

3 RECONSTRUCTION UPDATE



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An Afghan mason applies a layer of mortar to the brick wall he is building.
(UN Assistance Mission in Afghanistan photo)

RECONSTRUCTION UPDATE

OVERVIEW

According to the United Nations Secretary-General, there was no substantive movement towards peace between the Afghan government and the Taliban this quarter. Taliban leaders reportedly believe that the 2016 fighting season was a success and, for the time being, see no incentive to enter into a strategic negotiation process. On December 23, 2016, the Taliban again publicly rejected peace talks, reiterating their long-held stance that talk of peace and reconciliation is “meaningless” as long as foreign forces remain in Afghanistan.

The same day, President Barack Obama signed the Fiscal Year (FY) 2017 National Defense Authorization Act, authorizing up to \$4.26 billion for the Afghanistan Security Forces Fund (ASFF.) The ASFF is the United States’ principal fund to build, train, equip, and sustain the Afghan National Defense and Security Forces (ANDSF). President Obama pledged to recommend to his successor that the United States continue to seek funding for the ANDSF at or near current levels through 2020. For its part, the international community pledged at the October 2016 NATO summit in Warsaw to provide more than \$800 million annually for the ANDSF from 2018 to 2020.

SIGAR’s analysis of the most recent data provided by U.S. Forces in Afghanistan (USFOR-A) suggests that the security situation in Afghanistan has not improved this quarter. The numbers of the Afghan security forces are decreasing, while both casualties and the number of districts under insurgent control or influence are increasing.

The Afghan government faced tensions within the executive branch over the actions of First Vice-President Abdul Rashid Dostum and conflict between the executive and parliament over the dismissal of seven government ministers.

In October, First Vice-President Dostum publicly accused President Ashraf Ghani and Chief Executive Abdullah Abdullah of nepotism and ethnic bias in government appointments. Both Ghani and Abdullah’s offices condemned Dostum’s statement.

Then on November 24, Dostum reportedly kidnapped a political rival, a former governor of Jowzjan Province. Once released, the victim accused Dostum on national television of ordering him to be beaten and raped with

RECONSTRUCTION UPDATE



Farmland creeps through the rolling hills of Badakshan Province in northeastern Afghanistan. Only about 12% of the country is suitable for agriculture. (UN Assistance Mission in Afghanistan photo by Fardin Waezi)

the muzzle of a rifle while in Dostum's private custody. The U.S. Embassy and the European Union called for an investigation. On December 17, the Afghan attorney general's office announced it was investigating the matter. As of December 22, Dostum refused an attorney-general summons. Claiming the first vice-president has the same legal standing as the president, Dostum's chief of staff labeled the summons illegal, arguing that allegations of crimes against the president can only be made by a two-thirds vote by parliament. Chief Executive Abdullah's office called the handling of the Dostum investigation a significant test for the unity government.

Between November 12 and 15, the lower house of parliament passed no-confidence votes against seven of 16 ministers after they were summoned to explain why their ministries executed less than 70% of their development budgets (projects and investments are funded from a ministry's development budget). Four of the seven ministers sanctioned by parliament were nominees of President Ghani, while the remaining three had been nominated by Chief Executive Abdullah. Parliament considers those who received votes of no confidence dismissed. On November 14, President Ghani ordered the ministers to continue working, referring the issue of the dismissal's legality to the Afghan Supreme Court.

Afghanistan began FY 1396, which runs from December 21, 2016, through December 20, 2017, without an approved budget. The lower house of parliament rejected the draft budget submitted by the executive twice, arguing

that project funds were not well balanced between provinces. Parliament rejected a draft FY 1395 budget with the same critique. On January 16, 2017, the parliament passed an AFN 429 billion budget (more than \$6.4 billion in current dollars) on its third attempt with only 57% of lower house members participating in the vote. Domestic revenues are to pay for 38% of the budget, with donor assistance covering the rest.

Domestic revenues collected in the first 11 months of FY 1395 rose 32.0% above the same period in the previous year, but still covered only about 46.4% of total government expenditures, leaving a \$2.4 billion fiscal gap. Recurrent revenue streams like taxation and customs revenues increased more modestly. Revenue from the sale of government-owned land and buildings saw the biggest percentage increase compared to the same period last year, but it is questionable whether revenue inflows from such finite sources are sustainable. Increased revenue, while positive in light of Afghanistan's persistent fiscal gap, had no appreciable benefit for Afghanistan's economy.

The World Bank projected Afghanistan's real (net of inflation) gross domestic product (GDP), excluding opium, to grow 1.2% in 2016, marginally higher than 0.8% in 2015. The IMF said current economic growth—which is not keeping pace with the growth in population—remains far below what is necessary to increase employment and improve living standards.

Final approval of the U.S. government's revised counternarcotics strategy has been postponed until the new U.S. Administration takes office. The United States has provided \$8.5 billion for counternarcotic efforts in Afghanistan since 2002, but the area under poppy cultivation this year increased 10% to 201,000 hectares compared to last year's total.

The United Nations also reported that eradication results in 2016 were the lowest this decade at 355 hectares—a 91% decrease from 2015. Though cultivation decreased 7% in Helmand, the country's main opium poppy-cultivating province, it increased significantly in some provinces, such as Badghis (184%), while Jowzjan Province lost the poppy-free status it had regained in 2008. Additionally, Afghanistan has a severe and growing domestic addiction problem, with an estimated 11% of the adult population using drugs.

Cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$117.3 billion, as of December 31, 2016. Of the total cumulative amount appropriated for Afghanistan reconstruction, \$98.8 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately \$8.4 billion of this amount remained available for potential disbursement.

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STATUS OF FUNDS

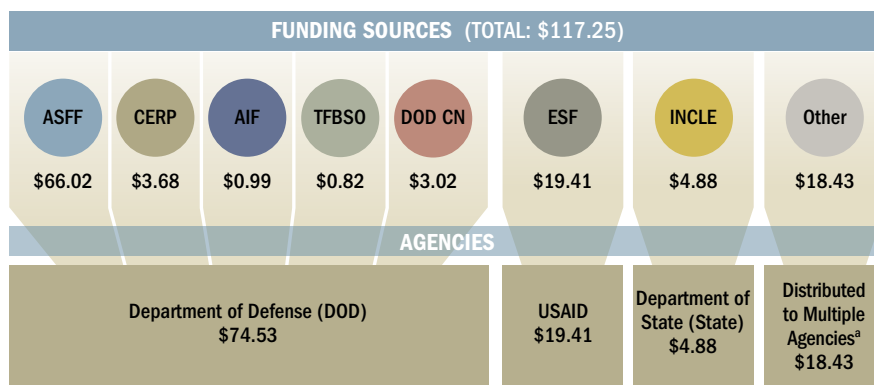
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of December 31, 2016, the United States had appropriated approximately \$117.25 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$70.55 billion for security (\$4.33 billion for counternarcotics initiatives)
- \$32.83 billion for governance and development (\$4.18 billion for counternarcotics initiatives)
- \$3.08 billion for humanitarian aid
- \$10.77 billion for civilian operations

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

FIGURE 3.1

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



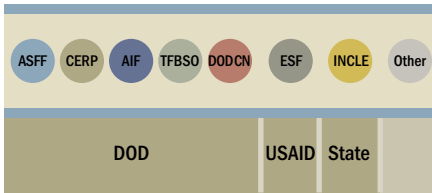
- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International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

Note: Numbers have been rounded.

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

Source: DOD, response to SIGAR data calls, 1/13/2017, 1/12/2017, 10/11/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 1/18/2017, 1/6/2017, 10/18/2016, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data calls, 1/10/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 12/16/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016,” 1/17/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS



U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of December 31, 2016, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$117.25 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 \$8.50 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.33 billion) and governance and development (\$4.18 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

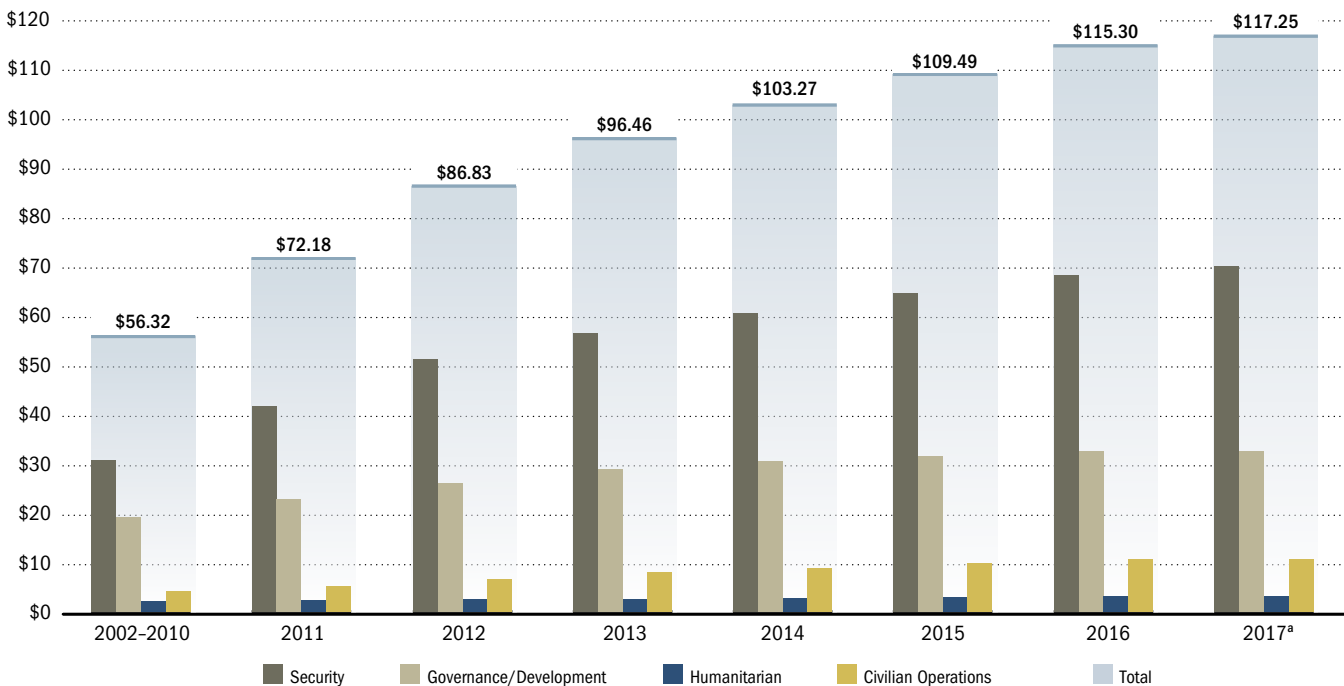
At the end of the fiscal quarter, the U.S. government was operating under a continuing resolution for FY 2017. As a result, Figure 3.3 shows the amount of FY 2017 funding made available for obligation under continuing resolutions, as of December 31, 2016.

On November 10, President Barack Obama released an amended FY 2017 budget for Overseas Contingency Operations (OCO). For Afghanistan, the amendment increases the amount requested for the Afghanistan

The amount provided to the seven major U.S. funds represents nearly 84.3% (over \$98.82 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, more than 92.1% (over \$91.02 billion) has been obligated, and over 86.9% (nearly \$85.92 billion) has been disbursed. An estimated \$4.53 billion of the amount appropriated these funds has expired.

FIGURE 3.2

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



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, and \$400 million from FY 2015 in Pub. L. No. 114-113. DOD reprogrammed \$230 million into FY 2015 ASFF. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID. ^a FY 2017 figures reflect amounts made available for obligation under continuing resolutions.

Source: DOD, response to SIGAR data calls, 1/13/2017, 1/12/2017, 10/11/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 1/18/2017, 1/6/2017, 10/18/2016, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data calls, 1/10/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 12/16/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016," 1/17/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

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Security Forces Fund by \$814.5 million to \$4.26 billion. The additional funding is primarily intended to begin transitioning the Afghan National Defense and Security Forces (ANDSF) from Russian-manufactured to U.S.-manufactured helicopters.⁵³

The United States aims to channel at least 50% of its development assistance on-budget to the Government of Afghanistan.⁵⁴ 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.⁵⁵ Since 2002, the United States has provided more than \$10.25 billion in on-budget assistance. This includes about \$5.66 billion to Afghan government ministries and institutions, and nearly \$4.60 billion to three multinational trust funds—the World Bank's Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme's Law and Order Trust Fund (LOTFA), and the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

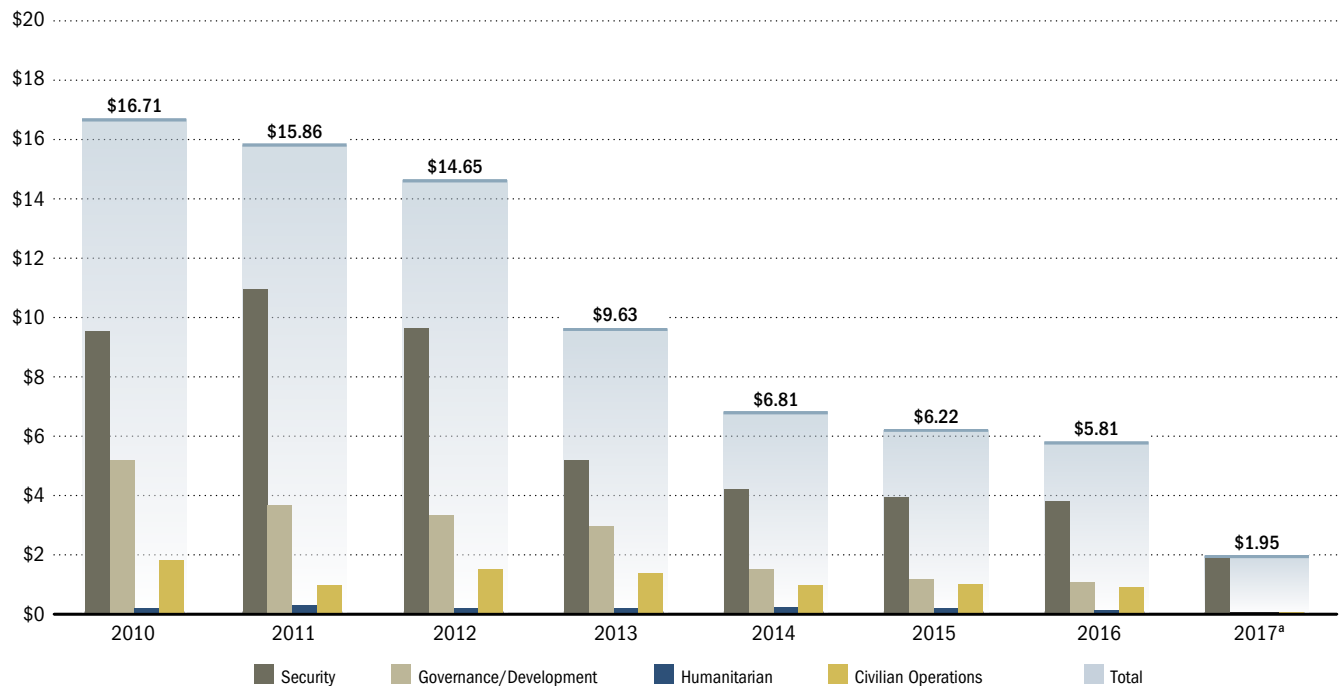
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$4,946
State	92
USAID	619
Multilateral Trust Funds	
LOTFA	\$1,641
ARTF	2,842
AITF	113

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of December 31, 2016, USAID had obligated approximately \$1.3 billion for government-to-government assistance.

Source: USAID, response to SIGAR data call, 1/18/2017; DOD, response to SIGAR data call, 6/25/2015; World Bank, "ARTF: Administrator's Report on Financial Status as of November 20, 2016 (end of 11th month of FY 1395)", p. 4; UNDP, response to SIGAR data call, 1/19/2017.

FIGURE 3.3

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



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, and \$400 million from FY 2015 in Pub. L. No. 114-113. DOD reprogrammed \$230 million into FY 2015 ASFF. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID. ^a FY 2017 figures reflect amounts made available for obligation under continuing resolutions.

Source: DOD, response to SIGAR data calls, 1/13/2017, 1/12/2017, 10/11/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 1/18/2017, 1/6/2017, 10/18/2016, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data calls, 1/10/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 12/16/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016," 1/17/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly \$117.25 billion for Afghanistan relief and reconstruction. Of this amount, \$98.82 billion (84.3%) was appropriated to the seven major reconstruction funds, as shown in Table 3.3.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

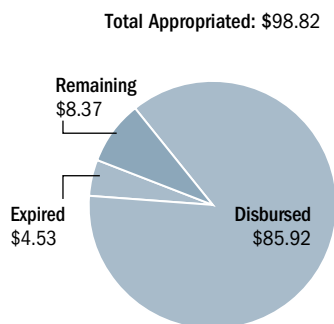


TABLE 3.3

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2016 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$66.02	\$61.75	\$60.71	\$3.32
Commander's Emergency Response Program (CERP)	3.68	2.29	2.27	0.01
Afghanistan Infrastructure Fund (AIF)	0.99	0.79	0.60	0.19
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.64	0.11
DOD Drug Interdiction and Counter-Drug Activities (DOD CN)	3.02	3.02	3.02	0.00
Economic Support Fund (ESF)	19.41	17.87	14.81	3.87
International Narcotics Control & Law Enforcement (INCLE)	4.88	4.55	3.87	0.87
Total Major Funds	\$98.82	\$91.02	\$85.92	\$8.37
Other Reconstruction Funds	7.66			
Civilian Operations	10.77			
Total	\$117.25			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$4.5 billion that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 1/18/2017.

TABLE 3.2

FY 2016 AMOUNTS APPROPRIATED (\$ MILLIONS)	
	Appropriated
ASFF	\$3,652.26
CERP	5.00
DOD CN	138.76
ESF	812.27
INCLE	185.00
Total Major Funds	\$4,793.29

As of December 31, 2016, approximately \$8.37 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.

The major reconstruction accounts were appropriated \$4.79 billion for FY 2016. Of this amount, almost \$3.17 billion had been obligated from ASFF, and \$138.76 million had been transferred from DOD CN to the military services and defense agencies for obligation and disbursement, as of December 31, 2016. Nearly \$1.83 billion remained for possible disbursement. Table 3.2 shows amounts appropriated the major reconstruction funds for FY 2016.

STATUS OF FUNDS

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, more than \$954.65 million remained for possible disbursement, as of December 31, 2016, as shown in Table 3.4 and Figure 3.5.

TABLE 3.4

FY 2014 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$3,962.34	\$3,947.50	\$3,860.32	\$87.17
CERP	30.00	6.62	6.44	0.18
AIF	144.00	130.46	15.97	114.48
TFBSO	122.24	106.77	85.84	20.93
DOD CN	238.96	238.96	238.96	0.00
ESF	907.00	835.71	244.20	591.51
INCLE	225.00	224.74	84.37	140.37
Total Major Funds	\$5,629.54	\$5,490.75	\$4,536.10	\$954.65

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$139 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, 1/18/2017.

Congress appropriated more than \$5.03 billion to four of the seven major reconstruction funds for FY 2015. Of that amount, more than \$1.28 billion remained for possible disbursement, as of December 31, 2016, as shown in Table 3.5 and Figure 3.6.

TABLE 3.5

FY 2015 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$3,939.33	\$3,935.19	\$3,663.22	\$271.98
CERP	10.00	3.37	1.60	1.77
ESF	831.90	790.40	4.96	785.44
INCLE	250.00	249.95	27.30	222.66
Total Major Funds	\$5,031.23	\$4,978.91	\$3,697.07	\$1,281.84

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$52 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, 1/18/2017.

FIGURE 3.5

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

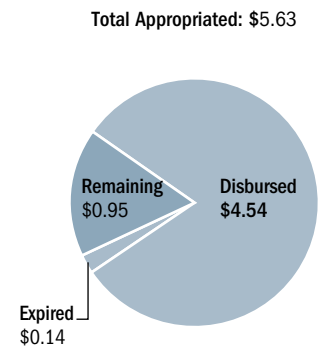
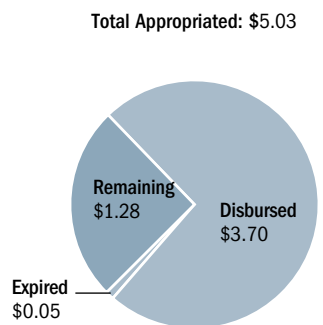
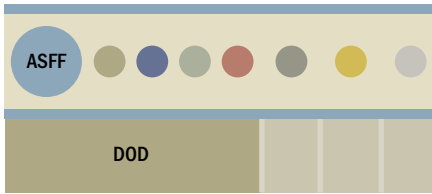


FIGURE 3.6

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



STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.⁵⁶ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.⁵⁷

DOD reported that nearly \$1.87 billion had been made available for obligation under FY 2017 continuing resolutions, as of December 31, 2016, increasing total cumulative funding to more than \$66.02 billion since 2005.⁵⁸ On November 10, President Barack Obama released an amended FY 2017 OCO budget request, which sought an additional \$814.5 million for the ASFF, increasing the FY 2017 request from \$3.45 billion to \$4.26 billion. The additional funding is primarily intended to begin transitioning the ANDSF from Russian-manufactured to U.S.-manufactured helicopters.⁵⁹

As of December 31, 2016, more than \$61.75 billion of total ASFF funding had been obligated, of which nearly \$60.71 billion had been disbursed.⁶⁰ Figure 3.7 displays the amounts made available for the ASFF by fiscal year, and Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR
(\$ BILLIONS)

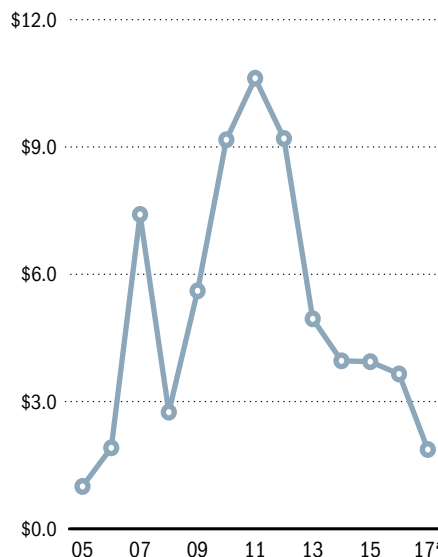
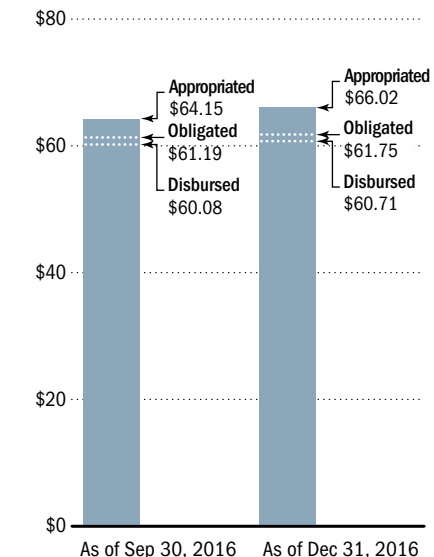


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects reprogramming actions and rescissions. DOD reprogrammed \$1 billion of FY 2011, \$1 billion of FY 2012, and \$178 million of FY 2013 out of the ASFF to fund other DOD requirements. Pub. L. No. 113-6 rescinded \$1 billion from FY 2012. Pub. L. No. 113-235 rescinded \$764.38 million from FY 2014. Pub. L. No. 114-113 rescinded \$400 million from FY 2015. DOD reprogrammed \$230 million into FY 2015 ASFF.

^a FY 2017 appropriation amount has not been determined. Figure reflects amount made available for obligation under continuing resolutions.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016," 1/17/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016," 10/19/2016; Pub. L. Nos. 114-113, 113-235, 113-76, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

STATUS OF FUNDS

ASFF BUDGET ACTIVITIES

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

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

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

As of December 31, 2016, DOD had disbursed nearly \$60.72 billion for ANDSF initiatives. Of this amount, nearly \$40.55 billion was disbursed for the ANA, and nearly \$19.78 billion was disbursed for the ANP; the remaining \$388.63 million was directed to related activities such as detainee operations. This total is about \$9.34 million higher than the cumulative total disbursed due to an accounting adjustment which arises when there's a difference between the amount of disbursements or collections reported to the Defense Finance and Accounting Service and the Department of the Treasury.⁶³

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$17.63 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$8.50 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.⁶⁴

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

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

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

FIGURE 3.9

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

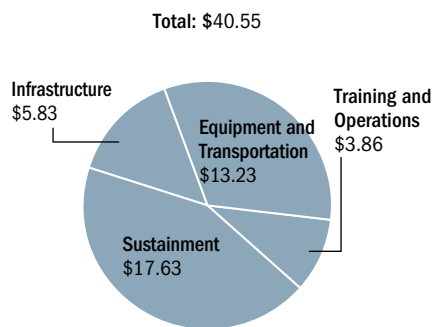
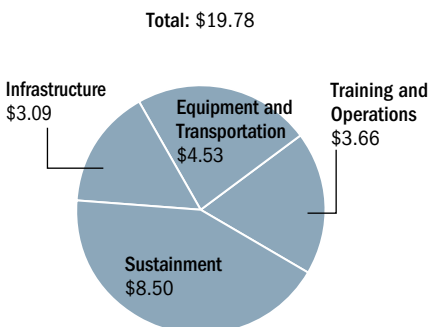


FIGURE 3.10

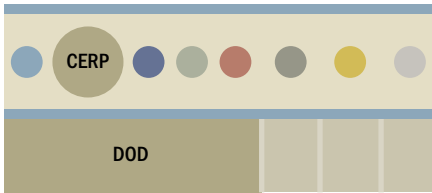
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005-DEC 31, 2016 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016," 1/17/2017.

STATUS OF FUNDS



CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

COMMANDER'S EMERGENCY RESPONSE PROGRAM

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

DOD reported that \$500,671 had been obligated from CERP under the FY 2017 continuing resolution, as of December 31, 2016.⁶⁷ Figure 3.11 displays the amounts made available for CERP by fiscal year.

Total cumulative funding for CERP amounted to more than \$3.68 billion. Of this amount, nearly \$2.29 billion had been obligated, of which more than \$2.27 billion had been disbursed. DOD reported that cumulative obligations increased by \$320,214 over the quarter, and cumulative disbursements increased by \$946,086.⁶⁸ Figure 3.12 provides a cumulative comparison of amounts made available, obligated, and disbursed for CERP.

FIGURE 3.11

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

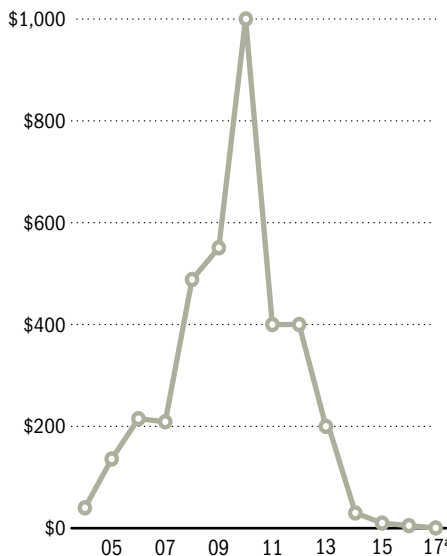
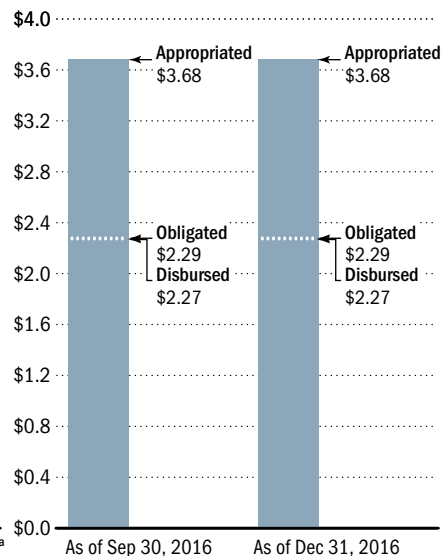


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

^a FY 17 appropriation amount has not been determined. Figure reflects amount obligated under continuing resolutions.

Source: DOD, response to SIGAR data calls, 1/12/2017 and 10/18/2016; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

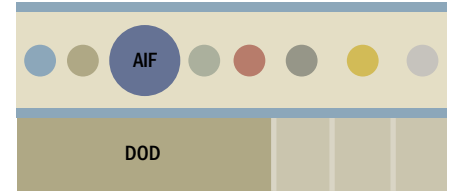
AFGHANISTAN INFRASTRUCTURE FUND

The AIF was established in FY 2011 to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort.

Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.⁶⁹ The AIF received appropriations from FY 2011 through FY 2014. Although the AIF no longer receives appropriations, many projects remain in progress, and DOD may obligate up to \$50 million from the ASFF to complete existing AIF projects.⁷⁰

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.⁷¹ Figure 3.13 shows AIF appropriations by fiscal year. Figure 3.14 shows AIF appropriations by fiscal year.

As of December 31, 2016, nearly \$788.00 million of total AIF funding had been obligated, and more than \$601.87 million had been disbursed, as shown in Figure 3.14.⁷²



AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

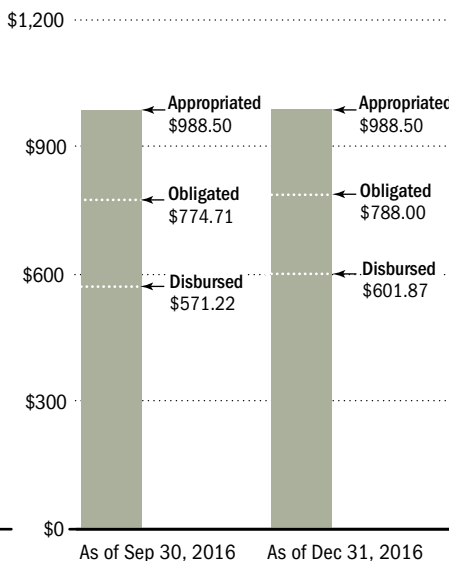
FIGURE 3.13

AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.14

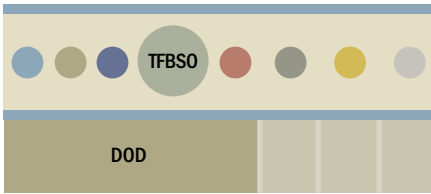
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to USAID's Economic Support Fund: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016," 1/17/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016," 10/15/2016; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

STATUS OF FUNDS



TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the 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.⁷³

Through December 31, 2016, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, more than \$754.36 million had been obligated and more than \$640.60 million had been disbursed.⁷⁴ 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.

FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR (\$ MILLIONS)

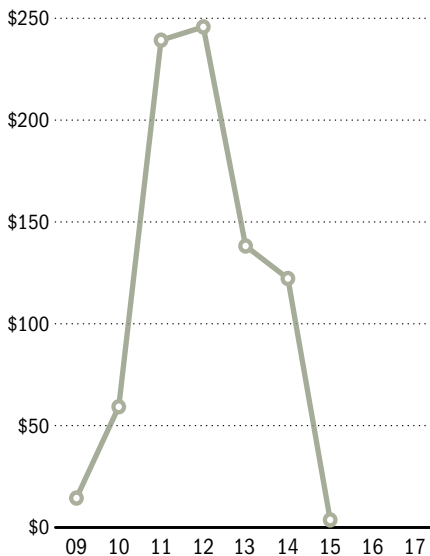
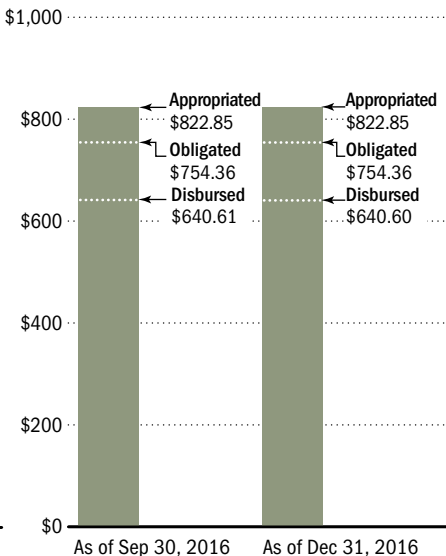


FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON (\$ MILLIONS)



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

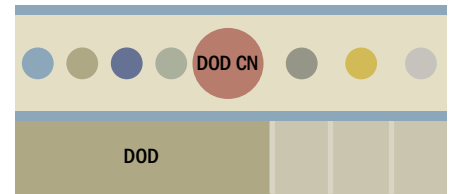
Source: DOD, response to SIGAR data calls, 1/13/2017, 10/11/2016, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, 112-10.

DOD DRUG INTERDICTION 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.⁷⁵

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.⁷⁶

DOD reported that nearly \$18.43 million had been transferred from the DOD CN CTA to the military services and defense agencies for obligation under FY 2017 continuing resolutions, bringing cumulative funding for DOD CN to nearly \$3.02 billion since FY 2004, all of which had been transferred to the military services and defense agencies for DOD CN projects, as of December 31, 2016.⁷⁷ Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



DOD CN FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

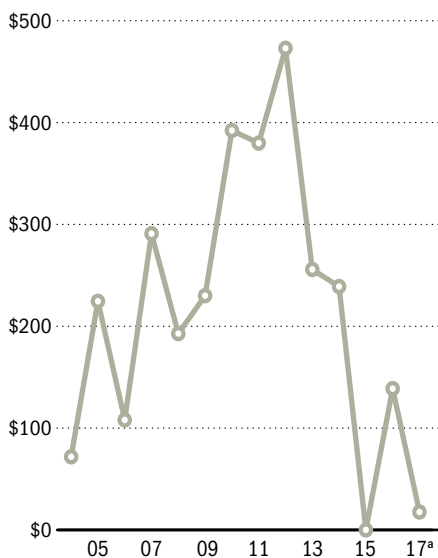
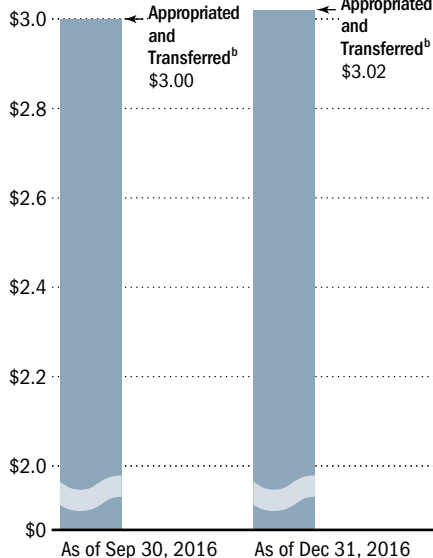


FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



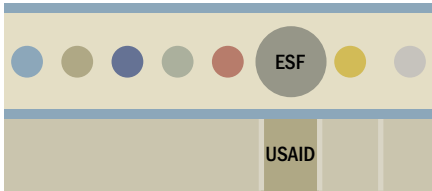
Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

^a FY 2017 appropriation amount has not been determined. Figure reflects amount transferred to the military services and defense agencies for obligation under continuing resolution.

^b DOD reprograms all DOD CN funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data calls, 1/13/2017 and 10/12/2016; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: USAID, response to SIGAR data call, 4/15/2010.

ECONOMIC SUPPORT FUND

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

The ESF was appropriated \$812.27 million for FY 2016, and USAID reported no obligations under FY 2017 continuing resolutions, resulting in no change to ESF's cumulative funding of \$19.41 billion, which includes amounts transferred from AIF to ESF for USAID's power transmission lines projects. Of this amount, nearly \$17.87 billion had been obligated, of which more than \$14.81 billion had been disbursed.⁷⁹ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of December 31, 2016, decreased by \$993,229 and cumulative disbursements increased by nearly \$246.83 million from the amounts reported last quarter.⁸⁰ Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)

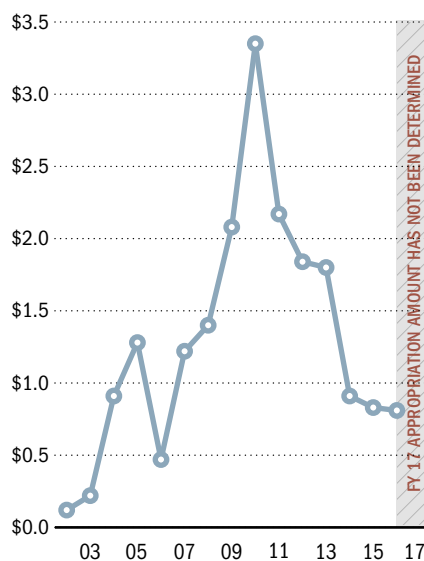
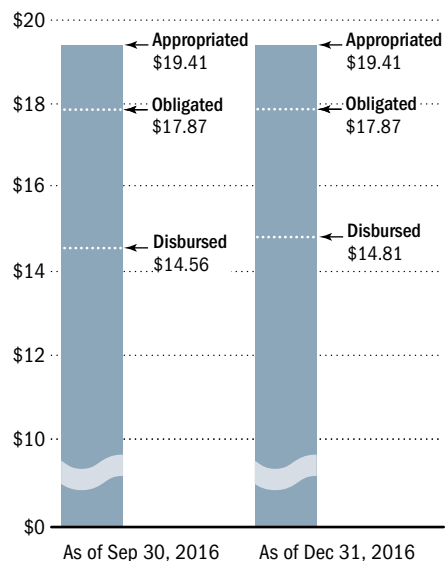


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

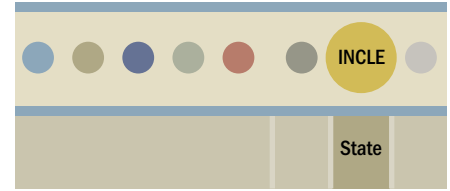
Source: USAID, response to SIGAR data calls, 1/10/2017 and 10/19/2016; State, response to SIGAR data calls, 5/4/2016, 10/20/2015, 4/15/2015 and 4/15/2014.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages the International Narcotics Control and Law Enforcement (INCLE) account which funds projects and programs for advancing rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counternarcotics, and rule of law and justice.⁸¹

State reported that INCLE was appropriated \$185 million for FY 2016 and reported no obligations under FY 2017 continuing resolutions, resulting in no change to INCLE's cumulative funding of \$4.88 billion. Of this amount, more than \$4.55 billion had been obligated, of which, nearly \$3.87 billion had been disbursed.⁸² Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of December 31, 2016, decreased by roughly \$34,000, and cumulative disbursements increased more than \$35.91 million over amounts reported last quarter.⁸³ Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

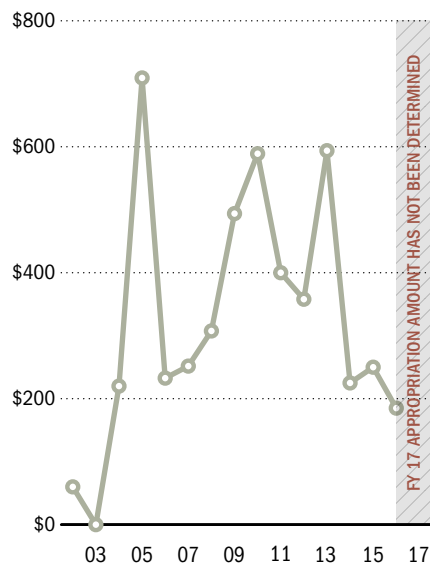
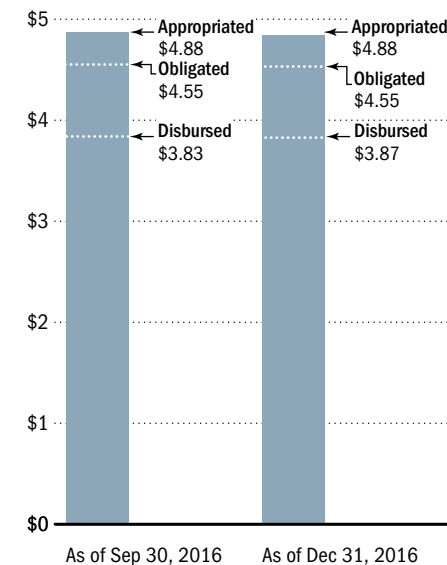


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers.
Source: State, response to SIGAR data calls, 1/6/2017, 10/12/2016, and 4/7/2016.

STATUS OF FUNDS

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).⁸⁴

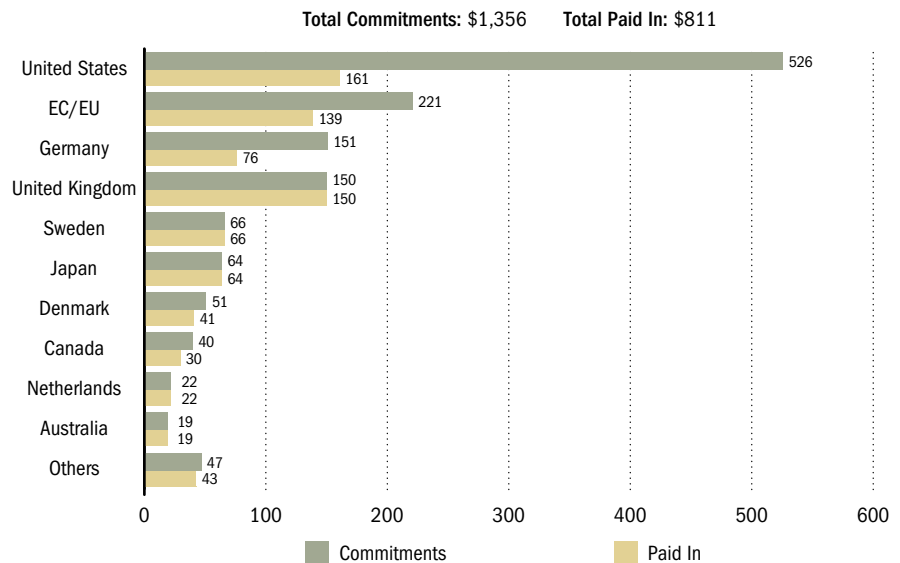
Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to November 20, 2016, the World Bank reported that 34 donors had pledged more than \$10.01 billion, of which nearly \$9.40 billion had been paid in.⁸⁵ According to the World Bank, donors had pledged nearly \$1.36 billion to the ARTF for Afghan fiscal year 1395, which runs from December 22, 2015, to December 21, 2016.⁸⁶ Figure 3.23 shows the 10 largest donors to the ARTF for FY 1395.

As of November 20, 2016, the United States had pledged nearly \$3.21 billion and paid in more than \$2.84 billion since 2002.⁸⁷ The United States and

FIGURE 3.23

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



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

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of November 20, 2016 (end of 11th month of FY1395)," p. 1.

STATUS OF FUNDS

the United Kingdom are the two biggest donors to the ARTF, together contributing 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.⁸⁸ As of November 20, 2016, according to the World Bank, nearly \$4.08 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.⁸⁹ 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.⁹⁰

The Investment Window supports the costs of development programs. As of November 20, 2016, according to the World Bank, nearly \$4.54 billion had been committed for projects funded through the Investment Window, of which more than \$3.61 billion had been disbursed. The World Bank reported 26 active projects with a combined commitment value of nearly \$3.20 billion, of which more than \$2.27 billion had been disbursed.⁹¹

Contributions to the Law and Order Trust Fund for Afghanistan

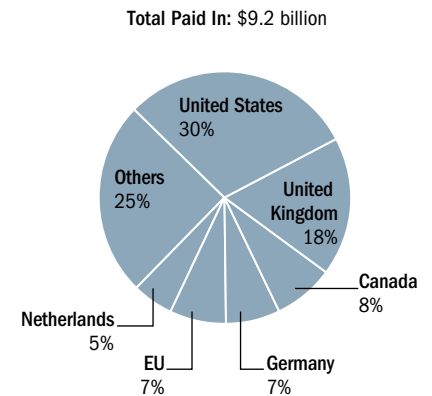
The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).⁹² Since 2002, donors have pledged nearly \$5.18 billion to the LOTFA, of which nearly \$4.90 billion had been paid in, as of December 31, 2016. UNDP reported that the United States had committed and paid in more than \$1.64 billion since the fund’s inception.⁹³ 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 has been extended past 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, 2016.⁹⁴ 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.⁹⁵ 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.⁹⁶

From July 1, 2015, through September 30, 2016, UNDP had expended nearly \$552.88 million on the SPM project for Phase VIII. Of this amount, nearly \$548.04 million was transferred to the MOF to pay for ANP and CPD staff. In addition, nearly \$11.63 million was expended on the MPD project.⁹⁷

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–NOVEMBER 20, 2016

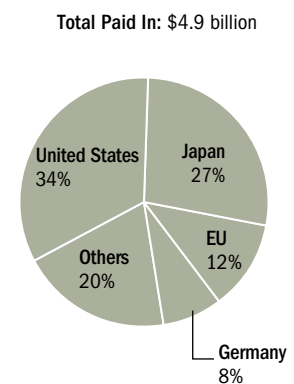


Note: Numbers have been rounded. “Others” includes 28 donors.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of November 20, 2016 (end of 11th month of FY1395),” p. 4.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF DECEMBER 31, 2016



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

Source: UNDP, response to SIGAR data call, 1/19/2017.