

# 3 RECONSTRUCTION UPDATE



# RECONSTRUCTION UPDATE CONTENTS

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Soldiers from the Afghan National Army's 215th Corps train in clearing buildings in Helmand Province, Afghanistan. (NATO photo by Kay M. Nissen)

## RECONSTRUCTION UPDATE

This quarter, General John W. Nicholson Jr., commander of U.S. and NATO troops in Afghanistan, characterized the security situation in Afghanistan as a “stalemate” and expressed concern over the high number of casualties taken by the Afghan National Defense and Security Forces (ANDSF). To break the stalemate, General Nicholson and General Joseph L. Votel, commander of U.S. Central Command, requested additional troops, who could come from the United States as well as NATO allies. U.S. and NATO leaders agree that additional troops and expanded authorities would enable their forces to provide the necessary advisory support below the ANDSF’s corps level, helping to address Afghan forces’ capability gaps, assist in essential leadership development, and allow for greater oversight of the U.S. taxpayer dollars committed to the ANDSF.

While the ANDSF have prevented the Taliban from capturing and holding any provincial capitals, security incidents and armed clashes have increased, civilian casualties reached new heights, and the insurgents retained control of certain rural areas. Fighting this quarter between the ANDSF and enemy combatants was particularly heavy in the key areas of Helmand, Nangarhar, Kandahar, Kunar, and Ghazni.

This quarter, Russia appeared to step up its involvement in Afghanistan. On December 2, General Nicholson labeled Russia, Pakistan, and Iran as malign actors that enable insurgent or terrorist groups in Afghanistan. Nicholson said that Russia lends public legitimacy to the Taliban, undermining Afghan government and NATO efforts to stabilize Afghanistan. On March 31, Secretary of Defense James Mattis weighed in on the issue of Russian support for the Taliban, saying “I’m not willing to say at this point if that has manifested into weapons and that sort of thing. But certainly, what they’re up to there in light of their other activities gives us concern.” In an interview with Bloomberg, Russia’s special envoy for Afghanistan, Zamir Kabulov, was quoted as saying that the Taliban “have given up global jihad and have become a national force,” concluding that the Taliban is “justified” in opposing a foreign military presence.

Throughout the quarter, the National Unity Government grappled with political challenges ranging from defiance from Vice President Abdul Rashid Dostum, a former warlord whose bodyguards are charged with sodomizing

# RECONSTRUCTION UPDATE



**General John W. Nicholson Jr.**, Resolute Support and USFOR-A commander, briefs reporters at the Pentagon. (DOD photo by Staff Sgt. Jette Carr, USAF)

a political opponent, to resolving conflicts with the parliament over a path to promised parliamentary elections and Afghanistan’s 2019 presidential contest. The UN Secretary-General in March called on Afghan political elites to work together, saying “a cohesive working relationship between the President [Ashraf Ghani] and the Chief Executive [Abdullah Abdullah] will remain vital.”

On January 16, 2017, the Afghan parliament passed a \$6.4 billion budget for Fiscal Year 1396, which runs from December 22, 2016, through December 21, 2017. Domestic revenues are to pay for 38% of the budget, with donor assistance covering the rest.

The international Financial Action Task Force (FATF) said Afghanistan has substantially addressed the technical requirements of its anti-money-laundering/combating the financing of terrorism (AML/CFT) compliance plan. A FATF team is expected to visit Afghanistan next quarter to monitor the extent to which required reforms and actions to address deficiencies are being implemented. Favorable findings could lead to Afghanistan’s removal from FATF’s list of countries with strategic AML/CFT deficiencies. Yet, this quarter, the State Department again listed Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds.

In late March 2017, President Ghani nominated Nargis Nehan as the new Minister of Mines and Petroleum, and directed parliament to schedule a vote of confidence. Nehan became acting minister on April 1.

Despite a U.S. investment of \$8.5 billion to counter Afghanistan's illicit narcotics economy, the country 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, General Nicholson said the opium trade provides about 60% of the Taliban's funding.

Cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$117.3 billion, as of March 31, 2017. 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 \$7.2 billion of this amount remained available for potential disbursement.

## STATUS OF FUNDS CONTENTS

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## STATUS OF FUNDS

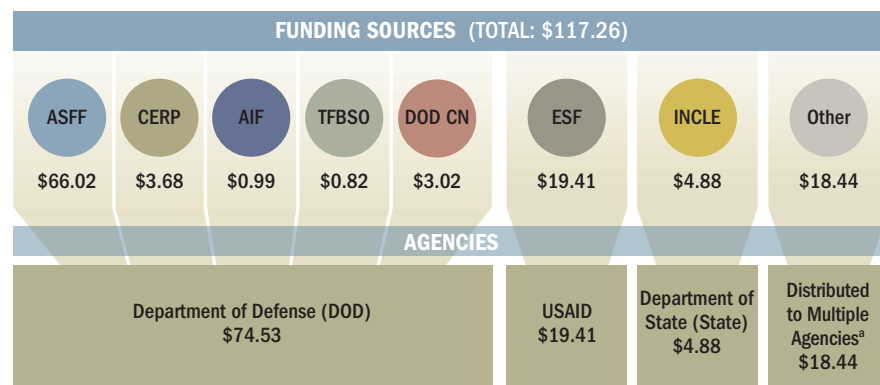
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of March 31, 2017, the United States had appropriated approximately \$117.26 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$71.17 billion for security (\$4.33 billion for counternarcotics initiatives)
- \$32.28 billion for governance and development (\$4.18 billion for counternarcotics initiatives)
- \$3.01 billion for humanitarian aid
- \$10.79 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)



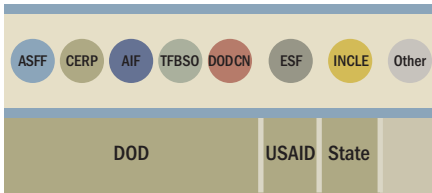
- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International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

Note: Numbers have been rounded.

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

Source: DOD, response to SIGAR data call, 4/17/2017, 4/13/2017, 4/11/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 4/10/2017, 1/6/2017, 1/18/2017, 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, 3/24/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 4/11/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 4/14/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2017," 4/15/2017; 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.

# FUNDING



## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

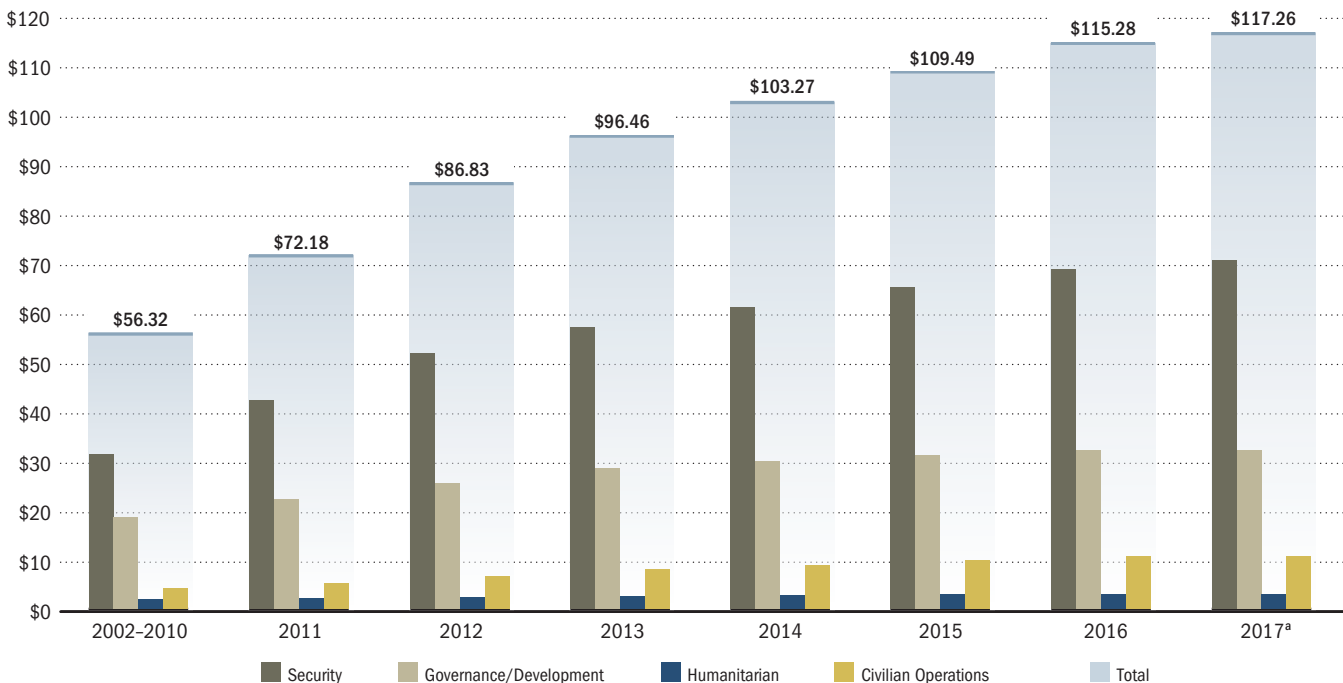
As of March 31, 2017, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$117.26 billion, as shown in Figure 3.2. This total falls into four major categories: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.51 billion of these funds support counternarcotics initiatives which crosscut the security (\$4.33 billion) and governance and development (\$4.18 billion) categories. For more information 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 FY 2017 funding made available for obligation under continuing resolutions, as of March 31, 2017.

On March 16, President Donald Trump requested additional FY 2017 appropriations for DOD and the Department of Homeland Security. None of the additional funding was allocated to reconstruction. The amount

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 92.9% (nearly \$91.81 billion) has been obligated, and nearly 88.1% (almost \$87.06 billion) has been disbursed. An estimated \$4.60 billion of the amount appropriated these funds has expired.

FIGURE 3.2  
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF MARCH 31, 2017 (\$ 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. <sup>a</sup> FY 2017 figures reflect amounts made available for obligation under continuing resolutions.

Source: DOD, response to SIGAR data call, 4/17/2017, 4/13/2017, 4/11/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 4/10/2017, 1/6/2017, 1/18/2017, 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, 3/24/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 4/11/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 4/14/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2017," 4/15/2017; 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.



# FUNDING

requested for the ASFF remained at the \$4.26 billion established in President Barack Obama's November 2016 amended FY 2017 OCO budget request.<sup>31</sup>

The United States aims to channel at least 50% of its development assistance on-budget to the Government of Afghanistan,<sup>32</sup> either directly to Afghan government entities or via contributions to multilateral trust funds.<sup>33</sup> Since 2002, the United States has provided more than \$10.43 billion in on-budget assistance. This includes about \$5.69 billion to Afghan government ministries and institutions, and nearly \$4.74 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.

TABLE 3.1

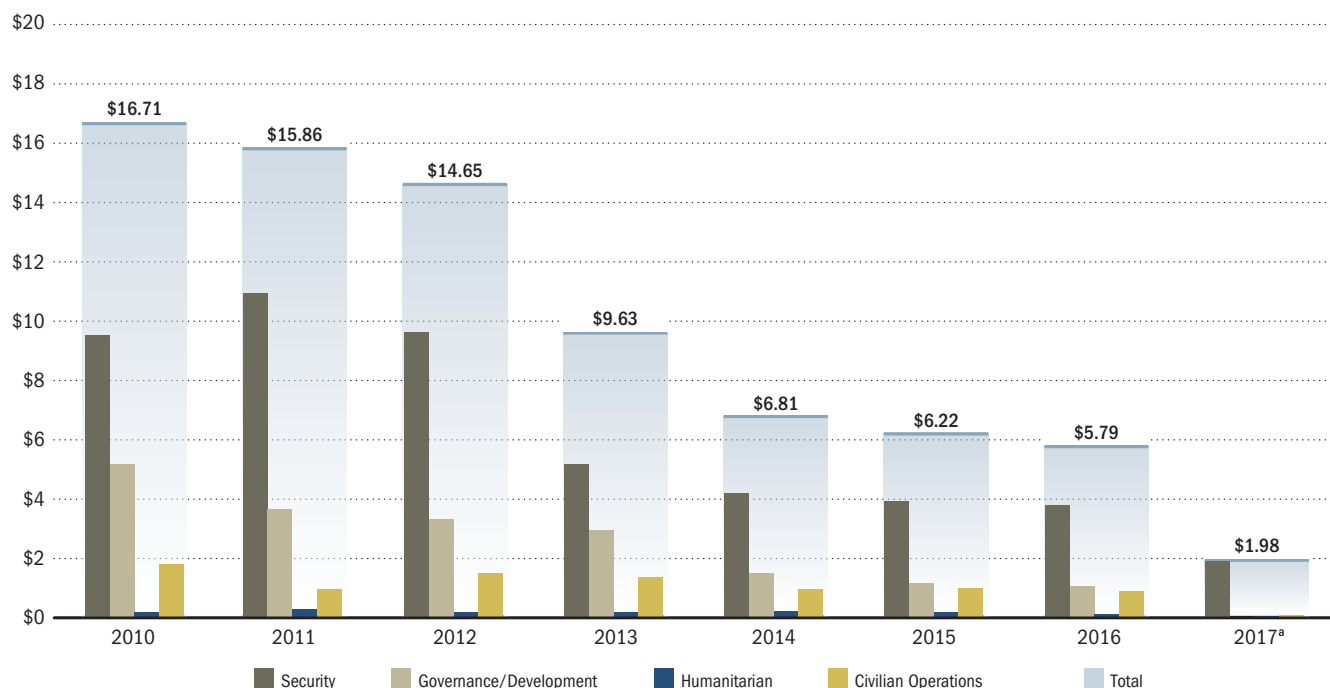
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
<b>Government-to-Government</b>	
DOD	\$4,946
State	92
USAID	655
<b>Multilateral Trust Funds</b>	
LOTFA	\$1,641
ARTF	2,947
AITF	153

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of March 31, 2017, USAID had obligated approximately \$1.3 billion for government-to-government assistance.

Source: USAID, response to SIGAR data call, 4/9/2017; DOD, response to SIGAR data call, 6/25/2015; World Bank, "ARTF: Administrator's Report on Financial Status as of February 19, 2017 (end of 2nd month of FY 1396)," p. 4; UNDP, response to SIGAR data call, 4/17/2017.

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.<sup>8</sup> FY 2017 figures reflect amounts made available for obligation under continuing resolutions.

Source: DOD, response to SIGAR data call, 4/17/2017, 4/13/2017, 4/11/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 4/10/2017, 1/6/2017, 1/18/2017, 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, 3/24/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 4/11/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 4/14/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2017," 4/15/2017; 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.

# FUNDING

## AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly \$117.26 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)

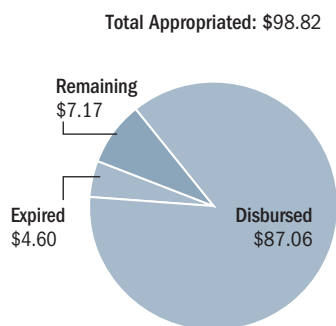


TABLE 3.3

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2017 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$66.02	\$62.56	\$61.41	\$2.57
Commander's Emergency Response Program (CERP)	3.68	2.29	2.28	0.01
Afghanistan Infrastructure Fund (AIF)	0.99	0.78	0.64	0.14
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	17.85	15.10	3.57
International Narcotics Control & Law Enforcement (INCLE)	4.88	4.55	3.98	0.76
<b>Total Major Funds</b>	<b>\$98.82</b>	<b>\$91.81</b>	<b>\$87.06</b>	<b>\$7.17</b>
Other Reconstruction Funds	7.65			
Civilian Operations	10.79			
<b>Total</b>	<b>\$117.26</b>			

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

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/18/2017.

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
<b>Total Major Funds</b>	<b>\$4,793.29</b>

As of March 31, 2017, approximately \$7.17 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 \$3.31 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 March 31, 2017. Nearly \$1.77 billion remained for possible disbursement. Table 3.2 shows amounts appropriated the major reconstruction funds for FY 2016.

# FUNDING

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, more than \$826.79 million remained for possible disbursement, as of March 31, 2017, 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	\$3,872.60	\$74.89
CERP	30.00	6.62	6.44	0.18
AIF	144.00	130.46	30.57	99.88
TFBSO	122.24	106.77	85.84	20.93
DOD CN	238.96	238.96	238.96	0.00
ESF	907.00	835.71	338.12	497.59
INCLE	225.00	224.74	91.42	133.32
<b>Total Major Funds</b>	<b>\$5,629.54</b>	<b>\$5,490.75</b>	<b>\$4,663.95</b>	<b>\$826.79</b>

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, 4/18/2017.

Congress appropriated more than \$5.03 billion to four of the seven major reconstruction funds for FY 2015. Of that amount, nearly \$1.08 billion remained for possible disbursement, as of March 31, 2017, 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	\$3,935.44	\$3,754.27	\$181.17
CERP	10.00	3.37	1.60	1.77
ESF	831.90	775.40	20.71	754.69
INCLE	250.00	249.95	109.89	140.07
<b>Total Major Funds</b>	<b>\$5,031.23</b>	<b>\$4,964.16</b>	<b>\$3,886.46</b>	<b>\$1,077.70</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$67 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/18/2017.

FIGURE 3.5

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

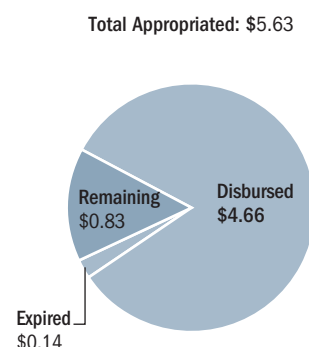
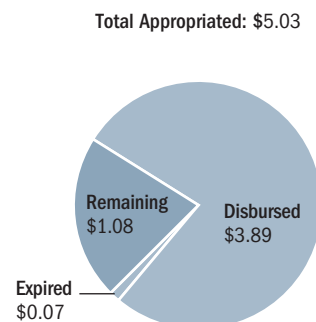
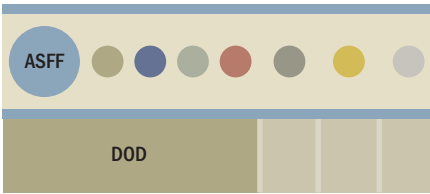


FIGURE 3.6

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



# FUNDING



## ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

## AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.<sup>34</sup> The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.<sup>35</sup>

DOD reported that nearly \$1.87 billion had been made available for obligation under the FY 2017 continuing resolution, as of March 31, 2017, increasing total cumulative funding to more than \$66.02 billion since 2005.<sup>36</sup> On March 16, President Trump requested additional FY 2017 appropriations for DOD and the Department of Homeland Security. The President asked for an additional \$1.1 billion for Operation Freedom's Sentinel, none of the additional funding was for reconstruction. The amount requested for the ASFF remained at the \$4.26 billion in President Obama's November 2016 amended FY 2017 OCO budget request.<sup>37</sup>

As of March 31, 2017, more than \$62.56 billion of total ASFF funding had been obligated, of which more than \$61.41 billion had been disbursed.<sup>38</sup> Figure 3.7 displays ASFF funding by fiscal year, and Figure 3.8 shows cumulative amounts made available, obligated, and disbursed.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR  
(\$ BILLIONS)

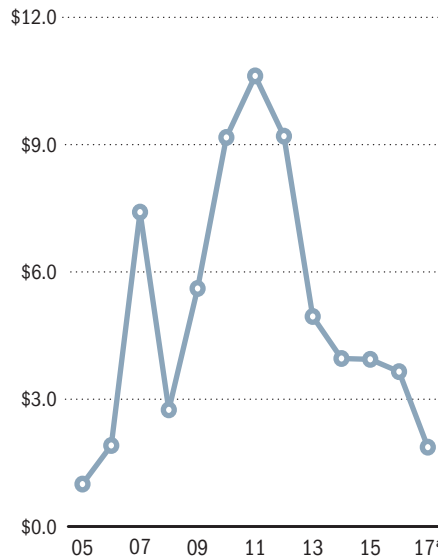
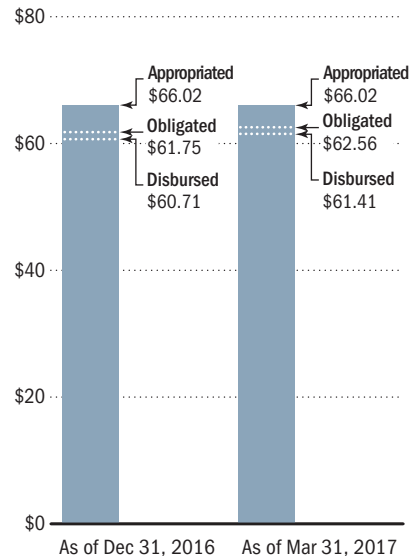


FIGURE 3.8

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.

<sup>a</sup> 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 March 2017," 4/15/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016," 1/17/2017; 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.

## 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.<sup>39</sup> The Afghanistan Resources Oversight Council must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any non-standard equipment requirement in excess of \$100 million.<sup>40</sup>

As of March 31, 2017, DOD had disbursed more than \$61.41 billion for ANDSF initiatives: nearly \$41.17 billion for the ANA, and more than \$19.93 billion for the ANP. The remaining \$388.70 million was directed to related activities such as detainee operations. This total is about \$78.07 million higher than the cumulative total disbursed due to an accounting adjustment.<sup>41</sup>

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$18.10 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$8.60 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.<sup>42</sup>

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

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

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

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005–MAR 31, 2017 (\$ BILLIONS)

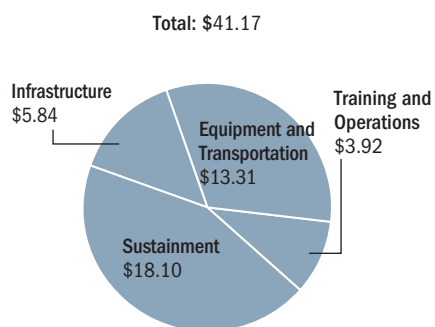
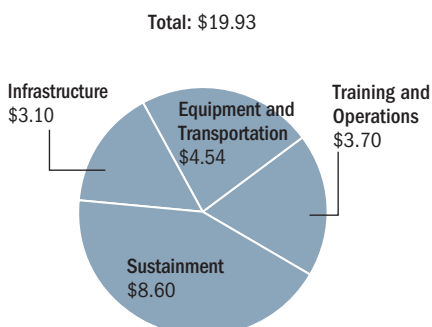


FIGURE 3.10

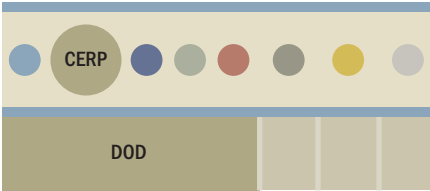
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–MAR 31, 2017 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2017," 4/15/2017.

# FUNDING



## 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 estimated to cost less than \$500,000 each.<sup>43</sup> CERP-funded projects may not exceed \$2 million each.<sup>44</sup>

DOD reported that \$957,316 had been obligated and \$664,335 had been disbursed from CERP under the FY 2017 continuing resolution, as of March 31, 2017.<sup>45</sup> Figure 3.11 displays FY amounts made available for CERP.

Total cumulative funding for CERP amounted to more than \$3.68 billion. Of this amount, nearly \$2.29 billion had been obligated, of which nearly \$2.28 billion had been disbursed. DOD reported that cumulative obligations increased by \$147,403 over the quarter, and cumulative disbursements increased by \$724,832.<sup>46</sup> 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)

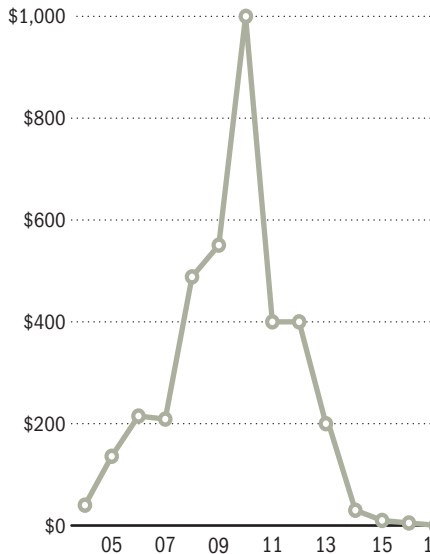
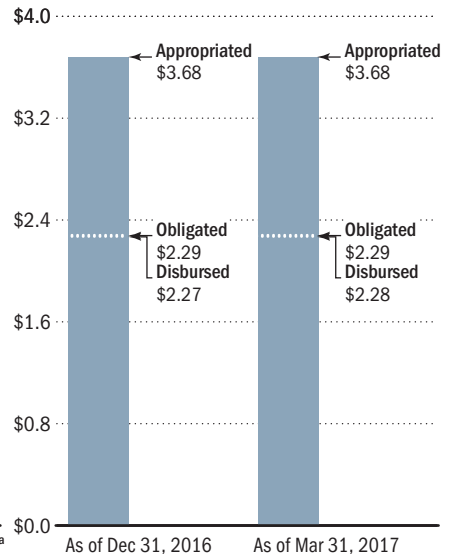


FIGURE 3.12

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



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

<sup>a</sup> FY 2017 appropriation amount has not been determined. Figure reflects amount obligated under continuing resolutions.

Source: DOD, response to SIGAR data call, 4/13/2017 and 1/12/2017; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, and 112-10.

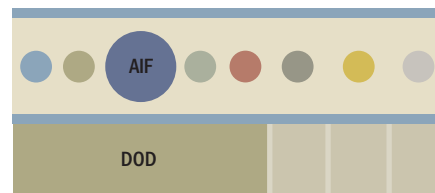
## AFGHANISTAN INFRASTRUCTURE FUND

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

Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.<sup>47</sup> 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.<sup>48</sup>

The AIF received cumulative appropriations of over \$1.32 billion; however, \$335.50 million of these funds were transferred to the Economic Support Fund (ESF) for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to \$988.50 million.<sup>49</sup> Figure 3.13 shows AIF appropriations by fiscal year. Figure 3.14 shows AIF appropriations by fiscal year.

As of March 31, 2017, nearly \$779.70 million of total AIF funding had been obligated, and more than \$641.39 million had been disbursed, as shown in Figure 3.14.<sup>50</sup>



### AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

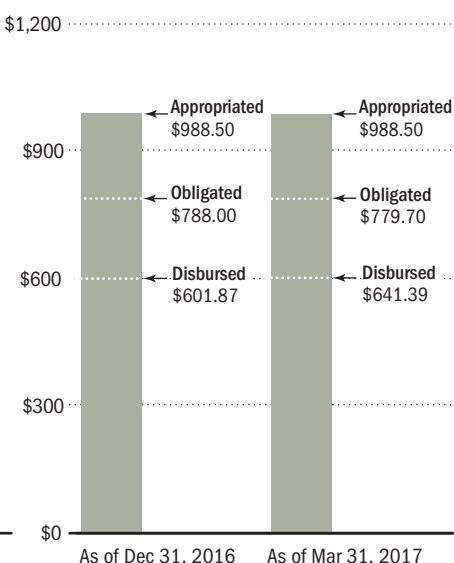
FIGURE 3.13

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



FIGURE 3.14

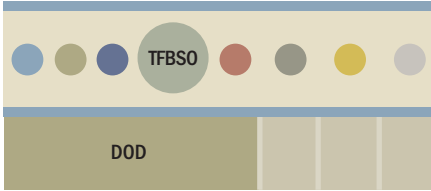
**AIF FUNDS, CUMULATIVE COMPARISON**  
(\$ MILLIONS)



Note: Numbers have been rounded. Updated data resulted in a lower obligated figure than reported last quarter. Data reflects the following transfers from AIF to USAID's Economic Support Fund: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2017," 4/15/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2016," 1/17/2017; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

# FUNDING



## 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.<sup>51</sup>

Through March 31, 2017, 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 nearly \$640.63 million had been disbursed.<sup>52</sup> 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)

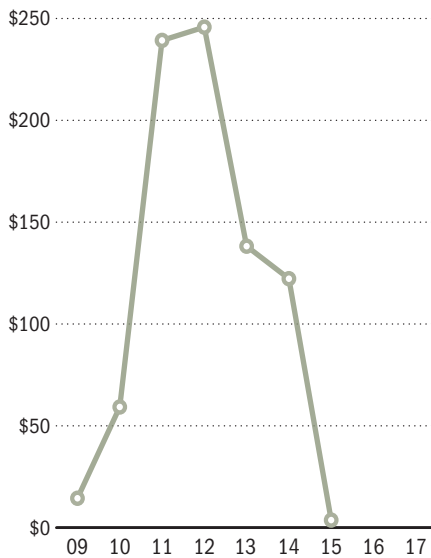
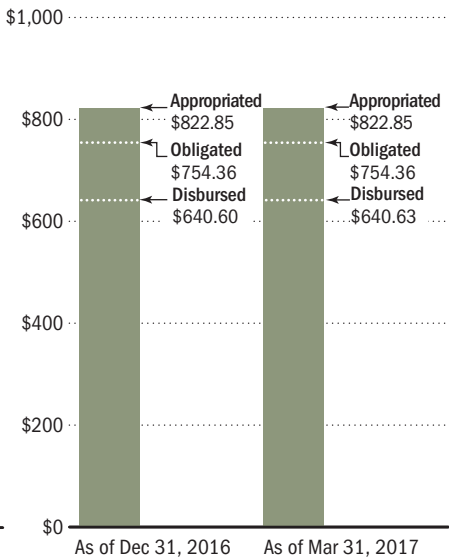


FIGURE 3.16

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 call, 4/17/2017, 1/13/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

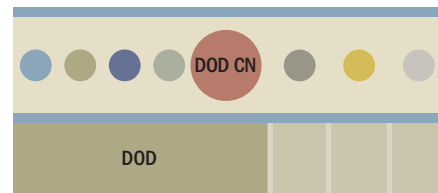


## DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

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.<sup>53</sup>

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.<sup>54</sup>

DOD reported that nearly \$19.26 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 March 31, 2017.<sup>55</sup> Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



### DOD CN FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

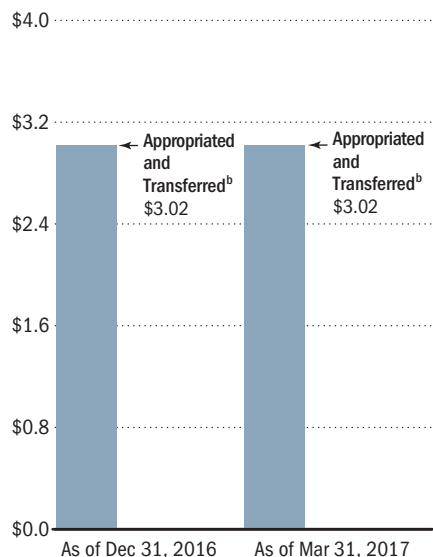
FIGURE 3.17

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



FIGURE 3.18

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



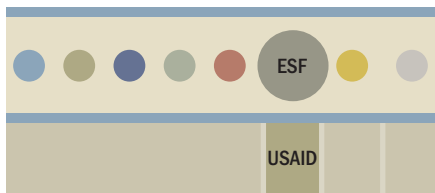
Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

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

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

Source: DOD, response to SIGAR data call, 4/11/2017 and 1/13/2017; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

# FUNDING



## ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

## ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.<sup>56</sup>

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, more than \$17.85 billion had been obligated, of which nearly \$15.10 billion had been disbursed.<sup>57</sup> Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of March 31, 2017, decreased by nearly \$15.54 million and cumulative disbursements increased by nearly \$286.71 million from the amounts reported last quarter.<sup>58</sup> Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR  
(\$ BILLIONS)

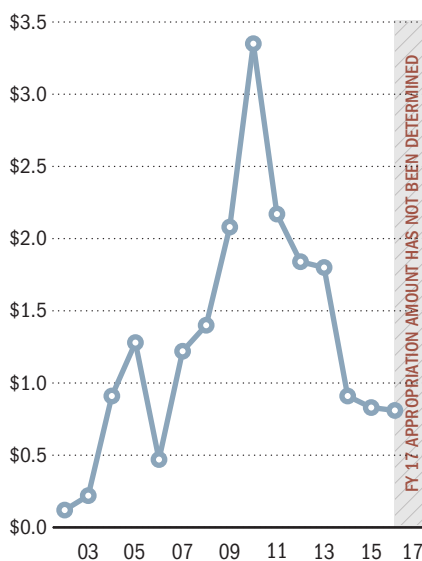
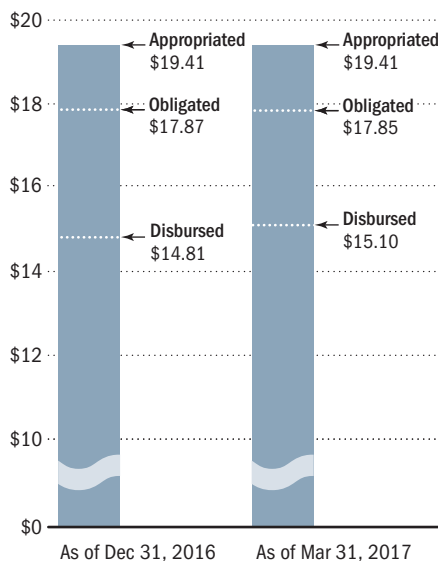


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Note: Numbers have been rounded. Data 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. Updated data resulted in a lower obligated figure than reported last quarter.

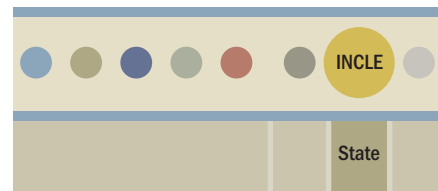
Source: USAID, response to SIGAR data call, 4/11/2017 and 1/10/2017; State, response to SIGAR data call, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

## 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, counter-narcotics, and rule of law and justice.<sup>59</sup>

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 \$3.98 billion had been disbursed.<sup>60</sup> Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of March 31, 2017, remained the same as the previous quarter, while cumulative disbursements increased more than \$110.47 million over amount reported last quarter.<sup>61</sup> Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



### INL FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

FIGURE 3.21

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

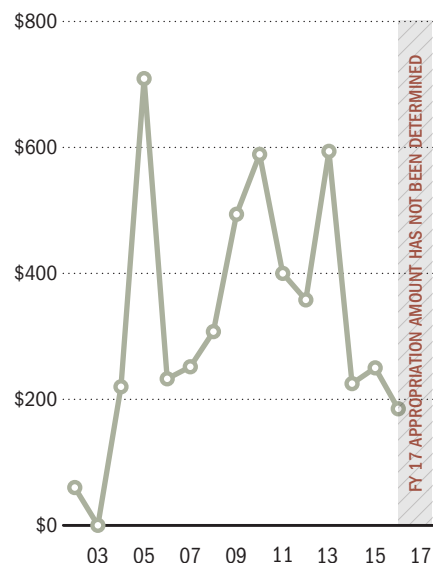
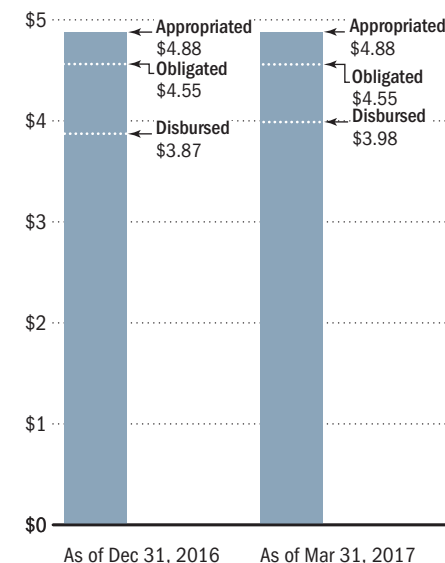


FIGURE 3.22

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



Note: Numbers have been rounded. Data may include inter-agency transfers.  
Source: State, response to SIGAR data call, 4/13/2017, 1/6/2017, and 4/7/2016.

# FUNDING

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. Most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).<sup>62</sup>

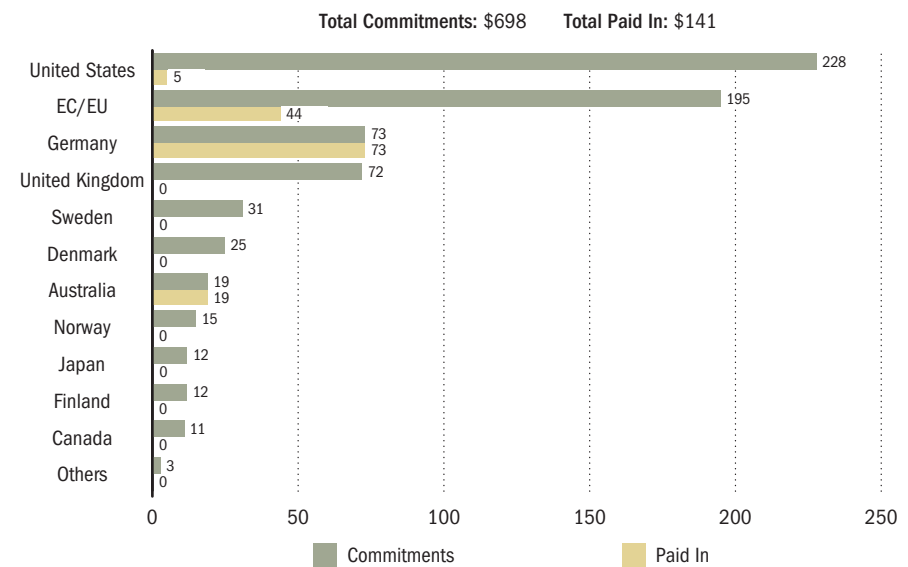
### Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to February 19, 2017, the World Bank reported 34 donors had pledged over \$10.20 billion; more than \$9.64 billion had been paid in.<sup>63</sup> The World Bank says, donors pledged \$697.52 million to the ARTF for Afghan fiscal year 1396, (December 22, 2016, to December 21, 2017).<sup>64</sup> Figure 3.23 shows the 11 largest donors for FY 1396.

As of February 19, 2017, the United States had pledged more than \$3.17 billion and paid in more than \$2.95 billion since 2002.<sup>65</sup> The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing 48% of its total funding, as shown in Figure 3.24.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1395 BY DONOR, AS OF FEBRUARY 19, 2017 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1396 = 12/22/2016–12/21/2017.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of February 19, 2017 (end of 2nd month of FY 1396)," p. 1.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.<sup>66</sup> As of February 19, 2017, according to the World Bank, nearly \$4.26 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.<sup>67</sup> The RC Window supports the operating costs of the Afghan government because the government's domestic revenues continue to be insufficient to support its recurring costs. To ensure that the RC Window receives adequate funding, donors to the ARTF may not “prefer” (earmark) more than half of their annual contributions for desired projects.<sup>68</sup>

The Investment Window supports the costs of development programs. As of February 19, 2017, according to the World Bank, nearly \$4.55 billion had been committed for projects funded through the Investment Window, of which almost \$3.71 billion had been disbursed. The World Bank reported 26 active projects with a combined commitment value of nearly \$3.21 billion, of which almost \$2.37 billion had been disbursed.<sup>69</sup>

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

The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).<sup>70</sup> Since 2002, donors have pledged more than \$5.29 billion to the LOTFA, of which nearly \$4.96 billion had been paid in, as of April 13, 2017. The United States had committed over \$1.66 billion since the fund's inception and paid in more than \$1.64 billion.<sup>71</sup> Figure 3.25 shows the four largest donors to the LOTFA since 2002.

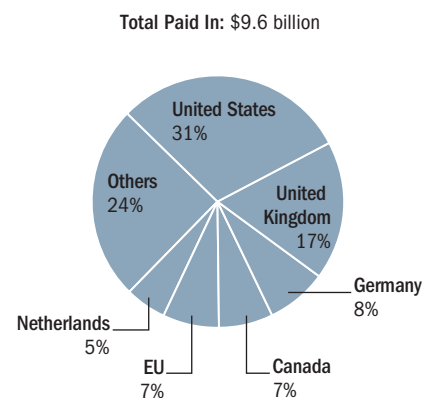
The LOTFA is in its eighth phase. The phase had an initial estimated budget of \$883.56 million and was designed as a transition to a full handover of payroll functions to the Afghan government and to develop national capacity for its management. The Afghan government and LOTFA donors agreed to extend the phase for a year beyond its original planned end date of December 31, 2016, after assessments commissioned by UNDP revealed that the MOI had not yet met various critical donor conditions for the transition of payroll management.<sup>72</sup>

Phase VIII initial \$883.56 million budget was divided between the \$850.56 million Support to Payroll Management (SPM) project and the \$33 million MOI and Police Development (MPD) project, which focuses on institutional development of the MOI and police professionalization of the ANP. Most project funding—nearly \$842.44 million—was to be transferred from the UNDP Country Office to the Ministry of Finance (MOF) for ANP and CPD staff remuneration.<sup>73</sup>

From July 1, 2015, through December 31, 2016, UNDP had expended more than \$667 million on the SPM project for Phase VIII. Of this amount, nearly \$661 million was transferred to the MOF to pay for ANP and CPD staff. In addition, nearly \$17.39 million was expended on the MPD project.<sup>74</sup>

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–FEBRUARY 19, 2017

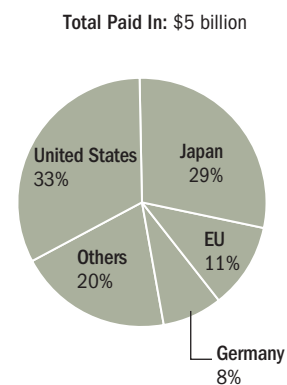


Note: Numbers have been rounded. “Others” includes 28 donors.

Source: World Bank, *ARTF: Administrator's Report on Financial Status as of February 19, 2017* (end of 2nd month of FY 1396), p. 4.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF APRIL 13, 2017



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

Source: UNDP, response to SIGAR data call, 4/17/2017.