COUNTERNARCOTICS CONTENTS

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KEY ISSUES AND EVENTS

Despite a U.S. investment of $8.5 billion to counter Afghanistan’s illicit narcotics economy, Afghanistan remains the world’s largest opium producer and exporter—producing an estimated 80% of the world’s heroin. The narcotics industry—coupled with rampant corruption and fraud—is a major source of illicit revenue. In December 2016, the commander of U.S. and NATO forces in Afghanistan, General John W. Nicholson Jr., said the opium trade provides about 60% of the Taliban’s funding.

According to the Department of State’s Bureau of International Narcotics and Law Enforcement Affairs (INL), a symbiotic relationship exists between the insurgency and narcotics trafficking. Traffickers provide weapons, funding, and material support to the insurgency in exchange for protection, while insurgent leaders traffic drugs to finance their operations. Production and trafficking of illicit narcotics flourish in areas where Afghan state institutions are weak, although trafficking is not limited to insurgent-controlled areas. The narcotics trade also undermines governance and rule of law throughout Afghanistan.

According to the United Nations Office of Drugs and Crime (UNODC), approximately 201,000 hectares of land in Afghanistan were under poppy cultivation in 2016 (a hectare is slightly less than 2.5 acres). That was an increase of 10% over the previous year’s total and a 43% increase in potential opium production. According to INL, poppy cultivation remained near historically high levels compared with the past several decades. While U.S. heroin mainly comes from Mexico, Afghan heroin does make up the majority of heroin consumed in Canada and the rest of the world.

UNODC says poppy 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—and 3% in Kandahar, it increased significantly in others, notably 184% in Badghis. The number of poppy-free provinces decreased from 14 to 13, with Jowzjan losing the poppy-free status regained in 2008. Moreover, final approval of the U.S. government’s revised counternarcotics strategy has been postponed until the new Administration endorses the new strategy.
Afghanistan also suffers from widespread illegal drug use. A 2015 Afghanistan National Drug Use Survey conservatively estimated that roughly 11% of the population tested positive for one or more drugs, including 5.3% of the urban population and 13% of the rural population. Drug use among women and children is among the highest documented worldwide, and 30.6% of households tested positive for some form of illicit drug. In addition, a January 2017 UNODC report found that the availability of synthetic drugs such as methamphetamine has increased in Afghanistan; there were 153 seizures between March 2014 and March 2015, compared to only two between March 2011 and March 2012.

INL noted that the Afghan government recognizes the negative impact of illegal drugs and has taken steps to address the problem, but the Afghan government has been slow to implement the National Drug Action Plan (NDAP) it adopted in 2015. Moreover, the Afghan government will require ongoing financial and technical assistance from the international community if it is to achieve the NDAP’s objectives.

**U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS**

As of March 31, 2017, the United States has provided $8.5 billion for counternarcotics efforts in Afghanistan since 2002. Congress appropriated most counternarcotics (CN) funds for Afghanistan 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) ($1.6 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, including the Counter Narcotics Police of Afghanistan (CNPA) and the Special Mission Wing (SMW), which support the counternarcotic efforts of the Ministries of Defense (MOD) and Interior (MOI).

USAID’s ESF-funded alternative-development programs are intended to support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. In addition to reconstruction funding, the DEA receives funds through direct appropriations to operate in Afghanistan.

SIGAR will issue a Lessons Learned Program report later this year that will examine U.S. counternarcotics efforts since reconstruction began. This comprehensive review will incorporate satellite-imagery data analysis and provide recommendations to policymakers to improve future strategies and programs.
INTERDICTION AND ERADICATION

The U.S. and Afghan governments use both interdiction and eradication to counter the cultivation and production of illicit narcotics in Afghanistan. According to the Department of State:

Drug interdiction—or preventing illicit drugs from reaching their destination—is important in stemming the flow of illegal drugs and countering the negative effects of organized criminal groups. INL supports interdiction efforts through training, equipping, and providing technical assistance to partner nation law enforcement agencies. Such efforts increase the capacity to detect, investigate, disrupt, and seize shipments of illicit drugs and the chemicals (known as precursors) needed to process and produce drugs.

Eradication—or the physical destruction—of illicit crops remains an important tool for decreasing the production of illegal drugs and preventing them from entering the United States, or other drug markets. INL provides training, equipment, and technical assistance to foreign governments to support their own eradication programs, and address related counternarcotics and law enforcement challenges.

Interdiction Results

In Afghanistan, INL partners with the Drug Enforcement Administration (DEA) and DOD to build the capacity of the Counter Narcotics Police of Afghanistan (CNPA), with particular focus on support for two specialized units mentored by DEA: the Afghanistan Sensitive Investigative Unit (SIU) and the Afghanistan National Interdiction Unit (NIU).

The poor security situation in Afghanistan makes interdiction a challenge. However, during the second quarter of fiscal year (FY) 2017 (data available January 1 to March 22, 2017) interdictions rose approximately 60%, from 33 to 53 operations, over the previous quarter, which DOD attributes to the mentorship of U.S. Special Forces units, greater access to RS mission support, and improving interoperability. Most interdiction activities occurred in the capital and eastern regions and included routine patrols, cordon and search operations, vehicle interdictions, and detention operations. These operations resulted in both seizures of illicit narcotics and the destruction of multiple drug labs.

According to DOD, Badghis Province has emerged as the second highest poppy producing province, after Helmand, in part due to a lack of security and counternarcotics forces in the province. Badghis Province’s role in the drug trade is mainly limited to cultivation and trafficking. NIU operations increased and were primarily conducted in Helmand, Kabul, and Nangarhar Provinces. During the second quarter of FY 2017, specialized Afghan CN units, alongside U.S. and Afghan Special Forces, targeted major drug-trafficking organizations in Helmand and Nangarhar Provinces. Recent partnering with U.S. Special Forces has resulted in an
increase in the number of labs destroyed and drugs interdicted. However, DOD noted that continued mentoring by Coalition partners would likely be required to maintain the current level of operations.\textsuperscript{812}

According to U.S. Forces-Afghanistan (USFOR-A), the February 2016 assignment of a Resolute Support advisory team to Afghan counternarcotics forces has increased the number of successful CN missions. In the second quarter of FY 2017, the Resolute Support advisory team supported successful missions by NIU, resulting in seizures of narcotics, precursor chemicals, and drug-production equipment. For example:\textsuperscript{813}

- **January 1, 2017,** U.S. Special Forces advised and assisted the NIU, SIU, and Special Mission Wing (SMW) during operations in Nangarhar to deny and degrade funding for insurgents and narco-terrorists. The mission yielded 10 kilograms (kg) of pure processed heroin, 21 fifty-five-gallon drums of heroin, 100 kg of ammonium chloride, one opium press, one opium cauldron, and two SKS rifles. This operation is estimated to have denied $1.7 million to insurgents/criminals.

- **January 10, 2017,** U.S. Special Forces working with the MOD advised and assisted the NIU, SIU, and Afghan special forces during an operation in Farah Province. This mission yielded 12 kg of crystalized heroin, 500 kg of raw opium, 1,810 kg of ammonium chloride, 1,020 liters of acetic anhydride, 860 kg of soda ash, five opium presses, 129 opium cooking barrels, and three generators. This operation is estimated to have denied $5.8 million to insurgents/criminals.

- **January 26, 2017,** U.S. Special Forces advised and assisted the NIU, SIU, and Afghan special forces to clear six compounds in Helmand Province. This mission resulted in six enemies killed in action and the seizure of 1,090 kg of morphine base, 15,175 kg of ammonium chloride, 11 opium presses, 12 opium cauldrons, 277 cooking barrels, and two enemy vehicles. This operation is estimated to have denied $3.9 million to insurgents/criminals.

- **February 23, 2017,** U.S. Special Forces advised and assisted the NIU, SIU and Afghan special forces during operations in Nangarhar Province. The mission yielded 1,650 kg of morphine base, 100 kg of hashish, 500 kg of opium seeds, 60 liters of acetic acid, 1,000 kg ammonium chloride, one opium press, and one opium cauldron. This operation is estimated to have denied $4.7 million to insurgents/criminals.

SIGAR has long tracked DOD and DEA reporting on the results of interdiction operations in Afghanistan. As shown in Table 3.25, from 2008 through March 22, 2017, 3,371 interdiction operations have resulted in the seizure of 449,470 kg of opium. However, this result was less than 1% of Afghanistan’s opium production. According to the December 2016 Opium Survey by the United Nations Office on Drugs and Crime (UNODC), Afghanistan’s potential opium production was approximately 4,800 metric tons (or 4.8 million kg) in 2016 alone.\textsuperscript{814}
Eradication Results

The UNODC’s 2016 Afghanistan Opium Survey noted that poppy eradication declined significantly in 2016, with only 355 hectares of opium poppy fields destroyed (compared to 3,760 hectares in 2015, 2,692 in 2014, and 7,348 in 2013). When compared to the UNODC-estimated 201,000 hectares of poppy being cultivated in 2016, eradication is nearly imperceptible, as shown in Figure 3.32 on the next page. Deteriorating security conditions, a lack of political will, and the Afghan Ministry of Counter Narcotics’ ineffective management all contributed to the paltry eradication results in 2016.

Governor-Led Eradication Program

The United States supports Afghan-led eradication efforts through INL’s Governor-Led Eradication (GLE) program that reimburses provincial governors $250 per every UNODC-verified hectare of eradicated poppy. GLE is the only eradication program financially supported by the U.S. government; annually it accounts for less than 2% of INL’s Afghanistan CN budget. According to financial data provided to SIGAR, INL has obligated more than $5.6 million and expended nearly $4.7 million for the GLE program.

Ministry of Counter Narcotics Capacity-Building

Since 2008, INL has obligated $35.2 million and expended $26.0 million on building the capacity of the Afghan Ministry of Counter Narcotics (MCN). In mid-July 2015, INL conducted an independent risk assessment of the MCN’s public financial-management system. The report identified significant deficiencies that increased the potential for inaccurate financial reporting, inefficiency, ineffective operations, and noncompliance with laws and regulations. Areas of particular concern were internal controls, program management and monitoring, and facility management.
Based on recommendations in the risk assessment, in mid-2016, INL solicited and awarded a contract for a financial-remediation plan that was expected to be completed in 2016.\textsuperscript{822} However, that original schedule changed “following delays in solicitation.” According to INL, the financial-remediation plan was still “on schedule,” per the terms of the contract, as of March 24, 2017.\textsuperscript{823} INL said it was too early to measure improvements as a result of the financial-remediation plan. The contractor, the Afghanistan Holding Group, is currently developing standard operating procedures for the implementation of effective financial controls.\textsuperscript{824} Successful remediation is expected to permit the MCN to receive direct assistance funds.\textsuperscript{825}

In mid-2016, INL solicited and awarded a grant to improve English and information-technology (IT) skills at the MCN.\textsuperscript{826} According to INL, this quarter, more than 100 students were taking IT-skills training classes twice a week. However, English training was put on hold due to the lack of classroom space. In addition, six fellows from the Asia University for Women were continuing their fellowship at the MCN.\textsuperscript{827}

**Good Performers Initiative**

The INL-funded Good Performers Initiative (GPI) was a program that sought to incentivize provincial governors’ counternarcotics and supply-reduction activities by supporting sustainable, community-led development projects in provinces that significantly reduced or eliminated poppy
cultivation. From June 2012 to April 2016, INL funded GPI projects on-budget through the Afghan Ministry of Finance. However due to technical-capacity issues at the MCN, INL phased out the GPI program. No new GPI projects were approved after April 30, 2016; however, INL will continue to fund ongoing projects until their completion.\textsuperscript{828}

As of February 28, 2017, INL reported that 286 projects valued at $126.4 million had been contracted. Of those, 233 projects have been completed and 53 are still in progress.\textsuperscript{829}

INL is also working on an alternative-development project—called the “Strengthen and Diversify Licit Livelihoods through Alternative Development Interventions” project—that is expected to follow through on INL's commitments to those provinces most affected by the cancelling of the GPI program.\textsuperscript{830}

**ALTERNATIVE DEVELOPMENT**

USAID’s alternative-development (AD) programs support U.S. counternarcotics objectives by helping host countries to develop economic alternatives to narcotics production. INL funding supports supply-reduction and alternative-development programs. INL told SIGAR it holds biweekly meetings with USAID to coordinate their AD efforts and ensure that INL AD efforts complement and leverage ongoing USAID activities.\textsuperscript{831} According to USAID, both agencies also jointly attend AD program meetings with UNODC, the UN Development Programme (UNDP), the MCN, and the Ministry of Agriculture, Irrigation, and Livestock.\textsuperscript{832}

INL has been implementing AD programming in Afghanistan since 2007 through GPI and a series of grants with the Aga Khan Foundation to strengthen subnational governance and alternative livelihoods. INL AD programs target high poppy-cultivating areas, in line with Afghan government priorities laid out in Afghanistan’s National Drug Action Plan.\textsuperscript{833}

**Strengthen and Diversify Licit Livelihoods Through Alternative Development Interventions**

As of March 10, 2017, INL has obligated $20 million for its “Strengthen and Diversify Licit Livelihoods through Alternative Development Interventions” project. The project, implemented by UNODC, started in August 2016 and is scheduled to end in 2020.\textsuperscript{834}

The project will support and strengthen selected value chains in production, processing, quality control, and market linkages across 14 target provinces that were most impacted by the loss of GPI award funds or that had very high levels of poppy cultivation.\textsuperscript{835}

According to INL, this quarter, UNODC finalized district and community selection criteria and have prepared a list of communities in target districts. UNODC also developed questionnaires for a socioeconomic survey,
developed plans for 20 small-scale projects, and is developing plans for some large-scale projects.836

**Community-Based Agriculture and Rural Development**

As of March 10, 2017, INL has obligated $17.8 million for its Community-Based Agriculture and Rural Development (CBARD) project.837 The program—implemented by UNDP and UNODC—aims to improve household income while reducing dependency on illicit poppy cultivation for selected communities in Farah and Badghis Provinces, the second and sixth highest poppy-cultivating provinces in 2016, according to UNODC.838

According to INL, CBARD will improve the local production and marketing of high-value crops. The project will also develop and strengthen community-based business infrastructure, such as irrigation, transportation, and facilities. The project is scheduled to end in 2020.839

According to INL, this quarter, UNDP and its implementing partner developed draft criteria for identifying beneficiary communities and farmers. UNODC developed questionnaires for a socioeconomic survey. In March, INL provided $2.2 million to UNODC and $356,400 to UNDP to conduct surveys of its programs and assessments for future programs. UNODC and UNDP are expected to use the new funding to survey additional communities and conduct assessments that will include information on off-farm employment and access to finance.840

**Kandahar Food Zone**

The Kandahar Food Zone (KFZ) is a $45.4 million, USAID-funded project implemented by International Relief and Development (IRD). KFZ addresses the drivers of poppy cultivation in Kandahar Province by rehabilitating irrigation infrastructure, expanding alternative livelihood opportunities, supporting small businesses, and building the capacity of the MCN to develop effective alternative-development policies. The project started in 2013 and is scheduled to end in August 2018.841

According to USAID, during the first quarter of FY 2017, KFZ made no progress toward two “impact indicators”: increasing the number of hectares of improved high-value crops (the FY 2017 goal is 350 ha) and increasing the percentage of households reporting an increase in income from licit livelihoods in targeted areas (the goal is 10%).

No progress was made during the first quarter of 2017 toward 19 of 24 other indicators, including the number of farmers receiving public or private sector training and the number of hectares under cultivation of high-value crops as a result of U.S. government assistance. However, according to USAID, “KFZ has done preparatory work regarding progression toward the achievement of indicators in upcoming quarters of FY 2017. Therefore, there has been very limited progress toward tangible achievement of indicators during this reporting quarter.”842
During the first quarter of 2017, the KFZ project rehabilitated 199 km of irrigation canals and 350 hectares of perennial crops, established 70 hectares of new orchards, and shipped 6,000 tons of fruit to national markets and 4,000 tons to international markets. In addition, the project improved Afghan government irrigation management and increased government engagement with rural communities.

Regional Agricultural Development Program

USAID’s 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, eastern, 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-East (RADP-E) is a USAID-funded $28.1 million program designed to expand sustainable agriculture-led economic growth in the provinces of Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul. RADP-E works with the private sector to identify constraints to business and value-chain performance, and implement market-based solutions. RADP-E started in 2016 and expected to end in 2021. As of March 22, 2017, approximately $1.4 million had been expended.

According to USAID, this quarter, RADP-E continued its efforts in preparing for its implementation phase. This included completing various studies, surveys, and analyses, as well as collecting information from relevant stakeholders.

RADP-North (RADP-N) is a USAID-funded $78.4 million program that started in 2014 and is scheduled to end in May 2019. RADP-N invests in increased sustainability and profitability of select value chains—wheat, high-value crops, and livestock—in rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces. As of March 22, 2017, approximately $33.4 million had been expended.

RADP-South (RADP-S) is a USAID-funded $125 million program that started in 2013 and is scheduled to end in October 2018. RADP-S promotes inclusive and sustainable economic growth for rural Afghans in Kandahar, Helmand, Uruzgan, and Zabul Provinces. The program supports farmers and micro, small, medium, and large agribusinesses to improve production, processing and commodity sales. RADP-S strengthens market systems by using local agricultural firms to champion reforms. RADP-South is working to increase the incomes of farmers, agribusinesses, and veterinary professionals, while raising awareness among farming families of proper nutrition and balanced diets. As of March 22, 2017, approximately $83.4 million had been expended.

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-West (RADP-W) was a USAID-funded $27.7 million program that started in 2014 and ended in September 2016. RADP-W was a Ministry of Agriculture, Irrigation, and Livestock (MAIL)-led program designed to improve food and economic security for rural Afghans in certain districts in the western provinces of Herat, Farah, and Badghis. The program supported the ministry’s efforts to improve the productivity and profitability of targeted value chains. The program supported initiatives to train and mentor farmers and agribusinesses in the use of appropriate technologies and agricultural practices, post-harvest and value-added processing, and strengthening linkages to domestic and international markets. The program also supported the ministry in efforts to adopt longer-term improvements in national agricultural policy and regulatory development. As of March 22, 2017, approximately $27.1 million had been expended.

Commercial Horticulture and Agricultural Marketing Program
The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a USAID-funded $61.3 million program designed to boost agricultural productivity and food security, provide market opportunities, and decrease poppy production. The program started in 2010 and is scheduled to end in December 2019.

According to USAID, the program has helped export 51,700 tons of produce valued at $55 million to markets in Pakistan, Canada, India, the United Arab Emirates, and Russia. In addition, USAID said the program created more than 7,700 agribusiness jobs, trained 112,500 farmers, and benefitted 38,400 households.

Drug-Demand Reduction
A 2015 Afghanistan National Drug Use Survey conservatively estimated that roughly 11% of the population tested positive for one or more drugs, including 5.3% of the urban population and 13% of the rural population. Drug use among women and children is among the highest documented worldwide and 30.6% of households tested positive for some form of illicit drug.

The United States is helping Afghanistan face this public-health crisis by funding a new rural treatment program to expand substance abuse treatment to the hardest hit local communities. According to INL, the demand for treatment and prevention services far exceeds the capacity of the centers, most of which have extensive waiting lists for new patients. The United States also supports UNODC’s global child-addiction program to develop protocols for treating opioid-addicted children, training treatment staff, and delivering services through nongovernmental organizations.

Since 2015, INL has transitioned responsibility for 28 of the 86 U.S.-funded drug treatment centers to the MOPH. Transition of treatment centers scheduled for January 2017 has been suspended while INL, the MOPH, the Ministry of Counter Narcotics (MCN), and the NGOs renegotiate...
the transition plan. The remaining treatment centers will transition by the end of 2019. INL reduced funding to all facilities (including the MOPH portfolio of 28 centers) by approximately 20% in 2015, another 15% in 2016 and another 25% in 2017.

Counter-Narcotics Community Engagement
INL has obligated $12.7 million and expended $9.8 million to fund its Counter-Narcotics Community Engagement (CNCE) program since October 2013. CNCE funds communication and outreach programs aimed at discouraging poppy cultivation, preventing drug use, and encouraging licit crops. The United States also supports an anti-drug curriculum in Afghan schools, which has trained over 300 teachers and reached over 30,000 students. According to INL, surveys indicate that the public messaging campaigns are having a slow but steady impact on Afghan attitudes about illicit narcotics. CNCE is in its third phase, which began May 2016 and ends November 2017.

CNCE pays an Afghan company, Sayara Strategies (Sayara), to identify provincial drivers of drug trafficking and poppy cultivation—as well as the public response and farmer sentiments towards poppy eradication and counter narcotics efforts—to better target its messaging campaign to reach key geographical and demographic groups.

Sayara also places reporters in 12 key poppy-cultivating provinces. These reporters informally gather information and gauge perceptions on the state of counternarcotics policies and messaging. The reporters collect data by speaking with community members at mosques, bazaars, taxi stands, teahouses, shuras (gatherings of elders), and other places where relevant information is abundant and shared openly. Data is then communicated back to specialists and data analysts for further assessment.