

3 RECONSTRUCTION UPDATE



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A July meeting in Kabul of the Joint Coordination and Monitoring Board brought together Afghan officials, foreign diplomats, and representatives of international organizations, civil society, and the private sector to review development progress and challenges. (UNAMA photo by Fardin Waezi)

RECONSTRUCTION UPDATE

Several top U.S. security officials characterized the war in Afghanistan this quarter as a stalemate that, if left unchecked, could deteriorate further in favor of the insurgency. The U.S. Administration directed the Department of Defense (DOD) to update troop levels in Afghanistan as part of a wider, forthcoming American strategy for the country. A key part of the strategy, according to Secretary of Defense James N. Mattis, will be giving U.S. personnel on the ground in Afghanistan the authorities and manpower they need to help train and advise the Afghan National Defense and Security Forces (ANDSF) and assist them in defeating the enemy.

Security incidents in Afghanistan increased this quarter compared to the same period last year, especially in eastern Afghanistan. Insurgents and terrorists carried out several deadly high-profile and insider attacks. Following a major suicide attack in the center of Kabul that killed as many as 150 people on May 31, 2017, President Ghani took several steps to reform the security sector. These included making major changes to the ANDSF's leadership and beginning to implement a new four-year ANDSF Road Map plan to continue to increase the capabilities of the ANDSF, secure major population centers, and incentivize the Taliban insurgency to reconcile with the Afghan government.

Over the past three months, Afghan National Army and Afghan National Police strength increased modestly, force readiness improved across all elements, and the ANDSF prevented Taliban attempts to take and hold district capitals and key population centers. However, Coalition air support continued to be essential to ANDSF success; airstrikes more than doubled in frequency this quarter compared to the same period in 2016.

The National Unity Government continued to grapple with high-level political realignments and tensions. As the U.S. Director of National Intelligence wrote in May, "Kabul's political dysfunction and ineffectiveness will almost certainly be the greatest vulnerability to stability in 2017." In June, the UN Special Representative for Afghanistan saw indications that "Afghanistan's broad political consensus was fraying," as various sides accused the others of "acting against the national interest."

Political rifts deepened following the May 31 suicide attack in Kabul. Large, at times violent, protests broke out in response to the bombing.

Since 2001, the United States has obligated an estimated \$714 billion for its efforts in Afghanistan, according to the most recent data available, which includes an estimated \$110 billion obligated for relief, reconstruction, and civilian operations. This total includes war funding, relief and reconstruction, diplomatic and consular programs, Afghanistan-related operations of U.S. government entities, military and embassy construction projects, and oversight. About \$675 billion of the estimated \$714 billion was obligated by the Department of Defense.

Note: Figure is an estimate that combines DOD-reported obligation data for Afghanistan with obligations from the non-DOD accounts tracked by SIGAR and outlined in Appendix B of this report. DOD obligation data is as of February 28, 2017. Non-DOD obligation data is as of June 30, 2017. To provide a more developed estimate, amounts allocated for Afghanistan were used when detailed agency-reported obligation data were not available.

Source: SIGAR analysis of DOD's *Cost of War Update* as of February 28, 2017, 5/18/2017, and agency-reported budget and obligation data of non-DOD funds outlined in Appendix B of this report.

RECONSTRUCTION UPDATE



An Afghan Air Force Cessna-208 performs a resupply mission for the Afghan Border Police. (Resolute Support photo)

Several Afghan politicians used the bombing and subsequent protests to make demands of the government. During an address to the Joint Coordination and Monitoring Board meeting in July, President Ghani acknowledged that political grievances are increasingly ethnic in nature.

In late June, senior Afghan government officials—who are also leaders of three of Afghanistan’s major ethnic political parties—met in Turkey and announced the creation of a new political coalition. Demands in the new coalition’s draft resolution included fully implementing the political agreement on the formation of the National Unity Government; decentralizing Afghanistan’s budget; and holding the presidential, parliamentary, and district council elections on time.

In the first six months of FY 1396 (which began December 22, 2016), Afghanistan’s domestic revenues declined nearly 25% year-on-year and covered about 40% of total government expenditures. This left a budget gap of \$1.1 billion in current dollars, which donor contributions narrowed to \$458 million. Donors are expected to finance approximately 62% of the country’s \$6.4 billion FY 1396 national budget.

The Financial Action Task Force, an intergovernmental organization established to combat money laundering and terror financing, decided on June 23, 2017, to remove Afghanistan from its list of countries with strategic anti-money-laundering/combating the financing of terrorism (AML/CFT) deficiencies. Afghanistan’s compliance will no longer be subject to FATF’s ongoing monitoring, although the government will continue to work with

FATF to strengthen its AML/CFT administration. The State Department listed Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds.

On May 24, 2017, the International Monetary Fund's (IMF) executive board completed the first review of Afghanistan's economic-reform program that began in July 2016. The IMF deemed Afghanistan's performance through December 31, 2016, satisfactory with all quantitative performance criteria and indicator targets met. Three of five structural benchmarks were implemented on time and one benchmark was implemented after the assessment; one remained outstanding, as of May 2017.

Despite the United States providing \$8.6 billion for counternarcotic efforts in Afghanistan since 2002, the area under cultivation continues to rise. It increased 10% to 201,000 hectares in 2016 compared to the previous year's total. The United Nations also reported that 685 hectares were eradicated this year; these results are provisional, as they are not verified by satellite imagery. Eradication results for 2016 were 355 hectares, but even the recent increase accounts for less than 0.5% of the area under opium-poppy cultivation.

Ambassador William Brownfield, Assistant Secretary of State for International Narcotics and Law Enforcement, met with President Ghani in July to discuss strategy and counternarcotic efforts in the region. The U.S. government is still operating under its 2012 counternarcotics strategy for the country: the revised strategy has been postponed until the Administration completes its review of a draft revised policy.

Cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$119.7 billion, as of June 30, 2017. This includes amounts appropriated DOD in the Consolidated Appropriations Act, 2017, however, FY 2017 allocations for State Department and U.S. Agency for International Development foreign assistance accounts were still undergoing the 653(a) congressional-consultation process when this report went to press. The FY 2017 total appropriated will increase when these amounts are known. Of the total cumulative amount appropriated for Afghanistan reconstruction, \$101.2 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately \$8.1 billion of this amount remained available for potential disbursement, as of June 30, 2017.

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STATUS OF FUNDS

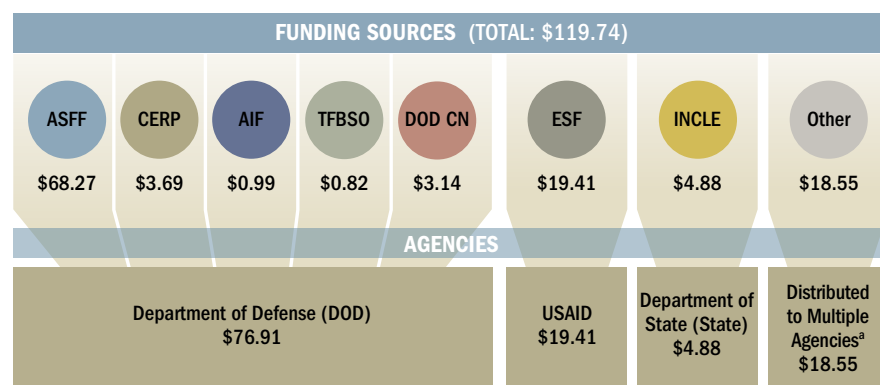
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2017, the United States had appropriated approximately \$119.74 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$73.54 billion for security (\$4.45 billion for counternarcotics initiatives)
- \$32.29 billion for governance and development (\$4.18 billion for counternarcotics initiatives)
- \$3.09 billion for humanitarian aid
- \$10.82 billion for civilian operations

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

FIGURE 3.1

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



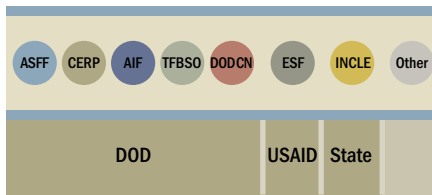
- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International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

Note: Numbers have been rounded. Final FY 2017 appropriation amounts for State and USAID were still being determined when this report went to press.

^a Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, BBG, and SIGAR.

Source: DOD, response to SIGAR data call, 7/17/2017, 6/25/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 7/11/2017, 4/21/2017, 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, 7/10/2017; 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, 7/10/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2017," 7/18/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

FUNDING



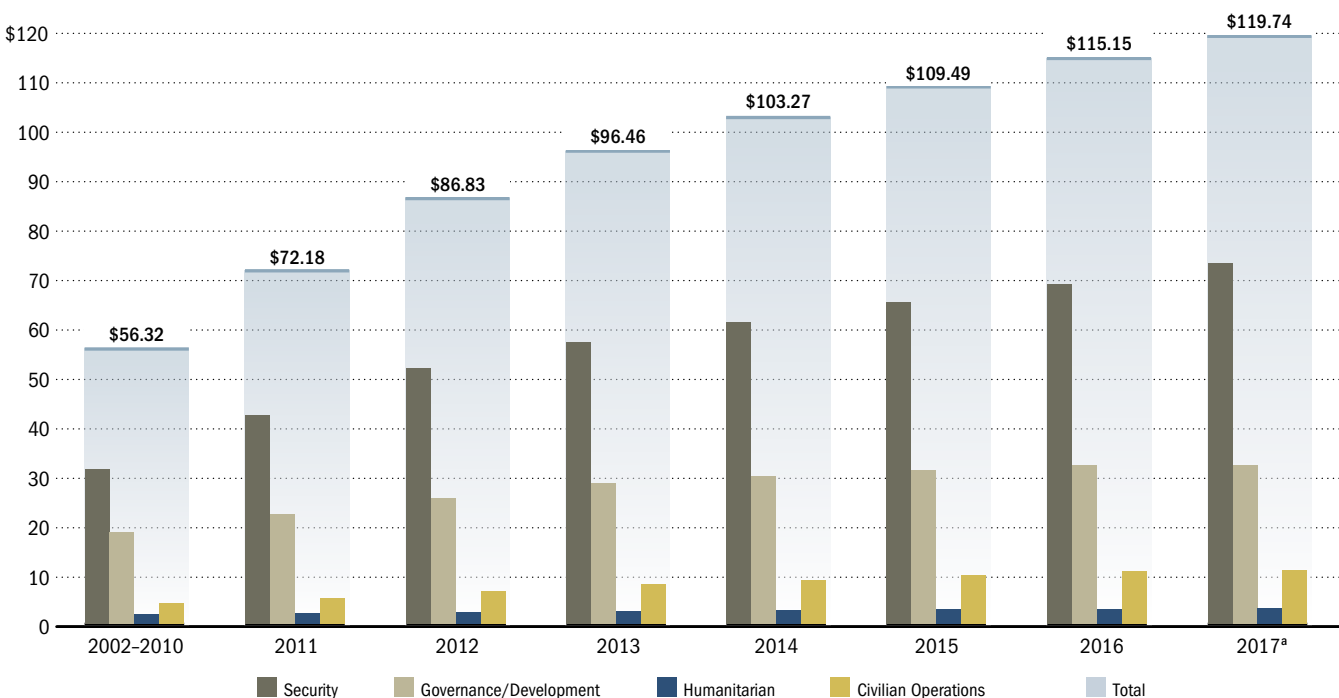
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of June 30, 2017, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$119.74 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 \$8.63 billion of these funds support counter-narcotics initiatives which crosscut both the security (\$4.45 billion) and governance and development (\$4.18 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The amount provided to the seven major U.S. funds represents more than 84.5% (over \$101.19 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 91.7% (nearly \$92.77 billion) has been obligated, and nearly 87.5% (over \$88.51 billion) has been disbursed. An estimated \$4.62 billion of the amount appropriated to these funds has expired.

On May 5, President Donald Trump signed the Consolidated Appropriations Act, 2017, funding the U.S. government for the rest of the fiscal year. When this report went to press, final FY 2017 appropriations for State and USAID accounts were still being determined. The amount reported as appropriated for FY 2017 will increase from the \$4.59 billion shown in Figure 3.3 when funding levels for these accounts are known.²⁶

FIGURE 3.2
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JUNE 30, 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. DOD reprogrammed \$230 million into FY 2015 ASFF. 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, \$400 million from FY 2015 in Pub. L. No. 114-113, and \$150 million from FY 2016 in Pub. L. No. 115-31. 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 Final FY 2017 appropriation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data call, 7/17/2017, 6/25/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 7/11/2017, 4/21/2017, 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, 7/10/2017; 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, 7/10/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2017," 7/18/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

FUNDING

The United States aims to channel at least 50% of its development assistance on-budget to the Government of Afghanistan.²⁷ 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.²⁸ Since 2002, the United States has provided nearly \$10.44 billion in on-budget assistance. This includes about \$5.67 billion to Afghan government ministries and institutions, and nearly \$4.77 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

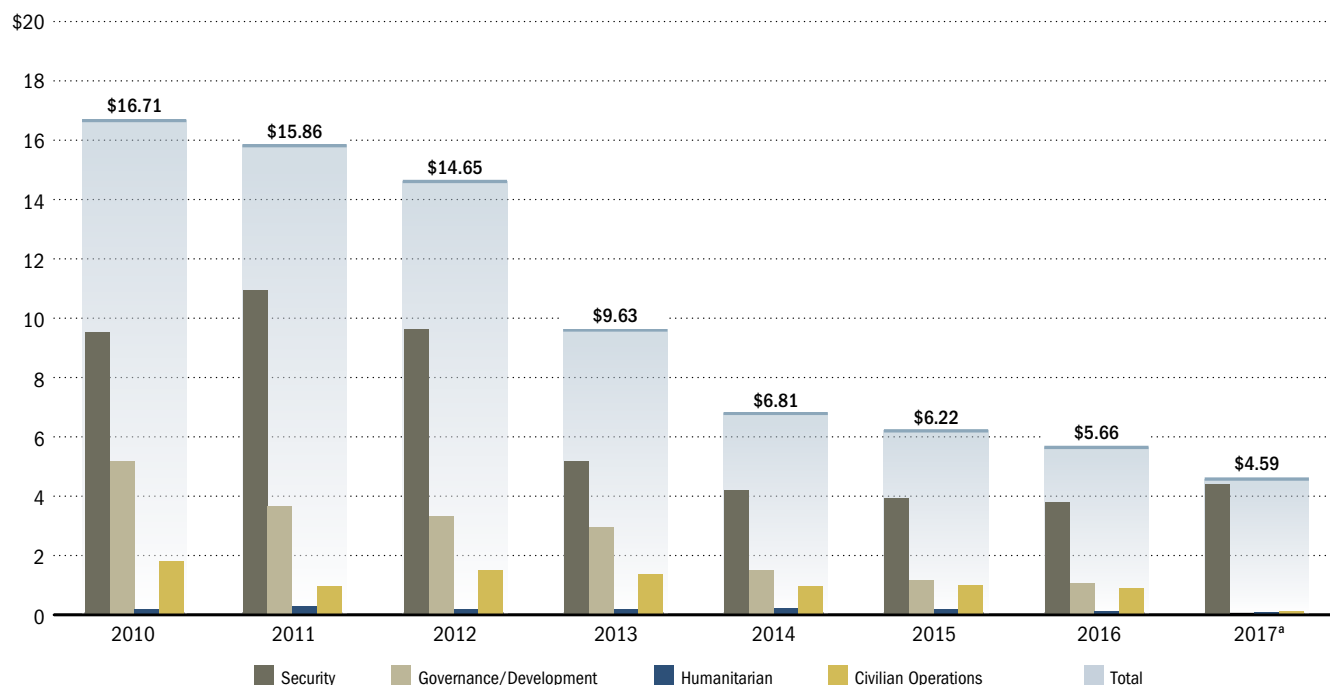
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$4,946
State	92
USAID	633
Multilateral Trust Funds	
LOTFA	\$1,662
ARTF	2,954
AITF	154

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of June 30, 2017, USAID had obligated approximately \$1.3 billion for government-to-government assistance.

Source: USAID, response to SIGAR data call, 7/10/2017; DOD, response to SIGAR data call, 6/25/2015; World Bank, "ARTF: Administrator's Report on Financial Status as of May 21, 2017 (end of 5th month of FY 1396)," p. 4; UNDP, response to SIGAR data call, 7/18/2017.

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. DOD reprogrammed \$230 million into FY 2015 ASFF. 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, \$400 million from FY 2015 in Pub. L. No. 114-113, and \$150 million from FY 2016 in Pub. L. No. 115-31. 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.

* Final FY 2017 appropriation amounts for State and USAID accounts were still being determined when this report went to press

Source: DOD, response to SIGAR data call, 7/17/2017, 6/25/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 7/11/2017, 4/21/2017, 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, 7/10/2017; 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, 7/10/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2017," 7/18/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, and 111-118.

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AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated approximately \$119.74 billion for Afghanistan relief and reconstruction. Of this amount, \$101.19 billion (84.5%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

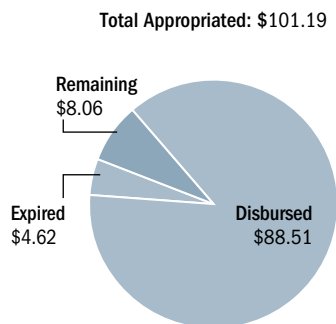


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2017 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$68.27	\$63.49	\$62.56	\$3.64
Commander's Emergency Response Program (CERP)	3.69	2.28	2.28	0.01
Afghanistan Infrastructure Fund (AIF)	0.99	0.78	0.65	0.13
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.64	0.11
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	3.14	3.05	3.05	0.10
Economic Support Fund (ESF)	19.41	17.86	15.23	3.45
International Narcotics Control & Law Enforcement (INCLE)	4.88	4.55	4.11	0.63
Total Major Funds	\$101.19	\$92.77	\$88.51	\$8.06
Other Reconstruction Funds	7.73			
Civilian Operations	10.82			
Total	\$119.74			

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, 7/19/2017.

As of June 30, 2017, approximately \$8.06 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to train, equip, and sustain the ANDSF; complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

On May 23, President Trump released his FY 2018 budget request. The request, if approved, would provide an additional \$4.9 billion for the ASFF, an increase of \$674.3 million over the FY 2017 appropriation. The FY 2018 CERP request remained the same as the FY 2016 and 2017 appropriations at \$5 million.²⁹

FUNDING

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014 and more than \$5.03 billion for FY 2015. Of the combined \$10.66 billion, more than \$1.80 billion remained for possible disbursement, as of June 30, 2017, as shown in Table 3.3 and Figure 3.5.

TABLE 3.3

FY 2014–2015 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$7,901.67	\$7,868.61	\$7,661.09	\$207.51
CERP	40.00	9.99	8.04	1.96
AIF	144.00	130.46	41.50	88.95
TFBSO	122.24	106.77	85.84	20.93
DOD CN	238.96	238.96	238.96	0.00
ESF	1,738.90	1,626.11	407.46	1,218.65
INCLE	475.00	474.69	211.10	263.59
Total Major Funds	\$10,660.77	\$10,455.58	\$8,654.00	\$1,801.58

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$205 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2017.

Congress appropriated more than \$4.64 billion to five of the seven major reconstruction funds for FY 2016. Of that amount, more than \$1.76 billion remained for possible disbursement, as of June 30, 2017, as shown in Table 3.4 and Figure 3.6.

TABLE 3.4

FY 2016 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$3,502.26	\$3,073.52	\$2,739.23	\$763.03
CERP	5.00	2.98	2.46	0.52
DOD CN	138.76	138.76	138.76	0.00
ESF	812.27	0.00	0.00	812.27
INCLE	185.00	0.00	0.00	185.00
Total Major Funds	\$4,643.29	\$3,215.26	\$2,880.45	\$1,760.82

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$2 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2017.

FIGURE 3.5

FY 2014–2015 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

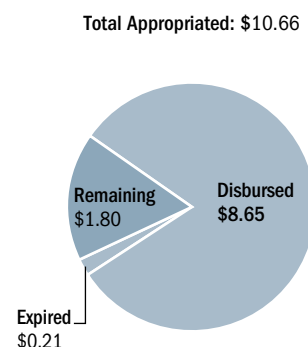
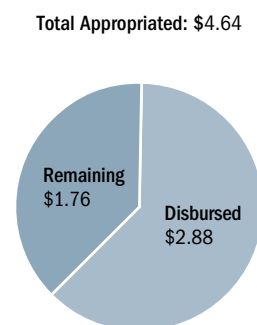
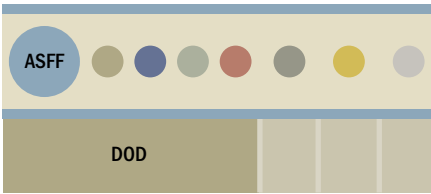


FIGURE 3.6

FY 2016 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.³⁰ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.³¹ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.³²

The Consolidated Appropriations Act, 2017, appropriated more than \$4.26 billion for the ASFF for FY 2017 and rescinded \$150 million of FY 2016 funds, bringing cumulative funding to nearly \$68.27 billion, as shown in Figure 3.7.³³ As of June 30, 2017, more than \$63.49 billion had been obligated from the ASFF, of which over \$62.56 billion had been disbursed.³⁴ The President is requesting an additional \$4.94 billion for the ASFF for FY 2018.³⁵

DOD reported that cumulative obligations increased by more than \$930.34 million over the quarter, and cumulative disbursements increased by more than \$1.15 billion.³⁶ 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)

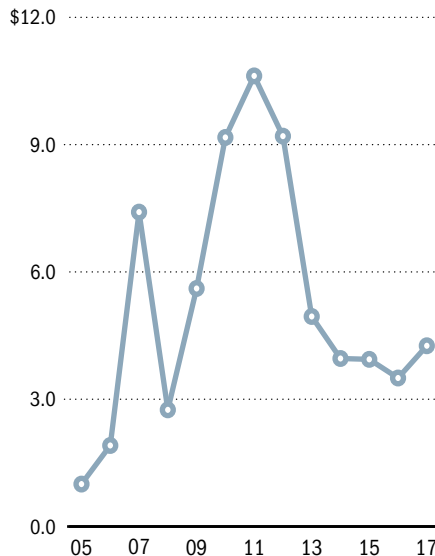
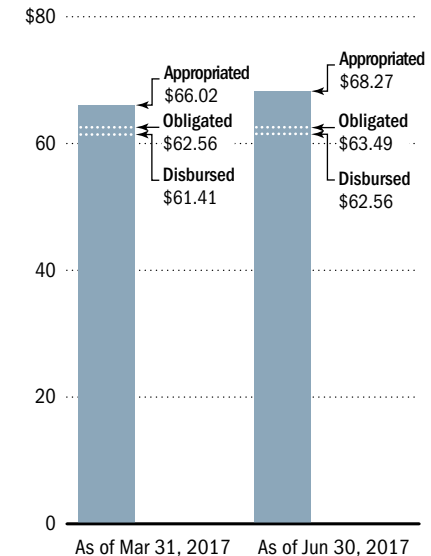


FIGURE 3.8

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. 115-31 rescinded \$150 million from FY 2016. 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.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2017," 7/18/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2017," 4/15/2017; Pub. L. Nos. 115-31, 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.³⁷ 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.³⁸

As of June 30, 2017, DOD had disbursed more than \$62.40 billion for ANDSF initiatives. Of this amount, nearly \$41.94 billion was disbursed for the ANA, and nearly \$20.08 billion was disbursed for the ANP; the remaining \$388.73 million was directed to related activities such as detainee operations. The combined total—\$62.40 billion—is about \$158.06 million lower 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.³⁹

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$18.45 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than \$8.75 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.⁴⁰

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

Sub-activity 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–JUN 30, 2017 (\$ BILLIONS)

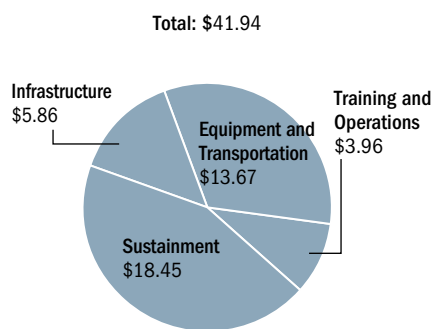
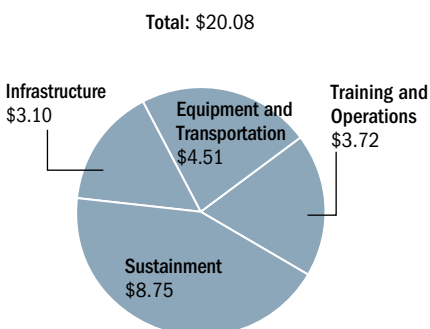


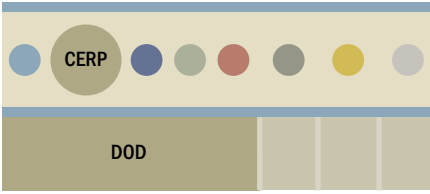
FIGURE 3.10

ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–JUN 30, 2017 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2017,” 7/18/2017.



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.⁴¹ CERP-funded projects may not exceed \$2 million each.⁴²

The Consolidated Appropriations Act, 2017, appropriated \$5 million for CERP for FY 2017. Figure 3.11 displays the amounts appropriated for CERP by fiscal year. As of June 30, 2017, 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.⁴³

Over the quarter, DOD obligated \$428,908 from FY 2017 funds, deobligated a total of \$7.84 million from FY 2012 and 2013 funds, and disbursed a total of \$647,843 from FY 2016 and 2017 funds.⁴⁴ 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)

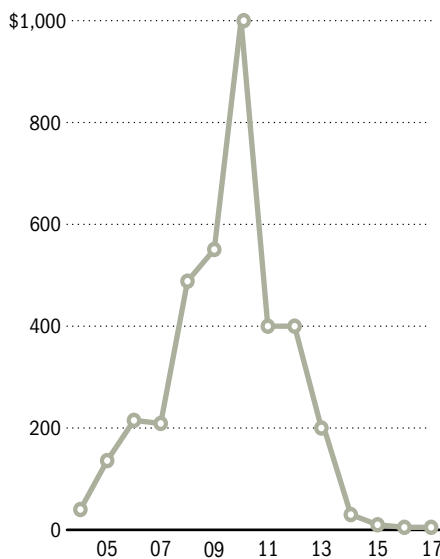
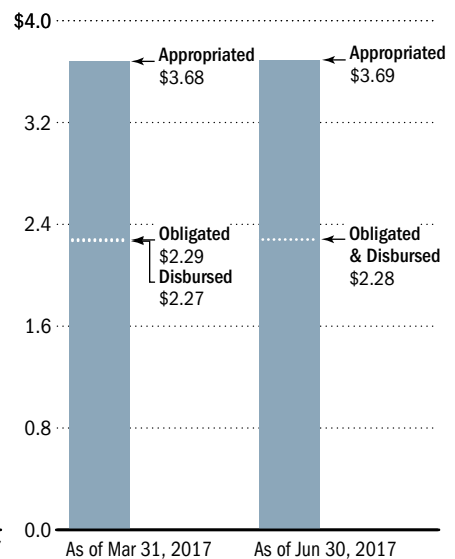


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers. Updated data resulted in a lower obligated figure than reported last quarter.

Source: DOD, response to SIGAR data call, 7/17/2017 and 4/13/2017; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, and 112-10.

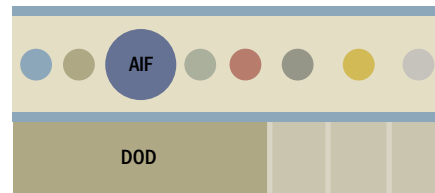
AFGHANISTAN INFRASTRUCTURE FUND

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.⁴⁵ 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.⁴⁶

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.⁴⁷ Figure 3.13 shows AIF appropriations by fiscal year. Figure 3.14 shows AIF appropriations by fiscal year.

As of June 30, 2017, nearly \$779.70 million of total AIF funding had been obligated, and more than \$650.91 million had been disbursed, as shown in Figure 3.14.⁴⁸



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)

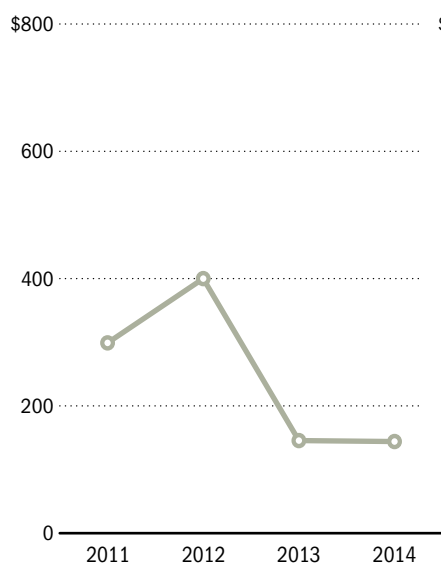
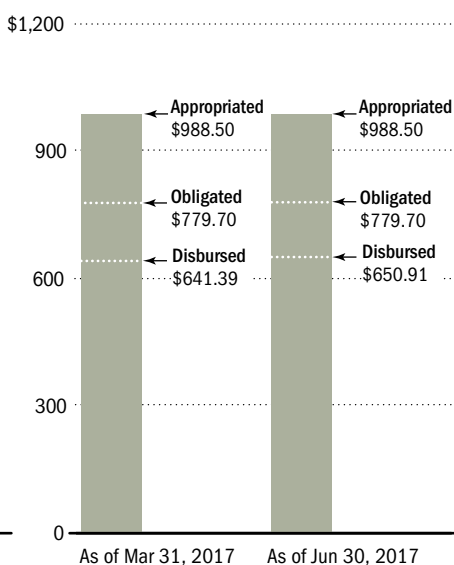


FIGURE 3.14

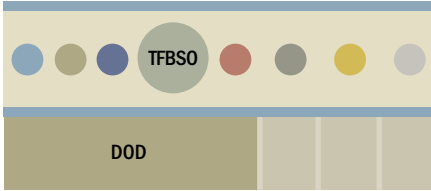
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



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 June 2017," 7/18/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2017," 4/15/2017; 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.⁴⁹

Through June 30, 2017, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, more than \$754.55 million had been obligated and more than \$640.63 million had been disbursed.⁵⁰ 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)

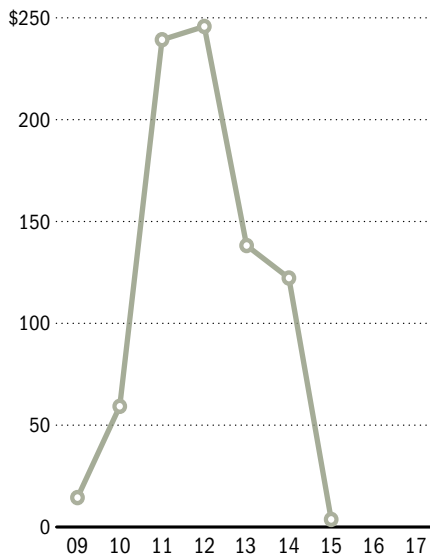
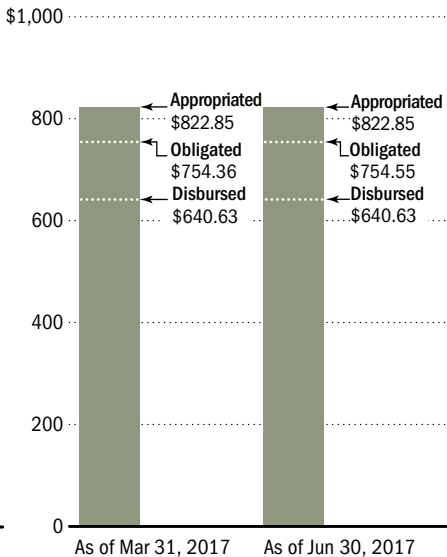


FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded. 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. TFBSO ceased operations on 3/31/2015.

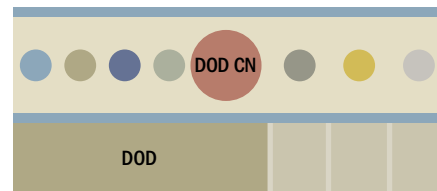
Source: DOD, response to SIGAR data call, 7/17/2017, 4/17/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

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.⁵¹

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.⁵²

DOD reported that DOD CN received nearly \$144.78 million for Afghanistan for FY 2017, bringing cumulative funding for DOD CN to more than \$3.14 billion since FY 2004. Of this amount, nearly \$3.05 billion had been transferred to the military services and defense agencies for DOD CN projects, as of June 30, 2017.⁵³ 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)

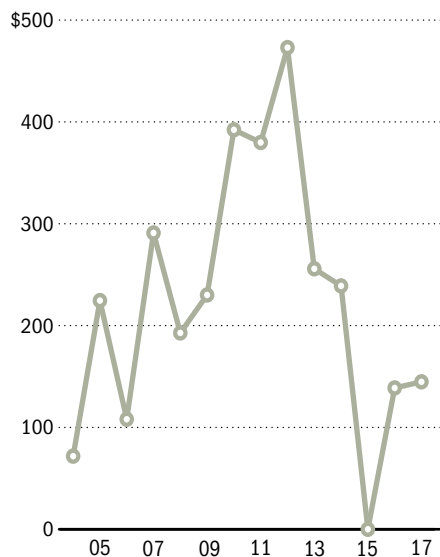
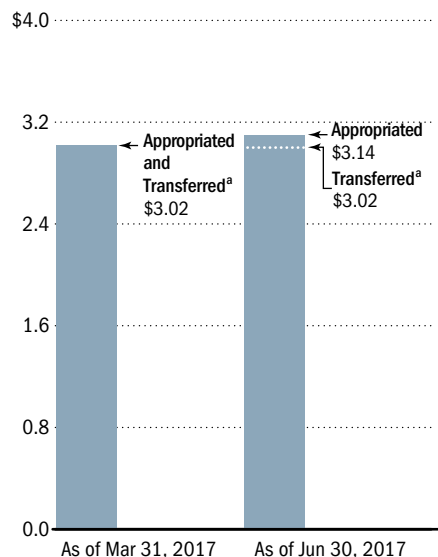


FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

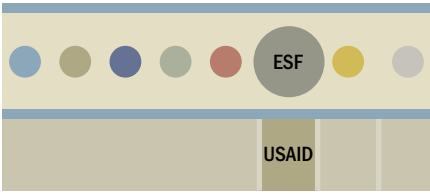


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

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

Source: DOD, response to SIGAR data call, 6/25/2017 and 4/11/2017; 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.⁵⁴

When this report went to press, final FY 2017 funding levels for the ESF had not been determined. USAID reported that cumulative funding for the ESF amounted to more than \$19.41 billion, including amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, more than \$17.86 billion had been obligated, of which nearly \$15.23 billion had been disbursed.⁵⁵ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of June 30, 2017, increased by nearly \$10.77 million and cumulative disbursements increased by more than \$128.13 million from the amounts reported last quarter.⁵⁶ 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)

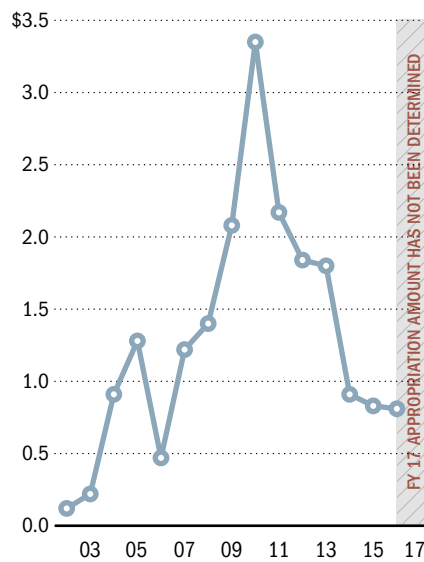
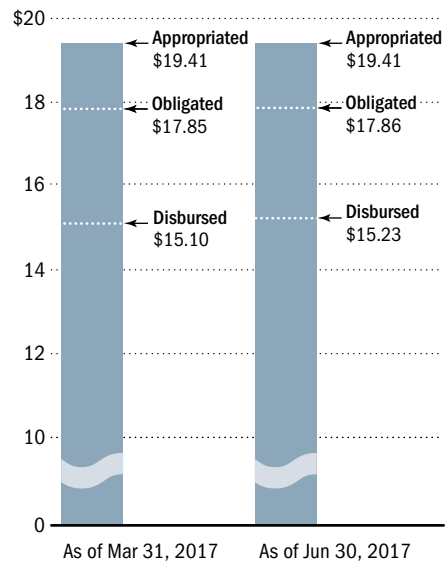


FIGURE 3.20

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. ESF amount will be determined after State completes the 653(a) Congressional consultation process.

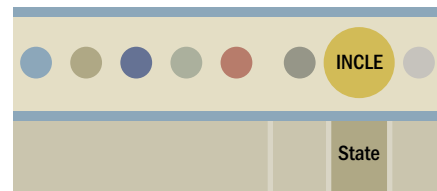
Source: USAID, response to SIGAR data call, 7/10/2017 and 4/11/2017; State, response to SIGAR data call, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

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.⁵⁷

When this report went to press, final FY 2017 funding levels for INCLE had not been determined. State reported that cumulative funding for INCLE amounted to nearly \$4.88 billion. Of this amount, more than \$4.55 billion had been obligated, of which more than \$4.11 billion had been disbursed.⁵⁸ Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of June 30, 2017, remained the same as the previous quarter, while cumulative disbursements increased more than \$136.78 million from the amount reported last quarter.⁵⁹ Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

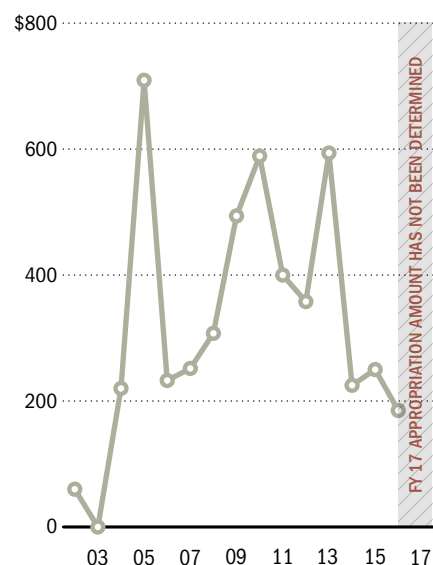
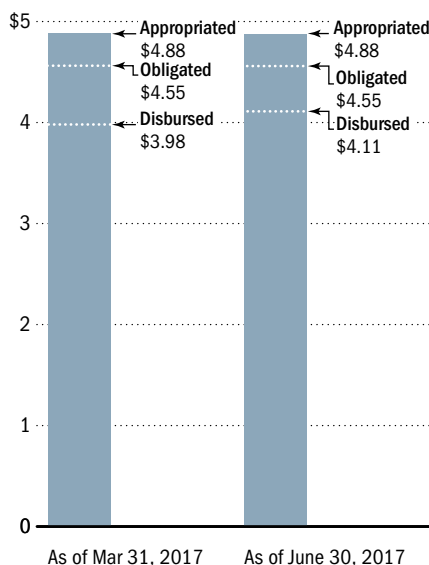


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers. FY 2017 INCLE amount will be determined after State completes the 653(a) Congressional consultation process.

Source: State, response to SIGAR data call, 7/10/2017, 4/13/2017, 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).⁶⁰

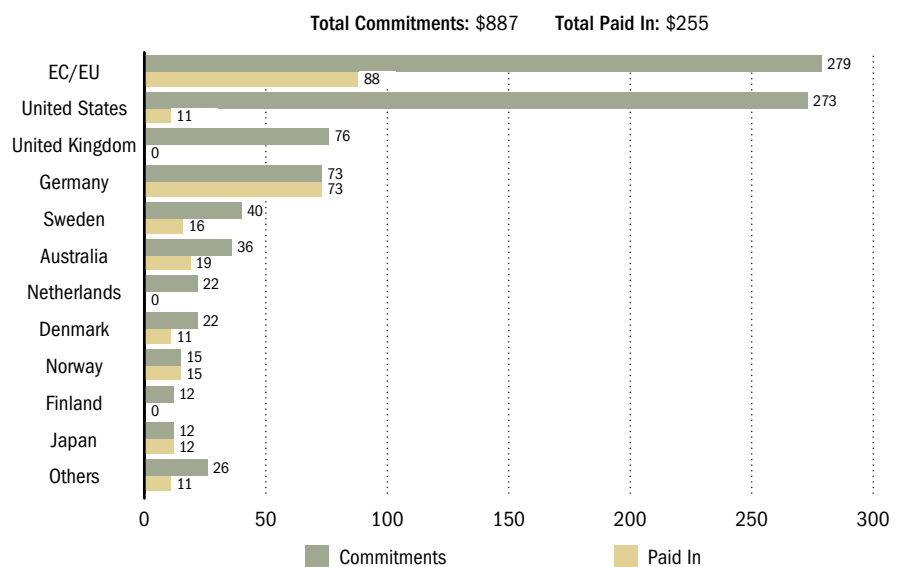
Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to May 21, 2017, the World Bank reported that 34 donors had pledged nearly \$10.39 billion, of which nearly \$9.76 billion had been paid in.⁶¹ According to the World Bank, donors had pledged \$886.89 million to the ARTF for Afghan fiscal year 1396, which runs from December 22, 2016, to December 21, 2017.⁶² Figure 3.23 shows the 11 largest donors to the ARTF for FY 1396.

As of May 21, 2017, the United States had pledged nearly \$3.22 billion and paid in more than \$2.95 billion since 2002.⁶³ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing 47% of its total funding, as shown in Figure 3.24.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1396 BY DONOR, AS OF MAY 21, 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 May 21, 2017 (end of 5th month of FY1396), p. 1.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.⁶⁴ As of May 21, 2017, according to the World Bank, nearly \$4.32 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.⁶⁵ 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.⁶⁶

The Investment Window supports the costs of development programs. As of May 21, 2017, according to the World Bank, nearly \$4.65 billion had been committed for projects funded through the Investment Window, of which more than \$3.80 billion had been disbursed. The World Bank reported 29 active projects with a combined commitment value of nearly \$3.31 billion, of which more than \$2.46 billion had been disbursed.⁶⁷

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).⁶⁸ Since 2002, donors have pledged more than \$5.26 billion to the LOTFA, of which nearly \$5 billion had been paid in, as of July 16, 2017. The United States has committed and paid in more than \$1.66 billion since the fund’s inception.⁶⁹ Figure 3.25 shows the four largest donors to the LOTFA since 2002.

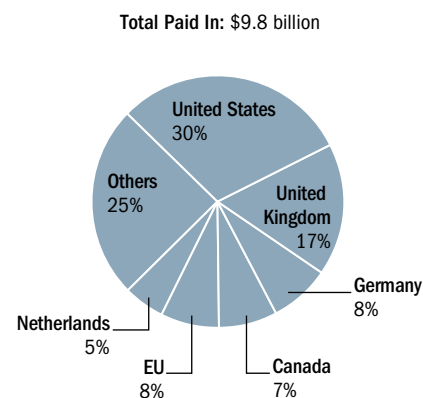
On December 18, 2016, the LOTFA Project Board extended the Support to Payroll Management (SPM) project through December 31, 2017 after assessments commissioned by UNDP revealed that the MOI had not yet met various critical donor conditions for the transition of payroll management. The board also approved a multi-year extension of the MOI and Police Development (MPD) project. The MPD project focuses on institutional development of the MOI and police professionalization of the ANP and will now run through December 31, 2020. The SPM and MPD projects were established at the start of the LOTFA’s eighth phase on July 1, 2015, and were initially planned to run through December 31, 2016.⁷⁰

After the extension, the SPM project’s budget was raised from \$850.56 million to \$1.12 billion—the majority of which will be transferred from the UNDP Country Office to the Ministry of Finance (MOF) for ANP and Central Prison Directorate (CPD) staff remunerations. The MPD project’s budget was also increased from \$33 million to a new total of \$110.78 million.⁷¹

From July 1, 2015, through March 31, 2017, UNDP had expended nearly \$753.9 million on the SPM project. Of this amount, more than \$747.2 million was transferred to the MOF to pay for ANP and CPD staff. In addition, more than \$20 million was expended on the MPD project.⁷²

FIGURE 3.24

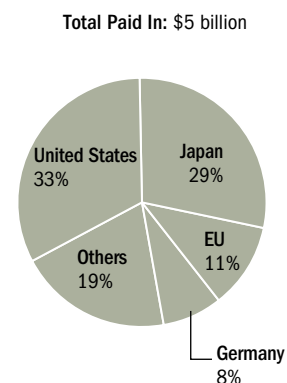
ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–MAY 21, 2017



Note: Numbers have been rounded. “Others” includes 28 donors.
Source: World Bank, *ARTF: Administrator’s Report on Financial Status as of May 21, 2017* (end of 5th month of FY 1396), p. 4.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF JULY 16, 2017



Note: Numbers have been rounded. EU = European Union. “Others” includes 26 donors.
Source: UNDP, response to SIGAR data call, 7/18/2017.