Afghanistan reconstruction, \$95.7 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. As of March 31, 2016, approximately \$10 billion of this amount remained available for potential disbursement.

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## STATUS OF FUNDS

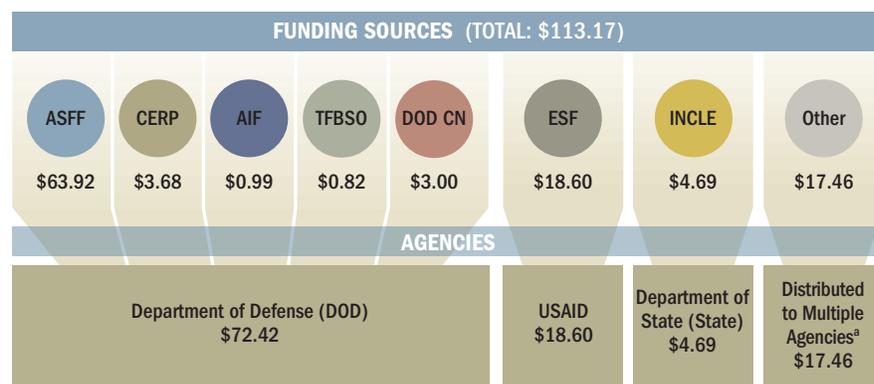
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of March 31, 2016, the United States had appropriated approximately \$113.17 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002. This total has been allocated as follows:

- \$68.44 billion for security (\$4.31 billion for counternarcotics initiatives)
- \$31.79 billion for governance and development (\$4.16 billion for counternarcotics initiatives)
- \$2.96 billion for humanitarian aid
- \$9.98 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. Final FY 2016 appropriation amounts for State and USAID were still being determined when this report went to press.

<sup>a</sup> Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, Broadcasting Board of Governors (BBG), and SIGAR.

Source: DOD, response to SIGAR data calls, 4/19/2016, 4/18/2016, 4/12/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 4/8/2016, 4/7/2016, 10/20/2015, 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, 4/9/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 4/1/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2016," 4/15/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# STATUS OF FUNDS



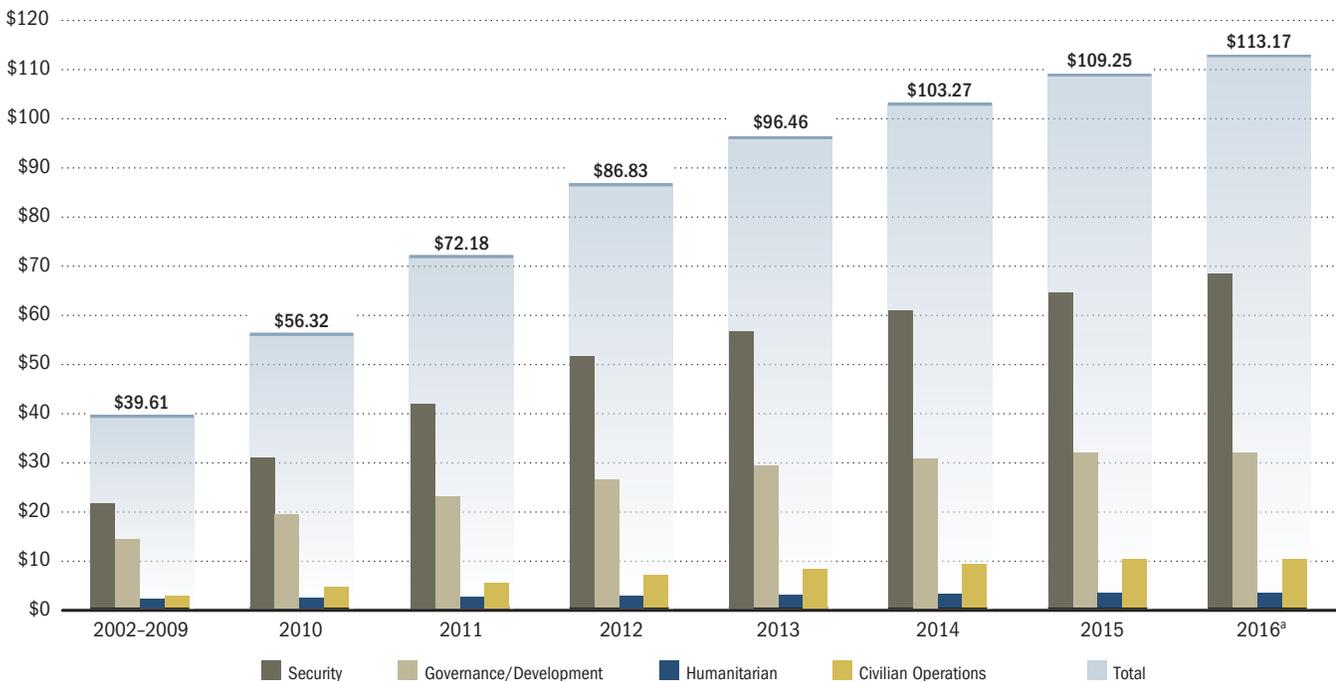
The amount provided to the seven major U.S. funds represents nearly 84.6% (nearly \$95.71 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 90.0% (more than \$86.11 billion) has been obligated, and nearly 84.8% (more than \$81.14 billion) has been disbursed. An estimated \$4.56 billion of the amount appropriated these funds has expired.

## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of March 31, 2016, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$113.17 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 \$8.47 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.31 billion) and governance and development (\$4.16 billion) categories. For complete information regarding U.S. appropriations, see Appendix B. FY 2016 allocations for the State Department (State) and U.S. Agency for International Development (USAID) foreign assistance accounts were still undergoing the 653(a) congressional consultation process at the end of the fiscal quarter. State reported that draft allocations were expected to be provided to Congress in late April.<sup>66</sup> The amount reported as appropriated for

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF MARCH 31, 2016 (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, and \$400 million from FY 2015 in Pub. L. No. 114-113. 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.

<sup>a</sup> Final FY 2016 appropriation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data calls, 4/19/2016, 4/18/2016, 4/12/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 4/8/2016, 4/7/2016, 10/20/2015, 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, 4/9/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 4/1/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2016," 4/15/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

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FY 2016 will increase from the \$3.92 billion shown in Figure 3.3 when funding levels for these accounts are determined.

The United States aims to channel at least 50% of its development assistance on-budget to the government of Afghanistan.<sup>67</sup> This assistance is provided either directly to Afghan government entities or via contributions to multilateral trust funds that also support the Afghan government's budget.<sup>68</sup> Since 2002, the United States has provided nearly \$10.10 billion in on-budget assistance. This includes about \$5.59 billion to Afghan government ministries and institutions, and over \$4.51 billion to three multinational trust funds—the World Bank's Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme's Law and Order Trust Fund for Afghanistan (LOTFA), and the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

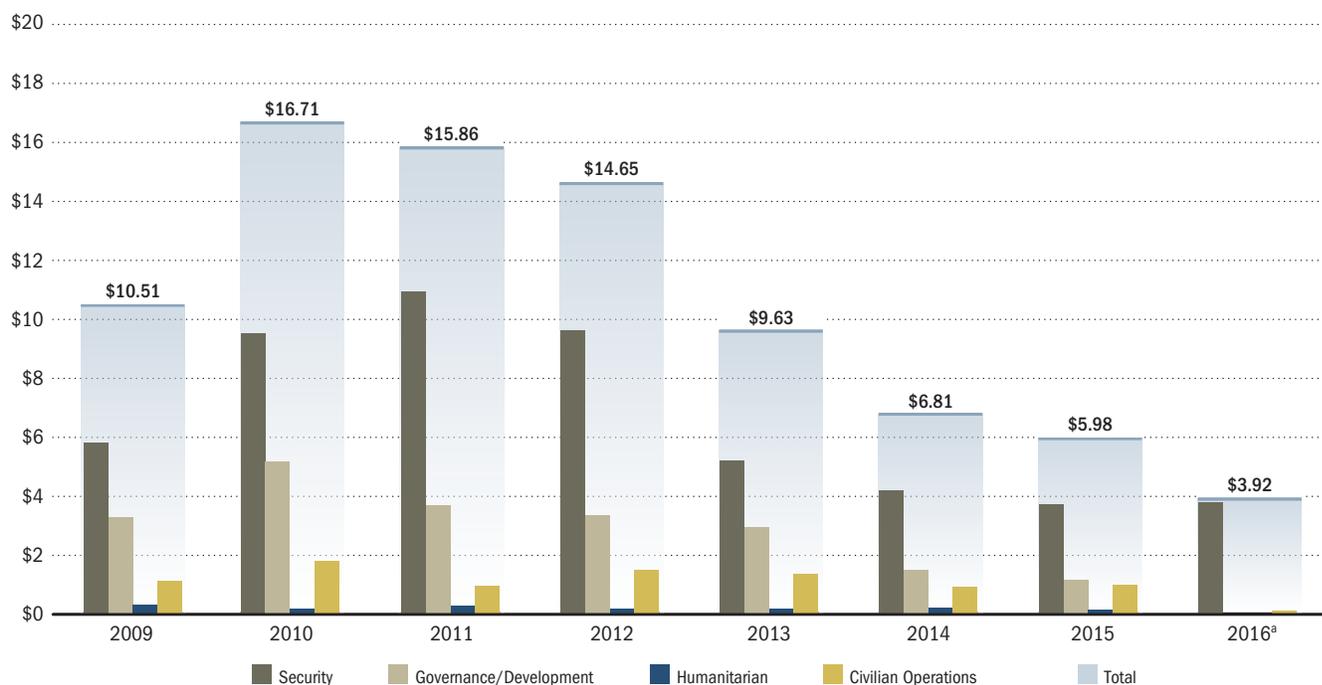
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
<b>Government-to-Government</b>	
DOD	\$4,946
State	92
USAID	549
<b>Multilateral Trust Funds</b>	
LOTFA	\$1,556
ARTF	2,842
AITF	113

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 March 31, 2016, USAID has obligated approximately \$1.2 billion for government-to-government assistance.

Source: DOD, response to SIGAR data call, 6/25/2015; USAID, response to SIGAR data call, 4/7/2016; World Bank, "ARTF: Administrator's Report on Financial Status as of February 19, 2016 (end of 2nd month of FY 1395)", p. 5; UNDP, response to SIGAR data call, 4/13/2016.

FIGURE 3.3

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



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, and \$400 million from FY 2015 in Pub. L. No. 114-113. 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.

<sup>a</sup> Final FY 2016 appropriation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data calls, 4/19/2016, 4/18/2016, 4/12/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 4/8/2016, 4/7/2016, 10/20/2015, 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, 4/9/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 4/1/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2016," 4/15/2016; Pub. L. Nos. 114-113, 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 \$113.17 billion for Afghanistan relief and reconstruction. Of this amount, \$95.71 billion (84.6%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

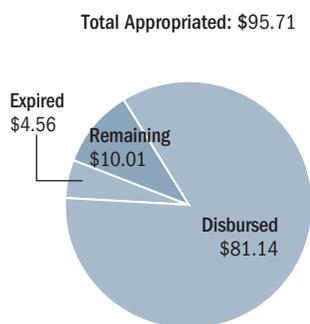


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2016 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$63.92	\$58.15	\$57.05	\$4.95
Commander's Emergency Response Program (CERP)	3.68	2.28	2.27	0.02
Afghanistan Infrastructure Fund (AIF)	0.99	0.64	0.49	0.15
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.64	0.11
DOD Drug Interdiction and Counter-Drug Activities (DOD CN)	3.00	2.88	2.88	0.12
Economic Support Fund (ESF)	18.60	17.08	14.16	3.75
International Narcotics Control & Law Enforcement (INCLE)	4.69	4.31	3.65	0.90
<b>Total 7 Major Funds</b>	<b>\$95.71</b>	<b>\$86.11</b>	<b>\$81.14</b>	<b>\$10.01</b>
Other Reconstruction Funds	7.48			
Civilian Operations	9.98			
<b>Total</b>	<b>\$113.17</b>			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$4.6 billion that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/19/2016.

As of March 31, 2016, approximately \$10.01 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 February 9, 2016, President Obama released his FY 2017 budget request. The request, if approved, would provide an additional \$4.8 billion for the major reconstruction funds, as shown in Table 3.3. Although FY 2016 allocations for State and USAID accounts were still being determined when this report went to press, the FY 2017 request for DOD reconstruction accounts is about 5% lower than the amount appropriated these accounts for FY 2016.

TABLE 3.3

FY 2017 AMOUNTS REQUESTED (\$ MILLIONS)	
Fund	Requested
ASFF	\$ 3,448.72
CERP	5.00
DOD CN	140.81
ESF	1,027.00
INCLE	185.00
<b>Total Major Funds</b>	<b>\$4,806.53</b>

# STATUS OF FUNDS

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, nearly \$1.10 billion remained for possible disbursement, as of March 31, 2016, as shown in Table 3.4 and Figure 3.5.

TABLE 3.4

<b>FY 2014 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED</b> (\$ MILLIONS)				
	<b>Appropriated</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Remaining</b>
ASFF	\$3,962.34	\$3,956.29	\$3,739.76	\$216.53
CERP	30.00	6.62	6.44	0.19
AIF	144.00	0.00	0.00	0.00
TFBSO	122.24	106.82	85.84	20.98
DOD CN	238.96	238.96	238.96	0.00
ESF	907.00	835.95	167.18	668.77
INCLE	225.00	224.74	34.64	190.10
<b>Total Major Funds</b>	<b>\$5,629.54</b>	<b>\$5,369.38</b>	<b>\$4,272.81</b>	<b>\$1,096.56</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$260 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/19/2016.

Congress appropriated more than \$4.80 billion to four of the seven major reconstruction funds for FY 2015. Of that amount, almost \$1.94 billion remained for possible disbursement, as of March 31, 2016, as shown in Table 3.5 and Figure 3.6.

TABLE 3.5

<b>FY 2015 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED</b> (\$ MILLIONS)				
	<b>Appropriated</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Remaining</b>
ASFF	\$3,709.33	\$3,223.92	\$2,851.96	\$857.38
CERP	10.00	3.37	1.55	1.82
ESF	831.90	2.00	0.00	831.90
INCLE	250.00	8.06	6.03	243.97
<b>Total Major Funds</b>	<b>\$4,801.23</b>	<b>\$3,237.35</b>	<b>\$2,859.54</b>	<b>\$1,935.07</b>

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

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/19/2016.

FIGURE 3.5

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

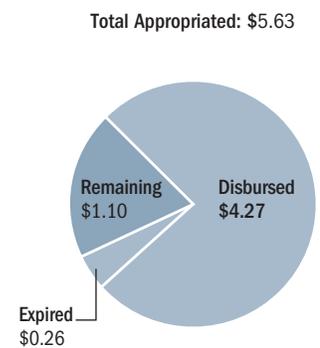
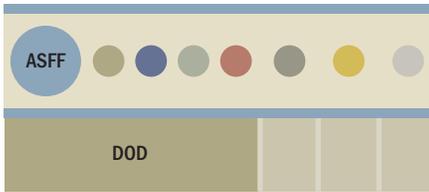


FIGURE 3.6

**FY 2015 AMOUNT REMAINING TO BE DISBURSED** (\$ BILLIONS)



# STATUS OF FUNDS



## ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

## AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.<sup>69</sup> The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.<sup>70</sup> A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.<sup>71</sup>

The Consolidated Appropriations Act, 2016, appropriated more than \$3.65 billion for the ASFF for FY 2016, increasing total cumulative funding to more than \$63.92 billion.<sup>72</sup> As of March 31, 2016, nearly \$58.15 billion of total ASFF funding had been obligated, of which nearly \$57.05 billion had been disbursed.<sup>73</sup> Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by nearly \$437.82 million over the quarter, and cumulative disbursements increased by nearly \$848.99 million.<sup>74</sup> Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR  
(\$ BILLIONS)

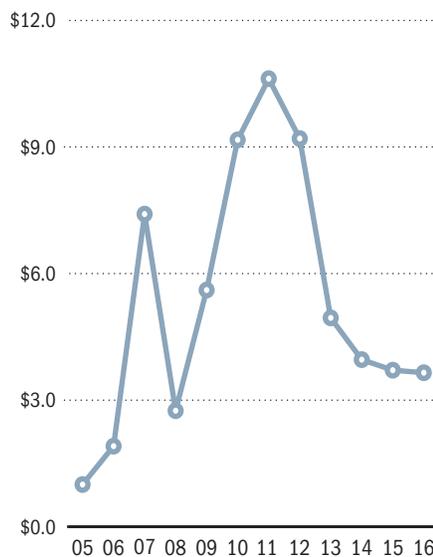
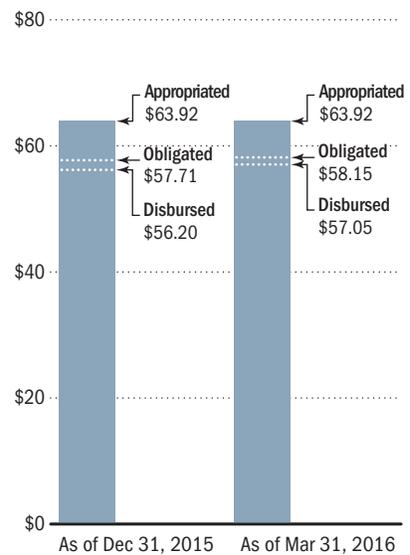


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects reprogramming actions and rescissions. DOD reprogrammed \$1 billion of FY 2011, \$1 billion of FY 2012, and \$178 million of FY 2013 out of the ASFF to fund other DOD requirements. Pub. L. No. 113-6 rescinded \$1 billion from FY 2012. Pub. L. No. 113-235 rescinded \$764.38 million from FY 2014. Pub. L. No. 114-113 rescinded \$400 million from FY 2015.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2016," 4/15/2016; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2015," 1/16/2016; Pub. L. Nos. 114-113, 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 (primarily Afghan National Army (ANA))
- Interior Forces (primarily Afghan National Police (ANP))
- Related Activities (primarily detainee operations)

Funds for each **budget activity group** are further allocated to four **subactivity groups**: infrastructure, equipment and transportation, training and operations, and sustainment.<sup>75</sup> The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any non-standard equipment requirement in excess of \$100 million.<sup>76</sup>

As of March 31, 2016, DOD had disbursed nearly \$57.05 billion for ANDSF initiatives. Of this amount, more than \$38.19 billion was disbursed for the ANA, and nearly \$18.47 billion was disbursed for the ANP; the remaining \$388.37 million was directed to related activities.<sup>77</sup>

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than \$16.01 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$7.68 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.<sup>78</sup>

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

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

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

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005–MAR 31, 2016 (\$ BILLIONS)

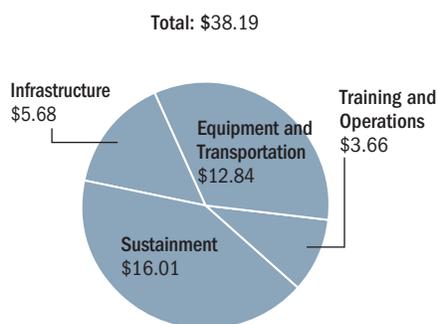
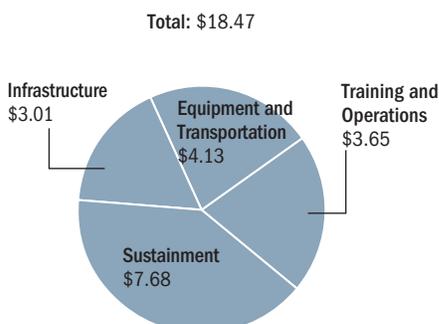


FIGURE 3.10

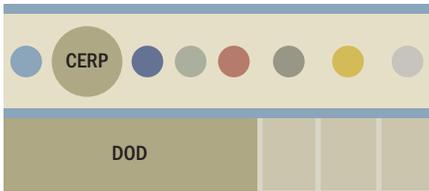
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–MAR 31, 2016 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2016," 4/15/2016.

# STATUS OF FUNDS



## CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

## COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than \$500,000 each.<sup>79</sup> CERP-funded projects may not exceed \$2 million each.<sup>80</sup>

The Consolidated Appropriations Act, 2016, appropriated \$5 million for CERP, increasing total cumulative funding to more than \$3.68 billion.<sup>81</sup> Of this amount, DOD reported that more than \$2.28 billion had been obligated, of which nearly \$2.27 billion had been disbursed as of March 31, 2016.<sup>82</sup> Figure 3.11 shows CERP appropriations by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.11

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

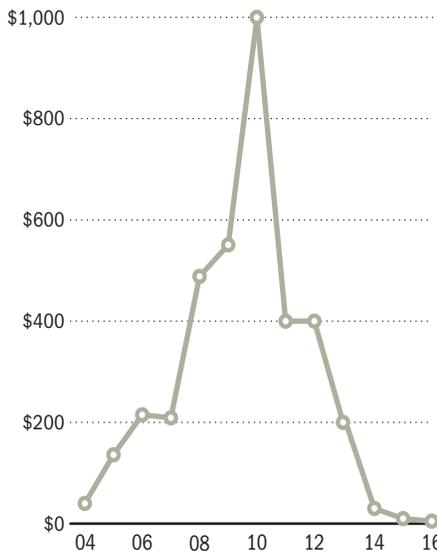
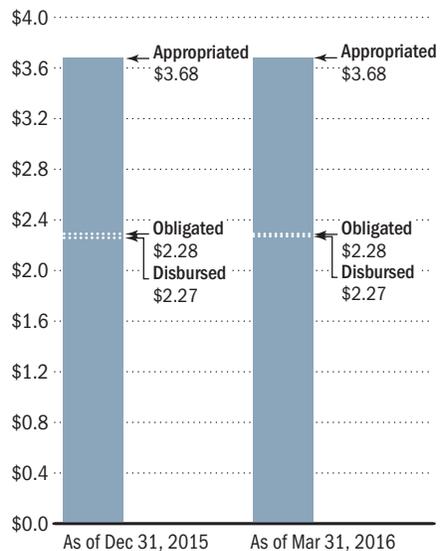


FIGURE 3.12

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



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

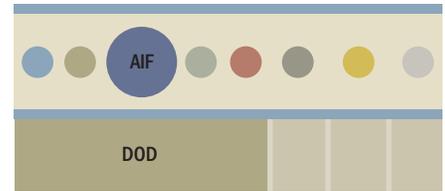
Source: DOD, response to SIGAR data calls, 4/19/2016 and 1/19/2016; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

## 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. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.<sup>83</sup> The AIF received appropriations from FY 2011 through FY 2014. Although the AIF no longer receives appropriations, many projects remain in progress. DOD may obligate up to \$50 million from FY 2016 ASFF to complete existing AIF projects.<sup>84</sup>

The AIF received cumulative appropriations of over \$1.32 billion; however, \$335.50 million of these funds were transferred to the Economic Support Fund for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to \$988.50 million.<sup>85</sup> Figure 3.13 shows AIF appropriations by fiscal year.

As of March 31, 2016, more than \$772.60 million of total AIF funding had been obligated, and more than \$500.37 million had been disbursed, as shown in Figure 3.14.<sup>86</sup>



### 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)

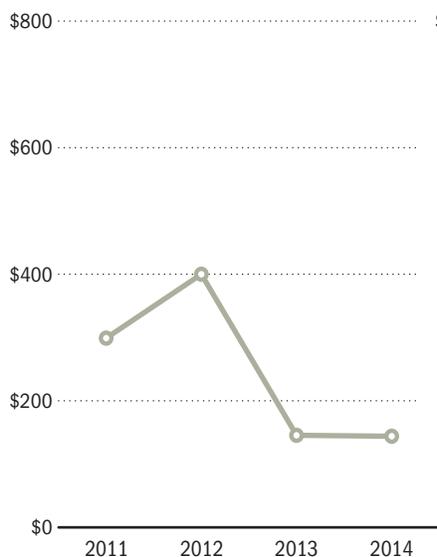
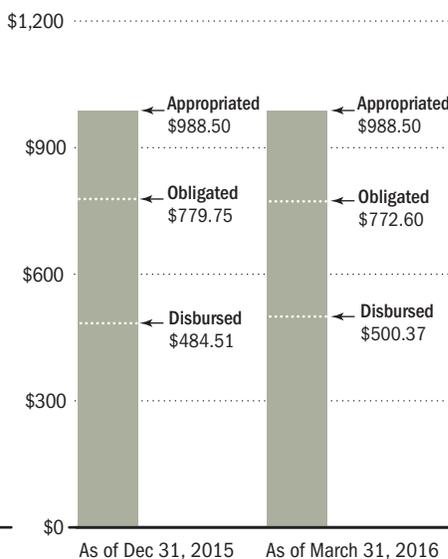


FIGURE 3.14

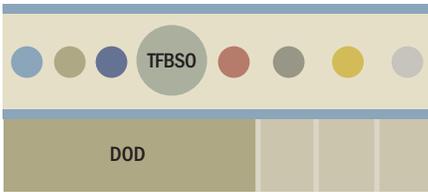
**AIF FUNDS, CUMULATIVE COMPARISON**  
(\$ MILLIONS)



Note: Numbers have been rounded. 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 March 2016," 4/15/2016; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2015," 1/16/2016; 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 Task Force for Business and Stability Operations (TFBSO) began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.<sup>87</sup>

Through March 31, 2016, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, nearly \$754.49 million had been obligated and nearly \$640.61 million had been disbursed.<sup>88</sup> Figure 3.15 displays the amounts appropriated for TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

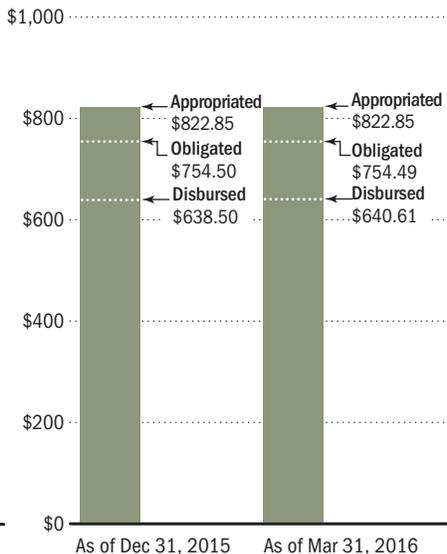
FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR  
(\$ MILLIONS)



FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON  
(\$ MILLIONS)



Note: Numbers have been rounded. Updated data resulted in a lower obligated figure than reported last quarter. Of the \$822.85 million appropriated for the TFBSO, \$366.05 million was from the Operations and Maintenance, Army, account to pay for the sustenance of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

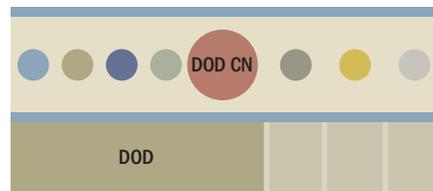
Source: DOD, response to SIGAR data calls, 4/18/2016, 1/13/2016, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, 112-10.

## DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

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.<sup>89</sup>

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.<sup>90</sup>

DOD reported that DOD CN received nearly \$142.39 million for Afghanistan for FY 2016, bringing cumulative funding for DOD CN to more than \$3 billion since FY 2004. Of this amount, more than \$2.88 billion had been transferred to the military services and defense agencies for DOD CN projects, as of March 31, 2016.<sup>91</sup> Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



### DOD CN FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

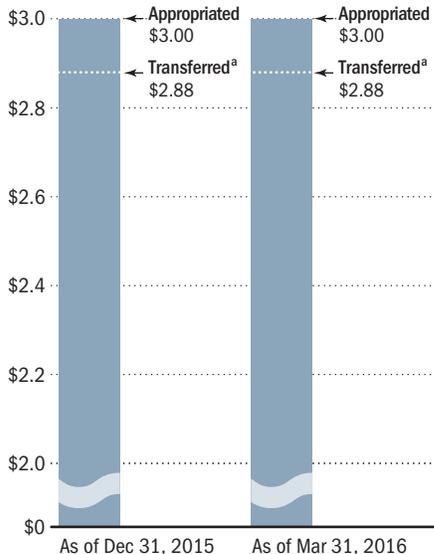
FIGURE 3.17

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



FIGURE 3.18

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

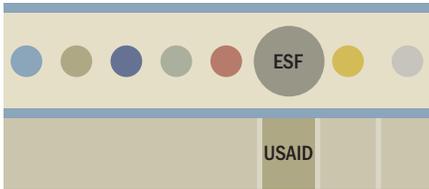


Note: Numbers have been rounded. Prior-year adjustments are done periodically to reflect deobligation and/or realignment of multi-year procurement funding. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the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

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

Source: DOD, response to SIGAR data calls, 4/12/2016 and 12/29/2015; 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

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.<sup>92</sup>

When this report went to press, final FY 2016 funding levels for the ESF had not been determined. USAID reported that cumulative funding for the ESF amounted to nearly \$18.60 billion, including amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, more than \$17.08 billion had been obligated, of which nearly \$14.16 billion had been disbursed.<sup>93</sup> Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of March 31, 2016, increased by more than \$20.19 million and cumulative disbursements increased by more than \$438.23 million from the amounts reported last quarter.<sup>94</sup> Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

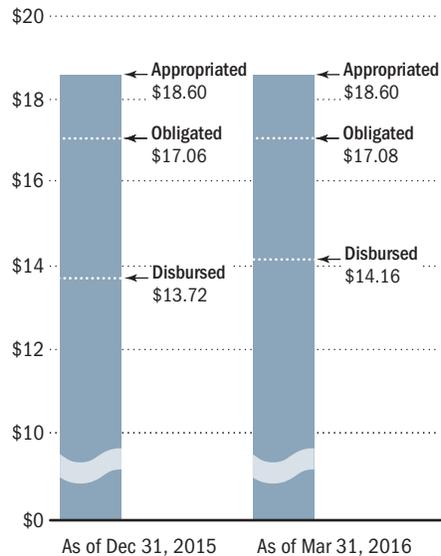
FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR  
(\$ BILLIONS)



FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflect 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 2016 ESF appropriation amount will be determined after State completes the 653(a) congressional consultation process.

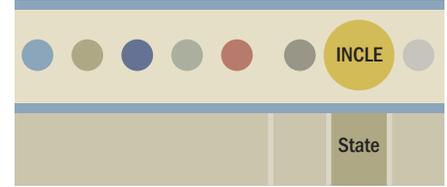
Source: USAID, response to SIGAR data calls, 4/9/2016 and 1/11/2016; State, response to SIGAR data calls, 1/13/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

## INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages the International Narcotics Control and Law Enforcement (INCLE) account which funds projects and programs for advancing rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.<sup>95</sup>

When this report went to press, final FY 2016 funding levels for INCLE had not been determined. State reported that cumulative funding for INCLE amounted to more than \$4.69 billion. Of this amount, more than \$4.31 billion had been obligated, of which nearly \$3.65 billion had been disbursed.<sup>96</sup> Figure 3.21 shows INCLE appropriations by fiscal year.

State reported no change in cumulative obligations during the quarter, but cumulative disbursements as of March 31, 2016, increased by more than \$49.13 million over cumulative disbursements as of December 31, 2015.<sup>97</sup> Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



### INL FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

FIGURE 3.21

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

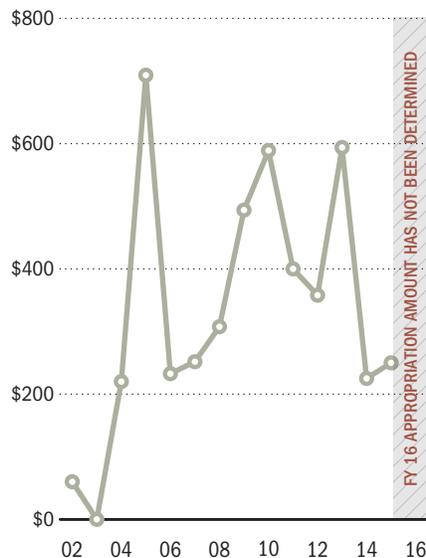
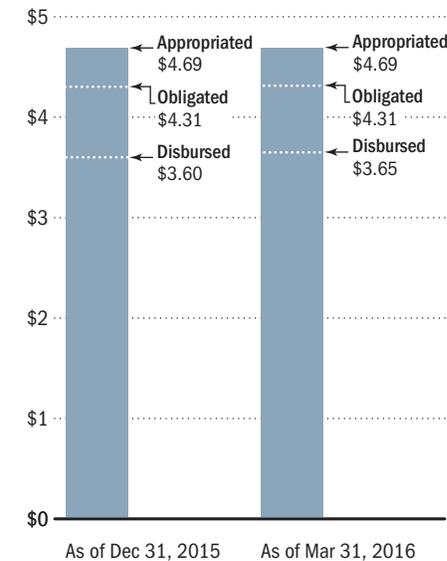


FIGURE 3.22

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



Note: Numbers have been rounded. Data may include inter-agency transfers. FY 2016 INCLE appropriation amount will be determined after State completes the 653(a) Congressional consultation process.

Source: State, response to SIGAR data calls, 4/7/2016 and 1/13/2016.

## 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. Most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).<sup>98</sup>

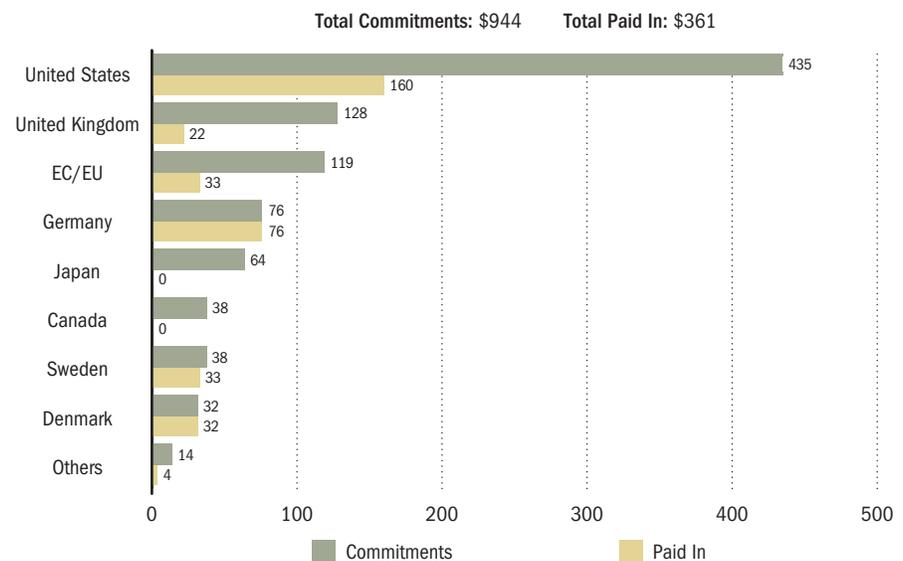
### Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to February 19, 2016, the World Bank reported that 34 donors had pledged nearly \$9.53 billion, of which nearly \$8.95 billion had been paid in.<sup>99</sup> According to the World Bank, donors had pledged nearly \$943.92 million to the ARTF for Afghan fiscal year 1395, which runs from December 22, 2015, to December 21, 2016.<sup>100</sup> Figure 3.23 shows the eight largest donors to the ARTF for FY 1395.

As of February 19, 2016, the United States had pledged nearly \$3.12 billion and paid in more than \$2.84 billion since 2002.<sup>101</sup> The United States and

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1395 BY DONOR, AS OF FEBRUARY 19, 2016 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1395 = 12/22/2015–12/21/2016.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of February 19, 2016 (end of 2nd month of FY1395)," p. 1.

# STATUS OF FUNDS

the United Kingdom are the two biggest donors to the ARTF, together contributing over 49% of its total funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.<sup>102</sup> As of February 19, 2016, according to the World Bank, more than \$3.73 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.<sup>103</sup> The RC Window supports the operating costs of the Afghan government because the government’s domestic revenues continue to be insufficient to support its recurring costs. To ensure that the RC Window receives adequate funding, donors to the ARTF may not “preference” (earmark) more than half of their annual contributions for desired projects.<sup>104</sup>

The Investment Window supports the costs of development programs. As of February 19, 2016, according to the World Bank, more than \$4.15 billion had been committed for projects funded through the Investment Window, of which nearly \$3.29 billion had been disbursed. The World Bank reported 21 active projects with a combined commitment value of nearly \$2.82 billion, of which nearly \$1.96 billion had been disbursed.<sup>105</sup>

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

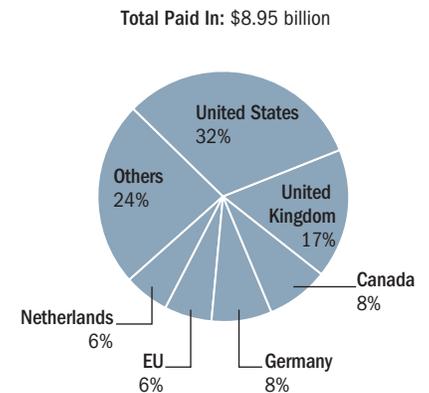
The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).<sup>106</sup> Since 2002, donors have pledged nearly \$4.66 billion to the LOTFA, of which nearly \$4.49 billion had been paid in, as of April 11, 2016. UNDP reported that the United States had committed more than \$1.64 billion since the fund’s inception and had paid in nearly \$1.56 billion of the commitment.<sup>107</sup> Figure 3.25 shows the four largest donors to the LOTFA since 2002.

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. The Phase VIII budget is divided between two individual projects. Over \$850.56 million is for the Support to Payroll Management (SPM) project that aims to develop the capacity of the Afghan government to independently manage all non-fiduciary aspects of its pay budget for the ANP and Central Prisons Directorate (CPD) staff by December 31, 2016.<sup>108</sup> While capacity building is an important aspect of the project, most SPM project funding—nearly \$842.44 million—will be transferred from the UNDP Country Office to the Ministry of Finance (MOF) for ANP and CPD staff remunerations.<sup>109</sup> The MOI and Police Development (MPD) project is budgeted the remaining \$33 million. The MPD project focuses on institutional development of the MOI and police professionalization of the ANP.<sup>110</sup>

From July 1, 2015, through December 31, 2015, UNDP had expended more than \$237.05 million on the SPM project—a delivery rate of approximately 84%. Of this amount, \$235.71 million was transferred to the MOF to pay for ANP and CPD staff. In addition, nearly \$6.27 million was expended on the MPD project.<sup>111</sup>

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–FEBRUARY 19, 2016

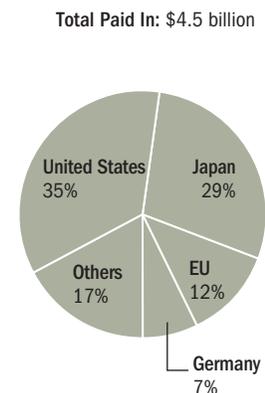


Note: Numbers have been rounded. EU = European Union. “Others” includes 28 donors.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of February 19, 2016 (end of 2nd month of FY1395),” p. 5.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF APRIL 11, 2016



Note: Numbers have been rounded. EU = European Union. “Others” includes 26 donors.

Source: UNDP, response to SIGAR data call, 4/13/2016.

## SECURITY CONTENTS

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## SECURITY

As of March 31, 2016, the U.S. Congress had appropriated more than \$68.4 billion to support the Afghan National Defense and Security Forces (ANDSF). This accounts for 60% of all U.S. reconstruction funding for Afghanistan since fiscal year (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 \$63.9 billion appropriated for the ASFF, \$58.1 billion had been obligated and \$57 billion disbursed.<sup>112</sup>

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

### KEY ISSUES AND EVENTS THIS QUARTER

#### Top U.S. Officials Testify on Challenges for the ANDSF

During this reporting period, several high-ranking U.S. officials testified before congressional committees on the situation in Afghanistan a year after the ANDSF assumed lead responsibility for Afghan security on January 1, 2015.

Then Resolute Support (RS) and U.S. Forces-Afghanistan (USFOR-A) commander General John F. Campbell informed the Senate Armed Services Committee (SASC) in February 2016 that Afghanistan had not achieved an enduring level of security and stability that would allow for a reduction in U.S. support.<sup>113</sup> Campbell also said that while the ANDSF has other capability gaps, he assessed at least 70% of the problems facing the Afghan security forces are a result of poor leadership.<sup>114</sup> Also that month, National Intelligence Director James R. Clapper told the SASC that the intelligence

**As this SIGAR Quarterly Report went to press, the Afghan Interior Ministry announced the death toll from an April 19 Taliban attack in central Kabul had risen to 64. Another 347 people, mostly civilians, were wounded. The incident began with a suicide car-bomb explosion, followed by an attack with firearms. The attack came a week after the Taliban announced the start of its annual spring offensive.**

Source: Radio Free Europe, "Death Toll From Kabul Attack Rises To 64," 4/20/2016.

“Without international funding, the ANSF will probably not remain a cohesive or viable force.”

—James R. Clapper,  
Director of National Intelligence

Source: Senate Armed Services Committee, Statement for the Record of James R. Clapper, “Worldwide Threat Assessment of the US Intelligence Community,” 2/9/2016.

**Enablers:** support units that provide services needed to keep the combat units operational; such as logistics, maintenance, medical, transportation, intelligence, and close-air support.

Source: MilitaryFactory.com, “U.S. DoD Terminology: enabling force,” accessed 4/15/2016.



**Then U.S. Central Command** Commander General Lloyd J. Austin, Chairman of the Joint Chiefs of Staff Marine General Joseph F. Dunford Jr., and outgoing Resolute Support Commander General John F. Campbell at Headquarters Resolute Support Mission in Kabul, Afghanistan, March 2, 2016. (DOD photo by D. Myles Cullen)

community believes “fighting in 2016 will be more intense than 2015, continuing a decade-long trend of deteriorating security.”<sup>115</sup>

During testimony before the Operations and Investigation Subcommittee of the House Armed Services Committee (HASC), a senior official with the Joint Chiefs of Staff reported insurgents control eight (2%) of the 407 districts in Afghanistan with an additional 18 (4%) under the influence of the Taliban.<sup>116</sup>

In a statement prepared for the SASC in March in advance of his confirmation as head of U.S. Central Command, General Joseph L. Votel, then commander of U.S. Special Operations Command, called on Pakistan to take decisive action against the Haqqani Network, which he described as the greatest threat to U.S. forces and the long-term stability of Afghanistan.<sup>117</sup>

Defense Intelligence Agency director Lieutenant General Vincent R. Stewart also told the HASC in testimony that the ANDSF struggled with high operational tempo and a lack of Coalition enablers in their first full year conducting independent operations. The director said these conditions led to uneven operations execution and, as a result, insurgents were able to expand their influence in rural areas. He contended that deploying specialized Afghan units and their enablers is necessary to secure key population centers.<sup>118</sup> However, in a media report, the commander of the ANA Special Operations Command expressed frustration with the misuse of the Afghan Special Forces, calling for them to be used for specific short-term missions instead of for defending territory.<sup>119</sup>

The U.S. Army Corps of Engineers (USACE) and the Air Force Civil Engineering Center have managed U.S.-reconstruction funded civilian and military infrastructure projects throughout Afghanistan. In testimony before the House Oversight and Government Reform Committee on rebuilding Afghanistan, a senior USACE official discussed efforts to build a construction industry in Afghanistan, working with small businesses, and teaching responsible construction management. That official told lawmakers that challenges such as violent insurgent activity and land-rights disputes have hampered construction efforts; however, the official warned that the cost of not continuing financial support to Afghan businesses includes their failure or increased site insecurity.<sup>120</sup>

## Fiscal Year 2017 ASFF Budget Justification

In February 2016, the Department of Defense (DOD) submitted to the U.S. Congress the Overseas Contingency Operations (OCO) Afghanistan Security Forces Fund (ASFF) budget justification for FY 2017. The total ASFF request for FY 2017 is \$3.45 billion, which is less than the previous fiscal year's appropriation of \$3.65 billion.<sup>121</sup>

ASFF, along with international and Afghan government funding, supports a force structure, operations, and sustainment for 195,000 ANA personnel, 157,000 ANP personnel, and 30,000 Afghan Local Police (ALP) personnel

for a total authorized force strength of 382,000. The total amount required to support the ANDSF during FY 2017 is \$4.9 billion, of which international donors will fund \$915 million, and the Afghan government will fund \$544 million.<sup>122</sup>

## Resolute Support Change of Command

During a ceremony at Resolute Support headquarters on March 2, 2016, General John W. Nicholson Jr. took over command from General John F. Campbell.<sup>123</sup> The new commander of RS and USFOR-A is on his fourth tour in Afghanistan. His predecessor departs after 18 months that included the transition from a combat mission to a train-advise-and-assist mission.<sup>124</sup>

Within 20 days of assuming command, General Nicholson, accompanied by his wife and the acting Afghan ministers of Defense and Interior, visited Kunduz to meet with local leaders and to apologize to the family members of those who died in a mistaken U.S. attack on a Medecins Sans Frontieres hospital last October.<sup>125</sup> A senior DOD official reported to Congress that a project is under way to rebuild the hospital.<sup>126</sup>

General Nicholson is to provide an assessment, within 90 days of his confirmation, of the conditions in Afghanistan and the recommended U.S. troop strength required for the counterterrorism and the train, advise, and assist missions.<sup>127</sup> In March, U.S. Central Command commander General Lloyd J. Austin advised Congress that a review of the plan to reduce U.S. troop strength by the end of 2016 is appropriate, as the facts change and the



**Then U.S. Central Command** Commander General Lloyd Austin, outgoing RS and USFOR-A Commander General John Campbell, NATO Senior Civilian Representative Ambassador Aramaz, and incoming RS and USFOR-A Commander John Nicholson at Headquarters Resolute Support Mission in Kabul, Afghanistan, March 2, 2016. (DOD photo)

“We’re not trying to create a Western-style society here. We’re looking at an adequate level of security to prevent the re-emergence of transnational terrorist threats.”

—Lieutenant General John W. Nicholson Jr., commander of U.S. and NATO troops in Afghanistan

Source: Senate Armed Services Committee, “Hearing on Nicholson Nomination,” 1/28/2016.

**The Taliban fighting season, named Operation Omari after the late Taliban leader, began April 12, 2016. The Taliban vowed to control more territory and launch large-scale attacks against the Kabul government and its foreign allies. The MOD announced the Afghan counteroffensive Operation Shafaq.**

Source: *WSJ.com*, “Taliban Announce Spring Offensive in Afghanistan,” 4/12/2016.

assumptions made are no longer valid.<sup>128</sup> Also in March, General Nicholson acknowledged the high number of ANDSF casualties and the fighting period extending into the usual winter lull has put the NATO training of the ANDSF troops behind schedule.<sup>129</sup>

## The Deteriorating Security Situation in Afghanistan

Since the international Operation Enduring Freedom mission ended in 2014, the Taliban have spread their fight across most of the country, forcing Afghan forces to spread their own assets thin.<sup>130</sup> Afghan security officials report that ANDSF casualties have increased sharply since assuming full control of the security responsibilities from the Coalition forces at the start of last year. According to USFOR-A, the ANDSF suffered 6,637 personnel killed and 12,471 wounded in 2015.<sup>131</sup> In the first two months of 2016, an additional 820 members of the Afghan security forces were killed in action and 1,389 were wounded.<sup>132</sup> According to Afghan security officials, the Afghan army is enduring an average of four fatalities daily, mainly due to improvised explosive device (IED) attacks.<sup>133</sup>

As the security situation deteriorated in Kabul, several U.S. agencies reported that restrictions on their movements were having an impact on their missions, including the U.S. Department of Treasury’s Office of Technical Assistance, the Department of Justice, and USAID’s Afghanistan Trade and Revenue project office.<sup>134</sup>

Helmand province, where much of Afghanistan’s opium is produced, has been under grave threat from the Taliban for months.<sup>135</sup> At the end of December, a provincial council member reported “severe challenges” in 13 districts with only two districts being calm.<sup>136</sup> The senior Afghan general in Helmand reported more than half the ANDSF deaths during the past 11 months occurred in Helmand.<sup>137</sup> In testimony to the upper house of parliament, senior Afghan security officials said the ANDSF had pulled out from some areas in Helmand and removed half of the province’s checkpoints in a “tactical retreat,” which along with the reorganization of the 215th Corps was to lessen the loss of troops and to prevent the Taliban from overrunning the province.<sup>138</sup> According to the 215th Corps commander, the ANA torched the three bases they evacuated.<sup>139</sup> A more permanent Coalition presence is returning to Helmand, with approximately 40 British and 20 U.S. forces at Camp Shorabak to advise and train the beleaguered 215th Corps.<sup>140</sup> The latest U.S. deployment included almost 500 troops in a support and force-protection role for the 20 advisors.<sup>141</sup> Afghan media reported that villagers in Sangin saw less-intense battles during the poppy harvest, but they expect fighting to intensify after the harvest.<sup>142</sup> The most senior Afghan police officer in Helmand said the security situation will not improve without controlling corruption.<sup>143</sup> A provincial councilman explained that police officials buy their positions, then recoup their money by selling lower-level appointments and ammunition. He said police officers

lost their lives when the check-post commander lacked money to pay for ammunition.<sup>144</sup>

In March, the Afghanistan Analysts Network reported that the Taliban is supplementing its existing military structure of a *mahaz* (front) system with a *qet'a* (unit) system.<sup>145</sup> The *qet'a* are larger groups with subgroups of 20 permanent fighters, who are moved when and where needed, and who receive rotational training to include instruction on ANDSF weaponry.<sup>146</sup> In some areas the *qet'a*s were reported to have locals dismantle captured ANA and ANP bases and checkpoints so the ANDSF cannot quickly reestablish their presence.<sup>147</sup> In contrast, the *mahaz* are a multi-level hierarchy of provincial and district commanders with groups of 10–30 fighters under a local commander. Each *mahaz* contributes men to an offensive operation, who return to their home area afterward.<sup>148</sup> At present, provinces with contested districts are reported to have *qet'a*s in place.<sup>149</sup>

The United Nations (UN) Secretary-General assessed that the conflict grew in intensity and scope in 2015, resulting in high casualties and displacement among Afghan civilians, while the ANDSF faced significant challenges in effectively countering threats from insurgent groups across the country.<sup>150</sup> The UN recorded 22,634 security incidents in 2015—a 3% increase compared to 2014—and the second-highest count since 2001.<sup>151</sup>

The majority (70%) of security incidents in 2015 continued to be in the south, southeast, and east, with Ghazni, Helmand, Kandahar, Kunar, and Nangarhar as the most volatile provinces.<sup>152</sup> The UN reported the Taliban temporarily captured 24 district centers throughout the country, in addition to temporarily seizing the provincial capital of Kunduz, during 2015 as compared to three in 2014.<sup>153</sup>

USFOR-A reports that approximately 70.5% of the country's districts were under Afghan government control or influence as of November 27, 2015. Of the 407 districts within the 34 provinces, 287 districts were under government control or influence, 26 districts (6.4%) within 11 provinces were under insurgent control or influence, and 94 districts (23.1%) were “at risk.”<sup>154</sup>

According to USFOR-A, the RS mission determines district status by assessing five indicators of stability: governance, security, infrastructure, economy, and communications, as reflected in Table 3.6 on the following page.<sup>155</sup>

During 2015, the UN Assistance Mission in Afghanistan (UNAMA) documented 11,002 civilian casualties (3,545 persons killed and 7,457 injured), the highest number of civilian casualties recorded by the Mission since 2009.<sup>156</sup> The UN reported a series of high-profile attacks, targeting mainly civilians, occurred during December 2015–January 2016 at locations including Kandahar airport, the Indian and Pakistani consulates, the Spanish embassy, and a restaurant.<sup>157</sup> UNAMA reported that children accounted for one of every four civilian casualties, and women for one of every ten.<sup>158</sup> The UN recorded 255 incidents involving attacks against humanitarian

“What we have found historically is, if you take your eye off al-Qaeda, and if you don’t apply constant and direct pressure on al-Qaeda, they [have] the ability to regenerate very, very quickly.”

—Brigadier General Charles T. Cleveland, USFOR-A Chief of Communications

Source: *Washingtonpost.com*, “U.S. troops are back in restive Afghan province, a year after withdrawal,” 4/8/2016.

# SECURITY

TABLE 3.6

CATEGORIES USED BY RESOLUTE SUPPORT TO DETERMINE LEVEL OF DISTRICT STABILITY					
Stability Factor	INS Control 1	INS Influence 2	Neutral 3	GIROA Influence 4	GIROA Control 5
Governance	No DG or meaningful GIROA presence. INS responsible for governance.	No DG and limited GIROA governance. INS active and well supported.	NO DG present and limited GIROA governance.	DG present and GIROA governance active. INS active but have limited influence.	DG and GIROA control all aspects of governance. Limited INS presence.
Security	INS dominate area. No meaningful ANDSF presence.	ANDSF activities limited. Collapse of district is expected.	ANDSF and INS both present in strength. Neither is able to dominate the area.	ANDSF dominate although INS attacks are common.	ANDSF dominant. INS attacks are rare and ineffective.
Infrastructure	INS control all key infrastructure within the district.	INS control most of the key infrastructure but some GIROA control remains.	Control of key infrastructure routinely passes between GIROA and INS.	GIROA control most of the key infrastructure. INS seek to gain control but are largely ineffective.	GIROA control all key infrastructure. INS unable to compete for control.
Economy	INS control the local economy. No effective GIROA taxation or wages paid. GIROA supply routes are closed.	INS taxation is dominant. Some effective GIROA taxation and wages paid in places.	Effective GIROA taxation and wages are paid but a shadow (and effective) system of INS taxation is also commonplace.	Effective GIROA taxation and wages are paid. A shadow system of INS taxation is present in some areas.	GIROA oversees a function in local economy with taxes collected and wages are paid. Minimal INS interference.
Communications	INS messaging is dominant across the area. GIROA messaging ineffective	INS messaging dominant but GIROA messaging is reaching the people.	Neither GIROA or INS dominate messaging.	GIROA dominate messaging but INS have an active IO campaign.	GIROA dominate. INS messaging is ineffective.
<b>Final Score</b>	<b>&lt; 1</b>	<b>Between 1–2</b>	<b>Between 2–3</b>	<b>Between 3–4</b>	<b>&gt;4</b>
<b>Stability Level (RS Criteria)</b>	<b>Under INS Control</b>	<b>Under INS influence</b>	<b>At Risk</b>	<b>Under GIROA Influence</b>	<b>Under GIROA Control</b>
<b>Stability Level (IDLG Criteria)</b>	<b>Out of GIROA Control</b>	<b>High-Level Threat</b>	<b>Mid-Level Threat</b>	<b>Low-Level Treat</b>	<b>Totally Secure</b>

Note: ANDSF = Afghanistan National Defense and Security Forces, DG = District Governor, GIROA = Government of the Islamic Republic of Afghanistan, IDLG = Independent Directorate of Local Governance (Afghan), INS = insurgent, IO = Information Operation, RS = Resolute Support.

Source: USFORA, response to SIGAR data call, 2/27/2016.

personnel, assets, and facilities during 2015, resulting in 66 humanitarian workers killed and 91 injured.<sup>159</sup>

*Tolo News* reported more journalists were killed in Afghanistan in the first two months of 2016 than in any two-month period in the last 14 years.<sup>160</sup> The most deadly incident occurred on January 20, 2016, when seven *Tolo News* employees were killed and 26 were wounded in what became known as Black Wednesday. The Taliban claimed responsibility for detonating an explosive-laden vehicle next to the company bus.<sup>161</sup> The Taliban had earlier identified *Tolo News* and other Afghan news organizations as “military objectives.”<sup>162</sup>

The UN reported an 8.3% decrease in security incidents across Afghanistan between December 1, 2015, and February 15, 2016, compared

with the same periods in the two preceding years.<sup>163</sup> The 4,014 security incidents represent an average of 52 incidents occurring each day, as reflected in Figure 3.26. The UN reported armed clashes (57.4%) and incidents involving improvised-explosive devices (19.2%) continued to account for the majority of the security incidents. Among the incidents, 154 involved assassinations and abductions, including the week-long kidnapping of the Afghan Supreme Court Chief Justice’s father—a 27% decrease compared with the same period in 2014 and 2015.<sup>164</sup> The UN forecasts intensification of armed conflict in the coming months if a peace accord is not reached.<sup>165</sup>

UNAMA reported on MOI actions to remove the ANP from the Secretary-General’s list of parties that recruit or use children.<sup>166</sup> Recently an ANP unit was established in Nangarhar to use new age-assessment guidelines to reduce child recruitment; it joined six other child-protection units throughout the country.<sup>167</sup> Poverty is the primary reason children join the ANP or ALP.<sup>168</sup> The Taliban also recruited children, who were viewed as less likely to be considered enemy targets by Coalition troops, to report on the location of Afghan and Coalition forces and to plant improvised-explosive devices.<sup>169</sup>

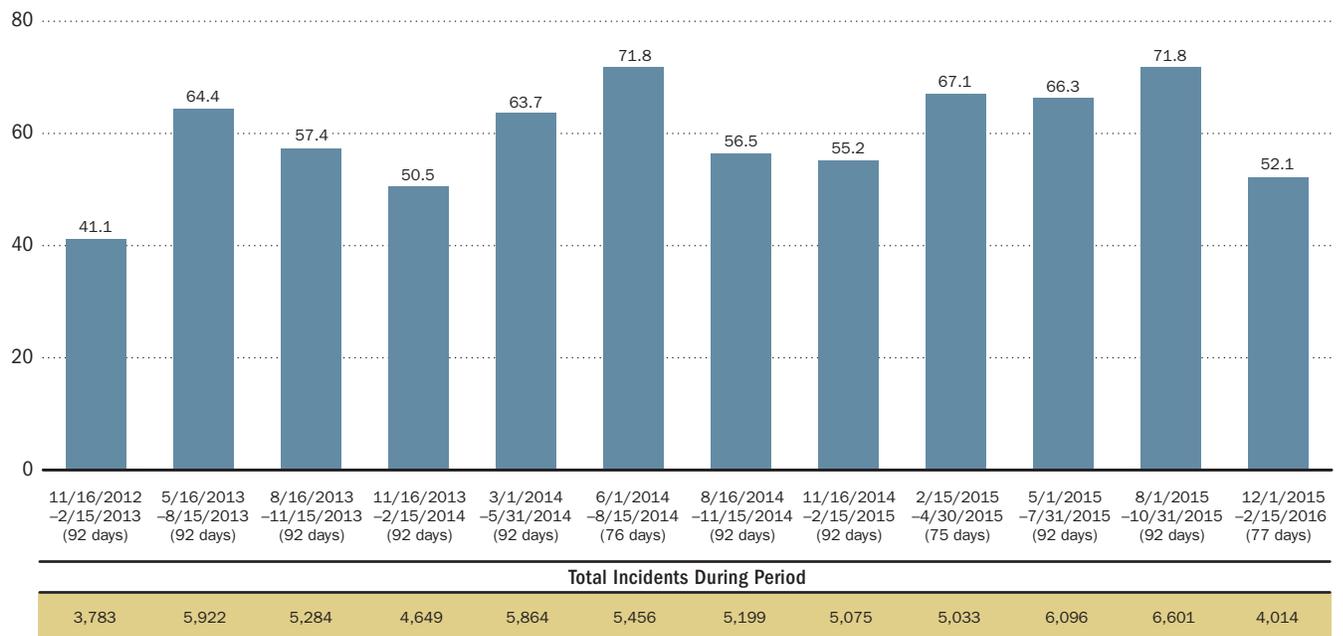
“The people of Afghanistan continue to suffer brutal and unprincipled attacks that are forbidden under international law.”

—Zeid Ra’ad Al Hussein,  
United Nations High Commissioner  
for Human Rights

Source: UNAMA and UN Office of the High Commissioner for Human Rights, *Afghanistan Annual Report on Protection of Civilians in Armed Conflict: 2015, 2/2016*.

FIGURE 3.26

### AVERAGE NUMBER OF REPORTED SECURITY INCIDENTS PER DAY



Note: Security incidents were not reported for the month of November 2015 or February 15–May 15, 2013.

Source: UN, report of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security reports*, 3/7/2016, p. 6; 12/10/2015, p. 5; 9/1/2015, p. 4; 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; and 3/5/2013, p. 5.

**Military Use of Schools:** a complete takeover of school facilities and grounds or the occupation of a few classrooms or playgrounds by armed forces.

Source: Human Rights Watch, "Dispatches: Don't Turn Afghan Schools into Battlefields," 3/22/2016.

"I do believe we're going to have to have a continued modest forward presence...for years to come."

—General John F. Campbell,  
former commander of U.S. and  
NATO troops in Afghanistan

Source: Washington Post, "Outgoing Afghanistan general: U.S. military needs to do more to beat back Taliban," 2/5/2016.

## SIGAR SPECIAL PROJECT

SIGAR examined the disposal and transfer of U.S. equipment and property in Afghanistan valued at \$907 million. For more information, see Section 2, p. 46.

The UN called on both the Afghan security forces and the insurgents not to use schools for military purposes.<sup>170</sup> Human Rights Watch has received reports of the ANDSF deploying weaponry in or around schools and setting up fixed-firing positions on school grounds. Such actions interrupt schooling; increase teacher and student absenteeism, transfers, or drop-outs; and increase the risk of an insurgent attack, which places students in danger.<sup>171</sup> During 2015, the UN recorded 111 conflict-related incidents affecting education and resulting in 25 civilian casualties.<sup>172</sup> UNAMA recorded reports of Islamic State of Iraq and the Levant (ISIL) members demanding one-month's salary from teachers or threatening teachers in Nangarhar Province with severe punishment or death if they did not close schools or if they reported such threats to the authorities.<sup>173</sup>

## U.S. FORCES IN AFGHANISTAN

According to DOD, 13,195 Coalition forces are serving in Afghanistan as of February 29, 2016. Of that number, approximately 8,850 are U.S. forces, of which 6,800 are supporting the RS train, advise, and assist mission.<sup>174</sup> The remainder either conduct the U.S. counterterrorism mission or provide aviation, medical, logistical, and other support for U.S. forces.<sup>175</sup>

Since the RS mission began on January 1, 2015, through February 29, 2016, 11 U.S. military personnel were killed in action, in addition to 10 non-hostile deaths, for a total of 21 U.S. military deaths. During this period, 76 U.S. military personnel were wounded in action.<sup>176</sup> These numbers include the loss of one U.S. service member and wounding of two others in an operation in Helmand Province on January 5, 2016.<sup>177</sup>

Seven U.S. civilians or contractors were killed, in addition to nine non-hostile deaths, for a total of 16 DOD, U.S. civilian, or contractor deaths. Nine DOD, U.S. civilian, or contractor personnel were wounded during this period.<sup>178</sup>

Three of the 11 killed in action and 14 of the 76 wounded in action were the result of seven insider attacks. Insider attacks were also responsible for the death of three of the seven U.S. civilians killed and one of the nine wounded during this period.<sup>179</sup> There were 69 insider attacks against the Afghan security forces during this period, resulting in the killing of 175 and the wounding of 70 Afghan security forces.<sup>180</sup>

## Significant Challenges Remain in Developing Essential Functions of the ANDSF, MOD, and MOI

Key areas of the RS mission are organized under eight Essential Functions (EF). This quarter, USFOR-A reported several highlights within each EF area. However, after more than a decade of Coalition support from ISAF, CSTC-A, and now the RS mission, many of these highlights raise concerns about the current status of the MOD, MOI, and ANDSF. Rather than

indicating strong institutionalized systems that are being adjusted for better efficiency, the latest highlights show challenges remain. Highlights reported to SIGAR this quarter included the following:

- EF-1 (Multi-Year Budgeting and Execution):** Significant challenges remain in procurement and output remains slow—MOD has a 73% approval rate for requirements submitted and the MOI has 27%. While the MOD submitted its FY 1395 procurement plan two months late in December, the MOI was four months late with its plan, accruing nearly \$1.5 million in penalties that will need to be paid out of its 1395 budget.<sup>181</sup> The RS mission provides the ministries with contracted support programs that aim to hire Afghan civilians to fill business-type positions (finance, procurement, logistics, information technology, and human resources). The MOD has filled 35 of the 64 positions allotted for the first phase. The MOI has hired 256 individuals to fill the 361 positions that augment the existing civilians.<sup>182</sup> The RS mission advised the MOD and MOI on meeting the conditions outlined in their FY 1395 financial commitment letters.<sup>183</sup>
- EF-2 (Transparency, Accountability, and Oversight):** Progress in the Ministerial Internal Control Program to assess internal processes and identify weaknesses or noncompliance is reported to be not as steady as anticipated. The MOI Inspector General conducted transparency, accountability, and law enforcement training for MOI leaders and executives and at two of the ANP's zones (in Kabul and Nangarhar) with training scheduled to be completed in the remaining five zones this spring.<sup>184</sup>
- EF-3 (Civilian Governance of Afghan Security Institutions):** With a goal of developing processes to prevent, track, investigate, and prosecute gross violations of human rights and significant acts of corruption, the RS mission plans for the U.S. Defense Institute of International Legal Studies to provide a five-day training workshop in May. Both Afghan instructors of the ANA mobile-training team have been trained and certified by the International Committee of the Red Cross and will provide law and order and human rights training to all of the ANA corps personnel.<sup>185</sup> CSTC-A contracted for Afghan legal trainers to provide train-the-trainer courses to MOI and police personnel as well as direct basic legal training, to include human rights training, to individual police personnel. The training is scheduled through July 2016. To date, 49% of MOI legal personnel and approximately 15% of the police have received training.<sup>186</sup>
- EF-4 (Force Generation):** The RS Army Institutional Advisory Team (AIAT) provided a 40-member detachment to provide training, advising, and assistance in rebuilding the 215th Corps in Helmand province, including mentoring ANA training teams and teaching the troops. The AIAT assessed this effort to have been the best collective

## Members of Congress Ask SIGAR to Investigate Allegations of Sexual Abuse

A bipartisan, bicameral group led by Senator Patrick Leahy (D-VT) and Representative Thomas J. Rooney (R-FL) and 91 additional members of Congress in December asked SIGAR to conduct an inquiry into the U.S. government's experience with allegations of sexual abuse of children committed by members of the Afghan security forces.

The inquiry will also look into the manner in which the Leahy amendment prohibiting DOD and the State Department from providing assistance to units of foreign security forces that have committed gross violations of human rights is implemented in Afghanistan. See *SIGAR Quarterly Report to the United States Congress*, January 2016, p. 40 for more information. The Department of Defense Inspector General is conducting a similar investigation.

“I assess it will take multiple years to fully develop the capabilities to a point the ANDSF will be able to stand and operate on its own.”

—General Joseph L. Votel,  
U.S. Army, then U.S. Special  
Operations Command Commander

Source: Prepared Statement for the Senate Armed Services Committee on the Nomination for U.S. Central Command Commander, 3/9/2016, p. 14.

training conducted by conventional ANA units in the past two years.<sup>187</sup> To address the leadership weaknesses within the ANA, the AIAT designed leadership courses for commanders from the strategic down to the tactical level.<sup>188</sup> For details, see page 114 of this section. The RS Police Institutional Advisory Team advised the MOI Training General Command in developing the ANP winter training program, from which approximately 25,000 patrol officers have graduated since October 2015.<sup>189</sup> For additional information, see page 124 of this section.

- **EF-5 (Sustainment):** The MOD and the RS mission partnered on a two-day conference for ANA logistics specialists and decision makers to address and resolve the challenges hampering the Afghan sustainment system. The MOD deputy first minister and the CSTC-A commander opened this first of several planned quarterly sessions, with the Minister of Defense providing closing remarks.<sup>190</sup> The RS mission managed the supply requisitioning for the spring and summer campaigns. Over the last three months 3,000 pallets of equipment, 1,100 vehicles, and 950 weapons have been distributed to the ANDSF using both contracted support and the Afghan National Transportation Brigade.<sup>191</sup> In addition, mobile radios were installed in 300 High Mobility Multipurpose Wheeled Vehicles (HMMWVs) and 141 Mine-Resistant Ambush Protected (MRAPs).<sup>192</sup> The RS mission has trained 120 of the authorized 130 Afghans hired under a DOD contract to provide logistics support at the national-level logistic centers and the regional depots.<sup>193</sup> These specialists update the computerized supply system (CoreIMS), manage warehouse information, and identify and correct problems with the facilities, computer servers, training, and parts. A contract was awarded in February 2016 to inventory over 4,400 shipping containers located at the Central Supply Depot, record the material into CoreIMS, and train ANA personnel on warehouse and container management.<sup>194</sup> For additional information on CoreIMS, see page 112 of this section. In Helmand, RS advisors and contracted radio field-service engineers conducted a review of radio equipment, network operations, and maintenance. The team reported a well-maintained radio maintenance shop and personnel with a pride of ownership.<sup>195</sup>
- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):** The RS mission provided support to the development of the Whole of Government Sustainable Security Strategy, which focuses on the next five years and on locations where the Afghans will likely need to hold, fight, and conduct operations, and the spring/summer campaign plan for the ANDSF. A new readiness-reporting system was implemented for the MOD, with one in development for the MOI. A standard operating procedure was implemented for the Operational Coordination Centers at the regional and provincial levels to provide a unified method of operations and coordination between ANA corps and MOI zone headquarters.<sup>196</sup>

- **EF-7 (Intelligence):** The RS mission provides train, advise, and assist support to the ANDSF to enable successful integration of intelligence into its operations. Training this quarter included use of commercial imagery and the National Geo-Spatial Intelligence Agency's Protected Internet Exchange imagery database functions. RS and U.S. Central Command conducted a series of intelligence-focused seminars for MOD, MOI, and the National Directorate of Security. Members of the ANA aerostat (surveillance balloon) team were recognized for damage-assessment and post-attack reconnaissance following a rocket attack on the Italian Embassy. According to USFOR-A, use of the MOD National Information Management System in the second quarter of fiscal year 2016 increased 127% compared to the same period in 2015 and reporting from the ANA 215th Corps increased 25% in the month following training.<sup>197</sup>
- **EF-8 (Strategic Communications):** The RS mission provided train, advise, and assist support to the ANDSF in developing communication plans for the upcoming spring campaign and to the ANA 215th Corps on updating the media and the public on the situational status in Helmand. According to RS, the ministries need more professional staff to accomplish strategic communications activities.<sup>198</sup>
- **Gender Office:** The ANP is sending 90 women to Turkey for advanced training. In addition, 22 women are currently in a U.S.-funded counter-improvised explosive device training class, 20 ANP women have volunteered for a U.S.-funded radio maintenance course, and 270 women are expected to take a newly developed self-defense course. The RS mission supported the ANP in developing and publishing the MOI's magazine for women police personnel.<sup>199</sup> Besides other recruitment, incentive, and training programs, the RS mission supported the ANA in developing and staffing a new scholarship policy.<sup>200</sup>

## ANA LEADS ANDSF STRENGTH GROWTH

This quarter, ANDSF assigned force strength was 325,815 (including civilians), according to USFOR-A.<sup>201</sup> As reflected in Table 3.7 on the following page, this is 90.5% of the ANDSF authorized force strength of 360,004, counting MOD civilian employees. (The commonly cited end-strength goal of 352,000 does not count MOD civilians.) Last quarter, SIGAR reported the ANA strength as of October 2015 as 176,612. However, after the SIGAR January 2016 *Quarterly Report to the United States Congress* went to press, USFOR-A changed the ANA strength number to 178,125.<sup>202</sup> That update changes the ANDSF October 2015 total strength that SIGAR reported last quarter to 324,151.<sup>203</sup> The January 2016 assigned-strength number reflects an increase of 1,664 since October 2015, but a decrease of 6,129 since May 2015.<sup>204</sup>

# SECURITY

TABLE 3.7

ANDSF ASSIGNED FORCE STRENGTH, JANUARY 2016						
ANDSF Component	Approved End-Strength Goal	Target Date	Current Assigned as of January 2016	% of Target Authorization	Difference Between Current Assigned and Approved End-Strength Goals	Difference (%)
ANA including AAF	195,000	December 2014	172,206	88.3%	(22,794)	(11.7%)
ANA Civilians including AAF Civilians	8,004	-	7,305	91.3%	(699)	(8.7%)
<b>ANA + AAF Total</b>	<b>203,004</b>		<b>179,511</b>	<b>88.4%</b>	<b>(23,493)</b>	<b>(11.6%)</b>
Afghan National Police	157,000	February 2013	146,304	93.2%	(10,696)	(6.8%)
<b>ANDSF Total with Civilians</b>	<b>360,004</b>		<b>325,815</b>	<b>90.5%</b>	<b>(34,189)</b>	<b>(9.5%)</b>

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

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 12/2012, p. 56; USFOR-A, response to SIGAR data call, 3/4/2016.

TABLE 3.8

ANDSF ASSIGNED FORCE STRENGTH, FEBRUARY 2014–JANUARY 2016									
	2/2014	5/2014	8/2014	11/2014	2/2015	5/2015	7/2015	10/2015	1/2016
ANA including AAF <sup>a</sup>	184,839	177,489	171,601	169,203	174,120	176,762	176,420	178,125	179,511
ANP <sup>b</sup>	153,269	152,123	153,317	156,439	154,685	155,182	148,296	146,026	146,304
<b>Total ANDSF</b>	<b>338,108</b>	<b>329,612</b>	<b>324,918</b>	<b>325,642</b>	<b>328,805</b>	<b>331,944</b>	<b>324,716</b>	<b>324,151</b>	<b>325,815</b>

Note: ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police. ANA and AAF numbers include civilians; available data for ANP do not indicate whether civilians are included.

<sup>a</sup> The total "ANA including AAF" numbers for July 2015 and October 2015 are not fully supported by the detailed numbers in the USFOR-A response to SIGAR data call; Trainee, Transient, Holdee, and Students (TTHS) may represent all or part of the unreconciled portion.

<sup>b</sup> Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.

Source: CSTC-A response to SIGAR data calls, 3/31/2014, 7/1/2014, and 10/6/2014; RSM, response to SIGAR request for clarification, 3/14/2015; USFOR-A, response to SIGAR vettings, 4/10/2015, 7/12/2015, 1/29/2016, and 4/12/2016; USFOR-A, response to SIGAR data calls, 12/28/2014, 3/24/2015, 6/29/2015, 9/11/2015, 12/14/2015, and 3/4/2016.

The ANA had the largest increase of 1,386 personnel; the ANP added 278 personnel, as shown in Table 3.8.<sup>205</sup>

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

ANA and ANP attrition rates are moving in opposite directions, according to reports provided to RS by the MOD and MOI. The ANA had a monthly attrition rate of 3.4% in January 2016, up from the 3% rate in October 2015 and the 2.4% rate in July 2015. The January rate remains, however, below the average monthly attrition rates of 3.52% in February 2013 and 3.62% in February 2014.<sup>206</sup>

The ANP's monthly average attrition rate was reported to have decreased each month from the 2.5% rate in October, although not attaining the 1.9% monthly rate of May–July 2015.<sup>207</sup>

DOD reports the total cost to sustain the ANDSF at an end-strength of 352,000 in FY 2017 is approximately \$4.9 billion. DOD is requesting Congress appropriate \$3.45 billion for the U.S. share of that expense.<sup>208</sup>

## ANDSF ASSESSMENTS REFLECT ONGOING CHALLENGES

USFOR-A assesses ANDSF performance as inconsistent, with slower than expected progress during the winter campaign. ANDSF capability gaps in aviation, intelligence, and sustainment continue to hamper the ANDSF's ability to conduct the frequent and sustained operations necessary to combat the insurgency.<sup>209</sup>

Throughout the ANDSF, training is required to maintain unit readiness. With the force's high attrition rates, significant unit-collective training is required due to the personnel turnover.<sup>210</sup> USFOR-A reports that soldiers seldom receive follow-on training, and that many combat-support and service-support soldiers are assigned to positions outside their career field.<sup>211</sup>

Although the levels of threat and insurgent activity vary across the country and ANDSF units have different levels of overall capability, leadership is often the biggest factor in determining both ANA and ANP unit performance. While RS has noticed improvements from replacing ineffective leaders, the number of leadership candidates to choose from is limited.<sup>212</sup> Western military officials reported more than 100 Afghan general staff officers were recently replaced at the national level, as well as the ANA corps commander and all brigade commanders in Helmand Province.<sup>213</sup>

The RS Train, Advise, and Assist (TAA) priority areas during the winter campaign were to increase the maneuverability of forces, implement an operational readiness cycle, strengthen the processes for reporting on ANDSF readiness, establish police zone headquarters, and strengthen supply and equipment readiness and manpower (including increasing retention and recruitment and decreasing attrition).<sup>214</sup>

USFOR-A reports two recommendations to improve ANA offensive combined arms maneuvers: (1) increase TAA at the corps regional training centers to improve unit training, and (2) add TAA to the two Mobile Strike Force Brigades.<sup>215</sup>

USFOR-A reports the ANA recruiting program has strained to keep pace with high attrition rates. The RS mission has determined attrition issues can be addressed with proper leadership at the *kandak* (battalion) and *tolay* (company) level. Another factor in reducing attrition is determining where soldiers are stationed. Current Afghan policy does not allow soldiers to serve in their home area because of the possibility they will be influenced by their local communities.<sup>216</sup> Asked why soldiers were leaving before their commitment time ended, members of the troubled 215th Corps cited the need for improved leadership, money, and fear of the enemy, in that order.<sup>217</sup>

The RS mission and the MOD are activating a reserve kandak as a pilot program to test if additional forces could be mobilized to augment ANA units engaged in critical fights. While former soldiers volunteered within two weeks, issues like determining mobilization procedures and ranks of the reserve soldiers need to be resolved before the reserve kandak becomes institutionalized.<sup>218</sup>

“The Taliban are not 10 feet tall and bulletproof. They face significant challenges and can be defeated.”

—General John F. Campbell,  
former commander of U.S. and  
NATO troops in Afghanistan

Source: Testimony Before the Senate Committee on Armed Services, “The Situation in Afghanistan,” 2/4/2016.



**Two A-29 Super Tucanos** taxi at Camp Fenty, Afghanistan, February 27, 2016. (U.S. Air Force photo by Staff Sergeant Corey Hook)

Although USFOR-A reports the Afghan Special Security Forces (ASSF) are effective and can achieve operational success where other ANDSF units have failed, overall the ASSF still face substantial challenges with logistics, aviation, intelligence, and mission command. Ongoing Coalition TAA and enabler support is critical.<sup>219</sup>

While showing incremental progress, USFOR-A reports substantial systemic deficiencies continue to inhibit ANDSF readiness, sustainment maturity, and combat effectiveness. ANDSF sustainment still lacks timeliness, mission focus, and a sense of Afghan ownership to provide effective and responsive customer support. Failure to enforce the accuracy of inventory balances and consumption tracking and reporting, incorrect prioritization of repair and maintenance operations by ANDSF leadership, and poor coordination throughout the supply chain is prevalent.<sup>220</sup> Additionally, the ANDSF continues to struggle with equipment readiness, while corruption continues to impact unit-level readiness.<sup>221</sup>

USFOR-A reported the priorities for the Afghan Air Force (AAF) during the winter campaign were to establish and train pilots and tactical air coordinators for the “attack group” (an above-squadron-level component that commands the A-29 and MD-530 squadrons), to provide the air-to-ground capability from start to finish; and to increase the Mi-17 aircrew training to reduce mishap rates.<sup>222</sup> While the AAF leadership and personnel showed resolve in efforts to provide the ANDSF with air support while also fielding new aircraft during 2015, the AAF fleet was too small to meet total demand.<sup>223</sup>

Although the current focus of the ANP is to combine its capabilities with the ANA to fight the insurgency, DOD reports the long-term goal for the ANP remains to transition to a traditional community police force. The ANP forces are often on the front lines during the “hold” phase of counterinsurgency operations. However, they are not sufficiently trained or equipped for traditional counterinsurgency tactics: they have limited crew-served weapons (heavier weapons that require more than one person to operate), anti-armor weapons, armored vehicles, or intelligence, surveillance, and reconnaissance capabilities.<sup>224</sup>

USFOR-A reports ANP zones were established that roughly correlate with the ANA Corps areas of operation. They should be operational this year, with the RS mission forecasting that all ANP zone headquarters will be “capable” or “partially capable” by October 2016, if they continue to receive consistent TAA support.<sup>225</sup>

USFOR-A reports the MOI winter-campaign training surge has reduced the number of untrained Afghan Uniform Police and ALP from 21,000 in October 2015 to less than 6,000 by February 2016, with all untrained police to have completed training before the start of the summer campaign.<sup>226</sup>

While not advocating a large-scale deployment of advisors, former RS Commander General John F. Campbell recommended placing some U.S. advisors and air controllers with select ANA units below the corps level.<sup>227</sup>

“Building an aircraft while in flight, that’s kind of what it is. The Afghan security forces continue to grow, but at the same time they have to fight, and that is very, very tough.”

—General John F. Campbell, former commander of U.S. and NATO troops in Afghanistan

Source: *NYTimes.com*, “New U.S. General Takes Command of Coalition Forces in Afghanistan,” 3/2/2016.

This quarter, SIGAR will report on the classified aspects of the ANDSF assessment in the classified annex to this report.

## MINISTRIES OF DEFENSE AND INTERIOR MAKE MODEST PROGRESS, STILL FAR FROM ACHIEVING HIGHEST RATINGS

Each RS Essential Function (EF) directorate and the Gender Advisor office uses the Essential Function Plan of Action and Milestones (POAM) to assess the essential-function capabilities of the offices in the ministries of Defense and Interior.<sup>228</sup> MOD offices are assessed on 45 milestones. MOI offices are assessed on 32 milestones—eight less than last quarter.<sup>229</sup> The milestones are assessed using a five-stage rating system displayed in Table 3.9 on the following page.<sup>230</sup> Milestone assessments are combined to determine the overall assessment of a department. Department assessments are then combined to determine the assessment of the overall ministry.<sup>231</sup>

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.<sup>232</sup>

This quarter, the RS assessment indicates both the MOD and MOI continue to show improvement in the percentage of its combined “sustaining capability,” “fully capable,” and “partially capable” development milestones. The MOD has increased from 55.6% to 57.8% then to 66.7% over the last two quarters. The MOI has increased its combined ratings with 71.9% of its development milestones at “sustaining capability,” “fully capable,” and “partially capable” compared to 59.5% and then 65%.<sup>233</sup>

The first “sustaining capability” assessment rating (the highest rating) achieved by the MOI for an EF-5 (Sustainment) milestone last quarter, was maintained for a second quarter.<sup>234</sup> Yet this quarter, the RS assessment reflects the MOD and MOI Gender Relations offices experienced a loss of capability: both had one of three overall milestones slip from “in development” to “scoped.”<sup>235</sup> However, the majority of the ministry-development milestone ratings are “partially capable.” When looking at those milestones that are rated as “sustaining capability” or “fully capable” (the highest- and second-highest ratings), the percentages drop to 6.7% for the MOD and to 9.4% for the MOI.<sup>236</sup>

After significantly slower-than-expected progress, RS adjusted the expected capacity levels the MOD will achieve by the end of 2016 for the fourth consecutive quarter. RS now forecasts that 49% of MOD functions are predicted to be “sustaining” or “fully capable,” a drop from the 62%, 69%, 74%, and 90% forecasts in the last four quarters.<sup>237</sup> Notwithstanding the reduction in the number of MOI milestones, RS forecasts 66% of the MOI functions to be “sustaining” or “fully capable,” an improvement from the previous four quarters’ downward-trending forecasts.<sup>238</sup>

**SIGAR is not able to verify the accuracy of the ministry assessment data provided by the RS mission.**

### SIGAR INSPECTION

This quarter a SIGAR inspection assessed U.S. efforts to construct the Ministry of Defense headquarters and found, while contract requirements were generally met and the building appears well built, several construction issues need to be assessed. For more information, see Section 2, pp. 37–40.

# SECURITY

TABLE 3.9

## PROGRESS TOWARD ACHIEVING A “SUSTAINING” RATING FOR ESSENTIAL FUNCTION MILESTONES

<b>MINISTRY OF DEFENSE ASSESSMENT</b>						
<b>Essential Functions</b>	<b>Scoped/Agreed</b>	<b>In Development</b>	<b>Partially Capable</b>	<b>Fully Capable</b>	<b>Sustaining</b>	<b>Total Number of Milestones</b>
1. Multi-Year Budgeting & Execution	-	3	2	1	-	6
2. Transparency, Accountability, & Oversight	-	3	1	-	-	4
3. Civilian Governance of the Afghan Security Institutions	-	-	4	-	-	4
4. Force Generation	-	1	3	-	-	4
5. Sustainment	-	1	8	3	-	12
6. Strategy & Policy, Planning, Resourcing, & Execution	-	1	1	1	-	3
7. Intelligence	-	1	2	-	-	3
8. Strategic Communications	-	2	4	-	-	6
* Gender Advisor	2	1	-	-	-	3
<b>Essential Function Totals</b>	<b>2</b>	<b>13</b>	<b>25</b>	<b>5</b>	<b>-</b>	<b>45</b>
This quarter, percent of total milestones	4%	29%	56%	11%	0%	
Last quarter, percent of total milestones	4%	38%	51%	7%	0%	

<b>MINISTRY OF INTERIOR ASSESSMENT</b>						
<b>Essential Functions</b>	<b>Scoped/Agreed</b>	<b>In Development</b>	<b>Partially Capable</b>	<b>Fully Capable</b>	<b>Sustaining</b>	<b>Total Number of Milestones</b>
1. Multi-Year Budgeting & Execution	-	2	4	-	-	6
2. Transparency, Accountability, & Oversight	-	1	2	-	-	3
3. Civilian Governance of the Afghan Security Institutions	-	-	3	-	-	3
4. Force Generation	-	1	-	1	-	2
5. Sustainment	-	1	9	1	1	12
6. Strategy & Policy, Planning, Resourcing, & Execution	-	-	2	-	-	2
7. Intelligence	-	1	-	-	-	1
8. Strategic Communications	-	-	-	-	-	0
* Gender Advisor	2	1	-	-	-	3
<b>Essential Function Totals</b>	<b>2</b>	<b>7</b>	<b>20</b>	<b>2</b>	<b>1</b>	<b>32</b>
This quarter, percent of total milestones	6%	22%	63%	6%	3%	
Last quarter, percent of total milestones	3%	58%	33%	5%	3%	

Note: EF = Essential Function; last quarter = data as of November 24, 2015; this quarter = data as of February 4, 2016.  
 \*Rated, but not EF-numbered.

Source: USFOR-A, response to SIGAR data calls, 12/4/2015 and 3/10/2016; USFOR-A, response to SIGAR vetting, 1/13/2016.

The UN reported the MOI established 12 new **community-policing** units in several provinces in an effort to introduce community-oriented policing among the ANP. There are now 20 community-policing units throughout the country.<sup>239</sup>

## Afghan Local Police

Afghan Local Police members, known as “guardians,” are usually local citizens selected by village elders or local power brokers to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.<sup>240</sup> Since June 15, 2015, the ALP has fallen under the command of the Afghan Uniform Police (AUP). However, the ALP was not absorbed into the AUP *tashkil* (personnel authorizations) and, even though the AUP is one of the ANP’s pillars, the ALP *tashkil* will remain independent of the ANP’s total authorized strength because other donors fund the AUP but not the ALP, which is mainly funded by DOD.<sup>241</sup>

As of January 28, 2016, according to the NATO Special Operations Component Command-Afghanistan (NSOCC-A), the ALP has 28,219 guardians, 22,954 of whom were trained as of February 13, 2016.<sup>242</sup> Due to the reluctance of provincial and district police chiefs to release personnel from staffing checkpoints, NSOCC-A reports that only approximately 56% of the planned 6,000 ALP guardians have completed the winter campaign training program through February.<sup>243</sup>

According to Afghan reporting, 0.4% of ALP guardians were killed in action during January and February 2016. An additional 1.7% have been dropped from the rolls, while none were reported becoming disabled or injured. These numbers yield an aggregate attrition rate of 2.1%. The Afghan government is no longer reporting the number of ALP guardians who have renewed their contracts.<sup>244</sup>

NSOCC-A reports the FY 2016 cost to support the ALP at its authorized end strength of 30,000 is \$117 million. The United States expects to fund approximately \$112.5 million, with the Afghan government contributing the remaining \$4.5 million.<sup>245</sup> CSTC-A reports the total cumulative amount of ASFF funding obligated in support of the ALP through September 28, 2015, was \$308.7 million, of which \$219.9 million had been expended.<sup>246</sup> Since the beginning of the Afghan fiscal year in December 2015, an additional \$6.1 million was obligated through February 29, 2016.<sup>247</sup> NSOCC-A reports, however, that there are no Coalition advisors outside the Kabul-capital region that are in consistent contact with the ALP.<sup>248</sup>

Last quarter SIGAR reported on the MOI reforms enacted after the internal assessment of 164 of the 170 districts in which the ALP operates.<sup>249</sup> This quarter NSOCC-A reported that in addition to enrolling the ALP personnel into the Afghan Human Resources Information Management System and continuing to transition ALP salary payments through an electronic funds-transfer process, a materiel inventory is being conducted.<sup>250</sup> CSTC-A

**The Afghan president’s Interior minister-designate, Taj Mohammad Jahid, was confirmed by the lower house of parliament on April 9, 2016. He previously served in the ANA as the commander of the 207th Zafar Military Corps in western Herat province.**

Source: *Pajhwok.com*, “Ghani’s choice for interior minister, AG win trust votes,” 4/9/2016.

**Community policing:** a law-enforcement philosophy that focuses on crime control through the delivery of traditional police services along with community engagement. Community policing works to increase trust between law enforcement and the community, reduce the fear of crime, and improve the quality of life. Community policing requires a law enforcement and community partnership to identify and solve community problems.

Source: DOJ, “Community Policing Dispatch,” 2/2008; European Union Police Mission in Afghanistan, “Six questions about community policing,” 2/21/2016.

reported the ALP fleet consists of 1,296 Ford Ranger light tactical vehicles and 2,321 motorcycles. But approximately 25% of the fleet has not received scheduled maintenance in over 12 months, so its operational readiness is uncertain.<sup>251</sup>

## AFGHAN NATIONAL ARMY

As of March 31, 2016, the United States had obligated \$38.8 billion and disbursed \$38.2 billion of ASFF funds to build, train, equip, and sustain the ANA.<sup>252</sup>

### ANA Military Personnel Increase in Second Consecutive Quarter

Last quarter, SIGAR reported the ANA strength as of October 2015 as 176,612. However, after the SIGAR January 2016 *Quarterly Report to the United States Congress* went to press, USFOR-A changed the ANA strength number to 178,125.<sup>253</sup> As of January 20, 2016, the overall assigned strength of the ANA, including the AAF and civilians, was 179,511 personnel, according to USFOR-A.<sup>254</sup> This is an overall increase of 1,386 from the October 2015 assigned end strength report of 178,125.<sup>255</sup> The number of ANA civilians increased this quarter by 411; the number of ANA military personnel increased by 975.<sup>256</sup> ANA assigned military personnel are at 88.3% of the approved end strength.<sup>257</sup>

During the month of January 2016, the ANA attrition rate was 3.4%; the AAF's was 1.2%. ANA and AAF attrition during October 2015 was 3% and 1.5%, respectively.<sup>258</sup>

General John F. Campbell said after his farewell ceremony that Afghan forces need to address recruiting and attrition problems, in addition to making leadership reforms. He said allowing the security forces to take leave to be with their families and time to train could reduce attrition.<sup>259</sup>

In January 2016, the Afghan army raised the new-recruit age limit from 35 to 40 years old in an effort to replenish the force and meet recruitment goals.<sup>260</sup>

Details of ANA troop strength and attrition at corps level and below remain classified. SIGAR will report on them in a classified annex to this report.

### ANA Sustainment

As of March 31, 2016, the United States had obligated \$16.3 billion and disbursed \$16 billion of ASFF for ANA sustainment.<sup>261</sup> The most prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition, organizational clothing and individual equipment (OCIE), aviation sustainment, and vehicle maintenance.<sup>262</sup> CSTC-A reported the total amount expended for all payroll and nonpayroll sustainment requirements in Afghan FY 1394 (2015) was \$876.1 million.<sup>263</sup>

Sustainment items for the combat forces (27%) and the Afghan Air Force (23%) account for half of the funding, followed by funding for vehicles and transportation (9%) and communications (7%).<sup>264</sup>

CSTC-A is working with the Afghan government to have ANDSF uniforms produced in Afghan factories. Although current U.S. regulations require that all materials to make uniforms purchased with U.S. funding—including cloth, zippers, and buttons—come from the United States, the tailoring can be done in Afghanistan by local workers. The deputy commander of CSTC-A said “Getting people jobs here is a critical part of what we’re driving for.” The initial order for 195,000 uniforms would be awarded to two or three Afghan companies—60,000 uniforms the first year and 135,000 in the second—and is expected to create hundreds of local jobs.<sup>265</sup>

### ANA Salaries and Incentives

CSTC-A reported the funding required for ANA base salaries, bonuses, and incentives will average \$682 million annually over the next five years, with \$676.2 million required in FY 2016.<sup>266</sup> During Afghan FY 1394, the United States provided \$271 million directly to the Afghan government to fund ANA salaries and contractor pay, with the significant majority of the funding, \$179.5 million, applied toward officer base pay. An additional \$91 million was used for noncommissioned officers’ and soldiers’ pay, and \$500,000 for ANA contractors’ base pay.<sup>267</sup>

To encourage the MOD to use electronic-payment systems, CSTC-A plans to provide 100% funding only for personnel in authorized tashkil positions being paid electronically, once the automated pay system is ready for use in 2016.<sup>268</sup> In addition, CSTC-A will not fund salaries for personnel not slotted in the Afghan Human Resource Information Management System (AHRIMS) or for those personnel without a unique ID number, a valid biometric record in the MOD Biometric Database, a valid record in AHRIMS, and a valid, current ID.<sup>269</sup> USFOR-A reports as of March 1, 2016, that the MOD has input 95% of the ANA forces into AHRIMS with 65% of the force slotted into an approved FY 1394 tashkil position.<sup>270</sup>

AHRIMS contains a personnel module that includes name, rank, education level, identification card number, current tashkil position, and other data. A tashkil module within AHRIMS contains all the approved positions within the MOD and the MOI along with pertinent information such as unit, location, and duty title. Personnel records in AHRIMS are linked to the appropriate position within the tashkil module. These two modules form the core of the personnel system for the MOD and MOI. The Afghan Personnel Pay System (APPS) is to ensure pay accountability by integrating the data in the AHRIMS modules with compensation and payroll modules to process authorizations, personnel accountability, payroll, and funds disbursement. CSTC-A is overseeing the integration

of a biometrically linked ID card into the APPS. This effort is to ensure the employee exists and payments are sent directly into the employee's bank account.<sup>271</sup>

## ANA Equipment and Transportation

As of March 31, 2016, the United States had obligated \$12.9 billion and disbursed \$12.8 billion of ASFF for ANA equipment and transportation.<sup>272</sup> Most of these funds were used to purchase vehicles, aircraft, communication equipment, weapons, and related equipment. Approximately 48.4% of U.S. funding in this category was for vehicles and related parts, as shown in Table 3.10.

TABLE 3.10

<b>COST OF U.S.-FUNDED ANA EQUIPMENT, AS OF FEBRUARY 29, 2016</b>			
<b>Type of Equipment</b>	<b>Procured</b>	<b>Remaining to be Procured</b>	<b>Procured and Fielded to the ANA</b>
Weapons	\$642,032,285	\$21,893,716	\$522,533,955
Vehicles	7,295,113,342	390,091,747	6,519,731,649
Communications	856,203,711	25,086,658	711,195,493
Aircraft	2,442,053,461	54,404,529	1,343,074,599
Ammunition	2,469,192,080	268,857,178	2,180,830,996
Transportation Services	49,380,000	18,760,000	13,459,569
C-IEDs	421,509,208	64,940,319	341,550,056
Other	884,304,375	0	801,295,177
<b>Total</b>	<b>\$15,059,788,462</b>	<b>\$844,034,147</b>	<b>\$12,433,671,494</b>

Note: C-IED = Counter-improvised explosive devices. Equipment category amounts include the cost of related spare parts.

Source: CSTC-A, response to SIGAR data call, 3/8/2016.

Since last quarter, the total cost of equipment procured for the ANA increased by over \$332.5 million.<sup>273</sup> CSTC-A reported that the amount for vehicles, including related maintenance and spare parts, “remaining to be procured” decreased since last quarter from \$604.4 million to \$390.1 million, although there was not a corresponding increase reported to the “procured” amount.<sup>274</sup>

A stipulation in the MOD 1395 Bilateral Financial Commitment Letter required the MOD to provide an inventory of all small-arms weapons (less than .50 caliber) to CSTC-A by March 1, 2016.<sup>275</sup> The MOD submitted a weapons-inventory loss report for 835 weapons, but did not meet the inventory reporting suspense date. Until the inventory is received, the CSTC-A end-use monitoring team has recommended withholding future small-arms deliveries.<sup>276</sup>

Due to inconsistent and unreliable reporting by the MOD, the accuracy of the ANA equipment operational-readiness rate is questionable. CSTC-A said data quality is expected to improve once the National Maintenance Strategy

is implemented and training results are realized, but pointed to several factors within MOD that contribute to poor readiness rates:<sup>277</sup>

- high number of battle- or accident-damaged vehicles
- a shortage of about 600 trained mechanics for vehicle maintenance
- assignment of mechanics to other duties such as staffing checkpoints
- a maintenance contractor's relatively immature supply system that is not projected to reach full capability until June 2016—even though the contract has existed for six years—indicating the importance of building Afghan capacity to order parts from the DOD supply system<sup>278</sup>

According to DOD, the logistics and sustainment gaps significantly limit the ability of the ANDSF on the battlefield as well as negatively affect recruiting, training, and force retention. The MOD and MOI's ability to provide CSTC-A with accurate ammunition, fuel, parts, clothing, and other supply requirements results in Coalition advisors developing requirements without actual-usage insight and contractors independently ordering parts.<sup>279</sup> Furthermore, DOD said use of an expedited procurement and fielding approach bypassed the standard DOD "Total Package Approach" in which equipment is provided with sustainment plans, technical manuals, parts catalogues, and manufactures' recommended training programs.<sup>280</sup>

Equipment purchased for the ANA that was later determined to no longer be required by the ANDSF or that was damaged before transfer to the Afghan government can be converted into DOD stock for disposition, after USFOR-A considers alternative dispositions and the U.S. Congress is notified. DOD said no notification was processed during this reporting period, so the cumulative value remains at \$215 million.<sup>281</sup>

## The National Maintenance Strategy

This quarter CSTC-A provided an update on plans for a National Maintenance Strategy (NMS). As the ANDSF does not possess the capacity to maintain acceptable levels of readiness to support combat operations, the NMS is planned to provide contract maintenance and training to supplement the ANA and ANP organic maintenance. The NMS will be one component of a plan to address the shortfalls in the ANDSF organic maintenance and supply support capabilities.<sup>282</sup>

The NMS is to be configured to the unique needs of each ministry. The MOI has almost no mechanics, maintenance training, or maintenance production-management capability. The MOD has limited maintenance training, some mechanics, and limited understanding of maintenance management and production control. The NMS goal is to grow the ministry capabilities while gradually reducing contractor support, more specifically to:<sup>283</sup>

- increase fleet readiness while building ANDSF maintenance capability
- train mechanics to improve skill and knowledge

## 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.

- train supply personnel to correctly request requirements and document receipts (failure to order correct repair parts is a major challenge)
- build repair-parts management capability within MOI
- expand the existing Afghan Component Overhaul Program to four sites (performing major-assembly repair saves spare part funds, with savings to date of about \$52 million)<sup>284</sup>

There are 31 MOD/MOI maintenance sites throughout Afghanistan. A heavy-repair capability is embedded in each ANA corps. NMS is expected to have 17 advisor-mentor teams to provide training on maintenance management and supply operations, and 68 contract teams to provide off-site repair capability and meet surges in maintenance requirements.<sup>285</sup>

The NMS contract is expected to be awarded in April 2017 with a base-year cost estimated at \$230 million.<sup>286</sup>

## Core Information Management System

CSTC-A also provided an update on the Core Information Management System (CoreIMS) this quarter. Since 2012, efforts have been under way to develop and implement an automated asset-visibility system within both ministries to replace a paper-based process using CoreIMS as the platform. CoreIMS is a proprietary inventory-management system that is being enhanced to eventually provide asset visibility of basic items like vehicles, weapons, night vision devices, and repair parts, both in-stock and on-order to allow for informed allocation of material, predictive analysis of the requirements, and proactive budgeting, while reducing the opportunity for fraudulent activity.<sup>287</sup> The goal is to improve Afghan sustainment processes from the national level to the corps and regional levels by linking asset visibility to managers and decision makers.<sup>288</sup>

Civilian Afghan managers and 23 of 24 logistics specialists at the Central Supply Depot (CSD) and the Material Management Center-Army were trained this quarter in using CoreIMS.<sup>289</sup> Deployment of CoreIMS is under way to allow each ANA corps to receive, issue, and manage supply stocks. The logistical specialists at ANA corps, MOI regions, the CSD, and the Center assist in warehouse operations and provide training.<sup>290</sup> The last recorded inventory at the CSD was in 2013. Contractors have been hired to inventory and capture in CoreIMS the contents of 4,300 containers at the CSD and to provide inventory and warehouse training to the Afghan logistics specialists.<sup>291</sup>

While continuing to develop warehousing, shipping, and receiving skills within the Afghan ministries, CSTC-A recommends:<sup>292</sup>

- enforce conditionality on recording receipt and use of supplies in CoreIMS
- transition the paper-based property-book system to an automated system to improve accountability for equipment such as weapons,

vehicles, communication systems, night-vision devices, and serial-numbered items

- create a maintenance-management system that links serial-number accountability to maintenance of items
- integrate the Defense Security Cooperation Agency's Security Cooperation Information Portal data to link items-shipped reports with their receipts

## ANA Infrastructure

As of March 31, 2016, the United States had obligated \$5.9 billion and disbursed \$5.7 billion of ASFF for ANA infrastructure such as military head-quarter facilities, schoolhouses, barracks, air fields, and roads.<sup>293</sup>

As of February 29, 2016, the United States had completed 382 infrastructure projects valued at \$5.2 billion, with another 18 projects valued at \$157.6 million ongoing, according to CSTC-A.<sup>294</sup> The largest ongoing ANA infrastructure projects this quarter are the same as last quarter: the second phase of the Marshal Fahim National Defense University (MFNDU) in Kabul (although the estimated costs decreased from \$76.3 million to \$73.3 million), to be completed in December 2017, and the Logistics Officers Branch School in Kabul (\$33.6 million) and the fourth phase of the Kabul Military Training Center in Kabul (\$19.7 million), both were to have been completed in December 2015.<sup>295</sup>

In addition, one project—the ANA Camp Eagle wastewater-treatment plant and repair facility—was completed at a cost of \$240,600.<sup>296</sup>

Two contracts were awarded this quarter at a cost of \$1.6 million to construct protection walls at AAF and ANA Special Operations Command facilities in Kabul.<sup>297</sup> Among the 23 projects (\$183.3 million) in the planning phase, three projects are to construct facilities for females (\$30.1 million), five projects are to construct facilities for the AAF, and three projects are to support the national electrical grid strategy.<sup>298</sup>

The ASFF-funded national operations and maintenance contract provides maintenance for 24 MOD facilities including military-related facilities at the presidential palace, training and higher-learning facilities, a justice center, a detention center, and a hospital.<sup>299</sup>

CSTC-A reported the MOD Construction and Properties Management Department met the FY 1395 MOD financial-commitment letter requirements to provide CSTC-A a transition and sustainment plan for the facilities constructed with U.S. funding and transferred to the Afghan government, as well as the MOD prioritized project list for Afghan FY 1396 and 1397.<sup>300</sup>

## ANA and MOD Training and Operations

As of March 31, 2016, the United States had obligated and disbursed \$3.7 billion of ASFF for ANA and MOD training and operations.<sup>301</sup>



**Interior view** of a magazine under construction in Kabul Province. (USACE-TAA photo)

## SIGAR AUDIT

Last quarter a SIGAR audit to assess U.S. efforts to increase the ANA's effectiveness through the creation of a National Engineering Brigade (NEB) determined the brigade incapable of operating independently. In vetting, CSTC-A reported the new Afghan NEB commander has greatly improved morale, readiness, and effectiveness. For more information, see the January 2016 *SIGAR Quarterly Report to the United States Congress*, p. 22.

CSTC-A reported 15 ongoing U.S.-funded training programs, including 10 focusing on technical training.<sup>302</sup> The majority of the funding is applied toward pilot training, aviation and equipment maintenance, and essential-function development training.<sup>303</sup>

During this quarter, the EF-4 (Force Generation) Army Institutional Advisory Team (AIAT) reported on the status of the three new officer-training courses. To address the problem that less than 5% of graduates of long-term developmental programs were assigned relevant positions, the AIAT designed three short-duration courses for those about to enter or just starting a command role:<sup>304</sup>

- **Kandak Pre-Command Course:** a two-week course for newly appointed kandak commanders that includes combined-arms operations, cross-pillar coordination, air-to-ground integration, operational readiness, and training management. The first course, held in December 2015, was determined by the AIAT and advisors from the U.S. Maneuver Center of Excellence to have been well taught by knowledgeable, confident ANA instructors, resulting in a course that will be valuable for ANA leadership and one they can self-sustain. The course will be held four times a year for approximately 20 students.<sup>305</sup>
- **Brigade Pre-Command Course:** a two-week course for newly appointed brigade commanders is to cover the kandak pre-command course topics from a more senior commander's perspective. The course is scheduled to be held twice a year for approximately 10 students. The first course, in February 2016, had 40 students attending. Daily external speakers, such as ANA general officers and the Resolute Support Mission commander, addressed the group. The AIAT and advisors from the U.S. Maneuver Center of Excellence mentored the ANA instructors.<sup>306</sup>
- **The CAPSTONE Course:** a two-week leadership course primarily for corps and zone commanders. The course, developed by members of the U.S. Army War College and the UK Defense Academy, was modeled after a UK program. The first course is scheduled for April 2016. Staff of the Defense Academy will teach the course in Kabul, followed by one week in the United States visiting the XVIII Airborne Corps headquarters and the National Defense University.<sup>307</sup>

## 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.

## Afghan Air Force and the Special Mission Wing

Between FY 2010 and FY 2015, the United States has obligated more than \$2.5 billion to develop the AAF, including over \$953 million for equipment and aircraft.<sup>308</sup> In addition, the \$518.1 million in ASFF was appropriated for FY 2016 and DOD requested \$508.6 million for FY 2017, with the significant majority of the funds for training and sustainment.<sup>309</sup>

According to USFOR-A, this quarter the AAF aircraft available for operations includes:<sup>310</sup>

- 2 Mi-35 helicopters

- 39 Mi-17 helicopters
- 13 MD-530 helicopters
- 24 C-208 airplanes
- 4 C-130 airplanes
- 8 A-29 aircraft (the first quarter reported)

Of these aircraft, 33 of the Mi-17s and all of the MD-530s, C-208s, and the C-130s were procured using ASFF.<sup>311</sup> USFOR-A reported the loss of a Mi-35 helicopter in a training accident and the AAF loss of another on March 16, 2016; the remainder were retired after reaching end-of-life status.<sup>312</sup> USFOR-A stated that the AAF lost one MD-530; two are in the U.S. for use in testing upgrades and add-on equipment.<sup>313</sup> However, an additional 12 MD-530s are being purchased and are scheduled for delivery in 2016.<sup>314</sup> Twenty A-29 Super Tucanos, a light-attack aircraft for counterinsurgency, close-air support, and aerial reconnaissance, have been purchased, but only eight have been delivered—four in January and an additional four at the end of March.<sup>315</sup> According to Afghan media, two of the A-29s are located at Mazar-e Sharif, the provincial capital of northern Balkh Province.<sup>316</sup> With the last A-29s not scheduled for delivery until 2018, General John F. Campbell, former RS and USFOR-A commander, forecasted the AAF would not reach their full strength until 2020.<sup>317</sup>

USFOR-A reported the A-29 aircraft were scheduled to begin combat operations in April 2016. Pilots returned in January from A-29 training in the United States and continued training in Afghanistan to prepare for combat operations.<sup>318</sup> Joint ANA and AAF training exercises in late March allowed Afghan tactical air coordinators to call-in A-29 and MD-530 air strikes. The tactical air coordinators facilitate requests for close air support, air casualty evacuation, aerial resupply, and airlift.<sup>319</sup> In March, Afghan military students, to include three A-29 pilots, eight A-29 mechanics, and nine C-130 mechanics, began training in the United States.<sup>320</sup>

The RS TAA cell devoted to training the AAF continued to press for a **flying-hour program**. AAF leadership, however, is focused on combat operations and preparations for the summer campaign. USFOR-A stated the Coalition expansion of contract logistics support to meet the AAF operations tempo has masked the importance of establishing a flying-hour program.<sup>321</sup>

The Special Mission Wing (SMW) conducts multifunctional aviation operations in direct support of the ASSF units for counternarcotics, counterterrorism, and special-operations missions.<sup>322</sup> CSTC-A reported that between FY 2012 and FY 2015, the United States has invested approximately \$2.0 billion to develop the SMW, obligating roughly \$952.7 million of that amount for equipment and aircraft.<sup>323</sup> An additional \$15.5 million was appropriated in FY 2016; DOD requested \$148.3 million for FY 2017 for aircraft sustainment, equipment, and training.<sup>324</sup>

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“Close air support is just a capability gap that we knew was going to take years and years to build.”

—General John F. Campbell,  
former commander of U.S. and  
NATO troops in Afghanistan

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Source: *Washingtonpost.com*, “Outgoing Afghanistan general: U.S. military needs to do more to beat back Taliban,” 2/5/2016.

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**Flying-hour program:** a set of fleet management processes that integrates budget, logistics, maintenance, and aircraft scheduling activities.

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Source: USFOR-A, response to SIGAR vetting, 4/12/2016.

## AFGHAN AIR FORCE

On April 27, 2002, the same day Secretary of Defense Donald Rumsfeld was in Kabul to meet with interim Afghan leader Hamid Karzai, an Afghan Air Force (AAF) MiG-21—a supersonic, Soviet-designed jet fighter—crashed while practicing for an airshow, killing its pilot. Secretary Rumsfeld and Karzai had been meeting to discuss concerns that the Taliban and al-Qaeda fighters were still loose in Afghanistan and planning a new offensive.<sup>325</sup> Fast forward 14 years: the Taliban and al-Qaeda are still on the loose, but a supersonic-jet-operating Afghan Air Force is now just a memory.

During the period of Soviet assistance, Afghanistan’s air force had up to 500 aircraft, including 200 helicopters, 100 fighter jets and as many as 7,000 personnel. It fell into disrepair when the Taliban came to power. Most of the equipment that had not fallen into the hands of warlords was destroyed when U.S.-backed Afghan forces removed the Taliban from power in late 2001.<sup>326</sup> Then, in 2002, according to a former State Department official, the Bush Administration decided not to rebuild Afghanistan’s air force.<sup>327</sup>

By 2005, it had become clear that Afghanistan would need an air force to support its soldiers and police on the ground if the Afghans were to keep their country secure and build on the gains of over a decade of U.S. and Coalition success against the Taliban and al-Qaeda.<sup>328</sup>

In 2008, General Dan McNeill told the *New York Times* that “It will take [the Afghans] a few more years to get their air transport and air support platforms online, but they should be covering a lot of battle space by some time in 2011, in my view.” In 2016, eight years after that interview and more than a year after Coalition support had been greatly reduced, the AAF is still not covering much battle space. With U.S. funding and support, the Afghans are still trying to create a viable air force.



**Two MD-530s fly** from Camp Fenty after being showcased at an Afghan aircraft event. (U.S. Air Force photo by Staff Sergeant Corey Hook)

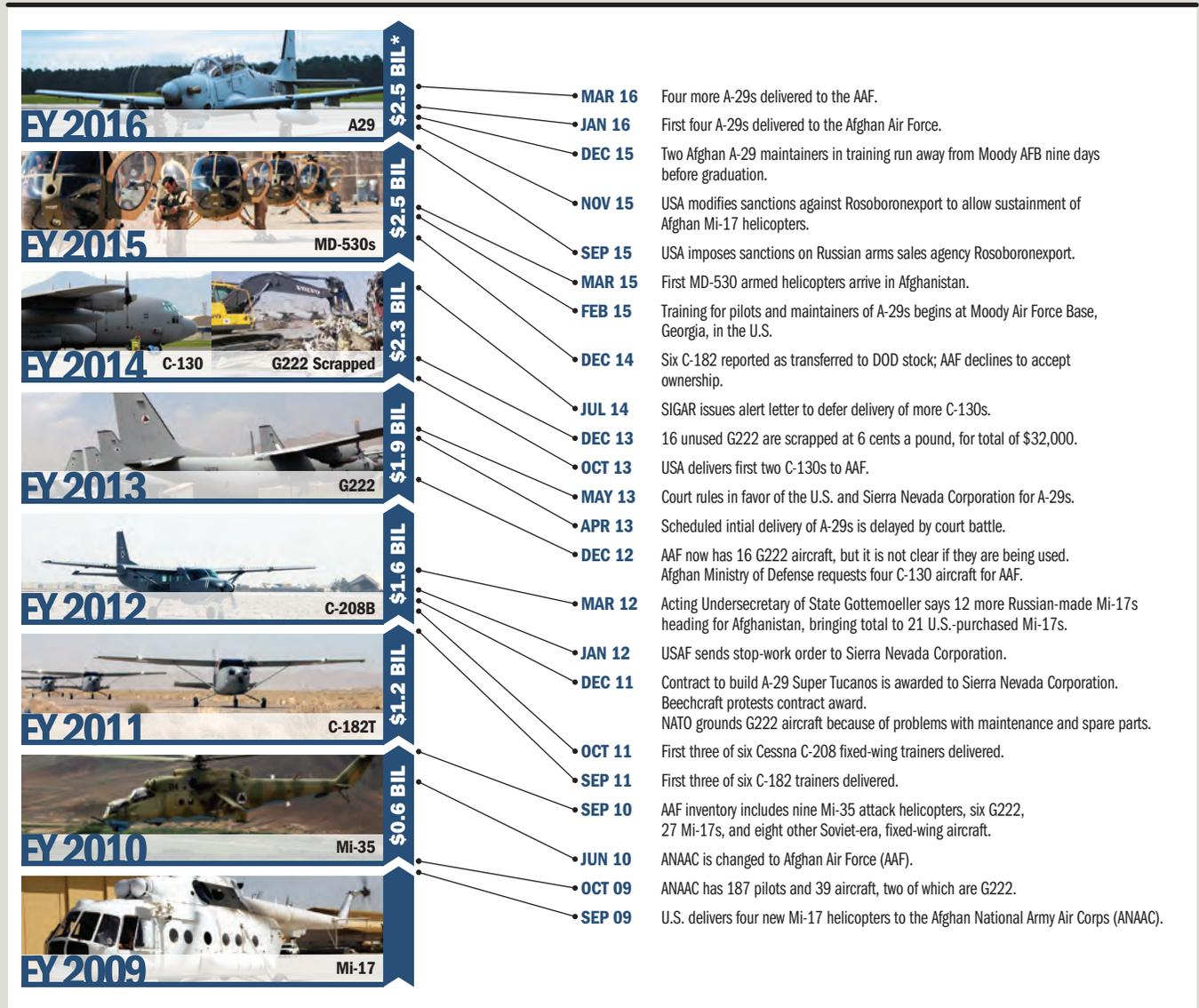
For many years, the ANDSF relied heavily on the U.S. military to provide air support for its fighting forces. This support included aerial reconnaissance, intelligence gathering, medical evacuation of Afghan soldiers and police, and air-to-ground fire support. To provide the Afghans with the ability to conduct their own aerial operations, the United States has obligated over \$2.5 billion to build and support the AAF, including over \$953 million for equipment and aircraft, as shown in Figure 3.27.<sup>329</sup> In addition \$518.1 million was appropriated to support the AAF for FY 2016 and DOD requested \$508.6 million for FY 2017, with the large majority of funds marked for training and sustainment.<sup>330</sup>

However, in 2016, the Afghans still lack the air assets they need to protect and support their own troops. The impact of the lack of a well-equipped and capable Afghan Air Force became all too clear during operations to retake Kunduz City after it fell to the Taliban

# QUARTERLY HIGHLIGHT

FIGURE 3.27

AFGHAN AIR FORCE TIMELINE WITH CUMULATIVE OBLIGATED DOLLARS (\$ BILLIONS)



Note: \* Reflects ASFF funds obligated for the AAF, FY 2010–2016; data on funds obligated before that time were not available.

Source: NATO, "Facts and Figures: Afghan National Army," 10/2009; NAVAIR, "News Release: NAVAIR delivers new Mi-17 helicopters to Afghan National Army Air Corps," 11/19/2009; USAF CENTCOM, "Afghan National Army Air Corps now Afghan National Army Air Force," 6/14/2010; DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 11/2010, p.32; USAF, "AAF receives first fixed-wing trainers," 9/19/2011; *DVIDSHUB.net*, "News: AAF receives first of six new Cessna 208Bs," 10/24/2011; State, "Interview of Rose Gottemoeller by Elena Chernenko of Kommersant Daily", 3/28/2012; *Beechcraft Defense Company LLC v. United States and Sierra Nevada Corporation*, ruling and order in Bid Protest No. 13-202C, U.S. Court of Federal Claims, reissued for publication 5/10/2013, p. 2.; CSTC-A, response to SIGAR data call, 1/2/2013; SIGAR, *Concerns Regarding the Requirement for and Utilization of C-130 Aircraft for the Afghan Air Force*, SIGAR 14-80-AL, 7/14/2014; SIGAR, *Scrapping of G222 Fleet*, SIGAR 15-02-SP, 10/3/2014; *The Air Force Times*, "Moody Set to Begin Training Afghan Pilots," 1/16/2015; USFOR-A, response to SIGAR data call, 1/16/2015; *Khaama Press*, "Afghan Air Force's first six armed MD-530s arrived last night," 3/18/2015; Federal Register, "Modification of Iran, North Korea, and Syria Nonproliferation Act Measures Against a Russian Entity," 11/25/2015; CSTC-A, response to SIGAR data call, 12/4/2015; *The Air Force Times*, "First Afghan A-29 pilots, maintainers finish training," 12/22/2015; *United Press International*, "Afghanistan receives A-29 Super Tucano aircraft," 1/19/2016; *Khaama Press*, "Afghan Air Force receive 4 more light attack aircraft from United States," 3/29/2016.

# QUARTERLY HIGHLIGHT

TABLE 3.11

AAF INVENTORY OF USABLE AIRCRAFT, 2008–PRESENT								
Aircraft	6/2008	8/2009	10/2010	12/2011	12/2012	12/2013	12/2014	3/2016
Mi-17 Transport Helicopters	13	12	27	33	48	58	56	40
Mi-35 Attack Helicopters	4	-	9	11	11	5	5	2
G222/C-27A Cargo Planes	-	-	6	14	16	-	-	-
MD-530F Light Helicopters	-	-	-	6	6	5	5	14
Cessna 182T Four-Person Trainer Plane	-	-	-	6	6	6	-	-
Cessna 208 Light Transport Plane	-	-	-	6	22	26	25	24
C-130H Transport Plane	-	-	-	-	-	2	3	4
A-29 Super Tucano	-	-	-	-	-	-	-	8
Antonov AN-26 Plane	2	1	1	-	-	-	-	-
Antonov AN-32 Plane	5	4	5	-	-	-	-	-
Aero L-39 Albatros Jets	-	2 <sup>a</sup>	2	-	-	-	-	-
<b>TOTAL</b>	<b>24</b>	<b>19</b>	<b>50</b>	<b>76</b>	<b>109</b>	<b>103</b>	<b>94</b>	<b>92</b>

Note: <sup>a</sup> DOD listed two "L-29s" in its October 2009 *Section 1231 Report*; There is no such aircraft; the Russian advanced MiG-29 may have been intended, but no other sources indicate the AAF has ever owned MiG-29 aircraft. This may be an error; the two aircraft reported were likely L-39s.

Source: DOD, *Section 1231 Reports*, 6/2008, p. 17; 10/2009, p. 27; 11/2010, p. 32, *SIGAR Quarterly Reports to Congress*, 1/30/2012, p. 79; 1/30/2012, p. 75; 1/30/2013, p. 81; 1/30/2014, pp. 97–98; *Supplement to SIGAR Quarterly Report to Congress*, 2/2015, p. 17; CSTC-A, response to SIGAR data call, 3/8/2016.

on September 28, 2015. 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 as they retook Kunduz.<sup>331</sup>

Both the United States and Afghanistan have long recognized the importance of developing air power. As Afghanistan's small, aging fleet of Soviet-era aircraft retired from service, the United States and other donor nations provided more and newer aircraft to rebuild its air capability. However, some of the decisions made to procure new AAF aircraft often faced setbacks or were ultimately unsuccessful due to poor planning, legal challenges, contracting disputes, lack of coordination with the Afghans to determine their needs, and even possible fraud. Coupled with losses of aircraft due to crashes and expired service lives, this has also led to various aircraft becoming briefly part of the AAF's inventory, only later to be removed from service, as shown in Table 3.11. Moreover, SIGAR has found significant instances of waste and squandered opportunities in building up the AAF, resulting in the waste of millions of dollars of U.S. taxpayer money.

One of the most egregious missteps was DOD's \$486 million purchase of 20 G222 medium-lift cargo planes for the AAF. Due to poor planning, poor oversight, poor contract management (including possible fraud), and a lack of critical spare parts, those aircraft could not be kept flightworthy. The program ended in March 2013 after experiencing continuous and severe operational difficulties. Sixteen of those 20 aircraft were sold for scrap metal for six cents a pound, or \$32,000, in 2013.<sup>332</sup> SIGAR is investigating this procurement.

In an example of poor coordination between DOD and the Afghan government, DOD purchased six C-182 fixed-wing training aircraft for the AAF in 2014. But the AAF refused to accept ownership. Instead, the Afghans opted not to use their own training aircraft but to train their pilots in the United Arab Emirates instead.<sup>333</sup>

The workhorse of the AAF has long been the Russian-made Mi-17 helicopter which, due to its success in Afghanistan, DOD has been procuring for the ANDSF since 2005. The Mi-17 is a multi-use transport helicopter developed by the former Soviet Union to operate in the thin air of Afghanistan's high elevations.<sup>334</sup> New Mi-17s are sold by Russia's state-owned

arms export firm, Rosoboronexport, the country's sole authorized exporter of military end-use products. However, the program for procuring Mi-17s ran into trouble when, as a result of multiple violations of U.S. law, Rosoboronexport was subjected to U.S. sanctions in 2006. The sanctions were lifted in 2010 and procurement subsequently resumed.<sup>335</sup>

One of DOD's plans to close AAF capability gaps was to provide it with 20 A-29 Super Tucanos. Far different from the Soviet-era jet fighters, the Tucano is a subsonic, single-propeller, aerial reconnaissance aircraft that can be armed to provide fire support for ground troops. A contract was signed to build these A-29s in November 2011, but a legal challenge from another company prevented the winning contractor from meeting their initial delivery date of April 2013.<sup>336</sup> Because of this, the

first four A-29s were not delivered to Afghanistan until January 19, 2016—a year after the drawdown of U.S. forces in Afghanistan.<sup>337</sup> USFOR-A reported the A-29 aircraft were scheduled to begin combat operations in April 2016. Pilots returned in January from training on the A-29s in the United States and continued training in Afghanistan to prepare for combat operations.<sup>338</sup> Another four were delivered on March 29—the last ones for this year.<sup>339</sup>

General Campbell said in February 2016, it will take three years before the Air Force is equipped and fully capable of providing close-air support. He also said that it takes about three years to train a pilot.<sup>340</sup> If so, then U.S. and Coalition forces may again be called to provide air support to Afghan ground forces, as they were in the battle to retake Kunduz.

## SIGAR INSPECTION

This quarter a SIGAR inspection assessing U.S. efforts to convert the National Military Academy of Afghanistan into the Afghan Air Force University found contract requirements were generally met, but said instances of noncompliance, poor workmanship, and inadequate maintenance need to be addressed. For more information, see Section 2, pp. 42–44.

According to CSTC-A, the SMW fleet of 59 fielded aircraft comprises Mi-17 helicopters and PC-12 turboprop planes that have intelligence-gathering, surveillance, and reconnaissance capabilities.<sup>341</sup> Of these aircraft, 30 Mi-17s and all of the PC-12s were procured using ASFF.<sup>342</sup> According to NSOCC-A, the SMW is 72% staffed at 596 members, of which 67 are pilots, all part of the MOD. The decrease of 41 pilots since last quarter was not explained.<sup>343</sup>

Details of the AAF capabilities are classified. SIGAR will report on them in a classified annex to this report.

## AFGHAN NATIONAL POLICE

As of March 31, 2016, the United States had obligated \$18.9 billion and disbursed \$18.5 billion of ASFF funds to build, train, equip, and sustain the ANP.<sup>344</sup>

### ANP Strength

As of January 22, 2016, the overall assigned end strength of the ANP, including the Afghan Uniform Police, Afghan Border Police, Afghan National Civil Order Police, and MOI Headquarters and Institutional Support (MOI HQ & IS), was 146,304, according to USFOR-A.<sup>345</sup> This is an increase of 278 ANP personnel since last quarter, as reflected in Table 3.12, but 8,878 below the May 2015 assigned end strength that was reported at 155,182.<sup>346</sup> Patrol personnel represent the largest component of the ANP with 71,641 members; noncommissioned officers numbered 49,355, while officer ranks stood at 25,308.<sup>347</sup>

The ANP attrition for the past months is reflected in Figure 3.28. During January, the ANP experienced a 2.05% attrition rate, as compared to 1.04% in February 2015.<sup>348</sup> The Afghan National Civil Order Police continues to

TABLE 3.12

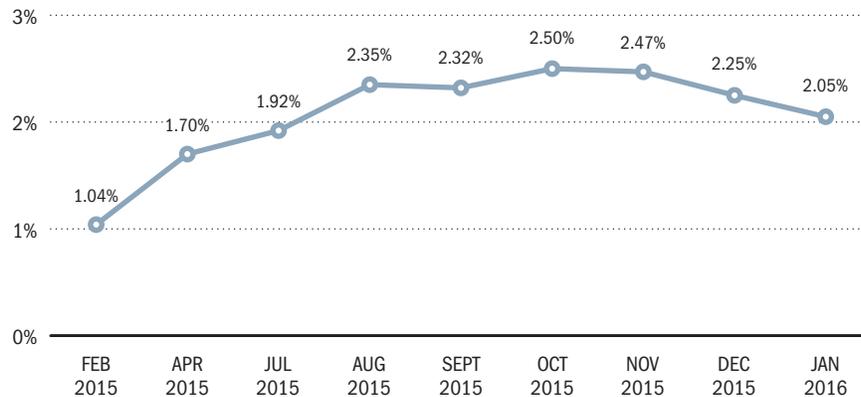
ANP Component	Authorized			Assigned		
	Q4 2015	Q1 2016	Quarterly Change	Q4 2015	Q1 2016	Quarterly Change
	AUP	91,000	91,000	-	85,976	86,827
ABP	23,313	23,313	-	21,520	20,990	(530)
ANCOP	16,200	16,200	-	14,511	14,450	(61)
MOI HQs & IS	26,487	26,487	-	24,019	24,037	18
<b>ANP Total (as reported)</b>	<b>157,000</b>	<b>157,000</b>	<b>-</b>	<b>146,026</b>	<b>146,304</b>	<b>278</b>

Note: Quarters are calendar-year; Q4 2015 data as of 10/2015; Q1 2016 data as of 1/2016. 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, 12/14/2015 and 3/4/2016.

FIGURE 3.28

## REPORTED ANP MONTHLY ATTRITION RATES



Source: USFOR-A, response to SIGAR data call, 3/4/2016.

endure the highest attrition rates, with rates of 7.77% (a marked spike since February 2015), 5.53%, and 4.22% over November, December, and January.<sup>349</sup> During those same three months, an average of 68.1% of ANP members eligible to reenlist chose to remain with the ANP.<sup>350</sup>

In vetting comments, USFOR-A reported nonexistent, “ghost” personnel could have an impact on ANP strength and attrition. They contend ANP personnel numbers will drop as “ghosts” are removed from the rosters, causing a corresponding increase in reported attrition rates and offsetting any progress made in recruiting and retention.<sup>351</sup>

Noor-ul-Haq Olomi resigned as Minister of Interior in February, telling the Afghan media he was frustrated by the National Unity Government’s lack of attention to proposals for reforms and its failure to approve MOI appointments in a timely manner. He attributed increased police and civilian casualties to the government’s lack of attention.<sup>352</sup>

## ANP Sustainment

As of March 31, 2016, the United States had obligated \$8 billion and disbursed \$7.7 billion of ASFF for ANP sustainment.<sup>353</sup> This includes contributions to the Law and Order Trust Fund for Afghanistan (LOTFA), which pays for ANP salaries, the most prominent ASFF sustainment funding. Other uses of ANP sustainment funding include ammunition, information technology, and organizational clothing and individual equipment.<sup>354</sup>

The U.S. contribution to LOTFA for Afghan fiscal year 1395, as of March 7, 2016, is \$28.6 million to fund salaries, incentives, and the UN Development Programme management fee.<sup>355</sup> CSTC-A reports the U.S. funding required for

### SIGAR AUDIT

An ongoing SIGAR audit will review DOD’s procurement, maintenance, and oversight of organizational clothing and individual equipment purchases for the ANDSF.

LOTFA over the next five years will depend on the contributions of Coalition partners. However, due to the Afghan government starting to fund the ANP salaries, CSTC-A now estimates fiscal year 2016 expenses to be \$223.5 million and fiscal year 2017 to be \$77.2 million, down significantly from the earlier reported fiscal year 2016–2020 average of \$613.2 million.<sup>356</sup> In addition to LOTFA, CSTC-A has provided \$66.6 million for ALP salaries and incentives and \$33.7 million toward non-payroll items.<sup>357</sup>

To encourage 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. In addition, CSTC-A will not fund salaries for personnel not validated in the Afghan Human Resource Information Management System (AHRIMS) or the current electronic pay system, or for those personnel without a valid, current ID.<sup>358</sup>

USFOR-A stated the EF-4 advisors met with key MOI human resource leaders to build awareness of the need to use electronic pay systems. USFOR-A reports that, as of March 1, 2016, the MOI has input 90% of the ANP forces into the AHRIMS personnel module and input 87% in the tashkil module filling an approved tashkil position. Additionally, 1,491 ALP patrolmen have been added to the AHRIMS personnel module and 8,626 added to the tashkil module.<sup>359</sup> USFOR-A reported that although it is not projected that all requirements will be met within the required timeframes, completion is forecasted within six months.<sup>360</sup>

## ANP Equipment and Transportation

As of March 31, 2016, the United States had obligated and disbursed \$4.1 billion of ASFF for ANP equipment and transportation.<sup>361</sup> Most of these funds were used to purchase vehicles, ammunition, weapons, and communication equipment as shown in Table 3.13. More than 68% of funding in this category was used to purchase vehicles and vehicle-related equipment.

Since last quarter, the total cost of equipment procured for the ANP increased by over \$54.7 million, all within the vehicle and transportation-services categories.<sup>362</sup> The vehicles “remaining to be procured” amount increased since last quarter from zero to \$234.9 million. In addition, the ammunition “remaining to be procured” amount increased to \$34 million, while no communications equipment remained to be procured.<sup>363</sup> DOD reported there is a continued requirement to replace equipment from battle losses and equipment that are not economical to repair.<sup>364</sup>

A stipulation in the MOI 1395 Bilateral Financial Commitment Letter required the MOI to provide an inventory of all small-arms weapons (less than .50 caliber) to CSTC-A by March 1, 2016.<sup>365</sup> The MOI did not meet the deadline. Until the inventory or a loss report is received, the CSTC-A end-use monitoring team has recommended withholding future small-arms deliveries.<sup>366</sup>

TABLE 3.13

<b>COST OF U.S.-FUNDED ANP EQUIPMENT, AS OF FEBRUARY 2016</b>			
<b>Type of Equipment</b>	<b>Procured</b>	<b>Remaining to be Procured</b>	<b>Procured and Fielded to the ANP</b>
Weapons	\$291,495,548	\$22,124,531	\$205,851,400
Vehicles <sup>a</sup>	3,518,042,669	234,852,557	3,159,856,026
Communications	230,376,282	0	224,995,225
Ammunition	738,345,011	34,017,600	419,352,362
Transportation Services	24,646,263	9,240,000	7,770,471
C-IEDs	115,757,817	5,711,645	115,581,810
Other	243,097,382	0	91,438,300
<b>Total</b>	<b>\$5,161,760,972</b>	<b>\$305,946,333</b>	<b>\$4,224,845,594</b>

Note: C-IEDs = Counter-improvised explosive devices. Aircraft costs are no longer shown for the ANP; the Special Mission Wing for which they were procured has been transferred to the ANA, hence from MOI to MOD control.

<sup>a</sup> Vehicle costs includes vehicles and parts.

Source: CSTC-A, response to SIGAR data call, 3/8/2016.

CSTC-A reports the only information about ANP equipment operational readiness comes from the contractor that performs vehicle maintenance. Of the ANP fleet that has been in for scheduled maintenance, the contractor reports equipment operational-readiness rates ranging from 93% to 97%. However, since approximately 24% of the fleet has not received scheduled or unscheduled maintenance in over 12 months, the actual operational-readiness rate is not known.<sup>367</sup> Of the ANP fleet of 45,286 vehicles (including 187 pieces of mechanized handling equipment such as hoisting systems, winching equipment, or lifting devices) serviced by the contractor, an overall operational-readiness rate of 96.5% at the end of February 2016 was reported due to:<sup>368</sup>

- Not mission-capable: in for maintenance      674 vehicles
- Not mission-capable: awaiting supply parts      41 vehicles
- Written off: not repairable      1,597 vehicles

Equipment purchased for the ANP that was later determined to be no longer required by the ANDSF or that was damaged before transfer to the Afghan government can be converted to DOD stock for disposition, after USFOR-A considers alternative dispositions and the U.S. Congress is notified. DOD said no notification was processed during the quarter, so the cumulative value of ANP equipment transferred to DOD remains at \$18.4 million.<sup>369</sup>

## ANP Infrastructure

As of March 31, 2016, the United States had obligated \$3.1 billion and disbursed \$3 billion of ASFF for ANP infrastructure.<sup>370</sup>

As of February 29, 2016, the United States had completed 739 infrastructure projects valued at \$3.6 billion, with another five projects valued

## SIGAR INSPECTION

SIGAR has an inspection under way of the new MOI headquarters in Kabul to assess whether the work was completed in accordance with contract requirements and applicable construction standards, and if the complex is being maintained and used as intended.



**New MOI Headquarters** administration buildings in Kabul. (CSTC-A CJ-Engineer photo)

### **Women's Participation Program:**

An initiative which seeks to advance and promote women's participation in Afghan security institutions. The Women's Participation Program promotes adequate facilities, proper equipment, training, and opportunities for women in order to increase female membership within the ANDSF.

Source: OSD-P, response to SIGAR vetting, 4/15/2016.

at \$67.8 million ongoing, according to CSTC-A.<sup>371</sup> The largest ongoing ANP infrastructure project this quarter is the training center for females in Nangarhar (with an estimated cost of \$6.4 million).<sup>372</sup> CSTC-A clarified that although there are almost twice as many ANP infrastructure projects as there are ANA projects (739 versus 382), the total cost is much less (\$3.6 billion versus \$5.2 billion) primarily due to the smaller size of the ANP facilities, which typically host 100 personnel.<sup>373</sup>

Five projects, totaling \$9.5 million, were completed this quarter, including the MOI headquarters complex in Kabul (\$63.5 million) that began in March 2012.<sup>374</sup> One contract was awarded at a cost of \$810,000 for the MOI headquarter complex's front barrier wall.<sup>375</sup> In addition, CSTC-A reports the majority of the 25 projects in the planning phase (\$133 million) are in support of the **Women's Participation Program**.<sup>376</sup>

The ASFF-funded national operations and maintenance contract provides maintenance for six MOI facilities including the MOI headquarters; Camp Gibson, which houses a police training center; and four national and regional logistics centers. The annual cost of the contract is \$6.2 million.<sup>377</sup> CSTC-A reports maintenance for the MOI headquarters and Camp Gibson is scheduled to transition to the MOI by the end of February 2017. Maintenance for the other four facilities was scheduled to transition to the MOI by the end of March 2016. In accordance with the 1395 bilateral commitment letter, CSTC-A is withholding the cost for these four centers from the MOI facilities budget until the transition is completed.<sup>378</sup>

## **ANP Training and Operations**

As of March 31, 2016, the United States had obligated \$3.7 billion and disbursed \$3.6 billion of ASFF for ANP and MOI training and operations.<sup>379</sup>

CSTC-A reported five ongoing U.S.-funded training programs: four focused on technical training and one focused on basic training.<sup>380</sup> The largest U.S.-funded training includes essential function development training and operational-specialty training, such as vehicle maintenance, and radio operation and maintenance.<sup>381</sup>

USFOR-A reported a marked increase in the number of police recruits assigned for training in January 2016—over 10,000 more recruits than in any of the past 12 months.<sup>382</sup> The EF-4 Police Institutional Advisory Team (PIAT) mentored the MOI Training General Command for the winter training surge as approximately 15,000 ANP and 4,500–8,000 ALP were working without any formal police training. The PIAT reports that the lack of formal training contributes to higher casualties, desertions, and decreased public trust and international donor confidence. With half of personnel requiring training, ALP participation in the winter training surge lags in comparison with the other police pillars. According to RS, ID cards in the future will only be issued upon completion of initial-entry training to limit the number of untrained police on the force.<sup>383</sup>

## STATUS OF WOMEN IN THE ANDSF

This quarter RS reported 3,905 women serving in the ANDSF, an increase from the 3,728 reported last quarter.<sup>384</sup> Even with the overall increase in the ANDSF end strength, the percentage of women serving in the ANDSF only increased from 1.16% to 1.2%.<sup>385</sup> Of the total, 2,878 were serving with the ANP, 969 with the ANA, and 58 with the AAF. Overall there were 1,237 officers, 1,296 noncommissioned officers, 1,238 soldiers, and 134 cadets.<sup>386</sup> The number of women in officer positions increased by 29 since last quarter.<sup>387</sup>

The MOI Female Policy Council serves to provide communication and professional activities with national and international women's groups and to address women's issues such as work environment problems and practical solutions, improvement of police women's living conditions to attract recruits into the ANP, actions to improve the social and economic stability, promotions, and policies and other legal benefits for women. The council consists of police and civilian women, although any citizen may qualify to be a member.<sup>388</sup>

## ANDSF MEDICAL/HEALTH CARE

CSTC-A reported the frequent changes in the number of authorized medical positions are due to shifting personnel policies and procedures. While the authorizations are expected to stabilize when the tashkil is approved, MOI commanders are allowed to convert an unfilled medical position into a non-medical position.<sup>389</sup> As of January 20, 2016, CSTC-A reports there are 899 physicians and 2,758 other medical staff within the ANDSF health-care system, with vacancies of 347 (27.9%) and 571 (17.2%) respectively.<sup>390</sup>

To address the problem of medical personnel being assigned to non-medical positions, the ANP Surgeon General developed policy guidance directing medical personnel be assigned into medical positions. Additionally, a proposal to hire civilian personnel to work in the ANP hospital and provincial medical treatment facilities is under consideration.<sup>391</sup> The MOI approved eight 20-bed regional hospitals; the Helmand and Kunduz facilities are planned to begin operations by the end of 2016. These regional facilities will also serve as satellite medical supply points, thereby reducing the dependence on the Kabul warehouse.<sup>392</sup>

This quarter CSTC-A reported several accomplishments within the ANDSF health-care system. An \$87.5 million donation from the NATO ANA Trust Fund will be used to purchase medical consumables, subsidize ANA vaccination-program costs, outfit the National Martyr and Rehabilitation Care Center, expand the 215th Corps hospital, and upgrade the ANA Medical Emergency Operations Center.<sup>393</sup>

# SECURITY

TABLE 3.14

CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, FISCAL YEARS 2009–2016						
Date Range	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared	Minefields Cleared (m <sup>2</sup> )	Estimated Contaminated Area Remaining (m <sup>2</sup> )*
2010	13,879	663,162	1,602,267	4,339,235	39,337,557	650,662,000
2011	10,504	345,029	2,393,725	21,966,347	31,644,360	602,000,000
2012	11,830	344,363	1,058,760	22,912,702	46,783,527	550,000,000
2013	6,431	203,024	275,697	10,148,683	25,059,918	521,000,000
2014	12,397	287,331	346,484	9,415,712	22,071,212	511,600,000
2015/2016**	2,023	32,220	99,438	3,962,329	12,580,354	589,000,000
<b>Total</b>	<b>57,064</b>	<b>1,875,129</b>	<b>5,776,371</b>	<b>72,745,008</b>	<b>177,476,928</b>	<b>589,000,000</b>

Note: AT/AP = antitank/antipersonnel 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 (m<sup>2</sup>) 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.

\*\*includes first quarter results for FY 2016.

Source: PM/WRA, response to SIGAR data calls, 6/26/2015, 12/29/2015, and 3/31/2016.

## REMOVING UNEXPLODED ORDNANCE

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. Since FY 2002, State has provided \$331.6 million in weapons destruction and humanitarian mine-action assistance to Afghanistan. PM/WRA has two-year funding, and all FY 2015 money has been obligated. Approximately \$3.3 million of FY 2016 has been obligated; PM/WRA plans to obligate the remaining \$17 million in the upcoming months.<sup>394</sup>

State directly funds five Afghan nongovernmental organizations (NGO), four international NGOs, and one U.S. government contractor. These funds enable the clearance of areas contaminated by explosive remnants of war (ERW) and support the clearance of conventional weapons used by insurgents to construct roadside bombs and other improvised explosive devices. As of December 31, 2015, State-funded implementing partners have cleared more than 177.5 million square meters of land (approximately 68.5 square miles) and removed or destroyed approximately 7.7 million landmines and other ERW such as unexploded ordnance, abandoned ordnance, stockpiled munitions, and home-made explosives since 2002 (see Table 3.14).<sup>395</sup>

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 209.4 square miles of contaminated minefields and battlefields. During the quarter, 6.7 square miles were cleared. However, ongoing surveys identified 24.6 square miles of additional contaminated areas, bringing the known contaminated area to 227.4 square miles by the end of the quarter. PM/WRA

### SIGAR AUDIT

This quarter SIGAR published a financial audit of the Department of State's demining activities. SIGAR examined grants awarded between 2011 and 2013 from the Mine Detection Dog Center (MDC) totaling \$10.5 million. SIGAR identified three deficiencies in MDC's internal controls and six instances of noncompliance with grant terms and regulations resulting in \$98,780 in unsupported costs. For more information, see Section 2, pp. 31–32.

defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.<sup>396</sup>

USAID in partnership with the UN Mine Action Centre for Afghanistan (UNMACA) provides services for victims and survivors of mines and ERW, as well as for civilians affected by conflict and persons with disabilities, through the Afghan Civilian Assistance Program (ACAP). The goal of this project is to mitigate the short-term and long-term impact of conflict on civilians, including victims of mines and ERW.

UNMACA draws on its wider network under the Mine Action Programme of Afghanistan, which consists of 50 international and national organizations, to access beneficiaries and communities. One of those organizations, the Mine Action Coordination Centre of Afghanistan (MACCA), collects casualty data on mine/ERW victims to help prioritize its clearance activities. According to USAID, ACAP funding will allow MACCA to expand its victim assistance activities beyond service provision and data collection to include immediate assistance for individual survivors and their families. The \$30.2 million ACAP program has expended \$9.6 million to date and will conclude in February 2018.<sup>397</sup>

## COUNTERNARCOTICS

As of March 31, 2016, the United States has provided \$8.5 billion for counternarcotics efforts in Afghanistan since 2002. Nonetheless, Afghanistan remains the world's leading producer of opium, providing 80% of the world's output over the past decade, according to the United Nations.<sup>398</sup>

Congress appropriated most of these counternarcotics funds through the DOD Drug Interdiction and Counter-Drug Activities Fund (\$3 billion), the Afghan Security Forces Fund (\$1.3 billion), the Economic Support Fund (\$1.5 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement account (\$2.2 billion). USAID's alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. The Drug Enforcement Administration (DEA) also receives funding to operate in Afghanistan. See Appendix B for additional funding information.<sup>399</sup>

The Bureau of International Narcotics and Law Enforcement Affairs (INL) is currently operating under the 2012 U.S. government counternarcotics strategy, which has not always been successful in curbing the illicit drug trade. INL reports that the United States is in the final stages of updating its counternarcotics strategy for Afghanistan in order to uphold the shared CN and National Unity Government priorities. The revised strategy will continue to focus on building Afghanistan's capacity to counter narcotics, and will support Afghanistan's counternarcotics goals and objectives, as outlined in the country's National Drug Action Plan released in October 2015.<sup>400</sup>

Until we can create a stable enough environment for some of these economic development initiatives to take hold, I think we are going to have this problem [Afghanistan's opium trade] for some time to come.

—General John W. Nicholson Jr.,  
Resolute Support Commander

Source: Nomination Hearing Before the Senate Armed Services Committee, 1/28/2016.

In early April 2016, the Ministry of Counter Narcotics (MCN) announced its second 100-day plan since the first one was released in June 2015. The Minister of Counter Narcotics stated her ministry is determined to create more inclusive programs to combat cultivation, production, and drug trafficking. The minister said current available resources are inadequate to effectively maintain counternarcotic efforts and asked for assistance from other relevant ministries in order to achieve its objectives.<sup>401</sup>

This quarter, the UN Office on Drugs and Crime (UNODC) presented a socio-economic analysis of its December 2015 *Afghanistan Opium Survey*, which showed that opium poppy farmers earned considerably less in 2015 compared to the previous year: gross income from opium decreased to \$3,100 per hectare in 2015 from \$3,800 in 2014—an 18% decrease and the lowest level since 2002 after the end of the Taliban opium ban. According to UNODC, the combination of four consecutive moderate to poor harvests in the main opium-poppy growing areas and moderate prices likely made investing in new land and keeping high-maintenance fields with expensive irrigation systems less profitable. Moreover, opium yields have decreased, possibly due to lower land productivity and disease.

Survey results show that 38% of farmers who discontinued cultivation in 2015 cited agronomic and ecological conditions—such as poppy pests, diseases and bad yields—as reasons for their decision. Interviews with the farmers also show one reason they do not grow alternative crops is that the main poppy-growing areas have only limited access to markets. Other factors that limit farmers from finding alternative livelihoods include the need for non-farm job opportunities, better physical and social infrastructure, and enhanced strategies to address political crises and conflicts.<sup>402</sup>

The UNODC December survey estimated that the area under cultivation was 183,000 hectares, a 19% decrease from the previous year. Afghan opium production (3,300 tons) also decreased 48% from its 2014 level. However, UNODC cautioned that it changed its methodology between 2014 and 2015, which could make changes appear larger than they actually were. The decreases do not result from a single factor or policy measure. According to UNODC, the declines are mainly a consequence of repeated crop failures in the southern and southwestern regions of Afghanistan and do not represent a downward trend. Production and cultivation results had been rising for the past decade, as illustrated in Figure 3.29.<sup>403</sup>

In December 2015, INL took part in two UNODC international meetings, the High-Level Meeting of Partners for Afghanistan and Neighboring Countries at which the National Drug Action Plan (NDAP) was presented, and the **Paris Pact** Consultative Group Meeting. The meetings reaffirmed U.S. support for counternarcotics in Afghanistan and encouraged international commitments to the NDAP.<sup>404</sup>

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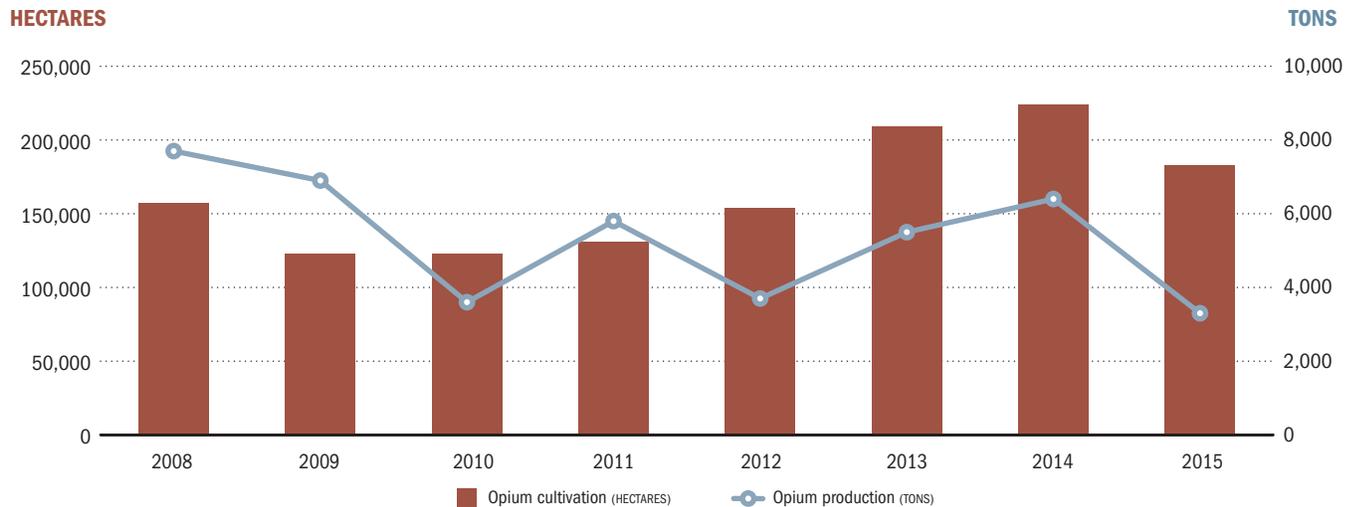
**The Paris Pact:** The partnership of several countries and international organizations to combat illicit opium traffic from Afghanistan. It originated from a meeting of various ministers held in Paris in 2003 on central Asian drug routes. It aims to reduce opium-poppy cultivation, production and global consumption of heroin and other opiates, and establish a broad international coalition to combat illicit traffic in opiates.

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Source: Paris Pact website, "What is it?" [www.paris-pact.net](http://www.paris-pact.net).

FIGURE 3.29

## AFGHAN OPIUM CULTIVATION AND PRODUCTION SINCE 2008



Source: UNODC, *Afghanistan Opium Survey 2008*, 11/2008, p. 5; *Afghanistan Opium Survey 2009*, 12/2009, p. 5; *Afghanistan Opium Survey 2010*, 12/2010, p. 7; *Afghanistan Opium Survey 2011: Summary Findings*, 10/2011, p. 1; *Afghanistan Opium Survey 2013*, 12/2013, p. 12; *Afghanistan Opium Survey 2014: Cultivation and Production*, 11/2014, p. 7; *Afghanistan Opium Survey 2015: Cultivation and Production*, 12/2015, p. 3.

## Drug Demand Reduction

Although INL reports that Afghanistan has one of the highest substance-abuse rates in the world, INL is reducing funding to all Afghan treatment centers in collaboration with the Ministry of Public Health (MOPH) in order to redirect funding to other critical drug-demand reduction programs. For example, funding will be redirected to rural treatment programs to address the rural drug use problem, which studies show is significantly higher than in urban areas. INL told SIGAR it lacked resources to maintain current levels.<sup>405</sup> INL will also work with MOPH to encourage other international donors to provide funding for treatment facilities.<sup>406</sup>

In January 2015, INL transitioned the first group of 13 treatment programs to MOPH responsibility. Another 15 treatment centers began transitioning in January 2016; another 21 treatment centers will begin transitioning in January 2017; the remaining treatment centers will be transitioned by the end of 2019. INL reduced funding to all facilities (including the MOPH portfolio of 23 centers) by approximately 20% in 2015, another 15% in 2016, and another 25% in 2017. INL provided \$1.55 million for operational costs for all 89 facilities this quarter and \$1.49 million last quarter.

During 2015, the MOPH and the **Colombo Plan** collaborated to transfer all clinical staff onto the Afghan government payroll. According to INL, this

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

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

will be complete by January 2016. Due to Afghan legal constraints, the transition will occur as MOPH assumes responsibility of the transitional treatment centers. A total of 103 clinical staff members were trained between January and February 28, 2016, under the Colombo Plan; training for an additional 50 clinical staff will take place between March 27 and April 15, 2016.

According to the UN, 26 treatment centers were handed over to the Afghan government in 2015. These centers have an annual treatment capacity of about 33,000. However, this allows only 8% of the opium and heroin users in the country to access any form of drug-treatment services.

During the quarter, INL began working with the Ministry of Higher Education on the possibility of establishing an addiction-studies department at Kabul University and continued its efforts with the Ministry of Education on preventive drug-education teacher training.<sup>407</sup>

INL contributed over \$4.6 million to the Colombo Plan in April 2015 and \$12.9 million during 2015 for drug treatment and education programs.<sup>408</sup>

## 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 \$9.18 million on the program, reflecting all funding available on the current grant. The program was extended for one year on April 4, 2015, with an additional cost of \$1.55 million. INL is negotiating an extension of the CNCE grant, and anticipates awarding it next quarter.

The program pays an Afghan company, Sayara Media Communications, to place 42 observers in Afghan provinces, which are ranked from tier 1 to tier 4 based on cultivation levels, to gather information and gauge perceptions of counternarcotics policies and messaging. Sayara assesses the effectiveness of campaigns and seeks to identify the provincial drivers of drug trafficking, opium cultivation, and public sentiment.

Sayara monitors counternarcotics-related items in the media and evaluates any changes in coverage on a monthly basis. The effectiveness of this media campaign is unclear. INL said some areas exposed to counternarcotics media experienced a decrease in opium cultivation, while in other areas where security and governance remain a challenge, cultivation numbers increased or remained the same. An independent evaluation of the INL-funded messaging program has not taken place since early in the program's implementation, but a 2008 evaluation of a similar campaign concluded that "public CN [counternarcotics] awareness campaigns cannot be effective in isolation and, to increase the chances of success, need to be (i) coordinated with the development of the licit rural economy to provide alternatives to opium poppy cultivation, and (ii) accompanied by credible threats of punishment (including eradication)."<sup>409</sup>

## Ministry of Counter-Narcotics Capacity Building

INL has focused resources in the following areas in order to promote capacity-building efforts at the MCN: finance and fiscal transparency, administration support, public outreach and strategic communications, policy-development support, and ministerial-level advising by U.S. contractors. Additionally, INL funds Asian University for Women (AUW) fellows, who work in various offices across the MCN; plans are being made for another group of seven fellows to start in September 2016. The AUW fellows focus on English translation, grant writing, research, public outreach, and gender integration across the MCN's directorates.<sup>410</sup>

INL will measure MCN's development through the indicators listed in the MCN capacity building performance measurement plan. Because the focus of the capacity-building program is shifting to provide skills-based training, INL will collect data on the number of training courses provided and individuals trained, the knowledge and skills acquired through training by means of pre- and post-training tests, and the Ministry's effectiveness at preparing and establishing administrative and financial standard operating procedures.<sup>411</sup>

To support some of the MCN's training requests, INL issued a notice of funding opportunity focused on the following training elements: English, computer software, grant writing, and human-resources management. The solicitation closed in early April and INL anticipates awarding the grant by June 2016. This quarter, INL also solicited a financial-remediation plan contract to improve financial management controls at the MCN. INL anticipates awarding the latter in April 2016. INL's initial assessment of the MCN Capacity Building Program was completed in November 2015. The next review is scheduled for May 2016.<sup>412</sup>

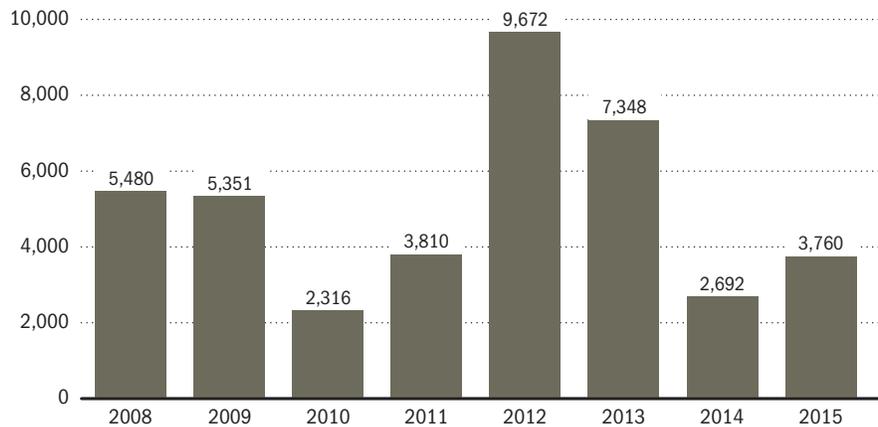
## Governor-Led Eradication Program

INL funds the Governor-Led Eradication Program (GLE) program. The program reimburses provincial governors for expenses associated with poppy eradication. Since 2007, INL has contributed \$10 million to the MCN for the GLE program, which accounts for less than 2% of INL's annual counternarcotics budget for Afghanistan. The MCN tracks cumulative results that are verified by UNODC. According to UNODC, a total of 3,720 hectares were eradicated in 2015, a 40% increase from 2014. This quarter, INL disbursed \$540,750 to the MCN for the final 2015 GLE payment.

The MCN and INL agreed in February 2016 to reconcile unearned advances by province from previous years. Following this reconciliation, INL approved and disbursed the remaining 2015 GLE funds to the MCN in March 2016. An updated memorandum of understanding to the GLE implementing instructions was signed in March 2016 and awaits approval by the Afghan government.

FIGURE 3.30

## GOVERNOR LED OPIUM-POPPY ERADICATION, 2008–2015 (HECTARES)



Note: Program results are based on UNODC-verified eradication figures.

Source: UNODC, *Afghanistan Opium Survey 2008*, 11/2008, p. 5; *Afghanistan Opium Survey 2009*, 12/2009, p. 5; *Afghanistan Opium Survey 2010*, 12/2010, p. 7; *Afghanistan Opium Survey 2011: Summary Findings*, 10/2011, p. 1; *Afghanistan Opium Survey 2013*, 12/2013, p. 12; *Afghanistan Opium Survey 2014: Cultivation and Production*, 11/2014, p. 7; *Afghanistan Opium Survey 2015: Cultivation and Production*, 12/2015, p. 3.

Eradication results have been declining over the past few years, as shown in Figure 3.30. Few security incidents occurred during last year's eradication campaign, which UNODC attributes to improved coordination between the MCN, MOD, MOI, and the Independent Directorate of Local Governance. Eradication took place near active military operations in Helmand and Kandahar, which reportedly improved security but also underscored the lack of government control in those areas.<sup>413</sup>

### Good Performer's Initiative Will Be Phased Out Due to the Lack of MCN Capacity

INL's Good Performer's Initiative (GPI) is a program implemented by the MCN that seeks to incentivize provincial counternarcotics performance. As of February 2016, a total of 256 GPI projects with a value of \$119,867,042 were approved. Some 199 projects were completed, 54 projects are ongoing, and three projects are nearing completion.

Under the terms of the original GPI, which ran through August 30, 2014, a province was eligible for financial support of GPI development projects for each year that it achieved UNODC-verified poppy-free status or reduced cultivation by more than 10% compared to the previous year's levels. In September 2014, the MCN began implementing a redesigned GPI to encourage more integrated counternarcotics action and provide more focused

support for rural alternative livelihoods. Under the new GPI (GPI II), the award categories for “good performers” were expanded to include progress in public outreach and law enforcement, in addition to cultivation. The new program will continue to link action with rewards: provinces must demonstrate verifiable counternarcotics achievements against defined standards to receive awards.<sup>414</sup>

INL said it has decided to phase out the GPI program because the MCN lacked the technical capacity to implement GPI II. INL will continue to approve new project proposals until April 30, 2016, after which the balance of previously awarded GPI funds not associated with projects in procurement will be rescinded. INL will continue to provide operational support for the MCN until all ongoing projects are completed. No new GPI awards will be issued, and the GPI II memorandum of understanding will not be signed. INL is currently in the initial stages of developing new alternative development programs with other implementing partners.<sup>415</sup>

## **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 supports supply-reduction and alternative-development programs. INL told SIGAR it coordinates regularly with USAID to ensure that INL-supported alternative-development efforts complement past and ongoing investments by USAID in licit livelihoods and rural development in Afghanistan.<sup>416</sup>

### **Strengthening Afghan Governance and Alternative Livelihoods**

The nongovernmental Aga Khan Foundation and its partners implement activities under INL’s \$11.9 million Strengthening Afghan Governance and Alternative Livelihoods (SAGAL) grant across 16 provinces: Badakhshan, Baghlan, Takhar, Bamyan, Kunduz, Parwan, Faryab, Kabul, Balkh, Jowzjan, Kandahar, Nangarhar, Helmand, Laghman, Uruzgan, and Kunar. The implementers favor activities, rather than stand-alone projects, with the following five objectives:

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

The SAGAL grant ended January 20, 2016; \$7.3 million has been expended to date for actual expenses incurred through September 30, 2015. The Aga Khan Foundation is now closing out its financial reports

# SECURITY

TABLE 3.15

ALTERNATIVE LIVELIHOOD PROGRAMS					
Agency	Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
State (INL)	Strengthening Afghan Governance and Alternative Livelihoods (SAGAL)	7/21/2014	1/20/2016	\$11,884,816	\$7,321,345*
USAID	Commercial Horticulture and Agriculture Marketing Program (CHAMP)	2/1/2010	12/30/2016	45,296,184	45,296,184
USAID	Kandahar Food Zone (KFZ)	7/31/2013	8/30/2016	27,695,788	22,535,000
USAID	Regional Agricultural Development Program (RADP)-South	10/7/2013	10/6/2018	125,075,172	56,924,493
USAID	Regional Agricultural Development Program (RADP)-North	5/21/2014	5/20/2019	78,429,714	16,872,197
USAID	Regional Agricultural Development Program (RADP)-West	8/10/2014	8/9/2019	69,973,376	18,858,081

Source: USAID, response to SIGAR data calls, 3/28/2016 and 4/7/2016; INL, response to SIGAR data call, 4/1/2016.  
 \* Disbursements for expenses incurred through 9/30/2015 only.

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

and will submit additional reimbursement requests during the project close-out period.<sup>417</sup>

Table 3.15 provides summary financial information on SAGAL and other alternative livelihood programs.

## Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a three-year, \$27.7 million USAID project, implemented by International Relief and Development Inc. under a joint strategy and in close coordination with INL. KFZ is designed to identify and address the drivers of poppy cultivation in targeted districts of Kandahar province through grants for activities that improve community infrastructure, strengthen alternative livelihoods, and support small businesses. The Afghan government's MCN KFZ program has four pillars: public outreach, eradication, demand reduction, and alternative livelihoods. USAID's activities only support the alternative livelihoods component.<sup>418</sup>

KFZ expended \$1.95 million between October and December 2015. During that period, KFZ trained 46 master trainers in technical areas, continued irrigation canal maintenance and rehabilitated or constructed 12 canals in the target districts, and continued rehabilitation of four additional irrigation canals. KFZ continued to partner with government entities to reinforce their capacity to provide efficient services to communities. The program received approval for 15 alternative development projects and four infrastructure canal-rehabilitation projects.

This quarter, construction and rehabilitation work on the four canals is approximately 59% complete. The program is waiting on government approval for two women's skills and market training projects. Coordination meetings took place in early February 2016 in preparation for the March 23–24, 2016, Agricultural Fair in Panjwayee, Kandahar. As of March 31, 2016, USAID has disbursed \$22.5 million. For funding information, please refer to Table 3.15.<sup>419</sup>

## Regional Agricultural Development Program

The Regional Agricultural Development Program (RADP) is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects are under way in the southern, western, and northern regions of Afghanistan. The projects focus on strengthening the capacity of farmers to improve the productivity of high-value crops and livestock. 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. As of March 31, 2016, USAID has made cumulative disbursements of \$16.9 million to RADP-North, \$56.9 million to RADP-South and \$18.9 million to RADP-West.<sup>420</sup>

RADP-North is a five-year, \$78.4 million program covering Badakshan, Baghlan, Balkh, Jowzjan, Kunduz and Samangan Provinces. Last quarter, the program implemented seven activities and issued seven grants valued at \$115,062 to local partners. Between October and December 2015, 800 women were trained in hygiene and nutrition, and 14 contracts to use Afghan wheat varieties between seed enterprises and processors were signed. RADP-North also conducted a short-message service (SMS or “text message”) marketing campaign to more than 4,800 farmers and suppliers. The program also sponsored 12 agribusinesses to participate at the “WorldFood Kazakhstan” Trade Show that resulted in the signing of four contracts for over 62.5 tons of raisins and dried fruit.<sup>421</sup>

The purpose of RADP-South is to improve food and economic security for rural Afghans in Helmand, Kandahar, Zabul, and Uruzgan. It began in October 2013 and is scheduled to end in October 2018 with an estimated cost of \$125 million. Between October and December 2015, RADP-South increased the capacity of over 17,800 farmers in greater wheat and high-value crop production, livestock care, and improved basic business skills, vegetable cultivation, and greenhouse technology for women farmers. During last quarter, RADP-South’s interventions impacted over 7,100 households; over 7,000 farmers grew high-value crops under the program. As a result, over 6,300 hectares are under increased high-value crop production. More than 1,000 surveyed farmers reported over 1,200 hectares being used with the improved technologies or management practices.<sup>422</sup>

The implementing partner noted that the security situation in Helmand and Uruzgan deteriorated during that period. Clashes between ANDSF and insurgent forces forced the cancellation or postponement of some activities. The program’s monitoring and evaluation unit was unable to conduct site visits in Helmand in October 2015 and RADP-South will engage a third party monitor during the next quarter to address this issue. RADP-South anticipates continuing planned program activities as the next quarter unfolds.<sup>423</sup>

The five-year RADP-West program focuses on helping rural Afghans in the western provinces of Herat, Farah, and Badghis to improve food and economic security. During January 2016, RADP-West monitored 785

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**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.

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

cultivated wheat-plot germination rates and prepared and developed cultivation training that will be conducted during the winter. The program received commitments from flour mills to purchase wheat during the June/July harvest. In addition, the program will develop the capability of a Badghis flour producer to purchase wheat from program beneficiaries.

RADP-East is still in procurement; USAID anticipates awarding a contract next quarter.<sup>424</sup>

For summary information on this alternative-livelihood program, see Table 3.15 on page 134 of this report.<sup>425</sup>

## Commercial Horticulture And Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a \$45.3 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 helping them shift from relatively low-value subsistence crops, such as wheat and corn, to high-value crops such as fruits and vegetables.<sup>426</sup> As of March 31, 2016, USAID has disbursed all funds for the CHAMP program. Though the program will end December 2016, USAID told SIGAR no funding increase is necessary given the current scope of the program; the implementing partner has also confirmed that the available funds will carry the project until its end date.

CHAMP worked with 289 **producer groups** last year. At CHAMP farmer field schools, participants learn new agricultural practices such as orchard or trellis management and receive modern agricultural tools. In 2015, the program arranged farmer field school programs for over 4,000 orchard farmers, including 488 women, in six provinces. The program also provided food safety training and harvest and post-harvest management training.

The program also provides direct assistance in fruit processing, sorting, grading and packing, and introducing improved packaging that meets international market standards. The program's marketing team worked with 19 companies to export 10,485 metric tons of apples, pomegranates, raisins, fresh and dried apricots, almonds, grapes, and melons to international markets. CHAMP organized business-to-business meetings between Afghan farmers and traders as well as meetings between Afghan traders and international buyers. CHAMP's trade offices in Dubai and New Delhi created stronger linkages between Afghan exporters and local buyers, facilitating nearly 600 metric tons of fruits and nuts. CHAMP also participated in international trade fairs in Dubai, Kabul, and New Delhi, enabling Afghan traders to bring their products to an international audience, most notably the Dubai Gulfood exhibition, at which CHAMP traders signed nearly \$4 million in contracts with international buyers.<sup>427</sup>

For summary financial information on this program, see Table 3.15 on page 134 of this report.

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**producer group:** consists of a lead farmer and 10 to 15 member farmers (sub-farmers). The lead farmer is responsible for disseminating information on CHAMP trainings throughout the group.

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Source: USAID, *Commercial Horticulture and Agricultural Marketing Program (CHAMP) 2015 Annual Report*, p. 7, 1/2016.

## INTERDICTION OPERATIONS AND RESULTS

The Counternarcotics Police of Afghanistan (CNPA) consists of regular narcotics police and specialized units across the country. The specialized units include the Sensitive Investigation Unit (SIU), National Interdiction Unit (NIU), and the Intelligence Investigation Unit (IIU). Nearly half of the CNPA's 2,528 personnel are assigned to Kabul. In addition to the CNPA, Afghan organizations contributing to interdiction activities include elements of the Afghan National Police: the Afghan Border Police, Afghan Uniform Police, and the General Command of Police Special Unit (GCPSU).<sup>428</sup>

The INL interdiction program supports the maintenance and operations of NIU/SIU and DEA facilities as well as a judicial wire-intercept unit (JWIP). SIU processes an average of 45,000 pertinent calls quarterly through the JWIP, which generates evidence admissible in courts of law in Afghanistan and elsewhere. Until December 2015, INL provided limited mission and operations support for the CNPA Kabul headquarters compound, averaging less than \$1 million per year. INL provides extensive support to the CNPA's NIU and SIU including salary supplements for NIU members (and DEA for SIU members). As of late 2015, INL began support for SIU training and professional development. The NIU/SIU program is also supported by various DOD-funded activities, which include specialized training, and the Special Mission Wing, a rotary- and fixed-wing force that supports NIU missions, among others.<sup>429</sup>

Last quarter, INL reduced its operations at the Counter Narcotics Strip Mall in Kabul. The INL-funded mentoring program ended its mission in December 2015 with the withdrawal of U.S. and foreign personnel from the strip-mall facility. INL continues to provide operations and mission support services at the strip mall including core services such as meals and electric power generation. This quarter, INL will complete refurbishment of properties in two DEA compounds near the U.S. Embassy, where DEA and SIU officers will operate the JWIP system.

Since 2004, DOD's CN requirements for Afghanistan have been funded mostly through supplemental and Overseas Contingency Operations appropriations. These train-and-equip programs aim to support U.S. regional goals and reduce CN-related terrorism and financing. The majority of funding is for special-purpose vetted units such as the Special Mission Wing and the CNPA.<sup>430</sup>

DOD reported that from January 1 to March 24, 2016, Afghan security forces and law-enforcement agencies conducted 41 drug-interdiction operations resulting in the detention of 59 individuals. These operations included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. DOD is currently working with INL and DEA to relocate personnel to the international zone in Kabul, which will enable DEA to continue mentoring and training the CNPA's specialized investigative units. U.S. interdiction activities in Afghanistan throughout

“Counternarcotics is primarily a law enforcement and justice function versus a military one. As such, the Department of Defense’s role in broader U.S. government counternarcotics efforts is primarily to enable or support law enforcement agencies as appropriate, while limiting unilateral action to targets which are at the nexus of the drug trade and terrorism and are threats to U.S. vital national interests.

—General John W. Nicholson, Jr.,  
*Resolute Support Commander*

Source: Advance Policy Questions for Nomination Hearing before the Senate Armed Services Committee, 1/28/2016.

2015 were minimal, and only one counternarcotic operation was conducted during the reporting period.<sup>431</sup>

The security situation has negatively impacted counternarcotics activities in Afghanistan. In the south and southwest, operations are extremely difficult to conduct due to the increased requirements on security forces to protect threatened district centers and security force positions. The UN reported that 70% of security incidents that occurred in 2015 took place in the south, east and southeast. According to DOD, counternarcotics operations in the north and east also may decrease as security forces prioritize countering militant forces during spring and summer.

DOD also informed SIGAR of a reduction in available transportation, particularly helicopters. DOD also said counternarcotics forces are needed to play general security roles where drug trade and anti-government forces are concentrated in southern, southwest, and northern Afghanistan. Recent partnering of CN forces with U.S. Special Forces has not yet yielded immediate results, but may present opportunities for future operations.<sup>432</sup>

In 2014, DOD created a regional narcotics interagency fusion cell (RNIFC) to combat the regional drug trade given the U.S. military's reduced capabilities in Afghanistan. The RNIFC, located in Bahrain, tracks and interdicts the illicit movement of Afghan heroin and other illicit commodities on dhows (boats) destined for the Middle East and East Africa. The RNIFC collaborates with the Combined Maritime Force (CMF) passing on information to CMF patrols in the Arabian Sea and Indian Ocean on suspect dhows and other vessels.<sup>433</sup>

Afghan operations during this period also resulted in the reported seizures of the following narcotics contraband:<sup>434</sup>

- 1,430 kg of opium
- 109 kg of heroin
- 2,763 kg of hashish/marijuana

There were no seizures of precursor chemicals this quarter.

**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.

TABLE 3.16

INTERDICTION RESULTS, FISCAL YEARS 2008–2016										
	2008	2009	2010	2011	2012	2013	2014	2015	2016*	TOTAL
Number of Operations	136	282	263	624	669	518	333	268	77	3,170
Detainees	49	190	484	862	535	386	441	394	113	3,454
Hashish seized (kg)	241,353	58,677	25,044	182,213	183,776	37,826	19,088	24,785	120,280	893,042
Heroin seized (kg)	277	576	8,392	10,982	3,441	2,489	3,052	2,855	785	32,849
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	27,498	5,236	425,753
Precursor chemicals seized (kg)	4,709	93,031	20,397	122,150	130,846	36,250	53,184	234,981	-	695,548

Note: The large increase in total precursor-chemical seizures from 2014 to 2015 reflects a 12/2015 seizure of 135,000 liters.

\* Results for period 10/1/2015–3/24/2016 only.

Source: DOD, response to SIGAR data calls, 7/29/2015, 12/29/2015, and 3/31/2016.

As noted in previous SIGAR reports, interdiction results have been declining since 2012, as shown in Table 3.16.

According to UNODC, Africa is no longer just a transit point for Afghan-sourced opium; there is a growing domestic market for Afghan opium on the continent. Interdiction results have been declining since the withdrawal of Coalition forces.<sup>435</sup>

## AVIATION SUPPORT

The Department of Justice (DOJ) Office of the Inspector General (OIG) issued a report this quarter on joint DEA/DOD aviation support. In 2008, the DEA purchased an aircraft at the cost of \$8.6 million to support its CN efforts in Afghanistan. Over the years, DEA and DOD expended \$86 million for aircraft modifications and construction of a hangar to house the aircraft at Kabul International Airport. The hangar remains unused.

DOJ OIG found that the aircraft purchased for what became known as DEA's Global Discovery program missed its initial delivery date and nearly quadrupled the initial program cost of \$22 million. It also found that DEA did not fully comply with federal regulations in the purchase and solicitation of the aircraft. In addition, it found that bids were not properly evaluated, resulting in a higher purchase price for the aircraft. The OIG audit uncovered over \$2.5 million in unsupported and unallowable costs. DOJ identified other deficiencies in the Global Discovery program. The aircraft remains inoperable.<sup>436</sup>

Between January and March 26, 2016, State's Air Wing provided the following air support to DEA (air shuttle and National Interdiction Unit movements): 43 flight hours, 34 sorties, 652 personnel transported, and 43,719 pounds of cargo moved. Air Wing also transported 305 INL and DEA personnel on its air shuttle for all movements within Kabul.<sup>437</sup>

INL's ability to support tactical operations in the south and southwest regions of the country has been constrained since the June 2015 closure of INL's base at Kandahar Air Field. NIU personnel continue to staff the regional law enforcement centers (RLECs) in Kandahar, Herat, and Kunduz. Additionally, NIU personnel occasionally support other MOI operations outside of Kabul. INL continues to assist the NIU and SIU with enablers, including operations and maintenance, while NIU typically uses Resolute Support assets, including the Special Mission Wing (SMW). See pages 114–115 of this report for more information on the SMW.<sup>438</sup>

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As of March 31, 2016, the United States had provided nearly \$31.8 billion to support governance and economic development in Afghanistan. Most of this funding, nearly \$18.6 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).

### KEY EVENTS

This quarter, James Clapper, the Director of National Intelligence, questioned Afghanistan's political stability, saying that 2016 will see eroding political cohesion, assertions of authority by local power brokers, recurring financial shortfalls, and countrywide, sustained attacks by the Taliban. Clapper said political cohesion will remain a challenge as the government will confront larger and more divisive issues later in 2016, including the implementation of election reforms, long-delayed parliamentary elections, and a potential alteration of Afghanistan's constitutional order by a *Loya Jirga* grand national assembly.<sup>439</sup>

Nicholas Haysom, Special Representative of the United Nations Secretary-General and Head of the United Nations Assistance Mission in Afghanistan, similarly argued that 2016 will be a challenging year, saying "survival will be an achievement for the National Unity Government." Haysom identified a fractious political elite, the erosion of the sense of national unity, and reduced confidence in the future as significant political challenges. He also warned of political consequences if election reforms are not implemented expeditiously.<sup>440</sup>

In February, Democracy International (DI) released their survey of 215 Afghan parliamentarians. DI found that only 7% of parliamentarians believe Afghanistan is moving in the right direction. Respondents named poor governance (26%), neighboring countries' behavior or policies (25%), and insecurity (21%) as the main reasons for pessimism. Parliamentarians are generally dissatisfied with President Ashraf Ghani's performance, with nearly 45% very dissatisfied and 19% somewhat dissatisfied. Parliamentarians were also dissatisfied with Chief Executive

# GOVERNANCE

Abdullah Abdullah, with more than half very dissatisfied and 20% somewhat dissatisfied.<sup>441</sup>

In March, the federal Broadcasting Board of Governors and the Gallup opinion-research organization released the results of a survey of 2,500 Afghans that found deep public dissatisfaction with the Afghan government. Nearly 81% of respondents said they were somewhat or very dissatisfied with the performance of the National Unity Government, while 17% said they were somewhat or very satisfied. Additionally, nearly 69% said their lives had gotten somewhat worse or much worse over the past year and almost 46% predicted their life would get even worse in the next year.<sup>442</sup>

Pakistan's Advisor to the Prime Minister on Foreign Affairs, Sartaj Aziz, conceded this quarter that Pakistan has some influence over the Taliban because "their leadership is in Pakistan, and they get some medical facilities, their families are here." He said one of the reasons the Taliban participated in the July 7, 2015, peace talks was because the Pakistan government restricted Taliban freedom of movement and access to hospitals, and threatened to expel the Taliban leadership from Pakistan if they did not participate. Despite this leverage, Aziz insisted, Pakistan cannot negotiate on behalf of the Afghan government because "we can't offer [the Taliban] what Afghan government can offer them."<sup>443</sup>

High-profile supporters of President Ghani and Chief Executive Abdullah feuded this quarter, revealing enduring tensions within the national-unity government. In March, supporters of vice president Abdul Rashid Dostum protested the removal of billboards featuring Dostum's photo in Mazar-e Sharif, Balkh Province. The protesters accused the long-time governor



**Secretary of State** John Kerry visited Kabul and met with President Ashraf Ghani and Chief Executive Abdullah Abdullah, in April. (State photo)

of Balkh Province, Atta Mohammad Noor, of removing the billboards. Noor was one of Abdullah's main supporters during the 2014 presidential election, whereas Dostum supported Ghani. Ghani technically dismissed Noor—along with the other provincial governors—when the new government was established; however, Noor has refused to give up his position and the government has not publicly pursued the matter. In an April interview with the *New York Times*, Noor said that he would be willing to discuss vacating the governorship he has held since 2004 only after being formally reappointed to his position, arguing the government “cannot remove me by force.”<sup>444</sup>

On April 9 in Kabul, Secretary of State John Kerry met with President Ghani and Chief Executive Abdullah to discuss Afghan government reforms and the challenges to national unity. Secretary Kerry's visit came as the Afghan unity government approaches a September 2016 deadline for holding a Loya Jirga to amend the Afghan constitution and consider creating the post of an executive prime minister. This deadline was part of the political deal between Ghani and Abdullah that served as the basis for the National Unity Government. Secretary Kerry said that while there was a goal to hold a Loya Jirga at some point within the first two years of the agreement, he wanted to be “very, very clear” that the broader agreement for a government of national unity was meant to last the entire five-year presidential term.<sup>445</sup> Kerry's comments prompted protests from former president Hamid Karzai and Senate chairman Fazel Hadi Muslimyar, who labeled the statements “major violation of Afghanistan's national sovereignty” and “clear interference in Afghanistan's internal affairs,” respectively.<sup>446</sup>

## NATIONAL UNITY GOVERNMENT COMMITMENTS

### Refreshed Mutual Accountability

In September 2015, international donors and the Afghan government met in Kabul for the second Senior Officials Meeting (SOM). The meeting was a continuation of the annual high-level meetings to follow up on mutual commitments from the July 2012 Tokyo Conference. 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.<sup>447</sup>

As a result of the September SOM, the Self-Reliance through Mutual Accountability Framework (SMAF) has superseded the Tokyo Mutual Accountability Framework (TMAF). The SMAF helps 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).<sup>448</sup> 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.<sup>449</sup>

Three SMAF short-term deliverables were due to be completed by the first quarter of 2016. According to USAID, as of March 16, donors confirm that the Afghan government successfully approved a new comprehensive human-resources reform policy for the Afghan Customs Department (ACD) and established a new law-enforcement element within the ACD. While the Afghan government reports that it has successfully implemented an International Monetary Fund (IMF) staff-monitored program and negotiated subsequent financial arrangements with the IMF, donors are still awaiting confirmation from the IMF. Finally, the Afghan government was expected to issue a public-private partnership regulation but, as of March 16, USAID is only aware of a first draft of the regulation having been prepared and circulated to government ministries for comment.<sup>450</sup>

Overall, SOM donors reaffirmed their Tokyo commitment of sustaining support through 2017 at or near the levels of the past decade.<sup>451</sup> USAID said that although it cannot identify funds that may be awarded or withheld directly related to compliance or noncompliance with SMAF targets and indicators, noncompliance with SMAF indicators could erode donor confidence and reduce aid contributions.<sup>452</sup>

## Electoral Reform Challenges

According to State, the U.S. government and other potential international donors are waiting for the Afghan government to present an electoral timeline along with a plan to achieve specified electoral reforms before committing to any funding or other support for elections. State is encouraging the Afghan government to announce its election timeline as soon as possible to allow for efficient planning by international donors. While the Independent Election Commission (IEC) issued a press release on January 18 asserting its authority for managing and overseeing elections and announcing October 15, 2016, as the date for parliamentary and district council elections, this date has not been officially confirmed by the Afghan government.<sup>453</sup>

On December 16, 2015, President Ghani issued a presidential decree announcing seven members of a selection committee to decide on the candidates for the IEC and the Central Complaints Commission (CCC) commissioners.<sup>454</sup> The selection committee received hundreds of resumes, which it had begun to review. However, after both houses of parliament rejected President Ghani's September 2015 decree authorizing the

formation of the selection committee, the committee suspended its work on January 5. On March 5, President Ghani submitted a new decree reconstituting the members of the selection committee. This new decree reduced the number of civil-society representatives and added the speakers of the upper and lower houses of parliament to the committee.<sup>455</sup>

On March 26, Ahmad Yusuf Nuristani resigned as chief of the IEC. He had been appointed chairman of the IEC in August 2013 and oversaw the controversial 2014 elections.<sup>456</sup> In February, 16 months after the establishment of the government, Nuristani announced the results of the 2014 presidential election and accused the government of violating the law.<sup>457</sup> Later in early March, Nuristani accused foreign governments, international institutions, and elements of the Afghan government of interfering in the elections process and called on the Afghan government to approve the IEC budget.<sup>458</sup> Following his resignation, Nuristani insisted that election reforms are the responsibility of the IEC, not that of commissions created by presidential decree.<sup>459</sup>

Chief Executive Abdullah's office called for new elections commissioners in February, with Abdullah's deputy spokesman insisting that "no election will held" without reforms and new commissioners.<sup>460</sup> A spokesman for Chief Executive Abdullah said movement on election reforms should intensify now that Nuristani has resigned.<sup>461</sup>

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 forming the national-unity government called for immediate establishment of a special commission for election reform. The intent was to implement reform before the 2015 parliamentary elections, and to distribute electronic identity cards to all Afghan citizens as quickly as possible.<sup>462</sup>

## 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.<sup>463</sup> 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.<sup>464</sup>

The Afghan government and donors are currently discussing priority reform areas in preparation for the ministerial-level development conference scheduled to be held in Brussels in October, at which new

**On-budget assistance:** encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and approved 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.

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; State, response to SIGAR vetting, 1/14/2016.

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development assistance pledges for 2017–2020 will be made. These discussions include possible linkages between the North Atlantic Treaty Organization (NATO) summit to be held in Warsaw in July and the Brussels conference, with a focus on the fiscal impact of security sector spending and the maximization of its contribution to development outcomes. As part of this preparation, on April 4, international donors and the Afghan government met for a special session of the Joint Coordination and Monitoring Board (JCMB). The head of the United Nations Assistance Mission in Afghanistan (UNAMA) called on the Afghan government to achieve immediate and tangible results in the anticorruption fight, while the European Union special representative said it is necessary for the Afghan government to implement reforms and improve governance to ensure continued exceptional levels of foreign assistance.<sup>465</sup>

As shown in Table 3.17, USAID expects to spend \$937 million 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 \$113 million to the Afghanistan Infrastructure Trust Fund (AITF).<sup>466</sup>

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 3/31/2016 (\$)	
<b>Bilateral Government to Government Projects</b>							
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	Yes	1/1/2013	12/31/2018	\$725,000,000	\$84,260,062	
Sheberghan Gas Development Project (SGDP)	Ministry of Mines and Petroleum	Yes	5/15/2012	8/31/2016	90,000,000	21,895,875	
Kajaki Unit 2 Project (Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant)	DABS	Yes	4/22/2013	5/31/2016	80,000,000	38,916,173	
Afghanistan Workforce Development Project (AWDP)	MOE	Yes	9/18/2013	4/3/2016	11,500,000	1,321,456	
Basic Education, Learning, and Training (BELT)-Textbook Printing and Distribution	MOE	Yes	11/16/2011	12/31/2016	26,996,813	24,970,742	
E-Government Resource Center (EGRC)	Ministry of Communications and Information Technology (MOCIT)	Yes	8/28/2013	6/1/2016	3,900,000	405,000	
<b>Multi-Donor Trust Funds</b>							
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	No	3/31/2012	3/31/2017	1,900,000,000	1,209,255,530	
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	No	3/7/2013	3/6/2018	113,670,184	113,000,000	

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 \$2,581,246,725.

Source: USAID, response to SIGAR data call, 4/7/2016.

The U.S. government announced in March 2015 that it intends to seek funding to support the Afghan National Defense and Security Forces (ANDSF), including the army and police, at the level of 352,000 personnel through at least 2017.<sup>467</sup> The Department of Defense (DOD) was appropriated \$3.7 billion to support the ANDSF for fiscal year (FY) 2016.<sup>468</sup>

Previously, at the 2012 Chicago Conference, the United States and its allies reaffirmed their commitments to financially support the Afghan security forces, noting that the pace and size of a gradual, managed force reduction from the surge peak (330,000 army and police personnel at the time of the conference, expanded to 352,000 personnel later in 2012) to a sustainable level would be conditions-based and decided by the Afghan government in consultation with the international community. The preliminary model envisioned Afghan security forces of 228,500 personnel with an estimated budget of \$4.1 billion, to be reviewed regularly against the changing security environment. According to DOD, the peak surge force structure of 352,000 personnel has been sustained since 2012 due to the security situation.<sup>469</sup> At the September 2014 Wales Summit, NATO allies and partners renewed their commitment to contribute significantly to the 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.<sup>470</sup> At a December meeting in Brussels, Belgium, NATO foreign ministers agreed to begin steps to secure international funding for the ANDSF through the end of 2020.<sup>471</sup>

For 2016, DOD expects to contribute \$110 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).<sup>472</sup>

DOD also expects to contribute approximately \$1.13 billion this year in direct contributions to the Ministry of Defense (MOD) and approximately \$412 million in direct contributions to the MOI.<sup>473</sup>

## Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with seven Afghan government entities and (2) contributions to two multidonor trust funds, the ARTF and the AITF.<sup>474</sup> According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance for each program.<sup>475</sup>

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.<sup>476</sup> The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure

## SIGAR AUDIT

Last quarter, SIGAR initiated a follow-up audit of the ARTF. In July 2011, SIGAR found that the World Bank and the Afghan government had established mechanisms to monitor and account for ARTF contributions, but that several limitations and challenges should be addressed. This audit will assess the extent to which the World Bank and the Afghan government (1) monitor and account for U.S. contributions to the ARTF; (2) evaluate whether ARTF-funded projects have achieved their stated goals and objectives; and (3) utilize and enforce any conditionality on ARTF funding.

projects in Afghanistan.<sup>477</sup> 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.<sup>478</sup>

## 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.<sup>479</sup> Administered by the UNDP, LOTFA primarily funds Afghan National Police (ANP) salaries and incentives.<sup>480</sup> Direct-contribution funding is provided to the Ministry of Finance, which allots it incrementally to the MOD and MOI, as required.<sup>481</sup>

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 provisions of the annual commitment letters.<sup>482</sup>

Thus far in the current Afghan fiscal year, CSTC-A has provided \$233.1 million to the MOD and \$109.5 million to the MOI. Of the \$109.5 million for the MOI, \$80.9 million were direct contributions and \$28.7 million was provided via LOTFA.<sup>483</sup>

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." According to CSTC-A, the procurement crisis resulted in many MOD contracts not being fully executed by the end of the previous fiscal year. This delay meant that a large number of contracts need to carry over into the new fiscal year. Additionally, there were over 150 MOD contracts that were approved but not awarded by the end of the previous fiscal year. This means that a large amount of CSTC-A's 1395 funds will be used to cover the 1394 contracts. Despite the slowdown in procurements, however, CSTC-A reports that the impact was minimized to ensure that critical supplies and services (such as fuel and food) were prioritized. In some cases, sole-source contracts that complied with Afghan laws and procedures were used.<sup>484</sup>

The MOI procurement directorate, however, has not yet fully adopted President Ghani's procurement reforms and maintains a "business as usual" mentality. According to CSTC-A, MOI staff lack sufficient knowledge of procurement laws. Additionally, MOI personnel are timid about

signing procurement-related documents for fear of being removed and/or reprimanded.<sup>485</sup>

## 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.<sup>486</sup> USAID also seeks to increase civil-society capacity through the Afghan Civic Engagement Program (ACEP). As shown in Table 3.18, active programs include the Ministry of Women's Affairs (MOWA) Organizational Restructuring and Empowerment (MORE) project, a \$14 million project that, among other things, assists the ministry to improve its financial management, as required for future on-budget assistance.<sup>487</sup> MORE has provided 76 scholarships for MOWA staff to attend 25 Afghan universities. As of March, six MOWA staff have graduated from undergraduate programs and 24 are scheduled to graduate by the end of 2016. MORE is also sponsoring English-language and computer training for MOWA staff who did not benefit from scholarships.<sup>488</sup>

TABLE 3.18

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
Afghan Civic Engagement Program (ACEP)	N/A	12/4/2013	12/3/2018	\$70,000,000	\$29,791,294
Assistance to Legislative Bodies of Afghanistan (ALBA)	Parliament	3/28/2013	3/27/2018	24,990,827	14,344,993
Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE)	Ministry of Women's Affairs	12/20/2012	12/19/2015	14,182,944	8,759,900

Source: USAID, response to SIGAR data call, 4/7/2016 and 4/10/2016.

USAID has also provided \$5 million for the \$150 million ARTF-managed Capacity Building for Results (CBR) program. CBR aims to improve the capacity and performance of Afghan government ministries through the provision of skilled civil servants to implement ministries' reform programs. CBR provides Afghan government ministries with the opportunity to recruit high capacity staff into critical posts at salaries closer to the market rates. The aim is to increase on-budget service delivery and reduce reliance upon the so-called "second civil service" wherein Afghan consultants, instead of civil servants, performed government functions.<sup>489</sup>

According to the World Bank, CBR has made limited progress over the past three years. Last year, the Afghan government mandated that individual

ministries are now responsible for hiring senior civil servants, a move the World Bank says should help improve CBR implementation. The World Bank reports that 682 out of a planned 1,500 CBR-supported Afghan government positions—reduced from the original target of 2,400—have been advertised and are in different stages of screening and recruitment. USAID does not expect to see Afghan government capacity improvements until CBR civil-servant positions are filled and the new civil servants begin to exercise their responsibilities.<sup>490</sup> Additionally, the World Bank now questions whether CBR will be able to ultimately improve service delivery as this CBR objective may not be measurable, attributable to the program, or achievable within the remaining implementation period. According to the SMAF, at least 800 civil-service positions are to be filled through CBR by December 2016.<sup>491</sup>

## National Assembly

The Afghan parliament was on winter recess, January 20 to March 6, for much of the quarter.<sup>492</sup>

USAID funds the \$25 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.<sup>493</sup> In January, ALBA supported an outreach trip to Helmand Province by the upper house's internal-security and defense commission. The parliamentary delegation met with local government and security officials, provincial council members, and community elders. The commission heard of problems including insufficient coordination among Afghan security forces, insufficient equipment and munitions, and insufficient numbers of military personnel. In February, ALBA facilitated a parliamentary



**Members of the upper house** of parliament visit an industrial park in Herat Province. (USAID photo)

study tour to Bangladesh by the lower house's women's affairs commission and an oversight trip to Herat Province by the upper house's public-welfare committee.<sup>494</sup>

## Civil Society

The Afghan Civic Engagement Program's goal is to promote civil-society and media engagement that enables Afghan citizens to influence policy, monitor government accountability, and serve as advocates for political reform. ACEP aims to achieve this goal through five program areas: (1) regular civil-society organization (CSO) engagement with the Afghan government, (2) increased CSO and media-thematic expertise in democracy and governance, (3) expanded civic engagement, (4) improved access to independent news and public affairs information, and (5) increased CSO organizational capacity.<sup>495</sup>

This quarter, ACEP initiated the 2016 Emerging Civil Society Leaders (ECSL) program for 34 participants, including 15 women. The ECSL program will focus on civic activism, public speaking, research, advocacy and leadership, and includes an international study tour to further support the development of young Afghans and their links with civil society. ACEP also launched an ECSL alumni network to connect participants from the 2013 to 2016 ECSL classes.<sup>496</sup>

ACEP hosted its annual Afghan Media Conference in March. This year's theme was women in the media. The conference was designed to promote networking, information sharing, and learning, and featured speeches by media representatives from Kabul and the provinces, panel discussions, thematic presentations, information sessions, and group work.<sup>497</sup>

## SUBNATIONAL GOVERNANCE

### Rural Stabilization Programs

USAID has conducted several stabilization programs aimed at helping the Afghan government extend its reach into unstable areas and build local governance capacity. Last quarter, the Community Cohesion Initiative (CCI) ended operations.<sup>498</sup> CCI—which ran from March 2012 to December 2015—implemented 1,321 activities totaling approximately \$41 million. USAID does not plan a follow-up program.<sup>499</sup>

### Community Cohesion Initiative

USAID's Community Cohesion Initiative (CCI) program supported 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.<sup>500</sup>

### SIGAR AUDIT

SIGAR has an ongoing audit of the 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 planning and implementing 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.

# GOVERNANCE

As of December 2015, CCI closed and all staff were demobilized. CCI implemented 1,321 activities, disbursing \$41 million for these activities. According to USAID, there is no planned follow-up program.<sup>501</sup>

In February, USAID released the CCI final evaluation. The evaluation relied on 33 focus-group discussions and 263 interviews of local stakeholders, USAID officials, and CCI staff and grantees.<sup>502</sup> The evaluation concluded that CCI programming made important contributions to the political and security transitions in Afghanistan. In particular, the evaluation credited CCI's mobilization of 40 international election-audit observers during the 2014 presidential election with "creating time and space for the two sides in the election dispute to reach a power-sharing agreement and avert state collapse by eventually establishing a new unity government." The evaluation highlighted CCI's strategic communications efforts in support of peaceful elections that led to high enthusiasm and participation in the elections and effectively overwhelmed antidemocratic voices (until the situation descended into crisis due to allegations of fraud).<sup>503</sup>

According to the evaluation, the power-sharing arrangement that resulted is unconstitutional, and the government that emerged after a long period of negotiation is politically weak and internally divided. The evaluation concluded that the political weakness of the Afghan government means community-driven programming—such as that implemented by CCI—is unlikely to create the situation in which Afghan government legitimacy is consolidated and the insurgency is marginalized. In comments to SIGAR, USAID clarified that the conclusional language represented the views of the third-party evaluator and were outside the scope of the CCI evaluation. USAID subsequently asked the evaluator to remove this conclusion in a revised version of the evaluation.<sup>504</sup>

According to the evaluation, CCI's goal to strengthen community reliance was poorly understood by CCI local staff, whereas the goal to increase cohesion was better understood. "Resilience" has no easy translation into Dari or Pashto, and the English usage of this term had multiple variants that complicated its explanation. CCI documents used the term resilience variously to describe influential individuals, abilities to cope with shocks arising from violence and economic exigencies and/or natural phenomena, links with the Afghan government, and resistance to the insurgency. The evaluation found that local stakeholders understood resilience mainly in terms of their ability to meet basic needs and cope with external shocks that were unrelated to the insurgency.<sup>505</sup>

In contrast to "resilience," "cohesion" was a better term for communicating the intent of the program because it is easily translated into Afghanistan's local languages and was well understood by local stakeholders and CCI staff. The cohesion terminology was better suited to convey the objectives of the program, and changes to the objectives, to

local staff and stakeholders. Interviewees variously described cohesion in terms of coordination, cooperation, communication, unity, and mutual understanding between different communities and people from different areas, between members of the same community, between communities and the government, between youth and elders, between women, and also between local communities, the government, and former and current sympathizers or members of armed opposition groups, such as the Taliban. Cohesion, rather than resilience, was understood by CCI local staff and community stakeholders as the key factor that empowered communities to resist the insurgency by presenting a united front in the face of Taliban opposition to the project activities in their communities.<sup>506</sup>

Despite greater clarity surrounding the cohesion objective, the evaluation found that the extent to which CCI contributed to cohesion between the Afghan government and local communities was limited by local perceptions of Afghan government official corruption.<sup>507</sup>

In certain insurgent-controlled or -contested areas, elders in CCI-supported communities were reported to have sought permission and/or security guarantees from the Taliban, including the Peshawar Shura leadership, to allow CCI projects to proceed. According to one respondent, Taliban leadership would allow the projects so long as they were not funded by the Afghan government. Despite these findings, the evaluation concludes that CCI programming in such areas was effective at improving security, linking communities to the Afghan government, and preventing the Taliban from controlling a district in Khowst Province.<sup>508</sup> In another insurgent-influenced district in Helmand Province, the Taliban allowed some projects to proceed but blocked others. Local stakeholders and the CCI independent monitoring unit reported that projects that did not receive Taliban permission were not implemented; however, the evaluation found that the USAID CCI database reported the projects closed and all grants funds disbursed. When the evaluators spoke with the former CCI local project manager, the manager responded that “to do anything there, you had to tell the Taliban.” In comments to SIGAR, USAID noted that community negotiations with the Taliban were not part of the approved CCI process.<sup>509</sup>

Most respondents reported that links between the Afghan government and their community had increased as a result of CCI programming. The evaluation argued that the most lasting effect of CCI was a change in mentality that increased cohesion between people and willingness to work together to achieve common ends. The other major change in mentality surrounded people’s understanding of what to expect from the government and how to communicate their needs and expectations to the government. The evaluation noted, however, that a common frustration from stakeholders and CCI local staff was the short duration of the program and lack of a follow-on activity.<sup>510</sup>

# GOVERNANCE

## Jobs for Peace

In November 2015, President Ashraf Ghani announced the first portion of the Jobs for Peace program, a 24-to-30-month jobs-focused stimulus and stabilization program that the Afghan government initially estimates will cost approximately \$1.18 billion, though some components of the program still require budget estimates. The program is meant to provide short-term, labor-intensive employment in rural and urban areas.<sup>511</sup> It aims to create short-term employment, but will also focus on political aspects of unemployment by targeting areas and populations that are especially susceptible to destabilization and insurgent recruitment.<sup>512</sup>

In December, the United States announced plans to contribute \$50 million to support the Afghan government's job-creation efforts.<sup>513</sup> U.S. assistance for the Jobs for Peace program consisted of a \$35 million on-budget contribution to the National Solidarity Program and a \$15 million off-budget contribution for an apprenticeship program for educated women in urban areas.<sup>514</sup> USAID reports it does not know how the Afghan government intends to assess the Jobs for Peace program, particularly political aspects related to destabilization and insurgent recruitment.<sup>515</sup>

## Provincial and Municipal Programs

USAID has 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 3.19 summarizes total program costs and disbursements to date.

TABLE 3.19

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2017	\$73,499,999	\$15,062,189
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	62,364,687	5,798,105

Source: USAID, response to SIGAR data call, 4/7/2016.

## 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.<sup>516</sup>

During the quarter, ISLA deployed 46 personnel to provincial governors' offices to begin work. ISLA is also preparing strategic communications training for 34 provincial spokespersons.<sup>517</sup>

## **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.<sup>518</sup>

In February, the 20 SHAHAR-supported municipalities registered a total of 165 new businesses and issued 2,243 new business licenses. These efforts resulted in approximately \$68,427 in new municipal revenue for the month and a total of \$117,092 in new revenue for the year. SHAHAR-supported municipalities also registered 263 properties in February and collected \$299,866 in property taxes, bringing the year-to-date total to \$564,279.<sup>519</sup>

SHAHAR should soon begin construction of the initial batch of Competitive Urban Service Delivery Mechanism projects for 16 eligible municipalities. SHAHAR-supported municipalities submitted 194 project ideas that were later reduced to 66 proposals that met SHAHAR eligibility criteria. During the first year, SHAHAR and the municipalities will follow a cost-sharing scheme in which SHAHAR funds 75% of the project cost (up to \$120,000) and the municipality funds the remainder. Examples of the first batch of projects include a bus and taxi station, renovation of a stadium, construction of a cattle market, and construction of a women's park. SHAHAR plans to contribute \$1.4 million to 17 of the initial projects while the municipalities plan to contribute \$483,425.<sup>520</sup>

## **RECONCILIATION AND REINTEGRATION**

According to the United Nations Secretary-General, the peace process gained regional momentum though the Quadrilateral Coordination Group (QCG) consisting of Afghanistan, Pakistan, the United States, and China, but the commitment of the Taliban to a possible peace process remained uncertain.<sup>521</sup> In March, Nicholas Haysom—Special Representative of the United Nations Secretary-General and Head of the United Nations Assistance Mission in Afghanistan—reported he had met with the Taliban Political Commission and been told that the Taliban was not yet ready to engage in direct peace talks with the Afghan government.<sup>522</sup>

In early December 2015, Pakistan hosted a Heart of Asia summit attended by President Ghani, senior Chinese officials, and a U.S. delegation led by the Deputy Secretary of State. The summit was a forum for regional players to discuss their commitments to an Afghan-led and Afghan-owned peace process.<sup>523</sup>

Following the Heart of Asia summit, the QCG met four times between January 11 and February 23. According to State, the meetings were important steps in forging a regional consensus in support of Afghan-led peace

talks. QCG members pledged to advance the peace process and seek direct talks with the Taliban. The Ghani administration has demonstrated a willingness to work with the Pakistani government on coordinated reconciliation objectives, which marks a departure from previous attempts at reconciliation. Both Afghanistan and Pakistan have made repeated, public calls for the Taliban to participate in direct talks with the Afghan government.<sup>524</sup>

In spite of the QCG process, the acting head of the National Directorate of Security accused the Pakistan government of supporting the Taliban. During a briefing to Afghan parliamentarians, he said the Pakistani military intelligence service is “completely supporting” the Taliban.<sup>525</sup>

Concurrent with the QCG meetings, the nongovernmental organization Pugwash Conferences on Science and World Affairs organized a “track II” dialogue in Doha, Qatar, on January 23 and 24. This unofficial meeting included Afghan politicians attending in their personal capacities and representatives of the Taliban. Participants declared peace an urgent need and rejected Daesh (a transliteration of the Arabic phrase often rendered as “Islamic State in Iraq and Syria” or ISIS) as a foreign phenomenon. Additionally, participants felt that the Taliban should have an office and address and be able to travel freely to facilitate peace talks. There was disagreement over the current Afghan constitution; some participants preferred amending it, while others argued it should be substantially rewritten. President Ghani has voiced his opposition to track II efforts that facilitate dialogue outside of the official process.<sup>526</sup>

In March, the Hezb-e-Islami insurgent group met with the High Peace Council after publicly announcing they were ready to join political reconciliation talks with the Afghan government. Meanwhile, the mainstream Taliban, under leader Mullah Akhtar Mohammed Mansour, issued a public statement in early March rejecting the QCG’s call for talks in Pakistan. QCG members, however, are continuing efforts to persuade the Taliban to the negotiating table.<sup>527</sup>

According to James Clapper, Director of National Intelligence, and General Joseph Votel, the new Commander of U.S. Central Command, the Taliban remains relatively united despite the announcement of Mullah Omar’s death and some dissatisfaction over the rise of Mullah Mansour as the new Taliban leader. Votel further stated that the degree of fracturing which has led to the emergence of intra-Taliban opposition groups is unlikely to impact near-term reconciliation efforts.<sup>528</sup>

In March, the Afghan Institute for Strategic Studies released the results of a survey on perceptions toward the peace talks from 1,540 respondents in 15 provinces. The majority of respondents (76.8%) believe that the Taliban’s behaviors are not acceptable. Additionally, 28.4% of respondents believe that the main reason the Taliban fights the Afghan government is to further the interests of Pakistan and almost 13% believe the reason is

to further the interests of unspecified foreign countries. Another 25.9% believed the Taliban was fighting for power. Despite these views of the Taliban, respondents were mixed on whether the Taliban are a part of Afghan society and whether it is important to share power with them; 55% disagreed and 40.7% agreed.<sup>529</sup>

## 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.<sup>530</sup> The APRP is the only institutional mechanism within the Afghan government with capacity to pursue both high-level reconciliation negotiations and provincial-level reintegration of insurgent fighters.<sup>531</sup>

As of March 15, the APRP has facilitated a total of 11,074 reintegrees, 1,050 of whom were reportedly “commanders.” A total of 154 reintegrees were documented recidivists.<sup>532</sup> This quarter, the APRP processed 100 reintegrees in January, February, and March.<sup>533</sup> The insurgency has an estimated strength of between 20,000 to 40,000 fighters.<sup>534</sup>

According to State, the APRP has faced several challenges including: (1) inadequate security assurances for reintegrees—184 of whom have been killed by insurgents—and inadequate protection for APRP staff and members, 40 of whom have been killed, including former HPC Chairman Burhanuddin Rabbani; (2) the lack of a cease-fire and/or peace agreement that has severely limited the numbers of insurgents willing to demobilize and reintegrate; (3) the long-term vacancies of APRP senior leadership positions that were only recently filled; (4) the low priority the Afghan government used to assign the APRP; (5) and the lack of regular long-term donor funding that has created operational challenges for the program.<sup>535</sup>

On February 23, President Ghani announced major changes to the High Peace Council including a new chairman, six new deputy chairmen, five new executive advisors, and a new secretariat.<sup>536</sup> According to State, the appointment of Pir Sayed Ahmad Gailani as the new chairman of the HPC, along with other HPC leadership positions, is an important step for organizing peace talks with the Taliban.<sup>537</sup> Following Gailani’s appointment as chairman of the HPC, a number of donors provided additional funding for reintegration. The APRP has approximately \$6.4 million for operations, including \$1.9 million remaining from the U.S. government’s most recent \$5 million contribution.<sup>538</sup>

## 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

# GOVERNANCE

TABLE 3.20

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
Justice System Support Program II (JSSP II)	6/16/2010	2/28/2017	\$247,142,053	\$230,294,160
Advancing Effective Reforms for Civic Accountability (AERCA)*	7/13/2009	6/30/2017	51,302,682	38,465,138
Corrections System Support Program (CSSP III)	1/1/2015	2/29/2016	21,107,063	18,673,225
CSSP IV	3/1/2016	2/28/2017	10,000,000	-
Justice Training Transition Program (JTTP)	1/2/2013	3/31/2016	47,759,796	47,759,796
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: \*On November 1, 2015, USAID extended the AERCA award beyond the planned December 31, 2015, end date, added \$12.6 million in estimated costs, and incorporated additional anticorruption activities into the program description. The information in the table refers to the entire award, not simply the new anticorruption portion covered by the modification.

Source: State, INL, response to SIGAR data calls, 4/1/2016; USAID, response to SIGAR data calls, 12/28/2015 and 4/7/2016.

Sector Support Program (JSSP), and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.20.

In the area of anticorruption, USAID has 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 its vulnerability-to-corruption assessments.<sup>539</sup> Last year, USAID facilitated an agreement between the MEC and the Ministry of Public Health (MOPH) for the MEC to conduct a ministry-wide anticorruption assessment. This assessment will inform the MOPH's own anticorruption strategy and should be completed next quarter. USAID hopes this approach will be a model for other Afghan government ministries.<sup>540</sup>

USAID aims to improve public services by reducing corruption opportunities in Afghan government administrative and business processes. In November 2015, USAID modified the existing Advancing Effective Reforms for Civic Accountability (AERCA) project—previously the Afghanistan Electoral Reform and Civic Advocacy (AERCA) project—to address immediately identifiable corrupt practices. AERCA will lay the groundwork for a new, five-year project known as AMANAT (Afghanistan's Measure for Accountability and Transparency). Through a combination of its support to the MEC and AERCA project, USAID aims to (1) strengthen local Afghan capacity to identify corruption vulnerabilities and develop sensible recommendations in response, (2) provide technical assistance to target government agencies to plan for and operationalize those recommendations, and (3) strengthen civil society's ability to fulfill its watchdog function.<sup>541</sup>

AERCA aims to increase the demand from civil-society organizations to spur the Afghan government's efforts to reduce administrative corruption while building a foundation of lawfulness that can over time chip away at what the World Bank has called "grand corruption." AERCA is in the work planning phase and is currently consulting with the Afghan government to plan specific interventions. Additionally, AERCA is working with civil society to prepare grants to track and monitor Afghan government reform promises.<sup>542</sup>

The State Department's JSSP objectives include continuing to develop a case-management system (CMS) to track cases throughout Afghanistan's justice system and to build the capacity and administrative skills of ministry officials.<sup>543</sup>

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 analyze and understand the function of the formal justice sector. For example, the CMS can help identify an individual prosecutor's case load and conviction rates, information that is useful for determining promotion eligibility. 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.<sup>544</sup>

The State Department's JTTP provided regional training to justice-sector officials on a wide range of criminal-justice topics.<sup>545</sup> JTTP aimed to increase the confidence of Afghan citizens in their justice sector and to achieve two outcomes: (1) increase the capacity and competencies of Afghan justice-sector professionals in delivering justice according to Afghan law, and (2) ensure that Afghan justice institutions are capable of managing the sustainable implementation of training programs.<sup>546</sup> According to State, JTTP ended on March 31 with a follow-on project starting April 1.<sup>547</sup>

## The Supreme Court and the Formal Justice Sector

In March, President Ghani ordered the newly appointed attorney general to reopen the Farkhunda Malikzada case after the Supreme Court upheld a lower court's decision to reduce the sentences of 13 men convicted in her murder. Farkhunda was beaten to death by a mob in March 2015 after being falsely accused of having burned a Koran. Human Rights Watch said the handling of the case thus far represented a failure by the Afghan criminal-justice system.<sup>548</sup>

According to USAID, the Supreme Court has taken initial steps to address judicial performance and corruption through administrative measures. In early 2016, the court reassigned just under 100 high-ranking judges

and administrative heads—including all 34 provincial chief judges—to advisory and lower ranking positions.<sup>549</sup>

According to the SMAF, short-term deliverables related to the justice sector include the launch of a justice-sector reform plan and a draft of a revised penal code, both to be completed by December 2016. This plan has been drafted but not yet finalized.<sup>550</sup>

## 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 6.51% annually over the past five years. As of January 31, the GDPDC incarcerated 26,867 males and 751 females, while the Ministry of Justice’s Juvenile Rehabilitation Directorate (JRD) incarcerated 915 male juveniles and 112 female juveniles. These incarceration totals do not include detainees held by any other Afghan governmental organization, as INL does not have access to their data.<sup>551</sup>

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for adult males, although state-funded prison construction has added some new prison beds and presidential-amnesty decrees have reduced the prison population significantly. As of January 31, the total male provincial-prison population was at 200% of capacity, as defined by the International Committee of the Red Cross’s (ICRC) minimum standard 3.4 square meters per inmate. The total female provincial-prison population was at 55% of the ICRC-recommended capacity. The JRD’s juvenile-rehabilitation centers’ population was at 75% of ICRC-recommended capacity.<sup>552</sup>

This quarter, State through the Corrections System Support Program (CSSP) completed four small-scale renovation projects that will increase the safety, security, and humane treatment of those prisons that received limited renovation and reconstruction support. These included: (1) the replacement of an exterior wall that was on the verge of collapse at the Nangarhar provincial prison; the construction of two visitor canopies to provide shelter for prison visitors and additional canopies and fencing in the detainee recreation area to provide shade and protection from inclement weather at the Kabul Detention Center; (3) renovations to enhance security, improve visitation, and expand industries programs at the Kabul Female Prison and Detention Center; and (4) the rebuilding of three rooms for housing, refurbishment of the recreational area, installation of a new septic system, and reconstruction of a security wall at the Juvenile Rehabilitation Center in Samangan.<sup>553</sup>

## Anticorruption

This quarter, at the March ministerial meeting of the G7+ association of countries in Kabul, President Ghani spoke on corruption saying, “Our

grasp of corruption remains weak, trapped in the realm of definitions and denunciations but still lacking the framework that will let us define its contours and domains of action.” Ghani acknowledged that state corruption is the result of elite capture in which government institutions become the means to perpetuate corrupt behavior rather than the tool for development. However, he questioned the value of common responses, saying the “solution to fragmented and captured states is never going to be more consultants, anticorruption plans, or good governance projects.” Instead, he said improvements are driven by reformist leadership that (1) have control over their budgets; (2) use the state to build price-setting, resource-allocating markets; and (3) develop a partnership between the citizenry and the state.<sup>554</sup>

According to the Department of Justice (DOJ), the Afghan government has performed poorly on prosecuting major criminal-corruption cases. The Afghan government appears to have no political will to pursue corruption cases, with DOJ reporting that the predominant attitude of many of their Afghan government counterparts in the justice sector being one of defeat and anxiety.<sup>555</sup>

This quarter, Transparency International and Integrity Watch Afghanistan (TI/IWA) issued an integrity system assessment to establish a picture of Afghanistan’s institutional landscape with regard to integrity, accountability, and transparency. The report focused on the legal system, public sector and service delivery, and the integrity of elected leaders. The report found that the corrupt enjoy impunity thanks to a dysfunctional law-enforcement and judicial system. The authors say that Afghanistan’s anticorruption agency, the High Office of Oversight and Anti-Corruption (HOO), has also proven to be ineffective in the fight against corruption.<sup>556</sup>

The TI/IWA report also says the judiciary is seen as being manipulated by both the government and parliament with judicial decisions frequently biased in their favor. The overall result is a dysfunctional justice system in which corruption largely goes unpunished. This situation leads citizens to seek justice elsewhere, further undermining the legitimacy of the already fragile state. With regard to service delivery, widespread corruption and political interference in the public sector, combined with the highly centralized system of administration, has undermined the ability of the public sector to deliver basic services to citizens. Finally, the authors write that the lack of integrity of Afghan elected leaders erodes public confidence and reinforces the sense of impunity that prevails in Afghanistan.<sup>557</sup>

While the report found many areas of failure, the authors argue that progress is possible when there is strong political commitment for reform. In particular, the Afghan government has made progress in the area of public procurement. The new government established the National Procurement Authority (NPA) in October 2014 to oversee procurement activities in the public sector with a stated policy of zero tolerance for corruption. According to the Afghan government, the NPA has already saved more

than \$70 million of taxpayers' money and over 50 companies have been blacklisted. Nevertheless, the authors say concerns remain over the limited transparency in procurement processes and lack of cooperation with civil-society organizations. Another area of progress includes the introduction of an access-to-information law in December 2014, though a number of important weaknesses in the law still need to be addressed. According to the report, although the law obligates all Afghan government institutions to provide information upon request, civil society organizations report that implementation remains weak. Finally, the report cited the reopening of the Kabul Bank case as a positive sign; however, the fact that the former Kabul Bank chief executive was invited to participate in a large-scale Afghan government investment project was a worrying development.<sup>558</sup>

### **Afghan Attorney General's Office**

On April 9, the lower house of parliament approved the nomination of Mohammad Farid Hamidi for attorney general. Hamidi, a graduate of Kabul University Faculty of Law and Political Science and Harvard University, served as a commissioner of the Afghanistan Independent Human Rights Commission for over 10 years before assuming the duties of deputy director in 2013. He served on the Electoral Complaints Commission in 2005 and is the co-founder of the Free and Fair Elections Foundation in Afghanistan. Hamidi has also served on various advisory boards to the government focusing on human rights and civil society.<sup>559</sup> The appointment of a new attorney general by the end of 2015 was a SMAF short-term deliverable.<sup>560</sup>

### **Major Crimes Task Force**

The Major Crimes Task Force (MCTF) recently lost its complement of National Directorate of Security (NDS) personnel—roughly half of the MCTF staff—and is now housed within the MOI's anti-crime police. Along with the reorganization, the MCTF deputy director replaced the previous director whom DOD had assessed as ineffective and potentially compromised. Following the leadership change, the MCTF immediately began to make arrests, some of which had been stifled under previous leadership. In January and February, the MCTF arrested an Attorney General's Office (AGO) prosecutor for extortion, an Afghan police colonel for extortion, two police colonels for weapons trafficking, two Ministry of Transportation & Civil Aviation officials for corruption at the entry points into Kabul, and numerous persons involved in illegal mining of gemstones that resulted in the seizure of almost 100 tons of stones. Politicians, including several members of parliament, have sought to pressure MCTF to release defendants or otherwise sabotage cases of those recently arrested.<sup>561</sup>

Despite recent progress, DOD reports that the MCTF's effectiveness against high-level corruption will continue to be limited by external factors, such as AGO corruption and political pressure. Recently, the AGO released

several MCTF-arrested defendants in mid-level corruption cases including a police colonel and a Ministry of Transportation & Civil Aviation official. The latter bragged while in custody that he would soon be released.<sup>562</sup>

## **Independent Joint Anti-Corruption Monitoring and Evaluation Committee**

A presidential decree established the MEC in March 2010. Its mandate is to develop anticorruption recommendations and benchmarks, to monitor efforts to fight corruption, and to report on these efforts. It comprises three Afghan members and three international members and is led by an Afghan executive director. The 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.<sup>563</sup>

The MEC is currently working on a three-year institutional strategic plan.<sup>564</sup>

## **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 that it receives before referring allegations to the Attorney General's Office (AGO) for further investigation and possible prosecution. According to USAID, these investigations seldom lead to prosecution. Mutual recrimination between AGO and HOO is common.<sup>565</sup>

In February, the HOO signed a memorandum of understanding with the Ministry of Hajj & Islamic Affairs to spread anticorruption messages through mosques. The head of the HOO said that raising public awareness against corruption is an important part of its strategy.<sup>566</sup>

Also in February, the HOO director accused the Afghan government of not making sufficient efforts to overcome corruption, making political compromises that hinder corruption cases, and lacking a single anticorruption policy.<sup>567</sup> In March, the HOO director claimed that the delays in prosecuting the six senior officials from the Ministry of Urban Development fired for corruption last year by President Ghani was the result of ethnic and political meddling in the work of judicial institutions.<sup>568</sup>

## **Security Services**

According to DOD, the Afghan government's anticorruption efforts lack tangible action beyond the much-publicized establishment of the National Procurement Commission and the reopening of the Kabul Bank case. MOD and MOI are still developing their respective anticorruption plans.<sup>569</sup>

## **Ministry of Defense**

Three active forums are currently addressing corruption issues within the MOD: the Counter Corruption Working Group, the Senior High Level Committee on Anti-Corruption, and the Senior Leader Counter Corruption Panel.

According to DOD, despite anticorruption rhetoric at all levels, the MOD has pursued few corruption cases without Coalition prompting. The Afghan government rarely prosecutes senior MOD officials involved in corruption and often allows those accused to retire instead. DOD has observed administrative and technical capacity improvements across MOD anticorruption bodies; however, insufficient Afghan government political will and support has reduced the effectiveness of these anticorruption bodies.<sup>570</sup>

## **Ministry of Interior**

The executive-level anticorruption Transparency, Accountability, and Law Enforcement (TALE) Committee, chaired by the MOI Inspector General (MOI IG), has met three times since its establishment. According to DOD, this committee enjoyed the full support of the MOI IG and is an effective forum for cross-coordination and development of anticorruption policy recommendations. In addition to the executive-level TALE committee, MOI has recently established province- and multi-province zonal-level TALE committees.<sup>571</sup>

## **HUMAN RIGHTS**

This quarter, State released its annual country report on human-rights practices in Afghanistan. According to State, the most significant human-rights problems in 2015 were widespread violence, including indiscriminate attacks on civilians by armed insurgent groups; armed insurgent groups' killings of persons affiliated with the government; torture and abuse of detainees by government forces; widespread disregard for the rule of law and little accountability for those who committed human-rights abuses; and targeted violence of and endemic societal discrimination against women and girls. Other human-rights problems included extrajudicial killings by security forces; ineffective government investigations of abuse and torture by local security forces; poor prison conditions; arbitrary arrest and detention, including of women accused of so-called moral crimes; prolonged pretrial detention; judicial corruption and ineffectiveness; violations of privacy rights; restrictions on freedom of speech, press, religion, and movement; pervasive governmental corruption; underage and forced marriages; abuse of children, including sexual abuse; trafficking in persons; discrimination against persons with disabilities; discrimination and abuses against ethnic minorities; societal discrimination based on race, religion, gender,

sexual orientation, and HIV/AIDS status; and abuse of worker rights, including forced labor and child labor.<sup>572</sup>

State also found widespread disregard for the rule of law and official impunity for those who committed human-rights abuses. The Afghan government did not consistently or effectively prosecute abuses by officials, including security forces.<sup>573</sup>

## Refugees and Internal Displacement

According to the Afghan Ministry of Refugees and Repatriation, in 2015 approximately 180,000 Afghans left the country to seek asylum in Europe. In January, the United Nations High Commissioner for Refugees (UNHCR) interviewed 191 Afghans arriving in Greece: 71% cited conflict and violence as their reason for leaving Afghanistan; 55% said they had been internally displaced before leaving; 19% said they were born in Iran and had not lived in Afghanistan.<sup>574</sup>

In an interview with BBC News, President Ghani said that he has “no sympathy” for Afghan refugees who have chosen to leave Afghanistan “under the slightest pressure.” President Ghani said that those leaving include members of Afghanistan’s educated elite who, by leaving, have broken the social contract with the state.<sup>575</sup>

The Minister of Refugees and Repatriation, Sayed Hussain Alemi Balkhi, speaking before the upper house of parliament, reported that more than 250,000 Afghans sought asylum in Europe in 2015 but that approximately 40% would likely not be accepted. Balkhi took credit for preventing the expulsion of at least 100,000 Afghan refugees and said he had reached an agreement with European countries to prevent the forced deportation of asylum seekers.<sup>576</sup>

The Afghan Ministry of Refugees and Repatriation said 300,000 Afghans were forcibly returned from Iran and Pakistan in 2015. In January, UNHCR recorded only 325 Afghans voluntarily repatriated to Afghanistan. According to State, harsh winter weather, combined with the news of insecurity and lack of livelihood opportunities in Afghanistan, have slowed refugee repatriation.<sup>577</sup>

State has previously reported that many returned refugees 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.<sup>578</sup> Despite State and UNHCR concerns of increased harassment and uncertainty for the 1.5 million Afghan refugees holding temporarily extended proof of registration cards in Pakistan, there has been no statistical increase in detentions or recorded deportations of Afghans holding these temporary cards.<sup>579</sup>

As of November 2015, UNHCR recorded a total of 1,116,546 conflict-affected internally displaced persons. Most of the displaced left insecure rural areas and small towns seeking relative safety and government services

# GOVERNANCE

in larger towns and cities of the same province.<sup>580</sup> Between January 1 and March 31, the United Nations recorded 81,445 individuals fled their homes due to conflict. The provinces that have produced the highest number of displaced people are Baghlan (with over 25,000 displaced), followed by Uruzgan (over 12,000), Helmand (over 9,000), Kunduz (over 6,000), and Kandahar (nearly 5,000).<sup>581</sup>

## 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 over five years in all parts of society, including business, academia, politics, and public policy.<sup>582</sup> As shown in Table 3.21, USAID has committed \$216 million to Promote and hopes to raise an additional \$200 million from other international donors.<sup>583</sup> However, no other donors have committed to contribute funds to Promote.<sup>584</sup>

TABLE 3.21

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
Afghan Women's Leadership in the Economy	7/1/2015	6/30/2020	\$71,571,543	\$4,123,909
Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	9,268,803
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	3,435,533
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	1,258,515
Promote: Economic Empowerment of Women in Afghanistan	5/8/2015	5/7/2018	1,500,000	300,000
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data call, 4/10/2016.

This quarter, Promote's Women in Government (WIG) program began a pilot program for 25 interns at the Afghanistan Civil Service Institute. WIG has also selected 200 interns for the next tranche of trainings.<sup>585</sup> According to a memorandum of understanding negotiated between the WIG and the Afghanistan Independent Administrative Reform and Civil Service Commission (IARCSC), the Afghan government will recognize WIG internship experience as equivalent to one year full-time job experience in the Afghan civil service. Additionally, IARCSC will instruct other Afghan government ministries and agencies to consider WIG internship graduates as priority recruits for vacant civil service positions.<sup>586</sup>

In February, USAID modified the Promote Women in the Economy (WIE) program by adding an extra activity to the WIE program, the placement of 7,500 interns or apprentices under President Ghani's Afghan Jobs Now initiative. Afghan Jobs Now's goal is to create paid apprenticeships for and enhance job skills of women, boost the Afghanistan economy by providing Afghan firms with temporary subsidized labor, and engender a sense of

social responsibility across public- and private-sectors around the issues of youth and women’s unemployment. This modification will increase WIE’s current target of 2,000 internships to include an additional 7,500 apprenticeships before January 2018, bringing the total number of planned WIE internships and apprenticeships to 9,500.<sup>587</sup> USAID reports that WIE has placed 20 women in full-time jobs and 97 interns with employers in health-care, information and communications technology, media, education and other private sector industries.<sup>588</sup>

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 starting by mid-2016; an anti-harassment 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.<sup>589</sup>



**First Lady of Afghanistan Rula Ghani** speaks during a USAID-sponsored graduation ceremony in Kabul. (USAID photo)

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## ECONOMIC AND SOCIAL DEVELOPMENT

As of March 31, 2016, the U.S. government has provided nearly \$31.8 billion to support governance and economic and social development in Afghanistan. Most of these funds—nearly \$18.6 billion—were appropriated to the U.S. Agency for International Development’s (USAID) Economic Support Fund. Of this amount, \$17.1 billion has been obligated and \$14.2 billion has been disbursed.<sup>590</sup> The Consolidated and Further Continuing Appropriations Act, 2016, provided additional funding for the Economic Support Fund, but the total amount designated for Afghanistan will not be known until the State Department (State) completes the fiscal year (FY) 2016 congressional notification process.

### KEY EVENTS

Several events this quarter are likely to affect Afghanistan’s prospects for economic and social development:

- The *Wolesi Jirga*, Afghanistan’s lower house of parliament, approved the FY 1395 national budget (December 22, 2015–December 21, 2016) on January 18, 2016.<sup>591</sup> The 444.6 billion afghani (AFN) budget (\$6.5 billion)—a 1.9% increase over FY 1394—includes AFN 276.1 billion (\$4.0 billion) for the operating budget and AFN 168.6 billion (\$2.5 billion) for the development budget.<sup>592</sup>
- Domestic revenues collected in FY 1394 rose 22.9% above FY 1393, covering 38.8% of total expenditures. Expenditures increased 5.9% compared to FY 1393.<sup>593</sup>
- International Monetary Fund (IMF) staff met Afghan officials to discuss the second and final Staff-Monitored Program (SMP) review, which ran April–December 2015. The Afghan government hopes its reform efforts lead to a more formal IMF financial program like an Extended Credit Facility arrangement.<sup>594</sup>

### ECONOMIC PROFILE

The World Bank estimated Afghanistan’s real (net of inflation) gross domestic product (GDP), excluding opium, to have grown 1.5% in 2015, with weak

“The impact of simultaneous political, economic and security transitions has been slow to diminish. Persistently low rates of economic growth, high unemployment and rising levels of conflict-related displacement and civilian casualties have exacted a heavy cost on the population and fueled an increasingly vocal political opposition.”

Source: UN, Report of the Secretary-General, *The Situation in Afghanistan and its Implications for International Peace and Security*, 3/7/2016, p. 15.

domestic demand due to high political uncertainty and worsened security environment. It expects a slow recovery over the next three years with Afghan economic-growth prospects dependent on stronger government progress on reforms, political stabilization, and improved security. Private investment remained flat in 2015, according to the World Bank, reflecting Afghanistan's risky market conditions and uncertain political situation.<sup>595</sup>

Agriculture, the second largest driver of Afghanistan's economy behind services, declined by an estimated 2% in 2015, according to the World Bank.<sup>596</sup> Agricultural output and income, though, fluctuate with the weather, so economic growth based on this sector is necessarily volatile.<sup>597</sup> Meanwhile, industry and services, all of which benefitted from the Coalition's large presence, security spending, and aid flows, have grown at the slowest pace since 2013.<sup>598</sup>

Lower foreign-military spending has reduced demand for goods and services, leading to tens of thousands of jobs lost. Although the Afghan government is working with the IMF and other donors on long-term economic reforms, it reported that the country is suffering from a major economic downturn. Meanwhile, the strength of the insurgency has caused the government to spend more on the military and less on job-creating investments.<sup>599</sup>

Consumer prices dropped by a World Bank-estimated average of 1.5% in 2015, compared to a 1.4% rise in 2014. This was attributed to weak economic activity, declining global food and fuel prices, and waning domestic demand.<sup>600</sup> The World Bank said this deflationary pressure on Afghanistan's economy was being offset by the inflationary pressure of their currency, the afghani, depreciating against the U.S. dollar. Exchange-rate depreciation would normally cause higher consumer prices for an import-dependent nation like Afghanistan, but this was offset by declining global prices.<sup>601</sup>

“The continued decline in the economic growth rate is a cause for serious concern. While it is encouraging that government measures to increase revenue mobilization have shown results, fiscal pressures are expected to continue.”

## Afghanistan's Fiscal Outlook

Afghanistan's fiscal vulnerability remains high, according to the World Bank, and will require a large increase in revenues and sustained levels of aid. Its medium-term economic outlook is “unfavorable.”<sup>602</sup> While domestic revenues have increased, the World Bank said security costs have grown beyond donors' initial projections.<sup>603</sup> Afghan National Defense and Security Forces (ANDSF) costs were estimated at \$5.4 billion in FY 2015, of which the United States paid \$4.1 billion. FY 2016 costs are projected to be \$5 billion.<sup>604</sup> Other donors and Afghan funds cover the gap between U.S. payments and total costs. United Nations Secretary-General Ban Ki-moon reported that when donors meet later this year, “it will be important that discussions reflect the fiscal impact of security sector spending on the Afghan government's contribution to development outcomes.”<sup>605</sup>

The 2012 NATO summit in Chicago predicted Afghanistan's contribution to ANDSF costs would be at least \$500 million in 2015.<sup>606</sup> Afghanistan did not achieve this in 2015 if its cost share is denominated in dollars; it did if

Source: UN, Report of the Secretary-General, *The Situation in Afghanistan and its Implications for International Peace and Security*, 3/7/2016, p. 16.

denominated in afghanis (AFN).<sup>607</sup> At the time of the summit, Afghanistan's \$500 million commitment was equivalent to about AFN 23 billion, which is what the government budgeted for in 2015. However, the AFN's significant depreciation would have required the government to spend 24% more to reach its 2015 ANDSF commitment in dollar terms. Afghanistan's target ANDSF contribution for 2016 is AFN 25 billion—approximately 18.7% of expected revenues.<sup>608</sup>

## FY 1394 Revenues and Expenditures—Final

Total collected domestic revenues—a figure that excludes donor grants—stood at 123.4 billion AFN (\$1.8 billion) in FY 1394, about 22.9% above FY 1393. The Afghan government exceeded its revenue target.<sup>609</sup> Still, domestic revenues paid for less than half (38.8%) of Afghanistan's total budget expenditures of AFN 318.3 billion (\$4.6 billion); donor contributions made up the difference. Afghan government expenditures in FY 1394 increased by AFN 17.7 billion (by 5.9% or \$258.8 million in current dollars) compared to FY 1393.<sup>610</sup>

A fiscal gap can widen or shrink, depending on variables including budget-execution rates, donor grants received, qualification for donor incentive funds, revenue collection, and changing expenditures.<sup>611</sup> Afghanistan's fiscal gap is large, with donor assistance narrowing or closing it, as depicted in Figure 3.31 on the following page. Based on Afghan treasury documentation, in FY 1394, Afghanistan had an AFN 194.9 billion (\$2.8 billion) total budget deficit against domestic revenues; donor contributions reduced that deficit to AFN 14.7 billion (\$214.4 million). The operating budget, which includes recurring costs such as public-sector payroll, would have had an AFN 113.0 billion (\$1.6 billion) deficit if not for donor assistance, which produced an AFN 9.8 billion (\$143.3 million) surplus. Without donor assistance, the development budget would have had an AFN 81.9 billion (\$1.2 billion) deficit. After donor funds, the deficit was reduced to AFN 24.5 billion (\$357.8 million).<sup>612</sup>

In April 2016, the World Bank reported that the FY 1394 budget deficit was reduced to approximately \$150 million, largely due to nondiscretionary donor grant disbursements being recorded after the fiscal year closed, and not representing an actual financing gap.<sup>613</sup>

## FY 1395 Budget Approved

The Wolesi Jirga, Afghanistan's lower house of parliament, approved the FY 1395 national budget (December 22, 2015–December 21, 2016) on January 18, 2016.<sup>614</sup> The AFN 444.6 billion (\$6.5 billion) budget—a 1.9% increase over FY 1394—includes AFN 276.1 billion (\$4.0 billion) for the operating budget and AFN 168.6 billion (\$2.5 billion) for the development budget. Expenditures will focus on security (40% of the total budget), infrastructure (20%), education (13%), agriculture (7%), and health (5%).<sup>615</sup>

**Donor funding commitments made at the 2012 Chicago summit were for ANDSF only, which comprises the Afghan National Army and Afghan National Police. Afghanistan's other security-related expenditures—the National Directorate of Security and the Presidential Protective Service, for example—are funded through other means.**

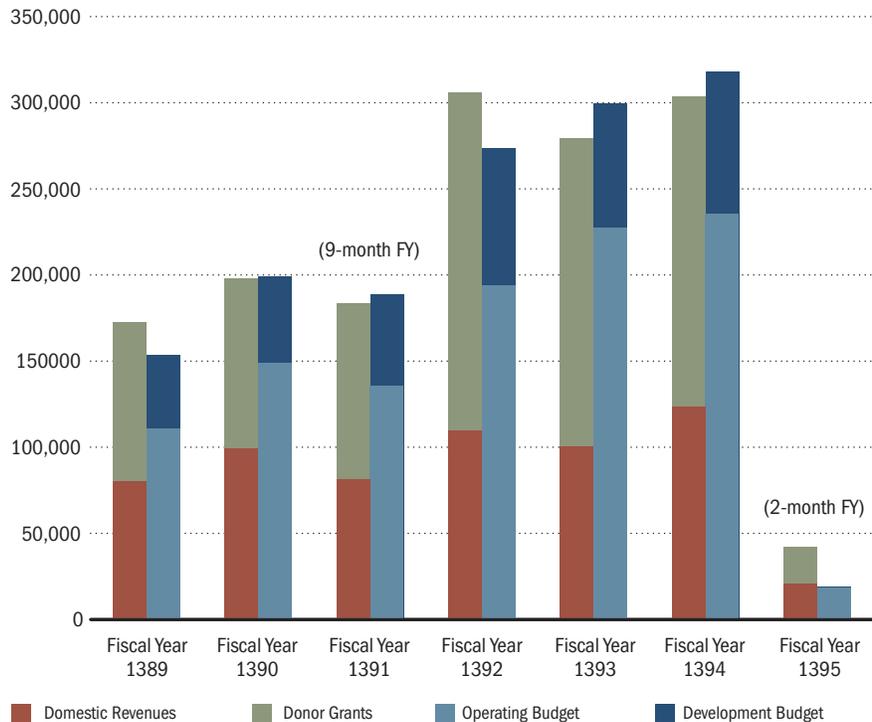
Source: DOD, *Enhancing Security and Stability in Afghanistan*, 12/2015, p. 79.

**Donors are expected to finance approximately 68% of Afghanistan's FY 1395 national budget, mostly through grants. This covers approximately 55% of the operating budget and 89% of the development budget.**

Source: MOF, *National Budget Document, 1395 Fiscal Year*, 1/18/2016.

FIGURE 3.31

## 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 consecutive calendar years. 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 of the following year. Grants represent funds received from donors. Donor grants are often for specific projects or activities, but can sometimes be spent at GIROA's discretion.

Source: MOF, *Qaws Financial Statements FY 1394*, 2/27/2016; MOF, *Dalwa Financial Statements FY 1395*, 3/5/2016; MOF, "Annual Fiscal Report 1393," 3/12/2015; MOF, "1394 National Budget," 1/28/2015; MOF, "1393 National Budget," 2/1/2014.

**From 2012 through 2014, Afghanistan had the lowest total government revenue as a percentage of GDP—an average of 8.3%—of all South Asian economies. Afghan revenues improved to 10.6% of GDP in 2015, according to the World Bank.**

Source: ADB, *Key Indicators for Asia and the Pacific 2015*, 10/2015, p. 348; World Bank, *South Asia Economic Focus, Spring 2016*, 4/10/2016, p. 22.

The Afghan government projected domestic revenues to reach approximately AFN 133.5 billion (\$1.9 billion) in FY 1395, about 8.2% more than collected in FY 1394.<sup>616</sup> It is relying on new taxes, increased tax rates, customs duties, and other fees to accomplish this.<sup>617</sup> Additionally, the budget assumed a 4.4% GDP growth rate in FY 1395 even though the growth estimate in FY 1394 was revised down to 1.9%.<sup>618</sup>

### FY 1395 Revenues and Expenditures: First Two Months

Total collected domestic revenues, excluding donor grants, stood at AFN 20.9 billion (\$304.2 million) in the first two months of FY 1395, representing a net surplus of AFN 1.7 billion (\$24.9 million). With donor contributions, the budget surplus was AFN 22.9 billion (\$333.6 million).<sup>619</sup>

## International Monetary Fund Staff-Monitored Program

IMF staff and Afghan officials met February 24–March 4 to discuss the second and final IMF Staff-Monitored Program review. The results were similar to the first review: IMF staff deemed Afghanistan’s performance “satisfactory,” with downwardly revised quantitative targets achieved and progress made on structural benchmarks.<sup>620</sup> Political and security uncertainties hurt economic activity, and the deteriorating security environment complicated implementation efforts. The Afghan government hopes its reform efforts lead to a more formal IMF financial program like an Extended Credit Facility arrangement.<sup>621</sup>

The SMP ran April–December 2015.<sup>622</sup> 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 arrangement. Afghanistan’s poor record with its previous Extended Credit Facility, which expired in November 2014, caused previous program reviews to be suspended.<sup>623</sup>

## Trade

Afghanistan’s trade balance—negative \$8.1 billion (equivalent to 39.6% of GDP) in 2014 and an estimated negative \$8.4 billion (equivalent to 39.2% of GDP) in 2015—is unsustainable, and shows an urgent need for an environment that promotes domestic and foreign investment.<sup>624</sup> 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.<sup>625</sup>

## Export and Import Data

Although Afghanistan routinely sustains a large trade deficit, donor aid helped the country maintain an IMF-projected current-account balance surplus equivalent to 4.5% of GDP—about \$872 million—in 2015. Without it, the IMF estimates Afghanistan would have a current-account deficit equivalent to 38.9% of its GDP—about \$7.9 billion. This estimate is \$416 million (or 32.3%) lower than Afghanistan’s 2014 current account.<sup>626</sup>

During 2013–2014, Afghanistan exported \$3.2 billion to \$4 billion worth of goods and services annually, but was estimated to export only \$2.6 billion in 2015, not including illicit narcotics, according to the IMF.<sup>627</sup> Unsurprisingly, IMF staff said that Afghanistan needs to increase and diversify its exports, which will stimulate innovation and good management.<sup>628</sup> During 2013–2014, Afghanistan imported between \$10.8 billion and \$11.3 billion worth of goods and services annually. The IMF estimated Afghanistan’s 2015 imports at more than \$10.6 billion of goods and services, with about \$8.8 billion paid for by official donor grants.<sup>629</sup>

“The principal connection between the Afghan economy and the rest of the world are donor inflows. These inflows finance most imports and dwarf (licit) exports.”

Source: IMF, *Staff Report for the 2015 Article IV Consultation and the First Review Under the Staff-Monitored Program*, 11/3/2015, p. 13.

## **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.<sup>630</sup> To achieve sustainable economic growth, job creation, enhanced delivery of government services, and fiscal sustainability, ATAR assumes that the Afghan government will carry out its commitments to reform, and that a stable security environment will allow the private sector to take advantage of an improved business climate.<sup>631</sup>

On December 17, 2015, WTO trade ministers approved terms for Afghanistan's accession to the organization. Afghanistan has until June 30, 2016, to ratify the deal.<sup>632</sup> The Cabinet of Ministers approved the accession package, but it has not yet been submitted to parliament. Once parliament ratifies it, President Ghani will be required to sign it. Meanwhile, ATAR reported that the cabinet approved WTO reform laws on food safety and copyrights, and amendments to the regulation on drafting procedure and processing of legal acts. Additionally, the Council of Ministers' legislative committee approved a law on protecting trade and industry secrets, and the Minister of Agriculture, Irrigation, and Livestock agreed to proceed with the law on plant-variety protection.<sup>633</sup>

Also this quarter, ATAR helped Afghanistan strengthen regional trade ties. Afghan produce traders signed contracts worth \$2.38 million at the Gulfood Exhibition in Dubai, and ATAR assisted the Afghan delegation in the sixth Afghanistan Pakistan Transit Trade Coordination Authority meeting where both sides agreed to better facilitate trade.<sup>634</sup>

## **BANKING AND FINANCE**

The World Bank said access to finance remains low and is a major constraint to Afghan economic growth. Only 5.7% of Afghan firms are reported to have a bank loan, and only 2% use banks to finance investments.<sup>635</sup>

Less than 10% of the Afghan population uses banks, according to a State Department report, with approximately 90% of financial transactions going through the informal money services businesses (MSB)/*hawala* system. There is no clear division between MSBs/*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. MSBs and *hawaladars*, which account for a substantial portion of illegal proceeds moving through Afghanistan's financial system, are generally not as closely scrutinized by the Afghan government as formal financial institutions.<sup>636</sup>

The IMF reported that lax governance and regulatory enforcement in early 2014 caused the financial positions of some Afghan banks to deteriorate; two were characterized as being in “hazardous condition.” Afghan authorities, with donor and IMF assistance, began to address banking vulnerabilities in 2015, but reforms are not progressing as quickly as anticipated. The IMF said all weak Afghan banks were subject to enforcement actions in 2015, notably two vulnerable publicly unidentified banks.<sup>637</sup>

## U.S. Treasury Assistance

The U.S. Treasury’s Office of Technical Assistance (OTA) continued implementing its March 2015 agreement to develop technical assistance and capacity-building programs for Afghanistan’s Ministry of Finance (MOF). On March 17, 2016, USAID agreed to fund OTA programs to help Afghanistan with budgets, banking, and revenues. Funding negotiations continued with the State Department’s Bureau of International Narcotics and Law Enforcement for OTA assistance to help Afghanistan combat economic crimes.<sup>638</sup>

OTA has conducted six assessment missions to Afghanistan, the most recent of which was March 12–19, focused on revenue generation. OTA expects to support the creation of an Afghanistan Revenue Department custom and tax academy, including help with curriculum design, course delivery, and course materials.<sup>639</sup>

## Money Laundering

This quarter, the State Department again listed Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds, all of which “continue to pose serious threats to the security and development of Afghanistan.” Narcotics, corruption, and contract fraud are major sources of the country’s illegal revenues and laundered funds. Afghanistan has weak or nonexistent supervisory and enforcement regimes, and weak political will to combat corruption.<sup>640</sup>

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

A March 2016 State Department report said Afghanistan’s laws were largely in line with international standards, but are still deficient, with implementing regulations lacking clarity and effectiveness. For example, although asset-seizure authority exists, there is no asset-recovery mechanism in place and no specific Afghan entity is responsible for recoveries. Customs regulations do not specify what should be done in cases of suspected money laundering/terrorist financing. Cargo is often exempted from any screening or inspection due to corruption at the official border crossings and customs depots, and most border areas are underpoliced or not policed. Moreover, Kabul International Airport lacks stringent currency inspection controls for

all passengers: it has a VIP lane that allows certain passengers to avoid any inspections or controls.<sup>641</sup>

**Financial Action Task Force:** an intergovernmental policy-making body that sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system. Its 36 members include the United States, United Kingdom, Switzerland, and the European Union; observers include the United Nations and the Asian Development Bank.

Source: Financial Action Task Force website, "Who We Are," and "Members and Observers," accessed 1/3/2016.

## Financial Action Task Force

At its most recent plenary session in Paris, February 17–19, 2016, the **Financial Action Task Force** (FATF) chose to keep Afghanistan on its "Improving Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Global Compliance" document, also known as the "gray list." This means that while Afghanistan has strategic AML/CFT deficiencies, its government has developed an action plan, made a high-level political commitment to address those deficiencies, and is making progress.<sup>642</sup>

FATF said Afghanistan has improved its AML/CFT administration since it last met in October 2015 by amending its regulations to detect cross-border transportation of cash and bearer-negotiable instruments. FATF urged Afghanistan to further implement its legal framework for identifying, tracing, and freezing terrorist assets; implement an adequate AML/CFT oversight program for all financial sectors; and further establish and implement effective controls for cross-border cash transactions.<sup>643</sup>

Treasury previously explained that Afghanistan's efforts to resolve deficiencies in its cross-border declaration system at airports are greatly hampered by general capacity limitations and resource challenges that are exacerbated at porous land borders in often fractious areas. Treasury was concerned about these deficiencies and Afghanistan's implementation of the legal framework for freezing terrorist assets.<sup>644</sup> This is the sixth consecutive FATF review in which Afghanistan has maintained this status since being downgraded to the "dark gray" list in February 2014.<sup>645</sup>

## Kabul Bank Theft Accountability

Under the Tokyo Mutual Accountability Framework, the basis for donor support to Afghanistan until September 2015, the Afghan government was required to take all possible steps to recover more assets stolen from Kabul Bank. However, the current basis for support, the Self-Reliance through Mutual Accountability Framework, has no such provision.<sup>646</sup> U.S. Embassy Kabul officials do, however, routinely urge Afghan officials to make progress in the Kabul Bank case.<sup>647</sup>

The U.S. Department of Justice (DOJ) said Afghan authorities have not adequately or effectively adhered to the rule of law regarding the Kabul Bank judgment.<sup>648</sup> This quarter, the Kabul Bank Receivership (KBR) faced continuing difficulty convincing debtors to pay interest on amounts owed, found an increasing number of debtors defaulting on their required payments, and saw cases it had referred to the Attorney General's Office languishing. No court actions were reported to State this quarter.<sup>649</sup> The KBR also suffered a setback in its efforts to impose forfeiture and liquidation on debtor properties in Dubai when a Dubai appellate court negated

**President Ghani this quarter requested SIGAR's assistance with his government's efforts to repatriate funds stolen from Kabul Bank. 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. Special Inspector General Sopko was told that SIGAR would have full access to relevant banking and financial records.**

lower-court decisions to freeze several properties.<sup>650</sup> For more accountability challenges, see pp. 143–146 in the SIGAR January 2016 *Quarterly Report to the United States Congress*.

## **Cash and Asset Recoveries**

The Kabul Bank Receivership informed the State Department that total recoveries stand at \$443.5 million as of February 29, 2016. This figure comprises cash recoveries, forgiven Kabul Bank debts, and assets recovered or seized, as well as the amount still owed by 12 major debtors who signed loan-repayment agreements in 2015. Total recoveries are \$126 million lower than reported last quarter after the receivership recategorized convicted ex-Kabul Bank chief executive Khalilullah Ferozi's debt as still outstanding. KBR officials do not expect Ferozi to adhere to his repayment agreement since he was rejailed following public opposition to the release that allowed him to participate in the government-backed "Smart City" Kabul land-development project. KBR calculated the outstanding loan portfolio at \$543.5 million.<sup>651</sup>

## **Farnood and Ferozi Repayments**

The Afghan government has been unable to compel full repayment from convicted ex-Kabul Bank chairman Sherkhon Farnood and Ferozi, both of whom remain in jail full-time, as of March 31, 2016.<sup>652</sup> Last quarter, SIGAR noted a discrepancy between the higher amounts that the court ordered Farnood and Ferozi to pay and the lower amounts the KBR reported it is collecting against.<sup>653</sup> This quarter, the KBR explained that the courts did not have the final audit reports when calculating the amounts owed by each convicted debtor.<sup>654</sup>

Farnood is said to have paid back approximately \$62 million in cash—not quite 15% of his \$417 million obligation—as well as \$18.2 million in other assets. According to the KBR, Farnood still owes \$336.8 million (no change from last quarter).<sup>655</sup>

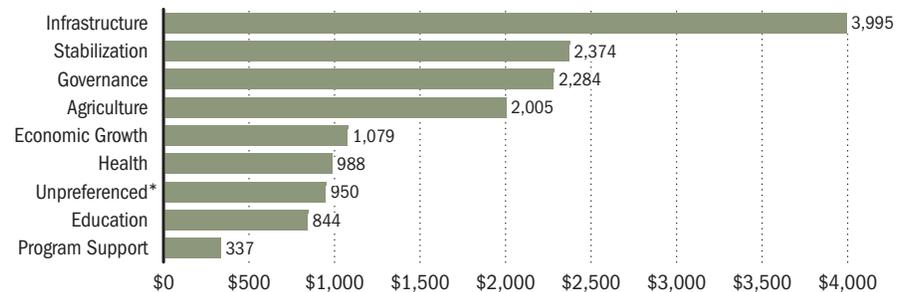
KBR has reportedly collected approximately \$10.1 million from Ferozi—about 7.4% of his \$137.2 million obligation. Ferozi previously had pledged \$127 million in collateral assets, which the KBR considered a recovery, but, as already noted, officials do not expect Ferozi to adhere to his repayment agreement now that he is back in jail.<sup>656</sup>

## **U.S. ECONOMIC AND DEVELOPMENT SUPPORT**

Most assistance from the Economic Support Fund goes toward USAID's development programs. In September 2015, USAID published an updated Performance Management Plan to guide and measure its development objectives, and to articulate its development strategy through 2018. The plan will be reviewed at least annually and updated as necessary.<sup>657</sup> Figure 3.32 on the following page shows USAID assistance by sector.

FIGURE 3.32

**USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF MARCH 31, 2016**  
(\$ MILLIONS)



Note: Numbers rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, 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, 4/11/2016; SIGAR analysis of World Bank, ARTF, Administrator's Report on Financial Status, as of February 19, 2016, accessed 4/12/2016.

**None of the three lapis lazuli mines in Afghanistan, all in Badakhshan Province, had a valid license from the Ministry of Mines and Petroleum, as of August 2015.**

Source: UN, *Sixth Report of the Analytical Support and Sanctions Monitoring Team*, 8/26/2015.

## Development of Natural Resources

Minister of Mines and Petroleum Daud Shah Saba resigned on March 28, 2016.<sup>658</sup> As this report went to press, it was unconfirmed whether President Ghani had accepted his resignation.

Ghani has listed mining as one of the Afghanistan's most important economic assets. So far, however, mining has contributed only slightly to the country's GDP.<sup>659</sup> Actual receipts in FY 1394 were only about 38% of the budget projection.<sup>660</sup> In the first two months of FY 1395, actual receipts were AFN 49.5 million compared to AFN 171.5 million in the same period last year (71% lower).<sup>661</sup>

This quarter, Afghanistan's Major Crimes Task Force (MCTF) seized almost 100 tons of illegally mined lapis lazuli gemstones—the sales of which can now flow through the legal economy—and made numerous arrests.<sup>662</sup> Afghanistan is the largest source of the world's lapis lazuli, but the Afghan government made mining it illegal in 2015.<sup>663</sup> The State Department's Bureau of International Narcotics and Law Enforcement reported that generally, there appears to be no political will in Afghanistan's attorney general's office to prosecute MCTF cases.<sup>664</sup>

## Mining Investment and Development for Afghan Sustainability

USAID's Mining Investment and Development for Afghan Sustainability (MIDAS) program aims to strengthen the Ministry of Mines and Petroleum (MOMP) and relevant private-sector entity capacities to exploit

Afghanistan's natural resources in accordance with international standards.<sup>665</sup> This quarter, MIDAS was extended to March 2017 and has been rescoped to provide technical assistance and transaction advisory services to the MOMP in its effort to either cancel or renegotiate some or all of the 339 existing contracts.<sup>666</sup>

Also this quarter, MIDAS legal advisors helped the MOMP create a request for proposal for a Herat cement project, the first MIDAS-supported mineral solicitation; helped the MOMP prepare a response to the Hajigak iron-ore tender winner, which is seeking to transfer its negotiating rights to another firm; reviewed chromite contracts for compliance with Afghan law; and helped advise the MOMP in Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline negotiations. Other MIDAS advisors continued training Afghan Geological Survey staff on geological mapping, data management and analysis, and geophysics.<sup>667</sup> MIDAS and USAID's other extractives-assistance programs are listed in Table 3.22.

TABLE 3.22

USAID EXTRACTIVES-ASSISTANCE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
Sheberghan Gas Generation Activity (SGGA)	12/21/2011	7/31/2016	\$30,440,958	\$25,293,239
Sheberghan Gas Development Project (SGDP)	5/15/2012	8/31/2016	90,000,000	21,895,875
Mining Investment and Development for Afghan Sustainability (MIDAS)	3/31/2013	3/30/2017	50,096,175	27,215,727

Source: USAID, response to SIGAR data call, 4/11/2016.

## 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.<sup>668</sup>

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.<sup>669</sup> The country imports 10,000 tons of oil products a day from Turkmenistan, Uzbekistan, Russia, Pakistan, and Iran, representing roughly one-fourth of all annual Afghan imports, or approximately \$1.5 billion.<sup>670</sup>

## Sheberghan Programs

The Sheberghan gas fields hold the potential for cheap natural-gas-generated power that could be competitive with imported power from Uzbekistan, according to the World Bank.<sup>671</sup> USAID is supporting the Sheberghan project to help Afghanistan identify and manage gas resources to be used for power generation through two mechanisms: (1) the \$90 million, on-budget Sheberghan Gas Development Project to rehabilitate and drill wells in the Amu Darya Basin and fund a gas-gathering system and gas-processing plant; and (2) the \$30.4 million, off-budget Sheberghan Gas

Generation Activity (SGGA) for capacity building and technical assistance to the MOMP.<sup>672</sup>

Drilling activities in the Juma and Bashikurd gas wells were completed, and core sample testing showed better-than-predicted commercial prospects. Construction for a gas processing plant has not yet started.<sup>673</sup> A contract for evaluating data and reserve estimates for up to seven Sheberghan gas fields was signed this quarter, and SGGA began uploading gas field data to the awardee. Additionally, SGGA is evaluating six request-for-proposal responses it received for its public-private partnership solicitation.<sup>674</sup>

## 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 75% of Afghans who depend on agricultural activities for their livelihoods.<sup>675</sup> USAID believes agriculture can stimulate and sustain Afghan-led economic growth. USAID's agricultural projects focus on wheat, high-value horticultural crops, and livestock, and aim to help farmers improve their output and sales through new technology, management practices, and the cultivation of key high-value crops, while also focusing on improving natural-resource management, and creating or rehabilitating irrigation and drainage systems.<sup>676</sup>

This quarter, USAID solicited a \$95 million Strengthening Watershed and Irrigation Management (SWIM) project, which aims to improve agricultural water use, resource management, and regulatory framework.<sup>677</sup> Also, USAID provided \$24.5 million for the second phase of the World Bank-administered On-Farm Water Management Project, which aims to rehabilitate irrigation structures, develop standards and procedures for establishing irrigation associations, provide technical assistance, establish demonstration sites, and develop a draft irrigation-and-drainage law and an implementation plan.<sup>678</sup>

Since 2002, USAID has disbursed approximately \$2 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy.<sup>679</sup> Pages 133–136 of this quarterly report discuss USAID's alternative-development programs. A list of all active USAID agriculture programs is found in Table 3.23.

### Agricultural Credit Enhancement II

The Agricultural Credit Enhancement (ACE) II project is the technical-assistance/advisory support component of the conditions-based Agricultural Development Fund (ADF) that is administered by the Ministry of Agriculture, Irrigation, and Livestock. ADF extends agriculture-related credit access to small- and medium-sized farms and agribusinesses in all

TABLE 3.23

<b>USAID ACTIVE AGRICULTURE PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost (\$)</b>	<b>Cumulative Disbursements, as of 3/31/2016 (\$)</b>
Afghanistan Agriculture Extension Project II (AAEP-II)	10/1/2014	9/30/2017	\$19,814,702	\$9,334,341
Agriculture Credit Enhancement II (ACE II)	6/24/2015	6/23/2018	18,234,849	2,686,533
Capacity Building and Change Management Program II (CBCMP II)	7/10/2014	7/9/2017	19,999,989	11,998,874
Famine Early Warning System Network (FEWSNET) Phase III	12/29/2011	12/28/2016	11,340,000	4,420,553
Strengthening Afghan Agricultural Faculties (SAAF)	3/25/2011	12/31/2016	7,824,209	6,634,603
Mothers and Under-Five Nutrition and Child Health (MUNCH)	12/16/2014	12/31/2016	5,000,000	5,000,000
SERVIR	9/14/2015	9/30/2020	3,100,000	-

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see Table 3.15 on p. 134 of this report.

Source: USAID, response to SIGAR data call, 4/11/2016.

regional economic zones, particularly to those that add value to agricultural products, such as distributors, producers, processors, and exporters.<sup>680</sup>

On April 5, USAID announced ACE II will further support ADF by providing \$3 million in loans to each of two financial institutions to expand their lending to farmers and small- and medium-size agribusinesses in Jalalabad, Kunduz, and Bamiyan Provinces. USAID reported that with ACE II help, ADF has cumulatively provided more than \$67 million in credit to over 32,000 beneficiaries.<sup>681</sup>

This quarter, the ACE II helped ADF develop its five-year financial projections, which formed part of ADF's business plan that was discussed at the ADF High Council meeting in January. ACE II also prepared papers on key ADF risks, ADF's current legal status, and its leadership succession plans, and provided input on ways to expand credit to small agricultural producers. ACE II also began designing a research plan to measure the impact of agricultural credit at household and community levels, and to evaluate all overdue loans to identify causes for delinquency.<sup>682</sup>

## ESSENTIAL SERVICES AND DEVELOPMENT

Since 2002, the United States has provided reconstruction funds to increase the electricity supply, 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 these essential services.

### Power Supply

Afghanistan has one of the lowest rates of electrification in the world, with an estimated 25–33% of Afghans connected to the power grid.<sup>683</sup> Most parts

of urban areas like Kabul, Herat, Kandahar, and Mazar-e Sharif have 24-hour power, although power outages are not uncommon, but only 10% of the rural population have access to grid-connected power.<sup>684</sup>

Afghanistan imports approximately 81% of its total electricity.<sup>685</sup> Electricity imports are expected to rise in the near term, according to the World Bank, which also noted that limited access to electricity is one of Afghanistan's biggest constraints to private-sector development.<sup>686</sup> Afghanistan will need regional cooperation to meet its energy demands.<sup>687</sup>

## U.S. Power Sector Assistance

Since 2002, USAID obligated more than \$2.7 billion to build generators, substations, and transmission lines, and provide technical assistance in the sector.<sup>688</sup> USAID believes that economic expansion and increased employment depend 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.<sup>689</sup> For its part, the Department of Defense (DOD) has disbursed approximately \$183 million for power projects through the Commander's Emergency Response Program, as of July 2015, and roughly \$403.5 million through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.<sup>690</sup>

Afghanistan's two primary power systems are the **Northeast Power System (NEPS)** and the **Southeast Power System (SEPS)**. USAID projects to connect and increase the electricity supply in both systems include: (1) the Power Transmission Expansion and Connectivity (PTEC) project to construct a transmission line connecting Kabul with Kandahar and build the capacity of DABS to sustain energy-infrastructure investments, (2) the Sheberghan Gas Development Project to attract private investment to develop gas resources in Sheberghan and build power plants, and (3) the now-concluded Kandahar-Helmand Power Project. The Kandahar-Helmand Power Project was intended to include installation of a third turbine at Kajaki Dam and improving the transmission system connecting Kajaki with Kandahar, but responsibility for those tasks was transitioned to DABS, along with a \$75 million USAID commitment, in April 2013.<sup>691</sup> USAID's active power-infrastructure projects are listed in Table 3.24.

## Kajaki Dam–Unit 2

DABS continued its efforts to increase long-term, sustainable hydropower from Kajaki Dam to Kandahar and Helmand Provinces by installing a third turbine, known as Unit 2, in the powerhouse.<sup>692</sup> USAID is funding technical support, site security, life-support services, and helicopter support to DABS.<sup>693</sup> USAID committed an additional \$5 million this quarter and extended the program five months to May 31, 2016.<sup>694</sup>

**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 3.24

USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursement, as of 3/31/2016 (\$)
Power Transmission Expansion and Connectivity	1/1/2013	12/31/2018	\$725,000,000	\$84,260,062
Contributions to the Afghanistan Infrastructure Trust Fund	3/7/2013	3/6/2018	113,670,184	113,000,000
Kajaki Dam Unit 2	4/22/2013	5/31/2016	80,000,000	38,916,173
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	74,812,071
PEER Grants	7/25/2011	7/24/2016	5,440,647	5,440,647
TBD (Unknown)	8/24/2015	8/24/2017	3,994,902	283,565

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. 178 of this report.

Source: USAID, response to SIGAR data call, 4/11/2016.

DOD said ongoing fighting in Kandahar and Helmand Provinces continued to delay contractors at Kajaki Dam and some SEPS construction sites. Insurgent activity this quarter caused road closures along Route 611—the road between Sangin and Kajaki—delaying delivery of construction materials and possibly further affecting project completion schedules.<sup>695</sup> USAID said all staff have returned to the dam, as of April 13. The turbine-installation completion date was revised to fall 2016, but is subject to change.<sup>696</sup>

## 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.<sup>697</sup> PTEC's DABS commercialization and capacity-building components aim to help the utility become financially sustainable by increasing revenues using utility management software in Kabul, Mazar-e Sharif, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.<sup>698</sup>

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. Land acquisition and resettlement issues along the transmission line path continued to impact timelines, but construction is scheduled to be completed in December 2016. The Arghandi connector substation that will feed this line will not be ready until after December 2017. Alternatives to power the Arghandi-Ghazni project are under consideration.<sup>699</sup> To date, \$46.2 million has been disbursed to PTEC contractors for this segment.<sup>700</sup>

USAID is providing \$350 million in direct assistance to DABS in support of the second segment of the NEPS-SEPS connector, Ghazni

## SIGAR AUDIT

This quarter, SIGAR initiated an audit to examine U.S. government efforts to increase the supply, quantity, and distribution of electric power from the Kajaki Dam. For more information, see Section 2, pp. 25–26 in this report.



**Transmission towers** along the Arghandi-Ghazni line, part of more than 500 km of USAID-supported construction to connect power systems from Kabul to Kandahar and Helmand. (USAID photo)

to Kandahar—\$179.5 million was transferred to USAID through the Afghanistan Infrastructure Fund. DABS issued two requests for proposals to construct one transmission line and five substations; bids are being evaluated; and signed contracts are scheduled for May 2016. USAID said security will be a major challenge to implementing this project.<sup>701</sup>

U.S. fuel subsidies totaling \$141 million for power generation at two industrial parks in Kandahar City ceased at the end of September 2015. USAID reported that since then, the Shorandam Industrial Park's diesel generators, which had been producing an average of 120,000 kilowatt-hours (KWh) daily on a 24-hour basis, were reduced to producing 48,000 KWh daily while running only eight hours a day, six days a week. The generators at Bagh-e-Pol, which had also been running 24 hours a day, have stopped. Both of the generation facilities served residential and industrial electrical load.<sup>702</sup>

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 may be able to operate at an installed capacity of 10 MW of power; the diesel generators in Kandahar City have a combined average operational capacity of about 18 MW.<sup>703</sup> USAID reported this quarter that the power-purchase agreement was significantly revised to incorporate comments from potential bidders, resolve issues such as DABS financial security mechanisms (bonds, insurance, guarantees, etc.), government-backed guarantees, and taxes, and to update provisions to reflect current market trends. The auction is scheduled for mid-June 2016 with construction to begin later that month.<sup>704</sup>

# ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.25

AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS, AS OF MARCH 23, 2016 (\$ MILLIONS)						
AIF Project	Description	Notified			Status	
		Amount	Obligated	Disbursed		
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 to Lashkar Gah	Repair, install transmission lines and rebuild, construct power substations	130.0	66.4	51.0	Terminated due to security cost increase
	NEPS - SEPS Connector, Arghandi to Ghazni	Design, construct transmission lines and substations (first segment of NEPS-SEPS connection) USAID: PTEC	107.0	104.9	46.2	* Under construction (completion: December 2016)
	NEPS - Arghandi to Pul-e Alam	Design, construct transmission line and power substation	93.7	50.3	14.2	Transmission line and substation under construction; community issues affecting some tower locations (completion: December 2016)
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	28.7	8.8	Under construction; tower excavation, civil work ongoing (completion: August 2016)
	NEPS - Pul-e Alam to Gardez - Phase 2	Design, construct transmission line and power substation	77.5	69.9	49.3	Transmission line under construction; substation in design; pending modification for one transformer (completion: December 2016)
	NEPS - Charikar to Gul Bahar and Nejrab - Phase 3	Design, construct transmission lines and power substation	42.5	38.8	19.6	Transmission line under construction; substation design under review; community issues affecting some tower locations (completion: December 2016)
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	24.1	21.2	Transmission line under construction; substation design under review; community issues affecting some tower locations (completion: December 2016)
	SEPS Completion - Phase 1	Design, construct, and rehabilitate substations in Tangi, Sangin North and South	15.0	62.9	46.7	Under construction (ongoing delays); security challenges (completion: ** November 2016)
		Design, construct, transmission lines from Sangin North to Lashkar Gah	60.0			Design approved; under construction (ongoing delays); security challenges (completion: *** December 2016)
	NEPS - SEPS Connector, Ghazni to Kandahar	Design, Construct transmission line and substations. Final phase of NEPS-SEPS connector. USAID: PTEC	179.5	350.0	0.0	Bids under evaluation by DABS; expected award: May 2016
AIF FY 2014	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	4.0	3.9	3.9	Complete
	SEPS Completion - Phase 2	Design, construct transmission line, and install equipment and commission substations	55.0	55.0	0.0	Transferred to USAID; expected award: May 2016.
	NEPS - Gardez to Khowst - Phase 4	Design, construct transmission line and substation. DOD's final contribution to NEPS.	130.0	119.0	4.8	Descoping survey/design; transmission line and substation design, right of way, under review (completion: December 2017)

Note: All AIF power projects are to be sustained by Afghanistan's Ministry of Energy and Water, and Da Afghanistan Breshna Sherkat (DABS), Afghanistan's national electric utility. Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 3/1/2016. All other information is as of 3/23/2016.

\* The Arghandi connector substation that will feed this line will not be ready until 2018. Alternatives to power the Arghandi-Ghazni project are under consideration.

\*\* Completion date pending approval. At high risk for further delay. No work in Sangin north and south due to security issues.

\*\*\* Some work resumed on 2/16/2016. No work from Sangin to Durai Junction due to ongoing military operations. At medium risk for further delay.

Source: DOD, response to SIGAR data call 3/30/2016; USAID, OEG, response to SIGAR data call, 3/28/2016.

## Afghanistan Infrastructure Fund Power Programs

AIF projects were initiated to support critical counterinsurgency and economic-development objectives in Afghanistan. Although DOD's mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, it is also focused on completing AIF projects.<sup>705</sup>

U.S. Forces-Afghanistan (USFOR-A) has completed four AIF power projects so far. All were phases of the now-concluded Kandahar Power Bridging Solution, which provided fuel and technical support for diesel power-generation plants in Kandahar City while turbine-installation work at Kajaki Dam was under way. USFOR-A has six other ongoing power projects; USAID has three.<sup>706</sup>

This quarter, fighting in Kandahar and Helmand Provinces, as well as bureaucratic delays in getting right-of-way approvals for NEPS transmission lines, continued to challenge AIF contractors and some project-completion schedules. However, DOD remained focused on implementing power projects to complete its portion of the NEPS and SEPS using FY 2011–FY 2014 AIF money as shown in Table 3.25 on the previous page.<sup>707</sup> No FY 2015 or FY 2016 AIF funds were requested or appropriated, but up to \$50 million from the FY 2016 Afghanistan Security Forces Fund may be used under limited circumstances to help finish existing AIF projects.<sup>708</sup>

## Afghanistan's Capacity to Sustain Power Projects

DABS and other government entities will be responsible for sustaining NEPS-SEPS power projects, including operations and maintenance (O&M) costs once they are completed and turned over to the government. SIGAR has raised questions about DABS's capacity and said Afghanistan lacks the resources necessary—financial and otherwise—to pay for O&M.<sup>709</sup>

DOD has notified Congress that increased revenue from an expanded customer base and improved collection capabilities will help DABS provide long-term sustainment of infrastructure.<sup>710</sup> USAID, which is working to help strengthen DABS's financial management and establish a corporate governance framework, said the utility's revenues have increased over the last three years, allowing it to pay for more of its operating expenses, although nonrecurring major capital-infrastructure expenses are still mainly funded by donors.<sup>711</sup>

A World Bank report cautioned that even though DABS, with donor assistance, has been able to reduce some commercial losses and improve revenue collections, its commercial (meter-reading and billing errors, theft, etc.) and technical (heating, magnetic, and other transmission and distribution) losses "remain significant." The report added that DABS cannot raise or expect donors to provide the capital necessary to meet Afghanistan's energy infrastructure requirements.<sup>712</sup>

### SIGAR AUDIT

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

## 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. 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.<sup>713</sup>

This quarter, the Afghan government signed a feasibility-study contract on expanding its northern rail network.<sup>714</sup> Only one completed freight rail line currently exists—a 47-mile (75 km) line from Hairatan, on the border with Uzbekistan, to Mazar-e Sharif.<sup>715</sup> Meanwhile, 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.<sup>716</sup>

### Roads

Since 2002, the United States has provided approximately \$2.2 billion cumulatively for road construction and O&M.<sup>717</sup> Afghanistan has more than 76,400 miles of road, 28,000 of which has been rehabilitated or improved. However, the World Bank has reported 85% are in poor shape and a majority cannot be used year-round.<sup>718</sup> 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.<sup>719</sup>

Emergency O&M on the Kabul-Kandahar road outside of Ghazni Province was completed on December 31, 2015, as part of USAID’s Road Sector Sustainability Project (RSSP). Another emergency O&M work order on the Kabul-Ghazni road in Wardak Province is ongoing. Additionally, the Road Sector Sustainability Project helped complete three studies on establishing a roads authority, road fund, and transportation institute, while structure design is in process.<sup>720</sup>

USAID’s active road-construction and O&M programs are listed in Table 3.26.

### SIGAR AUDIT

An ongoing SIGAR audit is reviewing U.S. efforts to sustain roads and strengthen the Afghan government’s ability to perform road maintenance.

TABLE 3.26

USAID ACTIVE ROAD-CONSTRUCTION AND OPERATIONS-AND-MAINTENANCE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
Technical Assistance to Ministry of Public Works	8/3/2014	8/2/2017	\$25,486,058	\$12,963,209
Salang Tunnel Maintenance	3/24/2013	3/30/2016	3,533,350	3,487,237
Engineering, Quality Assurance, and Logistical Support (EQUALS)	4/18/2011	4/17/2016	126,307,645	119,141,568
Support for USAID’s Construction of Health and Education Facilities Program	1/19/2008	6/30/2016	57,541,288	56,465,885
Emergency Road O&M	12/1/2015	11/30/2016	5,000,000	-
Emergency Road O&M at Maidan Wardak Savedabad Kabul	1/10/2016	3/14/2016	87,440	-

Source: USAID, response to SIGAR data call, 4/11/2016.

TABLE 3.27

AFGHANISTAN INFRASTRUCTURE FUND ROAD PROJECTS, AS OF MARCH 23, 2016 (\$ MILLIONS)							
AIF Project	Description	Notified Amount	Obligated	Disbursed	Status		
AIF FY 2011	Lashkar Gah to Nawar Road	Design, construct 22.5 km road	22.0	20.5	20.5	Complete	
	RC-East Border Transportation Corridor	Saracha Bridge	Design, construct 0.16 km bridge over Chaparhar River, along Hwy 7 in Nangarhar Province	8.0	6.8	6.2	Complete
Ghulam Khan Corridor		Design, construct 24.1 km road, 4 bridges, culverts, switchback repairs in Khowst Province	27.6	12.7	12.3	Construction complete; Warranty issues scheduled to be completed 5/1/2016	
AIF FY 2012	Panwan to Bamiyan Road - Section 6	Section 6.1	Design, construct 7 km road of Salang bypass in Bamiyan Province	3.0	3.0	3.0	Complete
		Section 6.2	Design, construct 11 km road of Salang bypass in Bamiyan Province	7.0	7.0	7.0	Complete
	Dahla Dam Phase 2 - Site Preparation (Route Bear Road)	Realign 4.7 km road along NW shore of Dahla Dam	11.2	7.2	7.2	Complete	
AIF FY 2013	Ghulam Khan Corridor - Phase 2	Design, construct remaining 7 km road to Khowst city and 1 bridge to complete Ghulam Khan Transportation Corridor	10.0	5.1	0.1	35% of design approved; MOU signed for MOPW quality assurance capacity building	

Note: Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 3/1/2016. All other information is as of 3/23/2016.

Source: DOD, response to SIGAR data call, 3/30/2016.

## Afghanistan Infrastructure Fund Road Projects

DOD has obligated \$62.3 million and disbursed \$56.3 million for five road projects under the AIF, as of March 1, 2016. Some of these projects had multiple phases, three of which—Saracha Bridge, Parwan to Bamiyan Road, and the Ghulam Khan Transportation Corridor—were completed this quarter, as shown in Table 3.27.<sup>721</sup>

## ECONOMIC GROWTH

The World Bank ranked Afghanistan 177th of 189 countries in its *Doing Business 2016* report on regulatory quality and efficiency—a six-place rise from 2015.<sup>722</sup> President Ghani has 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.<sup>723</sup> USAID, which is assisting in this effort, has disbursed approximately \$1.1 billion cumulatively for economic growth programs in Afghanistan.<sup>724</sup> Active programs can be found in Table 3.28.

# ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.28

<b>USAID ACTIVE ECONOMIC-GROWTH PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost (\$)</b>	<b>Cumulative Disbursements, as of 3/31/2016 (\$)</b>
Financial Access for Investing in the Development of Afghanistan (FAIDA)	2/7/2011	8/5/2016	\$108,258,374	\$101,751,431
Afghanistan Trade and Revenue Project (ATAR)	11/7/2013	11/6/2017	77,754,267	43,032,260
Afghanistan Public Financial Management (APFM)	7/27/2015	7/26/2018	22,130,033	2,317,848
Afghan Women's Leadership in the Economy (AWLE)	7/1/2015	6/30/2020	71,571,543	4,123,909
Turquoise Mountain Smithsonian Exhibition	3/9/2015	12/31/2016	535,055	323,074
IFC PIO Grant - Support of Business Environment Reform	10/15/2010	10/30/2017	4,030,000	4,030,000
Afghanistan International Bank Guarantee Agreement	9/27/2012	9/27/2020	2,000,000	520,800
Development Credit Authority (DCA) with FINCA, OXUS, and First 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	3,647,406
Afghanistan Workforce Development Program (AWDP) On-Budget	9/18/2013	4/3/2016	11,500,000	1,321,456
Afghanistan Workforce Development Program (AWDP) Off-Budget	4/5/2012	6/30/2016	32,647,898	30,113,298
E-Government Resource Center II	8/28/2013	6/1/2016	3,900,000	405,000
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	71,810,058
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: Creating Jobs, Changing Perceptions, Empowering Women	11/2/2015	11/1/2018	4,800,000	300,000
Afghanistan Investment Climate Program	3/27/2015	3/26/2020	13,300,000	420,200
Multi-Input Area Development-Global Development Alliance	3/23/2013	3/22/2018	30,481,436	10,369,778

Note: The Mobile-izing Saving Study explores financial inclusion products to encourage Afghans to build savings. USAID's Development Credit Authority (DCA) provides partial credit guarantees to mobilize local financing. FINCA, OXUS, and First Microfinance Banks are to use these guarantees to secure loans from larger lenders, and in turn lend to micro and small businesses in Afghanistan. Afghanistan International Bank is to use the DCA guarantee to mitigate its lending risk and facilitate lending to small and medium-size enterprises.

Source: USAID, response to SIGAR data call, 4/11/2016; Innovations for Poverty Action, "Mobile-izing Savings with Defaults in Afghanistan," 12/8/2015; USAID, Development Credit Authority, "Overview," 2/2/2015.

## Afghanistan Workforce Development Program

USAID's four-year, \$62.6 million, Afghanistan Workforce Development Program (AWDP) aims to increase economic opportunities for 25,000 Afghans through vocational education and training, business-management training programs, and job-placement services. AWDP also seeks to mitigate high unemployment and address the scarcity of technically skilled Afghan labor. The goal of the program, through on- and off-budget assistance, is to facilitate job creation, develop a skilled and semiskilled workforce, increase self-employment, and promote economic development in Afghanistan.<sup>725</sup>

AWDP is also supporting efforts to build the capacity of technical/vocational educators and trainers. AWDP seeks to improve the quality of these

training programs through public-private partnerships, and make them more accessible.<sup>726</sup> As of December 31, 2015, (the most recent data available) more than 26,700 Afghans had been trained and more than 17,500 either placed in jobs or promoted to mid-career/semi-professional jobs. Training areas ranged from project and financial management to construction, information technology, and marketing. So far, USAID said 36% of those trained, placed, or promoted were women, exceeding the program's target of 25%. The AWDP disbursed approximately \$29.5 million.<sup>727</sup>

## Financial Access for Investing in the Development of Afghanistan

USAID's \$108.3 million, 66-month Financial Access for Investing in the Development of Afghanistan (FAIDA) program aims to promote an inclusive, diverse, and sustainable financial sector that generates jobs and provides a range of services for micro, small, and medium enterprises. FAIDA helps Afghan partners build capacity to deliver financial services, develop a legal framework and market infrastructure, provide technical assistance to mobile network operators for mobile-money services, and assist Afghan women entrepreneurs with business-development training so they can gain access to financing and opportunities for economic and professional growth.<sup>728</sup>

From October 2015 through January 2016, FAIDA facilitated the approval of 47 loans worth \$544,500 for Afghan enterprises, which is expected to be used to create 68 jobs, 18 of them for women. FAIDA also helped businesses submit 124 loan applications valued at \$7.06 million to create 711 jobs, 135 of which are for women. Additionally, FAIDA provided first-of-its-kind training in Afghanistan to 24 bankers and accountants on international valuation standards.<sup>729</sup>

## EDUCATION

Following a June 2015 SIGAR letter to USAID requesting information about the reliability of Afghan-provided data that USAID uses to oversee and fund education programs in Afghanistan, President Ghani ordered an investigation into allegations of corruption within the Ministry of Education (MOE).<sup>730</sup> On January 2, 2016, *Tolo News* reported alleged results of the investigation, which SIGAR described in its January 2016 *Quarterly Report*.<sup>731</sup> The findings and recommendations were presented to MOE leadership and donors, but USAID was told that, contrary to earlier reports, they will not be published.<sup>732</sup>

Subsequently, the MOE and donors prioritized their efforts to finalize a national education strategic plan, and reform and reorganize the MOE. In February, USAID hosted a seven-day workshop to develop a framework to focus existing resources on improving the quality and relevance of education; increasing equitable access to education; and increasing the

**A United Nations report on the effects of armed conflict on children's access to education and healthcare in Afghanistan documented 125 conflict-related incidents against health facilities in 2015, with 19 clinics closed, 90,000 children not immunized, and 129 health personnel killed, injured or kidnapped.**

Source: United Nations, *Education and Healthcare at Risk, Key Trends and Incidents Affecting Children's Access to Healthcare and Education in Afghanistan*, 4/2016, p. 2.

effectiveness, transparency, and accountability of education management. USAID said the resulting framework was endorsed by four deputy ministers, the Office of the President's Policy and Coordination Unit, and the Minister of Education. Drafting will begin upon President Ghani's approval, which is expected no earlier than July 2016.<sup>733</sup>

## Ministry of Education Data

According to the Education Management Information System (EMIS) for FY 1394, Afghanistan reportedly has 15,249 general-education (government) schools, including 680 inactive/closed schools, with almost 8.7 million students enrolled.<sup>734</sup> The number of enrolled students is the sum of present and absent students.<sup>735</sup> The MOE counts students who have been absent for up to three years as enrolled because it says they might return to school.<sup>736</sup>

## Education Data Assessment and Verification

Barriers to data collection in Afghanistan have resulted in imprecise and inaccurate EMIS data.<sup>737</sup> Minister of Education Balkhi pledged to improve EMIS quality and the MOE conducted a third-party assessment that verified FY 1392 data of 1,600 schools in 24 provinces. The results, made available this quarter, found that while there were variances across EMIS indicators, data accuracy and reliability was high for general education, low for Islamic education, and inconclusive for vocational education and literacy due to limited or no data.<sup>738</sup>

Researchers compared national EMIS information against individual school records when available, and provincial MOE records when not.<sup>739</sup> Assessing MOE/EMIS susceptibility to corruption, arguably a more potent concern and one that the Joint Anticorruption Monitoring and Evaluation Committee (MEC) reported on in June 2015, was outside the scope of this study. The MEC found teacher-recruitment assessment reports to be of poor quality and based on fraudulent data. It reported that nonexistent or "ghost" teachers have been a long-standing problem and, in most cases, attendance sheets are not filled out or are frequently forged. The MEC also frequently found fully-staffed schools that had very few students.<sup>740</sup>

## USAID Programs

USAID aims to improve equitable access to quality education in Afghanistan through community-based classes in remote regions, as well as to develop relevant, in-demand technical skills to better prepare Afghans for employment. Its programs focus on early-grade reading, textbooks and other learning materials, raising literacy rates through teacher and educator training.<sup>741</sup> USAID had disbursed more than \$844 million for education programs in Afghanistan, as of March 31, 2016.<sup>742</sup> USAID's active education programs can be found in Table 3.29 on the following page.

## SIGAR AUDIT

A SIGAR audit published this quarter reviewed DOD, State, and USAID efforts to develop primary and secondary education in Afghanistan. It found that unlike USAID, DOD and State lacked a defined education strategy. Additionally, there was no articulated interagency coordination of roles, responsibilities, strategies, and objectives, and no adequate assessment of overall sector support. Additionally, USAID may be portraying an inaccurate picture of what its programs have contributed to the education sector in Afghanistan. For more information, see Section 2, pp. 22–25 in this report.

TABLE 3.29

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2015 (\$)
Afghanistan's Global Partnership for Education	10/11/2012	6/30/2017	\$4,270,954	\$2,076,948
Support to American University of Afghanistan	8/1/2013	11/29/2019	45,902,538	20,778,075
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	7,340,324
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	2,165,965
Afghanistan University Support and Workforce Development Program	1/1/2014	12/31/2018	91,927,769	24,447,380
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	77,402,457	77,402,457
Basic Education, Literacy, and Technical-Vocational Education (BELT), Textbooks	11/16/2011	12/31/2016	26,996,813	24,970,742
Early Grade Reading Survey	7/27/2015	3/27/2017	12,487,469	2,252,674
BELT/All Children Reading and Improved Access	7/27/2015	3/27/2017	427,585	272,875

Source: USAID, response to SIGAR data call, 4/11/2016; USAID, Modification of Assistance, Award Number AID-306-IO-12-00002, 12/28/2015.

This quarter, USAID extended its Global Partnership for Education (GPE)–Supervising Entity program through June 2017 to continue programmatic and fiduciary oversight of the MOE. The MOE, with core GPE support for main programmatic activities not funded by USAID, has developed key sector documents—budgets, guidelines, operational plans, field monitoring visits and oversight reports, year-end reviews, and lessons learned.<sup>743</sup>

### Basic Education, Learning, and Training (BELT)/ Education Quality Improvement Project (EQUIP) II

Basic Education, Learning, and Training (BELT) aims to expand and improve basic education access and quality. BELT encompasses a number of activities, including a national early-grade reading program, and textbook printing and distribution. Over a 1.2 million textbooks and other reading material have been distributed nationwide so far, covering Afghanistan's entire primary-school population. This quarter, USAID extended its textbook program through December 2016.<sup>744</sup>

BELT also does capacity building at the MOE, and pre- and in-service teacher training through the World Bank-administered Education Quality Improvement Project (EQUIP) II program, which has trained more than 154,000 teachers/educators and awarded more than 11,000 female students scholarships to attend teacher-training colleges.<sup>745</sup>

**An Independent Joint Anti-Corruption Monitoring and Evaluation Committee assessment found that despite some successes, EQUIP has failed to meet its overall goals since it began in 2004. The program suffers from poor planning, weak monitoring, and ineffective coordination among implementers that caused 30–40% of funds to be misused, poor school construction, and inadequately educated students.**

Source: Independent Joint Anti-Corruption Monitoring and Evaluation Committee, *Vulnerability to Corruption Assessment of the Education Quality Improvement Program in the Ministry of Education*, 11/2015, p. 3.

## **Increasing Access to Basic Education and Gender Equality Through Community-Based Education**

Despite real progress made in Afghanistan's education system, 3.5 million primary-school-age children—75% of them girls—remain out of school. Causes vary from societal norms about the value of education for females, to economic hardships, violence, and a lack of schools and learning materials in remote areas. Community Based Education provides access to basic, primary education (grades 1–6) in 13 provinces where there are no formal schools or only schools for boys, or where other constraints prevent children from attending formal classrooms. As of December 2015 (the most recent data available), 912 community-based schools and 71 accelerated learning centers (ALC) have been established providing access to more than 40,828 boys and girls; 3.5 million textbooks were printed.<sup>746</sup>

Community-based school enrollment figures (37,650) exceeded the 20,000 target for 2015, but implementers noted that the numbers declined during course of the year. The 51% enrollment among girls fell short of the 70% target. Meanwhile, the distance children have to travel to school was reduced to less than two miles from their communities, but insecurity delayed program implementation and resulted in school closures.<sup>747</sup>

## **HEALTH**

Afghanistan has registered improvements in its health indicators since 2002, though it remains below average among low-income countries. Afghanistan's public health is beset by many challenges—tuberculosis, polio, poor maternal health, and one of the world's highest levels of child malnutrition, according to the World Bank.<sup>748</sup>

Insecurity for aid and development workers is also a strain on effective health delivery services to the population, according to the Agency Coordinating Body for Afghan Relief & Development, an advocacy organization working in Afghanistan comprising 135 national and international nongovernmental organizations. The agency said Afghanistan has the one of highest number of major attacks on aid workers in the world, surpassing all other countries except Somalia and Syria.<sup>749</sup>

## **USAID Funding and Health Programs**

U.S. health-sector programs aim to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health includes capacity-building, training, and quality-assurance activities to strengthen the ministry's management and control over health-care delivery across Afghanistan.<sup>750</sup>

U.S. on- and off-budget assistance to Afghanistan's health sector totaled approximately \$1 billion, as of March 31, 2016.<sup>751</sup> On-budget assistance to

**A United Nations report on the effects of armed conflict on children's access to education and healthcare in Afghanistan documented 132 conflict-related incidents against schools in 2015, with 369 schools closed, 139,000 children out of school, and 75 school personnel killed, injured or kidnapped.**

Source: United Nations, *Education and Healthcare at Risk, Key Trends and Incidents Affecting Children's Access to Healthcare and Education in Afghanistan*, 4/2016, p. 2.

TABLE 3.30

USAID ACTIVE HEALTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 3/31/2016 (\$)
Strengthening Pharmaceutical System	8/28/2011	7/10/2017	\$34,399,936	\$24,771,958
Challenge Tuberculosis	1/1/2015	9/29/2019	15,000,000	2,546,790
Weekly Iron Folic Acid Supplementation	11/7/2014	12/31/2017	5,610,012	5,408,826
Disease Early Warning System (DEWS)	9/1/2008	6/30/2017	8,500,000	8,500,000
Disease Early Warning System (DEWS Plus)	1/1/2015	12/30/2020	32,728,000	18,108,000
Family Planning and Assessment	5/16/2015	5/15/2016	634,833	634,833
Health Sector Resiliency (HRS)	9/28/2015	9/27/2020	37,936,471	386,740
Demographic and Health Surveys	9/9/2013	9/8/2018	6,699,863	4,245,266
Sustaining Health Outcomes through the Private Sector (SHOPS Plus)	6/1/2016	6/1/2018	6,000,000	501,583
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, Oral Rehydration Salts for Management of Childhood Diarrhea	7/21/2015	7/7/2020	15,002,610	4,400,000
Helping Mother and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	8,678,913

Note: The Regional Fortification in the Central Asian Republics and Afghanistan project aims to increase iron, zinc, folic acid, and vitamin A nutrient intake by 20% through distribution of fortified wheat and edible oil.

Source: USAID, response to SIGAR data call, 4/11/2016; Global Alliance for Improved Nutrition, "Regional Fortification in the Central Asian Republics," accessed 1/15/2016.

**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.

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.<sup>752</sup>

USAID believes that the MOPH's 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.<sup>753</sup> USAID's active health programs have a total estimated cost of \$232 million, and are listed in Table 3.30.

## Polio

From FY 2003 through FY 2014, USAID provided \$25 million for polio eradication in Afghanistan.<sup>754</sup> Afghanistan and Pakistan are the only two countries where polio is endemic.<sup>755</sup>

Afghanistan reported 20 cases in 2015, a decrease from 28 in 2014. Two cases were confirmed so far in 2016, as of April 4. Pakistan reported 54 cases in 2015, down from 306 in 2014, and seven cases so far in 2016.<sup>756</sup> Both

Source: SIGAR, *Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not be Sustainable and Existing Hospitals are Facing Shortages in Some Key Medical Positions*, Audit Report 13-9, 4/2013, p. 1.

countries, which share a 1,500-mile border, suffer from the Taliban's opposition to vaccination campaigns.<sup>757</sup>

Security and access challenges remained a particular concern, according to the United Nations, which reported that in December 2015, 89,873 children could not be vaccinated—13,493 children were not vaccinated in Helmand Province due to active fighting, and 72,288 in Kunar and Nangarhar provinces, where anti-government forces prevented access.<sup>758</sup> A report from the Independent Monitoring Board of the Global Polio Eradication Initiative stated that Afghanistan's "security situation cannot be used as an excuse for poor performance—where access is available, it is too often being let down by poor supplementary immunization activity quality."<sup>759</sup> The World Health Organization agreed, reporting "operational deficits in accessible areas."<sup>760</sup>

## Helping Mothers and Children Thrive

USAID's Helping Mothers and Children Thrive (HEMAYAT) program aims to increase access to and utilization of family planning and maternal health services through BPHS and also strengthen referral systems to hospitals through EPHS.<sup>761</sup> Deteriorating security conditions interrupted program implementation this quarter, but efforts to build capacity at the MOPH and affect policy changes continued.<sup>762</sup>

HEMAYAT helped establish a chlorhexidine (antiseptic) working group to develop a national distribution plan for newborn umbilical-cord care, conducted a community-health nurse workshop to inform future strategies, assisted government efforts to include long-term reversible contraceptives into their essential-drug list, and helped implement a national postpartum-hemorrhage prevention plan.<sup>763</sup>

## SIGAR AUDIT

An ongoing SIGAR audit is focusing on USAID's efforts to support and improve Afghanistan's health-care 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.

