3 RECONSTRUCTION UPDATE
RECONSTRUCTION UPDATE CONTENTS

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OVERVIEW

This quarter the United States reaffirmed its commitment to the reconstruction of Afghanistan. On June 6, 2016, President Obama granted the U.S. forces in Afghanistan new authorities to assist the conventional Afghan forces. The authorities allow the commander of the U.S. forces to use all available U.S. air and ground capabilities and enabling support to assist the Afghan forces when such action would have a “strategic effect” on battlefield outcomes. Before this expansion of authorities, U.S. forces could only accompany Afghan special forces or to attack insurgent groups that participate in hostilities or are declared hostile.

A month later President Obama, acknowledging the Afghan National Defense and Security Forces’ (ANDSF) need for continued support, revised the U.S. troop withdrawal schedule so that 8,400 U.S. troops will remain in Afghanistan throughout his term. During a July 12 press briefing, Lieutenant General John W. Nicholson, commander of the U.S. and Coalition forces in Afghanistan, said about 400 additional U.S. troops will continue to support the Resolute Support train, advise, and assist mission although stationed outside Afghanistan.

President Obama pledged to recommend that his successor continue to fund the ANDSF at or near current levels through 2020; DOD is requesting $3.45 billion for 2017 for funding for the ANDSF.

For a second time in 10 months, the Taliban lost its supreme leader when Mullah Mansour was killed in a U.S. drone strike on May 21. President Obama had authorized the action after learning of “specific imminent threats” Mansour was planning against U.S. and Coalition forces in Afghanistan. Four days later, Haibatullah Akhundzada was announced as the new Taliban supreme leader.

This quarter, for the first time, USFOR-A classified the overall ANA and ANP attrition rates and the ANP pillar force strengths. USFOR-A reported the information was classified in accordance with Resolute Support classification guidance.

On June 20, 2016, the Afghan parliament confirmed Abdullah Khan Habibi as the first defense minister under the nearly two-year-old National Unity Government.
The Department of State (State) still has not issued a new or revised U.S. counternarcotics strategy for Afghanistan. In June, the United Nations Office on Drugs and Crime (UNODC) published its World Drug Report 2016, which still ranks Afghanistan as the largest producer of global opium: it accounts for 80% of the world’s opium seizures.

On May 5, the European Union hosted its second annual conference on anticorruption. During the conference, President Ghani announced several anticorruption initiatives including: (1) reorganizing the government’s Council on Governance and Justice to become a High Council for Governance, Law, and Anti-Corruption to articulate the government’s reform agenda and ensure its dissemination; (2) enhancing the justice sector by requiring new qualifications, increased legal rigor, and the rotation or retirement of unqualified candidates within the justice institutions; (3) prioritizing ministries for “clean-up” with initial focus on the ministries of interior, transport, mining, public health, communications, and education; and (4) establishing a specialized anticorruption justice center, with a target of a final confirmation and startup before the July NATO summit in Warsaw. According to DOD, the anticorruption justice center was established and funded on June 30.

In April, the International Monetary Fund (IMF) called the Afghan outlook for 2016 and beyond “very difficult” and weaker than when last assessed in November 2015. The IMF reported that Afghanistan’s “perilous” security environment, political uncertainties, and endemic corruption negatively affect development spending, private investment, institutional reforms, economic efficiency, and equality. Despite these risks, the World Bank said Afghanistan has maintained overall macroeconomic stability and set the conditions for slow economic recovery depending on stronger government progress on reforms, political stabilization, and improved security.

This quarter, Afghanistan’s parliament ratified the World Trade Organization’s terms of accession, putting Afghanistan on track to become the WTO’s 164th member as of July 29. The Afghan government also reached an agreement with the IMF on an economic program supported by a three-year, $45 million Extended Credit Facility (ECF) loan arrangement. The IMF executive board approved it on July 20.

Domestic revenues collected in the first half of FY 1395 (December 21, 2015–December 20, 2016) rose 53.2% above the same period in FY 1394, covering 60.1% of total budget expenditures. Expenditures increased 5.5% compared to FY 1394. However, Afghanistan’s currency, the afghani, has depreciated approximately 22% against the U.S. dollar since 2012. The change affects purchasing power and reduces the impact of the improved government revenue collections by raising the cost of dollar-denominated imports like fuel and electric power.

With the addition of FY 2016 State and USAID foreign-assistance accounts, cumulative appropriations for relief and reconstruction in
Afghanistan totaled approximately $114.9 billion, as of June 30, 2016. Of the total cumulative amount appropriated for Afghanistan reconstruction, $96.7 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately $9.2 billion of this amount remained available for potential disbursement.
STATUS OF FUNDS CONTENTS

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To fulfill SIGAR's legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2016, the United States had appropriated approximately $114.93 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- $68.44 billion for security ($4.31 billion for counternarcotics initiatives)
- $32.83 billion for governance and development ($4.15 billion for counternarcotics initiatives)
- $2.98 billion for humanitarian aid
- $10.68 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)

Not: Numbers have been rounded.

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

The amount provided to the seven major U.S. funds represents more than 84.1% (over $96.70 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, more than 91.3% (nearly $88.31 billion) has been obligated, and over 85.8% (nearly $83.00 billion) has been disbursed. An estimated $4.46 billion of the amount appropriated these funds has expired.

**U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN**

As of June 30, 2016, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately $114.93 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 $8.46 billion of these funds support counternarcotics initiatives which crosscut both the security ($4.31 billion) and governance and development ($4.15 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

This quarter State and USAID notified FY 2016 allocations for foreign assistance accounts to Congress. The notification allocated $812.27 million for the Economic Support Fund (ESF) and $185 million for the International Narcotics Control and Law Enforcement (INCLE) account. The additional funding brings the amount appropriated for FY 2016 to more than $5.67 billion, as shown in Figure 3.3.

**FIGURE 3.2**

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JUNE 30, 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. 113-25, $764.38 million from FY 2014 in Pub. L. No. 113-25, 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.

The United States aims to channel at least 50% of its development assistance on-budget to the Government of Afghanistan. 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. Since 2002, the United States has provided nearly $10.12 billion in on-budget assistance. This includes about $5.61 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 (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)

<table>
<thead>
<tr>
<th>Government-to-Government</th>
<th>DOD</th>
<th>$4,946</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td>571</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Multilateral Trust Funds</th>
<th>LOTFA</th>
<th>$1,556</th>
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<tbody>
<tr>
<td>ARTF</td>
<td>2,842</td>
<td></td>
</tr>
<tr>
<td>AITF</td>
<td>113</td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of June 30, 2016, USAID has obligated approximately $1.2 billion for government to government assistance.


Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of June 30, 2016, USAID has obligated approximately $1.2 billion for government to government assistance.

Since 2002, Congress has appropriated nearly $114.93 billion for Afghanistan relief and reconstruction. Of this amount, $96.70 billion (84.1%) was appropriated to the seven major reconstruction funds, as shown in Table 3.3.

As of June 30, 2016, approximately $9.25 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.

This quarter State and USAID completed the 653(a) congressional consultation process to finalize foreign assistance allocation amounts for FY 2016. The notification allocated $812.27 million from ESF and $185 million from INCLE for Afghanistan, bringing the total appropriated the major reconstruction funds for FY 2016 to $4.79 billion—roughly the same amount as FY 2015 after rescissions, as shown in Table 3.2.
Congress appropriated nearly $5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, nearly $1.13 billion remained for possible disbursement, as of June 30, 2016, as shown in Table 3.4 and Figure 3.5.

### Table 3.4

<table>
<thead>
<tr>
<th>FY 2014 Amounts Appropriated, Obligated, and Disbursed ($) Millions</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASFF</td>
<td>$3,962.34</td>
<td>$3,956.71</td>
<td>$3,780.66</td>
<td>$176.05</td>
</tr>
<tr>
<td>CERP</td>
<td>30.00</td>
<td>6.62</td>
<td>6.44</td>
<td>0.18</td>
</tr>
<tr>
<td>AIF</td>
<td>144.00</td>
<td>127.92</td>
<td>12.16</td>
<td>115.76</td>
</tr>
<tr>
<td>TFBSO</td>
<td>122.24</td>
<td>106.77</td>
<td>85.84</td>
<td>20.93</td>
</tr>
<tr>
<td>DOD CN</td>
<td>238.96</td>
<td>238.96</td>
<td>238.96</td>
<td>0.00</td>
</tr>
<tr>
<td>ESF</td>
<td>907.00</td>
<td>835.92</td>
<td>188.46</td>
<td>647.46</td>
</tr>
<tr>
<td>INCLE</td>
<td>225.00</td>
<td>224.74</td>
<td>51.77</td>
<td>172.97</td>
</tr>
<tr>
<td><strong>Total Major Funds</strong></td>
<td><strong>$5,629.54</strong></td>
<td><strong>$5,497.63</strong></td>
<td><strong>$4,364.28</strong></td>
<td><strong>$1,133.35</strong></td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $132 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2016.

Congress appropriated more than $4.80 billion to four of the seven major reconstruction funds for FY 2015. Of that amount, more than $1.80 billion remained for possible disbursement, as of June 30, 2016, as shown in Table 3.5 and Figure 3.6.

### Table 3.5

<table>
<thead>
<tr>
<th>FY 2015 Amounts Appropriated, Obligated, and Disbursed ($) Millions</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASFF</td>
<td>$3,709.33</td>
<td>$3,498.87</td>
<td>$2,969.14</td>
<td>$740.20</td>
</tr>
<tr>
<td>CERP</td>
<td>10.00</td>
<td>3.37</td>
<td>1.60</td>
<td>1.77</td>
</tr>
<tr>
<td>ESF</td>
<td>831.90</td>
<td>2.00</td>
<td>2.00</td>
<td>829.90</td>
</tr>
<tr>
<td>INCLE</td>
<td>250.00</td>
<td>20.78</td>
<td>17.96</td>
<td>232.04</td>
</tr>
<tr>
<td><strong>Total Major Funds</strong></td>
<td><strong>$4,801.23</strong></td>
<td><strong>$3,525.02</strong></td>
<td><strong>$2,990.69</strong></td>
<td><strong>$1,803.91</strong></td>
</tr>
</tbody>
</table>

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, 7/19/2016.
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.83 The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.84 A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.85

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.86 As of June 30, 2016, nearly $60.10 billion of total ASFF funding had been obligated, of which more than $58.33 billion had been disbursed.87 Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by nearly $1.95 billion over the quarter, and cumulative disbursements increased by more than $1.28 billion.88 Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.


ASFF Budget Activities

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

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

Funds for each budget activity group are further allocated to four subactivity groups: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment. The AROC must approve the requirement and acquisition plan for any service requirements in excess of $50 million annually and any nonstandard equipment requirement in excess of $100 million.

As of June 30, 2016, DOD had disbursed more than $58.33 billion for ANDSF initiatives. Of this amount, nearly $39.05 billion was disbursed for the ANA, and more than $18.89 billion was disbursed for the ANP; the remaining $389.12 million was directed to related activities.

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than $16.58 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than $8.03 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.

![Figure 3.9](image1)

![Figure 3.10](image2)

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


Note: Numbers have been rounded.
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.93 CERP-funded projects may not exceed $2 million each.94

The Consolidated Appropriations Act, 2016, appropriated $5 million for CERP, increasing total cumulative funding to more than $3.68 billion.95 Of this amount, DOD reported that nearly $2.29 billion had been obligated, of which nearly $2.27 billion had been disbursed as of June 30, 2016.96

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.

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. 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.

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

As of June 30, 2016, nearly $773.64 million of total AIF funding had been obligated, and nearly $546.54 million had been disbursed, as shown in Figure 3.14.

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

FIGURE 3.13
AIF APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

As of March 31, 2016
Appropriated $988.50
Obligated $772.60
Disbursed $500.37

As of June 30, 2016
Appropriated $988.50
Obligated $773.64
Disbursed $546.54

FIGURE 3.14
AIF FUNDS, CUMULATIVE COMPARISON
($ MILLIONS)


Note: Numbers have been rounded. 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.

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.
In 2010, the TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.101

Through June 30, 2016, the TFBSO had been appropriated more than $822.85 million since FY 2009. Of this amount, nearly $754.37 million had been obligated and more than $640.61 million had been disbursed.102 Figure 3.15 displays the amounts appropriated for the TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.


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

DOD DRUG INTERDICATION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-drug Activities (DOD CN) fund 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.103

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.104

DOD reported that DOD CN received more than $138.76 million for Afghanistan for FY 2016, bringing cumulative funding for DOD CN to nearly $3.00 billion since FY 2004. Of this amount, more than $2.99 billion had been transferred to the military services and defense agencies for DOD CN projects, as of June 30, 2016.105 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.

FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
($ BILLIONS)

Note: Numbers have been rounded. Reprogramming activity resulted in a lower appropriated figure for FY 2016 than reported last quarter. DOD reprogrammed $125.13 million out of FY 2015 DOD CN because several requirements for the Afghanistan Special Mission Wing were funded from the ASFF instead of DOD CN.

DOD CN FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments
Obligations: Commitments to pay monies
Disbursements: Monies that have been expended

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.106

The ESF was appropriated $812.27 million for FY 2016, bringing cumulative funding to more than $19.41 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 $14.49 billion had been disbursed.107 Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of June 30, 2016, decreased $84,809 and cumulative disbursements increased by more than $327.51 million from the amounts reported last quarter.108 Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: $101 million for FY 2011, $179.5 million for FY 2013, and $55 million for FY 2014.


FIGURE 3.20

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

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, counternarcotics, and rule of law and justice.109

State reported that INCLE was appropriated $185 million for FY 2016, bringing cumulative funding for INCLE to nearly $4.88 billion. Of this amount, more than $4.32 billion had been obligated, of which, more than $3.73 billion had been disbursed.110 Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of June 30, 2016, increased $12.66 million and cumulative disbursements increased more than $82.34 million over amounts reported last quarter.111 Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.

INCL 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

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).112

Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to June 20, 2016, the World Bank reported that 34 donors had pledged more than $9.63 billion, of which more than $9.10 billion had been paid in.113 According to the World Bank, donors had pledged nearly $1.05 billion to the ARTF for Afghan fiscal year 1395, which runs from December 22, 2015, to December 21, 2016.114 Figure 3.23 shows the nine largest donors to the ARTF for FY 1395.

As of June 20, 2016, the United States had pledged nearly $3.12 billion and paid in more than $2.84 billion since 2002.115 The United States and the

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1395 BY DONOR, AS OF JUNE 20, 2016 ($ MILLIONS)

Note: Numbers have been rounded. FY 1395 = 12/22/2015–12/21/2016.
United Kingdom are the two biggest donors to the ARTF, together contributing over 48% 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. As of June 20, 2016, according to the World Bank, more than $4.02 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. 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.

The Investment Window supports the costs of development programs. As of June 20, 2016, according to the World Bank, nearly $4.33 billion had been committed for projects funded through the Investment Window, of which more than $3.42 billion had been disbursed. The World Bank reported 23 active projects with a combined commitment value of nearly $2.99 billion, of which more than $2.08 billion had been disbursed.

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). Since 2002, donors have pledged more than $4.76 billion to the LOTFA, of which more than $4.59 billion had been paid in, as of July 14, 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. 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. 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. 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.

From July 1, 2015, through March 31, 2016, UNDP had expended more than $326.67 million on the SPM project. Of this amount, $324.03 million was transferred to the MOF to pay for ANP and CPD staff. In addition, more than $7.24 million was expended on the MPD project.
As of June 30, 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. In 2005, 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). Additionally, the ASFF is used to support the Afghan Local Police (ALP), which is under the MOI, although the ALP is not considered part of the ANDSF. 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, $60.1 billion had been obligated and $58.3 billion disbursed.126

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

U.S. and NATO Allies Pledge Over $4 Billion Annually to Support the ANDSF

The Administration has asked Congress for $3.45 billion in fiscal year (FY) 2017 funding for the ANDSF. President Obama pledged in July to recommend his successor continue funding the ANDSF at or near current levels through 2020. At the Warsaw Summit July 8 and 9, 2016, the 30 North Atlantic Treaty Organization (NATO) nations pledged more than $800 million annually to sustain the Afghan security forces from 2018–2020. The Afghan government also committed to increase its spending as their economy and revenues grow from the $421 million they provided last year to sustain the ANDSF.127 On the eve of the conference, President Obama announced a revision to the U.S. troop-withdrawal schedule, acknowledging
“I strongly believe that it is in our national security interest—especially after all the blood and treasure we’ve invested in Afghanistan over the years—that we give our Afghan partners the very best opportunity to succeed.”

—President Barack Obama


the need for continued support to the Afghan army and police by keeping 8,400 U.S. troops in Afghanistan when he leaves office, rather than drawing down to 5,500 as previously planned. Later, Lieutenant General John W. Nicholson, commander of U.S. and NATO troops in Afghanistan, said about 400 U.S. forces committed to the NATO Resolute Support Mission would be deployed outside Afghanistan. According to DOD the U.S. troop level in Afghanistan has been generally at or below 9,000 since February 2015; the number of U.S. forces in Afghanistan as of May 1, 2016, was about 9,200.

New Authorities Allow U.S. Forces to Assist Afghans on the Battlefield

This quarter, President Obama granted U.S. forces in Afghanistan the authority to assist conventional Afghan security forces whenever the U.S. Forces-Afghanistan commander determines such action would have a “strategic effect” on battlefield outcomes. DOD clarified the new authorities apply when “there are distinctive opportunities to support Afghan operations that will significantly further the overall security objectives for Afghanistan, which are to promote the sustainability of the Afghan security forces and the stability of the Government of Afghanistan.” Prior to this expansion of authority, U.S. forces were authorized only to accompany Afghan special forces or to attack insurgent groups that participate in hostilities or are declared hostile. However, the new authority did not lift the restriction to allow U.S. forces to target the Taliban unless they pose an immediate threat to U.S. or Coalition forces, or if the Afghan forces face a catastrophic failure. At a joint press conference with Secretary Carter on July 12, General Nicholson reported using the new authorities “almost daily” to enable the ANDSF to take offensive actions. He said the support to conventional forces can mean combat enablers, such as air support as well as advisors. Secretary Carter clarified that General Nicholson can use the full suite of U.S. air and ground capabilities. According to DOD this will allow for more proactive combat enabling and tactical advising.

President Obama indicated in his remarks that this new authority provides more flexibility on the ground and in the air to support both Afghan regular and special-operations forces. The new authority authorizes U.S. troops to deploy with conventional Afghan forces and also provides the authority to directly target Taliban insurgents. In vetting comments, DOD noted that the change in authority does not allow U.S. forces to target members of the Taliban because of their membership in the Taliban, but, in limited circumstances, “U.S. forces could target Taliban forces in support of key offensive operations by the ANDSF.”

Taliban Leadership Changes

U.S. forces targeted and killed Taliban leader Mullah Mansour in a drone strike near the Afghanistan-Pakistan border on May 21, 2016. President
Obama authorized the action due to “specific imminent threats” to U.S. and Coalition forces in Afghanistan that the Taliban leader was planning.\(^{137}\) Four days later a Mansour deputy, Haibatullah Akhundzada, was announced as the Taliban’s new supreme commander.\(^{138}\) Another of Mansour’s deputies, Sirajuddin Haqqani, and the eldest son of Taliban-founding leader Mohammad Omar, Mohammad Yaqoob, were appointed as Akhundzada’s deputies.\(^{139}\)

DOD reports Sirajuddin will maintain the Haqqani Network’s influence within the Taliban even as the Haqqani Network remains semi-autonomous.\(^{140}\) The media reported a recording released by the Taliban in which Akhundzada vowed never to “bow down” to their enemies and said Mansour’s death will inspire the Taliban to fight even harder.\(^{141}\) The same day, a Taliban suicide bomber killed 11 Afghan judicial workers in revenge for the Afghan government’s hanging six Taliban prisoners convicted of perpetrating grave crimes against civilians and public security.\(^{142}\)

**State Reports on ISIL-Khorasan**

For a second year, the State Department declared the Islamic State of Iraq and the Levant (ISIL) as the greatest global terrorist threat.\(^{143}\) However, the June report on terrorism said ISIL-Khorasan (ISIL-K) gained little support among Afghanistan’s population in 2015, despite having a small presence in eastern Nangarhar Province for much of the year.\(^{144}\) During 2015, the Afghan Taliban, the Haqqani Network, and ISIL were the three major, active terrorist or insurgent organizations in Afghanistan. While al-Qaeda has been severely degraded, its affiliate, al-Qaeda in the Indian Subcontinent, continues to operate in Afghanistan.\(^{145}\)

The report also claims a number of Taliban-coordinated attacks were planned and launched from safe havens in Pakistan.\(^{146}\) Afghan officials noted the difficulty in confiscating or freezing insurgent-group finances due to the personal and informal banking systems used to transfer assets.\(^{147}\)

**The Worsening Security Situation in Afghanistan**

The United Nations (UN) Secretary-General assessed in June that the overall security situation in Afghanistan had worsened considerably over the past four months. The UN recorded 6,122 security incidents between February 16, and May 19, 2016, as reflected in Figure 3.26 on the following page. While there has been a decrease in total reported security incidents compared to the same time period last year, the number of armed clashes and the number of documented civilian casualties have both increased.\(^{148}\) According to DOD, the capital city experienced 10 high-profile attacks between December 1, 2015, and May 20, 2016, with 50 others across the rest of Afghanistan. This represents a 41% decrease in high-profile attacks in Kabul compared to 26 during the same period a year earlier.\(^{149}\) The Taliban have been exceptionally active in 2016, particularly after launching their

"Terrists are terrorists. There is no difference between good terrorists and bad terrorists."

—Afghan President Ashraf Ghani

FIGURE 3.26

AVERAGE NUMBER OF REPORTED SECURITY INCIDENTS PER DAY, NOVEMBER 2012–MAY 2016

The Institute of Economics and Peace reported the number of annual internal-conflict deaths in Afghanistan increased between 2008 and 2016 from 4,210 to 22,170.


annual spring offensive “Operation Omari.” This year, the campaign has largely overlooked civilian government targets, instead focusing on district administrative centers and the strategically important parts of Urugzan Province along the Kandahar-Tirin Kot highway and Baghlan Province.¹⁵⁰

The UN reported that the ongoing effort to reach a peace agreement with the Taliban has stagnated, with the Taliban intending not to participate in any peace talks until their demands are met by the Afghan government and its international supporters.¹⁵¹ Moreover, Mullah Mansour’s death shuffled Taliban leadership, exacerbated infighting, and left the future of the peace process uncertain. The Afghan government experienced some success with the Hezb-e-Islami insurgent group, releasing a final draft for a peace agreement.
that received the approval of the High Peace Council chair; although critics expressed concerns that a peace agreement may prevent some actors in Hezb-e-Islami from being held accountable for their crimes.152 However, by late June the peace talks had lost momentum and then completely fell through when the leader of Hezb-e-Islami, Gulbuddin Hekmatyar, withdrew entirely and called for the dissolution of the Afghan unity government.153

The ANDSF have struggled to respond to the Taliban’s growing national presence. There has been particularly stiff resistance in provinces along the border with Pakistan, such as Helmand, Kandahar, and Nangarhar, with reports that 68.5% of security incidents occur in southern, southeastern, and eastern Afghanistan.154 Many of the issues preventing the ANDSF from properly engaging the Taliban relate to deficiencies in key areas such as command and control, leadership, logistics, and overall coordination. High attrition rates, including high casualty rates, continue to make the sustainability of the ANDSF a major concern and priority for leadership.155 However, its international military aid will remain constant. NATO Secretary General Jens Stoltenberg flew to Kabul to pledge continued support to President Ghani and Chief Executive Abdullah. Thereafter, NATO members agreed on extending funding for the ANDSF and examined Resolute Support’s future in Afghanistan beyond 2016.156

The ANDSF has also had to address activity from other insurgent groups, most notably the Islamic Movement of Uzbekistan (IMU) and ISIL-K, which have remained active despite pressure from both Afghan forces, supported by Coalition air strikes, and the Taliban. ISIL-K’s safe haven in Nangarhar has been greatly reduced and some members of the group are now working to establish safe havens in Kunar and Nuristan Provinces to the north.157

A State Department report on terrorism released in June disclosed that a number of insurgent attacks were planned and launched from safe havens in Pakistan.158 A Pakistani researcher with the U.S.-based Hudson Institute claims Taliban and terrorists are being trained at three madrassas, in Karachi and Khyber-Pakhtunkhwa, one located near a Pakistani military facility.159 A week later, a minister in the Khyber-Pakhtunkhwa administration announced that 300 million rupees (over $2.8 million) would be provided to a madrassa with top Afghan Taliban leaders among its graduates.160

In June, Brigadier General Cleveland provided an assessment of the security situation throughout Afghanistan. In northern Afghanistan, the ANDSF were able to repel the Taliban in Kunduz but faced “fairly serious” fighting in Baghlan.161 In the south, where the Taliban has shifted their main efforts, fighting did not resume in Helmand after the poppy-harvest season but is expected to later this summer.162 Small engagements involved roughly 50–100 Taliban fighters massing at night, hitting checkpoints, and moving out before ANDSF reinforcements could arrive.163 Resolute Support (RS) is concerned about security in Uruzgan in eastern Afghanistan as the Taliban still control parts of the main road.164

A Brussels-based South Asia researcher, Siegfried O. Wolf, contends ISIL-K is the major problem for the Taliban; ISIL-K is gaining strength, and the Taliban infighting is leading frustrated militants to defect to ISIL-K.


Madrassa: a Muslim school, college, or university that is often part of a mosque.

Source: Merriam-Webster.com
USFOR-A reports that approximately 65.6% of the country’s districts are under Afghan government control or influence as of May 28, 2016, a decrease from the 70.5% reported as of January 29, 2016. Of the 407 districts within the 34 provinces, 268 districts were under government control or influence, 36 districts (8.8%) within 15 provinces were under insurgent control or influence, and 104 districts (25.6%) were “at risk.” Of the 36 districts under insurgent control or influence, nine districts with a population of 524,072 are under insurgent control and 27 districts with a population of 1.98 million are under insurgent influence.

According to USFOR-A, the RS mission determines district status by assessing five indicators of stability: governance, security, infrastructure, economy, and communications. For additional information refer to the matrix in the SIGAR April 2016 Quarterly Report to the United States Congress, page 96.

USFOR-A assesses that the increased insurgent control since January be put in context of the Afghan sustainable security strategy which focuses Afghan forces in high-priority areas to achieve strategic and operational objectives. This strategy includes redeploying forces from checkpoints and lower-priority areas so they are available to conduct offensive operations, gain and maintain the initiative, exploit opportunities, and consolidate tactical gains.

According to Afghan media, the MOI spokesman reported that more than 50 (12.3%) of the country’s districts face serious threats from insurgents, with nine out of the government’s control as of June 28, 2016. Those districts include four in Helmand, two in Badakhshan, and one each in Ghazni, Sar-e Pul, and Zabul Provinces. Afghan media also reported the Ghazni police chief claims the Taliban have suicide-bomber and motor-bomb training centers in the Nawa district of Ghazni.

Afghan media reported in early June that Taliban insurgents used a government hand-held biometric system to test the identity of bus passengers in Kunduz. Those affiliated with the security forces were reportedly executed. Bus-passenger abductions continued into the month of June with more than 25 passengers taken from the Kabul-Kandahar Highway on June 21 in addition to the 200-plus passengers abducted on the Baghlan-Kunduz Highway two weeks earlier.

A U.S. National Public Radio photojournalist and an Afghan journalist were killed in June when a rocket-propelled grenade hit their vehicle while traveling with a small ANA convoy. Since the U.S. return to Afghanistan following the September 11, 2001, attacks, 26 journalists have been killed in Afghanistan, according to the Committee to Protect Journalists.

One of the deadliest attacks on foreign workers since the war began nearly 15 years ago occurred on June 20th when a suicide bomber hit a bus carrying Nepali and Indian security guards for the Canadian Embassy killing 14 and wounding nine other guards and civilians. Both the Taliban

“We don’t think that they are trying to expand, we think they are trying to survive.”

—Brigadier General Charles Cleveland, Resolute Support Deputy Chief of Staff for Communications, discussing ISIL in Afghanistan

and ISIL-K claimed responsibility for the attack, the first in Kabul in two months. Hours later a second attack in Kabul injured an Afghan provincial minister and five others when a bomb planted on the lawmaker’s vehicle detonated. The next day 24 Nepali guards resigned. One guard told the Associated Press that regulations preventing them from carrying weapons except when at the Canadian Embassy left them at risk from other attacks.

On June 30, 2016, at least 32 police cadets returning to Kabul from a training program in Wardak Province were killed and at least 53 were wounded when a suicide bomber rammed his explosive-laden car into the convoy of police buses. A second suicide bomber targeted first responders, killing one civilian and wounding another. The Taliban claimed responsibility for both attacks. Following the incident, President Ghani suspended at least five MOI generals from the Wardak training center pending an investigation of alleged negligence in transporting the police cadets. According to the Afghan national security advisor, mass transit of security forces is prohibited without adequate security measures. The investigation will attempt to determine if police personnel may have colluded with the attackers, as survivors reported the suicide bombers were on the bus.

An earlier incident in Wardak Province led to an investigation of the police chief. Afghan media reported that after the Taliban’s spy chief in Baghlan Province was wounded by Afghan security forces, he was later captured on June 19th while riding in a Wardak police vehicle, en route to Kabul and accompanied by the chief’s relatives; he allegedly had plans to travel on to Pakistan.

A sign of the growing insecurity in Kabul are the increasing number of concrete blast walls that surround government buildings, foreign embassies, companies, and the homes of wealthy residents. However, Afghan media reported in July that the number of insurgent attacks in the country decreased in June by 17%. An increased number of Afghan and Coalition air strikes during the month is reported to have had a major impact on eliminating insurgent fighters. On June 29, a spokesman for the Nangarhar governor reported at least 88 ISIL-K fighters were killed in the Kot district, where the retreating fighters torched 90 homes in retribution for locals assisting the Afghan security forces. The eastern province of Nangarhar was reported as the most insecure province with Daykundi, centrally located, and Panjshir, in the northeast, the most secure.

U.S. FORCES IN AFGHANISTAN
DOD reported about 9,200 U.S. troops were serving in Afghanistan as of May 31, 2016. This was an increase of 350 over the 8,850 reported as of February 29, 2016. Of the 9,200, about 6,800 are U.S. forces supporting the RS train, advise, and assist mission. An additional 2,400 troops either

A report by the Open Society Foundations provided recommendations to the United States Congress and Departments of State and Defense for civilian-protection policies that it said could avoid significant damage to U.S. strategic interests. According to the research of Open Society Foundations, the report said the number of civilian deaths attributed to ISAF and pro-government forces reduced from 39% in 2008 to 9% by 2012 after reforms to reduce civilian harm were implemented. Among the insights from over 60 experts interviewed was that the good will generated from U.S. assistance was negated by enemy-focused strategies that also led to costly mistakes impacting U.S. strategic interests.

On July 6, 2016, President Obama announced that the United States will maintain a presence of 8,400 U.S. troops in Afghanistan into 2017. This is a change from a previous plan to have only 5,500 troops there by the end of 2016.¹⁹⁰ This quarter, DOD reported that 9,200 U.S. troops were serving in Afghanistan.¹⁹¹ On July 12, 2016, Resolute Support mission commander General John Nicholson told the media that, in addition to the 8,400 troops, 400 U.S. forces outside of Afghanistan will support NATO’s mission in Afghanistan and can be called forward if necessary.¹⁹²

The active combat role of U.S. forces in Afghanistan ended in December 2014. Their mission since then is training, advising and assisting the ANDSF and conducting counterterrorism missions. In June, President Obama also authorized them to assist the conventional ANDSF on the battlefield in certain circumstances.

Since the beginning of U.S. operations in Afghanistan, U.S. troop levels there have fluctuated. From 2002 to 2006, the number increased from 5,200 to 20,400. That number increased again to more than 30,000 U.S. troops in 2008.¹⁹³ In December 2009, as troop levels in Iraq were decreasing, President Obama announced plans to deploy an additional 30,000 U.S. troops in an effort to “seize the initiative, while building the Afghan capacity that can allow for a responsible transition of our forces out of Afghanistan.”¹⁹⁴ By June 2011, as the transition to Afghan-led security was beginning, more than 110,000 U.S. troops were serving in Afghanistan, as shown in Figure 3.27.¹⁹⁵ That same month, President Obama announced plans to begin withdrawing troops—10,000 by the end of 2011 and 33,000 more by the following summer.¹⁹⁶

In May 2014, approximately 32,000 U.S. troops were serving in Afghanistan. At that time, President Obama announced that the U.S. combat mission in Afghanistan would end in 2014 and set out a timeline for U.S. troop withdrawal as security responsibility shifted to the

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FIGURE 3.27

U.S. TROOP LEVELS IN AFGHANISTAN, 2002–2016

Note: Troop strengths in 2002–2008 are CRS fiscal-year estimates. For 2009–2010 and 2012–2015, figures are as of October. Troop strength in 2011 is for July to show peak U.S. deployment.

* Projected, based on President Obama’s announcement on July 6, 2016.

Afghan government: U.S. forces would be reduced to approximately 9,800 by the beginning of 2015. That number would decline by half during 2015 with remaining U.S. forces being consolidated at Bagram Airfield and in Kabul. By the end of 2016, U.S. force strength would “be reduced to a normal embassy presence with a security-assistance component.” The first goal to drawdown to 9,800 by the start of 2015 was met ahead of schedule; 9,500 U.S. troops were serving in Afghanistan as of December 20, 2014.

However, since the end of Operation Enduring Freedom at the end of 2014, the security situation in Afghanistan has deteriorated. According to the United Nations, Afghanistan experienced record-high civilian casualties from the ongoing hostilities in 2015: more than 3,500 killed—a quarter of them children—and nearly 7,500 wounded. As of January 2016, USFOR-A reported 287 (70.5%) of Afghanistan’s 407 provincial districts were “directly under [government] control or influence,” while 26 districts (6.4%) were under insurgent control or influence, and another 94 (23.1%) were “at risk.” Moreover, the temporary fall of Kunduz City to the Taliban in October 2015 and the need to “rebuild” the ANA’s 215th Corps in Helmand have made it clear that despite U.S. expenditures of nearly $70 billion to build and sustain the ANDSF, challenges remain, and the force intended to stand on its own by now still needs help.

Soldiers from the 36th Infantry Division, Texas Army National Guard, deploy to southern Afghanistan on June 11, out of Fort Hood, Texas, in support of Operation Freedom’s Sentinel. They are part of the Train, Advise and Assist team whose mission is to work with the Afghan National Defense and Security Forces. (U.S. Army photo by Maj. Randall Stillinger)
conduct the U.S. counterterrorism mission or provide aviation, medical, logistical, and other enabler support for U.S. forces. According to NATO, 13,079 Coalition forces, including the 6,800 U.S. forces, are serving in Afghanistan as of July 8, 2016. During the joint press conference with Secretary Carter on July 12, 2016, addressing the new authorities and troop levels, General Nicholson said roughly 2,150 troops are to support counterterrorism missions, about 3,000 to support the RS mission, and about 3,300 troops will support or enable both missions.

Since the RS mission began on January 1, 2015, through July 1, 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, 106 U.S. military personnel were wounded in action. Seven U.S. civilians or contractors were killed during hostile actions, 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. In vetting comments, DOD noted that some of the contractors may have been involved in missions other than Resolute Support’s train, advise, and assist mission.

Since the Resolute Support Mission began on January 1, 2015, through May 19, 2016, seven insider attacks were directed against U.S. forces. Whereas the two attacks that occurred during 2016 inflicted no casualties, the five insider attacks during 2015 resulted in three deaths and 14 woundings. Insider attacks during 2015 were also responsible for the death of three of the seven U.S. civilians killed and one of the nine wounded during this period. There were 77 insider attacks against the Afghan security forces during the same period, resulting in the deaths of 205 and the wounding of 103 Afghan security forces. Of these attacks, 20 occurred in 2016, resulting in the deaths of 68 and the wounding of 48 Afghan security forces.

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

Key areas of the RS mission are organized under eight Essential Functions (EF). The highlights of each function reported to SIGAR this quarter include:

- **EF-1 (Multi-Year Budgeting and Execution):** EF-1 supports 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 62 of the 64 positions allotted for the first proof-of-concept phase. The second phase allows for an additional 280 positions. The MOI has hired 286 individuals to fill 361 subject-matter-expert positions.

- **EF-2 (Transparency, Accountability, and Oversight):** Advisors provided on-the-job training in inspections/audits from planning to report writing. Although much improvement is still needed, the MOD approved its counter- and anticorruption plan and the MOI its Counter...
Administrative Corruption Policy; the EF-2 advisors are to monitor milestone and reporting compliance with the conditionality clauses in the financial commitment letters and assess penalties or provide incentives as warranted.216

- **EF-3 (Civilian Governance of Afghan Security Institutions):** According to RS, the Major Crimes Task Force (MCTF) has become quite effective under its current leader, who resists external attempts to influence cases. However, the MCTF still encounters issues with transparency on case disposition at the Attorney General’s Office as well as interference from MOI leadership.217

- **EF-4 (Force Generation):** The Human Resources Management advisors supported the MOD in conducting reenlistment conferences at the ANA 201st, 205th, 207th, 209th Corps, and in the Kabul area that assessed the corps’ reenlistment and retention processes, identified gaps, and provided ways to improve reenlistment. Findings revealed that corps leadership in many areas created hostile work conditions, and the country’s insecurity plagued reenlistment efforts. Countermeasures include incentive pay for reenlisting noncommissioned officers, a leave-rotation policy, and for leaders to treat soldiers with respect and provide for their basic logistical needs.218

- **EF-5 (Sustainment):** For the first time since CSTC-A inaugurated the use of financial commitment letters with the MOD, fuel-consumption reporting for June was 100% in compliance with the conditions imposed in the Letter.219 Also, for the first time the MOD provided brigade-level ammunition inventory and consumption reports on schedule.220 Both the MOD and MOI made progress toward removing battle-damaged vehicles. The MOI received approval to demilitarize 1,500 vehicles; since January the MOD has demilitarized 190 vehicles and have approved another 300.221 A joint CSTC-A and MOD Pay and Compensation Board approved a temporary pay increase for medical aviation and medical command personnel in May.222 Additionally, EF-5 efforts resulted in the delivery of 7,000 radio batteries and 41 pallets of radio spare parts to support maintenance-training programs.223

- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):** No report was received from EF-6 this quarter.

- **EF-7 (Intelligence):** Advisor assessments conducted this quarter allowed Operational Coordination Centers in Jalalabad and Kandahar to improve intelligence sharing among the districts, provinces, and regions.224 The MOI Intelligence Investigations Department and the Inspector General’s Office codified how corruption investigations within the MOI will be executed. The document specified which organization leads investigations for corruption, major crimes, minor crimes, and infiltration, and the procedures to be followed during the investigations.225 Expansion of the intelligence, surveillance, and reconnaissance equipment and sites is
expected to provide improved intelligence information for the summer campaign. Two additional ScanEagle unmanned aerial vehicle sites became operational in April, as did five new Rapid Aerostat Initial Deployment surveillance towers in May, with four additional sites planned to have been operational by the end of June.226

- **EF-8 (Strategic Communications):** Coalition advisory efforts focused on developing budgeting and contract requirements and on-going training on areas such as broadcast writing, train-the-trainer programs, press conferences, basic photography and videography, and crisis communications.227 For a more in-depth perspective on the MOD and MOI information operations, see page 98 of this section.

- **Gender Office:** This quarter RS Gender Relations office provided train, advise, and assist activities resulting in several female-focused accomplishments. The ANA added 57 positions specifically for women, and the ANA and ANP added an 88 additional special operations positions for women. In May 2016, the ANAs first training program in Turkey was initiated with 109 female recruits. Additionally, 60 women in the General Command for Police Special Units and 35 in the ANP began the first major postgraduate course in Turkey, and another 12 female ANP recruits enrolled in a radio maintenance class alongside male colleagues in Afghanistan. RS is currently overseeing the hiring of four female budget employees in the MOD finance and gender departments, assisting the Inspector General’s office with hiring a woman, and helping the MOI hire a female lawyer and a subject-matter expert.228

While the impact of executive-level conflicts within the National Unity Government has not affected all EF efforts, USFOR-A reported that instances of senior officers being appointed based on relationships rather than experience has negatively impacted the development of essential functions.229 For example, USFOR-A reported that delays in the selection of key personnel has slowed progress because temporary appointees are hesitant to make decisions affecting procurements, expenditures, and policy.230

RS advisors rotate in and out of Afghanistan, with tours ranging from six to 12 months. The EF offices reported differing impacts of the short-term rotations.231 For example, EF-4 (Force Generation) reported that the low number of advisors in 2015 and their inability to travel to Afghan facilities had a greater impact than the tour duration of individual advisors.232 The EF-7 (Intelligence) office reported that, if the office were sufficiently staffed, the turnovers would have minimal impact due to overlapping advisory responsibilities.233 However, USFOR-A reported that “short tours and frequent turnovers significantly and negatively impact the mission” due to the loss of institutional knowledge, changes of priorities based on personal preferences, and a lack of continuity. USFOR-A also noted that the ability to tap into the institutional knowledge of prior advisors existed in only one
EF office, and that is “strongly dependent on the individual’s personality, motivation, and commitment/investment to the mission.” The time to acclimate within the EF-5 (Sustainment) office can take four to six weeks, which impacts the ministerial development efforts of RS advisors with a tour of less than six months. That EF office reported that a minimum of a one-year tour “is the most effective” tour length “to maintain consistency, stability, and unity of effort.” DOD is working to create reach-back cells to provide access to both technical experts and personnel with prior Afghan experience to help mitigate the effect of rapid turnover of advisors.

ANP Drives ANDSF Strength Growth
This quarter, ANDSF assigned force strength was 319,595 (not including civilians), according to USFOR-A. As reflected in Table 3.6, this is 90.8% of the ANDSF authorized force strength of 352,000, not including MOD civilian employees. Although the April/May 2016 assigned-strength number reflects a decrease of 5,313 (not including civilians) over the same period last year, it represents an increase of 1,085 since January 2016.

The ANP had the largest increase of 1,863 personnel; the ANA lost 778 personnel, as shown in Table 3.7.

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<th>TABLE 3.6</th>
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<tr>
<td><strong>ANDSF ASSIGNED MILITARY FORCE STRENGTH, APRIL/MAY 2016</strong></td>
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<tr>
<td>ANDSF Component</td>
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<tr>
<td>ANA including AAF</td>
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<tr>
<td>Afghan National Police</td>
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<td><strong>ANDSF Total</strong></td>
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Note: ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force.
* In vetting, USFORA reported the total ANDSF approved end-strength goal decreased from 360,004 to 359,904 including civilians, however, the ANDSF component which decreased was not identified. The ANA employs civilians, whose approved end-strength goal is an additional 8,004 personnel, but their assigned-strength numbers have not been publicly released this quarter. ANA data is as of May 20, 2016; ANP data is as of April 19, 2016.


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<thead>
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<th>TABLE 3.7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANDSF ASSIGNED FORCE STRENGTH, FEBRUARY 2014–APRIL 2016</strong></td>
</tr>
<tr>
<td>ANA including AAF*</td>
</tr>
<tr>
<td>ANP*</td>
</tr>
<tr>
<td>Total ANDSF</td>
</tr>
</tbody>
</table>

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 except for the April 2016 numbers; available data for ANP do not indicate whether civilians are included.
* The total “ANA including AAF” numbers for July 2015 and October 2015 are not fully supported by the detailed numbers in the USFORA response to SIGAR data call; Trainee, Transient, Holdee, and Students (TTHS) may represent all or part of the unconciliated portion.
* Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.

The ANA data is as of May 20, 2016; the ANP data is as of April 19, 2016.

The RS Train Advise Assist Command-West deputy commander reported that low recruitment in Herat and other western provinces may be due to ANA salaries that are lower than what the Iranian Army is offering to fight ISIL in Syria.\(^240\) The commander added another factor contributing to low recruitment is that the region’s relatively good economy provides opportunities in the private sector that pay better than the ANA.\(^241\) DOD estimates the total annual cost to sustain the ANDSF at an end-strength of 352,000 in FY 2017 is approximately $4.9 billion. The President’s FY 2017 Budget Request included $3.45 billion for the ASFF, which represents the U.S. contribution to that expense.\(^242\)

**ANDSF ASSESSMENTS REFLECT MODEST IMPROVEMENT BUT CHALLENGES REMAIN**

USFOR-A assesses that the ANDSF is still developing but is a capable force.\(^243\) However, USFOR-A reports that U.S. advisors participating in the RS train, advise, and assist mission have little or no direct contact with ANDSF units below ANA corps and ANP zone-headquarters levels.\(^244\) The effort undertaken since late last year to reconstitute several battalions of the ANA 215th Corps is one exception to this.\(^245\) The advisors rely on data provided by the Afghan ministries to evaluate the operational readiness and effectiveness of the ANDSF; the consistency, comprehensiveness, and credibility of this data varies.\(^246\) The RS deputy chief of staff for communications assessed the ANDSF is performing better than they were last year primarily because they switched from a defensive mindset to an offensive one, although not every corps or at every location. He also assessed the ANDSF are better at employing the new capabilities—the A-29s, the MD-530s, providing close air support—and the special operation forces are reportedly doing “exceptionally well.”\(^247\) According to USFOR-A, the Afghan Special Security Forces (ASSF), with the MOD elements in particular, remain the most capable element of the Afghan forces and one of the best special operations forces in the region.\(^248\) The MOD ASSF elements—the ANA Special Operations Command (ANASOC), the Ktah Khas (KKA) counterterrorism unit, and the Special Mission Wing—have the highest operational tempo of the ANDSF.\(^249\) USFOR-A reports the ASSF are capable of conducting independent operations using Afghan-acquired intelligence and their aircraft, and predicts as the ASSF increase operational capacity, the number of ASSF operations will outnumber the Coalition-advised and unilateral operations.\(^250\) The RS deputy chief of staff for communications said the Coalition forces can accompany ASSF on missions.\(^251\) He added that for 10–15% of ASSF missions, the Coalition provides planning, logistical, or aerial support, and that Coalition forces partner with the ASSF on 10% of missions. Military leaders consider the mission payoff, risk, complexity, and the availability of medical evacuation before embarking on a partnered mission.\(^252\)
While the ASSF elements, primarily the ANASOC, rely heavily on High Mobility Multi-Purpose Wheeled Vehicles and Mobile Strike Force Vehicles with heavy armor and large-caliber weapons, the processes to sustain those vehicles are still developing. Difficulties exist keeping the vehicles in mission-ready state due to a lack of spare parts and sufficient mechanics. The supporting National Mine Reduction Group is responsible for clearing routes to allow the ASSF to maneuver. While increasing in capability, the Group still needs to improve to effectively support the ASSF operations.

USFOR-A reports the ANDSF rely heavily on the ASSF for conventional missions that the ANA or ANP should perform. And after successful ASSF counterattacks, poorly planned and executed ANA and ANP holding operations allow insurgents to return to the just-cleared areas.

USFOR-A reports ANDSF performance in “combined arms” operations—operations that integrate multiple assets such as infantry, artillery, and air forces—is uneven. The ANDSF requires Coalition support to effectively incorporate capabilities such as artillery to alleviate the reliance on air-to-ground capabilities, to better integrate air-to-ground capabilities into combined arms operations, and to develop intelligence, surveillance, and reconnaissance capabilities. Within the ANA, combat capabilities such as artillery and the Mobile Strike Force Brigades are not sufficiently coordinated and integrated into operational planning. Moreover, USFOR-A reports the Mobile Strike Force Brigades are often used in defensive operations or are deployed in static positions, hindering their intended use as an offensive capability.

The RS Advise and Assist Cell-Southwest (AAC-SW) provides security-force assistance to the ANA 215th Corps responsible for only Helmand Province, as Nimroz Province was recently transferred to the ANA 207th

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**Minister of Defense Abdullah Khan Habibi**

**Confirmed** June 20, 2016

**Ethnicity** Pashtun

**Nominated by** President Ashraf Ghani

**Experience**
- Defense Ministry Chief of Army Staff
- Commander of the 201st Selab Army Corps
- Military Aide for Minister of Defense Abdul Rahim Wardak

**Background** Minister Abdullah Khan has served in the Afghan military in every regime since President Najibullah. He graduated from the Military Academy in Kabul with honors and received a masters of arts in military science in Russia. President Ghani previously tapped him for the minister of defense position, but Minister Abdullah Khan withdrew before the Wolesi Jirga (lower house) voted.

According to the RS deputy chief of staff for communications, a significant number of the ANA leadership within the 215th Corps have been replaced—the corps commander, all the brigade commanders, and also many of the lower level commanders. AAC-SW, whose major focus has been on reconstituting the corps, has been deployed to Camp Shorab since December 2015. Along with the U.S. Army Task Force Forge, the AAC-SW retrained and equipped four of the six 215th Corps infantry kandaks, assisted with effective use of armed helicopters in support of operations, and worked on enhancing ANA-ANP intelligence sharing and operations coordination. The two remaining kandaks were expected to complete training by the end of June; each kandak comprises roughly a “couple hundred” soldiers. The AAC-SW also assisted ANA and ANP units in consolidating checkpoints into defensible tolai-sized bases, and addressing high attrition and poor leadership. USFOR-A reported areas for continued AAC-SW focus include addressing corruption in the 215th Corps and improving ANA and ANP equipment readiness rates and logistics support capability.

Within the ANP, the recently established zone headquarters are reported to have helped address ANA-ANP coordination challenges, but progress is limited and continued Coalition advising efforts are required. Refer to Figure 3.28 for the locations of the ANP zones in comparison to the ANA corps. Additionally, MOI police forces often are misemployed as personal security or for mission sets outside their intended scope, detracting from the ANDSF combat capability and effectiveness against insurgents.

USFOR-A reports the Afghans have made modest progress moving to an offensive-oriented strategy, but they continue to struggle with pursuing the Taliban and holding areas once cleared. Coalition advisors have advocated a more sustainable security strategy that consolidates forces where needed to provide security to key areas of the country. Additionally, according to USFOR-A, ANDSF commander emphasis on cross-leveling resources (adjusting inventories among units to avoid excess accumulations and shortages), property accountability, and consumption reports is limited, and corruption continues to impact readiness down to the unit level.

Afghan president Ghani has ordered an investigation of Agence France Presse (AFP) press reports of the Taliban’s tactic of taking advantage of bacha bazi—a practice that may include older men sexually abusing young boys—by using boys to infiltrate police checkpoints; after gaining the trust of the policemen, the boys kill, drug, or poison them. Afghan security officials reported at least six incidents to the AFP between January and April this year. According to the AFP, multiple Afghan officials say that some police refuse to join outposts that do not have boys present. Earlier requests by the Afghan Attorney General for Uruzgan province officials to investigate police checkpoints have gone unanswered as one official expressed concern that police commanders will retaliate if they

**Tolai:** a unit of about 100 personnel, equivalent to a U.S. Army company.
investigate.269 After the Attorney General’s failure, President Ghani ordered a thorough investigation according to a statement from the presidential palace, and anyone, regardless of rank, found guilty will be prosecuted in accordance with Afghan laws and international obligations.270 DOD has been unable to independently confirm the AFP reporting. DOD continues to engage with Afghan senior leaders concerning this issue and fully supports both the ongoing SIGAR and DOD Inspector General investigations.271

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 use the Essential Function Program of Actions and Milestones (POAM) to assess the essential-function capabilities of the offices in the ministries of Defense and Interior.272 This quarter, the MOD offices were assessed on 44 milestones—one less than last quarter. MOI offices were assessed on 33 milestones—one more than last quarter.273 The milestones are assessed

SIGAR AUDIT

Last quarter a SIGAR inspection report that assessed U.S. efforts to construct the Ministry of Defense headquarters found while contract requirements were generally met and the building appears well built, several construction issues need to be assessed. For more information, see the April 2016 SIGAR Quarterly Report to the United States Congress, pp. 37-40. In vetting comments, USFOR-A said the U.S. Air Force Civil Engineer Center completed a comprehensive evaluation of the Ministry of Defense headquarters building, concluding that the building either met or exceeded all requirements including earthquake-survivability features.
using a five-tier rating system displayed in Table 3.8. 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. 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.

This quarter, the RS assessment indicates both the MOD and MOI continue to show improvement in the percentage of its “sustaining capability” or “fully capable” development milestones. The MOD has increased from 6.7% to 11.1% then to 18.2% over the last two quarters. The MOI also increased its ratings from 7.5% then to 9.4% to 21.2% of its development milestones at “sustaining capability” or “fully capable.”

This quarter, the MOI continues to possess the sole “sustaining capability” assessment rating (the highest rating), which was achieved for an EF-5 (Sustainment) milestone. Also this quarter, the RS assessment reflects the MOD EF-3 (Civilian Governance of the Afghan Security Institutions) and the MOI EF-1 (Multi-Year Budgeting and Execution) and Gender Relations offices earned their first “fully capable” rating.

RS forecasts that by the end of 2016, MOD will attain a “sustaining” or “fully capable” rating in 50% of its milestones, with MOI “sustaining” or “fully capable” in 61% of its milestones.

**Communication and Messaging**

According to RS, both the MOD and the MOI are emphasizing the use of information operations to counter insurgent messaging, synchronizing messaging between the ANA and ANP, and incorporating the use of social media. The first quarterly conference for ANA corps and police zone public-affairs officers was held in April to provide guidance for the Afghan campaign plan and Operation Shafaq messaging, facilitate...
### TABLE 3.8

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

#### MINISTRY OF DEFENSE ASSESSMENT

<table>
<thead>
<tr>
<th>Essential Functions</th>
<th>Scoped/Agreed</th>
<th>In Development</th>
<th>Partially Capable</th>
<th>Fully Capable</th>
<th>Sustaining</th>
<th>Total Number of Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Multi-Year Budgeting &amp; Execution</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>2. Transparency, Accountability, &amp; Oversight</td>
<td>-</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>3. Civilian Governance of the Afghan Security Institutions</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>1</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>4. Force Generation</td>
<td>-</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>5. Sustainment</td>
<td>-</td>
<td>1</td>
<td>7</td>
<td>3</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>6. Strategy &amp; Policy, Planning, Resourcing, &amp; Execution</td>
<td>-</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>7. Intelligence</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>8. Strategic Communications</td>
<td>-</td>
<td>2</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>* Gender Advisor</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Essential Function Totals</strong></td>
<td>0</td>
<td>12</td>
<td>24</td>
<td>8</td>
<td>-</td>
<td>44</td>
</tr>
</tbody>
</table>

This quarter, percent of total milestones: 0% 27% 55% 18% 0%

Last quarter, percent of total milestones: 4% 29% 56% 11% 0%

#### MINISTRY OF INTERIOR ASSESSMENT

<table>
<thead>
<tr>
<th>Essential Functions</th>
<th>Scoped/Agreed</th>
<th>In Development</th>
<th>Partially Capable</th>
<th>Fully Capable</th>
<th>Sustaining</th>
<th>Total Number of Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Multi-Year Budgeting &amp; Execution</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>2. Transparency, Accountability, &amp; Oversight</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>3. Civilian Governance of the Afghan Security Institutions</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>4. Force Generation</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>5. Sustainment</td>
<td>-</td>
<td>2</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>7. Intelligence</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>8. Strategic Communications</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>* Gender Advisor</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Essential Function Totals</strong></td>
<td>1</td>
<td>8</td>
<td>17</td>
<td>6</td>
<td>1</td>
<td>33</td>
</tr>
</tbody>
</table>

This quarter, percent of total milestones: 3% 24% 52% 18% 3%

Last quarter, percent of total milestones: 6% 22% 63% 6% 3%

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**Note:** * Not EF-numbered, but rated. *EF = Essential Function; last quarter data as of 2/4/2016; this quarter data as of 5/18/2016.

**Source:** USFOR-A, response to SIGAR data calls, 3/10/2016 and 5/31/2016.
on-going communication between the two security forces, and provide continuing education.\textsuperscript{282}

During the past quarter, the MOD increased engagements with the public, the media, and religious scholars and mullahs, particularly in support of the summer campaign against the insurgents.\textsuperscript{283} During ANDSF operations in Helmand, Badakhshan, and Nangarhar, the MOD arranged for local and international media to attend events with ANA and ANP leaders, and local and provincial officials.\textsuperscript{284} The MOD also is focusing on reporting the ANA capabilities instead of the number of casualties and security incidents; it is too early to know if such engagements and reporting had a positive effect on public perception and operations against the Taliban and other insurgent forces.\textsuperscript{285}

Within the MOI, RS reported the Kabul City Police call center transitioned to a toll-free number and identified ongoing challenges that include cross-ministry communications during contingency situations, an insufficient number of ANP zone headquarters public-affairs personnel, and the need to improve recruitment-focused communications.\textsuperscript{286}

**Afghan Local Police**

Afghan Local Police (ALP) members, known as “guardians,” are usually local citizens selected by village elders or local leaders to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.\textsuperscript{287}

As of May 2016, according to the NATO Special Operations Component Command-Afghanistan (NSOCC-A), the ALP has 29,838 guardians, 25,004 of whom are trained.\textsuperscript{288} Consistent with advising the Afghan security forces to the ANA corps and ANP zone or equivalent level, NSOCC-A advises the ALP at the ALP Staff Directorate level.\textsuperscript{289} According to Afghan reporting, 0.21\% of ALP guardians were killed in action during the first five months of 2016. An additional 1.41\% have been dropped from the rolls, while none were reported becoming disabled or injured. These numbers yield an aggregate attrition rate of 1.62\%. The Afghan government is no longer reporting the number of ALP guardians who have renewed their contracts.\textsuperscript{290} 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.\textsuperscript{291}

In its October 2015 *Quarterly Report to the United States Congress*, SIGAR reported on MOI reforms enacted after the Afghan Uniform Police in 2015 assessed the ALP in 164 of the 170 districts in which they operate.\textsuperscript{292} This quarter NSOCC-A reported efforts continue to enroll the ALP personnel into the Afghan Human Resources Information Management System, to transition ALP salary payments to an electronic funds-transfer process, and to inventory materiel.\textsuperscript{293} According to NSOCC-A the FY 1395
assessment is under way, with all ALP district assessments to be completed by December 20, 2016.

AFGHAN NATIONAL ARMY

As of June 30, 2016, the United States had obligated $40.1 billion and disbursed $39.0 billion of ASFF funds to build, train, equip, and sustain the ANA.

ANA Military Personnel Experience Slight Decrease

As of May 20, 2016, the overall assigned strength of the ANA, including the Afghan Air Force (AAF) but not including civilians, was 171,428 personnel, according to USFOR-A. This is an overall decrease of 778 from the January 2016 assigned-end-strength report of 172,206. The number of ANA civilians were not reported in an unclassified manner this quarter. ANA assigned military personnel are at 87.9% of the approved end strength.

USFOR-A reports high attrition is impacting the experience level of front-line troops. Annually almost one-third of the force is lost to attrition, resulting in many new recruits, and the focus on basic training for new troops reduces the ability to conduct advanced training.

ANA Sustainment

As of June 30, 2016, the United States had obligated $17.3 billion and disbursed $16.6 billion of ASFF for ANA sustainment. 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.

CSTC-A reported the total amount expended for all payroll and nonpayroll sustainment requirements in Afghan FY 1394 (2015) was $876.1 million and $131.8 million in Afghan FY 1395 through March 14, 2016. Sustainment for the combat forces (27%) and the Afghan Air Force (29%) are the largest uses of the funding, followed by funding for communications equipment and information technology (18%) and vehicles and transportation (10%). According to a May 2106 Washington Post article, Afghan security forces have had a shortage of adequate footwear. Moreover, 23% of the boots ordered for the ANA and 29% of the boots ordered for the ANP during 2014 and 2015 were not delivered until early 2016. According to DOD, the shortage of adequate boots was due to a variety of factors including (1) possible Afghan noncompliance with the Berry Amendment, (2) the Afghan decision to buy short-lasting, poor-quality boots from local or Chinese sources, (3) a system that tracked quantities of boots procured but not their sizes, which led to a surplus of boots too large for most Afghans, and (4) a U.S. production base that could not keep up with the increased demand.

SIGAR has previously reported on the overall ANA attrition rate, but this quarter USFOR-A, citing the Resolute Support Security Classification Guide, did not provide the data in an unclassified format. SIGAR will report on the ANA attrition and corps-level troop strength in a classified annex to this report.

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

demand for high-quality boots. DOD reported that the rate of production of high-quality boots has increased and that production is quickly catching up with demands.306

**ANA Salaries and Incentives**

CSTC-A reported that the funding required for ANA base salaries, bonuses, and incentives will be $676.2 million in FY 2016, followed by an average $545.8 million annually over the next five years.307 In vetting comments, however, DOD noted that these forecasted numbers are for planning purposes only and are not valid indicators of future DOD support.308 During Afghan FY 1394 (2015), 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.309 Funding provided for FY 1395 salaries and incentives through March 14, 2016, totaled $89.6 million.310

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 later this year.311 USFOR-A reports as of May 20, 2016, that thousands more active-duty personnel records are in the computerized Afghan Human Resource Information Management System (AHRIMS) than in the monthly paper Personnel Status reports. One of the ongoing efforts is correcting the employment status of those personnel retired, separated, or killed in action.312 Additionally, 134,844 (79% of the number reported in the monthly Personnel Status report) personnel have been slotted in AHRIMS into an approved FY 1394 tashkil position as of May 20, 2016.313

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 the compensation and payroll modules to process authorizations, personnel accountability, payroll, and funds disbursement.314 The APPS program office expected 19,000 records to be corrected when the FY 1395 tashkil was loaded into AHRIMS, which was scheduled for late May.315 At that time the ANA Corps was scheduled to be given AHRIMS access to update the tashkil modules, unlike in the past when ANA officials would pass paper personnel records to Kabul for input.316
Two other systems round out the initiative to manage personnel: the Afghan Automated Biometric Identification System (AABIS) and the ANDSF Identification Card System (ID). APPS, AABIS, and ID will contain a biometrics registration number as a unique key. Only those ANDSF members registered in AABIS will be issued an ID, and only those members both registered and with a linked ID will be authorized to have an APPS record. CSTC-A is overseeing the integration of the biometrically linked ID into the APPS.\(^{317}\) This effort is to ensure the employee exists and payments are sent directly into the employee’s bank account.\(^{318}\) According to CSTC-A, this structure will dramatically reduce the potential for nonexistent personnel to be entered into APPS, although it will not completely eliminate the risk of paying for “ghost” personnel. Routine inventories are required to determine that personnel are properly accounted for and are still actively serving in the ANDSF.\(^{319}\)

**ANA Equipment and Transportation**

As of June 30, 2016, the United States had obligated $13.1 billion and disbursed $13.0 billion of ASFF for ANA equipment and transportation.\(^{320}\) 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 3.9.

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>Procured</th>
<th>Remaining to be Procured</th>
<th>Procured and Fielded to the ANA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapons</td>
<td>$642,851,434</td>
<td>$25,406,939</td>
<td>$531,702,009</td>
</tr>
<tr>
<td>Vehicles</td>
<td>7,346,261,325</td>
<td>527,416,334</td>
<td>6,648,731,649</td>
</tr>
<tr>
<td>Communications</td>
<td>856,203,711</td>
<td>75,853,672</td>
<td>745,348,047</td>
</tr>
<tr>
<td>Aircraft</td>
<td>2,442,053,461</td>
<td>299,705,828</td>
<td>1,433,936,360</td>
</tr>
<tr>
<td>Ammunition</td>
<td>2,469,192,080</td>
<td>268,857,178</td>
<td>2,180,330,696</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>89,380,000</td>
<td>0</td>
<td>13,459,569</td>
</tr>
<tr>
<td>C-IEDs</td>
<td>455,211,247</td>
<td>67,099,585</td>
<td>341,550,656</td>
</tr>
<tr>
<td>Other</td>
<td>884,304,375</td>
<td>0</td>
<td>801,295,177</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,185,457,633</strong></td>
<td><strong>$1,264,339,536</strong></td>
<td><strong>$12,696,986,313</strong></td>
</tr>
</tbody>
</table>

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


Since last quarter, the total cost of equipment procured for the ANA increased by over $125.6 million.\(^{321}\) The majority of the increase was in vehicle procurements, followed by transportation services and counter-improvised-explosive devices.\(^{322}\) Additionally, CSTC-A has a purchase request at the Defense Security Cooperation Agency for ammunition
The first donation of military equipment from China, including logistical equipment, vehicle parts, tankers, ammunition, and weapons, arrived in Kabul on July 3. The Afghan national security advisor said another shipment due later this year would include scanners to detect explosive devices.

**SIGAR AUDIT**

SIGAR released an audit this quarter on the ANA vehicle-maintenance capability and the DOD-managed ANA Technical Equipment Maintenance Program (A-TEMP). SIGAR found (1) the capacity of the Afghans to manage the supply chain did not meet key assumptions, (2) the cost of spare parts was significantly underestimated, (3) performance metrics did not accurately assess contractor performance or progress, and (4) ANA maintenance capability did not develop as anticipated. Additionally, contract oversight declined due to deteriorating security conditions and payments to the contractor were based on the number of vehicles in the ANA fleet, not the number of vehicles repaired, escalating per-vehicle repair costs from $1,954 to $59,402 as maintenance sites closed and vehicle turn-ins practically halted. These and other factors resulted in the final contract cost being more than double the original estimate, with DOD planning to award a more costly follow-on contract. For more information, see Section 2, pp. 29-32.

CSTC-A reported a decrease in the “remaining to be procured” amount for vehicles, including related maintenance and spare parts, because MOI leadership determined additional unarmored light-tactical vehicles were not required and DOD reported extending the ANA and ANP vehicle-maintenance contracts for one year while the new National Maintenance Strategy contract requirements were reviewed and refined.

According to CSTC-A, there are over 54,000 vehicles in the ANA inventory, although DOD noted that estimates of the number of operational vehicles are far lower. Due to inconsistent and unreliable reporting by the MOD, the accuracy of the ANA equipment operational-readiness rate remains 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:

- high number of battle- or accident-damaged vehicles
- a shortage of about 600 trained mechanics for vehicle maintenance (mechanic retention and training remains a serious concern for both the ANA and ANP)
- assignment of mechanics to combat-related duties such as staffing checkpoints

According to the ANA, as of May 9, 2016, the 207th Corps in Herat and Nimroz Provinces, reported the highest vehicle-readiness rate at 82%, while the beleaguered 215th Corps in Helmand Province reported only 35% readiness. But CSTC-A questioned the accuracy of ANA reporting on the 215th Corps rate as it does not appear to reflect that new vehicles had been delivered and vehicle maintenance had occurred.

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 DOD notifies Congress. DOD said no notification was processed during this reporting period, so the cumulative value notified to the U.S. Congress since 2014 remains at $215 million.

**Core Information Management System**

CSTC-A also provided an update on the Core Information Management System (CoreIMS) this quarter. CoreIMS is part of the solution to address the Afghan supply-chain logistical-capability gap. Since 2012, efforts have been under way to develop and implement an automated system within both ministries to replace their paper-based process. CoreIMS is a proprietary inventory-management system that is being enhanced to eventually provide visibility of basic items like vehicles, weapons, night-vision devices, and repair parts, both in-stock and on-order. The system will allow for
informed allocation of material, predictive analysis of requirements, and proactive budgeting, while reducing the opportunity for fraud.\textsuperscript{332} The web-based CoreIMS is available at ANA Regional Logistics Supply Centers, which each include a Corps Support Battalion and a Forward Supply Depot.\textsuperscript{333} The goal is to improve Afghan sustainment processes from the national level to the corps and regional levels by providing managers and decision-makers with current asset status.\textsuperscript{334}

In March, the MOD established a program-management office to manage the implementation, training, and support of the ANDSF’s logistics solution.\textsuperscript{335} Recording parts inventory in CoreIMS is an ongoing effort that is expected to be completed in December.\textsuperscript{336} Once fully implemented, CoreIMS will track requested parts, completed orders, and existing inventory, as well as the time required to fulfill the supply request. Using this data, CoreIMS will provide a predictive analysis capability to identify parts for reordered.\textsuperscript{337}

**ANA Infrastructure**

As of June 30, 2016, the United States had obligated $5.9 billion and disbursed $5.7 billion of ASFF for ANA infrastructure such as facilities for military-headquarters, schoolhouses, barracks, maintenance facilities, airfields, and roads.\textsuperscript{338}

As of May 31, 2016, the United States had completed 382 infrastructure projects valued at $5.2 billion, with another 23 ongoing projects valued at $161.5 million, according to CSTC-A.\textsuperscript{339} The largest ongoing ANA infrastructure projects this quarter are: the second phase of the Marshal Fahim National Defense University in Kabul (its estimated costs decreased from $76.3 million to $73.3 million, and are now $72.5 million), to be completed
in December 2017; the fourth phase of the Kabul Military Training Center in Kabul ($19.7 million), which was scheduled for completion in June 2016; and utilities for the South Kabul International Airport ($7.1 million), to be completed in September 2016. In addition, the Logistics Officers Branch School in Kabul was completed at a cost of $33.6 million, and a $1.1 million contract for the ANA Shorabak Power Technical Assistance Project was terminated for cause. The exact reason for the termination was not provided to SIGAR.

Two contracts were awarded this quarter at a cost of $574,000, including a $204,000 acquisition to construct a well for the Special Mission Wing in Mazar-e Sharif. Among the 21 projects ($182.6 million) in the planning phase, four projects are to construct facilities for females ($33.6 million), five projects are to construct facilities for the AAF, three projects are to support the national electrical-grid strategy, and nine projects are for sustainment, restoration, and modernization.

CSTC-A reported the MOD Construction and Properties Management Department (CPMD) was on schedule to meet the FY 1395 MOD Financial Commitment Letter requirements to provide CSTC-A a plan to divest unsustainable bases. However, the department did not develop all the required standard operating procedures, resulting in a 10% funding hold-back until all six procedures are completed.

CSTC-A reported that several infrastructure-framed train, advise, and assist activities are ongoing. Eight CSTC-A engineering advisors mentor the MOD CPMD engineers three or four times a week. A program to train Afghan facility engineers to operate and maintain power plants, heating and air-conditioning systems, water-treatment plants, and waste-water-treatment plants has 224 graduates with 30 students in the current classes. After instructing three four-week courses, the ANA Engineer School’s 18 instructors, mentored by CSTC-A advisors and contractors, demonstrate a willingness to learn proper instruction techniques and have improved their curriculum-teaching ability.

CSTC-A reported using the Functional Area Support Team program to hire 74 Afghan engineers and specialists in an effort to build the Afghan civil-service workforce. The initial six hires were placed at CPMD headquarters; the remaining hires will be placed in ANA corps. In addition to engineering and construction management, the program hires will be placed in project management, financial management, and procurement positions.

**ANA and MOD Training and Operations**

As of June 30, 2016, the United States had obligated and disbursed $3.8 billion of ASFF for ANA and MOD training and operations. CSTC-A reported 17 ongoing U.S.-funded training programs, including 13 focusing on technical training. The majority of the funding is applied toward
pilot training, aviation and equipment maintenance, and essential-function development training.}

**Afghan Air Force and the Special Mission Wing**

As of May 2016, the United States has appropriated more than $3.9 billion and obligated more than $3 billion to support and develop the AAF since FY 2010. Current obligations for FY 2016 stand at $223.8 million, while appropriations have reached more than $590 million. The majority of the funding is dedicated to sustainment costs, which account for 71% of obligated funds and 74% of appropriated funds. In contrast, training costs account for 29% of obligated funds and 27% of appropriated funds. No funds were obligated for infrastructure or equipment and aircraft, though $27 million was appropriated for equipment and aircraft costs. The AAF’s current inventory of aircraft, as of June 6, 2016, includes:

- 3 Mi-35 helicopters
- 47 Mi-17 helicopters
- 15 MD-530 helicopters
- 24 C-208 airplanes
- 4 C-130 airplanes
- 8 A-29 airplanes

This quarter, USFOR-A reported 10 Mi-17s, 2 MD-530s, and 1 C-130 were currently unusable for combat operations. In addition, four of the eight A-29s are operational with the remaining four expected to clear all pre-operating testing in June. The newest addition to the AAF, the A-29 Super Tucanos, have proven to be valuable assets on a strategic and tactical level. Four pilots reached combat-mission-ready status on April 1; two of them completed the AAF’s first A-29 combat mission on April 14. By May 24, the AAF had undertaken 18 A-29 missions. Over the next two years, the AAF will receive 12 more A-29s DOD has procured once their pilots complete their training at Moody Air Force Base, and 12 MD-530s still on the assembly line. Not yet reflected in the AAF inventory are 10 of the 12 MD-530 Cayuse Warrior helicopters, five were delivered on June 17, 2016, and five more on July 17. These helicopters have the capability to fire rockets or .50-caliber machine guns. Another two helicopters are scheduled to arrive by the end of summer.

The *Wall Street Journal* reported on the urgency to replace the aging Mi-17s and Mi-35s that are reaching the end of their service life. According to that news report, over 16,000 Mi-17 missions were flown in 2015, a significant increase over the 4,500 in 2014, and the continuous demand is placing pressure on the existing AAF fleet. The *Wall Street Journal* also reported that U.S. commanders in Afghanistan are waiting for DOD to respond to recommendations they have provided. In vetting comments, DOD questioned the accuracy of that news report.
The Special Mission Wing (SMW) is the aviation branch of the MOD’s Afghan Special Security Forces (ASSF) alongside the special operations command ANASOC and the Ktah Khas counterterrorism unit.

USFOR-A reported that as of February 2016, NSOCC-A advisors provide train, advise, and assist support to the Counternarcotics Police of Afghanistan (CNPA) in addition to the support RS advisors provide the MOI. Their focus is to improve the CNPA coordination with the SMW for aviation support for counternarcotics raids.361

Details of the AAF capabilities and the SMW budget, manpower, and capabilities are classified. SIGAR will report on them in a classified annex to this report.

AFGHAN NATIONAL POLICE

As of June 30, 2016, the United States had obligated $19.6 billion and disbursed $18.9 billion of ASFF funds to build, train, equip, and sustain the ANP.362

ANP Strength

As of April 19, 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 148,167, according to USFOR-A.363 This is an increase of 1,863 ANP personnel since last quarter, but 7,015 below the May 2015 assigned end strength that was reported at 155,182.364 Patrol personnel represent the largest component of the ANP with 70,681 members; noncommissioned officers numbered 49,941, while officer ranks stood at 27,545.365 The largest increase this quarter occurred within the officer ranks.366

According to USFOR-A, all ANP members receive basic counternarcotics training whose course curriculum was developed by the U.S. Drug Enforcement Agency. While no statistics exists, the ANP Training General Command has released individuals from training and ANP service due to illicit drug use.367

ANP Sustainment

As of June 30, 2016, the United States had obligated $8.4 billion and disbursed $8.0 billion of ASFF for ANP sustainment.368 This includes ASFF contributions to the Law and Order Trust Fund for Afghanistan (LOTFA), which pays for ANP salaries, the most prominent use of sustainment funding. Other uses of ANP sustainment funding include ammunition and ordnances, information technology, and organizational clothing and individual equipment.369 According to CSTC-A, $201.8 million has been provided for ANP sustainment during Afghan FY 1395 (2016) through May 25, 2016.370

The MOI spokesman announced the investigation of the former Helmand police chief on charges of exploiting his official powers and establishing ghost police. The current police chief called his predecessor’s actions treasonous and alleged the former chief had been receiving the salaries of 270 unverified personnel. The chief claimed half of the Helmand police were ghosts.


This quarter, for the first time, USFOR-A, citing the Resolute Support Security Classification Guide, classified data pertaining to ANP attrition and pillar strength. SIGAR will report on them in a classified annex to this report.
Of that amount, $156.8 million represents the U.S. contribution to LOTFA to fund salaries, incentives, and the United Nations Development Programme management fee. CSTC-A reports that the U.S. funding required for 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. According to the UNDP country director in Afghanistan, $45 million is allocated monthly to the ANP. Afghan police officials said on average Afghan police officers earn $176–$221 monthly, whereas detectives in the major-crime task force earn $294–$353 monthly on average. In addition to LOTFA, CSTC-A has provided $66.6 million for ALP salaries and incentives and $45 million toward non-payroll items.

In March 2016, LOTFA funding ended for 22 contracted advisors that staffed the MOI Media and Public Affairs Directorate (MPAD). RS reports the directorate performance, once regarded as the Afghan government’s most capable public-affairs office, has deteriorated because the MOI has failed to staff civilian positions.

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.

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 May 16, 2016, the MOI has input 93% of the ANP forces into the AHRIMS personnel module and input 85% in the tashkil module filling an approved tashkil position. USFOR-A reports that not all data fields are populated in records entered into the AHRIMS personnel and tashkil modules.

**ANP Equipment and Transportation**

As of June 30, 2016, the United States had obligated $4.3 billion and disbursed $4.2 billion of ASFF for ANP equipment and transportation. Most of these funds were used to purchase vehicles, ammunition, weapons, and communication equipment as shown in Table 3.10 on the following page. Approximately 68% of the 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 $94.4 million, primarily within the vehicle category, but also for weapons, transportation services, and

**SIGAR AUDIT**

An ongoing SIGAR audit will review DOD’s procurement, maintenance, and oversight of organizational clothing and individual equipment purchases for the ANSF.
counter-improvised-explosive devices.\textsuperscript{381} The vehicles “remaining to be procured” amount increased for a second quarter from $164.4 million, to $234.9 million, and now to $373.8 million.\textsuperscript{382} Additionally, CSTC-A has a $34 million purchase request at the Defense Security Cooperation Agency for ammunition.\textsuperscript{383} DOD reported there is a continued requirement to replace battle losses and equipment that is not economical to repair.\textsuperscript{384} CSTC-A is also procuring HMMWVs (“Humvees”) to replace both destroyed HMMWVs and unarmored Ford Ranger pickup trucks for police units. While the HMMWV is more expensive than the Ford Ranger, HMMWVs will significantly improve survivability against small-arms fire and provide greater operational capabilities.\textsuperscript{385} 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 DOD notifies Congress. DOD said no notification was processed during the quarter, so the cumulative value of ANP equipment transferred to DOD since FY 2014 remains at $18.4 million.\textsuperscript{386}

**ANP Infrastructure**

As of June 30, 2016, the United States had obligated $3.1 billion and disbursed $3.0 billion of ASFF for ANP infrastructure.\textsuperscript{387} According to CSTC-A, as of May 31, 2016, the United States had completed 738 infrastructure projects valued at $3.7 billion, with another seven projects valued at $14.6 million ongoing.\textsuperscript{388} The largest ongoing ANP infrastructure project this quarter remains the training center for females in Nangarhar (with an estimated cost of $6.4 million) followed by the female compound at MOI headquarters in Kabul ($3.4 million).\textsuperscript{389} While no infrastructure projects were completed this quarter, four contracts were

**TABLE 3.10**

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>Procured</th>
<th>Remaining to be Procured</th>
<th>Procured and Fielded to the ANP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapons</td>
<td>$309,685,463</td>
<td>$35,072,318</td>
<td>$205,851,400</td>
</tr>
<tr>
<td>Vehicles\textsuperscript{a}</td>
<td>3,568,042,669</td>
<td>373,842,300</td>
<td>3,209,856,026</td>
</tr>
<tr>
<td>Communications</td>
<td>230,376,282</td>
<td>0</td>
<td>231,735,291</td>
</tr>
<tr>
<td>Ammunition</td>
<td>738,345,011</td>
<td>34,017,600</td>
<td>419,352,362</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>41,404,983</td>
<td>0</td>
<td>7,770,471</td>
</tr>
<tr>
<td>C-IEDs</td>
<td>125,211,256</td>
<td>16,583,858</td>
<td>115,581,810</td>
</tr>
<tr>
<td>Other</td>
<td>243,097,382</td>
<td>0</td>
<td>91,438,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,256,163,046</strong></td>
<td><strong>$459,516,076</strong></td>
<td><strong>$4,281,585,660</strong></td>
</tr>
</tbody>
</table>

Note: C-IEDs = Counter/improvised-explosive devices.\textsuperscript{380} Vehicle costs include vehicles and parts.

awarded. These included the $4 million re-award for the MOI headquarters administrative information-technology complex; the initial $3 million award was terminated due to a contract protest. Others include the MOI headquarters temporary entry-control point ($998,330) and improvements to the Kandahar regional training center to accommodate females ($279,228). In addition, CSTC-A reports the majority of the 22 projects in the planning phase ($129.7 million) are in support of the Women Participation Program.

CSTC-A reported several ongoing activities aimed at developing Afghan capacity to build and maintain infrastructure. Seven CSTC-A engineering advisors mentor the MOI Facilities Department engineers at least twice a week. A program to train Afghan facility engineers to operate and maintain power plants, heating and air-conditioning systems, water-treatment plants, and waste-water-treatment plants had 65 students attend quality assurance/control, site-facility engineering, and leadership courses in Kabul and Nangarhar. CSTC-A contracted 70 Afghan subject-matter experts to assist the MOI Facilities Department in meeting daily operation requirements, training facility engineers, and in contract management. Twenty-two subject-matter experts are located at the MOI Facilities Department in Kabul, one is co-located at CSTC-A serving the subject-matter-expert liaison and the Women's Participation Program manager, and the others are located throughout the provinces.

CSTC-A reported on the MOI Facilities Department status to provide the procurement packages for connecting second-phase facilities to the electric grid, in accordance with the FY 1395 MOI Bilateral Financial Commitment.

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

Source: OSD-Policy, response to SIGAR vetting, 4/15/2016.
Letter requirements. While all the provincial requirements are not finalized, seven Kabul sites were connected and eight provincial site connections are underway. However, the status of the MOI requirement to submit procurement packages for the divestiture of the facilities identified in the FY 1394 divestment plan was not submitted.

ANP Training and Operations
As of June 30, 2016, the United States had obligated and disbursed $3.7 billion of ASFF for ANP and MOI training and operations. CSTC-A reported five ongoing U.S.-funded training programs: four focused on technical training and one focused on basic training. The largest U.S.-funded training includes essential-function development training and operational-specialty training, such as vehicle-maintenance, radio-operation and maintenance, and special infantry training.

WOMEN COMPRISE 1.3% OF ANDSF PERSONNEL
This quarter, RS reported 4,228 women serving in the ANDSF, a 323-person increase from last quarter. Despite the respectable increase in female recruits, the overall percentage of women in the ANDSF is only 1.3%. Of the 4,228 women, 2,879 were in the ANP, 213 were in the ASSF, 1,039 were in the ANA, and 97 were in the AAF.

Of the women in the ANP, ANA, and AAF, 1,263 were officers, 1,317 were noncommissioned officers, and 1,215 were enlisted. No breakout of the ranks of the women serving in the ASSF was provided.

To support women in the ANDSF, a Woman’s Promotion Board was created to afford women in the ANDSF fair opportunities for promotions. Some 5,005 new gender-neutral positions were added to the MOD tashkil, 525 of which are reserved for women. The ANP also added new positions for women, increasing the total number of positions open to women to 5,969; 5,024 positions for ANP personnel, 175 for positions in prisons and detention centers, and 770 civilian positions. RS will provide support to encourage assignment of women to these gender-neutral positions.

ANDSF MEDICAL/HEALTH CARE
CSTC-A reports as of May 31, 2016, there are 860 physicians and 2,509 other medical staff within the ANDSF healthcare system, with vacancies of 375 (30.4%) and 520 (17.2%) respectively. In an effort to increase the number of medical personnel in hard-to-fill positions, the MOI Surgeon General has urged the MOD Medical Commander to allow police medical officers to attend the Armed Forces Academy of Medical Sciences Physician’s Assistance program. Additionally, to incentivize medical professionals to accept a position outside the Kabul area, the MOD approved additional
pay for personnel assigned to a hard-to-fill position. And after completing training in Turkey, 26 female nurses (a 24% increase) were assigned to the ANP hospital.

Earlier CSTC-A reported that the MOI approved eight 20-bed regional hospitals. The Balkh facility opened in May; the Helmand and Kunduz facilities are to begin operations later this year. These regional facilities will also serve as satellite medical-supply points, thereby reducing the dependence on the Kabul warehouse. CSTC-A reported that problems with the ANDSF supply chain impacting the ANDSF medical corps include:

- The ordering and distribution authorization process is too lengthy, requiring numerous command-level approvals, including some external to the medical command.
- Lack of an automated inventory system results in inaccurate stock levels that may lead to critical shortages of medical supplies and pharmaceuticals, delaying medical care.
- Inadequate inventory storage spaces can result in pharmaceuticals and consumables losing sterility, quality, and efficacy due to uncontrollable changes in temperature and humidity.
- Inventory-security measures are insufficient to secure the pharmaceuticals and consumables.

**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 but $1 million of 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 coming months.

State directly funds five Afghan nongovernmental organizations (NGOs), four international NGOs, and one U.S. government contractor. These funds enable clearing areas contaminated by explosive remnants of war (ERW) and support clearing conventional weapons used by insurgents to construct roadside bombs and other improvised explosive devices. As of March 31, 2016, State-funded implementing partners have cleared more than 186.9 million square meters of land (approximately 72.16 square miles) and removed or destroyed approximately 7.7 million landmines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stockpiled munitions, and homemade explosives since 2002 (see Table 3.11 on the next page).

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
589 square kilometers (227 square miles) of contaminated minefields and battlefields. During the quarter, 3.2 square kilometers (1.2 square miles) were cleared. However, ongoing surveys identified 31.2 square kilometers (12 square miles) of additional contaminated areas, bringing the known contaminated area to 617 square kilometers (238 square miles) by the end of the quarter. PM/WRA defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.412

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.413

UNMACA draws on its wider network under the Mine Action Programme of Afghanistan (MAPA), 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.414 In September 2015, the United Nations Mine Action Service (UNMAS) issued a nine-month grant for physical rehabilitation in Farah Province. The Afghan Amputee Bicyclists for Rehabilitation and Recreation (AABRAR) project will establish a center to assist war, landmine, and ERW victims, as well as

### TABLE 3.11

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Minefields Cleared (m²)</th>
<th>AT/AP Destroyed</th>
<th>UXO Destroyed</th>
<th>SAA Destroyed</th>
<th>Fragments Cleared</th>
<th>Estimated Contaminated Area Remaining (m²)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>39,337,557</td>
<td>13,879</td>
<td>663,162</td>
<td>1,602,267</td>
<td>4,339,235</td>
<td>650,662,000</td>
</tr>
<tr>
<td>2011</td>
<td>31,644,360</td>
<td>10,504</td>
<td>345,029</td>
<td>2,393,725</td>
<td>21,966,347</td>
<td>602,000,000</td>
</tr>
<tr>
<td>2012</td>
<td>46,783,527</td>
<td>11,830</td>
<td>344,363</td>
<td>1,058,760</td>
<td>22,912,702</td>
<td>550,000,000</td>
</tr>
<tr>
<td>2013</td>
<td>25,059,918</td>
<td>6,431</td>
<td>203,024</td>
<td>275,697</td>
<td>10,148,683</td>
<td>521,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>22,071,212</td>
<td>12,397</td>
<td>287,331</td>
<td>346,484</td>
<td>9,415,712</td>
<td>511,600,000</td>
</tr>
<tr>
<td>2015</td>
<td>7,419,944</td>
<td>1,287</td>
<td>31,806</td>
<td>64,688</td>
<td>2,449,357</td>
<td>558,900,000</td>
</tr>
<tr>
<td>2016</td>
<td>14,572,084</td>
<td>1,802</td>
<td>1,438</td>
<td>57,475</td>
<td>4,399,621</td>
<td>617,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>186,888,602</strong></td>
<td><strong>58,130</strong></td>
<td><strong>1,876,153</strong></td>
<td><strong>5,799,096</strong></td>
<td><strong>75,631,657</strong></td>
<td><strong>570,800,000</strong></td>
</tr>
</tbody>
</table>

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition. Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m²) to an acre.

* Total area of contaminated land fluctuates as clearance activities reduce hazardous areas while ongoing survey identifies and adds new contaminated land in the Information Management System for Mine Action (IMSMA) database.

a Final quarter results for fiscal year unavailable; partial year results only.

b Results for first two quarters only.

Source: PM/WRA, response to SIGAR data call, 6/30/2016.
persons with disabilities, by providing physiotherapy and orthopedic devices among its various services. UNMAS presented an awareness workshop in March 2016 coupled with an institutional-capacity needs assessment for the Ministry of Labor, Social Affairs, Martyrs and Disability.

According to the UN, over 6,100 security incidents took place between February 16 and May 19, 2016. Armed attacks represent the greatest number of incidents. Improvised-explosive devices (IEDs) were the second most prevalent form of attack and represent 17.4% of security incidents during that period. The $30.2 million ACAP program has expended $19.6 million to date and will conclude in February 2018.

COUNTERNARCOTICS
As of June 30, 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.

Congress appropriated most of these funds through the DOD Drug Interdiction and Counter-Drug Activities (DOD CN) Fund ($3 billion), the Afghan Security Forces Fund (ASFF) ($1.3 billion), the Economic Support Fund (ESF) ($1.5 billion), and a portion of the State Department’s International Narcotics Control and Law Enforcement (INCLE) account ($2.2 billion). ASFF is primarily used to develop the Afghan National Army and Police. It also funds the Counternarcotics Police and Special Mission Wing who support MOD and MOI efforts to address narcotics problems. USAID’s alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. In addition to reconstruction funding, the Drug Enforcement Administration (DEA) receives funding through direct appropriations to operate in Afghanistan. See Appendix B for additional funding information.

Revised U.S. Counternarcotics Strategy Still Pending
In his 2014 nomination hearing before the Senate Foreign Relations Committee, Ambassador P. Michael McKinley promised to work with SIGAR and other oversight agencies to review U.S. counternarcotics policies in Afghanistan. In February 2015, Ambassador McKinley informed SIGAR that a revised counternarcotics strategy would be prepared within six months. The State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL) subsequently reported that the United States was in the final stages of updating its counternarcotics strategy for Afghanistan. INL is currently operating under the 2012 U.S. Government counternarcotics strategy, which has not succeeded in curbing the illicit drug trade. The highlight on pages 118–119 provides an overview of current and prior U.S. counternarcotics strategies.
The United Nations on Drugs and Crime (UNODC) released its *World Drug Report 2016* in June 2016. Though Afghanistan accounts for nearly two-thirds of the planet’s illicit opium cultivation, it played a significant part in the world’s opium production decline of 38% from the previous year. Afghanistan’s estimated opium production declined 48% to 3,300 metric tons from its 2014 level of 6,400 tons. Its opium-cultivation level of 183,000 hectares decreased 18% from its 2014 total of 224,000 hectares. UNODC attributes the decline mainly to poor harvests in the southern provinces.424 UNODC did change its methodology between 2014 and 2015; it is unclear how much that change factored into the reported decline. UNODC cautions that the changing methodology could make changes seem greater than represented.425 Production and cultivation results had been rising for the past decade, as illustrated in Figure 3.29.426

The UNODC report also looked at the role of women in drug trafficking. For the first time in Afghanistan, the UNODC opium survey included women in focus groups. Results showed that women (in the northern provinces) participate in many of the arduous tasks related to opium-poppy cultivation such as weeding, field clearing, and lancing; they also prepare opium gum and by-products such as oil and soap. Men plow and cultivate the fields and occasionally take part in lancing the poppy capsule.427
In rural areas where adequate health facilities are nearly nonexistent, women have traditionally used opium to treat common ailments in children and adults. The focus groups indicated that women were aware that one can become dependent with continued usage and were concerned with opium’s effects on the next generation. The survey found that women used opium income for living expenses (food, clothing, furniture, etc.), but also used the poppy for cooking (oil is extracted from the seeds and poppy straw is used for kitchen fuel).428 Women, however, have limited influence on the decision whether to cultivate poppy or alternative crops.429

Afghan Government’s Revised Counternarcotics Strategy

The Afghan government rolled out its national counternarcotics strategy, the National Drug Action Plan (NDAP), last year. According to INL, its introduction has refocused international attention and engagement on the country’s illicit drug problem. The NDAP featured prominently during several high-profile international meetings, including the December 2015 High-Level Meeting of Partners for Afghanistan and Neighbouring Countries, the December 2015 Paris Pact Policy Consultative Group, and during a side-event at the April 2016 UN General Assembly Special Session on the World Drug Problem. INL stated that the NDAP has been thoroughly reviewed during meetings between the United States and key international partners. International donors and impacted countries have reiterated their intention to create and adapt programs and counternarcotics action to address the needs identified in the NDAP.430

Drug-Demand Reduction

Although Afghanistan has one of the highest substance-abuse rates in the world, INL is reducing funding to all Afghan treatment centers for drug addiction. The remaining funding is being redirected to treatment and prevention programs in rural areas, where studies show drug use is significantly higher than in urban areas.431 INL started to transition the first group of 13 treatment centers to Ministry of Public Health (MOPH) responsibility in January 2015. 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 and another 15% in 2016.432

INL is revisiting the transition plan to determine whether changes are needed. According to INL, the MOPH has expressed confidence in managing the transition—assuming there is sufficient funding from their own government and the international community.433 INL informed SIGAR that 500 clinical staff working for NGO-run treatment centers were supposed to be working for the government by January 2016. The MOPH reported...
The Afghanistan counternarcotics (CN) effort reveals the interconnectedness of civilian and military interests in a nation with an unstable security situation. Rural Afghan families may grow opium poppies to support themselves, yet by doing so may at times, directly or indirectly, support the insurgency. Corrupt government officials facilitate narco-insurgency networks that undermine the security efforts.

U.S. CN strategy in Afghanistan has changed over time as the security situation changed. But the 2007, 2010, and 2012 U.S. counternarcotics strategies each encouraged counternarcotic and counterinsurgency (COIN) planning integration and cooperation, building government institution accountability and capability, and protecting affected civilian populations.

The 2007 Counternarcotics Strategy focused on improving the implementation of five pillars: alternative development, eradication, interdiction, public information, and justice reform to support the efforts of the Afghan government. The strategy outlined three major goals, each of which could be applied to the pillars:

- increase development assistance to encourage licit agrarian development, while increasing disruption and eradication operations of opium-poppy cultivation and production. This goal emphasized the importance of alternative development programs, particularly the Good Performers Initiative, USAID’s crop and seed programs, and the National Solidarity Program (NSP) in addition to encouraging private-sector engagement.
- more cooperation between CN and COIN operations and planning, with particular emphasis on integrating elements of interdiction operations into the larger COIN mission. The United States sought to improve CN and COIN cooperation on public information campaigns and construct a recognized command structure for all CN forces within a given region.
- encourage political will for the counternarcotics effort among Afghan officials, cooperating partners, and related international and military organizations.

The 2007 strategy also encouraged the extradition of high-value targets related to the CN effort to the United States while Afghanistan continued to build its capacity to effectively prosecute major drug traffickers.

The 2010 Counternarcotics Strategy focused on the expansion of Afghan government control and the continued degradation of insurgent influence through CN-informed COIN operations. This strategy outlined two major goals:

- weakening the link between narcotics and insurgency, reducing the support insurgents receive from the narcotics industry; and
- addressing the narcotics-related corruption problems within the Afghan government.

It also maintained the U.S. commitment to the Afghan National Drug Control Strategy (NDCS), which expanded the five pillars in the 2007 strategy to include demand reduction, institution building, and international and regional cooperation. The NDCS focused on four priorities:

- disrupting narcotics trade flows by targeting traffickers and financiers.
• diversifying and incentivizing licit rural livelihoods,
• reducing the demand for illegal drugs and increasing treatment opportunities for drug users, and
• developing Afghan institutions at the district and provincial level to support the CN strategy.

Under the 2010 strategy, the United States stopped funding large-scale eradication operations, in particular the centrally led Afghan eradication force, but continued to fund the government-led eradication effort. This placed most CN operations within the larger COIN strategy in order to locate centers of insurgent and narcotics activity and government corruption and to disrupt them. Achieving these goals increasingly became the responsibility of Afghan counternarcotics forces, which required sustained capability development to move towards self-sufficiency. The strategy also sought to improve incentives for farmers to switch from the profitable opium poppy to licit alternatives in order to lower opium-production levels. To address corruption, it suggested developing the capabilities of the Ministry of Counter Narcotics (MCN), Ministry of Interior (MOI), and Attorney General’s Office (AGO), among others, to boost the Afghan government contribution to the CN effort and ensure the punishment of corrupt officials undermining its progress.

The CN effort currently operates under the provisions outlined in the strategic agreement signed by the United States and the Afghan government on May 2, 2012. The strategy outlines two major goals: (1) building the government’s ability to be a self-sufficient force in reducing the drug trade, stabilizing the region, and improving the security situation and (2) further weakening the link between insurgents and narcotics, specifically targeting the funds insurgents receive from the narcotics industry. This strategy again maintains the U.S. commitment to supporting the Afghan strategy and its four priorities. It also takes into account the reduction of the U.S. presence in Afghanistan and the then-pending transfer of security responsibilities from the International Security Assistance Forces to the Afghan National Defense and Security Forces (ANDSF) alongside the transfer of CN-implementation responsibilities from U.S. Provincial Reconstruction Teams and U.S.-funded third parties to Afghan elements. Further emphasis lies on cooperation between U.S. agencies and international and regional partners to support and augment Afghan government plans to disrupt insurgent-narcotics networks. Ultimately, the first goal remains in focus during the pursuit of the second; Afghan ministries and organizations that are CN-related continue to develop institutional capacities and investigative and operational capabilities in order to legitimate the prospect of full Afghan responsibility and leadership as they work alongside their U.S. and international allies against narcotics-funded insurgents, see Figure 3.30.

The United States promised more than a year ago to issue a revised U.S. counternarcotics strategy that takes into account the new security situation with the ANDSF in charge of battling the insurgency. INL informed SIGAR last quarter that the revised U.S. strategy will continue to prioritize building Afghanistan’s capacity to counter narcotics, and will support Afghanistan’s counternarcotics goals and objectives, as outlined in the government’s National Drug Action Plan (NDAP). INL reports that the United States worked closely with the Afghan government in the development of the NDAP, and is committed to supporting its implementation.

### Table: Counternarcotics Strategy Overview

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>2009</td>
<td>U.S. approach emphasizes CI and ceases support to Afghan eradication force</td>
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<tr>
<td>2010</td>
<td>UNODC announces the Regional Programme for Afghanistan And Neighbouring Countries</td>
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<tr>
<td>2011</td>
<td>U.S. strategy revised to address security transition</td>
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<tr>
<td>2012</td>
<td>Afghan Government updates NDCS</td>
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<tr>
<td>2013</td>
<td>PPI Enters into Phase IV</td>
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<tr>
<td>2014</td>
<td>Afghan government adopts NDAP</td>
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<tr>
<td>2015</td>
<td>Scheduled end of Phase IV of the PPI</td>
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<td>2016</td>
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that as of May 2016, the process had begun for 105 clinical staff from the 11 treatment centers to be transitioned to the MOPH's operational control in January 2016; however, only 10 staff had been listed on the tashkil, an Afghan government document establishing personnel and equipment authorization. INL told SIGAR that according to the ministry, only clinical staff working in centers fully transitioned to the MOPH can be given tashkil status in accordance with Afghan government policy; therefore, putting all clinical staff on the tashkil has run into delays.\textsuperscript{446} According to INL, the transition of the 500 NGO staff to the tashkil will be revised to coincide with the transition of their respective drug-treatment centers. In addition, INL is reviewing the transition plan to assess progress.\textsuperscript{447} A total of 251 clinical staff have been trained so far this calendar year with 153 trained last quarter and 98 this quarter.\textsuperscript{448}

In May 2016, the MOPH requested $1.3 million from the Ministry of Finance to cover the budget cuts to treatment-center operations planned by INL in 2017. The MOPH opened eight new treatment centers in 2016 using approximately $2 million in new Afghan government development funds.\textsuperscript{449} INL has provided funding for operational costs for all 89 facilities as follows:

- $2.18 million from October 1 to December 31, 2015;
- $1.55 million from January 1 to March 31, 2016; and
- $1.36 million this quarter.\textsuperscript{450}

INL contributed over $4.6 million to the \textit{Colombo Plan} in April 2015 and $12.9 million during 2015 for drug-treatment and education programs. It has not yet received or obligated FY 2015 or FY 2016 funds.\textsuperscript{451}

**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 spent $9.18 million on the program, reflecting all funding available on the current grant prior to its extension. The program was extended for 18 months, to October 2017, with an additional cost of $2.9 million.

The program pays an Afghan company, Sayara Media Communications (Sayara), to place 42 reporters 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.\textsuperscript{452}

Sayara also monitors counternarcotics-related items in the media and evaluates any changes in coverage monthly. However, CNCE is moving away from Sayara, according to INL, due to the MCN's successful

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\textbf{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.

Implementation of public information campaigns. INL started a pilot program in 2015 for public information campaigns led by the MCN with Sayara staff mentoring MCN staff. With the success of the MCN-led campaigns and through discussions with Sayara, INL made the determination for MCN to implement public information campaigns under the continued guidance and mentorship of Sayara staff. The CNCE campaigns funded by INL were paused during negotiations with Sayara for the $2.9 million cost extension which was approved in May 2016. INL anticipates that CNCE programs will restart in July 2016 as Sayara finalizes its mentors.453

Ministry of Counter Narcotics Capacity Building

INL has focused resources in the following five areas 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. personal-services contractors. This quarter, INL awarded a skills-based training grant and expects training will begin this fall after a needs assessment for development in English-language ability and computer skills.454

INL’s first assessment of the MCN Capacity Building Program after implementation of the performance-measurement plan (PMP) was completed in November 2015. The next review took place in June 2016. INL did not share the findings but informed SIGAR it would concentrate on delivering training in financial and administrative capacity building. INL considers those areas essential to improving overall functionality at the MCN.455

Last year, SIGAR reported on INL’s risk assessment of the MCN’s public financial-management system. INL conducted that independent assessment during the first quarter of 2015. The report identified deficiencies that increased the potential for inaccurate financial reporting, inefficiency and ineffectiveness of operations, and noncompliance with laws and regulations; areas of particular concern were internal control, program management and monitoring, and fixed-assets management. INL’s remediation plan for the MCN assessment was finalized during the quarter of July 1–September 30, 2015. INL will award the financial-remediation plan contract and the skills-based training grant in July 2016. Successful remediation will permit the MCN to receive direct assistance. INL told SIGAR implementation will begin by September 2016.456

INL has supported a capacity-building program since at least 2012, yet the first assessment—once the performance-measurement plan was in place—was not conducted until November 2015.457 As SIGAR previously reported, in February 2014, INL signed a memorandum of understanding with the MCN regarding renewing its capacity-building program for 18 months and providing funding for 24 local national advisors to help build capacity at the MCN. The performance-measurement plan designed
to assess progress, however, was not completed until February 2015. INL previously told SIGAR that the “MCN has shown significant progress in institutional development and an increased ability to develop staff and programs,” yet last quarter it cited capacity issues as the reason for terminating the Good Performers Initiative program. SIGAR has written in prior reports about the remediation plan and the deficiencies in the MCN’s public-financial-management system. The Afghan government’s own ministry report noted capacity issues as far back as 2014. In its annual report on the Good Performers Initiative (GPI), it remarked the MCN had “unprofessional” staff responsible for procurement, slowing down implementation. In addition, on-budget payments delayed by over two months by the Ministry of Finance also hampered project implementation.

Governor-Led Eradication Program
INL funds the annual million-dollar Governor-Led Eradication (GLE) program, which reimburses provinces for the cost of eradicating poppies. Between 2007 and 2015, 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 (1 hectare is slightly less than 2.5 acres) were eradicated in 2015, a 40% increase from 2014. INL disbursed $540,750 to the ministry in April 2015 for the final 2015 GLE payment. The United Nations reports little eradication took place this year due to funding constraints and the security situation in the important poppy-growing areas.

INL informed SIGAR it began collaborating this quarter with the MCN to start eradication according to the 2016 National Eradication Plan, but approval of the plan has been delayed. INL is working with the ministry to gain approval of next year’s eradication plan by December 2016. Eradication results have generally been declining with some fluctuations over the past few years, as shown in Figure 3.31, and are a small fraction of the opium-cultivation and production results shown in Figure 3.29 on page 116.

Good Performer’s Initiative Ends Due to MCN Shortcomings
INL ended the $126 million GPI this quarter due to the MCN’s inability to implement the program properly. GPI was a program implemented by the MCN that sought to incentivize provincial counternarcotics performance. No new GPI projects have been approved since April 30, 2016, but funding will continue until current projects are completed. INL and UNODC are in negotiations for two new alternative-development programs that will launch in September to supplement activities performed under GPI. Moreover, INL is independently developing a post-GPI alternative-development, food-zone based program.
As of June 30, 2016, there are 286 approved projects with a value of $126.0 million. Eighteen projects are ongoing including two scheduled for completion by the end of July. The remainder should all be completed by the end of the calendar year.466

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.467

Strengthening Afghan Governance and Alternative Livelihoods

The nongovernmental Aga Khan Foundation (AKF) and its partners implemented activities under INL’s $11.9 million Strengthening Afghan Governance and Alternative Livelihoods (SAGAL) grant across 16 provinces: Badakhshan, Baghlan, Takhar, Bamiyan, Kunduz, Parwan, Faryab, Kabul, Balkh, Jowzjan, Kandahar, Nangarhar, Helmand, Laghman, Uruzgan,
and Kunar. The SAGAL grant ended January 20, 2016; INL is reviewing close-out financial reports. As of May 31, 2016, $10.4 million has been expended. While security challenges affected project implementation, AKF and its partners were successful in meeting the program’s five objectives.

Under the first objective of improving agricultural yields of high-potential licit crops, the implementers introduced new agricultural technologies with the emphasis on high-value crops to more than 27,000 farmers. Capacity-building training sessions were held for more than 460 agricultural input suppliers to support these farmers. (Over 240 new input suppliers were created.)

The second objective was to increase economic return for licit crops. Nearly 20,000 farmers received training to increase the post-production value of their crops. Over 3,500 farmers were linked with 150 buyers thanks to the numerous linkage-building meetings held at the provincial, district, and village levels. The application of those techniques resulted in several contracts for farmers to provide agricultural products such as pomegranates, grapes, and onions to Kabul and local traders.

Under the third objective of improving farmers’ access to financing, approximately 20,400 farmers received financial-literacy training. Among those trained, nearly 1,200 received loans and services from microfinance institutions (MFIs) and non-MFI organizations such as business-membership organizations and farmer cooperatives. The First Microfinance Bank of Afghanistan also developed 23 and piloted five agricultural loan products specifically for farmers.

The program’s fourth objective—reduce the vulnerability of at-risk populations to engage in the illicit economy—led to the establishment of 81 new community-based savings groups (CBSGs) and also delivered capacity-building training. Four civil-society organizations targeting youth also received capacity-building support to create economic initiatives. Three received micro-grants allowing them to provide technical skill training for youth.

Under the final objective, which focused on improving the subnational governance systems, district and provincial Afghan government staff received capacity-building training. Many district-governor offices adopted electronic governance (e-governance) practices and over two dozen held public audit meetings.

INL is developing a new alternative-development program which will incorporate objectives similar to those of the SAGAL project. SAGAL’s strategy was to provide farmers with technical assistance and skills to render them self-reliant (and no longer dependent on assistance). Previous projects have focused on input distribution without capacity-building activities.
Kandahar Food Zone
The Kandahar Food Zone (KFZ) is a three-year, $27.7 million USAID project, implemented by International Relief and Development Inc. (IRD) under a joint strategy and in close coordination with INL. KFZ is designed to identify and address the drivers of poppy cultivation in targeted districts of Kandahar province through grants for activities that improve community infrastructure, strengthen alternative livelihoods and support small businesses. KFZ has four pillars: public outreach, eradication, drug-demand reduction and alternative livelihoods. USAID implements the alternative livelihoods pillar and approved a two-year extension this quarter extending the program through the end of August 2018.

KFZ expended $2.2 million between January and March 2016. During that period, KFZ awarded a communication-campaign contract to bring public awareness and change behavior about poppy cultivation. USAID acknowledges that it is too early to determine the impact of this campaign on changing behavior and attitudes.

KFZ to date has rehabilitated 17 irrigation canals in target districts which provide water to more than 24,000 hectares (59,305 acres) of farmland, benefiting more than 22,000 households. During the initial years of the program, KFZ completed 33 alternative-livelihood activities including creating 47 greenhouses, conducting training workshops, and training nearly 400 government officials. KFZ's activities led to the first-ever gender policy and ministry-wide anti-sexual-harassment training at the MCN.

According to USAID, infrastructure-construction activities have netted more than 50,000 person-days of employment over the last three years. In March 2016, KFZ organized an agriculture fair attended by over 2,000 people at the Panjwayi District Center. The fair connected farmers to buyers and input suppliers and featured new agricultural technique demonstrations.

As of June 30, 2016, USAID has disbursed $24.8 million since the program’s launch.

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. RADP consumes the majority of USAID's alternative-development staff resources that include contractor staff: 81.8% are dedicated to the various RADP programs.

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, and wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.
RADP-North is a five-year, $78.4 million project scheduled to end in May 2019. RADP-North advances food and economic security in rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces. Between January and March 2016, RADP-North implemented 10 activities and issued 41 grants valued at $4.2 million. The project facilitated the signature of nine contracts between seed companies, seed enterprises, bakeries, mills, and cooperatives for the sale of Afghan wheat. Various trainings on the topics of hygiene and nutrition, seed business development, and weed control occurred across several provinces. Efforts to support agribusiness development led to $233,200 in new sales this quarter for businesses that took part in international trade shows in Kazakhstan and Turkey. During that period, project activities supporting the meat value chain also took place: training for 100 butchers on diseases, training on cashmere harvesting, and implementing wool production and processing. As of June 30, 2016, USAID has made cumulative disbursements of $21 million.

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 at an estimated cost of $125 million. Between January and March 2016, over 40 agribusinesses applied new management practices using improved financial-management systems, administrative procedures, and marketing strategies. RADP-South support led total reported sales for 63 agribusinesses of AFN 56,064,500 ($819,297). Sixty producer organizations were formed to support ruminant care and increase the production and sale of animals and animal by-products. Farmers increased their high-value crop production on 862 hectares. When extrapolated to RADP-South trained farmers, the program has resulted in over 10,260 hectares producing high-value crops, according to the implementer.

Also in March, RADP-South ceased all gender-programming activities pending an embezzlement investigation in Zabul. Female beneficiaries accused a high-ranking Department of Women’s Affairs official of withholding a portion of female beneficiaries’ benefits. The investigation is ongoing. RADP-South also discontinued some agribusiness partnerships in Kandahar and Helmand. The monitoring site visits revealed that the businesses had no revenue streams or partners. The firms were either franchises of larger companies or businessmen seeking start-up capital. RADP-South will continue company site visits to ensure program qualifications outlined in the work plan are being met. As of June 30, 2016, USAID has made cumulative disbursements of $62 million for RADP-South.

The $70 million 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. The project supports the Ministry of Agriculture, Irrigation, and Livestock in its efforts to enhance the
productivity and profitability of wheat, high-value crops, and livestock. RADP-West’s key accomplishments between January and March 2016 include:

- assessing and monitoring 859 cultivated wheat-plot germination rates in Herat
- providing wheat-cultivation training for over 1,570 farmers from all targeted provinces
- administering post-harvest training for 63 female farmers in Badghis
- seed distribution for the spring planting season
- conducting vegetable-cultivation training and pruning training
- implementing orchard-programming activities and
- conducting livestock and value-chain programming efforts such as linking cashmere-processing companies and herders or deworming sheep and goats.485

Security restrictions in certain areas of Herat and Farah were still in place at the end of March and altered the schedule of planned activities. USAID has terminated the contractor for RADP-West. According to USAID, the termination occurred primarily so the remaining resources could be better aligned with the Ministry of Agriculture, Irrigation and Livestock’s new strategy for the western region.486

USAID has made cumulative disbursements of $22 million as of June 30, 2016.487 RADP-East is still in procurement; USAID anticipates awarding a contract next quarter.488

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. The program has three components:

- quality improvement
- high-value agricultural marketing and agribusiness development; and
- gender integration.489

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.490

CHAMP is currently working with 289 producer groups comprising over 4,000 member farmers. At CHAMP farmer-field schools, participants learn new agricultural practices such as orchard or trellis management and receive modern agricultural tools. During the previous quarter, the program arranged farmer field-school programs for over 2,500 farmers, including 294 women, in six provinces. The training topics covered agricultural practices such as land preparation, pruning, irrigation, winter-soil application, natural

A 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.

insecticide and herbicide application, fertilizing, and animal-manure application. All farmer field-school activities concluded in April 2016.491

The program also provides direct assistance in fruit processing, sorting, grading and packing, and introducing improved packaging that meets international market standards. Last quarter, CHAMP facilitated the export of over 5,000 metric tons of grapes and pomegranates to Pakistan, valued at nearly $5.9 million.492

CHAMP’s trade offices in Dubai and New Delhi created stronger linkages between Afghan exporters and local buyers. 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 February 2016 Dubai Gulfood exhibition, at which CHAMP traders signed nearly $2.3 million in contracts with international buyers. In March, the New Delhi trade office gave a presentation at the International Conference on Food Quality and Safety, which focused on mycotoxin (toxic substance produced by fungus) assessment for Afghan dry fruits, nuts, and wheat. It also organized visits by the Afghan delegation to Indian government offices.493

As of March 31, 2016, USAID has disbursed all funds for the CHAMP program.494 According to USAID, all funds have been disbursed but not spent; the implementing partner has concluded two of the program’s three components but enough funds are available to continue activities until December 30, 2016. USAID will extend the program for an additional three years after its conclusion.495

Interdiction Operations and Results

The Counternarcotics Police of Afghanistan (CNPA) consists of regular narcotics police and specialized units in all 34 provinces. 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 2,800 personnel are assigned to Kabul. In addition to the CNPA, law-enforcement elements contributing to interdiction activities include members of the Afghan National Police, Afghan Border Police, Afghan Uniform Police, and the General Command of Police Special Unit.496

For the first time this quarter, DOD provided counternarcotics information that is included in the classified annex of the quarterly report. Since February 2016, Coalition advisors have been providing train, advise, and assist support to the CNPA. Recent emphasis has been on improving CNPA coordination with the Special Mission Wing (SMW). The relationship has proven to be beneficial since it culminated in the arrest of Haji Watan, one of the country’s top drug traffickers on April 4, 2016, in Nangarhar.497

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 SMW and the Afghan Counternarcotics Police.\textsuperscript{496}

INL supports the maintenance and operations of NIU/SIU and DEA facilities as well as a judicial wire-intercept unit (JWIP). INL also provides support to the NIU and SIU of the CNPA including, salary supplements for NIU members (and DEA for SIU members). INL reported last quarter that the NIU strength was between 532 and 536.\textsuperscript{499}

As of late 2015, INL has been supporting 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. During this quarter, INL completed refurbishment of properties where DEA and SIU officers now convene for case coordination and operation of the JWIP system.\textsuperscript{500}

According to UNODC, seizures involving Afghan opiates account for some 80\% of global opiate seizures. Seizure data suggest that the Balkan route (through Iran and Turkey by way of southeastern Europe to western and central Europe) is the main heroin trafficking route accounting for nearly half of worldwide heroin and morphine seizures.\textsuperscript{501}

During the January to March 2016 period, INL reported that combined seizures of the NIU and SIU totaled 1,054 kilograms (kg) of heroin, 1,500 kg of morphine base, and 167 kg of hashish. One kilogram is about 2.2 pounds. The SIU was involved in 22 enforcement operations, the NIU in 10.\textsuperscript{502}

DOD reported that from April 1 to June 20, 2016, Afghan security forces and law-enforcement agencies conducted 56 drug-interdiction operations resulting in the detention of 83 individuals. These operations included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. The Afghans’ combined operations resulted in the seizures of 1,489 kg of opium, 650 kg morphine, 919 kg of heroin, 2,426 kg of hashish/marijuana, and 1,435 kg of precursor chemicals. As noted in previous SIGAR reports, interdiction results have been declining since 2012, as shown in Table 3.12 on the next page.\textsuperscript{503}

According to USFOR-A, the CNPA took decisive action against a number of senior Afghan government officials and their associates or family members for involvement in the drug trade, demonstrating increased professionalism and dedication to the CN mission. For example, in August 2015, CNPA officers in Baghlan Province detained an ANA general officer after finding 18.7 kilograms of morphine hidden in his vehicle, and in September, the Primary Court of the Counter Narcotics Justice Center convicted and sentenced a high-ranking ANA official for narcotics trafficking violations. Additionally, all Afghan National Police (ANP) receive basic counter-narcotics training. The Counter-Narcotics Training Center has trained 215 ANP in the last 12 months. The curriculum was developed
by the DEA. USFOR-A did report that ANP Training General Command released individuals from training due to illicit drug use, but no data is available to support this statement.504

According to DOD, 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 requirement that security forces protect threatened district centers and security-force positions.505

DOD also informed SIGAR of a reduction in available transportation for CN operations, particularly helicopters. DOD also said counternarcotics forces are needed to play general security roles where drug trade and antigovernment 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.506

In 2015, 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 on dhows (traditional sailboats) destined for the Middle East and East Africa.507

According to INL, the Afghan Government and its partners have made progress toward implementing the National Drug Action plan, and completed the following actions regarding the specialized units and interdiction activities:

- The Afghan government continues to resource the specialized units and supports ongoing use of the JWIP.
- The MOI and MOD continue to provide the NIU and SIU with access to Special Mission Wing assets.

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**TABLE 3.12**

**INTERDICTION RESULTS, FISCAL YEARS 2008–2016**

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Operations</td>
<td>136</td>
<td>282</td>
<td>263</td>
<td>624</td>
<td>669</td>
<td>518</td>
<td>333</td>
<td>270</td>
<td>153</td>
<td>3,248</td>
</tr>
<tr>
<td>Detainees</td>
<td>49</td>
<td>190</td>
<td>484</td>
<td>862</td>
<td>535</td>
<td>386</td>
<td>442</td>
<td>394</td>
<td>224</td>
<td>3,566</td>
</tr>
<tr>
<td>Hashish seized (kg)</td>
<td>241,353</td>
<td>58,677</td>
<td>25,044</td>
<td>182,213</td>
<td>183,776</td>
<td>37,826</td>
<td>19,088</td>
<td>24,785</td>
<td>122,871</td>
<td>895,633</td>
</tr>
<tr>
<td>Heroin seized (kg)</td>
<td>277</td>
<td>576</td>
<td>8,392</td>
<td>10,982</td>
<td>3,441</td>
<td>2,489</td>
<td>3,056</td>
<td>2,859</td>
<td>3,078</td>
<td>35,150</td>
</tr>
<tr>
<td>Morphine seized (kg)</td>
<td>409</td>
<td>5,195</td>
<td>2,279</td>
<td>18,040</td>
<td>10,042</td>
<td>11,067</td>
<td>5,925</td>
<td>505</td>
<td>2,150</td>
<td>55,612</td>
</tr>
<tr>
<td>Opium seized (kg)</td>
<td>15,361</td>
<td>79,110</td>
<td>49,750</td>
<td>98,327</td>
<td>70,814</td>
<td>41,350</td>
<td>38,379</td>
<td>27,600</td>
<td>6,880</td>
<td>427,571</td>
</tr>
<tr>
<td>Precursor chemicals seized (kg)</td>
<td>4,709</td>
<td>93,031</td>
<td>20,397</td>
<td>122,150</td>
<td>130,846</td>
<td>36,250</td>
<td>53,184</td>
<td>234,981</td>
<td>1,753</td>
<td>697,301</td>
</tr>
</tbody>
</table>

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 10/1/2015-6/20/2016 only.

The MCN and MOPH convened the first of regular stakeholders meetings with a broad range of Afghan ministries to plan drug-demand-reduction programming.

The Afghan government and UNODC inaugurated four independent joint port-control units which include officials from Customs, Border, and Counter Narcotics Police. 508

Aviation Support
Between April 1 and June 25, 2016, the air wing in Afghanistan provided the following air support to DEA (fixed-wing and rotary-wing support for NIU movements): 14.3 flight hours, 11 sorties, 252 personnel transported, and 13,278 pounds of cargo moved. The air wing provided transport for 309 INL and DEA passengers on embassy-required air shuttles for all movements within Kabul. 509

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 INLs base at Kandahar Air Field. INL continues to assist the NIU and SIU. The arrival of a Resolute Support advisory team in February 2016 at the NIU compound has greatly improved NIU access to Resolute Support assets, including the SMW for movement support for operations in northern and eastern Afghanistan. See page 107 of this report for more information on the SMW. 548
## GOVERNANCE CONTENTS

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<td>Reconciliation and Reintegration</td>
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</tr>
<tr>
<td>Human Rights</td>
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</table>
As of June 30, 2016, the United States had provided more than $32.8 billion to support governance and economic development in Afghanistan. Most of this funding, more than $19.4 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
Afghanistan continues to face significant challenges that have tested government stability. According to the United Nations Secretary-General, low economic growth, high unemployment, and an intensifying insurgency have led to new levels of internal displacement and migration and have fueled vocal political opposition.\(^{511}\) In one visible sign of tension, First Vice President Abdul Rashid Dostum in June publicly lashed out at the government, accusing the administration of marginalizing him and his followers.\(^{512}\) In July, President Ashraf Ghani appeared to acknowledge the political discord, with Tolo News quoting him as saying “Being in opposition to the government does not mean uprooting an administration or government system. Anyone who has attempted to live isolated from the system or tried to lay a trap for the system, will be isolated and caught in that trap themselves.”\(^{513}\)

On May 21, the United States killed Taliban leader Mullah Akhtar Mansur in a drone strike in Pakistan. President Obama and NATO Secretary-General Stoltenberg afterward declared Mullah Mansur an impediment to peace talks and reconciliation. Pakistan’s special assistant to the prime minister on foreign affairs told the U.S. Ambassador to Pakistan that the drone strike violated Pakistan’s sovereignty and could adversely impact reconciliation efforts.\(^{514}\) On July 2, Mullah Mansur’s successor, Mawlawi Haibatullah Akhundzada, called for the complete withdrawal of international forces as a prerequisite for peace.\(^{515}\)

On May 5, the European Union hosted its second annual conference on anticorruption. During the conference, President Ghani announced several anticorruption initiatives including: (1) reorganizing the government’s Council on Governance and Justice to become a High Council
for Governance, Law, and Anti-corruption to articulate the government’s reform agenda and ensure its dissemination; (2) enhancing the justice sector by requiring new qualifications, increased legal rigor, and the rotation or retirement of unqualified candidates within the justice institutions; (3) prioritizing ministries for “clean-up” with initial focus on the ministries of interior, transport, mining, public health, communications, and education; and (4) establishing a specialized anticorruption justice center, with a target of a final confirmation and startup before the July NATO summit in Warsaw. According to DOD, the anticorruption justice center was established and funded on June 30.

**Refreshed Mutual Accountability**

At the Senior Officials Meeting (SOM) in September 2015, the Self-Reliance through Mutual Accountability Framework (SMAF) superseded the Tokyo Mutual Accountability Framework (TMAF). The SMAF is intended to guide the activities of the Afghan government and the international community at least to the end of the present government’s term. 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). In addition to the SMAF indicators, the six areas include 39 short-term deliverables collectively due to be completed by the end of 2016.

Portions of 10 SMAF short-term deliverables were due to be completed by the end of the second quarter of 2016. According to USAID, international donors have yet to reach a consensus on whether the Afghan government has made sufficient progress on all of these deliverables. As of April, the Afghan government self-assessed that four deliverables were achieved, five were in progress and on track, and one was in progress but delayed until implementation of the National Action Plan for Women Peace and Security.

Overall, SOM donors reaffirmed their Tokyo commitment of sustaining support through 2017 at or near the levels of the past decade. At the time of the SOM, 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 impact donor confidence and aid contributions.
Electoral Reform Challenges
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, Chief Executive Abdullah, after the troubled 2014 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.524

However, electoral reforms stalled this quarter after the lower house of parliament again rejected President Ghani’s elections-related legislative decree. According to State, electoral reforms are awaiting the reconstitution of the electoral management bodies—the Independent Election Commission (IEC) and the Independent Electoral Complaints Commission (ECC)—that have the legal authority to implement reforms and plan for the elections.525 However, the leadership of the IEC and ECC is unclear following the March resignation of the IEC chairman. The position of IEC chairman remains vacant and IEC has an overall vacancy rate of 40%.526

On June 13, the lower house rejected President Ghani’s decree amending the Law on the Structure, Duties, and Authorities of the IEC and ECC.527 On June 28, however, the upper house approved the decree.528 The matter must now be resolved by a joint commission of the chambers.529 In February, President Ghani issued the recently rejected decrees after his previous electoral reform decrees had been turned down in the lower house. Prior to the parliament’s rejection of the electoral-reform decrees, the United Nations Secretary-General had concluded that there was limited progress in electoral reform.530

Despite the setbacks, President Ghani has publically committed to holding parliamentary and district-council elections on October 15, 2016. On April 9, President Ghani requested United Nations electoral assistance for the vote; in May, the United Nations conducted an initial needs-assessment mission in Kabul.531

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.532 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.533

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

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 development-assistance pledges for 2017–2020 will be made.534

As shown in Table 3.13, USAID expects to spend $942 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).535

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 2017.536 The Department of Defense (DOD) was appropriated $3.652 billion to support the ANDSF for fiscal year (FY) 2016.537

Previously, at the 2012 Chicago Conference, the United States and its allies affirmed commitments to support the Afghan security forces, noting that the pace and size of a gradual, managed force reduction from the surge

TABLE 3.13
USAID ON-BUDGET PROGRAMS

<table>
<thead>
<tr>
<th>Project/Trust Fund Title</th>
<th>Afghan Government On-Budget Partner</th>
<th>Special Bank Account?</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral Government-to-Government Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Transmission Expansion and Connectivity Project (PTEC)</td>
<td>Da Afghanistan Breshna Sherkat (DABS)</td>
<td>Yes</td>
<td>1/1/2013</td>
<td>12/31/2018</td>
<td>$725,000,000</td>
<td>$98,566,700</td>
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<tr>
<td>Sheberghan Gas Development Project (SGDP)</td>
<td>Ministry of Mines and Petroleum</td>
<td>Yes</td>
<td>5/15/2012</td>
<td>8/31/2016</td>
<td>90,000,000</td>
<td>23,295,875</td>
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<tr>
<td>Kajaki Unit 2 Project (Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant)</td>
<td>DABS</td>
<td>Yes</td>
<td>4/22/2013</td>
<td>9/28/2016</td>
<td>80,000,000</td>
<td>43,912,559</td>
</tr>
<tr>
<td>Afghanistan Workforce Development Project (AWDP)</td>
<td>MOE</td>
<td>Yes</td>
<td>9/18/2013</td>
<td>7/31/2017</td>
<td>11,500,000</td>
<td>2,748,644</td>
</tr>
<tr>
<td>Basic Education, Learning, and Training (BELT) - Textbooks Printing and Distribution</td>
<td>MOE</td>
<td>Yes</td>
<td>11/16/2011</td>
<td>12/31/2018</td>
<td>26,996,813</td>
<td>24,970,742</td>
</tr>
<tr>
<td>Claims Related to the Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant</td>
<td>DABS</td>
<td>Yes</td>
<td>4/1/2013</td>
<td>5/31/2016</td>
<td>5,000,000</td>
<td>--</td>
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<tr>
<td>E-Government Resource Center (EGRC)</td>
<td>Ministry of Communications and Information Technology (MOCIT)</td>
<td>Yes</td>
<td>8/28/2013</td>
<td>12/1/2017</td>
<td>3,900,000</td>
<td>1,205,000</td>
</tr>
<tr>
<td>Multi-Donor Trust Funds</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghanistan Reconstruction Trust Fund (ARTF) (current award)*</td>
<td>Multiple</td>
<td>No</td>
<td>3/31/2012</td>
<td>3/31/2017</td>
<td>1,900,000,000</td>
<td>1,289,505,530</td>
</tr>
<tr>
<td>Afghanistan Infrastructure Trust Fund (AITF)</td>
<td>Multiple</td>
<td>No</td>
<td>3/7/2013</td>
<td>3/6/2018</td>
<td>113,670,184</td>
<td>113,000,000</td>
</tr>
</tbody>
</table>

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 $2,661,496,725.

force of 352,000 personnel 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 annual budget of $4.1 billion, to be reviewed regularly against the changing security environment. 538

According to DOD, the surge force structure of 352,000 personnel has been sustained due to the security situation. 539 At the September 2014 Wales Summit, NATO allies and partners reaffirmed their commitment to the financial sustainment of the ANDSF through the end of 2017. 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. 540 At a December meeting in Brussels, NATO foreign ministers agreed to begin steps to secure international funding for the ANDSF through the end of 2020. 541

In July, NATO allies and partners met in Warsaw and committed to extend the financial commitments made at the 2012 NATO Summit in Chicago. Some 30 nations renewed pledges to sustain the Afghan security forces through 2020 at or near current levels. Thus far, the international community has pledged more than $800 million annually for 2018–2020, and the United States has requested $3.45 billion in the 2017 budget. President Obama also pledged that he will recommend to his successor that the United States continue to seek funding for the ANDSF at or near current levels through 2020. 542
Prior to the NATO Warsaw Summit, the commander of the Combined Security Transition Command-Afghanistan (CSTC-A), Major General Gordon “Skip” Davis Jr. was quoted in the *Washington Post* saying, “There was discussion [among the donors] last year about having some specific benchmarks before the Warsaw summit, but I think the allies felt it was impractical […] there just wasn’t enough time.” He added that donors have confidence in President Ghani’s stewardship of international funds.543

Of the total funds committed, 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).544

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.545

**Civilian On-Budget Assistance**

US Agency for International Development (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.546 According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance for each program.547

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.548 The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.549 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.550

**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 multidonor LOTFA.551 Administered by the UNDP, LOTFA primarily funds Afghan National Police (ANP) salaries and incentives.552 Direct-contribution funding is provided to the Ministry of Finance, which allots it incrementally to the MOD and MOI, as required.553

In February 2011, the Under Secretary of Defense Comptroller authorized 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 subject to certain conditions that the ministries must meet for the use of the funds. CSTC-A monitors and formally audits the execution of those funds to assess ministerial capability and to ensure proper controls and compliance with documented accounting procedures and provisions of the annual commitment letters. Most of the CSTC-A provided, on-budget funds support salaries with limited amounts provided for local procurement of supplies. Funding is also provided for facility maintenance contracts.

Thus far in the current Afghan fiscal year, CSTC-A has provided $499 million to the MOD and $251 million to the MOI. Of the $251 million for the MOI, $194 million were direct contributions and $57 million was provided via LOTFA.

MOD and MOI Generally Met Conditions for U.S. Funding; But Some Arms and Equipment Withheld Due to Insufficient Accountability

In May, DOD found that while the MOD and MOI generally met the agreed conditions for U.S. funding assistance, both ministries had deficiencies. Of 47 MOD conditions defined in the commitment letter, the MOD made satisfactory progress on 28 conditions, while 19 had insufficient progress. CSTC-A provided incentive funding to the MOD for submitting a prioritized construction plan and a prioritized road project list ahead of schedule, as well as progress in female recruitment. CSTC-A identified three deficiencies that warranted a penalty, including the MOD’s tracking of small-arms losses and accountability of night-vision devices, resulting in CSTC-A withholding future small-arms and night-vision device deliveries until the MOD provides greater accountability. Additionally, CSTC-A found that one MOD student was absent without leave while on a U.S.-funded training event overseas. CSTC-A recommended that the MOD impose a penalty on the missing student. CSTC-A identified a further 16 conditions with insufficient progress but did not impose additional penalties on the MOD.

Of 48 MOI conditions defined in the commitment letter, the MOI made satisfactory progress on 30 conditions, while 18 had insufficient progress. CSTC-A provided incentive funding to the MOI for submitting a project planning list and an anticorruption plan. CSTC-A identified four deficiencies that warranted a penalty including one deficiency related to MOI’s inputting personnel data into the Afghanistan Human Resources Information Management System (AHRIMS). Rather than levy a penalty directly, CSTC-A recommended that the Afghan government withhold 10% of the salaries of 29 provincial chiefs of police until personnel data is loaded into AHRIMS. Additionally, CSTC-A found fault with the MOI’s accountability of ammunition, small arms, and night-vision devices. In response, CSTC-A will withhold future small arms and night-vision devices until accountability improves and will place additional requirements on ammunition allocation.
CSTC-A identified a further 14 conditions with insufficient progress but imposed no additional penalties on the MOI.

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. USAID also seeks to increase civil-society capacity through the Afghan Civic Engagement Program (ACEP). As shown in Table 3.14, 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. As MORE nears its final six months of implementation, the focus has shifted to building sustainability and effectively transferring responsibilities to MOWA officials. This quarter, six MORE-sponsored MOWA staff completed their undergraduate degrees. In addition, 81 MOWA staff continue to attend English-language classes.

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 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, perform government functions.

According to the World Bank, CBR has made limited progress over the past three years. The World Bank reports that 682 out of a planned 1,500 CBR-supported Afghan government positions—reduced from the

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Afghan Government Partner</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghan Civic Engagement Program (ACEP)</td>
<td>N/A</td>
<td>12/4/2013</td>
<td>12/3/2018</td>
<td>$70,000,000</td>
<td>$32,325,032</td>
</tr>
<tr>
<td>Ministry of Women’s Affairs Organizational Restructuring and Empowerment (MORE)</td>
<td>Ministry of Women’s Affairs</td>
<td>12/20/2012</td>
<td>12/19/2016</td>
<td>14,182,944</td>
<td>9,415,349</td>
</tr>
</tbody>
</table>

original target of 2,400—have been advertised and are in different stages of screening and recruitment.\textsuperscript{564} As of April, the five CBR-supported ministries with the most ambitious recruitment goals were well below the recruitment targets or approved allotments including: Ministry of Public Health (zero recruited against a target of 510), Ministry of Agriculture, Irrigation, and Livestock (eight recruited against a target of 331), Ministry of Communications and Information Technology (11 recruited against an approved allocation of 300 positions), Ministry of Rural Rehabilitation and Development (four recruited against an approved allocation of 300 positions), and Mines and Petroleum (two recruited against an approved allocation of 153 positions).\textsuperscript{565} According to the SMAF, at least 800 civil-service positions are to be filled through CBR by December 2016.\textsuperscript{566}

**National Assembly**

Since the beginning of the new legislative year in March, the parliament has rarely achieved quorum. Two-thirds of all plenary sessions fail to achieve quorum, meaning many bills on the agenda could not be voted on and the parliament has fallen behind in its legislative calendar. Parliament has suspended six members of parliament who had been absent from parliament for more than 21 consecutive days, and threatened to suspend three more. Parliament has also quietly been declaring quorums present at sessions where only a minority of members were actually in attendance.\textsuperscript{567}

Despite the challenges to quorum, parliament confirmed the nominees for minister of defense, director general of the National Directorate of Security (NDS), and the supreme court. On June 20, the lower house confirmed Lieutenant General Abdullah Habibi to head MOD and Masoom

*Members of the upper house’s Commission for Defense and Internal Security meet with the Helmand Chief of Police during an oversight trip to Helmand Province. (USAID photo)*
Stanekzai for director general of the NDS. Habibi received 167 out of 224 votes; Stanekzai received 161 out of 224 votes. Habibi, age 64, is an ethnic Pashtun from Kunar Province with 40 years of Afghan military experience and is generally well regarded within the security ministries. Stanekzai, age 58, who has served as acting minister of defense since May 2015. Also on June 20, the lower house confirmed Mohammad Zaman Sangari as a supreme court judge by a vote of 139 to 85.568

On June 13, the lower house rejected President Ghani’s decree amending the Law on the Structure, Duties, and Authorities of the Independent Election Commission (IEC) and the Independent Electoral Complaints Commission (ECC). Also in June, the upper and lower house voted in favor of Afghanistan’s membership in the World Trade Organization (WTO).569

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.570 In April, ALBA supported an outreach trip to Kandahar Province by the upper house’s religious, cultural, education, and higher-education affairs commission. The parliamentary delegation met with students and heard their concerns, reviewed how education centers are established, inspected schools, investigated methods of textbook distribution, and investigated the issue of inadequate numbers of teachers. Also in April, ALBA facilitated an oversight trip to Farah and Nimroz Provinces by the lower house’s budget commission to assess incomes resulting from several revenue generating departments such as fuel and gas, customs, and transportation.571

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 an advocate 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.572

This quarter, ACEP awarded 18 grants to provincial and regional CSOs. ACEP also provided training on advocacy and legislative process to 32 members of the parliamentary technical working group on persons with disabilities. Finally, ACEP introduced 15 female journalism graduates of the Young Journalists Internship Program to local media outlets in Kabul, Herat, and Balkh Provinces. This internship program provided three months of practical workplace experience, development of professional networks, and future employment opportunities for young female journalists.573
SUBNATIONAL GOVERNANCE

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 3.15 summarizes total program costs and disbursements to date.

Table 3.15

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong Hubs for Afghan Hope and Resilience (SHAHAR)</td>
<td>11/30/2014</td>
<td>11/29/2017</td>
<td>$73,499,999</td>
<td>$19,766,143</td>
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<tr>
<td>Initiative to Strengthen Local Administrations (ISLA)</td>
<td>2/1/2015</td>
<td>1/31/2020</td>
<td>$62,364,687</td>
<td>7,945,408</td>
</tr>
</tbody>
</table>


Initiative to Strengthen Local Administrations

The $62 million 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.574

ISLA recently analyzed the number of projects contained in 16 provincial development plans (PDP) to determine how many were actually budgeted in national ministry budgets for FY 1394 (December 22, 2014–December 21, 2015) and FY 1395 (December 22, 2015–December 21, 2016). ISLA found 3,541 projects were proposed in 1394 PDPs and 3,471 projects were proposed in 1395. However, only 50 PDP projects were budgeted in the 1394 national budget plans, while 145 were budgeted in the 1395 national budget plans. ISLA plans to use these findings as a baseline for capacity building efforts.575

Strong Hubs for Afghan Hope and Resilience

The objective of the $73 million 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.576

In March, SHAHAR-supported municipalities registered a total of 281 new businesses (an increase over February’s 165) but issued only 1,826
new business licenses (a decrease from the 2,243 in February). These efforts resulted in approximately $58,454 in new municipal revenue for the month, a 14% decrease compared to February. As of March, 5,624 new business licenses have been issued in the previous three months. Total business license collection for these three months was $175,029, representing approximately 16% of the revenues collected by SHAHAR-supported municipalities for this revenue source.

SHAHAR-supported municipalities also collected $244,045 in property taxes, an 18% decrease compared to February. As of March, 616 new business licenses have been issued in the previous three months. Total property tax collection for these three months was $806,593, representing approximately 15% of the revenues collected by SHAHAR-supported municipalities for this revenue source.

**RECONCILIATION AND REINTEGRATION**

According to the United Nations Secretary-General, the peace process of the Quadrilateral Coordination Group (QCG)—consisting of Afghanistan, Pakistan, the United States, and China—lost its initial momentum this quarter.

The QCG met five times between January 11 and May 18. According to State, the meetings were important steps in forging a regional consensus in support of Afghan-led peace talks. Quadrilateral Coordination Group 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, 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. On July 14, however, an Afghan presidential spokesman said that Afghanistan did not have plans for any new QCG meetings. He also said that terrorist groups “have a support base in Pakistan.” A spokesman for Chief Executive Abdullah did not rule out future QCG meetings, especially if the “United States and China can guarantee a fruitful outcome.”

In April, President Ghani delivered a speech to a joint session of parliament in which he made strong statements against the insurgency, including his intention to apply the death penalty per Afghan law. While President Ghani did not directly blame Pakistan for the April 19 attack in Kabul, he said he no longer expects Pakistan to deliver the Taliban to the negotiating table. Instead, he expected Pakistan to take action against insurgent sanctuaries on its territory. On May 3, Pakistan’s foreign policy adviser Sartaj Aziz responded to Ghani’s demands by saying that Afghanistan’s outrage at Pakistan was an expression of frustration because Afghan leaders were expecting reconciliation talks would have started by now and led to a
reduction in violence. Additionally, he confirmed that a Taliban delegation from Qatar visited Pakistan in April as part of the “exploratory contacts” associated with peace talks.585

According to State, the subsequent QCG meeting on May 18 played a key role in maintaining communications between the Afghanistan and Pakistan governments while maintaining diplomatic pressure on Pakistan to alter their relationship with the Taliban.586

In March, the Hezb-e-Islami insurgent group met with the High Peace Council (HPC) after publicly announcing they were ready to join political reconciliation talks with the Afghan government.587 This quarter, however, the HPC announced that Hezb-e-Islami introduced new demands, which the HPC labeled “unacceptable.”588 Hezb-e-Islami countered that the Afghan government acted unilaterally when the draft language was modified from mutual agreement on “having no foreign troops” to representing that both sides agreed to support the presence of foreign forces.589 A few days later, Gulbuddin Hekmatyar of the Hezb-e-Islami withdrew from peace talks and called for the dissolution of the Afghan unity government.590

**Afghanistan Peace and Reintegration Program Closes**

On March 31, the Afghanistan Peace and Reintegration Program (APRP) closed following a decision by APRP donors, the Afghan government, and UNDP.591 The APRP was an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society.592 The APRP was the only institutional mechanism within the Afghan government with capacity to pursue both high-level reconciliation negotiations and provincial-level reintegration of insurgent fighters.593 The United States provided $55 million to the APRP between 2010 and 2016.594

No combatants were demobilized in April or May following the closure of APRP.595 On April 1, the HPC terminated most of its provincial presence, maintaining only the chairs of provincial peace councils and the heads of provincial joint secretariat teams.596 During a transition period (planned to last from April to July) to fill the gap between the closure of APRP and the commencement of a new program, the Joint Secretariat of the HPC is conducting programmatic and structural assessments of APRP—including a conflict analysis and the in-depth review of the peace-building architecture—to guide a forthcoming national peace and reconciliation strategy.597

According to State, the APRP faced several challenges including a deteriorating security environment that dissuaded insurgents from reintegrating, and an outdated APRP national program document that expired in July 2015. The Afghan government has only recently started working on a new national peace and reconciliation strategy for Afghanistan.598
GOVERNANCE

RULE OF LAW AND ANTICORRUPTION

Project Summary
The United States has assisted the formal and informal justice sectors through several mechanisms. These include the State Department’s Justice Sector Support Program (JSSP) and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.16.

In April, USAID launched the $68 million Afghanistan Development Assistance for Legal Access and Transparency (ADALAT) program. ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector; (2) strengthen the linkages between the formal and traditional justice sectors, and (3) increase citizen demand for quality legal services. The Adalat (“justice” in Dari and Pashto) program will work closely with Afghan justice institutions to increase the professionalism of justice sector actors, to improve judicial administrative and management systems, and to strengthen the Ministry of Justice (MOJ) Department of the Huqq and its interaction with traditional justice on civil-related matters. It also will develop the technical, organizational, and management capacity of USAID civil-society partners operating in the formal and traditional justice sectors and will support their missions to eliminate practices that violate human rights in traditional dispute resolution within the informal justice sector and to increase citizen awareness of and demand for fair and accessible justice services.599

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,

| TABLE 3.16 |

### RULE OF LAW AND ANTICORRUPTION PROGRAMS

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
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<tbody>
<tr>
<td>Justice System Support Program II (JSSP II)</td>
<td>6/16/2010</td>
<td>2/28/2017</td>
<td>$270,142,052</td>
<td>$241,422,671</td>
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<td>Assistance for Development of Afghan Legal Access and Transparency (ADALAT)</td>
<td>4/15/2016</td>
<td>4/14/2021</td>
<td>68,163,468</td>
<td>90,518</td>
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<tr>
<td>Electoral Reform and Civic Advocacy (AERCA)*</td>
<td>7/13/2009</td>
<td>6/30/2017</td>
<td>51,302,682</td>
<td>39,574,689</td>
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<tr>
<td>Corrections System Support Program (CSSP IV)</td>
<td>3/1/2016</td>
<td>2/28/2017</td>
<td>15,000,000</td>
<td>2,604,857</td>
</tr>
<tr>
<td>Justice Training Transition Program (JTTP) Follow On</td>
<td>4/1/2016</td>
<td>11/30/2017</td>
<td>7,216,016</td>
<td>--</td>
</tr>
<tr>
<td>Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)</td>
<td>5/19/2015</td>
<td>8/31/2020</td>
<td>3,000,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>

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. Table data reflects the entire award.

and reporting activities, including its vulnerability-to-corruption assessments. 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. USAID hopes this approach will be a model for other Afghan government ministries.

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. 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.

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 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.

This quarter, AERCA released a political-economy analysis that summarized the significant investment USAID and other donors have made in promoting good governance and in combatting corruption as well as the widely held view that many such reforms failed to achieve their intended goals. According to AERCA, senior Afghan government officials share an urgent appreciation of the corruption challenge, while a large number of mid-level government personnel are eager for reform but lack direction. AERCA identified 10 services that are important to Afghans but are perceived as not working as well as expected. AERCA plans to conduct in-depth service value-chain mapping exercises of these 10 services, and partner with three ministries to improve their delivery. The 10 services include: (1, 2) disability and martyr payments by the Ministry of Martyred, Disabled, Labor, & Social Affairs; (3, 4, 5) driver’s license issuance, vehicle registration, and national identification by the Ministry of Interior; (6, 7) issuance of diplomas and transcripts by the Ministry of Higher Education; (8) small business license registration by the Kabul Municipality; (9) property registration by the Supreme Court; and (10) high-school diploma issuance by the Ministry of Education.

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.\textsuperscript{607}

This quarter, JSSP highlighted the Afghan Attorney General’s Office (AGO) securing nearly $700,000 in funds for a Human Resources Management Strategy (HRMS) project funded by World Bank as an example of JSSP’s capacity-building efforts. According to JSSP, the successful implementation of HRMS will help accomplish AGO workforce distribution, assignment, and relocation of human resources to meet priority goals set in the AGO five-year strategic plan.\textsuperscript{608}

This quarter, the $48 million Justice Training Transition Program completed an evaluation of its efforts. JTTP provided regional training to justice-sector officials on a wide range of criminal-justice topics.\textsuperscript{609} 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.\textsuperscript{610} The evaluation found that JTTP’s activities were generally conducted in an effective and efficient manner.\textsuperscript{611}

According to the evaluators, JTTP’s individual capacity-building activities have performed a valuable service that was appreciated both by the Afghan national justice institutions and by the participants in the training themselves. The JTTP became increasingly effective at working with the target justice-sector institutions to define the assistance that it can provide towards establishing and supporting operational in-house training departments. JTTP also became more proactive in looking for linkages between its work on strengthening the capacity of the justice sector and those organizations that are involved in monitoring its performance in relation to justice and human rights. The evaluators concluded that the JTTP’s activities have had a positive impact, which could be sustainable in at least the medium term, given some continuing external support. Additionally, the JTTP spent significantly less than expected, which enabled State to extend JTTP for nine months and fund a 20-month follow-on program using unspent JTTP funds.\textsuperscript{612}

The Supreme Court and the Formal Justice Sector
On June 20, the lower house of parliament confirmed Mohammad Zaman Sangari as a supreme court judge by a vote of 139 to 85. Sangari filled the position left vacant by the passing of Justice Gran, who died on January 20. Sangari was the chief judge of the trial court at the Counter-Narcotics Justice Center before his elevation to the highest court. According to State, he is an experienced judge who worked in the criminal and public-security division, and was also an instructor at the Judicial Training Center.\textsuperscript{613}
The United Nations Secretary-General reported that the Judicial Surveillance Department of the Supreme Court arrested, investigated and referred for prosecution 85 individuals, including six judges and 14 administrative staff of the judiciary and defense counsel suspected of involvement in judicial corruption between March 2015 and March 2016. The Afghan government has also reassigned 602 trial and appellate judges, representing one-quarter of the judiciary, including all chief appeals-court judges in 33 of 34 provinces, to new positions to promote judicial independence by reducing the risk of local influence.  

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.

**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 March 30, the GDPDC incarcerated 27,030 males and 843 females, while the Ministry of Justice’s Juvenile Rehabilitation Directorate (JRD) incarcerated 889 male juveniles and 100 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.

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 June 8, the total male provincial-prison population was at 319% 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 81% of the ICRC-recommended capacity. The JRD’s juvenile-rehabilitation centers’ population was at 75% of ICRC-recommended capacity.

This quarter, Afghan authorities implemented alternative sanctions in some juvenile cases. In late May, a Kabul prosecutor dismissed petty charges against a juvenile offender rather than seeking detention, marking a shift in how such cases are typically handled. Additionally, the Kabul Juvenile Rehabilitation Center (KJRC) recently identified over 40 eligible juveniles that it will recommend for release or transfer to an open detention center. The KJRC offers juvenile offenders for less serious crimes educational and vocational courses during the day in lieu of formal incarceration, with the evenings being spent with their parents.

A Corrections System Support Program (CSSP) mobile training team traveled this quarter to Herat, Jowzjan, Kandahar, Samangan, and Sar-e Pul.
Provinces and delivered a total of 45 classes to 731 GDPDC staff—620 male and 111 female—including prison commanders, deputy commanders, and facility education directors. The classes covered several topics including human rights, use of force, frisk search, inmate transportation, conflict resolution, and inmate visitation.619

**Anticorruption**

On March 19, a decree of President Ghani created the Higher Council on Governance, Justice, and the Fight Against Corruption. The council will oversee the drafting and implementation of a national anticorruption strategy. President Ghani will chair the council, whose members will include Chief Executive Abdullah, the two vice presidents, the chief justice, the minister of justice, and the attorney general.620

On May 5, President Ghani announced both the establishment of a specialized anticorruption court and plans to strengthen the existing Major Crimes Task Force (MCTF) to support anticorruption investigations.621 The Anti-Corruption Justice Center (ACJC) will bring together MCTF investigators, AGO prosecutors, and judges to combat serious corruption. The current plan calls for the ACJC to prosecute cases that (1) involve officials at the rank of brigadier general (or civilian equivalent) or (2) involve cases of corruption exceeding five million afghani (approximately $75,000). The ACJC aims to have its first case before the October Brussels conference.622 According to President Ghani’s
decree, the ACJC will be free of any influences and proceed in a fair and transparent manner. 623

Afghan Attorney General’s Office
On April 9, the lower house of parliament approved the nomination of Mohammad Farid Hamidi for attorney general. 624 According to DOD, the new attorney general has begun reforms and restructuring of his office, but he has also maintained known corrupt officials. 625 The United Nations Secretary-General, however, reports that on May 28, the new attorney general appointed or transferred 40 key officials, including 19 of 34 new chief provincial prosecutors, and new directors for three internal units relating to countering corruption, internal audit, and the elimination of violence against women. 626 According to State, their JSSP program has assisted the AGO’s human resources directorate to decrease the number of prosecutors who only possessed high school degrees by 48%. 627

Independent Joint Anti-Corruption Monitoring and Evaluation Committee
A presidential decree established the Monitoring and Evaluation Committee (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. USAID notes that the MEC may increase its staff since President Ghani has increasingly sought analytical products from it. 628

This quarter, the MEC released reports on corruption vulnerabilities in the Ministry of Public Health (MOPH), corruption vulnerabilities affecting work permits for internationals, a review of the transition of airspace-management responsibility to the government of Afghanistan, and corruption vulnerabilities in municipal revenue collection. See page 187 of this report for more information on the MOPH assessment.

MEC’s vulnerability assessment of the process for issuing work permits for foreigners working in Afghanistan found that despite the existence of rules, laws, and regulations covering the process, there remain numerous problems related to enforcing punishment of known violators. The assessment indicated that there are foreign citizens working illegally in Afghanistan. This has resulted in the unemployment of Afghan citizens and the loss of Afghan government revenue that could have been realized through work permit fees. The MEC recommended that the Ministry of Labor, Social Affairs, Martyrs and Disabled establish formal cooperation with the MOI and Ministry of Foreign Affairs for the process of issuing entrance and work visas. The MEC further recommended that there be an addition to the current internationals’ employment regulations which would provide penalties for violations. 629
MEC also released the findings of a review on the transition of Afghanistan Air Space management responsibility to the government of Afghanistan. The Afghanistan Civil Aviation Authority (ACAA) was re-established as independent authority in 2013. However, the MEC found that despite significant improvements and the large investments the ACAA still lacks adequate technical staff and financial resources. The ACAA remains dependent on international assistance, hindering the transition of control of Afghanistan airspace to the Afghan authority.\(^{630}\)

In July, MEC released their findings on corruption vulnerabilities in municipal revenue collection. The report assessed the vulnerabilities in legislation, organizational structure, human resources, and administrative affairs of the revenue collection process of municipalities. The MEC found that serious vulnerabilities in the revenue collection process are the result of (1) the lack of conformity of laws with the actual requirements of cities and (2) the contradiction of these laws with the Afghan constitution. For example, while the constitution requires the democratic election of mayors, this has not occurred. The MEC found that incompetent mayors can affect municipal revenue collection and service delivery and are vulnerable to corruption. The MEC concluded that widespread corruption resulted in a substantial loss of potential municipal revenues.\(^{631}\)

**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.\(^{632}\) The HOO is primarily charged with collection and verification of asset declarations submitted by Afghan government officials.\(^{633}\)

**Security Services**

According to DOD, the Afghan government’s efforts to fight corruption within the army and police have suffered from political conflict between President Ghani and Chief Executive Abdullah. This conflict has resulted in the removal of Afghan officials who DOD assessed as making exceptional progress in eliminating corruption. According to DOD, these officials have been replaced by senior officers who violate Afghan law.\(^{634}\)

Contrary to this broader trend, however, the Major Crimes Task Force (MCTF) appears a bright spot and enjoys senior officer support in the MOI.\(^{635}\)
Ministry of Defense

Three active forums are 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 of facing charges. Of the various MOD anticorruption efforts, DOD reported no measurable or significant progress since last quarter.636

Also this quarter, the MOD’s General Staff Inspector General (GS IG) began a special investigation into several corruption allegations against the army’s 215th Corps based in Helmand Province. The allegations included facilitating drug trafficking and selling supplies to requiring bribes for contracts, maintaining “ghost” soldiers in payroll and personnel systems, and failing to properly track supplies. Many of the accused were mid-level leaders, with cases against 10 of them now in various stages of prosecution.637

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 in 2015. According to DOD, this committee is an effective forum for cross-coordination and development of anticorruption policy recommendations. However, since the new MOI IG was appointed in April, there have been no TALE meetings. The MOI has recently established province- and multi-province zonal-level TALE committees; however, the MOI IG has only limited ability to reach these committees, and there is no permanent MOI IG presence in the zones.638 DOD reports that there are plans for four MOI IG personnel for each MOI zone.639

Major Crimes Task Force

In December 2015, the MCTF 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. According to DOD, the departure of NDS personnel has not had a major impact. Since a January change in MCTF leadership, the MCTF has opened 200 cases, cleared 46 cases by arrest, arrested 99 suspects, and seized several hundred thousand dollars in assets and counterfeit currency, 120 tons of illegally mined lapis lazuli and 836 tons of other minerals. This is a significant increase in MCTF efforts compared to the previous nine-month period that saw the MCTF open 74 cases and arrest 107 lower-level personnel. In one recent case, the MCTF arrested the provincial police chief of Kapisa Province—the first arrest of such an official—for his role in a fuel-theft scheme.640 The MCTF made
this arrest despite political interference by senior MOI and AGO officials. Although the MCTF resisted these pressures and made the arrest, the provincial chief of police was immediately released by a senior AGO official.641

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. According to DOD, while the MCTF is developing into a reliable partner in the fight against corruption, the MCTF is swimming against the tide of a broader culture of corruption and impunity within the Afghan government.642

**HUMAN RIGHTS**

This quarter, State released its annual report on human trafficking. According to State, Afghanistan is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking. Internal trafficking is more prevalent than transnational trafficking. Most Afghan trafficking victims are children who end up in carpet making and brick factories, domestic servitude, commercial sexual exploitation, begging, poppy cultivation, transnational drug smuggling, and assistant truck driving within Afghanistan, as well as in the Middle East, Europe, and South Asia. Nongovernmental organizations have documented the practice of bonded labor, whereby customs allow families to force men, women, and children to work as a means to pay off debt or to settle grievances, sometimes for multiple generations with children forced to work to pay off their parents’ debt.643

According to State, some Afghan families knowingly sell their children into sex trafficking, including for *bacha bazi*—where men, including some government officials and security forces, use young boys for social and sexual entertainment. There are reports that some law-enforcement officials, prosecutors, and judges accept bribes from or use their relationships with perpetrators of *bacha bazi* to allow them to escape punishment.644

Some families send their children to obtain employment through labor brokers and the children end up in forced labor. Opium-farming families sometimes sell their children to settle debts with opium traffickers. According to the Afghan government and the UN, insurgent groups forcibly recruit and use children as suicide bombers. Boys, especially those traveling unaccompanied, are particularly vulnerable to trafficking. Children in orphanages are also particularly vulnerable and were sometimes subjected to trafficking. Some entire Afghan families are trapped in debt bondage in the brick-making industry in eastern Afghanistan. Members of the Shia Hazara minority group were victims of forced recruitment and forced labor.645

State concluded that the Afghan government does not fully meet the minimum standards for the elimination of trafficking; however, it is making
significant efforts to do so. The Afghan government doubled convictions and increased prosecutions of trafficking-related offenses in 2015. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, State placed Afghanistan on Tier 2 Watch List, a lower rating than the past two years.646

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. Eurostat—the statistical office of the European Union (EU)—reported roughly 48,000 Afghans sought asylum in the EU in the first four months of 2016. Afghans are part of the controversial EU-Turkey deal in which those who enter Greece illegally after March 19, 2016, are sent to Turkey in an attempt to stem the flow of migrants. While humanitarian groups have concerns about the EU-Turkey deal, it appears to be having the desired effect since Eurostat data shows no Afghans applied for asylum in Greece in April.647

In March, the United Nations High Commissioner for Refugees (UNHCR) interviewed 592 Afghans arriving in Greece: 78% cited conflict and violence as their reason for leaving Afghanistan; 55% said they had been internally displaced before leaving; 14% said they were born in Iran and had not lived in Afghanistan. When asked how they chose their country of final destination, 25% said they did not choose the destination; 21% cited respect for human rights; and 20% cited family reunification.648

The International Organization for Migration reported that 102,000 undocumented Afghans were either deported or spontaneously returned to Afghanistan from Iran and Pakistan in the first three months in 2016. According to State, every year, unknown numbers of Afghans travel to Pakistan and Iran (and return) as part of mixed migration flows across the borders. In the first five months of 2016, UNHCR recorded only 6,298 Afghans voluntarily repatriating to Afghanistan, a significant decrease from the 33,555 during the same period in 2015.649

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.650 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.651 The day before the deadline for Afghan refugees to register with the Pakistan government was set to expire in June, Pakistan extended it for six months.652
As of April, the United Nations Office for the Coordination of Humanitarian Affairs (OHCA) reported a total of 1.2 million conflict-affected internally displaced persons. In the first four months of 2016, OHCA recorded 118,000 individuals fled their homes due to conflict.\textsuperscript{653}

**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.\textsuperscript{654} According to USAID, 8,169 have benefited from Promote activities.\textsuperscript{655} As shown in Table 3.17, USAID has committed $216 million to Promote and hopes to raise an additional $200 million from other international donors.\textsuperscript{656} However, no donors have committed to contribute funds to Promote.\textsuperscript{657} The first Promote component began in September 2014.\textsuperscript{658}

In May, Promote’s Women’s Right Groups and Coalitions (Musharikat) program hosted nearly 300 female civil-society representatives from 33 provinces for a national summit. The conference participants identified issues preventing Afghan women from exercising their rights and fully participating in Afghan society. From these issues, summit delegates selected the final three highest-priority issues, formed broad coalitions, and developed initial action plans to tackle these key challenges which included access to education, violence against women, and access to economic opportunities.\textsuperscript{659}

This quarter, Promote’s Women’s Leadership Development (WLD) program provided leadership training to 749 students. WLD plans to provide leadership training courses for women civilian Afghan police cadets.\textsuperscript{660}

Last quarter, Promote’s Women in Government (WIG) program began a pilot program for 25 interns at the Afghanistan Civil Service Institute.\textsuperscript{661} This quarter, the WIG project team monitored the pilot interns’ progress at the six partner ministries, while also monitoring the 126 interns in the

### Table 3.17

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghan Women’s Leadership in the Economy</td>
<td>7/1/2015</td>
<td>6/30/2020</td>
<td>$71,571,543</td>
<td>$6,950,405</td>
</tr>
<tr>
<td>Promote: Economic Empowerment of Women in Afghanistan</td>
<td>5/8/2015</td>
<td>5/7/2018</td>
<td>1,500,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

WLD trainings. The WLD interns started working at the Ministry of Rural Rehabilitation and Development in June.662

In June, USAID formally launched the Promote Scholarship Program that aims to provide scholarships to 720 Afghan girls over the next five years enabling them to complete their bachelor’s degree at private universities in Afghanistan. The recipients of the Promote scholarship, in turn, are expected to contribute to creating an environment that fosters women’s empowerment.663

The SMAF includes several short-term deliverables related to women’s rights, including the requirement for a plan for implementing the peace and security and financing components of the National Action Plan for Women, 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 2016.664 The Afghan government has reported that it is behind schedule for the implementation of the National Action Plan for Women.665
# ECONOMIC CONTENTS

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<tr>
<td>Education</td>
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<td>Health</td>
<td>186</td>
</tr>
</tbody>
</table>
ECONOMIC AND SOCIAL DEVELOPMENT

As of June 30, 2016, the U.S. government has provided more than $32.8 billion to support governance and economic and social development in Afghanistan. Most of these funds—more than $19.4 billion—were appropriated to the U.S. Agency for International Development's (USAID) Economic Support Fund (ESF). Of this amount, $17.1 billion has been obligated and $14.5 billion has been disbursed.\(^666\)

U.S.-funded civilian-assistance programs in Afghanistan focus on the country’s long-term development, self-reliance, and sustainability. They aim to bolster gains in health, education, and gender equality. They also seek to increase government revenue through private-sector-led investment and growth, and stronger regional market connectivity.\(^667\)

ESF investments are made in key sectors like agriculture, extractives, and information technology. ESF programs promote improved governance, rule of law, anticorruption initiatives, and alternatives to illicit narcotics production. The ESF is also being used to help the Afghan government finish and maintain major infrastructure investments to build electric-power grids in the north and south, critical components of the United States’ economic-growth strategy for Afghanistan.\(^668\)

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

- Afghanistan’s parliament ratified the World Trade Organization’s terms of accession, putting Afghanistan on track to become the WTO’s 164th member as of July 29, 2016.\(^669\)
- Having recently completed an informal IMF Staff-Monitored Program, the Afghan government reached an agreement with the IMF for funding support under a more formal, three-year, $45 million Extended Credit Facility (ECF) loan agreement.\(^670\)
- Domestic revenues collected in the first half of FY 1395 (December 21, 2015–December 20, 2016) rose 53.2% above the same period in FY 1394, covering 60.1% of total budget expenditures. Expenditures increased 5.5% compared to FY 1394.\(^671\) However, the afghani has depreciated...
approximately 22% against the dollar since 2012. The change affects purchasing power and reduces the impact of the improved government revenue collections by raising the cost of dollar-denominated imports like fuel and electric power.

- In June, the Independent Joint Anti-Corruption Monitoring & Evaluation Committee released a report on the Ministry of Public Health’s (MOPH) vulnerability to corruption. It found “deep and endemic” corruption problems in the public-health sector and broadly confirmed a 2013 SIGAR audit that warned that due to the MOPH’s financial management deficiencies, U.S. funds to the MOPH were at risk of fraud, waste, and abuse.

**ECONOMIC PROFILE**

In April, the International Monetary Fund (IMF) called the Afghan outlook for 2016 and beyond “very difficult” and weaker than when last assessed in November 2015. The IMF reported that Afghanistan’s “perilous” security environment, political uncertainties, and endemic corruption negatively affect development spending, private investment, institutional reforms, economic efficiency, and equality. Despite these risks, the World Bank said Afghanistan has maintained overall macroeconomic stability and set the conditions for slow economic recovery.

The IMF lowered its medium-term revenue assumptions for Afghanistan this quarter, no longer forecasting revenue increases from a value-added tax or the extractives sector due to government-capacity constraints and poor investment climate. Instead, revenue increases will stem from the government’s strengthened tax enforcement and compliance reforms, and electricity-transit fees starting in 2018.

The IMF and World Bank projected Afghanistan’s real (net of inflation) gross domestic product (GDP), excluding opium, to grow 1.9–2.0% in 2016, slightly higher than the IMF-estimated 0.8% in 2015, which it said was far below what is necessary to increase employment and improve living standards. In contrast, Afghanistan’s FY 1395 (2016) budget estimated GDP growth at 4.4%. It added that Afghanistan suffers from weak domestic demand with no signs of recovery in either private consumption or investment. Lower foreign-military spending has reduced demand for goods and services, causing the loss of tens of thousands of jobs. Although the Afghan government is working with the IMF and other donors on long-term economic reforms, the World Bank 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.683

Consumer prices dropped to a World Bank-estimated average of -1.5% in 2015, compared to a 4.6% rise in 2014. This was attributed to declining global commodity prices and waning domestic demand. Exchange-rate depreciation would normally cause higher consumer prices for an import-dependent nation like Afghanistan, but this was offset by declining global prices.682

Afghanistan’s lack of security threatens not only personal safety but also the delivery of public services and private investment.683 Economic growth has not been inclusive and has not reduced poverty rates, according to the World Bank. It reflects GDP growth that is lower than population growth, limiting employment opportunities. Nearly 23% of Afghanistan’s labor force was unemployed in 2013–2014, almost triple the level of the 2011–2012 surge years.684

Industry and services, which benefited from the Coalition’s large presence, security spending, and aid flows prior to 2015, have grown at the slowest pace since 2013.685 Yet they still led economic growth in 2015, offsetting the contraction in agriculture, which declined by an estimated 2% in 2015, according to the World Bank.686 Agricultural output and income fluctuate with the weather, so economic growth based on this sector is necessarily volatile.687

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.”688 While domestic revenues have increased, the World Bank said security costs have grown beyond donors’ initial projections.689

Afghan National Defense and Security Forces (ANDSF) costs in FY 2016 are $5.01 billion, of which the United States is paying $3.65 billion. Other donors and Afghan funds cover the gap between U.S. payments and total costs. The 2012 NATO summit in Chicago predicted Afghanistan’s contribution to ANDSF costs would be at least $500 million in 2015, however Afghanistan did not achieve this in 2015 if its cost share is denominated in dollars (Afghanistan contributed $421 million); it did if denominated in afghanis (AFN) due to the AFN’s approximately 22% depreciation against the dollar since 2012.690

The World Bank attributes Afghanistan’s currency depreciation to a decline in aid, the preference of Afghan consumers for the dollar, and possibly capital outflows associated with migration out of the country. This out-migration is mostly caused by few employment opportunities, increasing poverty, and the deteriorating security environment.691 At the time of the summit, Afghanistan’s $500 million commitment to security was equivalent to roughly AFN 25 billion, about $369 million, which is what the government

“Most assessments suggest that Afghanistan’s economy will not grow rapidly enough in the next five years to allow the government to assume a significantly larger share of the cost of their security.”


Donor-funding commitments made at the 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 69% of Afghanistan’s FY 1395 national budget, mostly through grants. This covers approximately 55% of the operating budget and 89% of the development budget.


Budgeted for in 2015. Afghanistan’s cost share is increasing. The 2016 national budget allocated AFN 27 billion for security, roughly $393 million—approximately 20% of expected revenues.

**FY 1395 Revenues and Expenditures—First Six Months**

Afghanistan’s domestic revenues and expenditures both increased in the first six months of FY 1395 compared to the same period in FY 1394. Total collected domestic revenues—a figure that excludes donor grants—stood at AFN 80.2 billion ($1.17 billion), about 53.2% above the same period in FY 1394. Afghan government expenditures, AFN 133.4 billion ($1.95 billion), increased by about 5.5%. Afghanistan’s currency depreciation against the U.S. dollar may affect purchasing power and reduce the impact of improved government revenue collections.

The fiscal gap—the difference between domestic revenues and expenditures—is large, with donor assistance narrowing or closing it, as depicted in Figure 3.2. However, Afghanistan’s fiscal gap (39.9%) narrowed compared to the same period in FY 1394 (58.6%). Still, domestic revenues paid for 60.1% of Afghanistan’s total non-security budget expenditures so far in FY 1395, representing a net deficit of AFN 53.3 billion ($779.9 million). With donor contributions, the budget surplus was AFN 53.5 billion ($783.3 million). 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.

The World Bank estimates that Afghanistan has a government-revenue potential of 17% of GDP; expenditures in 2014, however, were 26% of GDP and are expected to rise to 36% of GDP by 2020. Even with a 23% improvement in actual revenue collections in FY 1394 compared to the previous year, and a 53% revenue increase in the first half of FY 1395 (year-on-year), the World Bank said that it would be unrealistic to expect Afghanistan to cover the current level of expenditures, even if its revenue potential was realized in all sectors. Therefore, the World Bank said the government must also reduce expenditures, especially in the security sector, to achieve fiscal sustainability.

**Customs Revenue and Administration**

Customs duties and fees made up 33.9% of the government’s total domestic revenues in 2015, and 31.4% in the first six months of 2016. This quarter, the Ministry of Finance announced a phased, nationwide expansion of a program that allow customs duties to be paid electronically from any commercial bank, rather than only at central bank offices within customs houses. This follows pilot programs in Balkh Province, at Kabul International Airport, and at Kabul’s inland customs office. The State Department said electronic payments expedite the release of goods at the border, reduce the need to carry cash, and reduce opportunities for graft.
The World Bank acknowledged Afghan government progress in its customs administration, but said improvements in operational performance—management, declaration processing, risk management, and inspections—would help the customs department realize more of its customs revenue-collection potential.\textsuperscript{702}

**International Monetary Fund Support Agreement Reached**

On April 13, 2016, having recently completed an informal IMF Staff-Monitored Program, the Afghan government requested IMF funding support under a more formal Extended Credit Facility (ECF) loan agreement.\textsuperscript{703} ECF negotiations were held in May and June. On July 2, the IMF announced that an agreement had been reached with the IMF on an ECF program.

**The Extended Credit Facility (ECF):** A three-year program that provides financial assistance to Afghanistan, as well as other countries, and is the primary IMF tool for providing medium-term assistance to low-income countries. ECF financial support is generally provided through loans at zero percent interest rates.

a staff-level agreement was reached on an economic program supported by a three-year, $45 million ECF. The IMF executive board approved it on July 20.\textsuperscript{704}

The ECF will focus on structural reforms to support private-sector development, including mobilizing revenue and strengthening public financial management. It will also aim to preserve macroeconomic and financial stability by helping Afghanistan maintain low public debt and sufficient international reserves; strengthen vulnerable and weak banks, reform state-owned banks; maintain price stability and a flexible exchange rate; and instill confidence in Afghanistan’s domestic currency.\textsuperscript{705} Afghanistan’s poor record with its two previous ECF arrangements, the most recent of which expired in November 2014, caused program reviews to be suspended. The IMF said both ECFs fell short of their goals.\textsuperscript{706}

**Trade**

Afghanistan’s trade balance was an IMF-estimated negative $7.4 billion (equivalent to 38.5\% of GDP) in 2015 and is projected to be negative $7.6 billion (equivalent to 44\% of GDP) in 2016. Afghanistan’s legal exports consist of goods (29.4\%) and services (70.6\%).\textsuperscript{707} However, about 15–20\% of the total value of Afghanistan’s trade is said to be unrecorded, generally involving smuggled goods, according to the World Bank.\textsuperscript{708}

**World Trade Organization Terms of Accession Ratified**

Afghanistan’s lower house of parliament ratified the country’s terms of accession to the World Trade Organization (WTO) on June 18, 2016. The upper house of parliament ratified them on June 21, 2016.\textsuperscript{709} Afghanistan will become the WTO’s 164th member on July 29, 2016.\textsuperscript{710}

Afghanistan applied for WTO membership in 2004 for several reasons: its exports could benefit from favorable trade terms guaranteed between WTO-member countries;\textsuperscript{711} a trade dispute or violation, especially with a more economically powerful country, could be remedied or compensated through WTO mechanisms; the government expects the WTO’s trade rules will provide sufficient stability to allow Afghan businesses to better compete domestically and internationally; and it anticipates greater government revenues through customs collections and taxes from increased trade and business activity.\textsuperscript{712}

Integration into the world economy is one of Afghanistan’s key development goals and WTO-aligned institutional reforms can promote economic efficiency. However, a recent study published in the *South Asia Economic Journal* said Afghanistan faces WTO compliance and other post-accession challenges. It contended that WTO-mandated tariff cuts on imported goods may bring down consumer prices, but it may also lower government revenues by the amount of tariff reduction, or raise them if imports rise.\textsuperscript{713} Customs duties and fees—the revenue stream most directly affected by
tariff rates—supplied 34% of the government’s total domestic revenues in 2015, and 31.4% so far in 2016.\(^\text{714}\)

The study also noted that Afghanistan’s producers are in a nascent stage. WTO-mandated import liberalization may negatively affect those that are already vulnerable to competition from cheap imports. The Afghan government will lose certain policy-making freedoms, like protecting its long-term industrial development. Afghanistan must have competent institutions to benefit economically from WTO membership. The study argued that Afghanistan’s capacity—industrial, human, and legal—as well as its ability to manage trade and investment in a rule-based trading system are major concerns. Given Afghanistan’s lack of competence and efficiency in domestic production, it concludes that the country’s sensitive production sectors—agriculture, textiles, cement, and services—will lose in global competition.\(^\text{715}\)

USAID noted that WTO membership will not necessarily result in lower government revenue. It said tariff rates negotiated with the WTO are higher for a majority of Afghan goods than the current rate, which would allow the Afghan government to preserve enough policy space to offset potential revenue decreases on some goods with tariff increases on others. These decisions could lead to revenue increases.\(^\text{716}\)

**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 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.\(^\text{717}\)

This quarter, ATAR continued helping the government amend its laws to comply with WTO rules and commitments. ATAR ran baseline economic models for the Ministry of Commerce and Industry that showed some similar conclusions to the *South Asia Economic Journal* study—when Afghan tariffs would be lowered to comply with WTO-negotiated rates, trade would increase, consumer prices would lower, and government revenue would decrease slightly. The baseline model also concluded that potential revenue losses could be offset by other unnamed taxes; that prices of inputs and services could decrease in the long-term, making Afghan producers more competitive; and that Afghan exports could double by 2021 from AFN 30 billion (approximately $437 million in current dollars) to AFN 60 billion ($874 million). However, this is all contingent on the Afghan government’s policy decisions.\(^\text{718}\)

**Iran-India-Afghanistan Transit Trade Agreement Signed**

The presidents of Iran, India, and Afghanistan signed a transit trade agreement on May 23, 2016, that will provide sea access through Iran’s Chabahar
The Afghan government said this will allow it and India to reduce its dependency on Pakistani ports to transit commercial goods, as well as lower time and cost to trade with Europe.\(^{720}\)

Pakistan is Afghanistan’s largest trading partner, but implementation of the Afghanistan-Pakistan Transit Trade Agreement (APTTA), which gives Afghanistan access to three Pakistani ports, as well as border access to China and India, has been contentious. Both countries complain of transit and clearance delays at the border.\(^{721}\) This quarter, ATAR helped prepare revisions to the APTTA to be finalized at the next Afghanistan Pakistan Transit Trade Coordination Authority meeting, which was not yet scheduled as this report went to press.\(^{722}\)

### Export and Import Data

Although Afghanistan routinely sustains a large trade deficit, donor aid helped the country maintain an IMF-estimated current-account surplus equivalent to 4.5% of GDP ($872 million) in 2015. This is projected to fall to 3.3% of GDP ($578 million) in 2016. Without donor assistance, the IMF estimated Afghanistan to have a current-account deficit equivalent to 35.7% of its GDP in 2015 ($6.86 billion) and is projected to grow to 41.2% of GDP in 2016 ($7.13 billion).\(^{723}\)

During 2013–2015, Afghanistan exported $2.3 billion to $4.0 billion worth of goods and services annually, compared to $9.2 billion to $11.3 billion in imports. The IMF projected Afghanistan’s 2016 exports at $2.3 billion, not including illicit narcotics (valued at $2.7 billion in 2014). Afghanistan’s 2016 imports were projected to be around $9.5 billion, with more than $7.1 billion paid for by official donor grants.\(^{724}\)

Unsurprisingly, IMF staff said that Afghanistan needs to increase and diversify its exports, which will stimulate innovation and good management.\(^{725}\) Exports are heavily dependent on agricultural outputs, which the World Bank said can increase if Afghanistan develops supply chains for higher value-added products. However, this will require investments to develop and improve irrigation and extension services, and to build downstream agro-processing capacities.\(^{726}\)

### BANKING AND FINANCE

The World Bank said access to finance remains low and is a major constraint to Afghan economic growth. On the demand side, only 5.7% of Afghan firms are reported to have a bank loan, and only 2% use banks to finance investments.\(^{727}\) 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 likely 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.\textsuperscript{728}

The IMF reported that state-owned banks remain strategically and operationally deficient, contributing to significant fiscal risk. While the fiscal positions of these banks are improving, IMF staff noted that Afghanistan must urgently implement a public-policy framework—including enhanced governance and regulatory enforcement—for them.\textsuperscript{729} The World Bank reported that the quality of bank assets (generally, not state banks specifically) has deteriorated and profitability declined. Commercial bank loans to the private sector grew 6.2% in 2015 and were valued at $685 million (equivalent to 3.6% of GDP). The World Bank attributes this weak commercial lending to Afghanistan’s overall economic slowdown, low investor confidence, stricter implementations of regulations governing foreign exchange-denominated loans, and banks being risk averse following the Kabul Bank crisis.\textsuperscript{730}

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). OTA assistance is focusing on:

- **Budget**: linking policy to national and provincial budget processes, developing baseline budgets and out-year estimates
- **Economic crimes**: improving Afghanistan’s financial intelligence unit and evaluating the central bank’s capacity to supervise money-service providers for compliance against money laundering and terror financing
- **Banking**: electronic reporting and risk management, and state-bank restructuring (this assistance can be provided from the U.S. Embassy-Kabul and remotely)
- **Tax**: setting up a customs and tax academy, including curriculum design, course delivery, and supplying course materials\textsuperscript{731}

OTA has conducted six assessment missions to Afghanistan so far, but none this quarter due to security concerns. Treasury said security conditions continue to be a major constraint in establishing a more sustained presence in Afghanistan.\textsuperscript{732}
Money Laundering

The State Department lists Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds, all of which “continue to pose serious threats to the security and development of Afghanistan.” Narcotics, corruption, and contract fraud are major sources of the country’s illegal revenues and laundered funds. State found Afghanistan’s laws to be largely in line with international standards, but still deficient, with implementing regulations lacking clarity and effectiveness. Afghanistan has weak or nonexistent supervisory and enforcement administration, and weak political will to combat corruption.

Financial Action Task Force

At its most recent plenary session in Busan, Korea on June 22–24, 2016, the Financial Action Task Force (FATF) chose to keep Afghanistan on its “Improving Global Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) 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. This is the seventh consecutive FATF review in which Afghanistan has maintained this status since being downgraded to the “dark gray” list in February 2014.

FATF said Afghanistan has improved its AML/CFT administration since it met in February 2016. However, Treasury said Afghanistan still needs to show progress by further implementing its legal framework for identifying, tracing, and freezing terrorist assets, and by establishing regulations for declaring cross-border cash transactions.

Afghanistan made progress toward that this quarter. Treasury reported that Afghanistan’s attorney general continued to freeze terrorist accounts under United Nations (UN) resolutions, albeit inconsistently and with delay. Afghanistan aims to improve its freeze order process to within seven days of UN terrorist designations being issued. Also, Afghanistan’s financial intelligence unit revoked the licenses of 69 money service providers in Kabul for either not complying with the banking law or for suspected terrorist financing. Additionally, Afghanistan announced its first successful conviction of an individual for money laundering under its 2014 AML law for drug trafficking-related financial transactions.

Kabul Bank Theft Accountability

The U.S. Departments of State and Justice continued to engage with the Kabul Bank Receivership and attorney general’s offices this quarter. However, no new information was available on the Afghan government’s efforts to hold accountable those responsible for economic crimes related to Kabul Bank. For the most recent information on cash and asset
recoveries, repayments, and accountability challenges, see pages 176–177 in the SIGAR April 2016 Quarterly Report to the United States Congress.

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.739 Figure 3.33 shows USAID assistance by sector.

FIGURE 3.33

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF JUNE 30, 2016
($ MILLIONS)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Cumulative Disbursements (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>4,044</td>
</tr>
<tr>
<td>Stabilization</td>
<td>2,385</td>
</tr>
<tr>
<td>Governance</td>
<td>2,312</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2,025</td>
</tr>
<tr>
<td>Economic Growth</td>
<td>1,105</td>
</tr>
<tr>
<td>Unpreferenced*</td>
<td>1,030</td>
</tr>
<tr>
<td>Health</td>
<td>1,004</td>
</tr>
<tr>
<td>Education</td>
<td>855</td>
</tr>
<tr>
<td>Program Support</td>
<td>341</td>
</tr>
</tbody>
</table>

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.


Development Of Natural Resources

Minister of Mines and Petroleum Daud Shah Saba resigned on March 28, 2016.740 President Ghani has not formally accepted his resignation, but Dr. Saba has reportedly left the country and said he will not return. Former ministry policy director Ghazaal Habibyar was appointed Acting Minister.741 Absent a permanent minister, though, USAID said that no significant foreign or domestic mining investments were made this quarter.742

Although geological surveys show that Afghanistan has significant mineral resources, mining has so far contributed only slightly to the country’s GDP.743 Actual receipts in FY 1394 were only about 38% of the budget projection.744 In the first six months of FY 1395, actual receipts were AFN 198.1 million compared to AFN 366.9 million in the same period last year (46% lower).745
Developing Afghanistan’s natural-resources sector and reforming the fiscal administration for its extractives industries are essential to strengthening domestic revenue mobilization. The security environment, insufficient infrastructure, declining global commodities prices, and inadequate capacity at the Ministry of Mines and Petroleum (MOMP) have all hampered the development of this sector.746

USAID cited other issues attributing to investor uncertainty: regulations to support implementation of the new mining law passed in November 2014 are still being developed; amendments to the law and several mineral tenders remain unsigned by President Ghani; and a combination of corporate income taxes, export and import duties, production royalties, and other charges constitute an uncompetitive levy of about 80% on mineral production.747

Under the WTO, Afghanistan has until January 2021 to remove legal provisions that require mining contractors and license holders to procure Afghan services that are similar or equivalent to foreign services in quality, quantity, and price; and that give priority to Afghan suppliers and create conditions less favorable for foreign than for Afghan services suppliers.748

**Mining Investment and Development for Afghan Sustainability**

USAID’s Mining Investment and Development for Afghan Sustainability (MIDAS) program aims to strengthen the MOMP and relevant private-sector-entity capacities to exploit Afghanistan’s natural resources in accordance with international standards.749 MIDAS and USAID’s other extractives-assistance programs are listed in Table 3.18.

USAID said the MOMP is currently incapable of administering the approximately 339 existing extractives contracts. This caused MIDAS to be rescoped last quarter to encourage national and international investment in Afghanistan’s natural resources. It now provides technical assistance and transaction advisory services to the MOMP in its effort to either cancel or renegotiate contracts and amend the 2014 mining law. MIDAS advisors helped develop a package of amendments last quarter that was approved by then-Minister of Mines Saba and sent to the Ministry of Justice for review (it will then have to be submitted to the council of ministers and then parliament for review and approval). It continued to help modify the mining law

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining Investment and Development for Afghan Sustainability (MIDAS)</td>
<td>3/31/2013</td>
<td>3/31/2017</td>
<td>$38,718,320</td>
<td>$29,428,865</td>
</tr>
<tr>
<td>Sheberghan Gas Generation Activity (SGGA)</td>
<td>12/21/2011</td>
<td>7/31/2016</td>
<td>30,440,958</td>
<td>26,380,845</td>
</tr>
<tr>
<td>Sheberghan Gas Development Project (SGDP)</td>
<td>5/15/2012</td>
<td>8/31/2016</td>
<td>90,000,000</td>
<td>23,295,875</td>
</tr>
</tbody>
</table>

this quarter, but no amendments advanced because USAID said the acting minister is not yet familiar with MIDAS activities and has no authority to make decisions.750

Some efforts did progress this quarter. A MIDAS advisor helped the MOMP redraft procedures for artisanal mining contracts; continued to draft regulations that will govern bidding, licensing, and future mineral tender processes; helped review the long-delayed draft Aynak copper mine feasibility study submitted by Chinese state-owned Metallurgical Corporation of China, which was awarded the excavation rights in 2008; and completed a report on talc and barite/gypsum deposits that will be included in several smaller tenders the acting minister wants to advance quickly.751

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.752 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.753 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.754

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.755 USAID is supporting the Sheberghan project to help Afghanistan identify and manage gas resources to be used for power generation through two mechanisms: (1) the $90 million, on-budget Sheberghan Gas Development Project (SGDP) to rehabilitate and drill wells in the Amu Darya Basin and fund a gas-gathering system and gas-processing plant; and (2) the $30.4 million, off-budget Sheberghan Gas Generation Activity (SGGA) for capacity building and technical assistance to the MOMP.756

SGDP drilling activities in the Juma and Bashikurd gas wells were completed in January 2016; core-sample testing showed better-than-predicted commercial prospects. Construction for a gas processing plant has not yet started.757 This quarter, McDaniel & Associates, which was contracted to evaluate data and reserve estimates for up to seven Sheberghan-area gas fields, found gas resources in three main producing fields to be significantly lower than what was reported in 2005.758

This quarter, SGGA continued to gather and provide additional information for further well and field examinations, but reported a “pattern of non-cooperation from almost all staff levels at MOMP” in providing data for McDaniel’s gas-field studies, even though the analyses are for the ministry.
SGGA also completed a library of core samples in Sheberghan and was nearing completion of a larger repository in Mazar-e Sharif to help the Afghan government with future planning and decision making. SGGA will complete its program assistance on July 31, 2016.759 USAID intends a follow-on program—Extractives Technical Assistance Activity—to help the MOMP develop and exploit Afghanistan’s petroleum and gas resources.760

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.761 USAID believes agriculture can stimulate and sustain Afghan-led economic growth. Its agricultural projects focus on wheat, high-value horticultural crops, and livestock. They 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.762

Since 2002, USAID has disbursed more than $2 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy.763 This quarter, USAID reported $30.6 million worth of various Afghan agricultural commodities were sold in FY 2015, and $324.8 million cumulatively from FYs 2008–2015.764 Pages 123–128 of this quarterly report discuss USAID’s alternative-development programs. A list of active USAID agriculture programs is found in Table 3.19.

### TABLE 3.19

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Building and Change Management Program II (CBCMP II)</td>
<td>7/10/2014</td>
<td>7/9/2017</td>
<td>$19,999,989</td>
<td>$13,789,272</td>
</tr>
<tr>
<td>Afghanistan Agriculture Extension Project II (AAEP-II)</td>
<td>10/1/2014</td>
<td>9/30/2017</td>
<td>$20,229,771</td>
<td>$11,994,650</td>
</tr>
<tr>
<td>Mothers and Under-Five Nutrition and Child Health (MUNCH)</td>
<td>12/16/2014</td>
<td>12/31/2016</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Agriculture Credit Enhancement II (ACE II)</td>
<td>6/24/2015</td>
<td>6/23/2018</td>
<td>$18,234,849</td>
<td>$3,725,129</td>
</tr>
<tr>
<td>SERVIR</td>
<td>9/14/2015</td>
<td>9/30/2020</td>
<td>$3,100,000</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see pp. 123–128 of this report.

Agricultural Credit Enhancement II

The Agricultural Credit Enhancement II (ACE II) project is the technical-assistance/advisory support component of the conditions-based Agricultural Development Fund (ADF) 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 regional economic zones, particularly to those that add value to agricultural products, such as distributors, producers, processors, and exporters.\textsuperscript{765} USAID reported that with ACE II help, ADF has cumulatively provided more than $67 million in credit to over 32,000 beneficiaries.\textsuperscript{766}

This quarter, ACE II completed a review of ADF’s sustainability in terms of its business and strategic plan, and the effect on lenders and borrowers resulting from the afghani’s depreciation against the U.S. dollar. ACE II also finalized a draft evaluation report on the ADF loan portfolio to identify causes for delinquency in order to revise ADF credit policies and procedures. Fifty-four loans were classified as overdue since ADF inception.\textsuperscript{767} USAID reported that four loans, cumulatively valued at AFN 32.5 million (approximately $480,600) were written off in 2015, but none so far in 2016.\textsuperscript{768} ACE II implementers reported that the continuing deterioration of both security and the economy is reducing demand for agricultural credit and loan repayments.\textsuperscript{769}

Afghan community leaders and government officials attended a UN-sponsored meeting in Kabul in June 2016 to discuss ways to boost agricultural exports. (UNAMA photo by Fardin Waezi)
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 only an estimated 25–33% of Afghans connected to the power grid. 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.

Afghanistan imports approximately 80% of its total electricity from Iran, Tajikistan, Turkmenistan, and Uzbekistan. The rest comes from its own hydropower and thermal sources. 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. Afghanistan will need regional cooperation to meet its energy demands.

Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan Transmission Line Rerouting and Protests

The Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) regional power-sharing initiative will enable power to be dispatched from the Central Asian republics and Afghanistan to Pakistan through linked electricity grids. Two-way transmission lines will protect against seasonal power outages in participating countries. The TUTAP is financed by the ADB and the ADB-administered Afghanistan Infrastructure Trust Fund, to which USAID contributes. Work is scheduled to be completed by 2020.

In January 2016, Hazara members of parliament tried to prevent the Afghan government from rerouting the proposed TUTAP route away from their ethnic settlement areas in Bamyan Province to the Salang Pass to better benefit the country’s central provinces. A broader public protest movement emerged in early May after the cabinet’s April 30th decision to stick with the Salang rerouting plan, with protestors following President Ghani to an anticorruption summit in London. On May 15, under pressure, President Ghani ordered a TUTAP review commission and sent all related documents to parliament for deliberation. The commission reaffirmed the Salang route, but ruled that Bamyan Province should get its own 220 kV power line by 2019. In June 2016, ADB agreed to fund it.

Central Asia-South Asia Electricity Transmission and Trade Project

A groundbreaking ceremony for the long-delayed Afghanistan-Tajikistan-Kyrgyzstan-Pakistan, Central Asia-South Asia Electricity Transmission
and Trade project (CASA-1000) took place on May 12, 2016. Although a final transmission route has yet to be determined, Afghanistan was scheduled to receive up to 300 MW of generation capacity from Tajikistan and Kyrgyzstan, and collect transit-fee revenue from electricity delivered to Pakistan. The World Bank is covering all of Afghanistan’s financing needs for this project—$316 million.

Even with TUTAP and CASA-1000-generated power, the Afghan government said it will still face an energy deficit. Yet, in June, a Pakistani news report surfaced that Afghanistan had opted out of their 300 MW allotment, allegedly due to inadequate demand. Instead, Pakistan would receive Afghanistan’s portion, for a total of 1,300 MW. While these reports are unconfirmed, a 2014 addendum to Afghanistan’s power-sector master plan said the 300 MW power imported through CASA-1000 would only flow in the summer, when Afghanistan may not need it because domestic demand is met with domestic hydropower or imported energy at lower prices.

U.S. Power Sector Assistance
Since 2002, USAID disbursed more than $1.5 billion in Economic Support Funds to build generators, substations, and transmission lines, and provide technical assistance in the sector. 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), increase electricity supply and revenue generation by improving sustainability, management, and commercial viability. For its part, the Department of Defense (DOD) has disbursed approximately $180.1 million for power projects through the Commander’s Emergency Response Program, as of July 2015, and roughly $350.8 million through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.

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, and (2) the soon-concluding Sheberghan Gas Development Project to attract private investment to develop gas resources in Sheberghan and build power plants. USAID’s active power-infrastructure projects are listed in Table 3.20 on the following page.

Kajaki Dam–Unit 2 Turbine Installation
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. USAID transferred

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**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.

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**SIGAR AUDIT**
An ongoing SIGAR audit is examining U.S. government efforts to increase the supply, quantity, and distribution of electric power from the Kajaki Dam.

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In June 2016, Afghanistan’s Ministry of Energy and Water signed a memorandum of understanding with the Turkish 77 Construction Company for the expansion of water storage and electricity production at the Kajaki Dam hydropower plant. Four new turbines would be installed under this agreement, increasing production capacity to 151 MW. No timeframe was given for when work would begin.


responsibility for installing, testing, and commissioning the third turbine to DABS, along with a $75 million commitment, in April 2013. USAID committed an additional $5 million last quarter and is funding technical support, site security, life-support services, and helicopter support to DABS. DABS, in consultation with USAID, chose not to extend the existing contract with GFA due to poor performance. Tetra Tech is now performing these activities. Unit 2 has a power generating capacity of 18.8 MW. Combined with the other two turbines, the powerhouse has a maximum generating capacity of 51.5 MW.

Ongoing fighting in Kandahar and Helmand Provinces continued to delay contractors at Kajaki Dam and some SEPS construction sites. USAID reported that Route 611—the only road from Kandahar to Kajaki—has been closed since December 2014 due to insurgent activity. In order to overcome the delayed delivery of construction materials, USAID, through Tetra Tech, helicoptered all contractor equipment and material from Kandahar to Kajaki in March 2016. USAID reports that the project is 60% complete, including turbine assembly. The turbine-installation completion date was revised to September 30, 2016, but is subject to change based on security.

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. PTEC’s DABS commercialization and capacity-building components aim to help the utility become financially sustainable by increasing revenues using utility management software in

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**TABLE 3.20**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursement, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions to the Afghanistan Infrastructure Trust Fund (AITF)</td>
<td>3/7/2013</td>
<td>3/6/2018</td>
<td>$113,670,184</td>
<td>$113,000,000</td>
</tr>
<tr>
<td>Power Transmission Expansion and Connectivity (PTEC)</td>
<td>1/1/2013</td>
<td>12/31/2018</td>
<td>$725,000,000</td>
<td>$98,566,700</td>
</tr>
<tr>
<td>Afghan Engineering Support Program</td>
<td>11/9/2009</td>
<td>11/8/2016</td>
<td>$97,000,000</td>
<td>$82,954,192</td>
</tr>
<tr>
<td>Kajaki Dam Unit 2</td>
<td>4/22/2013</td>
<td>9/28/2016</td>
<td>$75,000,000</td>
<td>$43,912,559</td>
</tr>
<tr>
<td>PEER Grants</td>
<td>7/25/2011</td>
<td>7/24/2016</td>
<td>$5,440,647</td>
<td>$5,440,647</td>
</tr>
<tr>
<td>Utility Executive Exchange</td>
<td>9/30/2007</td>
<td>9/30/2017</td>
<td>$698,555</td>
<td>$698,555</td>
</tr>
<tr>
<td>Claims Related to the Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant</td>
<td>4/1/2013</td>
<td>5/31/2016</td>
<td>$5,000,000</td>
<td>-</td>
</tr>
</tbody>
</table>

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. 170 of this report.

Kabul, Mazar-e Sharif, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.\textsuperscript{797}

Construction on the transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector continued this quarter. USAID reported that the transmission line is 90\% complete and the substations are 60\% complete.\textsuperscript{798} 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.\textsuperscript{799} As of March 2016, the most recent data provided, $46.2\text{ million} has been disbursed to PTEC contractors for this segment.\textsuperscript{800}

USAID is providing $350\text{ million} in direct assistance to DABS in support of the second segment of the NEPS-SEPS connector, Ghazni to Kandahar—$179.5\text{ 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 still being evaluated. USAID said security will be a major challenge to implementing this project.\textsuperscript{801}

U.S. fuel subsidies totaling $141\text{ million} for power generation at two industrial parks in Kandahar City ceased at the end of September 2015.\textsuperscript{802} USAID referred SIGAR to DABS this quarter for information on how much power the industrial parks’ diesel generators were currently producing, and
for whom. Last quarter, USAID reported that 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 loads.

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. The project was still under procurement, as of June 24, 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 still focused on completing AIF projects.

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, as shown in Table 3.21.

Ongoing fighting in Kandahar and Helmand Provinces, as well as bureaucratic delays in getting right-of-way approvals for NEPS and SEPS 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. 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.

**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. USAID said DABS faces four critical challenges—reducing losses (which are currently very high by international standards), increasing revenues, improving
<table>
<thead>
<tr>
<th>AIF Project</th>
<th>Description</th>
<th>Notified Amount</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>$40.5</td>
<td>$39.1</td>
<td>$39.1</td>
<td>Complete</td>
</tr>
<tr>
<td>SEPS - Kajaki Dam to Lashkar Gah</td>
<td>Repair, install transmission lines; rebuild, construct power substations</td>
<td>$130.0</td>
<td>$66.4</td>
<td>$51.0</td>
<td>Terminated due to out-of-scope security cost increases</td>
</tr>
<tr>
<td>NEPS - SEPS Connector, Arghandi to Ghazi</td>
<td>Design, construct transmission lines and substations (first segment of NEPS-SEPS connection) USAID; PEC</td>
<td>$101.0</td>
<td>$101.0</td>
<td>$65.7</td>
<td>Substations civil works ongoing; transmission tower requirements testing concluded (completion: 12/2016)</td>
</tr>
<tr>
<td>NEPS - Arghandi to Pul-e Alam</td>
<td>Design, construct transmission line and power substation</td>
<td>$93.7</td>
<td>$50.3</td>
<td>$16.3</td>
<td>Transmission line and substation under construction; community land issues affecting some tower locations (completion: 12/2016)</td>
</tr>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>$67.0</td>
<td>$64.7</td>
<td>$64.7</td>
<td>Complete</td>
</tr>
<tr>
<td>SEPS - Mailand to Durai Junction - Phase 2</td>
<td>Design, construct transmission line; rebuild and construct substations</td>
<td>$40.0</td>
<td>$28.7</td>
<td>$8.8</td>
<td>Under construction; tower excavation, tower erection, civil work ongoing; substation design under review (completion: 8/2016)</td>
</tr>
<tr>
<td>SEPS - Pul-e Alam to Gardez - Phase 2</td>
<td>Design, construct transmission line and power substation</td>
<td>$77.5</td>
<td>$69.1</td>
<td>$50.0</td>
<td>Transmission line under construction; substation under review; pending modification for one transformer (completion: 12/2016)</td>
</tr>
<tr>
<td>NEPS - Charikar to Gul Bahar and Nejrab - Phase 3</td>
<td>Design, construct transmission lines and power substation</td>
<td>$42.5</td>
<td>$38.8</td>
<td>$23.2</td>
<td>Transmission line under construction; substation design under review; community issues affecting some tower locations (completion: 12/2016)</td>
</tr>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>$37.0</td>
<td>$34.0</td>
<td>$34.0</td>
<td>Complete</td>
</tr>
<tr>
<td>NEPS - Charikar to Gul Bahar and Nejrab - Phase 3</td>
<td>Design, construct transmission lines and power substation</td>
<td>$33.0</td>
<td>$24.1</td>
<td>$21.0</td>
<td>Transmission line under construction; substation design under review; community issues affecting some tower locations (completion: 12/2016)</td>
</tr>
<tr>
<td>SEPS Completion - Phase 1</td>
<td>Civil, structural, architectural improvements to substations in Tangi, Sangin North and South</td>
<td>$15.0</td>
<td>$6.9</td>
<td>$33.3</td>
<td>Civil work ongoing (continued delays); major security challenges (completion: 6/2017)</td>
</tr>
<tr>
<td>NEPS - SEPS Connector, Ghazi to Kandahar</td>
<td>Design, Construct transmission line and substations. Final phase of NEPS-SEPS connector. USAID; PEC</td>
<td>$179.5</td>
<td>$350.0</td>
<td>$0.0</td>
<td>Bids under evaluation by DABS; expected award: 9/2016</td>
</tr>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>$4.0</td>
<td>$3.9</td>
<td>$3.9</td>
<td>Complete</td>
</tr>
<tr>
<td>SEPS Completion - Phase 2</td>
<td>Design, construct transmission line, and install equipment and commission substations</td>
<td>$55.0</td>
<td>$55.0</td>
<td>$0.0</td>
<td>Transferred to USAID for on-budget implementation through DABS; expected award: 7/2016.</td>
</tr>
<tr>
<td>NEPS - Gardez to Khwst - Phase 4</td>
<td>Design, construct transmission line and substation. DOD's final contribution to NEPS.</td>
<td>$130.0</td>
<td>$119.0</td>
<td>$5.5</td>
<td>Distribution line design descoped; substation design under review; right of way granted (completion:12/2017)</td>
</tr>
</tbody>
</table>

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 5/30/2016. All other information is as of 6/2/2016.

1. 74 tower foundations complete. Only one of 246 towers completed. Substation design was rejected, resubmitted, and is under review. Two of four transformers descoped based on estimated electricity demand and being transferred to Gardez substation. Community land issues affecting 35% of tower locations. Completion date at high risk for delay.
2. 86% of tower excavations completed. 30 tower foundations complete. Transmission tower erection began 6/18/2016. Completion date at high risk for delay.
3. All 214 transmission towers erected. Conductor lines 87% strung. Gardez substation design 100% complete. Substation placement 60% complete.
4. 77% of transmission towers erected from Charikar to Gul Bahar; community land issues affecting nine tower locations. 100% of transmission towers erected from Gul Bahar to Nejrab. Conductor lines 11% strung. Gul Bahar substation 85% complete. Completion date at high risk for delay.
5. Completion date at high risk for further delays.
6. Durai Junction to Lashkar Gah segment: 60% of tower excavations completed; Community land issues affecting 30% of tower locations; Completion date at high risk for delay.
7. Includes additional, non-AIF USAID funding.

business systems, and enhancing effective corporate governance. USAID began assisting DABS in 2009 to improve its commercial performance. SIGAR has questioned DABS’s current capacity and resources—financial and otherwise—to pay for O&M. USAID 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.

DABS’ Electricity Commercialization Program, a 36-month, $27.5 million component of USAID’s PTEC program, began in July 2014. It aims to make the utility financially sustainable—capable of paying for O&M and capital investments—with effective commercial and technical management. One subcomponent of that effort is USAID’s Corporate Management Support contract.

This quarter, DABS announced that it is raising the electricity tariff by 25% in 15 of Afghanistan’s 34 provinces retroactive to March 2016. The utility said it lost between $17 million and $18 million last year from having to pay for electricity imports in U.S. dollars. It charges its customers in Afghan currency, which has depreciated significantly against the dollar.

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.

Corporate Management Support Program

USAID’s 36-month, $20.8 million Corporate Management Support program aims to help strengthen DABS’s financial management and accounting, including oversight of USAID on-budget support invoices. It also aims to help DABS establish a corporate-governance framework and comply with USAID’s risk-management requirements. So far, a five-year business plan was approved, DABS automated its accounting and payroll systems, DABS utilized software to report on inventory, procurement, and O&M, and is progressing toward a uniform human-resources system—job descriptions, pay scales, reporting, etc. USAID said payroll process dropped from several weeks to two days and DABS’s ability to verify and valuate assets is improving.

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.819 This quarter, the United States continued its efforts to develop the capacity of the Ministry of Public Works in the areas of road construction, operations, and maintenance.820

Roads
Since 2002, USAID has provided approximately $2.2 billion cumulatively for more than 1,240 miles of road construction and O&M.821 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.822 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.823

Road Sector Sustainability Project
USAID’s three-year, $25.5 million, Road Sector Sustainability Project (RSSP) aims to provide technical assistance to the Ministry of Public Works (MOPW) to manage Afghanistan’s road network. RSSP is working with Afghan authorities in establishing a roads authority, road fund, and transportation institute. All three of these institutions were endorsed this quarter by government representatives, and structure reports for these institutions were submitted and accepted by USAID. Transition and legal plans are ongoing. As of May 31, RSSP has fully reached its year-two milestones for identifying the roads it intends to fund, and short- and long-term plans for road maintenance funding. It almost completed its targets to finish designs for the road authority and road fund, as well as the transportation institute study.824 USAID’s active road-construction and O&M programs are listed in Table 3.22.

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>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for USAID’s Construction of Health and Education Facilities Program</td>
<td>1/19/2008</td>
<td>6/30/2016</td>
<td>$57,541,288</td>
<td>$56,465,885</td>
</tr>
<tr>
<td>Emergency Road O&amp;M</td>
<td>12/1/2015</td>
<td>11/30/2016</td>
<td>5,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Afghanistan Infrastructure Fund Road Projects

DOD has obligated $62.3 million and disbursed $56.7 million for five road projects under the AIF, as of May 30, 2016. Four road projects, some consisting of multiple phases, have been completed. Only the final 7 km of the Ghulam Khan Transportation Corridor, Phase II remains, as shown in Table 3.23.825

**ECONOMIC GROWTH**

The IMF said security challenges make it difficult to ignite private-sector-led and inclusive growth to its full potential. It recommended the government eliminate regulatory and administrative barriers for businesses, improve infrastructure, and provide key business services while simultaneously strengthening structures for macroeconomic management, the financial sector, and economic governance.825

Afghanistan ranked 177th of 189 countries in the World Bank’s *Doing Business 2016* report on regulatory quality and efficiency—a six-place rise from 2015.827 USAID, which is assisting in this effort, has disbursed approximately $1.1 billion cumulatively for economic-growth programs in

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**TABLE 3.23**

AFGHANISTAN INFRASTRUCTURE FUND ROAD PROJECTS, AS OF JUNE 2, 2016 ($ MILLIONS)

<table>
<thead>
<tr>
<th>AIF Project</th>
<th>Description</th>
<th>Notified Amount</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIF FY 11</td>
<td>Lashkar Gah to Nawar Road</td>
<td>Design, construct 22.5 km road</td>
<td>$22.0</td>
<td>$20.5</td>
<td>$20.5</td>
</tr>
<tr>
<td>RC-East Border Transportation Corridor</td>
<td>Saracha Bridge</td>
<td>Design, construct 0.16 km bridge over Chaparhar River, along Hwy 7 in Nangarhar Province</td>
<td>8.0</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td></td>
<td>Ghulam Khan Corridor</td>
<td>Design, construct 24.1 km road, 4 bridges, culverts, switchback repairs in Khowst Province</td>
<td>27.6</td>
<td>12.7</td>
<td>11.8</td>
</tr>
<tr>
<td>AIF FY 12</td>
<td>Pawan to Bamiyan Road - Section 6</td>
<td>Design, construct 7 km road of Salang bypass in Bamiyan Province</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td>Section 6.2</td>
<td>Design, construct 11 km road of Salang bypass in Bamiyan Province</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>Dahla Dam Phase 2 - Site Preparation (Route Bear Road)</td>
<td>Realign 4.7 km road along NW shore of Dahla Dam</td>
<td>11.2</td>
<td>7.2</td>
<td>7.2</td>
</tr>
<tr>
<td>AIF FY 14</td>
<td>Ghulam Khan Corridor - Phase 2</td>
<td>Design, construct remaining 7 km road to Khowst city and 1 bridge to complete Ghulam Khan Transportation Corridor</td>
<td>10.0</td>
<td>5.1</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Note: Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 5/30/2016. All other information is as of 6/2/2016. No FY 2013 funds were appropriated.

Afghanistan. USAID active economic-growth programs have a total estimated cost of $526 million and can be found in Table 3.24.

**Assistance in Building Afghanistan by Developing Enterprises**

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

From January through March 31, 2016, 34 PPAs worth $17.4 million were completed and closed out, meaning that the deliverables from all parties have been completed. Of that, ABADE contributed $1.7 million worth of equipment; the SMEs covered the rest. Eighteen new PPAs were signed, valued at $45.4 million, of which ABADE contributed $7.1 million. As of March 31, 2016, ABADE had 167 active PPAs, valued at $261.3 million, of which its contribution is $36.4 million, with the rest invested by the SMEs—more than a 7-to-1 ratio. Also during this time, ABADE provided technical assistance and training in business marketing and brand management, accounting, health and safety, hygiene, and sanitation. It trained 49 people, nine of them women.

**Financial Access for Investing in the Development of Afghanistan**

USAID's 66-month, $108.3 million, 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.

From January 1, 2016, through March 31, 2016, FAIDA facilitated the approval of 42 loans worth $767,347 for Afghan enterprises, which are expected to create 181 jobs, 85 of them for women. FAIDA also helped businesses submit 118 loan applications valued at $3.3 million to create 456 jobs, 97 of which are for women. Additionally, on February 22, FAIDA, along with Afghanistan's central bank and a local partner, helped launch a mobile-money public-awareness campaign to increase the use of mobile money—a key goal of President Ghani’s—to help improve transparency and reduce corruption. Dozens of kiosks were set up in Kabul for Islamic-banking customers to repay loans and for mobile-network customers to receive telecom services. Some 56,000 customers registered for mobile-money services, and 7,736 new DABS (electricity utility) customers registered to pay their bills electronically.

**EDUCATION**

According to the Ministry of Education’s (MOE) annual joint sector review for FY 1394 (2015), Afghanistan reportedly has 15,249 general-education (government) schools, including 714 closed schools, with 184,024 teachers, and almost 8.7 million students enrolled. The number of enrolled students...
is the sum of present and absent students. The MOE counts students who have been absent for up to three years as enrolled because it says they might return to school. The MOE acknowledged a large number of children are out of school, but is unaware of how many, who or where they are, or their backgrounds.

Barriers to data collection in Afghanistan have resulted in imprecise and inaccurate Education Management Information System (EMIS) statistical data. School administrators are not always instructed on how to fill out EMIS forms, and EMIS officials don’t have the staff or resources for data verification, and are impeded by lack of security around the country.

**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, and raising literacy rates through teacher and educator training. USAID had disbursed approximately $855 million for education programs in Afghanistan, as of June 30, 2016. USAID’s active education programs have a total estimated cost of $382 million and can be found in Table 3.25.

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan University Support and Workforce Development Program</td>
<td>1/1/2014</td>
<td>12/31/2018</td>
<td>91,927,769</td>
<td>28,963,619</td>
</tr>
<tr>
<td>Basic Education, Literacy, and Technical-Vocational Education (BELT), Textbooks</td>
<td>11/16/2011</td>
<td>12/31/2016</td>
<td>26,996,813</td>
<td>24,970,742</td>
</tr>
<tr>
<td>Support to American University of Afghanistan</td>
<td>8/1/2013</td>
<td>7/31/2018</td>
<td>45,902,538</td>
<td>23,124,523</td>
</tr>
<tr>
<td>Strengthening Education in Afghanistan (SEA II)</td>
<td>5/19/2014</td>
<td>9/30/2020</td>
<td>44,835,920</td>
<td>8,342,828</td>
</tr>
<tr>
<td>Early Grade Reading Survey</td>
<td>7/27/2015</td>
<td>3/27/2017</td>
<td>12,487,469</td>
<td>4,800,547</td>
</tr>
<tr>
<td>Afghanistan’s Global Partnership for Education</td>
<td>10/11/2012</td>
<td>6/30/2017</td>
<td>4,270,954</td>
<td>2,342,163</td>
</tr>
<tr>
<td>Assessment of Learning Outcomes and Social Effects in Community-Based Education</td>
<td>1/1/2014</td>
<td>12/31/2017</td>
<td>7,262,016</td>
<td>2,272,019</td>
</tr>
<tr>
<td>PROMOTE Scholarships</td>
<td>3/4/2015</td>
<td>3/3/2020</td>
<td>1,247,522</td>
<td>1,247,522</td>
</tr>
<tr>
<td>BELT/All Children Reading and Improved Access</td>
<td>7/27/2015</td>
<td>3/27/2017</td>
<td>427,585</td>
<td>437,275</td>
</tr>
<tr>
<td>Afghans Read Program (ARP)</td>
<td>4/6/2016</td>
<td>4/5/2021</td>
<td>69,547,810</td>
<td>159,938</td>
</tr>
</tbody>
</table>

Basic Education, Learning, and Training/ Education Quality Improvement Project

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—1.2 million textbooks and other reading material nationwide so far, covering Afghanistan’s entire primary-school population.841

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 11,436 female students scholarships to attend teacher-training colleges.842

This quarter, USAID reported that a third extension will be requested for EQUIP II to implement the civil works (incomplete/stopped school construction) component of the program to compensate for delays and cost overruns. EQUIP II is focused on completing existing activities before it starts new programs.843

This quarter, EQUIP II administrators visited seven general-education schools in Balkh Province, most in Mazar-e Sharif, and found problems with textbook availability, particularly for upper grades that had no books at all and no clear schedule for their delivery.844 A USAID-funded technical assessment reported the MOE repeatedly fails to adequately plan for textbook needs and “demonstrated an inability to develop a concrete and realistic distribution plan.”845

EQUIP II staff discovered that wealthier families bought MOE textbooks in the market, an issue EQUIP II personnel said should be addressed by MOE officials. Other challenges found include: about 10% of enrolled students in some schools were permanently absent; only 400 of 900 teacher-trainee graduates have been absorbed into the job market despite teacher shortages; and inadequate school infrastructure.846

HEALTH

Afghanistan’s health indicators have improved since 2002, though they remain 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.847

Afghanistan Demographic and Health Survey

This quarter, the Afghan government released key indicators of a USAID-funded Demographic and Health Survey (DHS), a nationally representative June 2015–February 2016 survey designed to help the Afghan government
develop modern health and social programs. USAID said the DHS is the commonly accepted gold standard of population-based surveys, and utilizes the highest caliber data-collection and quality-assurance methodologies. USAID added that Afghanistan’s DHS met that standard and is comparable to DHS results collected in other countries. Since survey methodologies have changed over time, previous Afghan studies are not directly comparable from a statistical modeling perspective. But cross-country comparisons using the new methods can be made.

Key findings include:

- a fertility rate of 5.3 births per woman (age 15–49), on average (comparable to Zambia and Senegal)
- infant mortality of 45 deaths per 1,000 live births (comparable to Zambia and Cambodia)
- under-5 mortality of 55 deaths per 1,000 live births (comparable to Senegal, Namibia, and Gambia)
- 46% of children received all basic vaccinations (comparable to Democratic Republic of Congo and Uganda)
- 43% of infants under six months of age are exclusively breastfed, while 15% of children 6–23 months eat a minimally acceptable diet (comparison not available)

Corruption Assessment of the Ministry of Public Health

In June, the Independent Joint Anti-Corruption Monitoring & Evaluation Committee (MEC) released a report on the Ministry of Public Health’s (MOPH) vulnerability to corruption and ongoing efforts to address structural and procedural deficiencies in Afghanistan’s health system. The report broadly parallels a 2013 SIGAR audit that warned of the MOPH’s financial-management deficiencies and insufficient oversight, and found strong evidence that U.S. support intended for Basic Package of Health Services (BPHS) and Essential Package of Hospital Services (EPHS) was vulnerable to fraud, waste, and abuse despite USAID’s protestations to the contrary. In response to the criticism in SIGAR’s audit of the MOPH’s management of funds, USAID said that the MOPH’s Grants Contract Management Unit (GCMU) greatly enhanced the ministry’s ability to manage public funds. Yet the MEC report described the MOPH’s contracting processes as “suspect, compromised, corrupted, and inconsistent.” The MEC therefore recommended a comprehensive independent investigation of the GCMU to ensure its bid evaluation and negotiation processes are “reviewed, clarified, transparent, standardized, and reliable.”

Generally, the MEC assessment found “deep and endemic” corruption problems in the public-health sector. The report said corruption in the Afghan health sector covers a range of illegal and unethical acts within an environment of systemic failure. In interviews with MEC investigators, public-health officials, employees and clients said corruption is entrenched, widespread, and dominant, and it affects all stakeholders. They said officials and employees are often powerless to stop it. The Minister of Public Health publicly committed to use the MEC’s 115 recommendations—three of which include establishing an Independent Council on Health Sector Accountability and Reporting, an Independent Commission on Accrediting Health Organizations, and a High Council on Oversight of Health Sector Integrity—to develop the MOPH’s anticorruption strategy.

The report was undertaken at the urging of the Minister of Public Health and facilitated by USAID, which provides funding to both the MEC and MOPH. USAID directed its Electoral Reform and Civic Advocacy program to develop talking points for the Minister of Public Health’s press conference on the public release of the report; it will support the MOPH with its anti-corruption strategy and planned for a post-MEC-report public-relations campaign to highlight health reforms and how the MOPH is curbing corruption. USAID reportedly saw the MEC report and the MOPH response as helpful in the run-up to the October conference in Brussels at which Afghanistan will seek continued support from the international community.
• less than 1% of women and 2% of men age 15–49 have been tested for HIV in the past year and received the test results (comparable to Madagascar and Chad, respectively)

• only 9% of women and 33% of men age 15–49 know that using condoms and limiting sexual contact to one faithful and uninfected partner helps prevent contracting HIV (comparison not available)

**USAID Funding and Health Programs**

U.S.-funded 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 healthcare delivery across Afghanistan.859

U.S. on- and off-budget assistance to Afghanistan’s health sector totaled more than $1 billion, as of June 30, 2016.860 On-budget assistance to the MOPH provides basic healthcare 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.861

**TABLE 3.26**

**USAID ACTIVE HEALTH PROGRAMS**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 6/30/2016 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening Pharmaceutical System</td>
<td>8/28/2011</td>
<td>7/10/2017</td>
<td>$34,399,936</td>
<td>$27,782,575</td>
</tr>
<tr>
<td>Disease Early Warning System Plus (DEWS Plus)</td>
<td>1/1/2015</td>
<td>12/30/2020</td>
<td>$32,728,000</td>
<td>$16,401,447</td>
</tr>
<tr>
<td>Central Contraceptive Procurement</td>
<td>3/11/2009</td>
<td>9/8/2022</td>
<td>$25,000,000</td>
<td>$13,035,571</td>
</tr>
<tr>
<td>Helping Mother and Children Thrive (HEMAYAT)</td>
<td>1/7/2015</td>
<td>1/6/2020</td>
<td>$60,000,000</td>
<td>$12,091,749</td>
</tr>
<tr>
<td>Regional Fortification in the Central Asian Republics and Afghanistan</td>
<td>9/29/2014</td>
<td>9/29/2016</td>
<td>$9,722,000</td>
<td>$9,722,000</td>
</tr>
<tr>
<td>Demographic and Health Surveys</td>
<td>9/9/2013</td>
<td>9/8/2018</td>
<td>$6,699,863</td>
<td>$5,453,731</td>
</tr>
<tr>
<td>Weekly Iron Folic Acid Supplementation</td>
<td>11/7/2014</td>
<td>12/31/2017</td>
<td>$5,610,012</td>
<td>$5,408,826</td>
</tr>
<tr>
<td>Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea</td>
<td>7/21/2015</td>
<td>7/7/2020</td>
<td>$15,002,610</td>
<td>$4,400,000</td>
</tr>
<tr>
<td>Challenge Tuberculosis</td>
<td>1/1/2015</td>
<td>9/29/2019</td>
<td>$15,000,000</td>
<td>$2,759,164</td>
</tr>
<tr>
<td>Health Sector Resiliency (HRS)</td>
<td>9/28/2015</td>
<td>9/27/2020</td>
<td>$37,936,471</td>
<td>$2,211,932</td>
</tr>
<tr>
<td>Sustaining Health Outcomes through the Private Sector (SHOPS Plus)</td>
<td>6/1/2016</td>
<td>6/1/2018</td>
<td>$6,000,000</td>
<td>$2,133,749</td>
</tr>
<tr>
<td>Family Planning and Assessment</td>
<td>5/16/2015</td>
<td>5/15/2016</td>
<td>$634,833</td>
<td>$634,833</td>
</tr>
<tr>
<td>Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)</td>
<td>5/5/2016</td>
<td>5/4/2021</td>
<td>$75,503,848</td>
<td>-</td>
</tr>
</tbody>
</table>

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.

USAID believes that the MOPH’s ability to deliver quality healthcare 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. USAID’s active health programs have a total estimated cost of $324 million, and are listed in Table 3.26.

**Sustaining Health Outcomes through the Private Sector Plus**

This quarter, USAID instituted a two-year, $6 million, Sustaining Health Outcomes through the Private Sector Plus (SHOPS Plus), which aims to provide technical assistance to the Afghan Social Marketing Organization (ASMO) in their efforts to delivery family-planning, reproductive-health, and other services to targeted populations. SHOPS Plus will specifically try to improve the health of mothers and children in rural areas and increase the use of contraceptives through social marketing.

**Polio**

Afghanistan and Pakistan are the only two countries where polio is still endemic. Both countries, which share a 1,500-mile border, suffer from the Taliban’s opposition to vaccination campaigns. Afghanistan reportedly had six new polio cases in 2016, as of June 29. The United Nations estimates that 200,000 children in Afghanistan have not been vaccinated, mostly due to fighting and insurgents’ preventing access to children.

Data for FY 2003–FY 2014, the most recent supplied, show USAID provided nearly $25 million for polio eradication in Afghanistan.

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**BPHS:** provides primary healthcare 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 healthcare 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.

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