

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

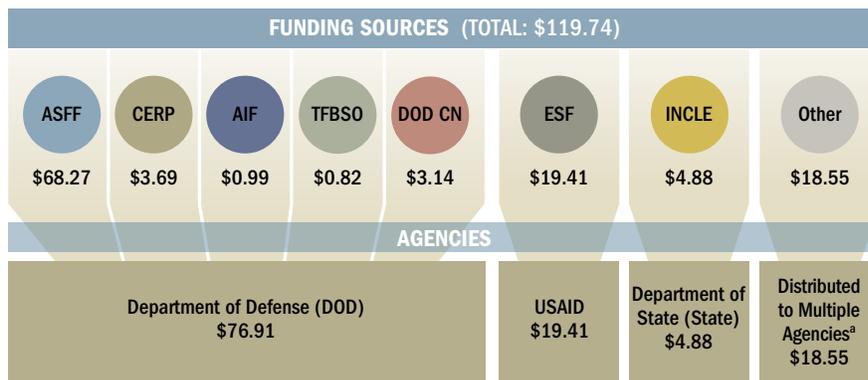
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2017, the United States had appropriated approximately \$119.74 billion for relief and reconstruction in Afghanistan 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)



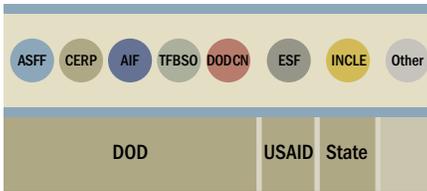
- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International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



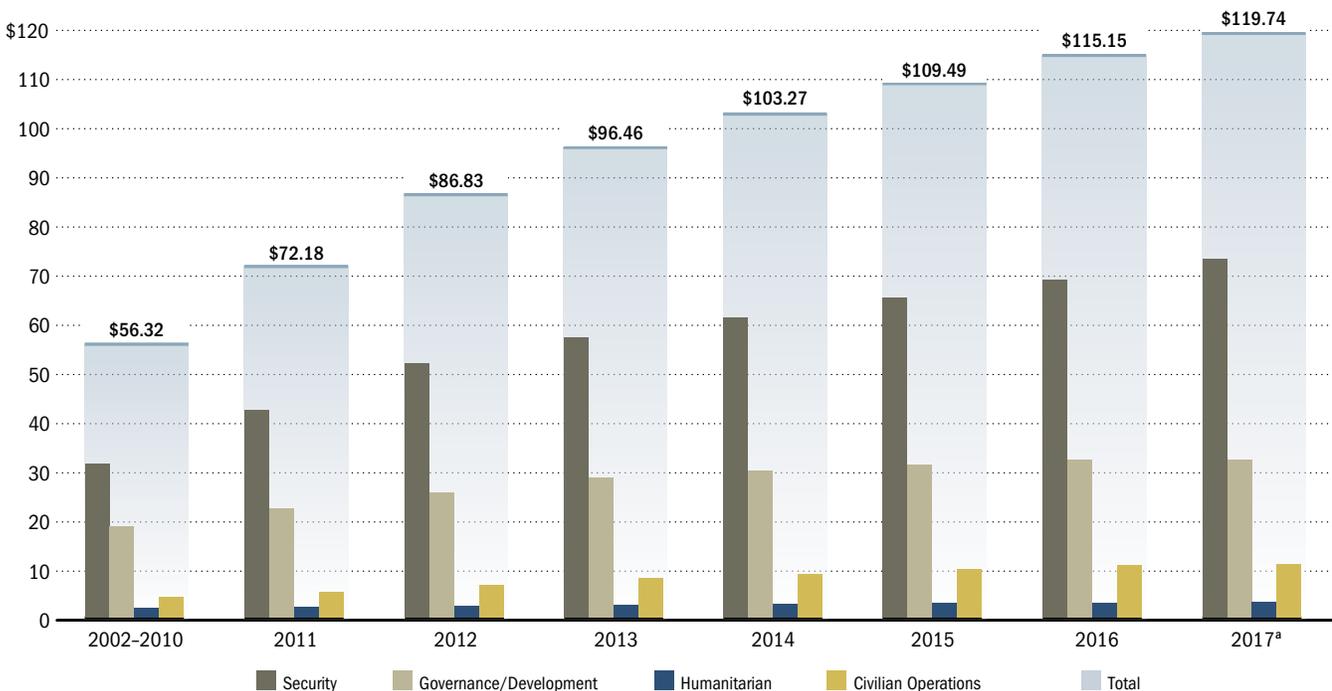
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

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.

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

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.

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

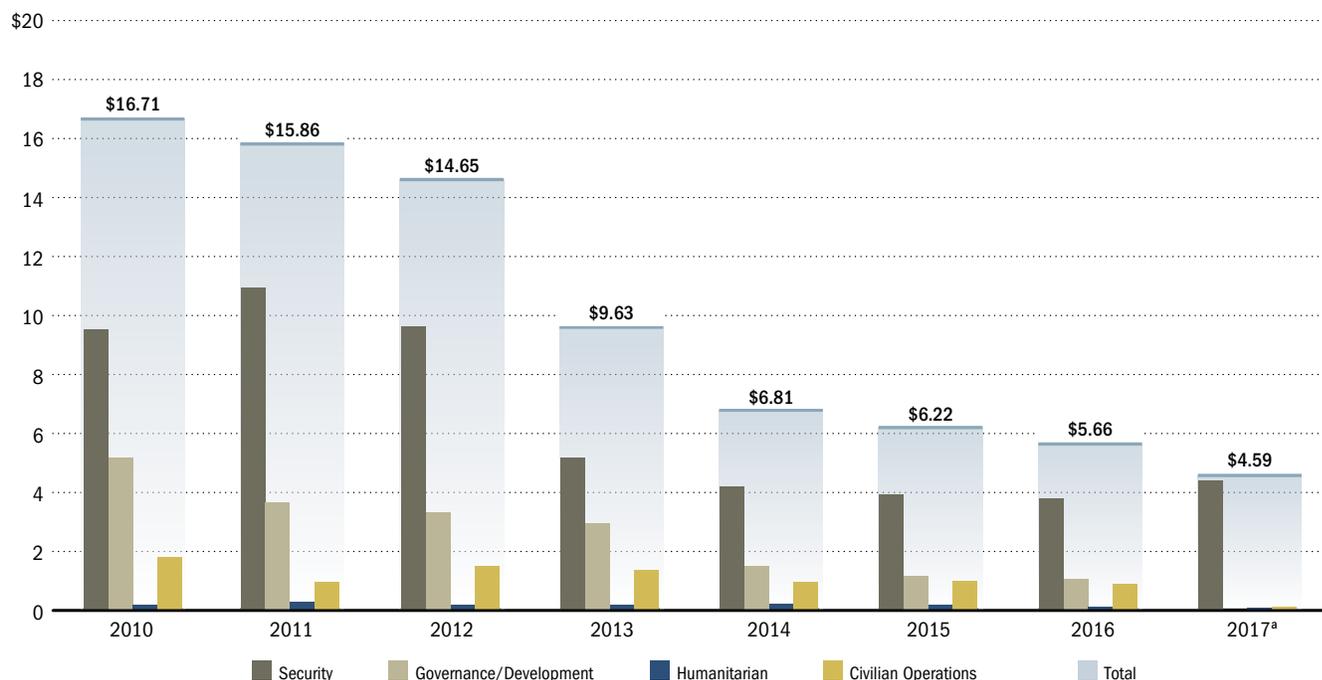
| U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS) | |
|--|---------|
| Government-to-Government | |
| DOD | \$4,946 |
| State | 92 |
| USAID | 633 |
| Multilateral Trust Funds | |
| LOTFA | \$1,662 |
| ARTF | 2,954 |
| AITF | 154 |

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.

FUNDING

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)

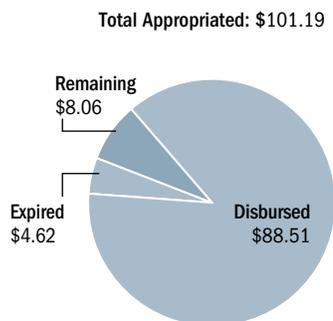


TABLE 3.2

| 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)

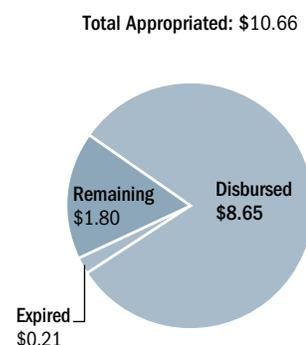
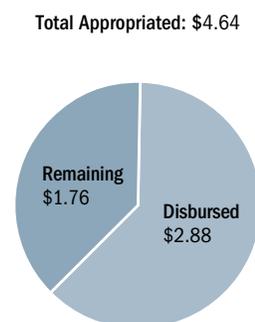
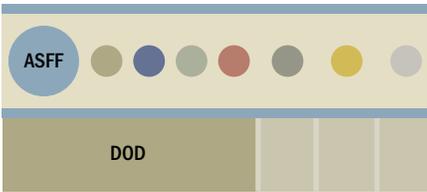


FIGURE 3.6

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)

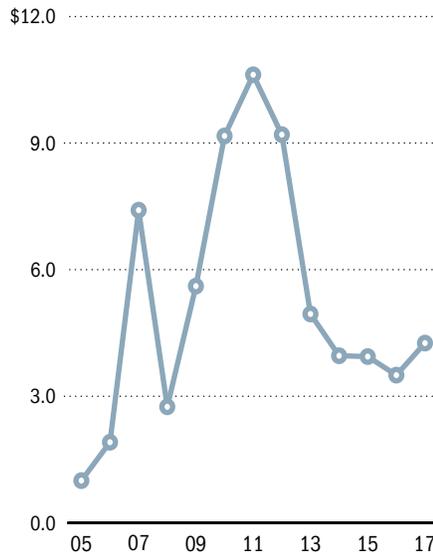
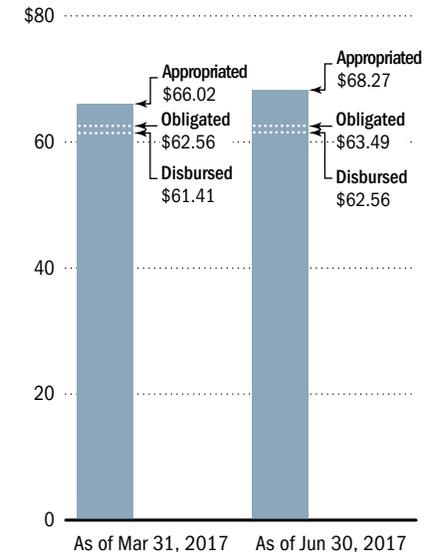


FIGURE 3.8

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)

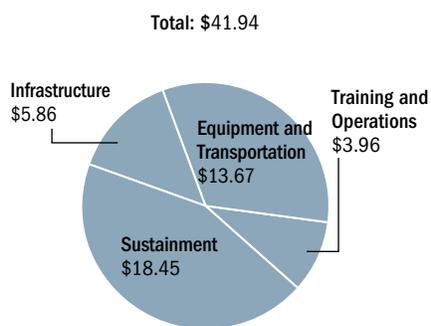
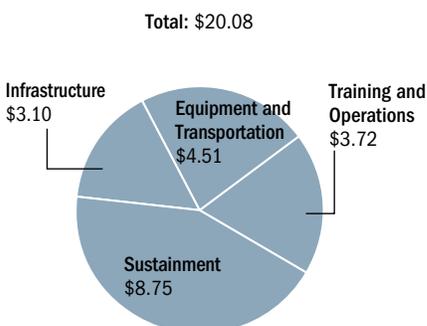


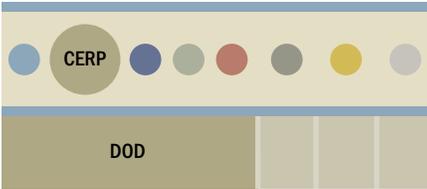
FIGURE 3.10

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)

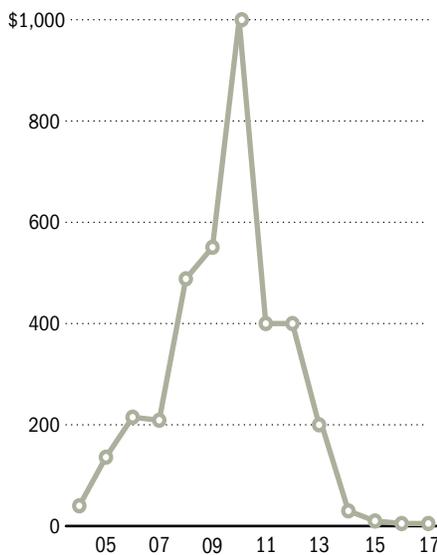
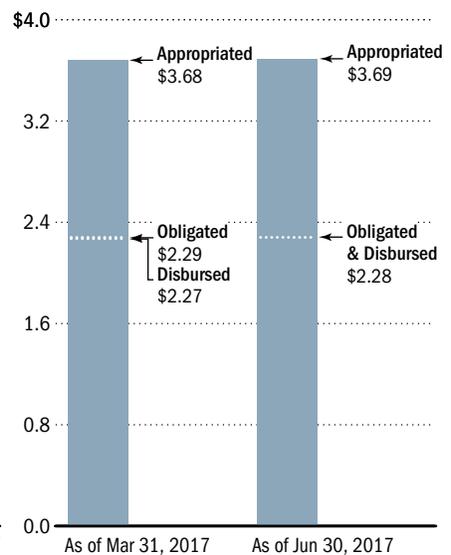


FIGURE 3.12

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.

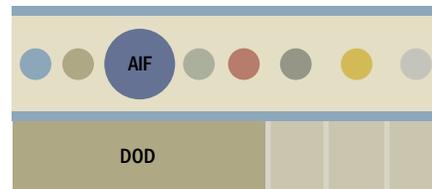
Source: DOD, response to SIGAR data call, 7/17/2017 and 4/13/2017; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, and 112-10.

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)

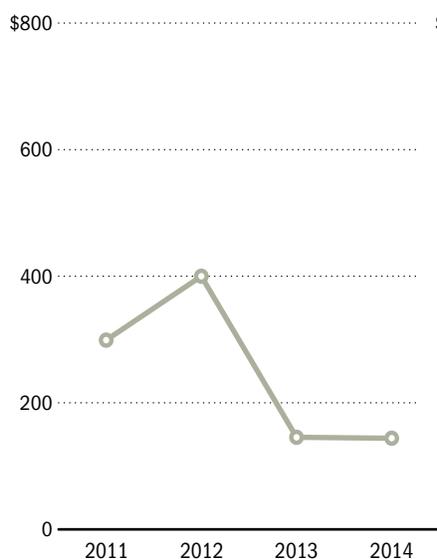
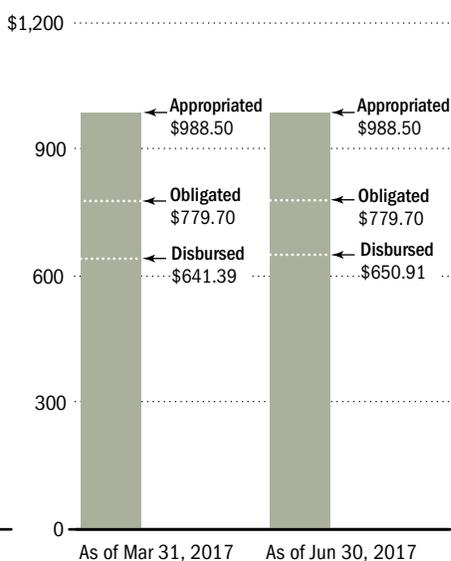


FIGURE 3.14

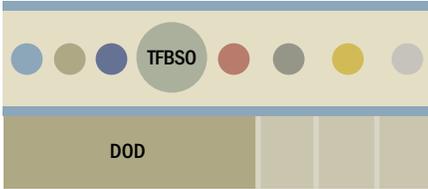
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



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)

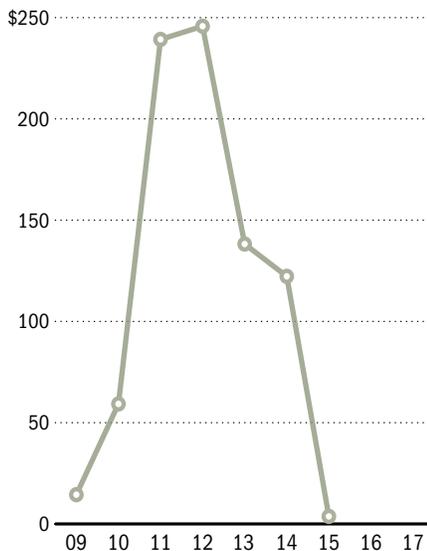
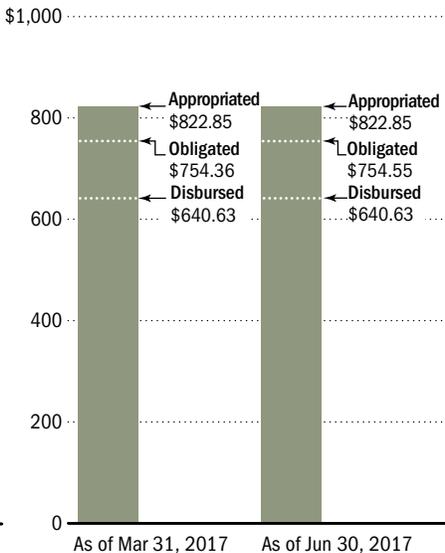


FIGURE 3.16

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.

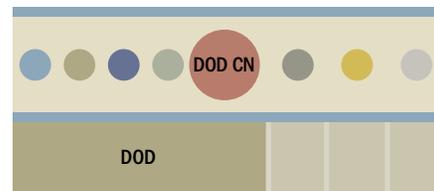
Source: DOD, response to SIGAR data call, 7/17/2017, 4/17/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

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.

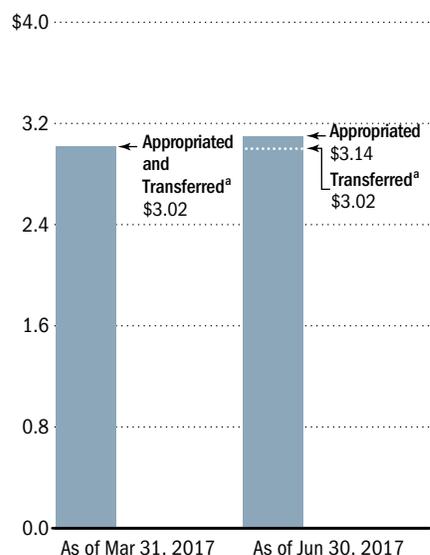
FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

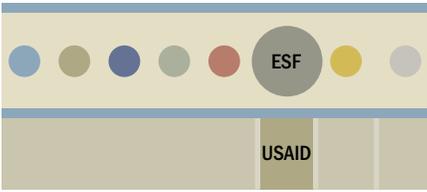


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

^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)

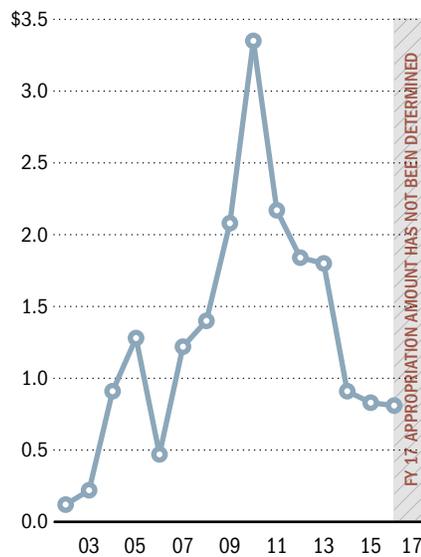
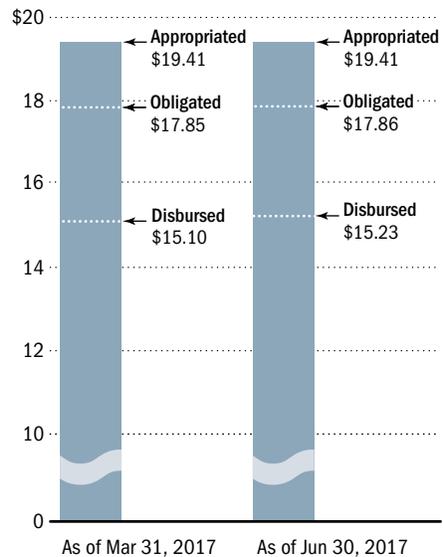


FIGURE 3.20

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.

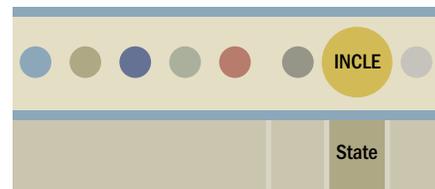
Source: USAID, response to SIGAR data call, 7/10/2017 and 4/11/2017; State, response to SIGAR data call, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

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)

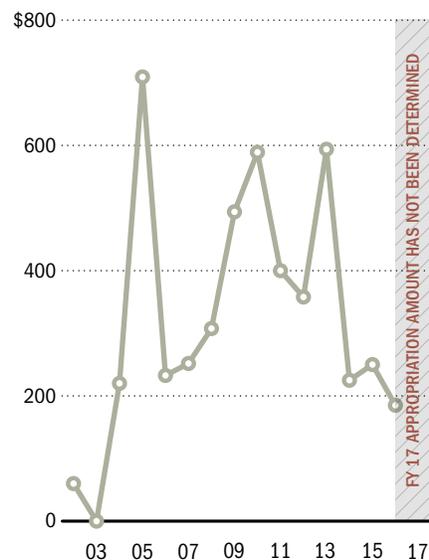
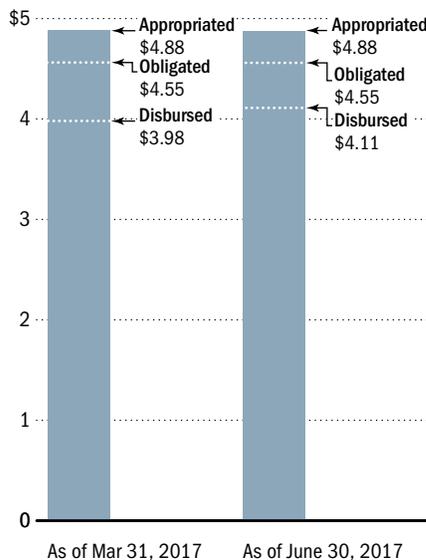


FIGURE 3.22

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

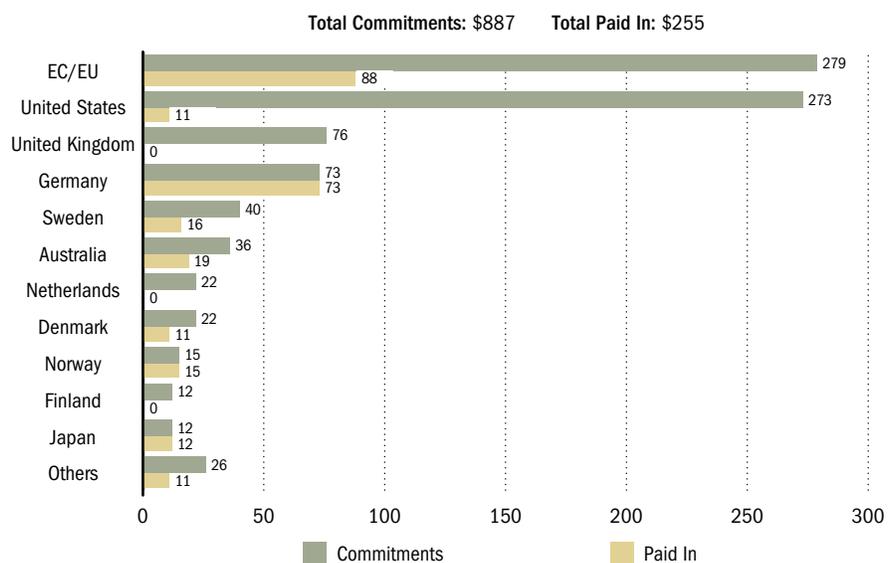
Contributions to the Afghanistan Reconstruction Trust Fund

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.

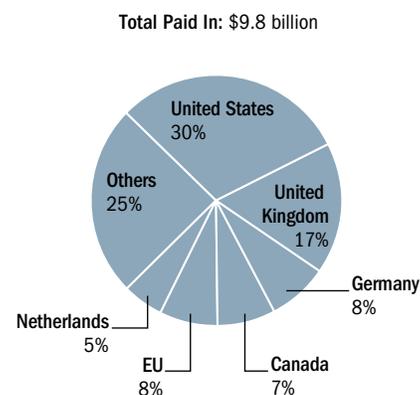
On December 18, 2016, the LOTFA Project Board extended the Support to Payroll Management (SPM) project through December 31, 2017 after assessments commissioned by UNDP revealed that the MOI had not yet met various critical donor conditions for the transition of payroll management. The board also approved 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

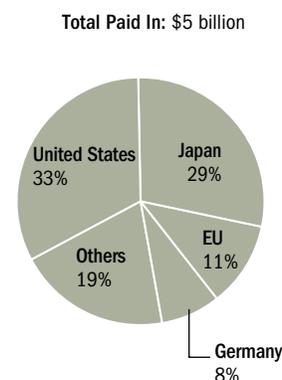
ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–MAY 21, 2017



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.

SECURITY CONTENTS

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SECURITY

KEY ISSUES AND EVENTS

This quarter, 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.⁷³ Several top U.S. security officials characterized the war in Afghanistan as a stalemate that, if left unchecked, could deteriorate further in favor of the insurgency.⁷⁴

On June 13, 2017, Secretary of Defense James N. Mattis told the Senate Armed Services Committee in his testimony with Chairman of the Joint Chiefs of Staff General Joseph F. Dunford Jr. that the United States is “not winning in Afghanistan right now, and we will correct this as soon as possible.”⁷⁵ Secretary Mattis and General Dunford explained their assessment that the Afghan National Defense and Security Forces (ANDSF) were not performing better this year than last year, and the Taliban—having had a good year last year—were attempting to have another this year. Secretary Mattis warned that “right now ... the enemy is surging,” and there is a “need for urgency” in defining a strategy for Afghanistan that will require a change in approach from the last several years.⁷⁶

A key part of this strategy, according to Secretary Mattis, will be giving U.S. personnel on the ground in Afghanistan the authorities and forces they need to help the Afghans win. Only then, he said, can the United States succeed in helping the Afghans defeat the enemy in combat, and also complete “our core mission” to train, advise, and assist the ANDSF.⁷⁷ In their endeavor to assess the Afghan security situation, determine necessary U.S. troop-level recommendations, and form the new strategy, several high-level U.S. officials traveled to Afghanistan this quarter, including Secretary Mattis in late April, National Security Advisor H.R. McMaster in late May, and General Dunford in late June, for meetings with President Ashraf Ghani and other Afghan officials.⁷⁸

Following the NATO alliance’s reaffirmation of its Warsaw commitments to Afghanistan in May, Secretary Mattis visited Brussels in late June to brief NATO partner nations about the U.S. assessment of Afghanistan, take in their advice, secure those countries’ commitments for the force, and address capability gaps that remain in the mission.⁷⁹ According to Secretary Mattis, 70% of those gaps were filled, and the remainder of the commitments will be



Secretary of Defense James N. Mattis held a press conference in Kabul with General John W. Nicholson Jr., U.S. commander in Afghanistan, in late April. (DOD photo by Sgt. Brigitte Brantley)

“The [Intelligence Community] assesses that the political and security situation in Afghanistan will almost certainly deteriorate through 2018 even with a modest increase in military assistance by the United States and its partners.”

—*Daniel R. Coats, Director of National Intelligence*

Source: Daniel R. Coats, Director of National Intelligence, Testimony before the Senate Committee on Armed Services, “Worldwide Threat Assessment of the U.S. Intelligence Community,” 5/11/2017.

worked out in time.⁸⁰ DOD officials said they will not comment on the exact number until the president has made his final decision.⁸¹

Security incidents in Afghanistan increased this quarter when compared to the same period last year, with several deadly high-profile and insider attacks carried out by insurgents and extremists.⁸² While Afghan National Army (ANA) and Afghan National Police (ANP) force 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, Coalition airstrike support continued to be essential to ANDSF success. Notably, these airstrikes more than doubled in frequency this quarter when compared to the same period in 2016.⁸³

On April 21, 2017, there was a suspected insider attack on the ANA’s 209th Corps’ Camp Shaheen near Mazar-e Sharif. The attack remains under investigation by Afghan authorities and Coalition forces, but there are reports that 10 heavily armed Taliban fighters wearing army uniforms infiltrated the camp and killed at least 250 Afghan soldiers.⁸⁴ Facing mounting pressure following the attack, President Ghani accepted the resignations of Minister of Defense General Abdullah Habibi and ANA Chief of Staff Qadam Shah Shahim.⁸⁵

One of the worst terrorist attacks of the Afghan war occurred on May 31, when a truck bomb exploded in the center of Kabul’s diplomatic quarter during rush hour, killing over 150 people and injuring several hundred more. Afghan officials initially suspected the Haqqani Network—a group with close ties to the Taliban—of carrying out the attack, but the Taliban has denied any involvement, and no other group has claimed responsibility.⁸⁶

The fact that these major security incidents have been occurring in the previously more stable areas of northern Afghanistan and Kabul has not been lost on the Afghan people. Following the May 31 bombing, scores of Afghans filled the streets of Kabul to protest the Afghan government’s inability to keep them safe and demand that President Ghani fire his high-level security officials and execute the government’s Taliban detainees. At times the protests became violent as security forces reportedly killed several civilians in their attempts to restore order, further enraging the public and some Afghan political leaders.⁸⁷

To address worsening security challenges, President Ghani has taken several steps this quarter. First, he launched inquiries into the above-mentioned attacks, and into ANDSF personnel’s use of force against protestors in Kabul.⁸⁸ Second, he made progress in his commitment to security-sector reform by either accepting the resignations of or firing several allegedly incompetent or corrupt Ministry of Defense (MOD), Ministry of Interior (MOI), and security-force leaders.⁸⁹ Third, the Afghan government began implementing President Ghani’s new four-year ANDSF Road Map plan, a key component of which is security-sector reform, to continue to increase the capabilities of the ANDSF, secure major population centers, and incentivize the Taliban to reconcile with the Afghan government.⁹⁰ Last, with the

encouragement of the United States, President Ghani agreed to expand Afghanistan’s bilateral relations with Pakistan by conducting joint counter-terrorism operations. This move is seen as vital in the effort to build mutual trust between the countries and address extremist activity stemming from safe havens in Pakistan.⁹¹

Security Incidents and Civilian Casualties Remain High

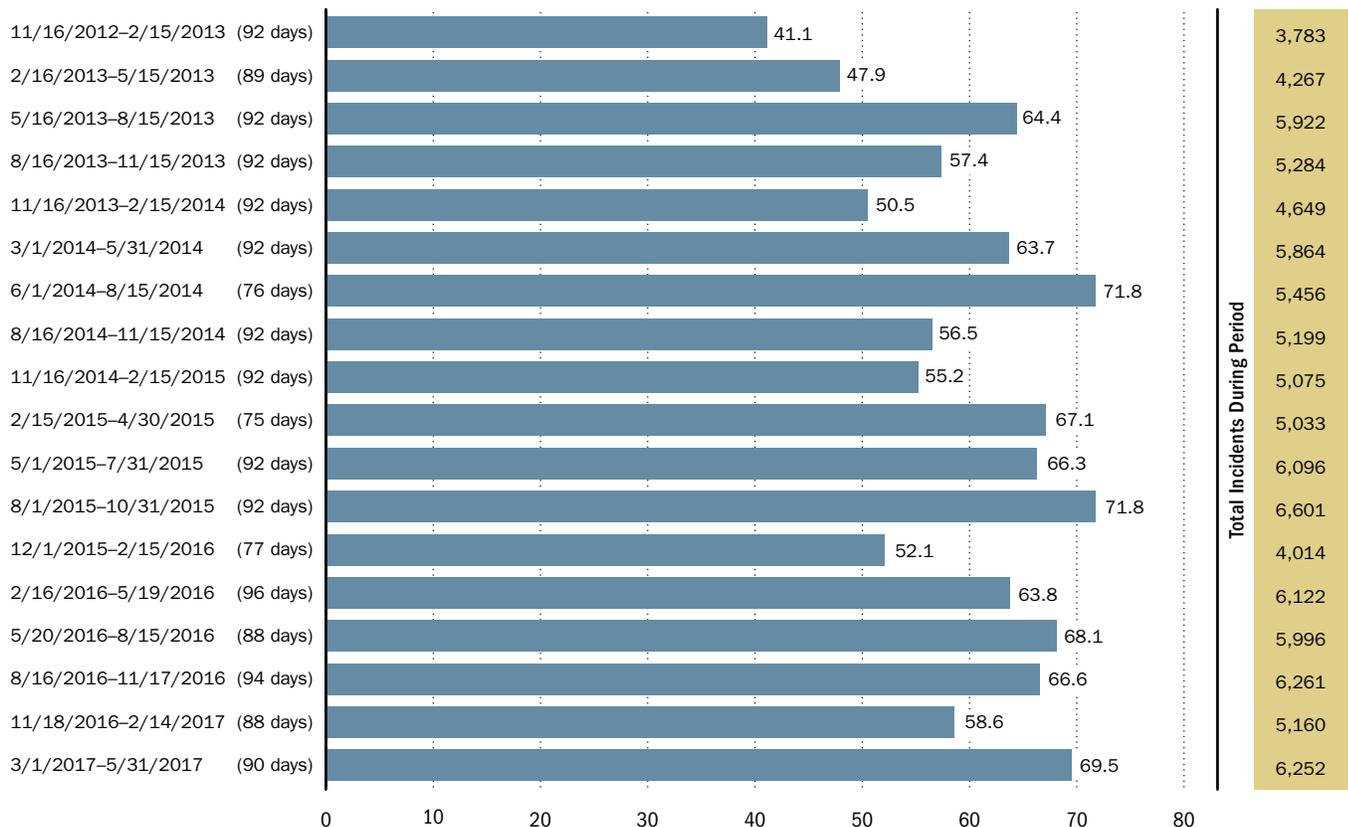
The United Nations (UN) Secretary-General reported in June that Afghanistan’s security situation continues to deteriorate, with intensifying armed clashes between the Afghan security forces and the Taliban, and a number of high-profile attacks committed by insurgent and extremist groups. From March 1 through May 31, 2017, the UN recorded 6,252 **security incidents**, as reflected in Figure 3.26. This quarter’s figure

Security incidents: reported incidents that include armed clashes, improvised explosive devices, targeted killings, abductions, suicide attacks, criminal acts, and intimidation. Reported incidents are not necessarily actual incidents.

Source: SIGAR, analysis of the United Nations report, 12/9/2014.

FIGURE 3.26

AVERAGE NUMBER OF REPORTED SECURITY INCIDENTS PER DAY



Note: Security incidents were not reported for the month of November 2015.

Source: UN, Report of the Secretary-General, *The situation in Afghanistan and its implications for International peace and security reports*, 9/7/2016, p. 5; 6/10/2016, p. 4; 3/7/2016, p. 6; 12/10/2015, p. 5; 9/1/2015, p. 4; 6/10/2015, p. 4; 2/27/2015, p. 4; 12/9/2014, p. 5; 9/9/2014, p. 6; 6/18/2014, p. 5; 3/7/2014, p. 5; 12/6/2013, p. 6; 9/6/2013, p. 6; 6/13/2013, p. 5; 3/5/2013, p. 5; 12/13/2016, p. 4; 3/3/2017, p. 4; and 6/15/2017, p. 4.

represents a 21% increase from last quarter, and a 2% increase from the same period last year.⁹² Armed clashes between the security forces and the Taliban comprised 64% of recent security incidents, followed by 16% from improvised explosive devices.⁹³

According to the UN, the most unstable regions continue to be the eastern and southern regions of the country, with security incidents increasing 22% in eastern Afghanistan this quarter compared to the same period in 2016. This is likely explained by ANDSF and Coalition forces' escalating campaign to defeat Islamic State-Khorasan Province (IS-K), the Islamic State affiliate operating in Afghanistan, in its only stronghold, Nangarhar Province.⁹⁴ This quarter, IS-K briefly captured Tora Bora—the cave and tunnel complex in Nangarhar that Osama bin Laden once occupied—from the Taliban on June 14. According to a local official, the IS-K operation was prompted by U.S. forces dropping the so-called “mother of all bombs” on a separate IS-K tunnel network in the Achin District of Nangarhar in April. A spokesman for Nangarhar's governor said that President Ghani immediately ordered the ANA's 201st Corps to move against IS-K in Tora Bora. After a few days, Afghan forces recaptured the cave complex, killing at least 44 IS-K militants.⁹⁵

The UN reported that the Taliban concentrated most of their efforts against ANDSF forces this quarter in Badakhshan, Baghlan, Farah, Faryab, Helmand, Kunar, Kunduz, Laghman, Sar-e Pul, Zabul, and Uruzgan Provinces.⁹⁶ The major Taliban operations included briefly capturing Qala-i Zal District in Kunduz Province in early May, attacking static police checkpoints in Qalat, the provincial capital of Zabul, in late May, and the reported expansion of Taliban presence throughout Logar Province in late June.⁹⁷ While the ANDSF repelled all major Taliban attempts to take and hold district capitals and key population centers, the UN pointed to Coalition airstrike support as integral to their success.⁹⁸

ANDSF and Coalition forces saw several key achievements this quarter in the recently escalated campaign to eradicate IS-K from Afghanistan. On July 11, U.S. forces killed the new IS-K emir, Abu Sayed, in an airstrike in Kunar Province.⁹⁹ This came less than three months after Afghan commandos, in a joint raid with U.S. Special Forces, killed then-emir Sheikh Abdul Hasib in Nangarhar Province on April 27. Two U.S. Army Rangers lost their lives during the three-hour fight, and U.S. Forces Afghanistan (USFOR-A) said their deaths were being investigated as possibly being caused by friendly fire. Commenting on the raid, General John W. Nicholson Jr., commander of USFOR-A, said, “Any ISIS member that comes to Afghanistan will meet the same fate.”¹⁰⁰ Both attacks on the IS-K emirs resulted in the deaths of several other IS-K fighters.¹⁰¹ U.S. defense officials also announced the killing of IS-K's senior director of media production, Jawad Khan, in an airstrike on June 3 in the Achin District of Nangarhar. According to General Nicholson, Khan's death “will disrupt the [IS-K] network,



An Afghan Special Forces commando targets IS-K militants in an operation in Nangarhar Province in late June. (Resolute Support photo by Lt. Cmdr. Kathryn Gray)

degrade their recruitment process, and hinder their attempts to conduct international operations.”¹⁰²

UN: Civilian Casualties Caused by Suicide and Complex Attacks Reached Record High

The United Nations Assistance Mission in Afghanistan (UNAMA) documented 5,234 civilian casualties from January 1, 2017, through June 30, 2017, a less than 1% decrease from the same period in 2016, and the second-highest level ever recorded for this period since 2009. Of the casualties, there were 1,662 deaths (a 2% increase) and 3,581 injuries (a 1% decrease).¹⁰³

According to UNAMA, 1,151 of these civilian casualties were due to suicide and complex attacks, more than any previous six month period since the mission began documentation in 2009. This figure represents a 15% increase in casualties caused by suicide and complex attacks compared to last year. The increase came largely from Kabul City, where 19% of this period's total casualties were incurred. Of Kabul Province's casualties, 94% resulted from suicide and complex attacks carried out by anti-government elements in the capital. The suicide attack in Kabul City on May 31, 2017, the deadliest incident documented by UNAMA since 2001, contributed to these high casualty figures. Kabul Province had the most civilian casualties this quarter (1,048, up 26%), followed by Helmand (532, up 5%) and Kandahar (395, down 10%) Provinces.¹⁰⁴

Unlike previous years, UNAMA has combined improvised-explosive-device (IED) casualties with those caused by suicide and complex attacks because of the use of IEDs in the latter types of attacks. This helps explain why combined IEDs overtook ground engagements in causing the most civilian casualties since January (40% of civilian casualties), followed by ground engagements (34%), and targeted and deliberate killings (12%).¹⁰⁵ According to UNAMA, there was a 10% decrease in casualties caused by ground engagements when compared to the same period in 2016. UNAMA attributes this mostly to a reduction in mortar use by pro-government forces.¹⁰⁶

UNAMA found that anti-government elements—which often targeted civilians—were responsible for 67% (3,489) of civilian casualties, up 12% from the same period in 2016. Pro-government forces were responsible for 18% (945) of civilian casualties, a 21% decrease from 2016. UNAMA attributed 43% of all civilian casualties to the Taliban, 19% to unidentified anti-government elements, and 5% to IS-K.¹⁰⁷ The Taliban's most common civilian target, of the attacks it claimed, were members of the Afghan government's civil service.¹⁰⁸

UNAMA expressed concern over the 23% increase in female casualties and the 9% increase in child deaths compared to the same period in 2016. While ground engagements still caused the most harm to women and

children, pressure-plate IEDs, aerial operations, and suicide and complex attacks all caused significant increases in casualties this period when compared to previous periods.¹⁰⁹

High-Profile Insurgent and Terrorist Attacks

There were several high-profile attacks this quarter, most of which fell during the holy month of Ramadan from late May through late June. Though Ramadan is normally a time of spiritual reflection for Muslims, some extremist organizations, including Islamic State, claim to their fighters that killing enemies during Ramadan is nobler and makes them more worthy Muslims.¹¹⁰ While some high-profile attacks targeted ANDSF personnel and Afghan government officials, the majority were indiscriminate acts of violence on civilians in highly populated areas.

On May 27, 2017, a suicide bomber targeted an ANDSF convoy visiting a market in Khowst Province. The attack killed 18 people, all of them civilians. The attack was swiftly claimed by the Taliban.¹¹¹ Only days later, gunmen killed a district governor of Paktika Province, along with his son. Afghan officials said that it was unclear who was behind the attack, and no one claimed responsibility.¹¹²

The largest high-profile attack this quarter, deemed one of the worst of the entire Afghan war, occurred in Kabul in May 31, when a tanker truck carrying explosives was detonated during rush hour near the diplomatic quarter in the city center. The explosion killed 150 people and wounded over 450 more. No group claimed immediate responsibility, but the Taliban and Haqqani Network have denied any role. An investigation into the attack is ongoing.¹¹³ Following the attack, protesters took to the streets in Kabul to demand that the Afghan government fire top security officials and execute the members of the Taliban currently held in detention. The protests reportedly became violent as security forces opened fire on the crowd in an attempt to restore order, killing several civilians in the process.¹¹⁴

Then days later, three explosions shook Kabul as more than 1,000 people gathered for the funeral of Salem Izidiyar, the son of the deputy speaker of the Afghan senate who had been killed during the protests. The blasts killed as many as 19 people, including former deputy attorney general Halim Samadi and well-known cleric Mawlawi Jalal, and injured over 100, among them the speaker of the senate, Fazl Hadi Muslimyar, and several senior members of the political party Jamiat-e Islami. The attack came only a day after the commander of the Kabul garrison had advised protesters to avoid holding public gatherings due to the high threat of terror groups targeting large crowds with suicide bombs, explosions, and assaults. The Taliban denied any involvement in these attacks, and no other group claimed responsibility.¹¹⁵

Despite the threat of attacks, protests continued in Kabul throughout June, with police clashing with protesters while clearing their camps.¹¹⁶ The media's reports of civilian deaths during these clearances spurred some politicians to press harder for the resignation of security officials.¹¹⁷ The situation culminated in President Ghani's creation of a new, forthcoming plan to specifically address security issues plaguing the capital. President Ghani has said that the plan was developed in coordination with security leaders and the ANA's 111th Capital Division. He emphasized that only the uniformed security services and no one else has the right to carry firearms.¹¹⁸

On June 22, a suicide car bomb struck a gathering of soldiers and government employees collecting their salaries outside of New Kabul Bank in Lashkar Gah, Helmand Province. The Taliban claimed responsibility for the attack, noting that they had chosen a day when the bank catered only to security forces and civilians were not allowed to enter the facility. However, according to Afghan officials, both civilians and security personnel were among the 34 people killed and the 60 wounded in the attack.¹¹⁹ Facing increasing pressure, the Minister of Interior immediately made changes to the security command in Helmand after the attack. The commander of the 505th Police Zone was replaced by General Ghulam Daud Tarakhel, and General Abdul Ghafar Safi became the new police chief in Helmand.¹²⁰

U.S. RECONSTRUCTION FUNDING FOR SECURITY

As of June 30, 2017, the U.S. Congress had appropriated more than \$73.5 billion to support the ANDSF. This accounts for 61.4% of all U.S. reconstruction funding for Afghanistan since FY 2002.¹²¹

In 2005, Congress established the Afghan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANDSF, which comprises all security forces under the MOD and MOI. Additionally, ASFF is used to support the Afghan Local Police (ALP), which falls under the authority of the MOI although it is not considered part of the ANDSF. Most U.S.-provided funds were channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency. According to DOD, ASFF funds are transferred to Da Afghanistan Bank, the country's central bank; the Ministry of Finance then sends treasury checks to fund the MOD and MOI based on submitted funding requests.¹²² Of the \$68.3 billion appropriated for the ASFF, \$63.5 billion had been obligated and \$62.6 billion disbursed as of June 30, 2017.¹²³

This section discusses assessments of the ANA, ANP, and the Ministries of Defense and Interior, and provides an overview of how U.S. funds are used to build, equip, train, and sustain the Afghan security forces.

Although security costs represent the largest reconstruction funding category, the \$65 billion obligated for security-related reconstruction for the ANDSF isn't even 10% of the \$714 billion in total funding the United States had obligated for its efforts in Afghanistan since FY 2001. Of this total, DOD had obligated an estimated \$675 billion—the vast majority of which went toward U.S. military operations in the country.

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.

NO CHANGE IN AFGHAN GOVERNMENT CONTROL OF TERRITORY

According to USFOR-A, as of May 15, 2017, the struggle between the Afghan government and insurgents remains a stalemate, with the number of districts and the portion of the population under Afghan government and insurgent control unchanged since last quarter's February 15 assessment.¹²⁴

USFOR-A reported that approximately 59.7% of the country's 407 districts are under Afghan government control or influence as of May 15, 2017, the same as last quarter, but a six-point decline from the same period last year.¹²⁵

As of May 2017, there were 45 districts (in 15 provinces) under insurgent control (11 districts) or influence (34 districts). Therefore, 11.1% of the country's total districts are still under insurgent control or influence, more than a two percentage-point increase from the same period in 2016.¹²⁶ USFOR-A attributes the loss of government control or influence over territory to the ANDSF's strategic approach to security prioritization, which involves identifying the most important areas that the ANDSF must hold to prevent defeat, and placing less emphasis on less vital areas.¹²⁷

The number of contested districts (119) remains the same and represents 29.2% of all districts. It was not clear whether these districts are at risk or if neither the insurgency nor the Afghan government exercises any significant control over these areas, as USFOR-A previously described.¹²⁸ As reflected in Table 3.5, of the 407 districts of Afghanistan's 34 provinces, 243 districts were under government control (97 districts) or influence (146 districts).¹²⁹

USFOR-A reports again this quarter that there are three million Afghans living under insurgent control or influence.¹³⁰ As reflected in Table 3.5, of the 32.6 million people living in Afghanistan, USFOR-A determined that the majority, 21.4 million (65.6%), live in areas controlled or influenced by

TABLE 3.5

| DISTRICT CONTROL WITHIN AFGHANISTAN'S 34 PROVINCES AS OF MAY 15, 2017 | | | | | | |
|--|------------|-------------|-------------|-------------|----------------|-------------|
| Control Status | Districts | | Population | | Area | |
| | Number | % | In millions | % | Sq Km | % |
| GIROA* | | | 21.4 | 65.6% | 404,503 | 62.8% |
| Control | 97 | 23.8% | | | | |
| Influence | 146 | 35.9% | | | | |
| CONTESTED | 119 | 29.2% | 8.2 | 25.2% | 135,218 | 21.0% |
| INSURGENT | | | 3.0 | 9.2% | 104,068 | 16.2% |
| Control | 11 | 2.7% | | | | |
| Influence | 34 | 8.4% | | | | |
| Total | 407 | 100% | 32.6 | 100% | 643,789 | 100% |

Note: USFOR-A reports no change between Q2 and Q3 2017 data calls. Sq Km = square kilometers.
*GIROA = Government of the Islamic Republic of Afghanistan.

Source: USFOR-A, response to SIGAR data call, 5/15/2017.

the government, while another 8.2 million people (25.2%) live in areas that are contested.¹³¹

USFOR-A identified the provinces with the largest percentage of insurgent-controlled or -influenced districts as Kunduz Province, with five out of seven of its districts under insurgent control or influence, Uruzgan Province, with four of its six districts under insurgent control or influence, and Helmand Province, with nine of 14 districts under insurgent control or influence.¹³² The region with the most districts under insurgent control or influence is centered on northeastern Helmand Province and northwestern Kandahar Province, and includes the Helmand/Kandahar border area, Uruzgan Province, and northwestern Zabol. This region alone accounts for one-third of the 45 districts currently under insurgent control or influence.¹³³

USFOR-A reported this quarter that it will change how district control is assessed in the future. Personnel will use the same five factors in assessing the district (1-insurgent control, 2-insurgent influence, 3-neutral, 4-Afghan government influence, 5-Afghan government control), but will no longer derive a mathematical average of those factors in order to assign an overall number to each district. Instead, the regional Resolute Support (RS) Train, Advise, and Assist Commands (TAAC) and Task Forces (TF) will make their assessments for the districts based upon their subjective synthesis of the five factors as a whole, enabling the commanders to balance the factors with their understanding of the local and regional conditions.¹³⁴

The TAACs and TFs will now be offered the opportunity to provide narrative feedback on district control, are requested to provide an outlook assessment of any expected change in control over next three months, and are asked to assess the stability of provincial capitals separate from the districts in which they are located. USFOR-A noted that these additional requirements will allow for greater fidelity in the TAACs' and TFs' understanding of district control within the limitations of the assessment capability and its methodology.¹³⁵

U.S. FORCES IN AFGHANISTAN

DOD reported approximately 8,300 U.S. military personnel serving in Afghanistan as part of Operation Freedom's Sentinel (OFS) as of May 14, 2017—roughly the same as last quarter—including just under 5,000 U.S. personnel assigned to the NATO RS mission to train, advise, and assist Afghan security forces.¹³⁶ The RS mission also included 6,575 military personnel from 39 NATO allies and non-NATO partner nations, bringing the total to 11,559 as of May 2017. The remaining U.S. military personnel in Afghanistan conduct counterterrorism operations under OFS.¹³⁷

From January 1 through May 14, 2017, three U.S. military personnel were killed in Afghanistan, and 26 were wounded. USFOR-A said there have

“I believe, strongly, that the pressure that we have put on terrorist groups inside of Afghanistan over the last 15 years is the reason we haven’t seen another 9/11 from that part of the world.”

—General Joseph F. Dunford Jr.,
Chairman of the Joint
Chiefs of Staff

Source: General Joseph F. Dunford Jr., Chairman of the Joint Chiefs of Staff, Testimony before the Senate Armed Services Committee, “Department of Defense Budget Posture,” 6/13/2017.

been no reported DOD or U.S. civilians or contractors killed or wounded thus far in 2017.¹³⁸ DOD reported additional fatalities on June 10, when three U.S. soldiers were killed in an insider attack in Nangarhar Province. DOD reported another fatality on July 3, when a U.S. Army soldier died in Helmand Province from wounds sustained during an indirect-fire attack. Both incidents are currently under investigation.¹³⁹

Insider Attacks

This quarter, there were several insider attacks on U.S. and ANDSF personnel, a type of attack that has become increasingly common. Insider attacks gained more attention beginning in 2012, when they spiked to 46 attacks in one year (from 21 in 2011 and six in 2010) according to NATO data.¹⁴⁰ Since responsibility for security transitioned to the Afghans in January 2015, insider attacks have increased further, particularly “green-on-green” attacks, when Afghan soldiers are turned on by personnel from within their own ranks, often an insurgent infiltrator. According to USFOR-A, in 2015, there were 62 reported insider attacks: 57 green-on-green and five “green-on-blue” attacks when ANDSF personnel turn on their Coalition counterparts. In 2016, there were 60 reported insider attacks: 56 green-on-green and four green-on-blue attacks.¹⁴¹

According to USFOR-A, from January 1 to May 8, 2017, there were two confirmed insider attacks targeting U.S. military personnel, which did not cause any deaths, but wounded three personnel.¹⁴² There were also 26 confirmed insider attacks during the same period that targeted ANDSF personnel, killing 59 and injuring 22. This does not include the potential insider attack on the ANA’s 209th Corps in April. USFOR-A noted that the accuracy of these figures cannot be confirmed because they come from operational reporting and do not reflect official Afghan government figures.¹⁴³

The most serious potential insider attack that occurred this quarter was an attack against the ANA’s 209th Corps’ Camp Shaheen near Mazar-e Sharif on April 21, 2017. While casualty estimates from that incident vary, some estimates say that as many as 250 Afghan soldiers were killed in this one incident by a group of 10 heavily armed Taliban fighters disguised in army uniforms that stormed the base.¹⁴⁴ The attack has been described as the single deadliest Taliban assault in their war against Afghan forces.¹⁴⁵ The MOI Biometrics Center provided support to investigators of the Camp Shaheen attack by identifying three suspects based on fingerprint examination.¹⁴⁶ Questioned about this attack, USFOR-A responded on July 14, 2017, that the investigation of the attack was still ongoing, with no conclusive evidence at that point to prove it was an insider attack.¹⁴⁷

At least four other suspected insider attacks occurred this quarter, three of which were within a two-week period. The first occurred on May 27, 2017, when six ANP personnel were killed by a colleague with ties to the Taliban.¹⁴⁸ Six more ANP policemen were killed after two of their fellow

police opened fire on them in southern Kandahar on June 4, an attack that was claimed by the Taliban.¹⁴⁹ The other two attacks were green-on-blue attacks, one occurring on June 10 in Nangarhar Province in which three American soldiers were killed, and one on June 17, again at Camp Shaheen, in which seven American soldiers were wounded and at least one Afghan soldier was killed.¹⁵⁰

Following this quarter's events, CSTC-A reported that a Threat Vulnerability Assessment initiative is under way to identify physical security and insider-threat weaknesses of the ANA's facilities. To begin this process, the ANA's General Staff Chief of Intelligence was scheduled to visit and assess the 207th Corps.¹⁵¹

Additional information on other insider attacks this quarter will be reported in the classified annex to this report.

Updates on Developing the Essential Functions of the ANDSF, MOD, and MOI

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

- **EF-1 (Multi-Year Budgeting and Execution):** A \$667,000 information technology contract was awarded to upgrade the ANP's networks that support the Core Information Management System (CoreIMS) inventory system. MOI obtained approval for 43 of 60 prerequisites it needed to receive CSTC-A funds. The remaining 17 have yet to be approved.¹⁵²
- **EF-2 (Transparency, Accountability, and Oversight):** EF-2 saw the addition of five new contractor advisors as TAAC and ANP zone Inspector General (IG) advisors. These advisors will provide additional visibility and advising in the ANA corps and ANP zones, along with one contractor advisor assigned to TF Southwest and another to TAAC-Air. The 21 IG officers assigned to MOI zones earlier this year are now all submitting oversight reports, which will be sampled by advisors for competency once finalized. The MOI noted some instances of ANP zone commanders directing the IG officers' workloads, which is unacceptable; IG officers are MOI personnel who are intended to be independent and not answerable to zone commanders. The MOI is working with ANP commanders to address this issue and protect the integrity of the IG officers' oversight function. Additionally, CSTC-A reported that progress has been made with the Ministerial Internal Control Program (MICP), an oversight mechanism MOD and MOI IGs use to establish policies that minimize fraud or waste and ensure efficiency in their ministries, and the Annual Inspection Plan (AIP), a list of locations and programs for planned inspection that serves as the primary tool for IGs to prevent and detect fraud and abuse in the ministries' programs and operations.¹⁵³

SIGAR EVALUATION

SIGAR released a classified report this quarter about DOD and the State Department's Afghanistan implementation of the Leahy Laws, which prohibits DOD and State from providing assistance to units of foreign security forces that have committed gross violations of human rights. In particular, the report focused on allegations of sexual abuse of children committed by members of the Afghan security forces. For more information, see p. 33 of Section 2.

- **EF-3 (Civilian Governance of Afghan Security Institutions):** The Major Crimes Task Force (MCTF), an elite MOI unit focused on high-level corruption, organized crime, kidnapping, and other serious crimes, made 63 arrests and initiated 224 cases this quarter. Since January 2016, MCTF has initiated 383 cases and made 195 arrests. The Anti-Corruption Justice Center (ACJC), which became operational in November 2016, has completed 14 major corruption cases, four from MOI and one from MOD, with the rest from other ministries or private sector entities. EF-3 is currently standing up an internal counter-corruption advisory group designed to synchronize and enable Afghan security institutions, RS headquarters, and international partners to combat corruption networks inside the ministries. However, CSTC-A reports that MOI leadership remains hesitant to take effective action against corruption. The number of pending MOI Gross Violations of Human Rights (GVHR) cases has fallen from 33 to 26. Nine cases were closed or preparing to be closed and 10 cases were referred to the Attorney General's Office for action. Nine cases are currently under investigation, three cases are awaiting court decisions, and one case is pending arrest. CSTC-A praised the MOI for proactively dealing with GVHRs. Only one new MOD GVHR case was identified this quarter, down from nine in the previous quarter, and is currently under investigation. No GVHRs committed by MOD or MOI personnel were reported in the last quarter. MOD/MOI GVHRs stem from alleged extrajudicial killings of captured/wounded enemy fighters, assault/torture of captured enemy fighters, and cases of rape.¹⁵⁴
- **EF-4 (Force Generation):** In February 2017, MOD's Chief of the General Staff established a definitive baseline ANA doctrine defining the conduct and execution of operations at the squad, platoon, and company levels. The ANA is also currently completing a study to determine whether the ANA's training environment (who is being trained, what is being taught, and the qualifications of instructors) supports this definitive baseline doctrine. The ANA Training and Education Directorate Command is conducting its first logistics inspections, completely run by the ANA. For the ANP, as of April 17, 2017, EF-4 reported that only 2.39% of ANP personnel were untrained.¹⁵⁵
- **EF-5 (Sustainment):** Under the MOI NATO Weapons Exchange Program, in the last several months, the ANP has turned in 25,000 AK-47 rifles and received 16,500 M-16 rifles, of which 11,000 have been distributed to the ANP's 101st, 202nd, and 505th Zones. Of the AK-47s turned in, several thousand were sufficiently serviceable for redistribution to fill shortages in the ALP. A contractor is demilitarizing the AK-47s that are no longer serviceable. In addition, radio encryption training is ongoing at the brigade and kandak (battalion) level, while

new radios have been delivered to replace older models. The new radios include Dari language functionality.¹⁵⁶

- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):**

Over the past three months, the ANDSF has demonstrated moderate improvement and increased independence in their planning process. Most ANDSF efforts during this period were dedicated to preparing for Operation Khalid, the annual operational plan for 2017. RS reports that the Khalid planning process showed better integration of local governance and intelligence. The ANDSF showed mixed results regarding training. During the 2016–2017 winter campaign, Operation Shafaq II, three of six ANA corps met the standard set for them by the chief of the general staff. According to RS, the 201st, 203rd and 215th Corps showed improvement, while the 209th Corps was progressing more slowly.¹⁵⁷

- **EF-7 (Intelligence):** This quarter, the ANA's second unmanned aerial system (ScanEagle) became operational in Kunduz. A targeting officer training program has been set up to improve the ANA's targeting-process. The Intelligence Training Center (ITC) added 50 additional billets for ITC students. The Afghan Defense Security Service completed biometric screening of the 203rd and 215th Corps, and was preparing to deploy to the 201st and 207th Corps after Ramadan.¹⁵⁸

- **EF-8 (Strategic Communications):** This quarter, President Ghani announced a new senior advisor for public relations and strategic affairs and the MOI appointed an acting spokesman as a result of the previous spokesman's promotion. EF-8 assesses that these new officials and their offices have the capability to engage domestic and international media independently, but continue to need assistance from RS on strategic communications planning. Overall, the Afghan government continues to show progress toward developing communications capabilities, and the focus of assistance moving forward will be incorporating key elements of the ANDSF Road Map into MOD and MOI communications content. A majority of ministries now use press conferences to discuss current issues and announce accomplishments, and the MOD holds daily press conferences to provide security overviews. The MOD strategic communications director personally clarified to ANA corps' public affairs personnel that the government's Strategic Communications Policy authorizes corps commanders to independently engage with the media regarding matters they control, even though some commanders remain reluctant to do so. MOD has demonstrated increased capability in psychological operations by using "radios in a box" to bolster response time to national crises; however, the acting director of psychological operations has experienced difficulties coordinating with corps and other staff elements due to his rank.¹⁵⁹

- **Gender Office:** This quarter, the Gender Office created the RS Gender Four-Year Plan, which will provide an outline of gender initiatives to be integrated into the ANDSF's new four-year Road Map. It establishes the initiatives' objectives and lines of effort, and identifies the effects that will lead to the desired 2020 end state for women in the ANDSF. That end state generally includes increased women's participation within the ANDSF, including in critical policy and decision-making roles, provision of a safe and secure working environment, implementation of reforms to address gender inequality, and the reduction of sexual or gender-based violence. The Gender Occupational Opportunity Development (GOOD) program contract awarded on February 1, 2017, is currently providing computer skills, office administration, and English training to 200 ANA women at Kabul National Military Hospital, Oqab Afghan Air Force Base, and Camp Zafar. Additionally, 66 ANA women completed their first year of undergraduate education at Dunya University this quarter.¹⁶⁰

AFGHAN GOVERNMENT BEGINS IMPLEMENTING FOUR-YEAR ANDSF ROAD MAP

This quarter, USFOR-A provided SIGAR with information regarding President Ghani's new four-year ANDSF Road Map. Although President Ghani had not officially announced the Road Map as this report was being prepared, the various policies framed within it have already begun to be implemented, according to USFOR-A.¹⁶¹

The ANDSF Road Map is the security-focused portion of an overall four-year development plan for Afghanistan's future. Rather than one single document, the Road Map is President Ghani's term for a series of developmental initiatives that seek to streamline and bolster the ANDSF and expand the Afghan government's control over population centers. Key areas in which it seeks to achieve this include establishing leadership selection and management processes, doubling the size and combat power of the Afghan Special Security Forces (ASSF), further developing the capabilities of the Afghan Air Force (AAF), improving resource management, creating a unity of command and effort, reducing corruption, and shifting the ANP away from combat operations to civilian policing.¹⁶²

Accomplishing these objectives would help realize the Road Map's strategic goals to build a credible, effective, and affordable ANDSF capable of controlling territory that accounts for 75–80% of Afghanistan's population, incentivize the Taliban to reconcile with the Afghan government, and solidify the conditions for a long-term partnership between NATO and Afghanistan.¹⁶³

President Ghani's vision for the Road Map involves building a more effective force without a drastic increase in manpower or resources.¹⁶⁴ The strategy will be executed in four stages (one per year). In 2017, the ANDSF

will conduct limited, local offensive operations and build capacity to “set the conditions” for the latter stages of the Road Map. Some of the initial actions that have already been completed within the ANDSF include countering corruption by prosecuting crime-committing officials, removing ineffective leaders, and creating a multilateral command center for the ASSF (National Mission Brigade Headquarters). In 2018, the ANDSF will seek to “seize the initiative” by employing their emerging ASSF capabilities to transition to an increasingly offensive posture on the battlefield. In 2019, the ANDSF will “exploit the initiative,” completing the transition to an offensive posture and using the full range of their newly developed capabilities. Lastly, in 2020, the ANDSF will focus on “consolidation” by maintaining their population, infrastructure, and territorial gains.¹⁶⁵ While President Ghani has put the execution of the strategy within a four-year time frame, its actual implementation will be conditions-based, rather than time-driven.¹⁶⁶

ANDSF ADDRESS LEADERSHIP CHALLENGES AND CAPABILITY GAPS

Addressing leadership challenges is a significant part of the new ANDSF Road Map. President Ghani has emphasized the importance of creating a more competent, younger generation of leaders as essential to security-sector reform and “one of [the Afghan government’s] top priorities.”¹⁶⁷ As mentioned, an uptick in security incidents has led to a call from the public and Afghan officials for a rapid change in ANDSF leadership. Two major examples of this occurred directly after the suspected insider attack on the 209th Corps in late April, when the ANA’s two top security officials, Minister of Defense Abdullah Habibi and the ANA Chief of Staff General Qadam Shah Shahim, resigned their posts. Both officials said in a joint news conference that their decision to step down was due to widespread public anger about the attack.¹⁶⁸

The Afghan government and top ANDSF officials continue to identify MOD and MOI headquarters elements in need of new and capable leaders, including those in senior positions in those ministries.¹⁶⁹ Many of those changes occurred in the leadership of ANDSF combat elements. According to USFOR-A, three ANA corps and several brigade commanders have been replaced with new leaders this quarter, and the best-performing corps commander was promoted to be the ANA’s new chief of staff. The AAF also went through a large-scale leadership reorganization early this year, and the effect thus far, according to USFOR-A, is a better focus on the chain of command and the ability to develop capabilities across the force while also conducting operations.¹⁷⁰

In late May, President Ghani made major changes to MOI leadership by announcing 13 new officials in senior posts, including Senior Deputy Minister of Interior for Security, First Deputy Minister of Interior,



Major General Tariq Shah Bahrami (left), acting minister of defense, replaced former Minister of Defense Abdullah Habibi (right) in late April. (Left, Afghan National Army photo by Maj. Gen. Dawlat Waziri via Twitter; right, Wikimedia Commons photo)

commander of the ALP, and new commanders for the ANP’s 808th, 404th, 606th, and 202nd Zones. The MOI hopes that these changes in leadership will contribute to better security across Afghanistan.¹⁷¹ At a conference the Minister of Interior held for the ANP’s zone commanders in late March, the minister ordered the commanders to research whether the ANP’s leadership issues were stemming from a lack of resources or from mismanagement and corruption.¹⁷² President Ghani has said that retiring 150 generals from the MOD and the recent changes in MOI catalyzed a much needed “generational change” in the force, and that the average age of civil servants is now six years younger than when the Ghani administration took office two years ago.¹⁷³

Another important aspect of the ANDSF’s leadership overhaul is the focus on merit-based appointments and promotions of personnel. Championed by President Ghani, these procedures are intended to help eliminate corruption and nepotism in some parts of the ANDSF. By focusing on leader development and counter-corruption efforts, the ANDSF’s objective is to produce competent and honest leaders through unified training efforts, merit-based selection, professional instruction and education, and implementation of adequate human resources systems.¹⁷⁴

One potential obstacle to reform was the mid-June resignation of Amrullah Saleh, the newly appointed state minister for security-sector reforms and the former director of the Afghan intelligence services. According to Afghan media, Saleh cited no reason for his surprise resignation on social media, after only having served in the role since March. Some reports claim that a possible reason was the government’s alleged failure to consult Saleh about the hiring and firing of security officials from the day he took office. A presidential-palace spokesman said they had not received a

formal resignation from Saleh and were seeking clarification on his reasons for resigning so quickly.¹⁷⁵

According to USFOR-A, ANDSF elements continue to struggle with providing accurate situational reporting to their headquarters and Coalition advisors. Coalition advisors rely heavily on the ANDSF's reporting because of their lack of visibility below the ANA-corps or ANP-zone headquarters levels. With the exception of Afghan special operations and aviation units, and during periods when tactical units return to base for re-equipping and retraining with U.S. advisor assistance, USFOR-A says U.S. advisors have little or no direct contact with ANDSF units below ANA corps and ANP zone-headquarters levels. RS is able to advise at lower, unit-level echelons infrequently and for a limited period of time when they deploy expeditionary advisory teams, conduct battlefield visits, or participate in a key leader engagements. In addition to USFOR-A observations and train, advise, and assist (TAA) activities, advisors rely on data provided by the Afghan ministries to evaluate the operational readiness and effectiveness of the ANDSF. Reporting procedures and their execution continue to be a TAA priority area, but USFOR-A notes that the consistency, comprehensiveness, and credibility of this data varies and cannot be independently verified by U.S. officials.¹⁷⁶

In an effort to improve visibility and reporting, RS has recently ordered its TAACs and TFs to create assessments of the ANA brigades and ANP provincial headquarters to the extent their visibility allows in the next assessment period. While the assessment framework will be the same as those for ANA corps and ANP zone headquarters, the TAACs and TFs will be able to caveat their assessments depending upon their degree of visibility into the local force elements.¹⁷⁷

Additionally, to improve the accountability of personnel and prevent payments to “ghost,” or nonexistent soldiers, the MOD and MOI continue to conduct their personnel asset inventories to ensure all personnel are enrolled in the Afghan Human Resources Information Management System (AHRIMS), an electronic system that helps counter corruption in the personnel reporting system. These inventories are expected to ensure personnel information is accurate and up-to-date.¹⁷⁸ For a more complete update about AHRIMS implementation, see page 101 of this section.

According to USFOR-A, the MOD and MOI demonstrated success in their operational planning for the 2017 fighting campaign, Operation Khalid. USFOR-A reported that Khalid is the ANDSF's first annual plan, a move away from the traditional operational focus on “fighting seasons,” which demonstrates the ANDSF's improved capability for long-term planning. The planning effort for Khalid was a coordinated effort across all ANDSF pillars, and included input from the MOD, MOI, and the National Directorate of Security (NDS), and several other government organizations. USFOR-A emphasized that while the ANA and ANP received guidance from their Coalition advisors in planning Khalid, the operation “is



An ANA 215th Corps kandak (battalion) takes part in a ceremony to initiate their operational readiness cycle, an eight-week program to train, refit, and rest before returning to battle. (Marine Corps photo by Sgt. Lucas Hopkins)

clearly an ANDSF plan” that involved corps and zone commanders briefing each other independently on the parts of the operation for which they were responsible.¹⁷⁹

As a key part of Operation Khalid, the ANDSF are planning to maintain vital force generation efforts, including the implementation of a continuous operational readiness cycle (allowing troops to refit, retrain, and rest) as well as **collective training**, all while conducting offensive and defensive operations against the enemy. Thus far, USFOR-A notes that there are mixed levels of success in ANA and ANP ability to tackle these objectives simultaneously, with the ANA progressing faster than the ANP. RS will continue to provide assistance to the corps and zone staffs to help them meet their individual and collective training requirements during Operation Khalid.¹⁸⁰

Collective training: refers to training units together. It typically follows a sequence of individual skills, collective skills, collective drills and actions, and a final collective validation event that combines all of the previous training components.

Source: USFOR-A, response to SIGAR vetting, 4/11/2017.

Ministries of Defense and Interior Progress Toward Fiscal Year 2017 Projections

The RS Essential Function (EF) directorates and the Gender Advisor Office use the EF Program of Actions and Milestones (POAM) to assess the essential function capabilities of the offices in the MOD and MOI.¹⁸¹ The milestones are assessed using a five-tier rating system.¹⁸² Milestone assessments are combined to determine the overall assessment of a department. Department assessments are then combined to determine the overall assessment of the ministry.¹⁸³

The five ratings reflect the degree to which Afghan systems are in place, functioning, and being used effectively. The highest rating, “sustainable,” indicates an Afghan ministry can perform a specific function without Coalition advising or involvement, while the “fully effective” and “partially effective” ratings that follow indicate lower levels of success doing so. The lowest ratings, “agreed” and “initiated” refer to the function being agreed upon by the ministries and Coalition advisors and then beginning the process to implement that function.¹⁸⁴

As of May 19, 2017, out of 32 MOD POAM categories, two received the highest, “sustaining capability” rating, 10 were “fully effective,” and 11 were “partially effective,” leaving the remaining nine capabilities at the “initiated” stage.¹⁸⁵ Out of 18 MOI POAM categories, one received a “sustaining capability” rating, two were “fully effective,” and seven were “partially effective,” with the remaining eight “initiated” (five) and “agreed” (three). According to these ratings, MOD is performing best in strategic communications and intelligence, and MOI in strategic communications and civilian governance. Both MOD and MOI are struggling with transparency and oversight, MOD is struggling more with gender, and MOI with intelligence.¹⁸⁶

By the end of 2017, the MOD is projected to achieve six POAM categories at the highest, “sustaining capability” rating, 13 at “fully effective,” and 12 at “partially effective.”¹⁸⁷ The MOI is estimated to achieve one at the “sustaining capability” rating, nine “fully effective,” and four “partially effective.”¹⁸⁸

The MOD and MOI POAM categories are fewer in number this quarter because of the introduction of an “other” POAM classification, which includes 23 POAM categories that both the MOD and MOI are responsible for mastering jointly. The majority of these are related to budgeting (6) and force sustainment (10), categories which both the MOD and MOI have few individually assigned POAM. On these joint POAM categories, both ministries are performing the best by far in budgeting, followed by policy planning and strategic communications.¹⁸⁹

ANDSF Strength

ANDSF strength continued to grow this quarter. As of May 20, 2017, ANDSF assigned force strength was 330,043 (not including civilians), according to USFOR-A.¹⁹⁰ As reflected in Table 3.6 on the next page, both the ANA and the ANP saw an increase in force strength for the second consecutive quarter. As shown in Table 3.7 on page 101, the ANA is now at 92.5% and the ANP at 96.3% of authorized end strength (not including civilian employees), which represents a roughly 2% (for ANA) and 1% (for ANP) increase since last quarter.¹⁹¹ The May 2017 ANDSF assigned-strength number without civilians reflects an increase of 5,606 personnel since last quarter, and an increase of 3,126 from the same period last year.¹⁹²

Compared to last quarter, the ANA, including Afghan Air Force and civilians, increased by 2,320 personnel and the ANP increased by 2,014

TABLE 3.6

| ANDSF ASSIGNED FORCE STRENGTH, FEBRUARY 2014–APRIL/MAY 2017 | | | | |
|--|----------------|-----------------------------|---------------------------|----------------------------|
| | 2/2014 | 5/2014 | 8/2014 | 11/2014^b |
| ANA including AAF | 184,839 | 177,489 | 171,601 | 169,203 |
| ANP | 153,269 | 152,123 | 153,317 | 156,439 |
| Total ANDSF | 338,108 | 329,612 | 324,918 | 325,642 |
| | 2/2015 | 5/2015 | 7/2015^a | 10/2015^a |
| ANA including AAF | 174,120 | 176,762 | 176,420 | 178,125 |
| ANP | 154,685 | 155,182 | 148,296 | 146,026 |
| Total ANDSF | 328,805 | 331,944 | 324,716 | 324,151 |
| | 1/2016 | 4+5/2016^c | 7/2016 | 11/2016 |
| ANA including AAF | 179,511 | 171,428 | 176,058 | 174,950 |
| ANP | 146,304 | 148,167 | 148,480 | 147,635 |
| Total ANDSF^d | 325,815 | 319,595 | 324,538 | 322,585 |
| | 1/2017 | 4+5/2017^e | | |
| ANA including AAF | 177,711 | 180,031 | | |
| ANP ^e | 153,997 | 156,011 | | |
| Total ANDSF^e | 331,708 | 336,042 | | |

Note: ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. ANA and AAF numbers include civilians except for the May 2016 numbers; available data for ANP do not indicate whether civilians are included.

^a Total “ANA including AAF” numbers for July 2015 and October 2015 are not fully supported by the detailed numbers in the USFOR-A response to SIGAR data call; Trainee, Transient, Holdee, and Students (TTHS) may represent all or part of the unreconciled portion.

^b Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.

^c ANA data as of 5/20/2016; ANP data as of 4/19/2016.

^d ANA data as of 5/20/2017; ANP data as of 4/19/2017.

^e ANP and Total ANDSF figures do not include “standby” personnel, generally reservists.

Source: CSTC-A response to SIGAR data call, 3/31/2014, 7/1/2014, and 10/6/2014; RSM, response to SIGAR request for clarification, 3/14/2015; USFOR-A, response to SIGAR vetting, 4/10/2015, 7/12/2015, 1/29/2016, 4/12/2016, 10/9/2016, and 10/11/2016; USFOR-A, response to SIGAR data call, 12/28/2014, 3/24/2015, 6/29/2015, 9/11/2015, 12/14/2015, 3/4/2016, 6/3/2016, 8/30/2016, 11/20/2016, 1/20/2017, 4/19/2017, and 5/20/2017.

personnel. Notably, the ANA and AAF (including civilians) has seen an 8,603-person increase from this time last year.¹⁹³

ANDSF Casualties

According to figures provided by the Afghan government to USFOR-A, from January 1, 2017, through May 8, 2017, there were 2,531 ANDSF service members killed in action and an additional 4,238 wounded in action. These figures are consistent with ANDSF casualty figures provided for the same period as last year. However, USFOR-A noted that it cannot confirm the accuracy of these figures.¹⁹⁴

According to DOD, since the ANDSF took over operational control in January 2015 ANDSF casualties have “steadily increased,” with forces conducting local patrols and checkpoint operations being especially vulnerable.

TABLE 3.7

| ANDSF ASSIGNED FORCE STRENGTH, APRIL–MAY 2017 | | | | | | |
|--|-----------------------------------|--------------------|---------------------------------------|------------------|---|-----------------------|
| ANDSF Component | Approved End-Strength Goal | Target Date | Assigned, as of April/May 2017 | % of Goal | Difference Between Current Assigned Strength and Goals | Difference (%) |
| ANA including AAF | 188,060 | December 2014 | 174,032 | 92.5% | (14,028) | (7.5%) |
| ANA Civilians including AAF Civilians | 8,474 | - | 5,999 | 70.8% | (2,475) | (29.2%) |
| ANA + AAF Total | 196,534 | | 180,031 | 91.6% | (16,503) | (8.4%) |
| Afghan National Police* | 161,977 | February 2013 | 156,011 | 96.3% | (5,966) | (3.7%) |
| ANDSF Total with Civilians | 358,511 | | 336,042 | 93.7% | (22,469) | (6.3%) |

Note: ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force.
* ANP figures do not include “standby” personnel, generally reservists.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 12/2012, p. 56; USFOR-A, response to SIGAR data call, 4/19/2017 and 5/20/2017.

For this reason, part of the ANDSF Road Map includes measures to decrease the number of static checkpoints to reduce the vulnerability of personnel manning them. DOD also noted the number of casualties resulting from planned offensive operations since 2015 has decreased.¹⁹⁵ The majority of ANDSF casualties continue to be caused by direct-fire attacks, with IED attacks and mine strikes accounting for much lower levels of casualties.¹⁹⁶

AHRIMS and APPS

The MOD and MOI, with RS assistance, are in the process of implementing and streamlining several systems to accurately manage, pay, and track their personnel—an effort that could greatly improve protection for the U.S. funds that pay most of the ANDSF’s expenses.¹⁹⁷

The Afghan Human Resource Information Management System contains data that includes the name, rank, education level, identification-card number, and current position of ANDSF personnel. AHRIMS also contains all the approved positions within the MOD and the MOI, along with information such as unit, location, and duty title. The Afghan Personnel Pay System (APPS) is under development; when implemented, it will integrate AHRIMS data with compensation and payroll data to process authorizations, record unit-level time and attendance data, and calculate payroll amounts.¹⁹⁸

In addition, the Afghan Automated Biometric Identification System (AABIS) and the ANDSF Identification Card System (ID) support the effort to link biometric records of personnel with APPS for payment of personnel. The aim is for APPS, AABIS, and ID to contain unique biometric-registration numbers: only those ANDSF members registered in AABIS will be issued an ID, and only those members registered with a linked ID will be authorized to have an APPS record for payment. The APPS will be interoperable with AABIS and ID card systems to eliminate the error-prone manual process of inputting 40-digit biometric numbers into the ID system.

CSTC-A is overseeing this process to ensure interoperability so that biometrically linked ID cards can be issued to all ANDSF personnel and that APPS can generate payroll information and bank-account information for accounted-for personnel. According to CSTC-A, this structure will reduce the potential for nonexistent personnel to be entered into APPS, although it will not completely eliminate the risk of paying for ghost personnel. Routine checks will still be required to determine that personnel are properly accounted for and are still actively serving in the ANDSF.¹⁹⁹ The biometric cards will also, once implemented, be used to access all human resources information for personnel, including identity, pay and APPS data, promotions, assignments, killed/wounded/absent-without-leave information, and other documents.²⁰⁰

USFOR-A reported last quarter that there were three ongoing efforts to ensure that accurate personnel data currently exist in AHRIMS to support the migration to APPS: (1) “slotting” or matching a person to an authorized position; (2) “data cleansing” or correcting and completing key personnel data; and (3) a Personnel Asset Inventory (PAI) to correct the employment status of personnel retired, separated, or killed in action.²⁰¹

This quarter, USFOR-A reported that the MOD’s PAI is still ongoing, with an anticipated completion date of November 2017: phase one, which included Kabul-area ANA and ANP units, has been completed; phase two, for the ANA’s 203rd and 215th Corps, was reportedly ending in late May 2017; phase three, for the 201st and 207th Corps, is scheduled to end in late August 2017; and phase four, for the 205th and 209th Corps, is scheduled to end in early November 2017. USFOR-A also indicated the only challenge remaining for biometrics collection is the ability of teams working in remote areas to collect data from ANP personnel who face logistical challenges in reaching PAI locations.²⁰²

As of May 21, 2017, the MOI has verified that 70% of its personnel are in AHRIMS—up from 35% last quarter. USFOR-A estimates that the MOI PAI will be completed on or before July 30, 2017, at which point the integration of AHRIMS data to APPS can commence.²⁰³ In vetting comments, USFOR-A projected that the transition to APPS for both the MOI and MOD would occur before the end of 2017.²⁰⁴

“Unaccounted for” and “Ghost” Personnel

As a result of increased attention in early 2017 to the possible existence of many ghost personnel within the ANDSF rolls, U.S. officials confirmed that as of January 1, 2017, ANDSF salaries will be paid only to those MOD and MOI personnel who are correctly registered in AHRIMS.²⁰⁵ SIGAR requested more detailed information this quarter from U.S. officials in order to clarify the current situation involving ghost personnel and what actions have been taken by the U.S. and Afghan governments to address the issue.

USFOR-A reported that its Afghan partners are “very serious about resolving this issue,” and as of May 11, 2017, the MOD had properly enrolled and accounted for 153,398 personnel in AHRIMS, roughly 88% of the ANA, AAF, Special Mission Wing, MOD General Staff, and other MOD elements. However, they also identified 12,073 personnel, about 7% of total MOD personnel, who are “unaccounted for,” some of whom could be ghosts. The remaining 5% of personnel were trainees and students.²⁰⁶ USFOR-A emphasized that “a thorough and deliberate process to validate all Afghan soldiers and police is ongoing and is expected to last through late summer 2017.”²⁰⁷

In vetting comments, USFOR-A assessed that a significant number of reported ghost personnel are better categorized as unaccounted-for personnel because often these personnel are present for duty, but have not completed proper enrollment into AHRIMS and are therefore unverified in the system. USFOR-A noted that efforts to increase enrollment in AHRIMS prior to the introduction of APPS, completion of PAIs, and continued enforcement by CSTC-A will help resolve this problem and better identify the number of ghost personnel.²⁰⁸

According to USFOR-A’s data, the distribution of unaccounted-for personnel is relatively even, with the exception of the ANA’s 215th Corps in Helmand, which has the lowest number of unverified personnel, almost half as many as other ANA combat corps.²⁰⁹ This is perhaps surprising given that the 215th Corps is a “main effort” corps, meaning that it bears a heavy burden in battling the Afghan insurgency, and has in the past been plagued by issues of corruption and lack of transparency.²¹⁰ The corps with the most unaccounted-for personnel are: the 201st Corps, covering Kapisa, Kunar, Laghman, Nangarhar, and Nuristan Provinces, at 8.7% of their reported strength, and the 207th Corps, covering Badghis, Farah, Ghor, and Herat Provinces, at 11.2% of their reported strength. Notably, the ANA’s Medical Command has not accounted for 22.5% of its reported personnel.²¹¹ USFOR-A added that there is currently no zone-level breakdown of unaccounted-for personnel for the ANP.²¹²

The U.S. government continues to disburse funds only to those ANDSF personnel it is confident are properly accounted for. USFOR-A reported approximately \$18.5 million in cost avoidance by not paying unaccounted-for and suspected ghost personnel since January 2017, up \$3.5 million from last quarter. The command advised that this amount will continue to change as the MOD and MOI increase the validation of the remaining soldiers and police through the ongoing PAI process.²¹³

Afghan Local Police

ALP members, known as “guardians,” are usually local citizens selected by village elders or local leaders to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.²¹⁴

While the ANP is paid via the UN Development Programme’s multilateral

Law and Order Trust Fund for Afghanistan (LOTFA), the ALP is paid with U.S. funds provided directly to the Afghan government.²¹⁵ Although the ALP is overseen by the MOI, it is not counted as part of the ANDSF's authorized end strength.²¹⁶

As of May 7, 2017, the NATO Special Operations Component Command-Afghanistan (NSOCC-A) reported that according to the ALP Staff Directorate, the ALP has 28,986 guardians, 25,069 of whom are trained, 3,687 remain untrained, and 203 are currently in training.²¹⁷ These figures indicate an increase of 262 ALP personnel overall, a 532-person increase in trained personnel, and an increase of 520 untrained personnel.²¹⁸ According to NSOCC-A, MOI directed untrained personnel to attend training at the provincial training centers during the winter season, and increased training at the regional training centers in the spring (for ease of access during the fighting season).²¹⁹ The MOI's 1396 (2017) Bilateral Financial Commitment Letter obligates the MOI to have no more than 5% of the on-hand ALP force untrained; currently 13% of the force is untrained.²²⁰

Consistent with advising the Afghan security forces at the ANA corps and ANP zone-headquarters level, NSOCC-A advises the ALP at the ALP staff-directorate level in Kabul and does not track ALP retention, attrition, or losses.²²¹ However, the Afghan government reported that 181 ALP guardians were killed in action and 293 were wounded from February through April 2017, figures that are roughly consistent with casualties from previous quarters.²²²

This quarter, NSOCC-A reported continuing efforts to enroll ALP personnel in AHRIMS in order to transition ALP salary payments to an electronic funds-transfer (EFT) process and to inventory materiel. These processes are expected to help track and train ALP personnel.²²³ As of May 8, 2017, there are 22,207 ALP biometrically enrolled (77% of the force), 24,803 ALP enrolled in EFT (86%), up five percentage points since last quarter, and 22,862 ALP slotted in AHRIMS (79%), up nine points since last quarter, marking considerable progress. NSOCC-A remarked that the progress made on these goals "significantly contributes to the elimination of ALP ghost personnel."²²⁴

The MOI's 1395 (2016) Bilateral Financial Commitment Letter laid out clear goals for the completion of ALP registration for biometric IDs (100% of the ALP), EFT salary payments (90% of the ALP), and slotting ALP personnel in AHRIMS (95% of ALP) by December 20, 2016.²²⁵ The 1396 (2017) Commitment Letter calls for 100% of the ALP to be registered into AHRIMS, though it is unclear by what date. It also stipulates that guardians will receive their biometric IDs, be slotted into AHRIMS and APPS (when APPS is implemented), and enrolled in EFT during training.²²⁶ The current enrollment percentages indicate the ALP still have not reached these goals. However, NSOCC-A continues to recommend no penalties, based on the efforts of the ALP Staff Directorate and other ALP leaders to complete the requirements. CSTC-A concurred with their recommendation.²²⁷

As with the ANA and ANP, CSTC-A will fund salaries only for ALP guardians who are actively slotted in AHRIMS. NSOCC-A reported a reduction in their estimated U.S. funding for the ALP from \$93 million annually in early 2017 to an estimated \$85–91 million for the rest of the fiscal year, depending on how many additional ALP are successfully enrolled in AHRIMS. NSOCC-A notes that they suspect the reduction of funding will incentivize the MOI to account for those ALP not registered in AHRIMS in order to recoup lost U.S. funding.²²⁸ NSOCC-A says that CSTC-A reviews validated personnel numbers every three months and provides updated funding based on validated AHRIMS personnel numbers. As of April 24, 2017, CSTC-A is funding 21,698 ALP guardians.²²⁹ In vetting comments, NSOCC-A noted that meeting the MOI Bilateral Financial Commitment Letter's goals is particularly difficult for the ALP because they are traditionally located in very rural areas. According to NSOCC-A, there are some districts that do not have the infrastructure needed to complete AHRIMS enrollment, and travelling to PAI locations in order to enroll in AHRIMS can be a life-endangering risk for some ALP personnel.²³⁰

The ALP Staff Directorate has been conducting district assessments since October 2016, when the Minister of Interior directed all eight police zones be assessed. NSOCC-A reported this quarter that two senior leaders completed ALP assessments in Zones 202 and 303. NSOCC-A is awaiting the results following their review by the Minister of Interior.²³¹

AFGHAN NATIONAL ARMY

As of June 30, 2017, the United States had obligated \$42.6 billion and disbursed \$41.9 billion of ASFF funds to build, train, equip, and sustain the ANA.²³²

ANA Strength Shows Modest Improvement

As of May 20, 2017, the overall assigned strength of the ANA, including the AAF but not including civilians, was 174,032 personnel, as shown in Table 3.7 on page 101 of this section.²³³ ANA strength (including the AAF but not civilians) has steadily increased two quarters in a row, with this quarter seeing a 3,592-person increase from last quarter.²³⁴ According to USFOR-A, possible ghost personnel are not subtracted from these strength figures because ghosts are estimated using the AHRIMS (personnel management) and APPS (payment) systems, both still undergoing improvements, while a different reporting system currently calculates manpower.²³⁵ For more information on AHRIMS, APPS, and ghost personnel, please see page 101.

ANA assigned military personnel are at 92.5% of their authorized end strength, a two-point increase from last quarter. However, civilian strength has suffered in the last three months: the number of ANA and AAF civilians fell by 1,272 personnel to 5,999, and civilian strength has slipped from 94.1% last quarter to 70.8% of the authorized civilian strength.²³⁶ Despite

this shortfall, when including ANA and AAF's civilians, the ANA's overall strength still increased by 2,320 personnel since last quarter and by 8,603 since the same period last year.²³⁷

According to USFOR-A, the overall ANA monthly attrition rate for the last quarter, including the AAF, Special Operations Forces, trainees, and students was:

- January 2017: 2.9%
- February 2017: 2.1%
- March 2017: 1.9%

The 2.3% average attrition for this quarter marks the second quarter in a row attrition has decreased, this time by 0.3 percentage points.²³⁸ Corps-level attrition figures are classified and will be reported in the classified annex of this report.

According to DOD, attrition remains a larger problem for the ANA than for the ANP, in part because ANA soldiers enlist for limited tours of duty and have more widespread deployments across the country, while police view their careers as longer-term endeavors.²³⁹

To decrease the potential for local influence, the ANA does not allow soldiers to serve in their home areas. DOD observed that the policy has resulted in increased transportation costs and obstacles for soldiers attempting to take leave, contributing to absences without leave. However, the ANP historically suffers significantly more casualties than the ANA.²⁴⁰ DOD also noted that the Coalition is no longer encouraging pay incentives to address retention because they have not been shown to be effective.²⁴¹

ANA Sustainment

As of June 30, 2017, the United States had obligated \$18.9 billion and disbursed \$18.4 billion of ASFF for ANA sustainment.²⁴²

CSTC-A reported the total amount expended for all payroll and non-payroll sustainment requirements in Afghan FY 1396 (2017) was \$167.7 million through March 28, 2017, a \$35.9 million increase compared to the same period last year.²⁴³ While the majority of sustainment funding goes toward ANA salaries and incentive payments, aside from these, the largest uses of sustainment funding were for equipment and supplies, mainly vehicle and aircraft fuel, (\$23.6 million) and logistics (\$1.5 million).²⁴⁴

ANA Salaries and Incentives

CSTC-A reported that the funding required for ANA base salaries, bonuses, and incentives will average \$627.1 million annually over the next four years, a considerable increase in the cost-per-year estimate given last quarter, which was \$545.3 million annually.²⁴⁵ In vetting comments, DOD noted that the increase in cost was mainly due to the transfer of 40,000 ANP personnel to the ANA as part of the ANDSF Road Map plan to move certain

SIGAR SPECIAL PROJECT

SIGAR released a special project this quarter entitled ANA Proprietary Camouflaged Uniforms that reviewed DOD's procurement of camouflage uniforms for the ANA that may have been inappropriate for the Afghan environment, incurring a possible \$28 million in unnecessary costs. For more information, see pp. 37–38 of Section 2.

paramilitary police elements (Afghan Border Police and Afghan National Civil Order Police) from MOI to MOD authority.²⁴⁶ DOD also noted that the forecasted salary and incentives figures are for planning purposes only and are not definitive indicators of future DOD support, which will depend on Afghan progress toward reconciliation, reducing corruption, security conditions, and other factors.²⁴⁷

Of the \$167.7 million spent on ANA sustainment in Afghan FY 1396 through March 28, 2017, \$136.6 million was spent on salaries (\$55.1 million) and incentive pay (\$81.5 million) for ANA officers, noncommissioned officers and soldiers, civilians, and contractors.²⁴⁸ Funding for ANA salaries increased slightly (by roughly \$8 million) since this period last year, while incentive pay increased by about \$39 million.²⁴⁹

ANA Equipment and Transportation

As of June 30, 2017, the United States had obligated and disbursed \$13.7 billion of ASFF for ANA equipment and transportation.²⁵⁰ Most of these funds were used to purchase vehicles, aircraft, ammunition, communication equipment, weapons, and other related equipment.²⁵¹ Approximately 47.3% of U.S. funding in this category this quarter was for vehicles and related parts, followed by 16.5% for ammunition, and 16.2% for aircraft and related parts, as shown in Table 3.8.²⁵²

The total cost of equipment and related services procured for the ANA was \$15.7 billion as of June 30, 2017. This represents a nearly \$319.3 million increase since last quarter, and a \$522.8 million increase since the same period last year.²⁵³ This considerable increase was due in part to the purchase of MD-530 helicopters and funds for the national maintenance strategy.²⁵⁴

TABLE 3.8

| COST OF U.S.-FUNDED ANA EQUIPMENT, AS OF JUNE 30, 2017 | | | |
|---|-------------------------|---------------------------------|--|
| Type of Equipment | Procured | Remaining to be Procured | Procured and Fielded to the ANA |
| Vehicles | \$7,436,160,021 | \$24,352,619 | \$6,707,279,043 |
| Aircraft | 2,543,386,402 | 378,386,745 | 1,534,466,913 |
| Ammunition | 2,593,763,956 | 64,706,697 | 2,340,083,230 |
| Communications | 911,296,017 | 83,548,368 | 673,422,562 |
| Other | 1,043,705,797 | 342,538,982 | 859,065,577 |
| Weapons | 653,286,146 | 17,394,846 | 681,000,310 |
| C-IEDs | 455,211,247 | 1,845,520 | 354,803,671 |
| Transportation Services | 71,442,600 | 0 | 68,997,343 |
| Total | \$15,708,252,186 | \$912,773,777 | \$13,219,118,649 |

Note: C-IED = Counter-improvised-explosive devices. Equipment category amounts include the cost of related spare parts. Procured and Fielded to the ANA = Title transfer of equipment is initially from the applicable U.S. Military Department/Defense Agency to CSTC-A; title to the equipment is later transferred to the MOD/ANA.

Source: CSTC-A, response to SIGAR data call, 6/30/2017.

CSTC-A Reports Improvements in ANA Equipment Readiness Ahead of Summer Campaign

According to CSTC-A, the operational readiness (OR) of ANA equipment substantially improved across all ANA combat elements this quarter.

As of April 19, 2017, CSTC-A reported the ANA's corps-level equipment OR rates at 62% for the 201st Corps, 69% for the 203rd, 61% for the 205th, 86% for the 207th, 54% for the 209th, and 42% for the 215th. CSTC-A also reported the equipment OR rates for the ANA Special Operations Command (ANASOC) at 78% and the ANA's 111th Capital Division at 93%.²⁵⁵ CSTC-A calculates the OR rates by determining the ratio of fully mission-capable equipment against total authorization. However, some equipment categorized as non-mission-capable may still be serviceable for use at a static location or checkpoint.²⁵⁶

According to CSTC-A, the equipment OR benchmark is 70% for each ANA corps and 80% for the ANASOC, with the latter being higher because it is the combat element that takes on the majority of the ANA's offensive operations.²⁵⁷ While not all ANA combat elements met their benchmark goals, all ANA corps saw a 3.5-point average increase in their operational readiness rates when compared to last quarter, when all elements saw a decline or had stagnated in their equipment operational readiness.²⁵⁸ This increase likely factored into CSTC-A's assessment that the ANA entered the summer 2017 campaign at a higher readiness level than they entered the 2016 summer campaign.²⁵⁹

The ANA corps with the highest equipment OR rates were the 207th (86%), which covers western Afghanistan around the relatively stable Herat Province, followed by the 203rd Corps (69%), in charge of eastern Afghanistan's Paktika, Khowst, Paktiya, Ghazni, Logar, Wardak, and Bamiyan Provinces.²⁶⁰ The 215th Corps in Helmand Province, where much of the fighting in southern Afghanistan is concentrated, continued to have the lowest equipment OR rate at 42% this quarter, followed by 54% for the 209th Corps, which covers the majority of northern Afghanistan's provinces.²⁶¹ Notably, the 215th Corps saw the largest improvement in OR of any ANA element since last quarter (a nine percentage-point increase) while the 209th Corps' OR remained the same.²⁶²

CSTC-A remarked that the "main effort corps" shouldering most of the fighting burden (the 215th, 209th, and 205th Corps) struggled to keep up with equipment maintenance, which in turn kept their OR rates relatively low and static during the winter campaign. However, some improvements were made by deploying additional maintenance enablers and focusing more on sustainment late in the campaign, which will continue during the spring and summer campaign (Operation Khalid). They noted that the remaining obstacles to improving equipment OR include poor maintenance management, failure to report misuse of military mechanics, lack of assigned key logistic leaders, lack of maintenance performance, and

underutilization of contracted maintenance providers. CSTC-A reported that it continues to reinforce maintenance management through its assistance efforts across the ANA.²⁶³

Core Information Management System Makes Progress but Lacks Full Visibility

The Core Information Management System (CoreIMS) is part of the solution to address capability gaps in the Afghan logistical supply chain to ensure that the ANDSF are properly equipped. Since 2012, efforts have been under way to develop and implement an automated system within both MOD and MOI to replace a paper-based process in order to better track equipment and supplies.²⁶⁴

CoreIMS is an inventory-management system that electronically tracks basic items like vehicles, weapons, night-vision devices, and repair parts. The system helps allocate materiel and analyze its usage to predict future item and budget requirements, while reducing opportunities for fraud.²⁶⁵ The goal for the system is to improve Afghan sustainment processes by providing managers and decision makers with a real-time status of assets.²⁶⁶ To do this, CSTC-A has integrated CoreIMS with the Security Cooperation Information Portal (SCIP)—a U.S. database of the sale and provision of U.S. military materials, services, and training to foreign countries and international organizations—to save time and resources of ANDSF procurement personnel, decrease human error, and significantly improve order and asset visibility.²⁶⁷

As of March 1, 2017, the web-based CoreIMS became available and fully functional at MOD and MOI national logistic locations, forward supply depots, and regional supply logistic centers.²⁶⁸ In addition, CSTC-A had been providing advanced CoreIMS training for Afghan logistic specialists to train, mentor, and assist other ANA and ANP personnel in logistics operations and CoreIMS functionality.²⁶⁹

While the ANA and ANP are both using the system, there are still challenges with the transfer and receipt processes within the depots that require CSTC-A to monitor the handling of equipment purchased by the United States for the ANDSF.²⁷⁰ According to CSTC-A this quarter, the remaining issue with CoreIMS is that once materiel is distributed below the regional level to the local forward supply depots or units, CoreIMS loses visibility. CSTC-A notes that plans are under way to integrate CoreIMS down to the brigade level (ANA) and the provincial headquarters level (ANP) in the next four years. This will also include the ALP, which are supported through the MOI's supply chain.²⁷¹

ANA Infrastructure

As of June 30, 2017, the United States had obligated and disbursed \$5.9 billion of ASFF for ANA infrastructure projects.²⁷² Total ANA sustainment

costs for FY 2017, covering all ANA facility and generator requirements, are roughly \$74.2 million, \$17.5 million of which is funded through the NATO ANA Trust Fund, while the remaining \$56.7 million is funded through U.S. ASFF funds.²⁷³

As of May 21, 2017, the United States had completed 408 infrastructure projects valued at \$5.3 billion, with another 22 ongoing projects valued at \$142.6 million, according to CSTC-A.²⁷⁴

The largest ongoing ANA infrastructure projects are the same as last quarter: the second phase of the Marshal Fahim National Defense University in Kabul (with an estimated cost of \$72.7 million) to be completed in December 2017, a Northern Electrical Interconnect (NEI) substation project in Balkh Province (\$27.7 million), now slated to be completed in October 2019, seven months later than previously reported, and an NEI substation in Kunduz (\$9.5 million), the completion of which has been pushed back nine months to February 2019.²⁷⁵

Four ANA infrastructure contracts with a total value of \$3.2 million were awarded this quarter. These include: a relocatable, large-area maintenance shelter at Kandahar Airfield; a squad operations and alert facility in Mazar-e Sharif; a commando camp in Kabul; and an A-29 taxiway in Mazar-e Sharif.²⁷⁶

An additional 44 infrastructure projects, the top 24 of which are valued at \$248 million, are currently in the planning phase: four Kabul National Military Hospital projects (\$14.4 million), 10 Afghan Electrical Interconnect projects (\$80 million), five ANASOC projects (\$44.9 million), and five AAF projects (\$13.9 million). The remaining five projects, valued at around \$94.4 million, comprise other ANA sustainment projects supporting the new MOD headquarters, the **Women's Participation Program**, and other security facilities.²⁷⁷

As part of the Women's Participation Program (WPP), CSTC-A has continued developing facilities specifically for female personnel in the ANA. While no projects were completed this quarter, there were two ongoing WPP projects. One was a gym, dining facility, and conference center at the National Defense University in Kabul (\$4.4 million); the other was a barracks project at the AAF base at Hamid Karzai International Airport in Kabul (\$1.5 million). Three WPP projects are currently being planned, including a \$2 million project for barracks at the AAF's university in Kabul, a roughly \$1 million project for a day care facility at the Kabul Military Training Complex, and an \$845,000 day care facility at Camp Zafar in Herat.²⁷⁸

CSTC-A reported no updates this quarter on infrastructure-related train, advise, and assist activities.

ANA and MOD Training and Operations

As of June 30, 2017, the United States had obligated and disbursed \$4 billion of ASFF for ANA, AAF, and MOD training and operations.²⁷⁹

Women's Participation Program: An initiative that seeks to advance and promote women's participation in Afghan security institutions. The program promotes safe and secure facilities, proper equipment, training, and opportunities for women to increase their membership in the ANDSF.

Source: OSD-P, response to SIGAR vetting, 4/15/2016.



AAF students graduate from officer candidate school in May at the Afghan Air Force Academy in Kabul. (Air Force photo by Tech. Sgt. Veronica Pierce)

According to CSTC-A, ASFF training funds are used to send ANA and AAF students to vocational training and professional military education opportunities abroad, including aviation training, special forces training, basic officer-leadership courses, captain's career courses, war-college programs, seminars, and conferences.²⁸⁰

As of May 21, 2017, CSTC-A reported 12 ongoing U.S.-funded training programs for the ANA and AAF. The largest of these projects are multiyear contracts that include a \$41.9 million project for out-of-country training for AAF pilots, a \$36.8 million project to train Afghan special forces, and two separate \$18.3 million projects to run contractor-led training for the ANA.

This quarter, a new project focused on training women in the ANA. The Gender Occupational Opportunity Development (\$4 million) will give female personnel the tools and opportunities for future employment in the MOD.²⁸¹

Afghan Air Force

As of May 20, 2017, the overall assigned strength of the AAF, including civilians, was 8,413 personnel, a 24-person increase since last quarter.²⁸²

As of May 18, 2017, the United States has appropriated approximately \$5.2 billion to support and develop the AAF since FY 2010, with roughly \$1.5 billion of it requested in FY 2017. Of the total amount since 2010, \$2.2 billion was spent on the Special Mission Wing, the special operations branch of the AAF.²⁸³ CSTC-A noted that the FY 2017 figure includes DOD's recent request to Congress for \$814.5 million to fund the Afghan Aviation Transition Plan (AATP), which will replace the AAF's aging, Russian-made



A SIGAR staffer talks with a U.S. Deputy Commander to TAAC air about the MD-530 light helicopters being supplied to the Afghan Air Force for air support of ground troops. (SIGAR photo)

Mi-17 fleet with refurbished, U.S.-made UH-60 Black Hawk helicopters obtained from U.S. Army stocks.²⁸⁴

Since FY 2010, nearly \$3.4 billion has been obligated for the AAF, with roughly \$252 million of FY 2017 funds obligated as of May 18, 2017.²⁸⁵ The majority of the funding obligated since FY 2010 has been designated for sustainment items, which account for 48.9% of obligated funds, followed by equipment and aircraft at 31.5%, a percentage that will increase as funding for the AATP continues to be obligated.²⁸⁶

The AAF's current inventory of aircraft includes:²⁸⁷

- 4 Mi-35 helicopters
- 46 Mi-17 helicopters (19 unusable)
- 27 MD-530 helicopters (one unusable, two combat losses)
- 24 C-208 utility airplanes
- 4 C-130 transport airplanes (one unusable)
- 19 A-29 light attack airplanes (12 are currently in Afghanistan and seven are in the United States supporting AAF pilot training)

As of May 21, 2017, of the 19 unusable Mi-17s, seven aircraft are in overhaul, four are in heavy repair, three are awaiting extraction and assessment, and five have expired, meaning they will be reusable once they are overhauled. The one unusable MD-530 is damaged due to a hard landing during training; two others were lost during Afghan combat operations. According to DOD, the two MD-530 combat losses have yet to be written off of the inventory, keeping the number of MD-530s at 27 rather than 25. The C-130 that is unusable is in depot.²⁸⁸

As part of the AATP, over the next several years, the AAF will receive a significant number of new or refurbished airframes to grow the AAF's inventory. According to USFOR-A, in FY 2017, two more A-29 aircraft have been purchased, but not yet fielded. In order to replace the AAF's aging Mi-17s, the United States has also procured 53 UH-60 Black Hawk helicopters as well as 30 MD-530s, three AC-208s, and four additional A-29 aircraft (for a total of six) using FY 2017 funds.²⁸⁹

While the delivery timelines and training requirements are still being determined, by the end of the AATP in 2023, the AAF will have a total of 61 UH-60s, 58 Fixed Forward Firing UH-60, 54 MD-530s, 24 C-208s, 32 AC-208s, 4 C-130 aircraft, and 25 A-29s.²⁹⁰

USFOR-A Reports High Operational Readiness for AAF

In line with the high praise the AAF consistently receives as one of Afghanistan's best-performing force elements, the AAF's operational readiness (OR) improved even further this quarter, with all of its airframes exceeding their OR goals despite a sharp incline in operational usage.²⁹¹

According to USFOR-A, the AAF flew 5,612 sorties from March 2017 through April 2017. The average monthly sorties this quarter shows an



Afghan aircraft maintainers examine an A-29 Super Tucano, a light-attack airframe new to the AAF fleet. (Air Force photo by Tech. Sgt. Veronica Pierce)

83% increase from the previous four months of reporting.²⁹² While this change is likely attributed to slightly lower tempo of operations in the winter months, it still indicates a considerable increase in the AAF's recent operational activity.

With the exception of the C-130, no AAF airframe flew over its number of recommended hours this quarter. And while the C-130 flew twice as many hours as recommended, it was the only airframe that achieved 100% OR throughout the reporting period.²⁹³ Based on USFOR-A's assessment of the AAF's airframes, the only one that could face a strain from overutilization is the Mi-17 because it had the lowest OR of any airframe, even though it met its OR goals and flew the most missions by far this reporting period. The Mi-17 airframe flew 50% of total sorties by all airframes during that period, although this is a decrease of nearly 4 percentage points since last quarter.²⁹⁴ These figures help explain how the AAF and its Coalition advisors have begun addressing outstanding issues with the fleet's OR and how the implementation of the AATP, with its emphasis on replacing the Mi-17s with recently refurbished UH-60s, could further improve the AAF's OR and capability gaps.²⁹⁵

Personnel Capability

USFOR-A provided the following information regarding how many fully mission-qualified, or certified mission-ready (CMR) crew members the AAF has for each of its airframes. For more information about the

specific training involved for crew members attaining CMR status, please see SIGAR's April 2017 *Quarterly Report to Congress*, pages 111–113.

According to USFOR-A, this quarter:²⁹⁶

- **C-130:** 12 total pilots, including five mission pilots, three instructor pilots, and four copilots (up four from last quarter), five flight engineers, and ten loadmasters (up two from last quarter) are CMR.
- **C-208:** 42 total pilots, including 16 mission pilots, 14 co-pilots, and 12 instructor pilots, are CMR (same as last quarter).
- **A-29:** 11 total pilots, including nine mission pilots (down one from last quarter) and two instructor pilots, are CMR.
- **MD-530:** 58 total pilots, including 35 mission pilots (up 4 from last quarter) and seven instructor pilots (up two from last quarter), are CMR. There are an additional 16 new pilots since last quarter who have yet to become CMR.
- **Mi-17:** 82 total pilots, including 32 aircraft commanders, 39 co-pilots, and 11 instructor pilots, 27 flight engineers, and 53 gunners are CMR.
- **Mi-35:** 10 pilots are CMR (same as last quarter).

The Special Mission Wing

The Special Mission Wing is the aviation branch of the MOD's Afghan Special Security Forces that provides aviation support to Afghanistan's counternarcotics, counterterrorism, and special operations forces.

According to DOD, the SMW is the only ANDSF force with night-vision, rotary-wing air assault, and fixed-wing intelligence, surveillance and reconnaissance capabilities. The SMW's four squadrons include two in Kabul, one at Kandahar Airfield, and one at Mazar-e Sharif Airfield, providing the ASSF with operational reach across Afghanistan.²⁹⁷

As of June 2017, the SMW had 788 personnel and was at 87% of its authorized strength, slightly lower than Afghanistan's other force elements. DOD notes that because the SMW's recruiting standards are higher than those of the AAF and other ANDSF elements, the SMW struggles to find qualified personnel for pilot and maintenance positions.²⁹⁸

The two main funding sources for the SMW are the ASFF and the DOD Counternarcotics (DOD-CN) fund.²⁹⁹ From FY 2010 to May 17, 2017, just over \$2.2 billion has been obligated for the SMW from both funds. The vast majority of the funding obligated since FY 2010 has been designated for sustainment items (46.1%) and equipment and aircraft (45.8%).³⁰⁰ According to NSOCC-A, of the \$122 million obligated for the SMW from the DOD-CN fund FY 2017, only about \$29 million has already been spent.³⁰¹

This quarter, NSOCC-A reported that from late February through early April, all SMW locations successfully completed their multi-day, multi-mission training exercises in preparation for more active fighting in the spring and summer. The SMW also completed collective training courses in order to increase the number of mission-ready crew members. This included a

60% increase in the SMW's mission-ready Mi-17 fight crews since the end of the 2016 fighting season early last fall, and a nearly five-fold increase in qualified air intelligence officers. While the number of PC-12 crews remained relatively stagnant, the SMW and Coalition advisors expect to increase their numbers by the end of 2017.³⁰²

SIGAR will report additional details of the SMW budget, inventory, and capabilities in the classified annex to this report.

AFGHAN NATIONAL POLICE

As of June 30, 2017, the United States had obligated \$20.4 billion and disbursed \$20.1 billion of ASFF funds to build, train, equip, and sustain the ANP.³⁰³

ANP Strength Continues to Rise

As of April 19, 2017, the overall assigned end strength of the ANP, including the Afghan Uniform Police (AUP), Afghan Border Police (ABP), Afghan National Civil Order Police (ANCOP), and MOI Headquarters and institutional support (MOI HQ & IS), was 156,011, according to USFOR-A.³⁰⁴ ANP strength saw a 2,014-person increase since last quarter, and 3,482-person increase in the last six months, as seen in Table 3.9. The increase brings the ANP to 96.3% of their authorized end strength.³⁰⁵

Patrolmen represent the largest component of the ANP this quarter with 70,604 personnel; noncommissioned officers numbered 50,412, while officer ranks stood at 27,857. Compared to last quarter, the largest increase in personnel occurred within the patrolmen ranks (424 new personnel) and largest decrease was within the noncommissioned officer ranks (754 fewer officers).³⁰⁶

TABLE 3.9

| ANP STRENGTH, SIX-MONTH CHANGE | | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ANP Component | Authorized | | | Assigned | | |
| | Q4 2016 | Q2 2017 | 6-Month Change | Q4 2016 | Q2 2017 | 6-Month Change |
| AUP | 88,014 | 88,530 | 516 | 85,188 | 86,094 | 906 |
| ABP | 23,322 | 23,322 | - | 20,982 | 21,694 | 712 |
| ANCOP | 17,060 | 16,544 | (516) | 15,460 | 14,579 | (881) |
| MOI HQs & IS | 28,604 | 28,604 | - | 26,005 | 26,343 | 338 |
| NISTA* | 4,977 | N/A | - | 4,894 | 7,301 | 2,407 |
| ANP Total** (as reported) | 161,977 | 157,000 | 0 | 152,529 | 156,011 | 3,482 |

Note: Quarters are calendar-year; Q4 2016 data as of 11/2016; Q2 2017 data as of 4/2017. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; ANCOP = Afghan National Civil Order Police; IS = Institutional Support personnel.

*NISTA (Not In Service for Training) are generally students.

**ANP Totals do not include standby personnel, generally reservists. In Q4 2016, there were 2,048 standby personnel reported; in Q2 2017, there were none.

Source: USFOR-A, response to SIGAR data call, 11/20/2016 and 6/3/2017.

ANP attrition stayed relatively stable since the last reporting period. According to USFOR-A, the overall ANP monthly attrition rate for the quarter was:³⁰⁷

- February 2017: 1.8%
- March 2017: 1.8%
- April 2017: 2.6%

ANP Sustainment

As of June 30, 2017, the United States had obligated \$9 billion and disbursed \$8.8 billion of ASFF for ANP sustainment.³⁰⁸ This includes ASFF contributions to LOTFA, which pays for ANP salaries, the largest use of sustainment funding.³⁰⁹ As of July 16, 2017, the United States contributed \$20.8 million to LOTFA. Other uses include electricity, organizational clothing and individual equipment, and vehicle fuel.³¹⁰

In addition to LOTFA, CSTC-A has thus far provided nearly \$8 million for ANP salaries and incentives since the beginning of the fiscal year. The total estimated ANP salary and incentive costs is \$77.6 million per year for the next two years, with the United States paying for the entirety of the contribution.³¹¹

ANP Equipment and Transportation

As of June 30, 2017, the United States had obligated and distributed \$4.5 billion of ASFF for ANP equipment and transportation.³¹² Most of these funds were procured to purchase vehicles, ammunition, weapons, and communications equipment, as shown in Table 3.10, with approximately 64.6% going towards vehicles and vehicle-related equipment, followed by 13.5% for ammunition.³¹³

The total cost of equipment and related services procured for the ANP was \$5.6 billion as of June 30, 2017.³¹⁴ This represents a substantial

TABLE 3.10

| COST OF U.S.-FUNDED ANP EQUIPMENT, AS OF JUNE 30, 2017 | | | |
|---|------------------------|---------------------------------|--|
| Type of Equipment | Procured | Remaining to be Procured | Procured and Fielded to the ANP |
| Weapons | \$309,982,254 | \$1,627,691 | \$297,900,418 |
| Vehicles ^a | 3,585,125,486 | 3,635,133 | 3,261,663,140 |
| Communications | 249,934,662 | 13,307,558 | 231,735,671 |
| Ammunition | 751,411,579 | 30,275,643 | 493,617,941 |
| Transportation Services | 78,181,320 | 0 | 73,035,507 |
| C-IEDs | 131,840,216 | 374,271 | 118,457,042 |
| Other | 445,823,259 | 150,066,890 | 331,687,044 |
| Total | \$5,552,298,776 | \$199,287,186 | \$4,808,096,763 |

Note: C-IED = Counter-improvised explosive devices. Procured and Fielded to the ANP = Title transfer of equipment is initially from the applicable U.S. Military Department/Defense Agency to CSTC-A; title to the equipment is later transferred to the MOI/ANP

^a Vehicle costs include vehicles and parts.

Source: CSTC-A, response to SIGAR data call, 6/30/17.

\$205.4 million increase in procurements since last quarter, and a \$296.1 million increase since the same period last year.³¹⁵ The total cost of ANP equipment fielded this quarter was \$4.8 billion, with the majority of the funds spent on vehicles and ammunition.³¹⁶

Equipment Operational Readiness

This quarter, for the first time SIGAR requested information regarding the operational readiness of equipment across the MOI's various elements. MOI reported to NSOCC-A an average equipment OR rate of 92%. However, according to NSOCC-A, these OR rates are calculations of fully mission capable equipment divided by the total number of authorized equipment, and because the MOI reported excess vehicles on hand in many police zones, equipment OR is reported as higher than 100% in some cases. NSOCC-A is confident, despite this "questionable reporting," that MOI OR rates are high since the majority of the MOI's maintenance is performed by a U.S. government contractor rather than independently by MOI personnel.³¹⁷

As of March 30, 2017, the ANP zone with the highest OR rate by far was the 505th Zone, covering Helmand Province, which may be in part due to the closer coordination of Coalition advisors with ANP personnel through expeditionary advisory packages deployed there. The zone with the lowest OR rate was the 101st Capital Zone, covering Kabul, at 51%. The ABP and ANCOP also have personnel operating in Kabul, and those elements have 125% and 61% OR rates respectively.³¹⁸

ANP Infrastructure

As of June 30, 2017, the United States had obligated \$3.2 billion and disbursed \$3.1 billion of ASFF for ANP infrastructure.³¹⁹ According to CSTC-A, as of May 21, 2017, the United States had completed a total of 745 infrastructure projects valued at \$3.6 billion. This quarter, CSTC-A reported 21 ongoing projects valued at roughly \$74 million.³²⁰ There are currently 16 infrastructure projects in the planning phase worth \$115.9 million, the majority of which are Women's Participation Projects.³²¹

The largest ongoing ANP infrastructure project this quarter is the installation of an IT server at the MOI Headquarters Network Operations Center in Kabul (with an estimated cost of \$33.6 million). This is followed by two WPP projects: compounds for women at the Regional Training Center in Jalalabad (\$7.8 million) and the Kabul Police Academy (\$6.7 million).³²²

CSTC-A estimates that the U.S. government would need to spend approximately \$56.9 million toward ANP infrastructure costs per year to cover current ANP facility and generator sustainment requirements. This figure includes the \$42.3 million that would be spent on ANP on-budget sustainment costs, \$8.1 million in funding for new, off-budget facilities and generators as part of the initiative to expand the ASFF, and \$6.5 million on ANP off-budget sustainment costs.³²³

“[The Afghan government is] now moving onto the far harder task of dealing with institutional corruption in the police, to turn them into servants of the people. Again, this involves new leadership at the top and changes in systems and processes further down.”

—*Ashraf Ghani, President of Afghanistan*

Source: Office of the President, Islamic Republic of Afghanistan, “President Ghani’s Address to NATO Ambassadors,” 5/19/2017.

ANP Training and Operations

As of June 30, 2017, the United States had obligated and disbursed \$3.7 billion of ASFF for ANP and MOI training and operations.³²⁴

According to CSTC-A, ASFF training funds for the ANP are used for U.S.-based professional military education, travel, living allowances, and medical expenses for MOI, ANP, and General Command Police Special Units personnel to attend law enforcement and military training. Some training courses include Command and General Staff College, Sergeant Major Academy, and the Captain’s Career Course. The goal of the U.S.-based military training is to increase technical skills and to enhance knowledge and leadership at all levels. CSTC-A says that the program allows the U.S. military to have a lasting impression on the development of the ANP.³²⁵

CSTC-A also uses ASFF funding to recruit and hire Afghan logistics specialists who train, advise, and assist the ANP in a wide array of ANDSF logistic skills, to include English translation, computer skills, equipment accountability and tracking, inventory management and warehousing, modern business skills, and other logistic functions. ASFF can also be used to procure contractor advisors and mentors who advise, train, and mentor the ANP to increase their overall capabilities in essential functions such as finance, internal controls, governance, force generation, training and sustainment of the force, logistics, sustainment, planning, executing security operations, and intelligence.³²⁶



ANP Engineers conduct IED detection, extraction, and destruction training in early June at Bost Airfield in Lashkar Gah, Helmand Province. (Marine Corps photo by Sgt. Justin Updegraff)

As of April 17, 2017, only 2.4% of ANP personnel (not including ALP) were untrained (3,559 untrained out of 148,710 active ANP personnel), which indicates that the ANP is maintaining better training readiness than the 5% untrained-personnel threshold mandated by the MOI's 1395 Bilateral Financial Commitment Letter.³²⁷

The MOI's largest ongoing training contracts include a \$10.8 million contract for training MOI advisors and mentors and a \$4.5 million contract to train ANP personnel in counter-IED and ordnance disposal methods.³²⁸

WOMEN COMPRISE 1.3% OF ANDSF PERSONNEL

This quarter, the RS Gender Affairs Office reported that 4,189 women were serving in the ANDSF, a decrease of 199 personnel since last quarter. USFOR-A attributes this decrease to retirement and instances of absence without leave in the ANP, which was the only force to suffer female personnel attrition this quarter.³²⁹ However, the ANP continued to have the highest percentage of female personnel, at 2% of its entire force strength. This attrition in female personnel this quarter reduced the overall percentage of women in the ANDSF from 1.4% last quarter to 1.3% as of May 18, 2017.³³⁰

Of the 4,189 women in the ANDSF, 2,881 were in the ANP, 1,091 were in the ANA, 142 were in the ASSF, and 75 were in the AAF. Of the women in the ANP, ANA, ASSF, and AAF, 1,424 were officers, 1,468 were noncommissioned officers, 1,175 were enlisted, and 122 were cadets.³³¹

USFOR-A provided an update on the Gender Occupational Opportunity Development (GOOD) program contract awarded last quarter. The GOOD program currently funds literacy, computer skills, office administration, and English language training to over 200 ANA military and civilian women. Eighty-eight additional women are expected to join the program in early June. Additionally, the Dunya University Scholarship program has supported 109 ANA women who began their studies towards undergraduate degrees and 66 women who have completed their first year of undergraduate study.³³²

ANDSF MEDICAL AND HEALTH CARE

The U.S. government has yet to field medical equipment for the ANDSF this quarter, but CSTC-A projects that it will spend \$23.5 million in medical equipment procurements in Afghan fiscal year 1396 (2017), down nearly \$4 million from last quarter's projection.³³³

As of April 16, 2017, there were 922 physicians (a five-person increase from last quarter) and 2,885 other medical staff (an eight-person decrease) within the ANDSF healthcare system; 343 physician positions (27.1% of those required) and 473 other medical positions (14.1%) remain vacant, according to CSTC-A.³³⁴



A Task Force Southwest marine assists ANA personnel with a medical evacuation during an operation in Sangin District, Helmand Province. (Marine Corps photo by Sgt. Lucas Hopkins)

On March 8, 2017, terrorists attacked the Kabul National Military Hospital (KNMH), damaging it with explosions and small-arms fire. The worst damage was to the endoscopic-procedures floor, which was rendered inoperable for two weeks. The entire hospital was closed for two days after the attack for emergency repairs. By the third day, patients were being transferred back to KNMH; the hospital operating room and intensive care unit were deemed fully operational within six days of the attack. As of April 8, hospital repairs were 90% complete, with minimal maintenance and cosmetic work still required. The cost of replacing medical equipment, supplies, and furnishings was reported at \$2.7 million. Repairs are also required for the KNMH water system and utilities. The estimated cost of these repairs, including vehicle scanners to verify the content of delivery trucks, is estimated at \$19 million.³³⁵

This quarter, the 20-bed hospital in Helmand, built as part of the effort to provide local ANP zone hospitals, became operational. This brings the total number of operational zone hospitals to four out of seven planned hospitals. Five further zone hospitals in Balkh, Kandahar, Helmand, Nangarhar, and Kunduz are reportedly included in the Afghan FY 1396 (2017) procurement plan.

The zone-hospital initiative was identified as a priority of the Office of the Surgeon General (OTSG) last quarter and MOI's progress has been faster than expected. CSTC-A reported two caveats: first, that the Afghan definition of initial operating capability differs from the NATO definition,

requiring only 50% of staff available and beds physically in place and a facility, irrespective of its overall suitability as a medical treatment facility. Second, not all medical facility projects on the FY 1396 procurement plan will be executed this year due to funding limitations. The OTSG has created a prioritized list of proposed facilities in recognition of the ANDSF's scarce medical funding resources.³³⁶

The OTSG is also in the early stages of implementing a Health Information Management System (HIMS) in the Afghan National Police Hospital (ANPH) in Kabul. This feature will provide ANPH leadership and Coalition advisors with the ability to track supply consumption within the hospital. As of May 2017, contractors had delivered 75.8% of the ANDSF's medical supplies to the National Medical Depot, which were subsequently delivered to 88 of 120 ANP clinics this quarter. The remaining supply items are expected to arrive by the end of July 2017.³³⁷

CSTC-A reported that ANA physicians at KNMH and regional hospitals are generally well trained, but there are several skill sets which do not exist or are in need of refinement, including pathology, psychiatry, and general public health services. CSTC-A identified the most critically needed skill as pathology, due to the lack of capability to examine surgically excised tissue. KNMH's physician with the most skill in reading MRIs was killed in the March 8 terrorist attack and has not been replaced. There is no surgical, medical, or radiation oncologist in the entire ANA medical community, and patients seeking cancer treatment must generally go outside the country. As previously reported, standard hygiene such as handwashing is still not commonly observed, and infection control practices throughout all facilities are below acceptable World Health Organization standards.³³⁸

Following CSTC-A's report last quarter that casualty rates among ANDSF personnel are unacceptably high due in part to inadequate medical evacuation (MEDEVAC) capabilities, combat medic and MEDEVAC training courses are now being provided by a cadre of AAF doctors and medics. The first course graduated 22 students in March 2017 and a second training course in November 2017 is expected to graduate an additional 16, raising the total number of medics to 130. U.S. Air Force medical personnel with TAAC-Air periodically fly on Afghan MEDEVAC missions to observe and provide on-the-job training.³³⁹

REMOVING UNEXPLODED ORDNANCE

The Department of State's (State) Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PM/WRA) manages the conventional-weapons destruction program in Afghanistan. Since FY 2002, State has provided \$350 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan. PM/WRA has two-year funding and has

SECURITY

TABLE 3.11

| CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, FISCAL YEARS 2010–2017 | | | | | | |
|---|---|------------------------|----------------------|----------------------|--------------------------|---|
| Fiscal Year | Minefields Cleared (m²) | AT/AP Destroyed | UXO Destroyed | SAA Destroyed | Fragments Cleared | Estimated Contaminated Area Remaining (m²)* |
| 2010 | 39,337,557 | 13,879 | 663,162 | 1,602,267 | 4,339,235 | 650,662,000 |
| 2011 | 31,644,360 | 10,504 | 345,029 | 2,393,725 | 21,966,347 | 602,000,000 |
| 2012 | 46,783,527 | 11,830 | 344,363 | 1,058,760 | 22,912,702 | 550,000,000 |
| 2013 | 25,059,918 | 6,431 | 203,024 | 275,697 | 10,148,683 | 521,000,000 |
| 2014 | 22,071,212 | 12,397 | 287,331 | 346,484 | 9,415,712 | 511,600,000 |
| 2015 | 12,101,386 | 2,134 | 33,078 | 88,798 | 4,062,478 | 570,800,000 |
| 2016 | 27,856,346 | 6,493 | 6,289 | 91,563 | 9,616,485 | 607,600,000 |
| 2017** | 14,991,197 | 2,109 | 12,079 | 36,518 | 1,158,886 | 591,700,000 |
| Total | 219,845,503 | 65,777 | 1,894,355 | 5,893,812 | 83,620,528 | |

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition.

Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m²) to an acre.

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

**Results through 3/31/2017.

Source: PM/WRA, response to SIGAR data call, 6/22/2017.

obligated approximately \$20 million of FY 2016 funds and \$1.6 million in FY 2017 funds.³⁴⁰

State directly funds six Afghan nongovernmental organizations (NGOs), three international NGOs, and one U.S. government contractor. These funds enable clearing areas contaminated by explosive remnants of war (ERW) and support clearing conventional weapons used by insurgents to construct roadside bombs and other improvised-explosive devices. As of March 31, 2017, State-funded implementing partners have cleared more than 219.8 million square meters of land (approximately 84.9 square miles) and removed or destroyed approximately 7.9 million landmines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stockpiled munitions, and homemade explosives since 2002 (see Table 3.11).³⁴¹

The estimated total area of contaminated land continues to fluctuate as clearance activities reduce hazardous areas, while ongoing survey activities find new contaminated land. At the beginning of this quarter, there were 598 square kilometers (230 square miles) of contaminated minefields and battlefields. During the quarter, seven square kilometers (2.7 square miles) were cleared bringing the known contaminated area to 591 square kilometers (228.2 square miles) by the end of the quarter. PM/WRA defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.³⁴²

USAID, in partnership with the UN Mine Action Service (UNMAS), provides services for victims and survivors of mines and ERW, as well as for civilians affected by conflict and persons with disabilities, through the

Afghan Civilian Assistance Program (ACAP) III. The goal of this project is to mitigate the short-term and long-term impact of conflict on civilians.³⁴³

ACAP III works to enhance the government's capacity to better deliver services to the families of martyrs and disabled persons in Afghanistan. Some of the victims of conflict to which ACAP III provides assistance are disabled.³⁴⁴ ACAP III is a nationwide program with a budget of \$19.6 million (revised in 2017 from \$30.2 million) and project activities are expected to continue through February 2018.³⁴⁵

According to the UN, of nearly 5,700 security incidents that took place between January and the end of March, 2017, 16% (over 900 events) included improvised explosive devices (IEDs)—the second most prevalent form of attack after armed attacks.³⁴⁶ To mitigate civilian casualties from ERW, the Afghan government ratified Protocol V (Explosive Remnants of War) of the Convention on Certain Conventional Weapons in February 2016. The United Nations urges all parties to begin clearing and marking all ERW in areas under their control.³⁴⁷ According to UNMAS, the 2017 average monthly mine incident rate of 140 victims for ERW and pressure-plate IEDs depicts a sustained average compared with a monthly average of 142 victims recorded in 2016.³⁴⁸

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GOVERNANCE

KEY ISSUES AND EVENTS

Throughout the quarter, the National Unity Government continued to grapple with high-level political realignments and tensions. As the Director of National Intelligence wrote in May, “Kabul’s political dysfunction and ineffectiveness will almost certainly be the greatest vulnerability to stability in 2017.”³⁴⁹ In June, the UN Special Representative for Afghanistan said there are indications that “Afghanistan’s broad political consensus was fraying,” with various sides accusing the other of “acting against the national interest.”³⁵⁰

During a May rally with thousands of supporters in Kabul, Gulbuddin Hekmatyar, the recently reconciled leader of the Hezb-e Islami Gulbuddin (HIG) insurgent group, criticized the coalition government of President Ashraf Ghani and Chief Executive Abdullah Abdullah, saying “this division of power is not God’s will, nor is it based on the constitution.”³⁵¹ In June, Hekmatyar said he would not allow anyone to illegally overthrow the Afghan government.³⁵²



Tadamichi Yamamoto, Special Representative of the UN Secretary-General, addresses a June 2017 Security Council meeting on the situation in Afghanistan and its implications for international peace and security. (UN Photo by Eskinder Debebe)

Political rifts were exacerbated following a May 31 suicide attack in Kabul in which more than 150 people were killed and hundreds were wounded. Large, at times violent, protests broke out in response to the bombing. Afghan police killed nine protesters, and suicide bombers attacked the funeral for one of the protesters, the son of a prominent politician. Chief Executive Abdullah and several ministers were present at the funeral at the time of the attack.³⁵³

Several Afghan politicians used the bombing and subsequent protests to make various 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. The acting minister of foreign affairs and leader of the Jamiat-e-Islami party, Salahuddin Rabbani, called for the dismissal of the leadership of the security institutions. Meanwhile, the chief executive of Jamiat-e-Islami and governor of Balkh Province, Ata Mohammad Noor, threatened to mobilize the “strongest and most dangerous civil movements” if the Afghan government did not reform the military and civil institutions. President Ghani’s recently dismissed representative for good governance and reform, Ahmad Zia Massoud, joined protesters and called for an interim government.³⁵⁴

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. First Vice President Dostum, who supported President Ghani in the 2014 election, left for Turkey in May following accusations from December 2016 that he kidnapped and ordered the sexual assault of a political rival, a former governor of Jowzjan Province. First Vice President Dostum, Balkh Governor Noor, and Second Deputy Chief Executive Mohammad Mohaqiq announced the creation of the coalition while accusing President Ghani of monopolizing power. 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. On July 17, First Vice President Dostum attempted to return to Afghanistan via the city of Mazar-e Sharif. However, his aircraft was denied permission to land, reportedly on orders from the Afghan government.³⁵⁵

The UN Secretary-General attributed some of the political uncertainty and shifting alliances to the prospect of presidential elections in 2019. According to the UN Secretary-General, elections in Afghanistan have the potential to create new political divisions and exacerbate existing tensions.³⁵⁶ The UN Special Representative for Afghanistan attributed the growing political mistrust in the country to delayed decisions regarding election reforms, including the use of technology, the role and modalities of international electoral assistance, voter registration, and the electoral calendar.³⁵⁷

In June, China's foreign minister conducted "shuttle diplomacy" between Pakistan and Afghanistan in an effort to reduce tensions between the two countries. This followed President Ghani's call for a third party to verify the efforts each country has taken toward mutual cooperation following increased tensions. While Ghani's office issued a statement that China's foreign minister believes Pakistan has influence over the Taliban, the Chinese foreign minister expressed his country's traditional support for Pakistan, saying "any notion that Pakistan is not firm in counterterrorism is not fair and is not consistent with the fact."³⁵⁸ The Department of Defense reports, however, that Afghan-oriented militant organizations "retain freedom of action inside Pakistani territory and benefit from support from some elements of the Pakistani government."³⁵⁹ Pakistan and Afghanistan agreed to establish a bilateral crisis-management mechanism, which will include intelligence sharing. The three governments also agreed to create a China-Afghanistan-Pakistan foreign ministers' dialogue mechanism to initially focus on fostering economic cooperation.³⁶⁰

In July, Afghanistan and Pakistan agreed to conduct coordinated, complementary security operations along their border. According to a Pakistani military spokesman, each side will inform the other of their planned counterterrorism operations and, in turn, be obligated to mobilize their own forces on their side of the border. This announcement followed a visit to Pakistan by five U.S. senators, who said that the United States would provide monitoring and verification of these operations.³⁶¹

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE

As of June 30, 2017, the United States had provided nearly \$32.3 billion to support governance and economic development in Afghanistan. Most of this funding, more than \$19.4 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).

MUTUAL ACCOUNTABILITY FRAMEWORKS

At the Senior Officials Meeting (SOM) in September 2015, the international community and the Afghan government agreed to the Self-Reliance through Mutual Accountability Framework (SMAF) as a guide for their activities at least to the end of the present government's term.³⁶²

The SMAF covers six areas: (1) improving security and political stability (with three associated indicators); (2) anticorruption, governance, rule of law, and human rights (14 indicators); (3) restoring fiscal sustainability and integrity of public finance and commercial banking (nine indicators); (4) reforming development planning and management, and ensuring citizens' development rights (three indicators); (5) private-sector development

and inclusive growth and development (four indicators); and (6) development partnerships and aid effectiveness (eight indicators).³⁶³ At the October 2016 Brussels conference, international donors and the Afghan government also agreed to 24 new “SMART” (Specific, Measurable, Achievable, Realistic, and Time-bound) deliverables for 2017 and 2018.³⁶⁴

Electoral Reform Challenges

Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his election rival, now Chief Executive Abdullah, after the troubled 2014 presidential elections. The September 2014 agreement that led to forming the national-unity government called for immediate establishment of a special commission for election reform. The intent was to implement reform before the next parliamentary elections—intended for 2015, but never held—and to distribute electronic identity cards to all Afghan citizens as quickly as possible.³⁶⁵

At the October 2016 Brussels Conference, the Afghan government agreed to take concrete steps toward electoral reform and preparations in 2017.³⁶⁶

In May, donors assessed the Afghan government’s progress in meeting its SMAF obligations regarding elections reform. While donors concluded that the Afghan government had “technically” met its original SMAF obligations after a delay, they noted that the Afghan government had made almost no progress in implementing election reforms following the November 2016 appointment of election commissioners. Further, donors concluded that the Independent Election Commission (IEC) has been hindered in implementing reforms due to the Afghan government’s inability to make concrete decisions with regard to elections. Donors consider linking voting registries to polling centers and enforcing fraud mitigation mechanisms to be necessary for “meaningful” elections reform. Additionally, donors consider internal reforms of the electoral commissions, rebalancing the polling centers, reaching agreement on demarking constituent boundaries, and the potential use of electoral technology as critical to moving ahead with the delayed parliamentary elections.³⁶⁷

On June 22, 2017, the IEC announced that parliamentary and district council elections would occur on July 7, 2018.³⁶⁸

While the IEC announced in April that the estimated cost for the parliamentary and district council elections was \$120 million, the IEC in June began referring to a \$220 million estimated total cost.³⁶⁹ The IEC plans to conduct a nationwide assessment of polling centers in preparation for presidential and parliamentary elections. This assessment is expected to take 45 days and cost \$1 million to be paid by the Afghan government. The assessment aims to improve public access to polling centers and begin work on new, polling center-based voter lists.³⁷⁰ In July, the IEC announced that donors had pledged \$63 million for electronic voter registration.³⁷¹

In April, donors reviewed a draft feasibility study on the introduction of three technologies—(1) biometric voter registration, (2) biometric voter verification, and (3) electronic results transmission—for the next elections. The study concluded that while it is possible that these three technologies can start to be implemented by spring 2018 or later, at least 9–12 months is needed for biometric voter registration. However, the study concluded that widespread use of electronic voting machines is not feasible before the 2019 presidential elections. The estimated cost is \$45 million (for online connections and multi-purpose kits that could perform biometric voter registration, biometric voter verification, and electronic results tabulation and transmission), an additional \$20 million for power supply, and an unknown amount for staffing, training, and storage. Approximately 20,000 multi-purpose kits would be needed in order to cover each polling station.³⁷²

The study found that biometric voter registration can prevent some types of electoral fraud. Biometric voter verification, in combination with polling center voting lists, could make ballot stuffing, proxy voting, and voter impersonation much more difficult and easier to detect. However, the study cautions that in a context where electoral fraud is widespread, new kinds of manipulation may emerge (including, for example, fraud in cases where procedures allow for voters to be registered, or to vote, when the machines cannot read their fingerprints).³⁷³

In May, President Ghani issued a decree aimed at accelerating the preparation and distribution of electronic identification cards. The decree designated the Population Registration Department (PRD)—previously a part of the Ministry of Interior (MOI) but now its own administrative body—as responsible for electronic identification distribution. The head of the electronic identification card process testified before parliament that distribution of these cards would begin on August 14. State confirms that the United States is not providing funding in support of the Afghan government’s efforts to develop and distribute electronic identification cards.³⁷⁴

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

Summary of Assistance Agreements

According to recent World Bank estimates, the Afghan government is projected to increase its revenue collection to 12% of gross domestic product (GDP) by 2020. Even with this level of revenue, however, the Afghan government would only be able to cover 40% of budgeted expenditures. The Afghan government will require the equivalent of 18% of GDP in non-security, on-budget assistance to fund basic social services and development programs.³⁷⁵

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On-budget assistance: encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and included in the budget approved by the parliament and managed by the Afghan treasury system. On-budget assistance is primarily delivered either through direct bilateral agreements between the donor and Afghan government entities, or through multidonor trust funds.

Off-budget assistance: encompasses donor funds that are excluded from the Afghan national budget and not managed through Afghan government systems.

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2014, p. 130; Ministry of Finance, "Aid Management Policy for Transition and Beyond," 12/10/2012, p. 8; State, response to SIGAR vetting, 1/14/2016.

At the Brussels Conference in October 2016, the United States and other international participants confirmed their intention to provide \$15.2 billion between 2017 and 2020 in support of Afghanistan's development priorities.³⁷⁶ Although the United States did not commit to a specific amount, then-Secretary of State John Kerry promised to work with Congress to provide civilian assistance at or near the 2016 levels through 2020.³⁷⁷

Earlier, at the 2010 Kabul Conference, the United States and other international donors supported an increase to 50% in the proportion of civilian development aid delivered **on-budget** through the Afghan government to improve governance, cut costs, and align development efforts with Afghan priorities.³⁷⁸ Donors, including the United States, reaffirmed this commitment at the July 2012 Tokyo Conference and again at both the December 2014 London Conference and the September 2015 SOM.³⁷⁹ As of June, USAID had not yet achieved the 50% on-budget target.³⁸⁰ At the October 2016 Brussels Conference, the United States and other donors committed to channel a "higher share" of their development assistance via on-budget modalities in 2017 and 2018, but did not commit to a particular percentage of their overall assistance.³⁸¹

As shown in Table 3.12, USAID expects to spend \$753 million on active, direct bilateral-assistance programs. It also expects to contribute \$2.7 billion to the Afghanistan Reconstruction Trust Fund (ARTF) through 2020, in addition to \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank. USAID has disbursed \$153 million to the Afghanistan Infrastructure Trust Fund (AITF).³⁸²

For FY 2017, Congress appropriated \$4.26 billion for the Afghanistan Security Forces Fund (ASFF) to support the requirements of the

TABLE 3.12

| USAID ON-BUDGET PROGRAMS | | | | | | | |
|--|---------------------------------------|-----------------------|------------|------------|---------------------------|--|--|
| Project/Trust Fund Title | Afghan Government On-Budget Partner | Special Bank Account? | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) | |
| Bilateral Government-to-Government Projects | | | | | | | |
| Power Transmission Expansion and Connectivity Project (PTEC) | Da Afghanistan Breshna Sherkat (DABS) | Yes | 1/1/2013 | 12/31/2018 | \$725,000,000 | \$ 130,880,259 | |
| Basic Education, Learning, and Training (BELT) - Textbooks Printing and Distribution | Ministry of Education (MOE) | Yes | 11/16/2011 | 6/30/2017 | 26,996,813 | 24,891,728 | |
| Strategic Communication Support to the Palace (SCSP) | Ministry of Finance (MOF) | Unknown | 7/18/2016 | 7/31/2017 | 627,833 | 286,659 | |
| Multi-Donor Trust Funds | | | | | | | |
| Afghanistan Reconstruction Trust Fund (ARTF) (current award)* | Multiple | No | 3/31/2012 | 7/31/2019 | 2,700,000,000 | 1,575,289,080 | |
| Afghanistan Infrastructure Trust Fund (AITF) | Multiple | No | 3/7/2013 | 3/6/2018 | 153,670,184 | 153,670,184 | |

Note: *USAID had a previous award to the ARTF that concluded in March 2012 and totaled \$1,371,991,195 in disbursements. Cumulative disbursements from the two ARTF awards is currently \$2,947,280,275.

Source: USAID, response to SIGAR data call, 7/10/2017.

Afghanistan National Defense and Security Forces (ANDSF). The White House 2018 budget request includes \$4.94 billion for ASFF. According to DOD, approximately \$1.01 billion of the FY 2017 ASFF will be provided directly to the Afghan government (\$796.5 million for the Ministry of Defense [MOD] and \$212.5 million for the MOI) to fund salaries and incentive pay, equipment, and facilities maintenance. The other \$3.25 billion of the FY 2017 ASFF will be executed by DOD. The remaining \$1.46 billion of ANDSF costs will be funded by international donors (\$152 million for Afghan National Police salaries, information technology, aviation training and maintenance, uniforms, and medical supplies) and the Afghan government (\$544 million, primarily for food and subsistence).³⁸³

At the 2012 Chicago Conference, the United States and its allies affirmed commitments to support the Afghan security forces with an estimated annual budget of \$4.1 billion, to be reviewed regularly against the changing security environment.³⁸⁴ At the September 2014 Wales Summit, NATO allies and partners reaffirmed their commitment to financial sustainment of the ANDSF through the end of 2017. The non-U.S. donor nations pledged an additional amount of almost €1 billion, or approximately \$1.29 billion, annually to sustain the ANDSF for 2015 through the end of 2017.³⁸⁵

In July 2016, NATO allies and partners met in Warsaw and committed to extend the financial commitments made at the 2012 NATO Summit in Chicago. Some 30 nations renewed pledges to sustain the Afghan security forces through 2020 at or near the then-current levels. According to DOD, the average combined financial contribution of NATO member states and Coalition partners (excluding the United States) is approximately \$900 million per year in 2018, 2019, and 2020.³⁸⁶

DOD has not yet finalized the agreements governing its Afghan FY 1396 (FY 1396 runs from December 22, 2016, to December 21, 2017) direct on-budget contributions to MOD or MOI.³⁸⁷

Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with Afghan government entities and (2) contributions to two multidonor trust funds, the ARTF and the AITF.³⁸⁸ According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.³⁸⁹

The ARTF, administered by the World Bank, provides funds to both the Afghan government's operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.³⁹⁰ The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.³⁹¹ According to USAID, the majority of on-budget funding has been and will continue to be directed through the multidonor trust funds, particularly the ARTF.³⁹²

SIGAR AUDIT

SIGAR has an ongoing audit of the ARTF. In July 2011, SIGAR found that the World Bank and the Afghan government had established mechanisms to monitor and account for ARTF contributions, but that several limitations and challenges should be addressed. This new audit will assess the extent to which the World Bank and the Afghan government (1) monitor and account for U.S. contributions to the ARTF, (2) evaluate whether ARTF-funded projects have achieved their stated goals and objectives, and (3) utilize and enforce any conditionality on ARTF funding.

SIGAR SPECIAL PROJECT

SIGAR has an ongoing special project that is reviewing the extent to which USAID, through the Afghanistan Trade and Revenue Project (ATAR), is achieving the expected deliverable of increasing the share of Afghan customs revenues collected through e-payments to 75% of the total by the end of the four-year performance period in November 2017.

As of March, the United States remains the largest donor to the ARTF (30.5% of actual contributions) with the next largest donor being the United Kingdom (17.3% of actual contributions).³⁹³ According to the World Bank, the ARTF is the largest single source of support for the Afghan government budget, cumulatively providing \$9.1 billion as of September 2016.³⁹⁴ The ARTF recurrent-cost window supports operating costs, such as Afghan government non-security salaries. The recurrent-cost window pays 16–20% of the Afghan government's non-security operating budget.³⁹⁵ As of March, the ARTF recurrent-cost window has cumulatively provided the Afghan government \$2.5 billion for wages, \$600 million for operations and maintenance costs, \$629 million in incentive program funds, and \$511 million for ad hoc payments since 2002.³⁹⁶

This quarter, the World Bank reported on the Afghan government's performance related to the ARTF incentive program (IP). The IP, part of the recurrent-cost window, is a three-year program supporting a series of Afghan government policy reforms deemed critical to achieving greater fiscal self-reliance. The IP incentivizes Afghan government reforms to improve domestic revenue mobilization, expenditure management, and growth prospects. In reviewing Afghan government progress in 2016, the World Bank recommended that the ARTF provide the Afghan government \$189.5 million in incentive funds. The World Bank has previously provided the Afghan government \$337.5 million in incentive funds for the years 2015–2016.³⁹⁷

According to the World Bank, in 2016 the Afghan government successfully met three benchmarks to warrant receiving the latest tranche of \$189.5 million in incentive funds. First, the Afghan government exceeded the revenue targets for 2016 by 6%, qualifying for \$138.9 million in incentive funds. Second, the Afghan government exceeded the target amount of funding dedicated to civilian operations and maintenance, qualifying for \$8.93 million in incentive funds. Finally, the Afghan government began implementing delayed structural reforms associated with land governance, e-payments systems, revenue administration, and pensions (originally meant for 2015 but actually implemented in 2016). Two 2016 e-payment system and external audit reform targets were also met. After discounts for the delay in 2015 structural reform targets, the World Bank concluded that the Afghan government qualified for \$41.7 million in incentive funds for structural reforms.³⁹⁸

On-Budget Assistance to the ANDSF

More than 60% of total U.S. on-budget assistance goes toward Afghan security forces' requirements.³⁹⁹ DOD provides on-budget assistance to the Afghan government through (1) direct contributions from the ASFF to the Afghan government to fund MOD and MOI requirements, and (2) ASFF contributions to the multidonor Law and Order Trust Fund for Afghanistan (LOTFA).⁴⁰⁰ Administered by the UN Development Program (UNDP), LOTFA primarily funds Afghan National Police salaries and incentives.⁴⁰¹

Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.⁴⁰²

In February 2011, the Under Secretary of Defense Comptroller authorized the U.S. military's Combined Security Transition Command-Afghanistan (CSTC-A) to provide direct contributions to the Afghanistan government from ASFF to develop ministerial capacity and capability in the areas of budget development and execution, acquisition planning, and procurement. CSTC-A administers all contributions of ASFF resources to the Afghan government to fund MOD and MOI requirements, subject to certain conditions that the ministries must meet for the use of the funds.⁴⁰³ CSTC-A monitors and formally audits the execution of those funds to assess ministerial capability and ensure proper controls and compliance with documented accounting procedures and provisions of the annual commitment letters.⁴⁰⁴

For Afghan fiscal year 1396 (December 2016 to December 2017), DOD plans to provide the equivalent of \$801 million and \$218 million directly to the Afghan government to support the MOD and MOI respectively.⁴⁰⁵

Despite the Afghan fiscal year's beginning in December 2016, CSTC-A's commitment letters for the current Afghan fiscal year have not yet been signed by the ministers of defense and interior. Without the ministers' signatures, the conditions defined by CSTC-A for FY 1396 are not being enforced. CSTC-A continues to enforce the previous year's conditions, however.⁴⁰⁶ According to DOD, the draft FY 1396 commitment letters aim to consolidate, eliminate, or refine 85 of the original 170 conditions in the FY 1394 commitment letters.⁴⁰⁷

DOD hopes to use the FY 1396 commitment letters to incentivize the Afghan government to increase its financial contribution to its security costs.⁴⁰⁸

For the current Afghan fiscal year, CSTC-A has provided the Afghan government the equivalent of \$324 million to support the MOD. As of May, the MOD has expended \$216 million of these funds. The majority (89%) of these expended funds covered wages and salaries. U.S.-provided funds constituted 83% of the MOD's total expenditures, while Afghan government funds covered approximately 17% of expenditures.⁴⁰⁹

Additionally, as of May, CSTC-A has provided the equivalent of \$52 million to support the MOI. Of these funds, \$20.8 million was delivered via the UNDP-managed LOTFA, while \$31.3 million was provided directly to the Afghan government. Afghan government contributions covered 33% of MOI expenditures.⁴¹⁰

This year, CSTC-A decided to manage MOD facility maintenance and Afghan security forces' fuel directly rather than provide on-budget funding to the Afghan government for these requirements. According to CSTC-A, there are significant capacity challenges affecting MOD property management that is hindering facility maintenance. Fuel, corruption, and quality issues hampered the Afghan government's ability to ensure timely and quality fuel deliveries to Afghan fighting forces. According to DOD, the Afghan

government requested that DOD assume responsibility for contracting fuel for both the MOD and MOI in order to ensure that the funds were protected from the threat of corruption.⁴¹¹

MOD and MOI Had Mixed Results in Meeting Conditions for U.S. Funding

In June, DOD found that while the MOD and MOI made satisfactory progress in meeting a number of agreed-upon conditions for U.S. funding assistance, both ministries had a significant number of deficiencies.

Of 15 conditions defined in the commitment letter, CSTC-A determined that the MOD made satisfactory progress toward meeting five conditions and insufficient progress toward meeting 10. CSTC-A applied four penalties for non-compliance. According to CSTC-A, the MOD has repeatedly failed to identify excess facilities for divestment and shown no interest in executing the agreed-upon divestment program. Because of this, CSTC-A will withhold the equivalent of \$2.2 million meant to support buildings. CSTC-A also concluded that men continue to use restrooms and bathrooms designated for use by female MOD personnel. Although MOD leadership is aware of the issue, it has yet to be resolved. Consequently, CSTC-A will impose a penalty equivalent to \$499,467 from any budget line other than the MOD Gender Integration Directorate.⁴¹²

CSTC-A also found that the MOD does not have an enforceable out-of-country, absent-without-leave (AWOL) policy for MOD personnel who attend U.S.-funded professional military education. Additionally, the MOD does not have a plan to develop such a policy. Because of this, CSTC-A will continue to suspend all U.S.-based training, schools, and seminars for MOD personnel—with the exception of pilots and Special Forces—until the MOD issues a legally binding AWOL policy. Finally, CSTC-A found that despite some progress, MOD corps continue to be plagued by pilferage and lack of accountability of their inventories. In particular, the MOD has failed to properly account for receipt of ammunition at its national depots. As such, CSTC-A will impose a penalty equivalent to \$249,734.⁴¹³

Of 19 MOI conditions defined in the commitment letter, CSTC-A determined that the MOI made satisfactory progress on two conditions, while 17 had insufficient progress. CSTC-A found that the MOI has not sufficiently investigated cases of gross violation of human rights (GVHR). CSTC-A noted that much of the progress MOI has made in investigating GVHR cases was due more to the work of Resolute Support personnel than the responsible MOI office. In response, CSTC-A will continue to withhold MOI's travel budget for all but gender-related and Major Crimes Task Force (MCTF) travel and deny raises to the MOI offices that compose the MOI's GVHR Committee, as well as any other pay incentives for general officers and senior ministerial civilians. CSTC-A noted that while the MOI has significantly improved its fuel consumption reporting, the MOI is delinquent in

SIGAR SPECIAL PROJECT

SIGAR has an ongoing special project review of Afghan military trainees absconding or going AWOL while training in the United States. This review seeks to determine (1) the extent to which Afghan trainees went AWOL while training in the United States, and why; (2) the processes for vetting and selecting Afghans for training in the United States and for investigating their disappearance once they have gone AWOL; and (3) the impact AWOL trainees have on the U.S. and Afghan training and reconstruction efforts.

ammunition consumption reporting. As such, CSTC-A will impose a penalty equivalent to \$249,734.⁴¹⁴

CSTC-A also found that MOI facilities designated for gender programs were not being fully used by women. Because of this, CSTC-A will impose a \$499,467 penalty against the overall MOI budget (excluding the budget for the MOI Human, Child, and Women’s Rights Directorate) for each facility that is not being used as intended. Finally, CSTC-A determined that the MOI has shown no interest in executing its divestment of excess Afghan police facilities. Because of this, CSTC-A will withhold the equivalent of \$1.9 million meant to support buildings.⁴¹⁵

NATIONAL GOVERNANCE

Capacity-Building Programs

USAID capacity-building programs seek to improve Afghan ministries’ ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity building of Afghan government entities.⁴¹⁶ As shown in Table 3.13, active programs include USAID’s Afghan Civic Engagement Program (ACEP) that seeks to increase civil society capacity.

TABLE 3.13

| USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL | | | | | |
|--|---------------------------|------------|-----------|---------------------------|--|
| Project Title | Afghan Government Partner | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) |
| Afghan Civic Engagement Program (ACEP) | N/A | 12/4/2013 | 12/3/2018 | \$70,000,000 | \$48,074,959 |
| Assistance to Legislative Bodies of Afghanistan (ALBA) | Parliament | 3/28/2013 | 3/27/2018 | 24,990,827 | 21,330,667 |
| Rasana (Media) | N/A | 3/29/2017 | 3/28/2020 | 9,000,000 | 82,500 |

Source: USAID, response to SIGAR data call, 7/10/2017.

Last quarter, USAID launched the \$9 million Rasana program. This program aims to support and train female journalists, drive substantive policy discourse about salient development issues in Afghanistan, and advocate for protection of Afghan journalists. Rasana will also build local capacity by providing training, material support, and advocacy to expand media opportunities for women, working with local women’s groups to advance women’s causes in the media, and supporting gender-sensitive content production and programming.⁴¹⁷ This quarter, Rasana completed its mobilization work and had its first-year work plan approved.⁴¹⁸

USAID has also provided \$5 million for the \$150 million, ARTF-managed Capacity Building for Results (CBR) program. CBR aims to improve the capacity and performance of Afghan government ministries by providing skilled civil servants to implement ministries’ reform programs. CBR

provides Afghan government ministries with the opportunity to recruit high-capacity staff into critical posts at salaries closer to market rates. The aim is to increase on-budget service delivery and reduce reliance upon the so-called “second civil service,” wherein Afghan consultants, instead of civil servants, perform government functions.⁴¹⁹

At the October 2016 Brussels Conference, the Afghan government committed to recruit 1,200 government personnel by December 2017 and to fill the remaining positions by 2018. Previously, the Afghan government had committed to recruit at least 800 of 2,400 planned CBR positions by December 2016.⁴²⁰ In May, donors assessed the Afghan government’s progress in meeting its original SMAF obligations to fill 800 CBR positions by December 2016. According to the European Union (EU), while the Afghan government reported that it had filled 819 positions via CBR, the World Bank reported that only 289 contracts had been signed. According to USAID, this SMAF deliverable has not been achieved, as more than 500 CBR-supported job candidates are reportedly still awaiting vetting by the Afghan government, particularly by the offices of the president and national security adviser.⁴²¹

National Assembly

This quarter, members of parliament helped mediate the tensions between the Afghan government and protesters upset with recent high-profile attacks. Parliament formed a delegation of representatives from each province to develop a plan that incorporated the majority of the protesters’ demands. In June, the parliamentary delegation met with President Ghani and Chief Executive Abdullah to discuss the plan, which included a proposal to replace the leaders of Afghan security institutions.⁴²²

In May, the upper house of parliament stopped paying the salary of Senator Sibghatullah Mojaddedi, a former acting president of Afghanistan, following Afghan media reports of corruption and abuse of privileges.⁴²³ The lower house of parliament has also suspended the salaries of nine of its members following their frequent absences.⁴²⁴

In November 2016, the lower house of parliament passed no-confidence votes for seven of 16 ministers summoned to explain why their ministries executed less than 70% of their development budgets (projects and investments are funded from a ministry’s development budget). From parliament’s perspective, these votes of no-confidence mean that the ministers are dismissed.⁴²⁵ President Ghani ordered the ministers to continue working, referring the legality of the dismissals to the Supreme Court.⁴²⁶ As of June, there has been no attempt to remove the ministers, who continue to fulfill their duties.⁴²⁷ Some parliamentarians continue to call on the government to introduce new candidates for those ministers who received votes of no-confidence.⁴²⁸

USAID funds the \$25 million Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan’s parliament operate as an



Members of parliament's upper house meet with the governor of Herat Province. (USAID/ALBA photo)

independent and effective legislative, representative, and oversight body.⁴²⁹ ALBA recently supported a number of parliamentary oversight visits to provinces. These included an April visit to Herat Province, when members of the upper house's commission on complaint hearing investigated complaints that the provincial education department was engaging in nepotism. After reviewing procedures and meeting with province officials, parliamentarians were told by the governor that the source of the complaints was the provincial council chairman, who has been sentenced to two and a half years in jail. The governor also complained that many provincial authorities are centralized, leaving him with limited powers.⁴³⁰

Also in April, ALBA supported members of the upper house's commission on the national economy for a visit to Parwan Province. During the visit, ALBA personnel briefed province officials on their province's development budget, including the budget allocation for individual projects. One of the findings of the trip was that province officials were not fully aware of the budgeted projects for their province. The delegation also met with members of the provincial council. While the provincial council chair highlighted the council's oversight efforts, he told the parliamentary delegation that their operating budget was too low.⁴³¹

Civil Society

The Afghan Civic Engagement Program's (ACEP) goal is to promote civil society and media engagement that enables Afghan citizens to influence policy, monitor government accountability, and serve as advocates for political reform. ACEP aims to achieve this goal through five program

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areas: (1) regular civil society organization (CSO) engagement with the Afghan government, (2) increased CSO and media expertise in democracy and governance, (3) expanded civic engagement, (4) improved access to independent news and public affairs information, and (5) increased CSO organizational capacity.⁴³²

This quarter, the Afghanistan Institute for Civil Society (AICS)—one of the ACEP sub-partners—issued a report on the financial sustainability of civil society organizations in Afghanistan. AICS found that as of February 2017, only 1,863 nongovernmental organizations (NGO) remain active, from a total of 4,105 registered NGOs. Civil society informants attributed the decline in the number of active CSOs to increasing difficulties in accessing financial resources. According to AICS, a significant number of CSOs, particularly smaller CSOs, are struggling to meet their basic funding requirements. For example, it has become increasingly difficult for CSOs to secure institutional development or core funding from international donors. In addition, donors' eligibility, compliance, and reporting requirements have become increasingly difficult, demanding, and rigorous. As a result, a small number of relatively bigger, predominantly Kabul-based, organizations receive the largest share of donor funding. This, combined with the lack of donor feedback regarding unsuccessful funding applications, has caused CSOs to perceive that donors' funding processes are not transparent. Finally, AICS concluded that efforts to reform the NGO law, establish tax incentives for NGOs, and encourage volunteerism—underway since 2012—have yet to produce results.⁴³³

SUBNATIONAL GOVERNANCE

On April 19, the Afghan government launched the Provincial Budgeting Policy. The Afghan government has allocated \$1 million for each province to be spent in four sectors (health, education, rural rehabilitation and development, and agriculture). According to the UN Secretary-General, the Afghan government ultimately aims to have 40% of its budget spent by sub-national authorities.⁴³⁴

A previous provincial-budget pilot attempt ultimately failed in 2012, when donors and the Afghan government could not agree on the source of funding for province-nominated project proposals. Provincial budgeting has been a key priority since the 2012 Tokyo Mutual Accountability Framework.

TABLE 3.14

| USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS | | | | |
|---|------------|------------|---------------------------|--|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) |
| Strong Hubs for Afghan Hope and Resilience (SHAHAR) | 11/30/2014 | 11/29/2017 | \$46,000,000 | \$34,531,122 |
| Initiative to Strengthen Local Administrations (ISLA) | 2/1/2015 | 1/31/2020 | 62,364,687 | 18,264,460 |

Source: USAID, response to SIGAR data call, 7/10/2017.

For more details, see pages 128–129 of SIGAR’s January 2014 *Quarterly Report to the United States Congress*.⁴³⁵

In May, donors assessed the Afghan government’s progress in meeting its SMAF obligations for cabinet approval of a subnational governance policy and provincial budgeting policy in 2016. While the provincial budgeting policy was approved in October 2016, the subnational governance policy has yet to be approved. According to the EU, donors should advocate for a stronger focus on subnational governance as the matter requires a greater political focus.⁴³⁶

Provincial and Municipal Programs

USAID has two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.14 summarizes total program costs and disbursements to date.

Initiative to Strengthen Local Administrations

The \$62 million ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement, leading to services that more closely respond to all citizens’ needs in health, education, security, justice, and urban services.⁴³⁷

According to USAID, all but one of the 16 ISLA-supported provinces have submitted their provincial development plans to the Ministry of Economy. These plans were developed before the MOF issued guidance for the provincial budget policy. According to USAID, it is not yet known whether the provincial priorities identified through ISLA-sponsored town hall meetings and advocacy plans will be included in the provincial budget process. Examples of these provincial priorities include a dairy processing center in Wardak Province and a women’s garden in Farah Province.⁴³⁸

In April, ISLA, together with a German development agency, provided technical and financial assistance to MOF to conduct a provincial budgeting policy symposium in Kabul. The symposium introduced the provincial budgeting policy to 340 Afghan government participants from the subnational and central levels.⁴³⁹

Strong Hubs for Afghan Hope and Resilience

The objective of the \$46 million SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. The urban portion of Afghanistan’s population has risen from 22% in 2004 to an estimated 25% in 2016/2017. Targeted support to municipal governments, as well as to the Deputy

Ministry of Municipal Affairs and municipal advisory boards, aims to improve municipal financial management, urban service delivery, and citizen consultation.⁴⁴⁰

In April, SHAHAR reported that partner municipalities increased their revenue by 57% compared to the same period in the previous year, representing 14% of their projected revenue for the current Afghan fiscal year (ending in December 2017). Expenditures decreased by 12% compared to the previous year, representing 7% of the projected expenditures for the fiscal year.⁴⁴¹

RECONCILIATION AND REINTEGRATION

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is reconciliation and a political settlement with the Taliban.⁴⁴² However, according to the UN Secretary-General, there was no discernible progress on peace talks between the Afghan government and the Taliban this quarter.⁴⁴³

On June 6, the Afghan government hosted the Kabul Process for Peace and Security Cooperation conference, a forum to increase regional cooperation for peace and stability. President Ghani called upon the Taliban to engage in negotiations, saying “this is the last chance: take it or face consequences.”⁴⁴⁴ A Taliban spokesman rejected Ghani’s latest call for negotiations, telling media outlets that they view the Afghan government’s terms as calling for the Taliban to surrender.⁴⁴⁵

President Ghani also expressed frustrations with Pakistan, saying that while he wishes peace with the country, he “cannot figure out what is it that



President Ashraf Ghani, at right, speaks during June’s Kabul Process on Peace and Security Cooperation meeting. (UNAMA photo by Fardin Waezi)

Pakistan wants.” Pakistani military corps commanders issued a statement on the same day as the Kabul Process conference calling on the Afghan government to “look inward and identify the real issues” rather than blaming Pakistan for insecurity in the country.⁴⁴⁶

In September 2016, the Afghan government finalized a peace agreement with the HIG insurgent group.⁴⁴⁷ In the peace deal, the Afghan government committed to several actions, including requesting the removal of HIG leaders from the UN’s and others’ sanctions lists.⁴⁴⁸ On April 29, HIG leader Gulbuddin Hekmatyar made his first public appearance in Afghanistan in more than 20 years. On May 1, President Ghani signed a decree authorizing the release of HIG prisoners, with 55 prisoners released the next day.⁴⁴⁹

When asked about the critique that Hekmatyar’s reconciliation deal demonstrates a culture of impunity, President Ghani responded, “If we are seeking peace, we need to have forgetfulness regarding the past.”⁴⁵⁰ In May, the UN received a petition requesting justice for the victims of crimes allegedly committed by Hekmatyar.⁴⁵¹

According to the UN Secretary-General, certain Afghan political actors are concerned by the prospect of Hezb-e Islami becoming Afghanistan’s largest political party should the two factions of Hezb-e Islami unite. As a sign of these tensions, the UN Secretary-General noted that a number of prominent members of the rival Jamiat-e-Islami party were notably absent when Hekmatyar gave a speech at the presidential palace on May 4.⁴⁵² In a May interview, President Ghani acknowledged that “when a person of [Hekmatyar’s] significance comes back, the political geometry changes” and offered that a key criteria of state strength is whether it can absorb such changes.⁴⁵³ As one aspect of the peace agreement with the Afghan government, HIG has composed a list of 3,500 of its members to be vetted to join the Afghan security forces.⁴⁵⁴

When the peace deal with HIG was announced, some expressed hope that reconciling with Hekmatyar could facilitate a broader peace. President Ghani, for example, said on signing the agreement, “This day starts the subsiding of war in Afghanistan and the beginning of rebuilding it.”⁴⁵⁵ While Hekmatyar has called on the Taliban to enter into a peace process with the Afghan government, the Taliban has yet to respond positively to the proposal.⁴⁵⁶

Afghanistan Peace and Reintegration Program

On March 31, 2016, the Afghanistan Peace and Reintegration Program (APRP) closed following a decision by APRP donors, the Afghan government, and UNDP.⁴⁵⁷ The APRP was an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society.⁴⁵⁸ The APRP was the only institutional mechanism within the Afghan government with the capacity to pursue both high-level reconciliation negotiations and provincial-level reintegration of insurgent fighters.⁴⁵⁹

The Afghan government plans to launch a successor to the APRP in the form of a five-year Afghanistan National Peace and Reconciliation (ANPR) strategy. According to State, the ANPR is expected to shift from the disarmament, demobilization, and reintegration focus of the APRP to negotiating political settlements with armed opposition groups, forging national and international consensus on a peace process, and promoting and institutionalizing a culture of peace.⁴⁶⁰ As of June, the ANPR strategy is still being revised.⁴⁶¹

In December 2016, State provided \$1.1 million to support the ANPR. While State intended to disburse another \$3.9 million in early 2017, this has not yet occurred since the ANPR strategy is not finalized and approved by the Afghan government.⁴⁶²

In April, the U.S., UK, German, and South Korean governments, along with UNAMA, sent a letter to President Ghani and Chief Executive Abdullah expressing their readiness to support President Ghani's vision for peace, agreeing there is no military solution to the conflict for any party. According to the letter, the High Peace Council (HPC) will no longer directly participate in peace negotiations as this responsibility will pass to President Ghani and his cabinet. Instead, the HPC will solicit views about peace from across Afghanistan and ensure these perspectives are integrated into the peace process. The authors said that it is crucial that the Afghan government identify the Afghan government implementer for this peace vision in order to meet donor fiduciary requirements. The authors note that while peace and reconciliation is a long-term endeavor, international financial assistance for Afghanistan is limited. The authors also cautioned Afghanistan against singling out particular countries for critique as this may impact establishing a regional and international consensus on peace.⁴⁶³

RULE OF LAW AND ANTICORRUPTION

Last quarter, Resolute Support reported that they are in the process of establishing a Counter Threat Finance Cell (CTFC) which will focus on disrupting insurgent and terrorist financial networks. The Resolute Support CTFC currently has two of its six personnel on board. The CTFC has begun coordinating its efforts with the U.S. Embassy in Kabul. The goals and scope of the CTFC are still being developed, with SIGAR participating in this process.⁴⁶⁴

In May, donors assessed the Afghan government's progress in meeting its SMAF obligations to launch a judicial sector reform plan by December 2016. While the EU found that the deliverable was achieved as the Afghan government approved the plan at the end of December 2016, the plan suffers from a number of deficiencies. The EU's view of shortcomings includes: lack of clear links between objectives and activities; lack of budgetary and financial information on the activities; lack of realistic and clear timelines

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and mechanisms for monitoring, evaluation, and reporting; and lack of coordination and oversight mechanisms. The EU concluded that if these issues are not addressed, the plan is unlikely to be implemented. The United States reiterated the EU's concerns, noting that the plan lacks timelines and fails to assign responsibilities. Additionally, the U.S. government noted that the High Council of Rule of Law and Anti-Corruption, which was formed in August 2016 and approved the judicial reform plan, has met only three times and is currently not functioning (following this assessment, however, the council met in July).⁴⁶⁵ In April, Transparency International concluded that Afghanistan's anticorruption agencies have duplicate and overlapping functions; lack independence; have a weak legal basis, limited budgets, and weak personnel capacity; and fail to coordinate.⁴⁶⁶

Donors also assessed the Afghan government's SMAF requirement to draft a revised penal code by December 2016. According to the EU, this deliverable was achieved when a first draft of a revised penal code was finalized in September 2016. According to the EU, while the penal code has reportedly been enacted via a legislative decree, there has been no public announcement to this effect. The EU reports that the law still requires revision and some portions of the law, such as the elimination-of-violence-against-women provisions, will not take effect until parliament acts.⁴⁶⁷



A SIGAR observer, second from the left, participates in a July 2017 meeting of the High Council of Rule of Law and Anti-Corruption. (Afghan government photo)

Project Summary

The United States has assisted the formal and informal justice sectors through several mechanisms. These include State's Justice Sector Support Program (JSSP) and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.15.

USAID has a cooperation arrangement with the UK's Department for International Development to fund the Independent Joint Anti-Corruption

TABLE 3.15

| RULE OF LAW AND ANTICORRUPTION PROGRAMS | | | | |
|---|------------|------------|---------------------------|--|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) |
| Justice System Support Program II (JSSP II) | 6/16/2010 | 8/27/2017 | \$285,644,451 | \$274,130,811 |
| Assistance for Development of Afghan Legal Access and Transparency (ADALAT) | 4/15/2016 | 4/14/2021 | 68,163,468 | 5,921,431 |
| Electoral Reform and Civic Advocacy (AERCA)* | 7/13/2009 | 8/31/2017 | 51,302,682 | 47,773,227 |
| Corrections System Support Program (CSSP IV)** | 3/1/2016 | 8/27/2017 | 22,564,474 | 19,638,424 |
| Justice Training Transition Program (JTTP) Follow On*** | 1/2/2013 | 11/30/2017 | 47,759,796 | 47,759,796 |
| Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) | 5/19/2015 | 8/31/2020 | 3,000,000 | 2,000,000 |

Note: *On November 1, 2015, USAID extended the AERCA award beyond the planned December 31, 2015, end date, added \$12.6 million in estimated costs, and incorporated additional anticorruption activities into the program description. The information in the table refers to the entire award, not simply the new anticorruption portion covered by the modification.

**Disbursements as of 4/30/2017.

***The follow-on project is a no-cost extension with funds having already been disbursed.

Source: State, INL, response to SIGAR data call, 6/21/2017; USAID, response to SIGAR data call, 7/10/2017.

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Monitoring and Evaluation Committee (MEC). USAID funds the MEC's monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.⁴⁶⁸

USAID aims to improve public services by reducing corruption opportunities in the Afghan government's administrative and business processes. In November 2015, USAID modified the existing Advancing Effective Reforms for Civic Accountability (AERCA) project—previously the Afghanistan Electoral Reform and Civic Advocacy project—to address immediately identifiable corrupt practices.⁴⁶⁹

AERCA had identified 10 services that are important to Afghans but are perceived as not working as well as expected: (1, 2) disability and martyr payments by the Ministry of Labor, Social Affairs, Martyrs and Disabled; (3, 4, 5) driver's license issuance, vehicle registration, and national identification by the MOI; (6, 7) issuance of diplomas and transcripts by the Ministry of Higher Education; (8) small-business license registration by the Kabul Municipality; (9) property registration by the Supreme Court; and (10) high-school diploma issuance by the Ministry of Education (MOE).⁴⁷⁰ In August 2016, USAID and AERCA decided to suspend AERCA's assistance to the driver's license service after determining that there was insufficient political will for reform in the MOI's traffic department to enable worthwhile collaboration.⁴⁷¹

This quarter, AERCA worked with the MOF's Small Taxpayers Office (STO) to identify bottlenecks and applicant frustration points. According to AERCA, STO tax notices are issued manually, providing opportunity for corruption. AERCA proposes the digitization of the tariffs as this should help replace the manual practice with an automatically generated tariff that is accurate and easy to track. AERCA plans to provide the STO with networking equipment, as well as English language and computer trainers. In support of improving the MOE's services, AERCA is working to provide high-quality paper for printing high school certificates, as well as finding space for heavy-duty printers to be used in printing certificates. AERCA is also renovating the applicant waiting area at the Nangarhar Province Population Registration Department (PRD). To further support the Nangarhar PRD, an AERCA grantee encouraged the Nangarhar religious scholars' council to inform the public of the simplified processes for receiving a national identification card during the Friday prayers' sermons. This grantee also broadcast radio messages on the importance of having a national identification card. During an oversight visit to the Nangarhar PRD, the AERCA grantee discovered that two community representatives were involved in corruption, demanding bribes from service applicants in return for stamping their applications. The head of Nangarhar PRD promptly terminated and replaced the two community representatives.⁴⁷²

State's Justice Sector Support Program (JSSP) is the largest rule-of-law program in Afghanistan. JSSP was established in 2005 to provide

capacity-building support to the Afghan justice system through training, mentoring, and advisory services.⁴⁷³ The current \$286 million phase of the program (JSSP II) began in June 2010. As of June 2017, JSSP has provided training to 20,139 Afghans, 15% of whom were women. Most of the trainees were from Kabul Province (38%). JSSP has also provided mentoring to 3,144 Afghans, 14% of whom were women. Again, most mentees were from Kabul Province (46%).⁴⁷⁴

During the past year, JSSP provided support to the Attorney General's Office (AGO) to roll out and integrate the Case Management System (CMS). CMS is an online database that tracks the status of criminal cases in Afghanistan, across all criminal justice institutions, from the moment a case is initiated to the end of confinement. According to JSSP, the program has established 535 CMS offices in seven Afghan government justice institutions and the Afghan Independent Bar Association (AIBA). Overall, 3,972 Afghan government departments used CMS in the Supreme Court, AGO, High Office of Oversight and Anticorruption, MOD, Ministry of Justice, MOI, the National Directorate of Security, and AIBA. As of June, there are 34,770 criminal cases and 32,177 civil cases recorded in CMS. Between 2012 and 2017, JSSP added 53,300 cases to CMS that existed prior to the implementation of CMS. JSSP has also conducted random quality-control audits in legal and judicial institutions to monitor the accuracy of data entered into the CMS database by comparing the data with the government's registry books. In the past year, JSSP identified and deleted 986 duplicate cases in CMS. JSSP recently signed an agreement with the Supreme Court transferring the legal and administrative responsibilities for CMS.⁴⁷⁵

State's \$48 million Justice Training Transition Program (JTTP), in partnership with the Supreme Court, recently collected data for an institutional learning needs assessment (ILNA) to identify the most prevalent learning needs and challenges facing judges. According to JTTP, no objective skills-and-knowledge-competency framework for sitting judges exists. Of the 2,280 judges who hear cases, 256 (11%) were sampled. Respondent judges ranked insecurity as the factor most affecting their performance (76%), followed by lack of resources and equipment (40%), weak capacity of support personnel (31%), political pressure (30%), and workload (30%). 71% of respondents felt judges of the criminal division require additional knowledge of the Criminal Procedure Code. For judges of the civil division, additional knowledge was requested for areas of the Civil Code, including: personal status and marriage (68%), designated contract and transfer of ownership (67%), and inheritance and wills, real property rights, and proof of rights (each 66%). Civil division judges were reported to require additional knowledge in the Commercial Code, specifically, those aspects relating to commercial papers (77%), commercial companies (76%), and commercial contracts (76%). 69% of judges also requested skills development in statutory interpretation as a cross-cutting skill.⁴⁷⁶

GOVERNANCE

As a result of the Supreme Court needs assessment, JTTP plans to deliver 171 courses over the next three years to 1,738 judges.⁴⁷⁷ This quarter, JTTP launched similar needs assessments for the AGO and Ministry of Justice (MOJ).⁴⁷⁸

In April 2016, USAID launched the \$68 million Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program. ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector, (2) strengthen the linkages between the formal and traditional justice sectors, and (3) increase citizen demand for quality legal services.⁴⁷⁹ This quarter, USAID reported that ADALAT conducted human and institutional capacity development assessments of the Supreme Court, MOJ, and AIBA to identify training and staffing needs and determine what support ADALAT can offer to these institutions. However, ADALAT's attempts to partner with the Supreme Court's Judicial Education Department (JED) were reportedly stymied as the JED director refused to discuss ADALAT technical assistance if it did not include material assistance.⁴⁸⁰

Afghan Correctional System

According to State, as of October 2016, the inmate population of Afghanistan's prisons, managed by the General Directorate of Prisons and Detention Centers (GDPDC), increased 6.15% over the past five years. As of April 30, the GDPDC incarcerated 28,615 males and 963 females, while the MOJ's Juvenile Rehabilitation Directorate (JRD) incarcerated 622 male juveniles and 71 female juveniles. These incarceration totals do not include detainees held by any other Afghan governmental organization, as State's Bureau of International Narcotics and Law Enforcement Affairs (INL) does not have access to their data.⁴⁸¹

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for adults, despite the prison population stagnating recently. As of April 30, the total male provincial-prison population was at 170% of capacity, as defined by the International Committee of the Red Cross's (ICRC) minimum standard of 3.4 square meters per inmate. The total female provincial-prison population was at 124% of the ICRC-recommended capacity. The JRD's juvenile-rehabilitation centers' population was at 50% of ICRC-recommended capacity.⁴⁸²

According to State, its joint efforts with the MOJ in implementing alternatives to incarceration for juveniles has led to an 11% reduction of the juvenile rehabilitation center population. State attributes the implementation of alternatives to incarceration to a number of their efforts, including a study tour to Turkey for Afghan government officials; meetings in Kabul that discussed success stories and lessons learned, and the status of alternatives to incarceration implementation; and a two-day conference hosted by the Corrections System Support Program (CSSP) on the topic in Herat Province in May 2017.⁴⁸³

Congress Directs SIGAR to Assess Afghanistan's Implementation of an Anticorruption Strategy

The Joint Explanatory Statement for the Consolidated Appropriations Act for Fiscal Year 2017 directs SIGAR to assess the Afghan government's implementation of an anticorruption strategy called for at the Brussels Conference on Afghanistan held October 4-5, 2016. SIGAR was further instructed to report its findings to the House and Senate Appropriations Committees no later than May 31, 2018. This congressional request is notable because it is the first time Congress has directed SIGAR to assess the Afghan government's performance, rather than that of a U.S. government agency, on a key reconstruction objective.



A large audience including Maj. Gen. Richard G. Kaiser, third from left and Inspector General Sopko, fourth from the left, front row, attended a May 2017 conference in Kabul on "Countering the Culture of Corruption in Afghanistan." (Afghan government photo)

Anticorruption

At the October 2016 Brussels conference, the Afghan government agreed to draft and endorse an anticorruption strategy for the whole of government by the first half of 2017. The government says it will implement this strategy by the second half of 2017. Additionally, five revenue-generating ministries are to publicly report on implementation progress of their anticorruption action plans in 2017. In June, the Afghan government's High Office of Oversight and Anticorruption (HOOAC) and the nongovernmental organization Integrity Watch Afghanistan criticized the Afghan government for failing to issue an anticorruption strategy by the required deadline.⁴⁸⁴

In May, donors assessed the Afghan government's progress in meeting its SMAF obligations, which required five revenue-generating ministries to prepare and begin implementing anticorruption plans by the first half of 2016. Additionally, the remaining ministries were required to complete their plans by the end of 2016. According to the EU, it received English-language versions of the five revenue-generating ministry anticorruption plans in November 2016, while the status of the other 25 ministry plans is unclear. The U.S. government believes, however, that because there are no public reports on the status of anticorruption-plan implementation, the implementation requirements have not been achieved.⁴⁸⁵

Anti-Corruption Justice Center

In May 2016, President Ghani announced the establishment of a specialized anticorruption court, the Anti-Corruption Justice Center (ACJC).⁴⁸⁶ The ACJC brings together MCTF investigators, AGO prosecutors, and judges to combat

serious corruption.⁴⁸⁷ The ACJC's jurisdiction covers major corruption cases committed in any province involving senior officials or substantial monetary losses of a minimum of five million afghanis (approximately \$73,000).⁴⁸⁸

In May, the ACJC's primary court sentenced a senior Afghan United Bank (AUB) official to 15 years and three months in jail and fined him more than \$3 million over fraud charges. The AUB Nangarhar branch director general was accused of misusing authority, faking documents, and embezzling \$3 million.⁴⁸⁹ Also in May, the ACJC's appeals court reduced the sentence of the head the Herat Province provincial council from two and a half years in prison to eight months. The provincial council head had been found guilty of abuse of power and interfering in the affairs of the Herat Province AGO. The appeals courts allowed the accused to be released on bail.⁴⁹⁰

The ACJC's appeals court in June upheld the verdict of a primary court that sentenced two former Karzai-era Ministry of Urban Development officials to 20 years' imprisonment and a \$6.4 million fine for corruption and abuse of authority. Two additional officials were sentenced to seven years' imprisonment and a \$3.25 million fine. The ACJC prosecutor stated that other former officials, including a former minister, are suspected of corruption.⁴⁹¹

As of June 30, the ACJC has tried 14 cases involving 38 defendants. Of these cases, six involved banks or private sector actors (18 defendants), four involved the MOI (eight defendants), one involved the MOD (one defendant who worked temporarily for the AGO at the time), one involved the MOF (six defendants), one involved the Ministry of Urban Development (four defendants), and one involved a provincial government (one defendant).⁴⁹²



Inspector General Sopko, left, met with Afghan Attorney General Mohammad Farid Hamidi on his June trip to Afghanistan. (SIGAR photo by Steven Mocsary)

Afghan Attorney General's Office

According to Resolute Support, while there is no indication that the AGO is preventing MCTF cases from being prosecuted, the AGO and the MCTF disagree on the number of cases transferred to the AGO. From March 2016 to March 2017, the MCTF submitted over 20 corruption cases to the AGO. Of those 20 cases, six have been referred to the ACJC, with a conviction in three cases. However, Resolute Support reports that dozens of cases which were submitted to the AGO for prosecution lose visibility due to AGO inaction or failure to update the Case Management System. The MOI and AGO are currently discussing the numerous discrepancies in the reported number of cases transferred to the AGO.⁴⁹³ According to State, while CMS tracks criminal cases from arrest through incarceration, cases referred by the MCTF are generally non-arrest cases that are still in the investigation phase. As such, these cases would not be added to CMS until an arrest has occurred.⁴⁹⁴

Independent Joint Anti-Corruption Monitoring and Evaluation Committee

President Karzai established the MEC by presidential decree in March 2010 and the institution was re-authorized by President Ghani in September 2016

with a new decree that provided full independence from the High Office of Oversight and Anti-Corruption (HOOAC). The MEC's mandate is to develop anticorruption recommendations and benchmarks, to monitor efforts to fight corruption, and to report on these efforts. Its board includes three Afghan members and three international members, and is led by an Afghan executive director.⁴⁹⁵

This quarter, the MEC published reports that reviewed the 2016–2017 anti-corruption plans of the Ministry of Commerce and Industry (MOCI) and the MOF. Overall, the MEC found that MOCI and MOF have implemented 35% and 34% of their planned anticorruption efforts, respectively. According to the MEC, however, MOCI's anticorruption plan is seriously deficient and ignores a number of well-known areas of likely corruption. For example, while the ministry has been issuing more business licenses than in previous years, this is leading to new forms of corruption. Of the 23 actions defined by the plan, the MEC found that eight have been completed. However, the MOCI did not cooperate with the MEC in verifying nine required actions. In reviewing the MOF anticorruption plan, the MEC concluded that the plan is insufficient for the scale of the ministry. According to the MEC, the MOF is a large ministry and one of the most susceptible to corruption. Of the 50 indicators defined in the plan, the MEC found that 17 have been fully implemented, three have no progress, and 12 had no evidence for their implementation status, with the remainder implemented between 25% and 75%.⁴⁹⁶

The MEC also issued a follow-up report on the Ministry of Public Health's (MOPH) progress in responding to the 115 recommendations MEC made in June 2016. According to the MEC, the MOPH has continued to make progress in its reforms. In particular, the MEC cited the efforts of the National Medicine and Healthcare Products Regulatory Authority (NMHRA), which has instituted legal reforms, policy and technical changes, and interventions on manufacturing and importation of drugs and medical products; aggressively expanded inspections; and systematically tackled both internal and customer service complaints. The MOPH also translated all its policies into local languages and distributed these policies.⁴⁹⁷

High Office of Oversight and Anti-Corruption

The HOOAC was established in July 2008 by presidential decree to oversee and coordinate implementation of the Afghan government's anticorruption strategy. According to USAID, HOOAC's role has been reduced to collecting and verifying asset declarations for government officials, as it failed to provide the strategy and policy guidance on anticorruption for which it was created. The HOOAC collects corruption complaints through a hotline and complaint boxes installed in several ministries and other public-service delivery institutions, and conducts the initial investigation of corruption allegations that it receives before referring allegations to the AGO for further investigation and possible prosecution. According to USAID, these

investigations rarely lead to prosecution. Mutual recrimination between AGO and HOOAC is common.⁴⁹⁸

As of January, Resolute Support reports that the MOD submitted 194 asset declarations to the HOOAC while the MOI submitted 210 of 310 required asset declarations. According to DOD, this represented the first time high-ranking officers provided their asset declarations to the HOOAC. Resolute Support noted, however, that asset-declaration forms are not being routinely submitted as new personnel begin or depart their positions. Resolute Support further reports that the MOD and MOI struggle with the identification and collection of asset declarations and there is poor communication between the ministries and HOOAC.⁴⁹⁹

In May, donors assessed the Afghan government's progress in meeting its SMAF obligations, which required at least 90% of Afghan government officials obligated to declare assets to do so by the first half of 2016. Donors agreed that the Afghan government had met this obligation in 2016, but believe that going forward, annual asset-declaration requirements should extend to heads and deputies of law enforcement agencies, customs, and tax administrations. In addition, efforts must be undertaken to ensure that the content of asset declarations is verified. Additionally, donors believe that proportionate and dissuasive sanctions for noncompliance should be instituted and that asset declarations be made available, when requested, to Afghan domestic law enforcement agencies and the financial intelligence unit.⁵⁰⁰

Security Services

According to Resolute Support, the MOD and MOI are making progress in implementing anticorruption initiatives following an October 9, 2016, meeting in which President Ghani demanded action. For example, Resolute Support cites the weekly and biweekly meetings directed by the ministers of defense and interior, respectively, to discuss and monitor anticorruption efforts.⁵⁰¹ Despite these efforts, DOD reports that MOI political will to hold corruption violators, especially senior officers, accountable remains fragile. DOD further states that high-level MOI corruption presents major challenges.⁵⁰²

In June, the minister of interior said that over 200 MOI personnel, including 12 generals, had been arrested on corruption and misuse of authority charges in the past year. Earlier in May, President Ghani had labeled the MOI as “the heart of corruption” in the security sector.⁵⁰³

Major Crimes Task Force

The MCTF is an elite MOI unit chartered to investigate corruption, organized criminal networks, and high-profile kidnappings committed throughout Afghanistan. Since March 2017, the MCTF has opened 84 cases (including 34 corruption investigations). According to Resolute Support, the MCTF referred two cases to the ACJC and eight cases to the AGO.⁵⁰⁴

In March, the ACJC tried and convicted five defendants who were accused of offering MCTF investigators an \$80,000 bribe to influence an embezzlement investigation involving the General Command Police Special Unit (GCPSU) and a logistics company. All five men were sentenced to three years in prison and fined \$80,000 each.⁵⁰⁵

In April, two MCTF investigators were assassinated in Kabul as one officer was picking up the other at home to go to work. An investigation is ongoing. Resolute Support reports that there is no indication that the two investigators faced any specific death threats. The MCTF has, however, arrested several persons associated with a different death-threat investigation.⁵⁰⁶

According to Resolute Support, the Afghan government still needs to take ownership of and empower the MCTF, which Resolute Support sees as “swimming against the tide” of the general state of Afghan government corruption.⁵⁰⁷

HUMAN RIGHTS

In May, donors assessed the Afghan government’s progress in meeting its SMAF obligations to draft a child-protection act that is consistent with the Afghan constitution and its international commitments by December 2016. According to the EU, while the Afghan council of ministers approved an initial draft of the child act in principle in September 2016, the draft is reportedly being further reviewed. However, the international community has yet to see a revised draft and is not aware of a new draft being put forward for approval by the cabinet.⁵⁰⁸

Donors also reviewed the status of Afghanistan’s SMAF requirements related to ending child labor. While an Afghan government-formed commission met seven times and completed a study on the matter in July 2016, the EU concluded that the Afghan government has not taken any practical steps to fulfill this SMAF deliverable. The U.S. government attributes the delays to the removal of all but one deputy minister from the senior leadership of the responsible ministry, the Ministry of Martyred, Disabled, Labor, and Social Affairs. The U.S. government concluded that the ministry lacks the resources and capacity necessary to achieve this deliverable.⁵⁰⁹

In June, State released its annual trafficking-in-persons report. According to State, the Afghan government does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Because the Afghan government increased its efforts, State has upgraded its rating of Afghanistan from its previous assessment. State noted that the Afghan government enacted a new law on human trafficking in January 2017 that attempts to reduce conflation of smuggling and trafficking, and criminalizes *bacha baazi*, a practice in which men exploit boys for social and sexual entertainment. The Afghan government investigated,

SIGAR EVALUATION

At the request of a bipartisan, bicameral group of 93 members of Congress, SIGAR this quarter issued a classified evaluation of DOD and State’s implementation of the Leahy laws for Afghanistan. Under the Leahy laws, DOD and State are prohibited from providing assistance to any unit of the security forces of a foreign country if the Secretaries of State or Defense have credible information that the unit has committed a gross violation of human rights. The report concerns allegations of sexual abuse of children committed by members of the Afghan security forces, reviews guidance on Leahy Laws implementation, and discusses the extent to which the U.S. holds Afghan security forces accountable.

prosecuted, and convicted traffickers, including through the arrest and punishment of officials complicit in bacha baazi.⁵¹⁰

However, State found that the Afghan government did not meet the minimum standards in several key areas. Afghan officials remain complicit, especially in the sexual exploitation and recruitment of children by Afghan security forces. Victim-protection efforts remained inadequate, as all but one government-run shelter for trafficking victims remained closed during the reporting period. The Afghan government did not develop or employ standard operating procedures for victim identification or for referral of victims to rehabilitation services, which at times resulted in the government's arrest and prosecution of trafficking victims as criminals.⁵¹¹

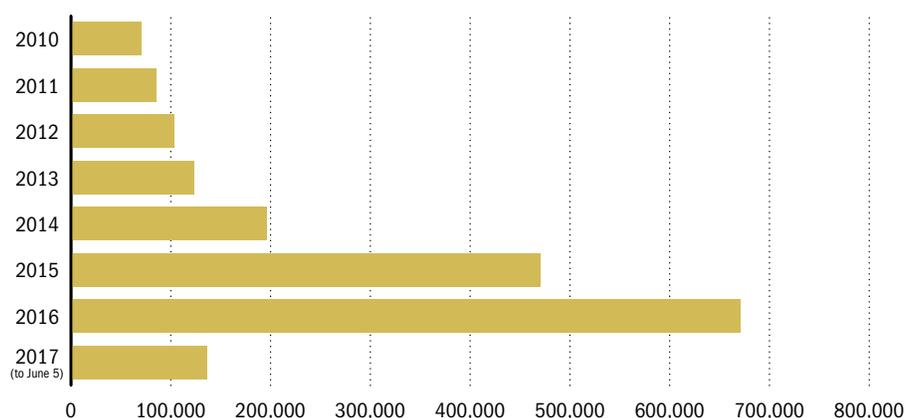
Refugees and Internal Displacement

The high rate of refugee returns in 2016 has stabilized. In 2016, a total of 370,102 Afghans registered as refugees returned from Pakistan, 2,290 returned from Iran, and 185 returned from other countries.⁵¹² As of June, roughly 33,000 Afghan refugees have returned from Pakistan and Iran in 2017. Additionally, approximately 220,000 undocumented Afghan migrants have returned in 2017.⁵¹³ According to the UN Secretary-General, approximately 20% of the populations of Kunar, Laghman, and Nangarhar Provinces are currently returnees (approximately 500,000 people).⁵¹⁴

As shown in Figure 3.27, there has been a decrease in internal displacement this year compared to last. According to the UN's Office for the Coordination of Humanitarian Affairs (OCHA), as of June, 138,300 people have fled their homes due to conflict. This is 27% fewer than the 188,419 people displaced during the same period in 2016.⁵¹⁵

FIGURE 3.27

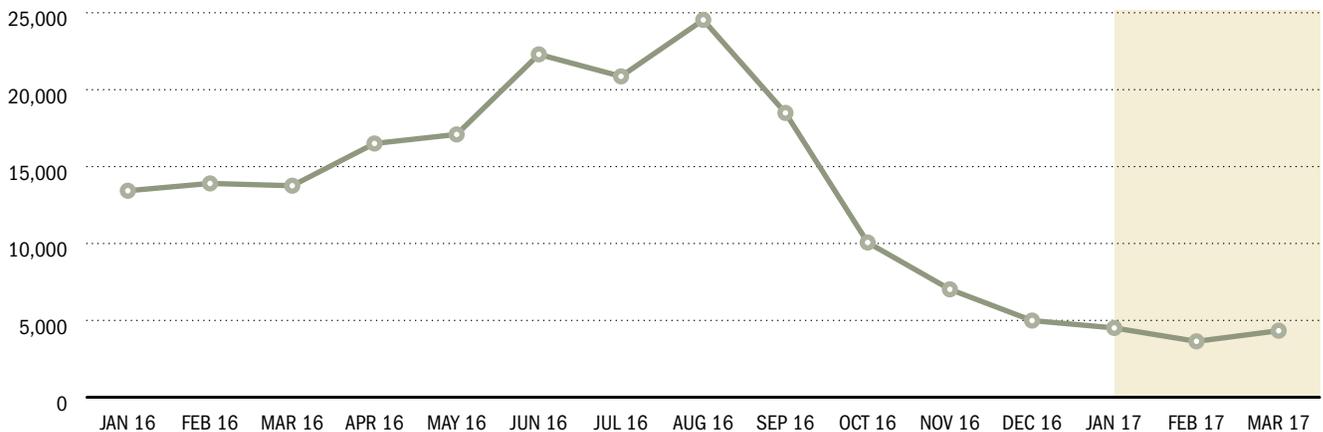
CONFLICT-INDUCED DISPLACEMENTS



Source: UN OCHA, "Afghanistan: Conflict Induced Displacements in 2017-Snapshot," 6/18/2017.

FIGURE 3.28

FIRST-TIME AFGHAN ASYLUM APPLICANTS TO THE EUROPEAN UNION



Source: EUROSTAT, "First time asylum applicants in the EU-28 by citizenship, Q1 2016–Q1 2017," 6/20/2017.

In April, the UN found that Afghan national institutions do not meet the needs of many internally displaced persons. While the political will to protect the internally displaced is emerging, this has not translated into comprehensive and effective Afghan government-led responses. While the UN complimented the Afghan government's 2013 National Policy on Internally Displaced Persons, it found that implementation has been poor and responses to short-term displacement barely adequate. Additionally, those who were displaced for a protracted period are commonly left to fend for themselves. While government officials blame resource shortfalls for the lack of progress, a deficit of good governance and accountability are contributing factors that must be addressed.⁵¹⁶

Eurostat, the statistical office of the EU, reported 12,475 first-time Afghan asylum seekers in the EU in the first three months of 2017. As shown in Figure 3.28, the number of Afghan asylum applications from January to March 2017 was 43% lower than the number for the previous three months.⁵¹⁷

GENDER

The largest gender-focused initiative in USAID's history is the Promote partnership that aims to assist over 75,000 Afghan women in achieving leadership roles over five years in all parts of society, including business, academia, politics, and public policy.⁵¹⁸

GOVERNANCE

TABLE 3.16

| USAID GENDER PROGRAMS | | | | |
|---|------------|------------|---------------------------|--|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) |
| Promote: Women in the Economy | 7/1/2015 | 6/30/2019 | \$71,571,543 | \$16,804,134 |
| Promote: Women's Leadership Development | 9/23/2014 | 9/22/2019 | 41,959,377 | 21,100,484 |
| Promote: Women in Government | 4/21/2015 | 4/20/2020 | 37,997,644 | 9,902,296 |
| Promote: Women's Rights Groups and Coalitions | 9/2/2015 | 9/1/2020 | 29,534,401 | 7,185,576 |
| Promote: Rolling Baseline and End-line Survey | 2/21/2017 | 10/20/2020 | 7,577,638 | 154,518 |
| Promote: Economic Empowerment of Women in Afghanistan | 5/8/2015 | 5/7/2018 | 1,500,000 | 600,000 |
| Promote: Scholarships | 3/4/2015 | 3/3/2020 | 1,247,522 | 1,247,522 |

Source: USAID, response to SIGAR data call, 7/10/2017.

USAID has committed \$280 million to Promote.⁵¹⁹ No other donors have committed to contribute funds to Promote; however, USAID reports that Promote was designed to achieve the project targets with or without additional funding.⁵²⁰ Table 3.16 show the current Promote programs.

In May, USAID issued a third-party mid-term evaluation report of the Promote Women in the Economy (WIE) program. The primary objective of WIE is to enable educated Afghan women to increase their leadership participation in the formal mainstream economy by helping them secure employment with advancement potential, and by improving the viability and income growth of women-owned businesses with a 10% or greater female workforce. The evaluation found that a relatively low number of women have been placed in jobs through the WIE activity. WIE reported that 237 women were placed in jobs in the first year of the program. While a survey found that 322 WIE-sponsored interns reported 22% job placement in long-term positions (something program staff hopes will increase to 35% in 2017), the evaluators posited that the expected employment of 21,000 women by the end of the program is unrealistic.⁵²¹ According to USAID, the WIE internship activity is not the only means by which Afghan women will gain long-term employment opportunities.⁵²²

Program evaluators note that as the Afghan economy is shifting away from donor dependence and is growing at a slower rate, WIE faces daunting targets. The evaluators did compliment WIE's approach of having beneficiary businesses invest their own money into inputs normally provided by donors; this is a more sustainable and appropriate approach given the decrease in available funding. The evaluators also found that WIE implements a rigorous vetting process for businesses asking to host interns, which has resulted in 98% of the interns placed reporting that they work in a women-friendly workplace. It is reportedly too soon to assess whether WIE interventions have helped businesses to increase profits or resulted in the hiring of more women. However, the evaluators noted that with WIE's

SIGAR AUDIT

SIGAR is currently conducting a performance audit of Promote that will assess contract compliance, program performance, and implementation challenges for the five Promote programs. The audit team's work includes examining contract documents and interviewing USAID and Afghan government officials, the Promote contractors, and program participants.

program being cut by one year, it will be even more challenging to achieve sustainable, measurable impact in the promotion of female-friendly workplaces.⁵²³ USAID reports that they are in the process of modifying the WIE contract to return the program to the original length of five years.⁵²⁴

The SMAF includes several short-term deliverables related to women's rights, including the requirement for an implementation and financing plan for the National Action Plan for Women, Peace, and Security approved at the end of 2015, with implementation starting by mid-2016; an anti-harassment regulation for improving working environments for public-sector women, to be issued by mid-2016; and dedicated violence-against-women prosecution units established in 26 provinces by December 2016.⁵²⁵

In May, donors assessed the Afghan government's progress in meeting the SMAF obligation to implement a national action plan for women by the first half of 2016. According to the EU, the Afghan government partially achieved this deliverable with the development of an overall national action plan, implementation plan, monitoring and evaluation plan, and an official launch. However, the EU reports that there are funding and individual ministry-level plan delays.⁵²⁶ Donors also reviewed the status of the SMAF requirement for dedicated violence-against-women prosecution units in a minimum of 26 provinces. While the EU considers the evidence provided by the AGO insufficient to confirm the operation of these units, State believes that these units are operating in all 34 provinces.⁵²⁷

ECONOMIC AND SOCIAL CONTENTS

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ECONOMIC AND SOCIAL DEVELOPMENT

KEY ISSUES AND EVENTS

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.⁵²⁸ If Afghanistan's international banking relationships improve as a result of this development, Afghan banks could become more profitable, as international trade and transaction fees are an important revenue source for them.⁵²⁹

On May 24, 2017, the International Monetary Fund's (IMF) executive board completed the first review of Afghanistan's economic-reform program—the three-year, Extended Credit Facility (ECF) arrangement. The first review assessed the implementation of five structural-reform benchmarks and eight performance criteria. The IMF deemed Afghanistan's performance through December 31, 2016, satisfactory. All quantitative performance criteria and indicator targets were met. Three of five structural benchmarks were implemented on time and one benchmark was implemented after the assessment.⁵³⁰

The Afghan government had trouble maintaining its improved revenue collection from the previous year. In the first six months of FY 1396 (which began December 22, 2016), 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.⁵³¹ Donors are expected to finance approximately 62% of Afghanistan's \$6.4 billion FY 1396 national budget.⁵³²

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE AND ECONOMIC AND SOCIAL DEVELOPMENT

As of June 30, 2017, the U.S. government has provided approximately \$32.3 billion to support governance and economic and social development in Afghanistan. Most of these funds—more than \$19.4 billion—were

appropriated to the U.S. Agency for International Development's (USAID) Economic Support Fund (ESF). Of this amount, \$17.9 billion has been obligated and \$15.2 billion has been disbursed.⁵³³

U.S.-funded civilian-assistance programs in Afghanistan focus on the country's long-term development, self-reliance, and sustainability. They aim to bolster gains in health, education, and gender equality. They also seek to increase government revenue through private-sector-led investment and growth, and stronger regional market connectivity.⁵³⁴

ESF investments are made in key sectors like agriculture, power generation, education, and health. ESF programs promote improved governance, rule of law, anticorruption initiatives, and alternatives to illicit narcotics production. The ESF is also being used to help the Afghan government finish and maintain major infrastructure investments to build electric-power grids in the north and south. Grid expansion is a critical component of the United States' economic-growth strategy for Afghanistan.⁵³⁵

ECONOMIC PROFILE

The World Bank reported this quarter that past economic and social gains are eroding: poverty, unemployment, underemployment, violence, out-migration, internal displacement, and the education-gender gap have all increased, while services and private investment have decreased. Weak institutions undermine Afghanistan's delivery of public services, and along with high levels of crime and corruption, deter private investment.⁵³⁶ The IMF pointed to Afghanistan's inadequate infrastructure and human capital, and a large illicit narcotics sector, as notable elements preventing robust and inclusive economic development.⁵³⁷

The IMF estimated Afghanistan's real (net of inflation) gross domestic product (GDP), excluding opium, to have grown 2% in 2016, higher than the estimated 0.8% in 2015. While an improvement, the IMF said it remains far below the growth necessary to increase employment and improve living standards.⁵³⁸ The IMF projected GDP to grow 3% in 2017, while the World Bank and Asian Development Bank (ADB) projected 2.6% and 2.5% growth, respectively. Their collective outlooks depend on an improvement in security, political stability, investor and consumer confidence, successful implementation of reforms, continued improvement in revenue collection, continued strong donor support, and favorable weather.⁵³⁹

GDP growth is being outpaced by Afghanistan's rapid population growth, estimated at 3% per year. As a result, per capita GDP may be falling, employment opportunities are limited, and the budget is pressured. Afghanistan's labor market is unable to absorb what the World Bank estimates are 400,000 people entering the work force every year. As a result, nearly 24% of Afghanistan's labor force was unemployed in 2016–2017, per the most recent reporting. This is further exacerbated by deteriorating

The World Bank, IMF, and others exclude the value from opium production in their reported GDP estimates. Afghanistan's Central Statistics Organization releases official GDP growth figures in two categories—one that includes and one that excludes opium value. Opium-related earnings boost domestic demand and are a significant source of foreign exchange.

The estimated net value of opium production was \$2.9 billion in 2016, representing 16% of GDP. The farm-gate value—the potential gross amount earned by farmers—was almost \$900 million, roughly 5% of GDP and a 57% increase over 2015.

Source: World Bank, *Afghanistan Development Update*, 5/2017, p. 2; IMF, "IMF Executive Board Completes First Review Under the ECF for the Islamic Republic of Afghanistan and Approves US \$6.2 million Disbursement," Press Release No. 17/192, 5/24/2017; ADB, *Asian Development Outlook 2017*, 4/2017, p. 178; CSO, *Afghanistan Statistical Yearbook 2015–2016*; UNODC, *Afghanistan Opium Survey 2016, Sustainable Development in an Opium Production Environment*, 5/2017, pp. 44, 47.



USAID's Afghanistan University Support and Workforce Development Program provided assistance for this March 2017 job fair in Kandahar. (USAID photo)

security conditions and increased repatriation of Afghans that adds to internal displacement.⁵⁴⁰

Agriculture was the largest contributor to real GDP growth in 2016 due to favorable weather and greater output, according to the World Bank.⁵⁴¹ However, agricultural output and income fluctuate with the weather, so economic growth based on this sector is volatile.⁵⁴² Industry and services, which benefited from the Coalition's large presence, security spending, and aid flows prior to 2015, have since grown much more slowly.⁵⁴³ Industry declined by 0.8% in 2016, largely a result of low construction activity, which had maintained strong growth in recent years. Manufacturing grew around 1% and services by 2.2%, which, according to the World Bank, was substantially lower than the historical average.⁵⁴⁴

Consumer prices remain low, but increased by an IMF-estimated 4.4% in 2016, compared to -1.5% in 2015. This was attributed to inflationary pressure on the Afghan currency, the afghani, as it depreciated against the U.S. dollar, and increasing global food prices.⁵⁴⁵ For an import-dependent nation like Afghanistan, the World Bank said exchange rates and global prices usually have a significant impact on domestic prices.⁵⁴⁶ Additionally, private investment declined in 2016, with the number of new firm registrations—a measure of investor confidence—dropping 9%. New vehicle registration increased by 3.9%, indicating low-level economic activity.⁵⁴⁷

On June 19, 2017, President Ghani inaugurated an air-freight corridor with India to improve trade and create opportunities for Afghan exports. The first India-bound flight included 60 tons of Afghan agricultural products with more to follow.

Source: GIROA, MFA, "Deputy Foreign Minister Meets with Indian Ambassador to Kabul," 6/20/2017; Associated Press, "Afghanistan President Inaugurates First Air Corridor with India," 6/19/2017.

Afghanistan's Fiscal Outlook

Afghanistan remains poor, fragile, and heavily aid-dependent, according to the IMF. Afghanistan's domestic revenues in 2016 totaled afghani (AFN) 141.1 billion (approximately \$2.1 billion in current dollars). This represents a 15.4% increase over 2015, surpassing the target set under the IMF's economic support program.⁵⁴⁸ The World Bank attributed this success to new tax policies introduced at the end of 2015 and improved compliance and enforcement. Taxes were the greatest contributor to overall revenue, followed by non-tax revenue and customs duties.⁵⁴⁹

Afghan authorities are uncertain if 2016 domestic revenue levels can be sustained. They were concerned that trade disruptions at the border with Pakistan and World Trade Organization (WTO)-mandated tariff reductions would negatively affect customs duties in the short term. Additionally, there were ongoing tensions with large taxpayers who felt unfairly targeted. The IMF said achieving sustainable revenues and expenditures would be difficult, given the government's low capacity in revenue administration and public financial management—Afghanistan has one of the lowest rates of tax collection among IMF member countries. Further revenue gains are likely to come from economic growth and an expanded tax base.⁵⁵⁰

Budget expenditures continue to outpace revenues, with security being the largest recurrent cost. The World Bank projects expenditures to be at least double what revenues should be by 2030, even if security improves.⁵⁵¹ Currently, terrorist and insurgent groups continue to present a formidable challenge to Afghan, U.S., and Coalition forces, according to the Department of Defense's (DOD) most recent assessment.⁵⁵² For FY 1396 (2017), Afghanistan planned to contribute AFN 26.8 billion (\$401 million)—out of what DOD anticipates to be a \$4.9 billion requirement—to help cover ANDSF sustainment and operational costs, including food for ANDSF personnel.⁵⁵³ This quarter, Congress fully funded DOD's \$4.26 billion budget request for the ANDSF in FY 2017. International donor contributions and the Afghan government are expected to help cover the rest.⁵⁵⁴

Improving Afghanistan's fiscal position, according to the World Bank, will require a large increase in revenues, which is plausible only with mining development and with aid sustained at least at current levels. The World Bank said the government's non-security spending will need to increase rapidly just to sustain current service levels due to population growth, operations-and-maintenance requirements for existing assets, and civil service salaries.⁵⁵⁵

FY 1396 Afghanistan's Revenues and Expenditures—First Six Months

According to Afghanistan Financial Management Information System (AFMIS) data, total domestic revenues—a figure that excludes donor grants—stood at AFN 60.3 billion (\$881.7 million in current dollars) in the first six months of FY 1396, about 24.8% lower compared to the same period

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.17

| DOMESTIC REVENUES, FISCAL YEARS 1395 AND 1396 COMPARED (IN AFGHANIS) | | | | |
|---|-------------------------------------|-------------------------------|-------------------------------|-----------------|
| | Category | 1395 (Through Month 6) | 1396 (Through Month 6) | % Change |
| Taxation & Customs Revenues | Fixed Taxes | 4,352,135,096 | 3,884,905,651 | -10.74% |
| | Income Taxes | 9,701,259,891 | 13,118,202,123 | 35.22% |
| | Property Taxes | 194,376,103 | 161,327,278 | -17.00% |
| | General Taxes on Goods and Services | 12,219,980,755 | 11,280,567,143 | -7.69% |
| | Tax Penalties and Fines | 0 | 1,167,355,749 | - |
| | Customs Duties and Fees | 13,059,083,771 | 11,024,809,424 | -15.58% |
| | Social Contributions | Retirement Contributions | 1,701,531,385 | 1,805,533,759 |
| Other Revenue | Income from Capital Property | 552,720,636 | 736,276,284 | 33.21% |
| | Sales of Goods and Services | 2,727,607,431 | 3,505,221,399 | 28.51% |
| | Administrative Fees | 10,275,910,992 | 9,991,069,061 | -2.77% |
| | Royalties | 93,905,189 | 148,566,178 | 58.21% |
| | Non Tax Fines and Penalties | 442,495,082 | 219,082,977 | -50.49% |
| | Extractive Industry Fees | 104,240,990 | 419,527,361 | 302.46% |
| | Miscellaneous Revenue | 21,598,155,577 | 2,814,899,988 | -86.97% |
| | Sale of Land and Buildings | 1,090,982,116 | 32,046,179 | -97.06% |

Source: SIGAR analysis of USAID-provided AFMIS data exported 7/11/2017; MOF, Jawza Financial Statements FY 1395, 6/29/2016.

in FY 1395. Recurrent revenue streams like taxation and customs revenues, which made up almost 40% of the government's total domestic revenues, decreased 2.3% compared to the same period last year.⁵⁵⁶

As shown in Table 3.17, revenues from income taxes increased 35.2%, but customs duties and fees dropped 15.6%, while fixed taxes and property taxes dropped 10.7% and 17.0%, respectively. Revenue from administrative fees—levied on passports and visas, vehicle registrations, professional and commercial licenses, and airspace-overflight charges, among other items—decreased nearly 3%. Revenue from natural resources saw the greatest improvement by percentage so far in FY 1396, with royalties increasing 58.2% and fees 302.5% year-on-year. This is an unexpected gain given the ongoing constraints in that sector.⁵⁵⁷

Afghan government expenditures, AFN 137.8 billion (\$2 billion), grew overall by about 3.3% in the first six months of FY 1396. Wages and salaries, which accounted for nearly 60% of all expenditures, grew 11.6%, while subsidies, grants, and social benefits increased 11.8%, as shown in Table 3.18 on the next page. Goods and services, Afghanistan's second largest expense, declined almost 20.9%, helping offset outlays.⁵⁵⁸

Afghanistan's fiscal gap—the difference between domestic revenues and expenditures—is large.⁵⁵⁹ Domestic revenues paid for only 43.8% of Afghanistan's total budget expenditures through FY 1396 month six, representing a net deficit of AFN 77.5 billion (\$1.1 billion). Donor assistance narrowed the gap to AFN 31.4 billion (\$458.5 million).⁵⁶⁰

Donors are expected to finance approximately 62% of Afghanistan's \$6.4 billion FY 1396 national budget, mostly through grants. This covers approximately 45% of the operating budget and 86% of the development budget.

Source: MOF, *National Budget Document, 1396 Fiscal Year*, 1/16/2017, pp. 10–11, 76.

TABLE 3.18

| EXPENDITURES, FISCAL YEARS 1395 AND 1396 COMPARED (IN AFGHANIS) | | | | |
|--|--|-------------------------------|-------------------------------|-----------------|
| Category | | 1395 (Through Month 6) | 1396 (Through Month 6) | % Change |
| Wages and Salaries | Wages and Salaries in Cash | 62,089,703,270 | 65,951,425,052 | 6.22% |
| | Wages and Salaries Advance | 263,549,103 | 521,292,455 | 97.80% |
| | Wages and Salaries in Kind | 9,045,862,206 | 10,228,638,413 | 13.08% |
| | Social Benefits in Cash | 1,189,287,759 | 1,514,168,023 | 27.32% |
| | Social Benefits in Kind | 0 | 2,791,727,631 | - |
| Goods and Services | | 33,190,232,271 | 26,271,215,771 | -20.85% |
| Interest | | 191,974,609 | 219,237,850 | 14.20% |
| Subsidies, Grants, and Social Benefits | Grants | 710,650,000 | 39,473,500 | -94.45% |
| | Grants to Foreign Governments | 92,770,092 | 51,520,000 | -44.46% |
| | Social Assistance in Cash | 6,300,000 | 5,650,000 | -10.32% |
| | Social Security Benefits in Cash | 9,358,268,565 | 10,616,077,644 | 13.44% |
| | Subsidies, Grants, and Social Benefits Advance | 481,665,358 | 490,738,290 | 1.88% |
| Acquisition of Assets | | 16,821,481,355 | 17,896,312,979 | 6.39% |

Note: In FY 1396, Goods and Services includes expenditures for food, but not communications. In FY 1395, Goods and Services includes expenditures for communications, but not food. Changes also occurred in the categories for Acquisition of Assets. The inter year totals for these two entries are therefore not strictly comparable.

Source: SIGAR analysis of USAID-provided AFMIS data exported 7/11/2017; MOF, Jawza Financial Statements FY 1395, 6/29/2016.

Trade

The temporary border closing with Pakistan, some import substitution, and weaker domestic demand in 2016 contributed to Afghanistan lowering imports and improving its trade balance, compared to 2015. However, trade performance remained weak, according to the IMF. Afghanistan exported more goods, but this was offset by a fall in exported services.⁵⁶¹

Afghanistan's trade balance was an IMF-estimated negative \$5.5 billion—equivalent to 29.3% of GDP. Although Afghanistan routinely sustains a large trade deficit, donor aid helped the country maintain an IMF-estimated current-account surplus of \$1.3 billion in 2016 (equivalent to 7.1% of its GDP). Without donor assistance, the IMF estimated Afghanistan would have had a current-account deficit of \$6.1 billion (equivalent to 32% of GDP).⁵⁶²

WTO membership may potentially help Afghanistan facilitate transit, resolve trade disputes, and gain access to global markets, which could spur foreign direct investment over the medium term, according to the World Bank. One year after accession, however, Afghanistan still has not appointed a representative or sent technical/professional teams to the WTO. The World Bank also said access to Iran's Chabahar seaport will open up a new low-cost transit route in western Afghanistan that may become the most important and cost-efficient port for Afghan trade, depending on security.⁵⁶³

Export and Import Data

During 2014–2016, Afghanistan exported between \$1 billion and \$2 billion worth of goods and services annually, compared to imports ranging

between \$7.4 billion and \$8.6 billion a year. Afghanistan's legal exports in 2016 consisted of goods (56.4%) and services (43.5%). Legal imports comprised goods (82.6%) and services (17.4%). The IMF projected Afghanistan's 2017 exports at \$1.2 billion, not including illicit narcotics. Imports were projected to be around \$7.9 billion, with more than \$6.3 billion paid for by official donor grants.⁵⁶⁴ However, about 15–20% of the total value of Afghanistan's trade is said to be unrecorded, generally involving smuggled goods, according to the World Bank.⁵⁶⁵

IMF staff said that Afghanistan needs to increase and diversify its exports.⁵⁶⁶ The Afghan government pledged to reduce regulatory and operational barriers to facilitate this.⁵⁶⁷ Exports depend heavily on agricultural outputs, which the World Bank said can increase if Afghanistan develops supply chains for higher value-added products. This will require investments to develop and improve irrigation and extension services, and to build downstream agro-processing capacities.⁵⁶⁸ Weather and rainfall would, of course, continue to exert a significant influence on agricultural output and income potential.

International Monetary Fund Support Agreement Update

On May 24, 2017, the IMF's executive board completed its first review of Afghanistan's economic-reform program—the three-year, \$45 million Extended Credit Facility (ECF) arrangement—that began in July 2016. The ECF sets out an agenda for Afghanistan that focuses on institution building, fiscal and financial reforms, and measures to combat corruption in order to improve private-sector development and more inclusive growth.⁵⁶⁹

The first review assessed the implementation of five structural benchmarks on reforms to fight corruption, strengthen revenue administration, submit a sound budget to Parliament, and take measures to resolve the 2010 Kabul Bank crisis. The review also examined eight performance criteria on government revenues, foreign exchange reserves, reserve money, net credit to central government from Afghanistan's central bank, and public debt. The IMF deemed Afghanistan's performance through December 31, 2016, satisfactory, despite enduring security challenges that undermine economic confidence and growth. All quantitative performance criteria and **indicative targets** were met.⁵⁷⁰

The IMF also concluded three of five benchmarks were met on time—strengthening the Afghanistan Customs Department's revenue administration and reducing corruption by revising its risk management policy; repaying the central bank to reduce its exposure as lender of last resort to Kabul Bank; and recapitalizing New Kabul Bank and compensating it for accumulated losses. The benchmark for the Council of Ministers to approve and submit to Parliament a FY 1396 (2017) budget in line with the ECF's macroeconomic framework and Kabul Bank repayment requirements was met after the review in March 2017. The benchmark to criminalize acts of corruption was not met.⁵⁷¹

Indicative targets: quantitative indicators used to help assess progress in meeting objectives of an IMF program, including predictive economic trends where data are uncertain.

Source: IMF, "IMF Conditionality," fact sheet, 4/17/2017.

BANKING AND FINANCE

Afghanistan's banking sector comprises 15 banks—three state-owned, nine Afghan private-sector, and three foreign-owned commercial branches. The sector is marginally profitable, according to the IMF, with few banks incurring losses in 2016. Yet Afghanistan's financial sector remains vulnerable to adverse shocks due to poor asset quality and associated lending, capital shortfalls, weak profitability, and management deficiencies in several banks.⁵⁷²

Commercial bank loans to the private sector remained flat at AFN 46 billion (\$674 million) in FY 1395 (December 22, 2015, to December 21, 2016), which the World Bank said may indicate a slowdown in private investments and/or a weak appetite for lending.⁵⁷³ Lending is almost entirely done by private banks since the state-owned banks are currently focused on improving their governance structures and modernizing major bank functions and payment systems. While the state-owned banks were slightly profitable, the IMF reported that they currently lack viable business models, which the Ministry of Finance (MOF), Afghanistan's central bank, and the World Bank are addressing. Until a strategy is approved, the state-owned New Kabul Bank and Pashtany Bank will continue their no-lending policies, and Bank Millie will not issue long-term mortgages.⁵⁷⁴

Only 10% of Afghan adults use formal financial institutions, automatic teller machines are available in only eight of Afghanistan's 34 provinces, and credit cards are issued in only six. According to the IMF, impediments to greater financial participation include a shortage of credit-worthy borrowers stemming from difficult economic and security conditions, Afghanistan's judicial system and legislative framework, weak bank management, limited professional capacity, poor bank governance and internal controls, and low financial literacy.⁵⁷⁵

Some 90% of financial transactions go through the informal **money service businesses** (MSB)/**hawala** system. There is no clear division between MSBs/hawala and formal banking systems—hawaladars keep bank accounts and use wire-transfer services, while banks occasionally use hawalas to transmit funds to remote areas in Afghanistan. MSBs and hawalas, which likely account for a substantial portion of illegal proceeds moving through Afghanistan's financial system, are generally not as closely scrutinized by the Afghan government as formal financial institutions.⁵⁷⁶

In 2016, the Afghan government declared a dual strategy for financial sector reform by addressing weaknesses and providing for more robust banking regulation and oversight. This is to include risk-based audits and reviews, establishing a unit to monitor risks from state-owned banks, ensuring that government oversight regulations are appropriate and not duplicative, providing incentives for banks to lend to private enterprises, and a financial inclusion strategy to improve customer access to banking services.⁵⁷⁷

Money service providers/businesses:

individuals or entities that engage in funds transfers, and who may also provide safekeeping and check-cashing services.

Hawaladars: individuals engaged in an informal money transfer system (hawala) common in the Middle East and South Asia. Under Afghan law, all operating hawalas are required to be licensed and report their transactions periodically to the Afghan central bank, DAB. Hawaladars generally fail to file suspicious transactions reports, as legally required.

Source: SIGAR 14-16-AR, *Afghanistan's Banking Sector: The Central Bank's Capacity to Regulate Commercial Banks Remains Weak*, 1/2014, p. 4; State, *International Narcotics Control Strategy Report*, Vol. II, 3/2017, p. 28.

Money Laundering

The State Department lists Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds, all of which “continue to threaten Afghanistan’s security and development.” Narcotics, corruption, and fraud are major sources of the country’s illegal revenues and laundered funds. State found Afghanistan’s anti-money-laundering laws to be largely in line with international standards, but still deficient, and facing significant enforcement and regulatory challenges.⁵⁷⁸

Shortcomings notwithstanding, Treasury noted that Afghanistan is making progress. Since enacting laws against money laundering and terrorist financing in 2014, there have been four money-laundering and 13 terrorist-financing convictions. In January 2017, the central bank issued a moratorium on individual licenses for foreign exchange and money-service providers in certain municipal districts. Also, the Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA), which is tasked with combating money laundering and terrorist financing, continued to publicly list money-service providers whose licenses have been revoked.⁵⁷⁹ The United Nations reported 121 licenses have been revoked, as of May 2017.⁵⁸⁰

Financial Action Task Force Compliance Update

At its most recent plenary session in Valencia, Spain, on June 21–23, 2017, the **Financial Action Task Force (FATF)** removed Afghanistan from its “Improving Global Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Compliance” document. Countries on this list have strategic AML/CFT deficiencies, but are implementing a FATF-approved corrective action plan to address them.⁵⁸¹

FATF said Afghanistan made significant progress in improving its AML/CFT administration and noted that Afghanistan established a legal and regulatory framework to meet the requirements of its corrective action plan. As such, Afghanistan will no longer be subject to FATF’s ongoing compliance monitoring. Afghanistan will continue to work with the Asia Pacific Group—a FATF-style regional body—on addressing its AML/CFT issues, particularly fully implementing a cross-border currency declaration system.⁵⁸² If Afghanistan’s international banking relationships improve as a result of this development, Afghan banks could become more profitable, as international trade and transaction fees are an important revenue source for them.⁵⁸³

Financial Action Task Force: an intergovernmental policy-making body that sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system. Its 36 members include the United States, United Kingdom, Switzerland, and the European Union; observers include the United Nations and the Asian Development Bank.

Source: Financial Action Task Force, website, “Who We Are,” and “Members and Observers,” <http://www.fatf-gafi.org/about/whoweare/> and <http://www.fatf-gafi.org/about/member-sandobservers/>, accessed 1/3/2016.

Kabul Bank Theft: Accountability and Other Challenges

No efforts were made this quarter to seize, freeze, or investigate debtor accounts, or otherwise carry out President Ghani’s October 2014 decree requiring the Attorney General’s Office (AGO) to indict and prosecute all those involved in the theft of approximately \$987 million from Kabul Bank

and to monitor enforcement of the courts' decisions.⁵⁸⁴ The AGO has still not acted on the Kabul Bank-related cases currently referred to it.⁵⁸⁵

Some debtors appear to be shielded by their close ties to former and current high-level government officials.⁵⁸⁶ For example, Abdul Ghafar Dawi—former Kabul Bank shareholder and chief executive of Dawi Oil Ltd.—was arrested in Kabul last quarter and charged with embezzling millions of dollars from fuel and oil contracts, and with tax evasion.⁵⁸⁷ Kabul Bank Receivership (KBR) officials said Dawi was freed this quarter without repercussion.⁵⁸⁸

The KBR—established to manage the bank's bad assets (for example, loans that are not being repaid)—is an administrative entity only, with no authority to investigate, prosecute, or recover debtor defaults. KBR said requests to the AGO and Kabul Bank Clearance Committee for assistance in recovering stolen funds have gone unanswered.⁵⁸⁹ A former deputy receiver told SIGAR that additional recoveries were being impeded, in part because the presidential palace is no longer pursuing the Kabul Bank case and the central bank is not properly supervising or exercising control over the Receivership.⁵⁹⁰

In one instance detailed last quarter, debt-collection efforts were directly undermined when a major debtor successfully had his case reopened and his original financial judgment from the Kabul Bank Special Court dismissed.⁵⁹¹ KBR officials claim that their director and legal advisor have suggested other debtors use the same new panel of judges to contest their assessed liabilities.⁵⁹² This quarter, these officials said two other debtor cases are being reopened with the intention of undermining the higher court judgment.⁵⁹³

Even if the Special Appellate Court's original decision in November 2014 and the Supreme Court's final judgment in December 2014 stand, their vague language makes enforcement problematic, according to the KBR. Many of the properties and other assets purchased with stolen Kabul Bank funds are located in Dubai, United Arab Emirates (UAE). But the courts in Dubai view the language in the court decisions—particularly regarding the identification and seizure of properties and assets—as “conditional” and lacking “legal certainty or legitimacy.” A KBR representative said the entire judgment/decision is also legally unenforceable in Afghanistan. It is therefore unclear how the Afghan government can recover its stolen assets.⁵⁹⁴ The former deputy receiver of KBR also told SIGAR that the AGO's office has expressed no interest in seeking an enforceable new judgment.⁵⁹⁵

Afghanistan lacks mutual legal-assistance agreements with many of the countries where assets are located, including the UAE.⁵⁹⁶ The Afghan government officially requested UAE assistance in September 2016, but has received no response.⁵⁹⁷ An Afghan request for assistance in April 2015 to the United States was legally deficient. Although the Department of Justice (DOJ) outlined the corrective actions needed to move forward, the Afghan government did not respond or correct the deficiencies and the case was

closed this quarter.⁵⁹⁸ State said the government’s lack of follow-up reflects, in part, the multiple security crises it faces, limited resources, and technical and administrative limitations to collect debts where assets are not liquid or are located outside the country.⁵⁹⁹

Cash and Asset Recoveries—A Closer Look

The Kabul Bank Receivership (KBR) reported total recoveries of \$447.8 million, as of May 15, 2017. As shown in Figure 3.29, total recoveries comprise cash, waived interest, assets recovered or seized (but not necessarily liquidated), and collateral, as well as amounts still owed by major debtors who signed loan-repayment agreements. Of the total recoveries, only the \$206.7 million in cash has been truly recovered, according to the State Department.⁶⁰⁰

Recovery and accountability efforts are largely stalled.⁶⁰¹ Since President Ghani’s September 2014 Kabul Bank decree, a mere \$32.6 million has been recovered in cash. Another \$32.0 million worth of loan-repayment plans have been agreed to, but are in arrears.⁶⁰² Amounts owed by 289 debtors have been paid off. The KBR reported \$596.9 million, including interest, remains outstanding from 114 individuals and/or corporations (fourteen of whom owe \$578 million).⁶⁰³ These figures are not verified by the U.S. government.⁶⁰⁴

For the other, non-cash reported recoveries:⁶⁰⁵

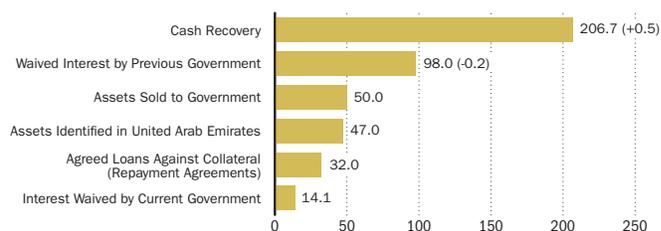
- The \$50 million in bank “assets sold to government entities” that was originally recovered by the KBR were transferred or “loaned” by the Karzai government to various ministries and agencies, but not paid for. The KBR has been unable to reclaim the value of these assets from the government, despite numerous requests. The amended FY 1396 (2017) budget submitted to parliament reportedly includes a \$50 million payment to KBR to be transferred to the central bank.

On March 19, 2016, President Ghani signed a decree allowing SIGAR to help detect and retrieve Kabul Bank assets in foreign countries. The decree instructed the AGO, MOF, Ministry of Interior, FinTRACA, and Kabul Bank entities to provide SIGAR relevant information and documents.

Source: GIROA, Office of the President, Presidential Decree, Serial Number 2726, 3/19/2016.

FIGURE 3.29

KABUL BANK DEBT RECOVERIES, AS OF MAY 15, 2017 (\$ MILLIONS)



Note: Figures in parenthesis represent the change from reported amounts last quarter.

Source: Kabul Bank Receivership, “Kabul Bank Debt Recovery Table,” 5/15/2017; Kabul Bank Receivership, “Kabul Bank’s Assets Recovery Brief Report,” 3/19/2017.

- The “agreed loans against collateral” merely represents an agreement by an identified group of debtors to repay their loans. Actual repayments have been limited and many debtors have not kept to the agreed-upon schedule. Of 17 repayment agreements, 13 debtors are not paying and four are in arrears. Approximately \$13.8 million of the \$31.3 million outstanding balance has been repaid. KBR leadership has reportedly not decided whether to pursue the collateral pledged against these loans.
- “Interest waived” by the previous and current governments (\$112.1 million collectively) represent accounted-for losses, not cash recoveries. Waivers were given as incentive to enter repayment agreements.
- The \$47 million in total “assets in the United Arab Emirates” were identified, but have not been recovered. The Dubai courts deem Afghanistan’s court decisions on the Kabul Bank case to have no legal merit.

Again, no recoveries from convicted ex-Kabul Bank chairman Sher Khan Farnood and CEO Khalilullah Ferozi were reported this quarter. Their assets are hidden under other people’s names, according to DOJ. This follows a pattern of the Afghan government’s failure to compel full repayment from the main architects of the fraud, both of whom are in jail, as of June 2017. According to the KBR, Farnood still owes \$336.8 million; Ferozi owes \$178.7 million.⁶⁰⁶

U.S. Treasury Assistance to the Ministry of Finance

The U.S. Treasury’s Office of Technical Assistance (OTA) continued implementing its March 2015 agreement with Afghanistan’s MOF to develop and execute technical-assistance and capacity-building programs. OTA has carried out 11 program-assessment missions to Afghanistan so far, including three this quarter. Some OTA assistance to the MOF has been carried out remotely.⁶⁰⁷ OTA assistance is focused on four areas:

Budgeting

OTA is helping the Afghan government develop baseline budgets and out-year estimates, and is reviewing fiscal performance improvement plans (FPIP). OTA worked with MOF counterparts April 11–18, 2017, to finalize forms and training materials for a two-day workshop on estimating costs of new government activities to use in the 2018 budget process. OTA is continuing to help MOF finalize this new cost template and develop others that will guide ministries in providing more detailed activity costs in future budget requests.⁶⁰⁸

Also this quarter, OTA met with the director of the MOF’s performance management team to discuss streamlining the ministry’s FPIP and ways to improve its measurement. As a result, OTA will:

- Look into developing a team of advisors to help the Afghan government validate MOF self-evaluations of the FPIP.

- Produce a summary document to help donors better track the implementation of donor-funded reforms and identify areas for further investment.
- Help the MOF performance management team better understand performance/project management systems and public financial management best practices, preferably in coordination with USAID.
- Work with the World Bank and Treasury attaché in Kabul to organize FPIP donor meetings.⁶⁰⁹

Economic Crimes

OTA is developing the capacity and effectiveness of Afghanistan's financial-intelligence unit, FinTRACA, and evaluating the central bank's capability to supervise money-service providers for compliance with measures against money laundering and terror financing.⁶¹⁰ This quarter, an OTA advisor deployed to Afghanistan from May 17 to 24 to help further the newly formed Afghanistan Financial Crimes Working Group (FCWG). FCWG is composed of representatives from FinTRACA, Major Crimes Task Force, Counter-Narcotics Justice Center, Anti-Corruption Justice Center, Anti-Corruption Unit, Military Anti-Corruption Unit, and Kabul Criminal Investigation Division.⁶¹¹

Banking

OTA works with Da Afghanistan Bank (DAB)—Afghanistan's central bank—to improve electronic reporting and risk management, and state-bank restructuring (this assistance can be provided from the U.S. Embassy Kabul and remotely). This quarter, OTA worked with DAB's Financial Supervision Department April 29 to May 12 to begin streamlining the reporting process for financial institutions to support offsite monitoring and surveillance. OTA held two training sessions and developed a preliminary work plan for automating report collection and processing.⁶¹²

Revenue

OTA is collaborating with the new customs and tax academy to design a curriculum, deliver courses, and supply course materials. An assessment mission took place in March 2016; technical assistance has not yet begun.⁶¹³

U.S. ECONOMIC AND DEVELOPMENT SUPPORT

Most assistance from the Economic Support Fund goes toward USAID's development programs. In September 2015, USAID published an updated Performance Management Plan to guide and measure its development objectives, and to articulate its development strategy through 2018. The plan will be reviewed at least annually and updated as necessary.⁶¹⁴ Figure 3.30 on the next page shows USAID assistance by sector.

OTA received \$2 million from USAID on April 1, 2016, to provide budget, banking, and revenue-generation assistance to the Afghan government. This agreement expires on September 30, 2019. OTA also received \$178,437 from State's Bureau of International Narcotics and Law Enforcement Affairs (INL) on September 1, 2016, to help Afghanistan combat economic crimes. This agreement, set to expire on May 30, 2017, was extended to September 30, 2017.

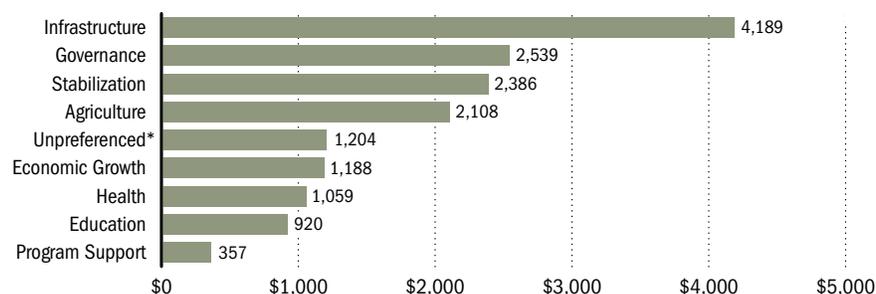
Source: Treasury, response to SIGAR data call, 6/23/2017.

Treasury reported that security conditions continue to be a major constraint on establishing a more sustained presence in Afghanistan. Treasury said the ultimate effectiveness of its efforts will largely depend on a strong and sustained political commitment to reform by those Afghan government entities responsible for public financial management, financial-sector strength, and oversight.

Source: Treasury, response to SIGAR data call, 6/23/2017.

FIGURE 3.30

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF JUNE 30, 2017
(\$ MILLIONS)



Note: USAID Mission-managed funds. Numbers rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and other programs that build health and education facilities. *Unpreferenced funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives. Source: SIGAR analysis of USAID, response to SIGAR data call, 7/10/2017; SIGAR analysis of World Bank, ARTF, Administrator's Report on Financial Status, as of May 21, 2017.

Development of Natural Resources

Developing Afghanistan's natural-resources sector and reforming the fiscal administration for its extractives industries are essential to strengthening domestic revenue collection. However, the security environment, insufficient infrastructure, declining global commodities prices, and inadequate capacity at the Ministry of Mines and Petroleum (MOMP) have all hampered the development of this sector. In addition, the IMF reported that Afghan authorities were not able to advance an extractives reform agenda due to personnel turnover and lack of political commitment. USAID said the MOMP currently cannot administer the country's approximately 488 existing extractives contracts.⁶¹⁵

USAID cited other issues contributing to investor uncertainty: regulations to support implementation of the new mining law enacted in November 2014 are still being developed; amendments to the law and several mineral tenders agreed to in 2010 and 2011 remain unsigned by President Ghani; and a combination of corporate income taxes, export and import duties, production royalties, and other charges constitute an uncompetitive levy of about 80% on mineral production.⁶¹⁶

Revenues from Natural Resources

Although geological surveys show that Afghanistan has significant mineral resources, mining has so far contributed only slightly to the country's GDP.⁶¹⁷ Actual government receipts from royalties and extractives fees in the first six months of FY 1396 (2017) were AFN 568 million (\$8.3 million); a 186.7% increase year-on-year.⁶¹⁸ Afghanistan's FY 1396 (2017) budget revenue target from extractives is \$34.8 million.⁶¹⁹

Illegal mining at an estimated 1,400–3,000 sites represents the theft of non-renewable natural resources, damaging Afghanistan’s economic development.⁶²⁰ The Afghan government believes \$300 million in revenue is lost annually by illegal mining, which not only denies Kabul much-needed funds, but also fuels the insurgency and drives criminality.⁶²¹

USAID Assistance

USAID has no active mining or hydrocarbon programs, and none are planned. The agency’s most recent mining and gas-generation programs ended March 31, 2017, and July 31, 2016, respectively. USAID said it needs a commitment to institutional reform from the highest levels of the Afghan government to ensure foreign assistance to the mining sector is used effectively.⁶²²

USAID helped the MOMP develop a one-year anticorruption action plan this quarter, the implementation of which will be monitored by the Joint Anticorruption Monitoring and Evaluation Committee (MEC). USAID is also exploring ways it can promote transparency in Afghanistan’s mining sector.⁶²³

Agriculture

Agriculture is a main source of real GDP growth, employment, and subsistence for the Afghan population. It accounts for about 22% of GDP, employs 44% of the population, and affects the 61% of Afghans who depend on agricultural activities for their livelihoods.⁶²⁴

But growth in the sector has not been strong. The Afghan government said that aside from weather volatility, greater agricultural growth has been hampered by underinvestment in developing water resources, poor-quality inputs such as seeds and fertilizer, degrading natural resources, and weak domestic- and export-product marketing. The government wants to move from being an agrarian-subsistent and importing nation to an agro-industrial exporting one. The government said it will focus on promoting agro-industry, increasing quality control, expanding cold-storage facilities, and introducing better packaging to reduce waste and spoilage—areas that show the largest potential to improve economic growth.⁶²⁵

USAID Assistance to the Ministry of Agriculture, Irrigation, and Livestock

USAID’s agricultural projects are designed to enhance food security, create jobs and export markets, increase incomes and productivity, and strengthen the government’s ability to promote broad-based growth. USAID aims to bolster the Ministry of Agriculture, Irrigation, and Livestock’s (MAIL) “farmer-focused” approach through the production and marketing of high-value horticultural crops and livestock products, the rehabilitation of irrigation and drainage systems, and the greater use of new technologies.⁶²⁶



Farmers in Kabul Province are trained in trellising through a USAID agricultural-extension program. (USAID photo)

TABLE 3.19

| USAID ACTIVE AGRICULTURE PROGRAMS | | | | |
|---|------------|------------|---------------------------|--|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) |
| Regional Agriculture Development Program (RADP)-South | 10/7/2013 | 10/6/2018 | \$125,075,172 | \$89,693,253 |
| Strengthening Watershed and Irrigation Management (SWIM) | 11/15/2016 | 11/14/2021 | 87,905,437 | 1,570,165 |
| Regional Agriculture Development Program (RADP)-North | 5/21/2014 | 5/20/2019 | 78,429,714 | 37,671,753 |
| Commercial Horticulture and Agriculture Marketing Program (CHAMP) | 2/1/2010 | 12/31/2019 | 61,294,444 | 48,996,198 |
| Kandahar Food Zone (KFZ) | 7/31/2013 | 8/30/2018 | 45,402,467 | 36,148,000 |
| Regional Agriculture Development Program (RADP)-East | 7/21/2016 | 7/20/2021 | 28,126,111 | 3,210,024 |
| Capacity Building and Change Management Program II (CBCMP II) | 7/10/2014 | 7/9/2017 | 20,874,464 | 20,263,642 |
| Afghanistan Agriculture Extension Project II (AAEP-II) | 10/1/2014 | 7/31/2017 | 20,229,771 | 19,594,756 |
| Grain Research and Innovation (GRAIN) | 3/13/2017 | 9/30/2022 | 19,500,000 | 3,250,000 |
| Agriculture Credit Enhancement II (ACE II) | 6/24/2015 | 6/23/2018 | 18,234,849 | 8,040,719 |
| Strengthening Afghan Agricultural Faculties (SAAF) | 3/25/2011 | 8/31/2017 | 7,824,209 | 6,848,511 |
| SERVIR | 9/14/2015 | 9/30/2020 | 3,100,000 | 392,156 |
| Program Evaluation for Effective Learning (PEEL) | 2/16/2017 | 10/31/2017 | 1,475,177 | 382,881 |
| Texas A&M University's Agrilife Conflict Development | 11/8/2012 | 11/7/2017 | 133,976 | 133,976 |

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see pp. 196–197 of this report.

Source: USAID, response to SIGAR data call, 7/10/2017.

Since 2002, USAID has disbursed more than \$2.1 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy for opium production.⁶²⁷ Pages 196–197 of this quarterly report discuss USAID’s agriculture alternative-development programs. USAID’s active agriculture programs have a total estimated cost of \$518 million and can be found in Table 3.19.

Grain Innovation and Research

On March 29, 2017, USAID awarded a 54-month, \$19.5 million Grain Research and Innovation (GRAIN) project to enhance wheat productivity, profitability, and climate resilience in Afghanistan. It plans to do this through improved agronomy and wheat genetics, access to high-yield seeds, post-harvest management (to reduce losses), and better links to private seed producers and other actors along the wheat value-chain. GRAIN will work to strengthen MAIL’s capacity to research grain, particularly wheat, in order to develop and improve locally adapted grain varieties and cultivation practices. GRAIN also plans to build scientific and administrative capacities at targeted national and provincial institutions to collect, store, and analyze data to guide research and policy decisions. GRAIN will engage with farmers, agriculture officials, researchers, universities, and the private sector.⁶²⁸

Agricultural Credit Enhancement II

The Agricultural Credit Enhancement (ACE) II project is the technical-assistance/advisory-support component of the conditions-based Agricultural Development Fund (ADF) administered by MAIL. ADF extends agriculture-related credit access to small- and medium-sized farms and agribusinesses in all regional economic zones, particularly to those that add value to agricultural products, such as distributors, producers, processors, and exporters.⁶²⁹ USAID reported that with ACE II help, ADF has cumulatively disbursed approximately \$85.9 million in loans impacting 37,892 direct beneficiaries, as of June 2017.⁶³⁰ However, ACE II implementers reported again that the continuing deterioration of both security and the economy is reducing demand for agricultural credit and negatively impacting loan repayments.⁶³¹

ESSENTIAL SERVICES AND DEVELOPMENT

Since 2002, the United States has provided reconstruction funds to increase the electricity supply, build roads and bridges, and improve health and education in Afghanistan. This section addresses key developments in U.S. efforts to improve the government's ability to deliver these essential services.

Power Supply

Afghanistan has one of the lowest rates of electrification in the world, with only an estimated 25–33% of Afghans connected to the power grid.⁶³² Over 89% of the population in large urban areas like Kabul, Herat, Kandahar, and Mazar-e Sharif has access to grid-connected power (although outages are common), in contrast to less than 11% of the rural population.⁶³³

Afghanistan's limited domestic electric generation capacity consists of hydropower and diesel sources. The country imports 77% of its total electricity. Of that imported energy, Uzbekistan provides 35.2%, Tajikistan 30.5%, Iran 20.9%, and Turkmenistan 13.4%.⁶³⁴ The World Bank noted that limited access to electricity is one of Afghanistan's biggest constraints to private-sector development.⁶³⁵ Afghanistan will need regional cooperation to meet its energy demands.⁶³⁶

U.S. Power-Sector Assistance

USAID believes that economic expansion and increased employment depend on maintaining and improving Afghanistan's electrical infrastructure. Since 2002, USAID has disbursed more than \$1.5 billion in Economic Support Funds to build power plants, substations, and transmission lines, and provide technical assistance in the sector.⁶³⁷ USAID is also helping Afghanistan's national electric utility, Da Afghanistan Breshna Sherkat (DABS), to increase electricity supply and revenue generation by improving sustainability, management, and commercial viability.⁶³⁸

TABLE 3.20

| USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS | | | | |
|--|------------|------------|---------------------------|---|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursement, as of 6/30/2017 (\$) |
| Power Transmission Expansion and Connectivity (PTEC) | 1/1/2013 | 12/31/2018 | \$725,000,000 | \$130,880,259 |
| Contributions to the Afghanistan Infrastructure Trust Fund (AIF) | 3/7/2013 | 3/6/2018 | 153,670,184 | 153,670,184 |
| Engineering Support Program | 7/23/2016 | 7/22/2019 | 125,000,000 | 19,427,677 |
| Kandahar Solar Project | 2/23/2017 | 2/22/2018 | 10,000,000 | - |
| Utility Executive Exchange | 9/30/2007 | 9/30/2017 | 698,555 | 698,555 |

Source: USAID, response to SIGAR data call, 7/10/2017.

NEPS: imports electricity from the Central Asian Republics to provide power to Kabul and the communities north of Kabul.

SEPS: draws most of its power from the Kajaki Dam and from diesel generators in Kandahar City to provide power in the Helmand and Kandahar areas.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 11/2013, p. 107.

DOD has disbursed approximately \$180 million for power projects through the Commander's Emergency Response Program as of July 2015, and roughly \$467 million, as of June 2017, through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.⁶³⁹

Afghanistan's two primary power systems are the **Northeast Power System (NEPS)** and the **Southeast Power System (SEPS)**, which U.S. Forces-Afghanistan (USFOR-A) and USAID aim to connect, increasing the electricity supply in both systems. USAID's Power Transmission Expansion and Connectivity (PTEC) project is constructing a transmission line connecting Kabul with Kandahar and building the capacity of DABS to sustain energy-infrastructure investments.⁶⁴⁰ USAID's active power-infrastructure projects have a total estimated cost of \$1 billion and are listed in Table 3.20.

Kajaki Dam Power—Operations and Maintenance

After years of effort, a third turbine, known as Unit 2, was installed in the powerhouse at Kajaki Dam and commissioned on October 19, 2016. Unit 2 has a power-generating capacity of 18.5 MW. The installation represented a major advance in DABS's efforts to increase long-term, sustainable hydro-power from Kajaki Dam to Kandahar and Helmand Provinces.⁶⁴¹

The three turbines now in service at the Kajaki powerhouse have a total generating capacity of 50.5 MW, but were operating at a peak level of 49.5 MW this quarter due to reservoir-level constraints. All three turbines were online this quarter supplying up to 35 MW of power for the 110 kV transmission line and 10–14 MW for the 13.8 kV line.⁶⁴² It is not known how long this level of power generation will last.⁶⁴³ Unit 3 is also scheduled to go offline for repairs in 2017, though no timeline for the work was scheduled.⁶⁴⁴

DABS assumed full responsibility for the Kajaki power plant, including operations and maintenance (O&M), starting in April 2017, and hired 11 operators to take charge of the powerhouse.⁶⁴⁵

SIGAR AUDIT

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

Power Transmission Expansion and Connectivity Program

The U.S.-funded PTEC program was designed to strengthen and expand Afghanistan's power-generation, transmission, and distribution systems, including funding the 320-mile transmission line between Kabul and Kandahar to connect NEPS with SEPS.⁶⁴⁶ PTEC's DABS commercialization and capacity-building components aim to help the utility become financially sustainable by increasing revenues using utility-management software in Kabul, Mazar-e Sharif, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.⁶⁴⁷ Technical losses include energy lost to line heating and current leakage; commercial losses include customers' nonpayment of bills and energy theft, by illegally tapping into lines or bypassing meters.

Construction on the \$104 million transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector, was delayed this quarter to repair and replace damage caused by fighting between Afghan security forces and the Taliban. The construction completion deadline was extended by six months to July 31, 2017. Approximately \$80.8 million has been disbursed as of June 30, 2017. Subsequent disbursements are pending National Procurement Authority approval of the contract modification.⁶⁴⁸ The Arghandi connector substation that will feed this line will not be ready until after December 2017. Alternatives to power the Arghandi-Ghazni project are under consideration.⁶⁴⁹

USAID is providing \$330 million in direct assistance to DABS in support of the second segment of the NEPS-SEPS connector, Ghazni to Kandahar; \$179.5 million was transferred to USAID through the Afghanistan Infrastructure Fund. This segment will consist of a 249-mile transmission line and five substations. USAID said security will be a major challenge to implementing this project. On February 26, 2017, DABS signed a \$113 million contract for the transmission line. The award for the substations that had been under protest since September 2016 was resolved in March 2017. However, USAID revoked its consent for the substations award on May 21, 2017, after receiving information alleging impropriety. The matter was reported to USAID's Office of the Inspector General.⁶⁵⁰

For the SEPS Completion, Phase 2, \$55 million was transferred to USAID through the Afghanistan Infrastructure Fund to design and construct a transmission line from Tangi to Sangin North and from Maiwand to Kandahar, install electrical equipment, and commission three substations. Funding will be provided on-budget and implemented by DABS.⁶⁵¹ On January 21, 2017, USAID issued its consent to execute the transmission-line contract, but Afghanistan's National Procurement Commission must approve it before the contract can be signed. On June 24, 2017, DABS submitted its bid-evaluation report for the substations to USAID for review.⁶⁵²

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.21

| AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS, AS OF JUNE 12, 2017 (\$ MILLIONS) | | | | | | | |
|---|--|---|--------------------|--------------------|--|---|--|
| AIF Project | Description | Notified Amount | Obligated | Disbursed | Status | | |
| AIF FY 2011 | Kandahar Power Bridging Solution | Provides fuel and O&M for diesel generators in Kandahar City | 40.5 | 39.1 | 39.1 | Complete | |
| | SEPS - Kajaki Dam to Lashkar Gah | Repair, install transmission lines; rebuild, construct power substations | 130.0 | 57.5 | 57.5 | Terminated due to out-of-scope security cost increases. | |
| | NEPS - SEPS Connector, Arghandi to Ghazni | Design, construct transmission lines and substations (first segment of NEPS-SEPS connection) USAID: PTEC project | 101.0 | 104.0 ^e | 80.8 | Transmission lines 98% completed; substations 96.5% completed; six-month extension granted to repair and replace damage from ANDSF-Taliban fighting and ordering/shipping lags; no change from last quarter. (Completion: 7/2017) | |
| | NEPS - Arghandi to Pul-e Alam | Design, construct transmission line, towers, and power substation | 93.7 | 50.3 | 40.8 | Towers nearly completed; transmission line and substation under construction; community land issues affecting some tower locations. (Completion: 12/2017) ^a | |
| AIF FY 2012 | Kandahar Power Bridging Solution | Provides fuel and O&M for diesel generators in Kandahar City | 67.0 | 64.7 | 64.7 | Complete | |
| | SEPS - Maiwand to Durai Junction | Design, construct transmission line; rebuild and construct substations | 40.0 | 28.7 | 23.0 | Under construction; tower excavation, tower erection, civil work ongoing. (Completion: 2018) ^b | |
| | NEPS - Pul-e Alam to Gardez | Design, construct transmission line, towers, and power substation | 120.0 | 69.2 | 66.2 | Transmission line completed (55 km); substation nearly completed; civil work ongoing. (Completion: 7/2017) ^c | |
| | NEPS - Charikar to Gul Bahar and Nejrab | Design, construct transmission lines, towers, and power substation | | 38.8 | 36.3 | All towers erected; transmission lines completed; substation nearly completed; no land issues at this time. (Completion: 7/2017) ^d | |
| AIF FY 2013 | Kandahar Power Bridging Solution | Provides fuel and O&M for diesel generators in Kandahar City | 37.0 | 34.0 | 34.0 | Complete | |
| | NEPS - Charikar to Gul Bahar and Nejrab | Design, construct transmission lines, towers, and power substation | 33.0 | 24.1 | 23.4 | All towers erected; transmission lines completed; substation nearly completed; no land issues at this time. (Completion: 7/2017) ^d | |
| | SEPS Completion - Phase 1 | Civil, structural, architectural improvements to substations in Tangi, Sangin North and South | 75.0 | 63.1 | 45.0 | Security challenges resolved; contractor dispute resolved; civil work ongoing. (Completion: 7/2017) ^e | |
| | | Design, construct, transmission lines from Sangin North to Lashkar Gah | | | | Civil work ongoing; transmission towers under construction; community issues affecting some tower locations; no land or security issues at this time. (Completion: 4/2018) ^f | |
| NEPS - SEPS Connector, Ghazni to Kandahar | Design, Construct transmission line and substations; Final phase of NEPS-SEPS connector USAID: PTEC project | 179.5 | 330.0 ^g | 0.0 | Transmission line contract signed; USAID revoked its consent to the substations award due to alleged impropriety. (completion: 6/2020) | | |
| AIF FY 2014 | Kandahar Power Bridging Solution | Provides fuel and O&M for diesel generators in Kandahar City | 4.0 | 3.9 | 3.9 | Complete | |
| | SEPS Completion - Phase 2 | Design, construct transmission line, and install equipment and commission substations. USAID: PTEC project | 55.0 | 55.0 | 0.0 | Transferred to USAID for on-budget implementation through DABS; USAID issued consent for DABS to execute contract, but not yet signed; no change from last quarter. | |
| | NEPS - Gardez to Khowst | Design, construct transmission line and substation; DOD's final contribution to NEPS | 130.0 | 121.3 | 33.1 | Transmission towers under construction; Khowst and Waza-Khvajeh substation designs under review; currently no land issues. (Completion: 6/2018) ^h | |

Note: Project completion dates in parentheses reflect the most recent information provided to SIGAR by USFOR-A and USAID, and are subject to change. In some cases, updated completion dates have not been determined. All AIF power projects are to be sustained by Afghanistan's Ministry of Energy and Water, and Da Afghanistan Breshna Sherkat (DABS), Afghanistan's national electric utility. Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 5/31/2017. All other information is as of 6/12/2017.

^a 245 of 247 towers completed. Pul-e Alam substation 74% complete. Conductor lines 92% strung. The U.S. Army Corps of Engineers (USACE) extended completion date from 7/2017 to 12/2017.

^b 109 of 114 towers completed. Conductor lines 87% strung. Pushmol and Maiwand substations 75% and 77% complete, respectively. USACE extended completion date from 6/2017 (date to be determined).

^c Gardez substation 99% complete. Cannot test/commission this segment until NEPS, phase 1 segment is energized to Pul-e Alam. Current completion date of 7/2017 to be extended (date to be determined).

^d 100% of transmission towers erected from Charikar to Gul Bahar; Conductor lines 100% strung. 100% of transmission towers erected from Gul Bahar to Nejrab; Conductor lines 100% strung. Gul Bahar substation 99% completed. No community land issues at this time. Current completion date of 7/2017 likely to be extended (date to be determined).

^e Tangi substation 73% complete. Sangin North substation 74% complete. Sangin South substation 72% complete. Completion date to be extended (date to be determined).

^f Sangin to Durai Junction segment: 125 of 205 towers completed. Durai Junction to Lashkar Gah segment: 192 of 212 towers completed. Security issues currently resolved. Security issues have caused intermittent work stoppages of varying lengths. Disbursed amount includes \$2.8 million for security.

^g Includes additional, non-AIF USAID funding.

^h 223 of 268 tower excavations completed. 123 tower foundations completed. Revised transmission line design to be submitted. Gardez substation line bay design review completed.

Source: USFOR-A, JENG, FY 2011-2014 AIF Program Status Report, 6/12/2017 and 12/9/2015; USACE, Garrison and Infrastructure Working Group, AIF LIR, 6/12/2017 and 2/22/2017; DOD, OSD-P, response to SIGAR vetting, 7/13/2017, 1/4/2017, and 7/16/2016; USAID, OI, response to SIGAR data call, 6/22/2017, 3/24/2017, 12/22/2016, and 9/23/2016; USAID, OI, response to SIGAR vetting, 7/11/2017 and 10/11/2016.

Power Availability in Kandahar

U.S. fuel subsidies totaling \$141.7 million for power generation at two industrial parks in Kandahar City ceased at the end of September 2015.⁶⁵³ USAID reported that since then, energy output has fallen from the diesel generators in Shorandam and Bagh-e Pol industrial parks. Five generators at Bagh-e Pol, in need of major overhauls and critical spare parts, have stopped altogether; three other generators were transferred to Shorandam to replace units needing scheduled maintenance.⁶⁵⁴

The Shorandam generators are currently producing 480,000 kilowatt-hours (kWh) per week, which USAID said is insufficient to meet the 1,680,000 kWh estimated weekly electricity demands of the industrial park's commercial customers. This has reportedly prompted factories to go on strike in January 2017. For other commercial and residential customers in Kandahar, the electricity supply is also inadequate.⁶⁵⁵

Some additional power is being supplied from Kajaki Dam in Helmand Province and diesel generators in Breshna Kot in Kandahar, but USAID said the cost per kilowatt-hour for diesel-generated power is unaffordable for most customers. USAID added that DABS has no business incentive to generate the necessary power if it cannot recover the costs of doing so. This results in significant load shedding—the deliberate interruption of power supply to certain areas to align customer load with system output.⁶⁵⁶

To help bridge the gap between Kandahar's electric-generation capacities and demand until the NEPS-SEPS transmission line is completed, PTEC funded a reverse auction whereby independent power producers competed to construct and sell power to DABS from a solar-power plant that may be able to operate at an installed capacity of 10 MW. A power-purchasing agreement and contract were signed on February 22–23, 2017.⁶⁵⁷

Afghanistan Infrastructure Fund Power Projects

AIF projects were initiated to support critical counterinsurgency and economic-development objectives in Afghanistan. Although DOD's mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, it is still focused on completing the AIF-funded portions of the NEPS and SEPS.⁶⁵⁸ Ongoing fighting in Helmand Province, as well as bureaucratic delays in getting right-of-way approvals for NEPS and SEPS transmission lines, subsided this quarter, but have challenged AIF contractors and some project-completion schedules. However, USFOR-A reported that significant progress was made on right-of-way issues this quarter.⁶⁵⁹

USFOR-A has completed four AIF power projects so far. All were phases of the now-concluded Kandahar Power Bridging Solution, which provided fuel and technical support for diesel power-generation plants in Kandahar City while turbine-installation work at Kajaki Dam was under way. USFOR-A has six other ongoing power projects, while USAID has three, as shown in Table 3.21.⁶⁶⁰

SIGAR AUDIT

An ongoing SIGAR audit focuses on DOD and State Department progress in completing FY 2011 Afghanistan Infrastructure Fund projects, the impact on other infrastructure priorities and counterinsurgency objectives, and sustainment challenges.

AIF projects use FY 2011–FY 2014 appropriated funds. No additional AIF money was requested or appropriated in subsequent fiscal years, but up to \$50 million from the FY 2017 Afghanistan Security Forces Fund (ASFF) may be used under limited circumstances to help finish existing projects.⁶⁶¹ DOD has not used ASFF for AIF projects, as of July 2017.⁶⁶²

Transportation

Afghanistan's lack of transportation infrastructure hinders domestic commerce, foreign trade, and economic growth. The World Bank said Afghanistan's transportation infrastructure shortcomings constrain the service and agriculture sectors, which have typically been the leading drivers of the economy. They also hold back the mining industry, the future revenues of which the Afghan government and international donor community are hoping will offset declining international aid.⁶⁶³

Roads

Afghanistan has more than 76,400 miles of road, 28,000 of which have been rehabilitated or improved.⁶⁶⁴ In 2016, SIGAR auditors assessed the conditions of approximately 1,020 miles of Afghanistan's U.S.-funded national and regional highways, and found that most were in need of repair and maintenance.⁶⁶⁵ The World Bank similarly reported that 85% of Afghanistan's roads are in poor condition; the majority cannot be used year-round.⁶⁶⁶

Since 2002, USAID has provided more than \$2 billion for more than 1,240 miles of road construction, operations and maintenance (O&M), and capacity-building activities.⁶⁶⁷ DOD provided at least \$847 million on 4,687 road-related projects under the Commander's Emergency Response Program. Despite these investments, SIGAR auditors determined that USAID and DOD have had only limited success in ensuring the long-term sustainability of those roads.⁶⁶⁸

Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to USAID. Afghanistan is estimated to spend \$17 million annually for O&M, but that is \$100 million less than the Asian Development Bank says is needed.⁶⁶⁹ A USAID implementing partner calculated that the Ministry of Public Works (MOPW) could have carried out adequate O&M on 16% of its roads in 2016, a one-percentage-point increase over 2015.⁶⁷⁰ Roads that go without maintenance for a long time can deteriorate to the point where they require complete rebuilding. USAID told SIGAR it would cost an estimated \$8.3 billion to replace Afghanistan's roads if they were not maintained and deteriorated beyond repair.⁶⁷¹

Additionally, a USAID assessment from May 2015 found that MOPW needed organizational structure reforms, citing ongoing critical weaknesses, including a lack of skilled staff, poor communication, antiquated systems and processes, and a lack of will to implement necessary reforms.

TABLE 3.22

| AFGHANISTAN INFRASTRUCTURE FUND ROAD PROJECTS, AS OF JUNE 12, 2017 (\$ MILLIONS) | | | | | | |
|--|--|---|-----------|-----------|----------|--|
| AIF Project | Description | Notified Amount | Obligated | Disbursed | Status | |
| AIF FY 11 | Lashkar Gah to Nawar Road | Design, construct 22.5 km road in Helmand Province | \$22.0 | \$20.5 | \$20.5 | Complete |
| | RC-East Border Transportation Corridor | Saracha Bridge | 35.6 | 6.8 | 6.8 | Complete |
| Ghulam Khan Corridor | | 12.7 | | 12.7 | Complete | |
| AIF FY 12 | Parwan to Bamiyan Road - Section 6 | Section 6.1 | 10.0 | 3.0 | 3.0 | Complete |
| | | Section 6.2 | | 7.0 | 7.0 | Complete |
| | Dahla Dam Phase 2 - Site Preparation (Route Bear Road) | Realign 4.7 km road along NW shore of Dahla Dam | 11.2 | 7.2 | 7.2 | Complete |
| AIF FY 14 | Ghulam Khan Corridor - Phase 2 | Design, construct remaining 7 km road to Khowst city and 1 bridge to complete Ghulam Khan Transportation Corridor | 10.0 | 5.0 | 4.2 | Two road segments turned over to GIROA. Bridge, approaches, and culverts still in progress. (Completion: 9/2017) |

Note: Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 5/31/2017. All other information is as of 6/12/2017.

Source: DOD, OSD-P response to SIGAR data call 12/28/2015; USFOR-A, JENG, FY 2011–2014 AIF Program Status Report, 6/12/2017; USACE, Garrison and Infrastructure Working Group, AIF LIR, 6/12/2017 and 2/22/2017.

SIGAR recommended that USAID condition future funding for its Road Sector Sustainability Project (RSSP) and for the MOPW on the successful creation of an independent road authority, road fund, and transportation institute in order to boost MOPW's capacity. USAID concurred.⁶⁷²

Technical Assistance for the Ministry of Public Works Project

USAID's three-year, \$25.5 million, Technical Assistance for the Ministry of Public Works (TA-MOPW) project, a component of the Road Sector Sustainability Project (RSSP), aims to improve the capacity and effectiveness of the MOPW to manage Afghanistan's road network. TA-MOPW works with Afghan authorities in establishing a road authority, road fund, and transportation institute.⁶⁷³ Approximately \$22 million has been disbursed for this program, as of June 30, 2017.⁶⁷⁴

Earlier this quarter, TA-MOPW provided discussion drafts of the actions needed to launch the transition plan once the top-level government leaders committed to road management reforms. The transition plan's implementation-monitoring database became operational in Dari and Pashto, and draft policy documents and manuals were readied.⁶⁷⁵

USAID approved a final transition plan on October 11, 2016, but implementation is subject to Afghan cabinet and parliamentary approval, which is still pending.⁶⁷⁶ Since a road authority, road fund, and transportation institute were not created, USAID will not fund the MOPW after TA-MOPW ends in August 2017, in line with SIGAR's recommendation.⁶⁷⁷

Afghanistan Infrastructure Fund Road Projects

DOD has obligated \$62.2 million and disbursed \$61.4 million for five road projects under the AIF, as of May 31, 2017. Four road projects, some consisting of multiple phases, have been completed. Only the final 7 km of the Ghulam Khan Transportation Corridor, Phase II remains, as shown in Table 3.22 on the previous page.⁶⁷⁸

ECONOMIC GROWTH

Afghanistan ranked 183rd of 190 countries in the World Bank's *Doing Business 2017* report on regulatory quality and efficiency—a six-place fall from 2016.⁶⁷⁹ While Afghanistan ranks high in starting a business (42nd), a doubling of the business-receipts tax rate from 2% to 4% in the latter part of 2015 made it more costly to do so. Afghanistan is nearly last in dealing with construction permits (186) and registering property (186), and is low in getting electricity (159), trading across borders (175), and enforcing contracts (180). It is considered the second-to-worst country in protecting minority investors, partly a reflection of the country's corporate-governance rules and the weakness of its legal institutions.⁶⁸⁰

In addition to addressing the security challenges that make it difficult to ignite private-sector-led and inclusive growth, the IMF recommended the government eliminate regulatory and administrative barriers for businesses, improve infrastructure, and provide key business services, while simultaneously strengthening structures for macroeconomic management, the financial sector, and economic governance, not all of which require major funding to carry out.⁶⁸¹

USAID has cumulatively disbursed nearly \$1.2 billion for economic-growth programs in Afghanistan.⁶⁸² USAID active economic-growth programs have a total estimated cost of \$384 million and can be found in Table 3.23.

Afghanistan Public Financial Management Assistance

USAID's Afghanistan Public Financial Management (APFM) program helps MOF improve its budgeting processes and implement a provincial budgeting policy. Its objective is for the Ministries of Education, Public Health, Rural Rehabilitation and Development, and Agriculture, Irrigation, and Livestock to better execute their development budgets. APFM also trains and advises the MOF to maximize revenue collection from existing and new sources.⁶⁸³

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.23

| USAID ACTIVE ECONOMIC-GROWTH PROGRAMS | | | | |
|---|-------------------|-----------------|----------------------------------|---|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) |
| Assistance in Building Afghanistan by Developing Enterprise (ABADE) | 10/16/2012 | 8/15/2017 | \$104,997,656 | \$104,247,433 |
| Afghanistan Trade and Revenue Project (ATAR) | 11/7/2013 | 11/6/2017 | 77,754,266 | 64,201,692 |
| Women in the Economy (WIE) | 7/1/2015 | 6/30/2019 | 71,571,543 | 16,804,134 |
| Afghanistan Workforce Development Program (AWDP) | 4/5/2012 | 6/30/2018 | 44,919,458 | 35,478,068 |
| Multi-Input Area Development-Global Development Alliance | 3/23/2013 | 3/22/2018 | 30,481,436 | 17,591,917 |
| Afghanistan Public Financial Management (APFM) | 7/27/2015 | 7/26/2018 | 22,130,033 | 12,300,091 |
| Afghanistan Investment Climate Program | 3/27/2015 | 3/26/2020 | 13,300,000 | 2,624,374 |
| Commercial Law Development Program | 3/1/2014 | 9/30/2019 | 10,000,000 | 7,527,951 |
| Rebranding Afghanistan: Creating Jobs, Changing Perceptions, Empowering Women | 11/2/2015 | 11/1/2018 | 4,800,000 | 2,600,000 |
| Afghanistan International Bank Guarantee Agreement | 9/27/2012 | 9/27/2020 | 2,000,000 | 520,800 |
| Development Credit Authority (DCA) with FINCA, OXUS, and First Microfinance Banks | 9/25/2014 | 9/24/2020 | 1,958,000 | 0 |
| Market Assessment PIO Grant with ITC: Reconnecting Afghanistan to Global Markets | 3/2/2017 | 7/31/2017 | 53,859 | 0 |

Note: USAID's Development Credit Authority (DCA) provides partial credit guarantees to mobilize local financing. FINCA, OXUS, and First Microfinance Banks are to use these guarantees to secure loans from larger lenders, and in turn lend to micro and small businesses in Afghanistan. Afghanistan International Bank is to use the DCA guarantee to mitigate its lending risk and facilitate lending to small and medium-size enterprises.

Source: USAID, response to SIGAR data call, 7/10/2017; USAID, Development Credit Authority, "Overview," 2/2/2015.

APFM will end seven months earlier than planned due to significant cuts to USAID's Office of Economic Growth budget. Program activities will cease in September 2017 and APFM will close out on December 26, 2017.⁶⁸⁴

In April 2017, APFM advisors continued to embed in line ministries, providing advice and information on budgets, planning, and asset management; developing a centralized database for planning; and creating a monitoring and evaluation framework. APFM submitted a detailed report on property taxes with several policy recommendations to consider for raising revenue. APFM also developed the requirements for an electronic, cashless transportation revenue-collection system for the five entry gates into Kabul. This would improve compliance, reduce corruption, prevent overcharges and damage to cargo, and improve efficiency.⁶⁸⁵

Additionally, APFM taught a course on the principles of non-tax revenue management for 13 members of the MOF's revenue department. APFM also provided training for mid- to high-level government officials on the Public Expenditure and Financial Accountability framework—an internationally accepted public financial management assessment tool—that was significantly revised in 2016.⁶⁸⁶

EDUCATION

After years of upheaval in the 1980s and 1990s, Afghanistan's public education system has become one of Afghanistan's success stories since 2002, according to the World Bank. The number of boys and girls enrolled in school has increased dramatically, as has the number of teachers and schools. However, the education sector faces many challenges. The World Bank reported that only about half of all registered schools in Afghanistan have proper buildings, and only 55% of teachers meet the minimum requirements, with the rest receiving in-service training. While the sector is improving, the quality of education and administration remains weak.⁶⁸⁷

Continuing security challenges limited access to education in 2017. The United Nations Assistance Mission in Afghanistan (UNAMA) reported 14 conflict-related incidents against either education facilities or education workers between March 1, 2017, and May 24, 2017, matching 2016, year-on-year. UNAMA also documented 17 education facilities that were occupied and used for military purposes.⁶⁸⁸

Ministry of Education Data

According to the **Education Management Information System (EMIS)** for FY 1395 (December 22, 2015–December 21, 2016), Afghanistan reportedly had 15,709 general-education (government-run, grades 1–12) schools, including 904 inactive/closed schools, with 8.4 million students enrolled.⁶⁸⁹ The number of enrolled students includes both present and absent students.⁶⁹⁰ The Ministry of Education (MOE) counts students who have been absent for up to three years as enrolled because, it says, they might return to school.⁶⁹¹ In December 2016, Minister of Education Assadullah Hanif Balkhi said that after adjusting school records to deduct registered but permanently absent students, only six million students were actually attending classes in Afghanistan.⁶⁹²

Education Management Information System Data

To better help the MOE gather school data to guide its decision making—and indirectly understand how donor funding is benefitting Afghanistan's education system—donors funded EMIS, which tracks critical educational statistics such as the numbers of teachers working and students enrolled. Barriers to data collection have resulted in imprecise and inaccurate EMIS data, increasing donor concerns. To understand the scope of the problem, USAID funded two assessments of EMIS data quality to identify and address gaps in the system.⁶⁹³

Despite its shortcomings and inability to answer key questions, the initial assessment found that EMIS provides the capacity to manage a nationwide information system. However, there remains a gap between its actual capacity and what is needed to ensure accurate and reliable information. Key weaknesses were identified, including lack of oversight, inconsistent

Education Management Information

System: a centralized, computerized network system used to gather school data to support decision making in the Ministry of Education.

Source: USAID, *Data Quality Assessment of the Ministry of Education's Education Management Information System*, 7/2016, p. 1.



First- and second-grade students in a Kabul district received new books through USAID's Afghan Children Read program. (USAID photo)

monitoring at schools, insufficient capacity and training on EMIS forms and procedures, inadequate financing and overreliance on donor-funded assistance, and lack of coordination resulting in duplicative data collection and inefficiencies.⁶⁹⁴

A second assessment, released this quarter, focused on verifying EMIS data to assess its reliability and identifying inconsistencies at the national, provincial, and local school levels. The assessment found that EMIS data collection varied at the school-level and there was an urgent need for training. School officials lack a clear understanding of the EMIS form and how to fill it out—particularly student and teacher data—resulting in data discrepancies and inaccurate information.⁶⁹⁵ For example, the assessment documented 7% more teachers marked present in attendance registers than actually found at school. Conversely, more students were present at school than were marked present in the registers. For student enrollment, the government reported 12% more students than the assessment data.⁶⁹⁶

National Education Strategic Plan

Afghanistan's National Education Strategic Plan 2017–2021 sets out the government's priorities and goals for the next five years. These include building more schools, improving curricula quality and relevance, and increasing student enrollment and attendance though equitable access to education. The common goal is to “prepare skilled and competent citizens through the education system to sustain Afghanistan's socioeconomic development and social cohesion.” To restore public trust and confidence, MOE pledged to be more transparent, develop a robust anticorruption strategy, streamline

SIGAR SPECIAL PROJECT

This quarter, SIGAR published its third report detailing findings from site visits at U.S.-built or U.S.-rehabilitated schools across Afghanistan. The seven schools discussed in this report were either constructed or rehabilitated using DOD's Commander's Emergency Response Program (CERP) funds in Kunar Province. SIGAR found most of the schools to be structurally sound, safe for educational use, and well attended. However, some schools faced unsanitary conditions, lacked reliable electricity, and were at risk of structural damage due to the high prevalence of earthquakes in the region. For more information, see Section 2, p. 39.

TABLE 3.24

| USAID ACTIVE EDUCATION PROGRAMS | | | | |
|---|------------|------------|---------------------------|--|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursements, as of 6/30/2017 (\$) |
| Afghanistan University Support and Workforce Development Program | 1/1/2014 | 12/31/2018 | \$91,927,769 | \$47,483,557 |
| Increasing Access to Basic Education and Gender Equality | 9/17/2014 | 12/31/2019 | 77,402,457 | 77,402,457 |
| Afghans Read Program (ARP) | 4/4/2016 | 4/3/2021 | 69,547,810 | 7,358,375 |
| Support to American University of Afghanistan | 8/1/2013 | 11/29/2019 | 64,400,000 | 34,395,776 |
| Strengthening Education in Afghanistan (SEA II) | 5/19/2014 | 9/30/2020 | 44,835,920 | 17,069,996 |
| Basic Education, Literacy, and Technical-Vocational Education (BELT), Textbooks | 11/16/2011 | 6/30/2017 | 26,996,813 | 24,891,728 |
| Let Girls Learn Initiative and Girls' Education Challenge Program (GEC) | 6/29/2016 | 6/28/2021 | 25,000,000 | 5,000,000 |
| Capacity Building at the Ministry of Education | 2/6/2017 | 2/5/2021 | 23,212,618 | 326,524 |
| Afghanistan's Global Partnership for Education | 10/11/2012 | 6/30/2018 | 10,019,464 | 3,455,947 |
| Assessment of Learning Outcomes and Social Effects in Community-Based Education | 1/1/2014 | 12/31/2017 | 7,262,016 | 4,005,919 |
| PROMOTE Scholarships | 3/4/2015 | 3/3/2020 | 1,247,522 | 1,247,522 |

Source: USAID, response to SIGAR data call, 7/10/2017.

education operations both nationally and subnationally, increase efficiencies, and strengthen program management.⁶⁹⁷

The MOE plan will develop monitoring and evaluation capacity at all levels, to include training, and support legislative and regulatory changes that place greater responsibility for data collection at local levels. Supervisory visits from the central and provincial levels or independent third-parties will check the accuracy of the data. The evaluation process will include annual plans, checking progress against targets, and disbursements against budget allocation. National, provincial, and district data collection processes will be integrated into one information management system.⁶⁹⁸

USAID Programs

USAID aims to improve equitable access to quality education in Afghanistan through community-based classes in remote regions. USAID also seeks to develop relevant, in-demand technical skills to better prepare Afghans for employment. Its programs focus on early-grade reading, textbooks and other learning materials, and raising literacy rates through teacher and educator training.⁶⁹⁹ USAID had disbursed approximately \$920 million for education programs in Afghanistan, as of June 30, 2017.⁷⁰⁰ USAID's active education programs have a total estimated cost of \$442 million and can be found in Table 3.24.



A midwife weighs a low-birthweight infant at a provincial hospital supported by USAID's Helping Mothers and Children Thrive Program. (USAID photo)

HEALTH

Afghanistan's health indicators have improved since 2002, though they remain below average among low-income countries. Afghanistan's public health is beset by many challenges: tuberculosis, polio, poor maternal health, and one of the world's highest levels of child malnutrition, according to the World Bank.⁷⁰¹ Insecurity also impacts health-delivery services. Between March 1, 2017, and May 24, 2017, UNAMA reported 19 conflict-related incidents against either health facilities or health workers.⁷⁰² There were 119 conflict-related incidents in 2016, with 10 killed, 13 injured, and 42 abducted.⁷⁰³

USAID Funding and Health Programs

U.S.-funded health-sector programs aim to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health (MOPH) includes capacity-building, training, and quality-assurance activities to strengthen the ministry's management and control over healthcare delivery across Afghanistan.⁷⁰⁴ USAID believes that the MOPH's ability to deliver quality healthcare through the **Basic Package of Health Services (BPHS)** and **Essential Package of Hospital Services (EPHS)**—the cornerstone of health-service delivery in Afghanistan—is critical to improving health outcomes.⁷⁰⁵

USAID on-budget assistance to the MOPH provides basic health care and essential hospital services. Off-budget assistance includes activities

SIGAR SPECIAL PROJECT

This quarter, SIGAR published its sixth report detailing findings from site visits at U.S.-built or U.S.-rehabilitated health facilities across Afghanistan. Inspections sought to verify the locations and operating conditions at 35 USAID-supported public health facilities in Takhar Province that are administered through the World Bank's System Enhancement for Health Action in Transition project. SIGAR found substantial inaccuracies in the geospatial coordinates USAID previously provided for many of these 35 health facilities, including 24 facilities that were at least 10 kilometers away from reported locations. SIGAR also found that not all facilities had access to running water. For more information, see Section 2.

BPHS: provides primary healthcare services—such as immunizations and prenatal care—at small and rural health clinics, and forms the core of health-service delivery for all primary-care facilities in Afghanistan.

EPHS: outlines the medical services each type of hospital in the Afghan healthcare system should provide in terms of general services, staff, equipment, diagnostic services, and medications while promoting a health-referral system that integrates the BPHS with hospitals.

Source: SIGAR 13-9-AR, *Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not be Sustainable and Existing Hospitals are Facing Shortages in Some Key Medical Positions*, 4/2013, p. 1.

TABLE 3.25

| USAID ACTIVE HEALTH PROGRAMS | | | | |
|--|-------------------|-----------------|----------------------------------|--|
| Project Title | Start Date | End Date | Total Estimated Cost (\$) | Cumulative Disbursement, as of 6/30/2017 (\$) |
| Initiative for Hygiene, Sanitation, and Nutrition (IHSAN) | 5/11/2016 | 5/10/2021 | \$75,503,848 | \$1,870,031 |
| Helping Mother and Children Thrive (HEMAYAT) | 1/7/2015 | 1/6/2020 | 60,000,000 | 30,410,166 |
| Health Sector Resiliency (HSR) | 9/28/2015 | 9/27/2020 | 37,936,471 | 7,974,122 |
| Strengthening Pharmaceutical System (SPS) | 8/28/2011 | 7/10/2017 | 34,399,936 | 33,770,457 |
| Disease Early Warning System Plus (DEWS Plus) | 1/1/2015 | 12/30/2020 | 32,728,000 | 19,788,615 |
| Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea | 7/21/2015 | 7/7/2020 | 15,002,610 | 9,400,000 |
| Challenge Tuberculosis | 1/1/2015 | 9/29/2019 | 15,000,000 | 5,798,355 |
| Central Contraceptive Procurement | 11/1/2011 | 12/31/2018 | 13,535,571 | 13,035,571 |
| Demographic and Health Surveys | 9/9/2013 | 9/8/2018 | 6,699,863 | 6,699,863 |
| Sustaining Health Outcomes through the Private Sector (SHOPS Plus) | 1/1/2016 | 9/30/2017 | 6,000,000 | 4,931,022 |
| Weekly Iron Folic Acid Supplementation | 11/7/2014 | 12/31/2017 | 5,610,012 | 5,610,012 |
| Mothers and Under-Five Nutrition and Child Health (MUNCH) | 12/18/2014 | 6/30/2017 | 5,000,000 | 5,000,000 |
| Global Health Supply Chain Quality Assessment | 1/2/2015 | 1/1/2020 | 1,500,000 | 1,500,000 |
| Family Planning and Assessment | 5/16/2015 | 6/30/2017 | 634,833 | 634,833 |
| Global Health Supply Chain-Procurement and Supply Management-HIV/AIDS Task Order #1 | 4/15/2015 | 9/29/2021 | 176,568 | 176,568 |
| Coordinating Comprehensive Care for Children (4 Children) | 9/15/2014 | 9/16/2019 | 20,000 | 20,000 |

Source: USAID, response to SIGAR data call, 7/10/2017.

to strengthen health systems, engage the private sector, reduce child and maternal deaths, reduce tuberculosis-related deaths, reduce child undernutrition, improve the use of modern family-planning methods, and eliminate polio.⁷⁰⁶ U.S. on- and off-budget assistance to Afghanistan's health sector totaled more than \$1 billion as of June 30, 2017.⁷⁰⁷ USAID's active health programs have a total estimated cost of \$310 million, and are listed in Table 3.25.

USAID contributions to the Maternal and Under-5 Nutrition and Child Health Program (MUNCH) and the Family Planning and Assessment project ended this quarter. Extensions for Sustaining Health Outcomes through the Private Sector (SHOPS) Plus and Strengthening Pharmaceutical Systems have been initiated.⁷⁰⁸

Initiative for Hygiene, Sanitation, and Nutrition

USAID's five-year, \$75.5 million Initiative for Hygiene, Sanitation, and Nutrition (IHSAN) project aims to reduce anemia among reproductive-age women by 10% and to decrease stunting in children less than five years old,

focusing on the first 1,000 days (conception to 24 months). It is USAID's largest active health program by dollar value and will be implemented in 10 priority provinces: Samangan, Badakhshan, Bamyan, Farah, Badghis, Ghor, Kunar, Nuristan, Nangarhar, and Paktiya.⁷⁰⁹

From October 1, 2016, through March 31, 2017, the IHSAN team continued project startup activities, including coordinating with relevant Afghan government and nongovernment stakeholders both at the national and provincial levels, and revising the year-one work plan. Nutrition counselors' manuals were developed, as were data collection tools. Staff from several ministries were trained on using data in their decision making while female mobilizers in three provinces were trained in nutrition education and rehabilitation. IHSAN began implementing community-based nutrition and water, sanitation, and hygiene interventions and also formed a technical advisory committee to help fund innovative ideas that advanced IHSAN health goals.⁷¹⁰

Polio

Afghanistan reported four new polio cases in 2017, as of June 28, the most recent one in Helmand Province. There were 13 polio cases in 2016.⁷¹¹ Afghanistan and Pakistan, which share a 1,500-mile border, are two of only three countries where polio is still endemic (Nigeria is the third).⁷¹² Large-scale population movements between Afghanistan and Pakistan increase the risk of cross-border transmission and complicate vaccination outreach.⁷¹³ Polio-eradication teams from Afghanistan and Pakistan met in Kabul May 24–25 to review existing coordination mechanisms, agree on new implementation measures, and discuss next steps on improving vaccination strategies.⁷¹⁴

USAID, which has obligated more than \$25.7 million and disbursed about \$14.5 million for polio eradication in Afghanistan since FY 2003, said the Afghan government has strengthened polio-eradication cooperation and improved program quality.⁷¹⁵ However, security and access challenges constrain vaccination campaigns in some areas. USAID reported that Islamic State-Khorasan Province (IS-K) has completely banned immunization services, while the Haqqani Network does not oppose vaccination efforts once access is negotiated. Workers must also contend with misinformation that polio-immunization campaigns are American conspiracies, that immunization volunteers are spies, and that the polio vaccine is an anti-fertility drug or has side effects.⁷¹⁶

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COUNTERNARCOTICS

KEY ISSUES AND EVENTS

Despite a U.S. investment of \$8.6 billion to counter Afghanistan's illicit narcotics economy, Afghanistan remains the world's largest opium producer and exporter—producing an estimated 80% of the world's opium. The narcotics industry—coupled with rampant corruption and fraud—is a major source of illicit revenue for the country.⁷¹⁷

A United Nations (UN) opium-cultivation report released this quarter found that the estimated value of opiates produced in Afghanistan increased to \$3.02 billion in 2016 from \$1.56 billion in 2015. The value of opiates is worth more than two-thirds of the country's entire licit agricultural sector.⁷¹⁸

Eradication efforts began in March and by May 23, Afghan authorities reported having eradicated 685 hectares in Balkh, Badghis, Herat, Kunar, Kabul, Kandahar, Laghman, Nangarhar, and Nimroz Provinces. This represents a marked increase over 2016, when only 355 hectares were eradicated.⁷¹⁹ However, the 685 hectares eradicated amount to less than 0.3% of the estimated 201,000 hectares under cultivation for opium poppy.⁷²⁰

Cultivation results for this year are not yet available, but media reports and certain Ministry of Counter-Narcotics (MCN) officials indicate 2017 results will likely exceed last year's totals. Opium is even grown on government-controlled land or in the vicinity of security check points in some provinces.⁷²¹ The MCN deputy minister noted, "Unfortunately, the narcotics production is on the rise this year. ... We are concerned that narcotics would increase this year, including in areas and provinces where previously we had zero opium production."⁷²²

Afghanistan also suffers from widespread illegal drug use. A 2015 Afghanistan National Drug Use Survey estimated that roughly 11% of the population would test positive for one or more drugs, including 5.3% of the urban population and 13% of the rural population. Drug use among women and children is among the highest documented worldwide, and 30.6% of households tested positive for some form of illicit drug.⁷²³ Afghan drug use generates crime, funds the insurgency, and costs the Afghan government hundreds of millions of dollars in health-care costs, crime prevention, and lost economic productivity.⁷²⁴

COUNTERNARCOTICS

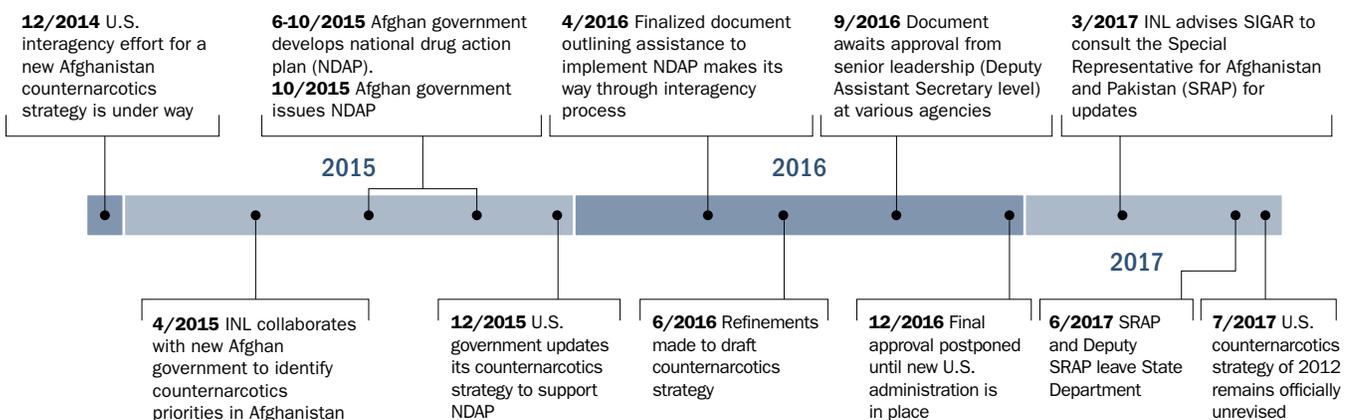
State's Bureau of International Narcotics and Law Enforcement Affairs (INL) noted that the Afghan government recognizes the negative impact of illegal drugs and has taken steps to address the problem, but the Afghan government has been slow to implement the National Drug Action Plan (NDAP) it adopted in 2015. Of the 22 indicator targets, the Afghan government reports that it has successfully implemented seven targets. According to INL, the Afghan government will require ongoing financial and technical assistance from the international community if it is to achieve the NDAP's objectives.⁷²⁵

A revised U.S. counternarcotics strategy will focus on building Afghanistan's capacity to counter narcotics and will support the country's goals and objectives, as outlined in the NDAP.⁷²⁶ However, the revised strategy has been delayed since last year. INL had previously informed SIGAR that the outcome of the U.S. elections would not impact the clearance process as the strategy made its way through the various agencies.⁷²⁷ After the elections, INL directed SIGAR to the office of the Special Representative for Afghanistan and Pakistan (SRAP), which was the State Department's organizing office for Afghanistan policy. INL also informed SIGAR that final interagency approval of the strategy would be postponed until the new U.S. administration was established.⁷²⁸ The new Administration recently announced it was phasing out State's SRAP office; the strategy remains under review.⁷²⁹

Figure 3.31 below provides a timeline of events concerning the revised U.S. strategy.

FIGURE 3.31

THE PATH TOWARDS A REVISED U.S. COUNTERNARCOTICS STRATEGY



Source: INL, response to SIGAR data call, 12/29/2014, 3/27/2015, 6/25/2015, 9/24/2015, 4/1/2016, 6/24/2016, 9/23/2016, 12/20/2016, 3/24/2017, and 6/22/2017; INL, *International Narcotics Strategy Control 2016 Volume I*, 3/2016, p. 92; *Politico*, "State's Afghanistan-Pakistan envoy leaves, spurring confusion about U.S. diplomacy in region," 6/23/2017.

Assistant Secretary of State for INL William Brownfield met with President Ghani in July 2017 and discussed countering narcotics at the regional and global level. According to a palace statement, Brownfield stated that the United States is currently working on a strategy to counter narcotics and would like Ghani's advice on the strategy. Meanwhile, Ghani welcomed the U.S. effort on a revised strategy to combat illegal narcotics. He added that terrorist organizations and drug traffickers are interconnected and need to be fought jointly.⁷³⁰

U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of June 30, 2017, the United States has provided \$8.6 billion for counternarcotics (CN) efforts in Afghanistan since 2002. Congress appropriated most CN funds for Afghanistan through the Department of Defense Drug Interdiction and Counter-Drug Activities (DOD CN) Fund (\$3.1 billion), the Afghan Security Forces Fund (ASFF) (\$1.3 billion), the Economic Support Fund (ESF) (\$1.6 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account (\$2.2 billion).⁷³¹

ASFF is primarily used to develop the Afghan National Army and Police, including the Counter Narcotics Police of Afghanistan (CNPA) and the Special Mission Wing (SMW), which support the counternarcotics efforts of the Ministries of Defense (MOD) and Interior (MOI).⁷³²

USAID's ESF-funded alternative-development programs are intended to support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. In addition to reconstruction funding, the Drug Enforcement Administration (DEA) receives funds through direct appropriations to operate in Afghanistan.⁷³³

SIGAR will issue a Lessons Learned Program report later this year that will examine U.S. counternarcotics efforts from 2002 through 2016. This comprehensive review will incorporate satellite-imagery data analysis and provide recommendations to policymakers to improve future strategies and programs.

INTERDICTION AND ERADICATION

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

Drug interdiction—or preventing illicit drugs from reaching their destination—is important in stemming the flow of illegal drugs and countering the negative effects of organized criminal groups. INL supports interdiction efforts through training, equipping, and providing technical assistance

Reliability and Accuracy of INL's Financial Information

Over the years, SIGAR has frequently received financial information from INL with the caveat that the amounts did not present an accurate picture. Once again this quarter, INL informed SIGAR it is unable to “provide cumulative money appropriated, obligated, and expended as it will overstate the total value of each program.”⁷³⁴ The issue apparently stems from the lack of an integrated financial system at the State Department; staff are unable to efficiently compile the data as certain information is manually maintained and not automated.⁷³⁵ INL has informed SIGAR in the past of its intent to use a financial management system similar to USAID's Phoenix, which may enable greater detail at the project level. This quarter, INL informed SIGAR that the cumulative financial information pertaining to the specialized counternarcotics police units “may be lower than the amount authorized” since these amounts “are estimated from obligating documents such as memoranda of understanding and interagency agreements.”⁷³⁶

COUNTERNARCOTICS

Precursor chemical: a substance that may be used in the production, manufacture, and/or preparation of narcotic drugs and psychotropic substances.

Source: UNODC, *Multilingual Dictionary of Precursors and Chemicals*, 2008, viii.

Conflict, criminality, and narcotics continue to be critical threats to personal safety, public service delivery, and private investment.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 6/2017, p. 7.

to partner nation law enforcement agencies. Such efforts increase the capacity to detect, investigate, disrupt, and seize shipments of illicit drugs and the chemicals (known as **precursors**) needed to process and produce drugs.

Eradication—or the physical destruction—of illicit crops remains an important tool for decreasing the production of illegal drugs and preventing them from entering the United States, or other drug markets. INL provides training, equipment, and technical assistance to foreign governments to support their own eradication programs, and address related counternarcotics and law enforcement challenges.⁷³⁷

The CNPA has the lead for counternarcotics efforts among Afghan security forces. It consists of regular narcotics police and specialized units.⁷³⁸ Afghan Uniform Police and Afghan Border Police also participate in counternarcotic activities.⁷³⁹ The specialized units include the Sensitive Investigative Unit (SIU), National Interdiction Unit (NIU), and the Intelligence Investigation Unit. The CNPA has approximately 2,000 assigned personnel; roughly half of them are based in Kabul.⁷⁴⁰

Interdiction Results

In Afghanistan, INL partners with DEA and DOD to build the capacity of the CNPA, with particular focus on support for two specialized units mentored by DEA: the SIU and the NIU.⁷⁴¹ Recently, the NIU's commander was replaced after failing a polygraph test. According to DOD, this is a positive development since the previous commander was ineffective and probably leaking information to hostile forces.⁷⁴²

Between 2007 and 2016, INL has provided approximately \$242.8 million to support the NIU and SIU. It has budgeted \$38.5 million for fiscal year (FY) 2016.⁷⁴³

The poor security situation in Afghanistan makes interdiction a challenge. During the third quarter of FY 2017 (data available April 1 to June 16, 2017) interdictions declined approximately 60%, from 58 to 24 operations, over the previous quarter, despite mentoring from U.S. Special Forces units, greater access to Resolute Support mission (RS) enablers, and improving interoperability.⁷⁴⁴ DOD noted that recent partnering with U.S. Special Forces had no immediate impact on overall levels of narcotics processing, but continued mentoring by Coalition partners would likely be required to maintain the current level of operations.⁷⁴⁵ Most interdiction activities occurred in the capital and eastern regions, and included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. These operations resulted in both seizures of illicit narcotics and the destruction of multiple drug labs.⁷⁴⁶

According to INL, the RS assistance to NIU has enabled missions in Nangarhar, Helmand, and Farah Provinces. Between April 1 and May 31, 2017, NIU and SIU seized 2,695 kilograms of opium, 23,250 kilograms of

COUNTERNARCOTICS

TABLE 3.26

| INTERDICTION RESULTS, FISCAL YEARS 2008–2017 | | | | | | | | | | | |
|--|---------|--------|--------|---------|---------|--------|--------|---------|---------|---------|-----------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017* | TOTAL |
| Number of Operations | 136 | 282 | 263 | 624 | 669 | 518 | 333 | 270 | 190 | 115 | 3,400 |
| Detainees | 49 | 190 | 484 | 862 | 535 | 386 | 442 | 394 | 301 | 119 | 3,762 |
| Hashish seized (kg) | 241,353 | 58,677 | 25,044 | 182,213 | 183,776 | 37,826 | 19,088 | 24,785 | 123,063 | 227,524 | 1,123,349 |
| Heroin seized (kg) | 277 | 576 | 8,392 | 10,982 | 3,441 | 2,489 | 3,056 | 2,859 | 3,532 | 1,809 | 37,413 |
| Morphine seized (kg) | 409 | 5,195 | 2,279 | 18,040 | 10,042 | 11,067 | 5,925 | 505 | 13,041 | 89,395 | 155,898 |
| Opium seized (kg) | 15,361 | 79,110 | 49,750 | 98,327 | 70,814 | 41,350 | 38,379 | 27,600 | 10,487 | 21,593 | 452,771 |
| Precursor chemicals seized (kg) | 4,709 | 93,031 | 20,397 | 122,150 | 130,846 | 36,250 | 53,184 | 234,981 | 42,314 | 71,417 | 809,279 |

Note: The significant difference in precursor chemicals total seizures between 2014 and 2015 is due to a 12/22/2014 seizure of 135,000 liters of precursor chemicals.
*Results for period 10/1/2016–6/16/2017.

Source: DOD, response to SIGAR data call, 7/29/2015 and 6/28/2017.

morphine base, and 30 kilograms of heroin and heroin base. The NIU and SIU were responsible for 29 arrests.⁷⁴⁷ In addition, 22 heroin processing laboratories were dismantled between March 3 and May 24, 2017.⁷⁴⁸

As shown in Table 3.26, from 2008 through June 16, 2017, 3,400 interdiction operations have resulted in the seizure of 452,771 kg of opium. However, these seizures over nearly a decade would account for less than 1% of the opium produced in Afghanistan in 2016 alone. According to the 2016 Opium Survey by the UN Office on Drugs and Crime (UNODC), Afghanistan’s potential opium production was approximately 4,800 metric tons (or 4.8 million kg) in 2016 alone.⁷⁴⁹

According to SIGAR analysis, of the \$8.6 billion dedicated to counternarcotics, approximately \$331.4 million was spent to support eradication, even though eradication has historically had minimal impact on curbing opium cultivation. INL has obligated \$6.8 million on the Governor-Led Eradication program since 2008 and spent \$324.6 million on the Poppy Eradication Force between FY 2005 and FY 2010.⁷⁵⁰

In the 2016 opium survey conducted by UNODC, only 9% of poppy farmers list fear of eradication as the most common reason for not cultivating poppy, behind considering the activity un-Islamic (17%) and fear of addiction (10%).⁷⁵¹ In 2007, only 1% of opium growers surveyed answered that fear of eradication stopped them from growing poppy.⁷⁵² For more than a decade, economic conditions have been the driving force behind opium cultivation: 85% of poppy farmers provided that as a reason in 2007, 92% in 2008, 71% in 2015, and approximately 49% in 2016.⁷⁵³ As Table 3.26 illustrates, eradication has little impact on the amount of opium cultivated and produced in Afghanistan. Moreover, drugs flows through the “Balkan route” have shifted. According to UNODC, although the Balkan route remains the world’s main opiate trafficking route, another branch through the Caucasus

Balkan Route: a transit corridor for Afghan heroin to reach western and central Europe via Iran and Turkey. According to UNODC, its importance has declined due to more effective law enforcement and the declining opiate use in western and central Europe.

Source: UNODC, *World Drug Report 2014*, 6/2014, x, p. 23.

countries has gained importance. That route bypasses Turkey, where the growing displacement of refugees heading to the European Union may have pushed traffickers to seek alternate routes.⁷⁵⁴

Coalition advisors have provided train, advise, and assist support to the CNPA since February 2016. Recent emphasis has been on improving CNPA coordination with the SMW. The SMW is an aviation wing that enables the ANDSF to conduct counterterrorism and counternarcotics missions and to disrupt insurgent and drug-smuggling networks in Afghanistan. The SMW is the only ANDSF organization with night-vision, rotary-wing air assault, and fixed-wing intelligence, surveillance, and reconnaissance capabilities.⁷⁵⁵ According to DOD, the SMW will expand to include additional helicopter crews, consolidate the fixed-wing PC-12 aircraft into a new fixed-wing *kandak* (battalion), and create an aviation-support *kandak*.⁷⁵⁶ More information on the Special Mission Wing is available on pages 114–115 of this report.

Eradication Results

Compared to the previous year, the total area under poppy cultivation in 2016 increased 10% from 183,000 to 201,000 hectares. Opium production was estimated at 4,800 tons—a 43% increase from its 2015 level. In fact, the improvement of Afghanistan’s poppy yields was largely responsible for the worldwide opium production increase between 2015 and 2016. Global opium production increased by one-third to 6,380 tons compared to the previous year.⁷⁵⁷ The value of opiates produced in Afghanistan is more than two-thirds the value of the country’s entire agricultural sector. The value of the illicit opiate economy was estimated at \$3.02 billion in 2016, up from \$1.56 billion in 2015.⁷⁵⁸

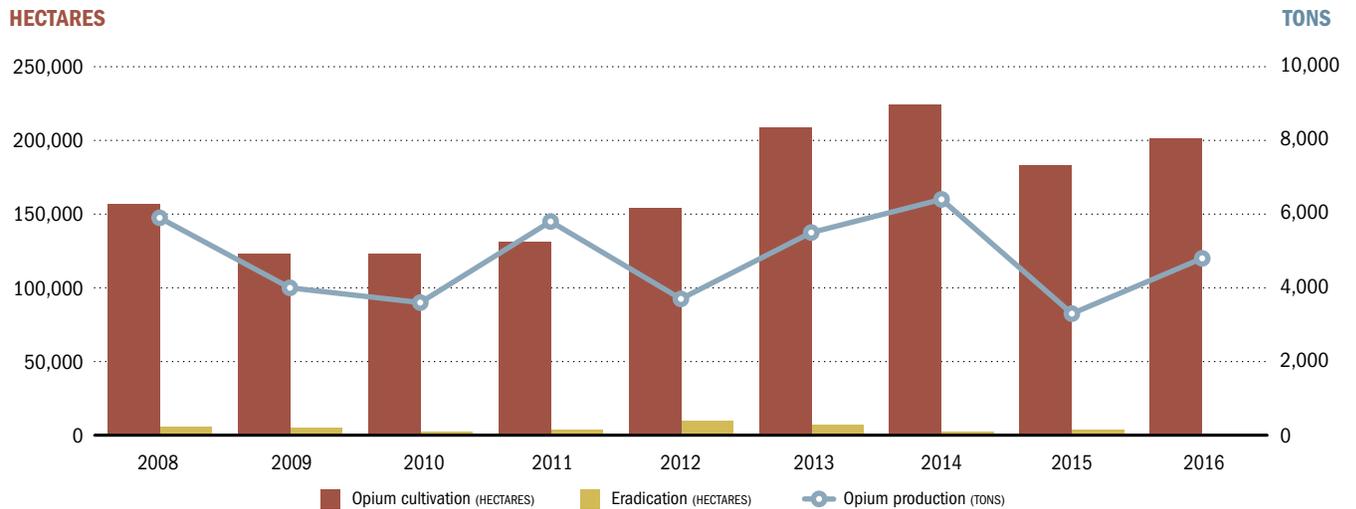
The latest MCN/UNODC eradication report available indicates that only 652 hectares were eradicated as of May 2017. This is an increase over the 204 hectares that had been eradicated during the same time period last year, but considering that it is less than 0.02% of the total number of hectares under opium cultivation in Afghanistan, as shown in Figure 3.32, these figures highlight how little impact eradication efforts have had in countering Afghanistan’s opium problem. Moreover, these eradication figures are provisional, as satellite-imagery verification has not taken place. The report noted that some farmers have resisted eradication operations in Nangarhar; security forces personnel have died as a result of clashes with farmers and anti-government elements.⁷⁵⁹

According to INL, eradication has occurred in Badakhshan, Balkh, Kabul, Kapisa, Badghis, Kandahar, Nangarhar, Laghman, Nimroz, Herat, and Kunar Provinces. The verified eradicated hectares will be available in October.⁷⁶⁰ Under the Governor-Led Eradication (GLE) program, governors are reimbursed \$250 for every UNODC-verified hectare of eradicated poppy.⁷⁶¹ GLE is the only eradication program supported by the U.S. government and annually accounts for less than 2% of INL’s Afghanistan counternarcotics

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FIGURE 3.32

AFGHAN OPIUM CULTIVATION, ERADICATION, AND PRODUCTION SINCE 2008



Source: UNODC, *World Drug Report 2017, Booklet 2*, 6/2017, pp. 50, 52, 54.

budget.⁷⁶² INL disbursed \$67,300 in advance payments for the 2017 eradication season in December 2016. Additionally, INL disbursed \$10,000 to cover the costs of one of four eradication conferences hosted by MCN.⁷⁶³

Good Performers Initiative

The INL-funded Good Performers Initiative (GPI) is a program that seeks to incentivize provincial governors' counternarcotics and supply-reduction activities by supporting sustainable, community-led development projects in provinces that significantly reduced or eliminated poppy cultivation. However, it is no longer taking on new projects.

From June 2012 to April 2016, INL funded GPI projects on-budget through the Afghan Ministry of Finance. INL phased out GPI due to MCN's inability to adequately manage the program, approving no new GPI projects after April 30, 2016. INL performed a risk assessment of MCN's financial risk-management system in 2015 and found 24 internal-control deficiencies that increased the potential for a material misstatement in financial reporting, ineffective operations, and noncompliance with laws and regulations.⁷⁶⁴ According to GPI's 2014 annual report, procurement was slow and the ministry assigned unprofessional staff. Insufficient coordination and lengthy processing of on-budget payments caused the slow implementation of projects.⁷⁶⁵

Projects still under way as of April 2016 continue to receive INL funding until their completion.

As of May 31, 2017, INL reported that 286 projects valued at \$126.4 million had been contracted. Of those, 244 projects have been completed; 42 are still in progress.⁷⁶⁶

INL is also working on an alternative-development project called Boost Alternative Development Intervention through Licit Livelihoods (BADILL), formerly known as Strengthen and Diversify Licit Livelihoods through Alternative Development Interventions (see pages 196–197). BADILL is expected to follow through on INL's commitments to those provinces most affected by the GPI cancellation.⁷⁶⁷

Ministry of Counter Narcotics Capacity-Building

Since 2008, INL has obligated \$35.2 million and expended \$26 million to build capacity at the MCN. During the third quarter of FY 2015, INL conducted an independent risk assessment of the MCN's public financial-management system. The report identified significant deficiencies that increased the potential for inaccurate financial reporting, inefficiency, ineffective operations, and noncompliance with laws and regulations. Areas of particular concern were internal controls, program management and monitoring, and facility management.⁷⁶⁸

Based on recommendations in the risk assessment, in mid-2016 INL solicited and awarded a contract for a financial-remediation plan that was expected to be completed in 2016.⁷⁶⁹ However, that original schedule changed "following delays in solicitation."⁷⁷⁰ According to INL, the financial-remediation plan was still "on schedule," per the terms of the contract, as of March 24, 2017.⁷⁷¹ INL said it was too early to measure improvements as a result of the financial-remediation plan. The contractor, the Afghanistan Holding Group, is currently developing standard operating procedures for the implementation of effective financial controls.⁷⁷² Successful remediation is expected to permit the MCN to receive direct assistance funds.⁷⁷³

ALTERNATIVE DEVELOPMENT

USAID's alternative-development (AD) programs support U.S. counternarcotics objectives by helping host countries to develop economic alternatives to narcotics production. INL funding supports supply-reduction and alternative-development programs. INL told SIGAR it holds biweekly meetings with USAID to coordinate their AD efforts and ensure that INL AD efforts complement and leverage ongoing USAID activities.⁷⁷⁴ According to USAID, both agencies also jointly attend AD program meetings with UNODC, the UN Development Programme (UNDP), the MCN, and the Ministry of Agriculture, Irrigation, and Livestock.⁷⁷⁵

INL has been implementing AD programming in Afghanistan since 2007 through GPI and a series of grants with the Aga Khan Foundation to strengthen subnational governance and alternative livelihoods. INL AD

programs target high poppy-cultivating areas, in line with Afghan government priorities laid out in Afghanistan's National Drug Action Plan.⁷⁷⁶ Only two of the 22 indicators of the NDAP concern alternative development: the number of provinces implementing preventive drug education programs and the number of poppy-cycle timed campaigns implemented. Only one campaign was implemented during the NDAP's first year; 24 provinces implemented preventive drug-education campaigns, exceeding the target of 22 provinces.⁷⁷⁷

Boost Alternative Development Intervention Through Licit Livelihoods

INL chose UNODC as the BADILL project's implementer because of its global expertise in alternative development. According to INL, UNODC has technically qualified and experienced staff at the provincial level, including strong working relations with Afghan government counterparts and other stakeholders.⁷⁷⁸

UNODC's project proposal includes large- and small-scale projects in various provinces that run counter to recommendations of its own internal evaluation.⁷⁷⁹ For instance, a rose-oil processing facility will be built in Nangarhar; dams and terraces will be built to protect agricultural land for certain watershed management and rehabilitation projects in certain provinces.⁷⁸⁰

INL has obligated \$20 million for BADILL and informed SIGAR in January 2017 that it had transferred all funds to UNODC. INL says that the performance-monitoring plan has not yet been drafted.⁷⁸¹ Between January and March of this year, some of UNODC's key achievements were

- selecting 50 districts for program implementation
- selecting about 250 communities for baseline study and alternative-development interventions
- creating a list of small- and large-scale interventions
- holding working-group meetings at provincial level and headquarters
- hiring staff, including a communication and monitoring and evaluation officer
- starting national procurement with input from UNODC headquarters.

As of March 30, 2017, UNODC has disbursed \$1.19 million.⁷⁸²

Community-Based Agriculture and Rural Development

INL has obligated and disbursed all \$17.8 million for its Community-Based Agriculture and Rural Development (CBARD) project: \$2.8 million to UNODC and \$15 million to UNDP, its two implementing partners.⁷⁸³ The program aims to improve household income while reducing dependency on illicit poppy cultivation for selected communities in Farah and Badghis Provinces, the second and sixth-highest poppy-cultivating provinces in 2016, respectively, according to UNODC.⁷⁸⁴



A woman participating in USAID's RADP-North agricultural program checks the progress of melon seedlings. (USAID photo)

According to INL, CBARD will improve the local production and marketing of high-value crops. The project will also develop and strengthen community-based business infrastructure, such as irrigation, transportation, and facilities. The project is scheduled to end in 2020.⁷⁸⁵

According to INL, this quarter, UNDP and its implementing partner developed draft criteria for identifying beneficiary communities and farmers. UNODC developed questionnaires for a socioeconomic survey. In March, INL provided \$2.2 million to UNODC and \$356,400 to UNDP to conduct surveys of its programs and assessments for future programs. UNODC and UNDP are expected to use the new funding to survey additional communities and conduct assessments that will include information on off-farm employment and access to finance.⁷⁸⁶ INL has not yet drafted the performance-monitoring plan for CBARD.⁷⁸⁷

SIGAR has highlighted UNODC's mixed results on alternative-development projects. Prior UNODC projects such as the Afghanistan Drug Control and Rural Rehabilitation Programme (ADCRRP) and Afghanistan Pilot Program's Poppy Reduction Project ended early and failed to reduce opium poppy cultivation. ADCRRP had a budget of \$9.2 million and had over 200 subprojects across five provinces.⁷⁸⁸ UNODC's Poppy Reduction Project had a \$10.5 million budget and also more than 200 subprojects implemented by nongovernmental organizations (NGO).⁷⁸⁹ CBARD's geographical target areas are provincial locations with significant and high security risk levels: Ab Kamari, Bala Murghab and Qadis Districts in Badghis; Khaki-Safed and Pusht Rod Districts in Farah.⁷⁹⁰ The CBARD timeframe is four years, the same timeframe for previous failed UNODC alternative-development projects. Communities were expected to abandon poppy in return for assistance over a two- to four-year period.⁷⁹¹ UNDP's lack of alternative-development expertise in Afghanistan is also a concern. UNDP's focus is helping countries build and share solutions to the challenges of democratic governance, poverty reduction, crisis prevention and recovery, energy and environment, and women's empowerment.⁷⁹² UNDP's work with livelihoods is linked to efforts to protect the environment, bring sustainable energy to rural areas, and prepare for natural disasters.⁷⁹³

Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a \$45.4 million, USAID-funded project implemented by International Relief and Development (IRD). KFZ addresses the drivers of poppy cultivation in Kandahar Province by rehabilitating irrigation infrastructure, expanding alternative livelihood opportunities, supporting small businesses, and building the capacity of the MCN to develop effective alternative-development policies. The project started in 2013 and is scheduled to end in August 2018.⁷⁹⁴ The target for the next two years is to renovate an additional 127 kilometers of 14 irrigation



Farmers discuss selection of new seed varieties as part of USAID's RADP-North program. (USAID photo)

canals, continue vineyard trellising, **intercropping**, planting new orchards, and agribusiness development to increase international sales.⁷⁹⁵

According to USAID, during the second quarter of FY 2017, KFZ made progress on certain performance indicators: 67 hectares were improved with high-value crops compared to none the previous quarter (the target for FY 2017 is 350 hectares) and 94% of households reported an income increase from licit livelihoods in the targeted areas (the target for FY 2017 was 10%). A total of 334 farmers are growing high-value crops as a result of U.S. government assistance.⁷⁹⁶ Rehabilitation and construction of the 14 canals reached 85% completion, and 41 damaged greenhouses were rehabilitated. KFZ facilitated the export of \$51,400 of high-value crops and over \$116,000 in national sales. The program trained more than 400 women and 100 men on women's rights and roles in Afghan society. It also provided technical assistance to 100 female farmers for off-season vegetable production (KFZ had distributed materials and fertilizers to 100 women to grow off-season vegetables in their kitchen gardens during the previous quarter).⁷⁹⁷

Although KFZ is showing progress against many indicators, the program's overall impact on curbing opium cultivation is mixed. Results initially seemed promising: poppy cultivation decreased 49% during the second year of the project after the rehabilitation of 12 canals. But the following year, opium cultivation rose 3% in the targeted districts.

As of June 30, 2017, USAID has disbursed \$36.1 million on KFZ.⁷⁹⁸

Intercropping: the cultivation of two or more crops at the same time in the same field. The most common goal of intercropping is to produce a greater yield on a given piece of land.

Source: George Ouma and P. Jeruto, "Sustainable horticultural crop production through intercropping: The case of fruits and vegetable crops: A review," *Agriculture and Biology Journal of North America*, 2010, pp. 1,098, 1,100.

Regional Agricultural Development Program

USAID's Regional Agricultural Development Program (RADP) is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects are under way in the southern, eastern, and northern regions of Afghanistan. The projects focus on strengthening the capacity of farmers to improve the productivity of wheat, high-value crops, and livestock. Using a **value-chain** approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains.⁷⁹⁹

RADP-East (RADP-E) is a USAID-funded \$28.1 million program designed to expand sustainable agriculture-led economic growth in the provinces of Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul. RADP-E works with the private sector to identify constraints to business and value-chain performance, and implement market-based solutions.⁸⁰⁰ RADP-E started in 2016 and is expected to end in 2021.⁸⁰¹ RADP-E is intended to increase the sales of agricultural goods and services by \$57 million by the final year of the program.⁸⁰² As of June 30, 2017, approximately \$3.2 million had been expended.⁸⁰³

According to USAID, between January 1 and March 31, 2017, RADP-E continued its efforts in preparing for its implementation phase. This included completing various studies, surveys, and analyses, as well as collecting information from relevant stakeholders. RADP-E held working group meetings with Afghan government representatives.⁸⁰⁴

Value chain: the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing, transportation, and wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.



Fruit from the Kanda region of Afghanistan are shipped to India with help from USAID's RADP-South program. (USAID photo)

RADP-North (RADP-N) is a USAID-funded, \$78.4 million program that started in 2014 and is scheduled to end in May 2019. RADP-N invests in increased sustainability and profitability of select value chains—wheat, high-value crops, and livestock—in rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces.⁸⁰⁵ Between January 1 and March 31, 2017, RADP-N implemented a dozen activities and issued 25 grants valued at nearly \$900,000 and held demonstration field days for approximately 1,300 farmers. RADP-N held follow-up visits to farmer organizations: one agribusiness company received a contract for 120 tons of Afghan red raisins while attending the India International Trade Fair. The program facilitated the registration of a female farmer group cooperative and delivered **paravet** kits to graduates of its paravet training program. RADP-N identified the women beneficiaries of its bakery activity. The 20 women contracted for and finished the construction of the bakery production center and received some of the equipment.⁸⁰⁶ As of June 30, 2017, approximately \$37.7 million had been expended.⁸⁰⁷

RADP-South (RADP-S) is a USAID-funded \$125 million program that started in 2013 and is scheduled to end in October 2018.⁸⁰⁸ The purpose of RADP-S is to improve food and economic security for rural Afghans in Kandahar, Helmand, Uruzgan, and Zabul Provinces. The program supports farmers and micro, small, medium, and large agribusinesses to improve production, processing, and commodity sales. RADP-S strengthens market systems by using local agricultural firms to champion reforms. RADP-S is working to increase the incomes of farmers, agribusinesses, and veterinary professionals, while raising awareness among farming families of proper nutrition and balanced diets.⁸⁰⁹ Some key accomplishments during January 1 and March 31, 2017, are:

- over 3,700 new farmers receiving training in post-harvesting techniques for wheat and high-value crops, including more than 480 women
- more than 20,380 beneficiaries of program interventions, of whom 1,944 were women
- monitoring of nearly 2,600 farmers resulting in over 3,100 hectares of land using improved technologies and management practices; 280 farmers planted high-value crops for the first time.⁸¹⁰

A key implementing partner was asked to stop work in February 2017 as a result of vetting issues. This had an impact on RADP-S performance.

The adoption of the Afghan national technical-assistance salary scale has resulted in longer hiring timelines (from 60 days to over 100 days) since candidates frequently decline reduced salary offers and employee background vetting is now required for all previous years (instead of only the previous three years).⁸¹¹

As of June 30, 2017, approximately \$89.7 million had been expended.⁸¹²

Paraveterinarian or paravet: is a community-based animal health worker who provides initial diagnosis and basic treatment of animals.

Source: A. Catley, T. Leyland, et al., "Para-veterinary professionals and the development of quality, self-sustaining community-based services," *Revue scientifique et technique (International Office of Epizootics)*, 2004, p. 225.

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a USAID-funded, \$61.3 million program designed to boost agricultural productivity and food security, provide market opportunities, and decrease poppy production. The program started in 2010 and is scheduled to end in December 2019.⁸¹³

According to USAID, the program has helped export 52,000 tons of produce valued at \$57 million to markets in Pakistan, Canada, India, the United Arab Emirates (UAE), and Russia. In addition, USAID said the program created more than 7,700 agribusiness jobs, trained 112,500 farmers, and benefitted 38,400 households.⁸¹⁴ Under the current extension, CHAMP is focusing on supply chain, marketing, and export promotion of Afghan fresh and dry fruits and nuts. It continues to support traders at trade offices in India and the UAE.⁸¹⁵ From January 1 to March 31, 2017, CHAMP assistance enabled the export of 435 metric tons of raisins and apples valued at \$1.4 million. The program supported the participation of traders at the Gulfood Exhibition held late February to early March in Dubai: nine traders gained contracts worth \$3.37 million for various fruits, nuts, and spices, and potential deals worth over \$10.2 million for other products. CHAMP collaborated with USAID's Afghanistan Trade and Revenue (ATAR) project on some activities.⁸¹⁶

As of June 30, 2017, USAID has disbursed \$49 million on CHAMP.⁸¹⁷

“The number of addicts is highly alarming, and the increase in drug addiction can lead to [the] spread of dangerous diseases. We are working towards this, however, our efforts are not sufficient, and addressing this problem also requires the long-term commitment from [the] international community.”

—Feda Mohammad Paykan,
Deputy Minister of Public Health

DRUG DEMAND REDUCTION

A 2015 Afghanistan National Drug Use Survey conservatively estimated that roughly 11% of the population would test positive for one or more drugs, including 5.3% of the urban population and 13% of the rural population. Drug use among women and children is among the highest documented worldwide, and 30.6% of households tested positive for some form of illicit drug.⁸¹⁸ According to the UN, 0.6% of the global adult population suffer from drug use disorders. Opioids, including heroin, remain the most harmful type of drug.⁸¹⁹

The United States is helping Afghanistan face this public-health crisis by funding a new rural treatment program to expand substance abuse treatment to the hardest-hit local communities. According to INL, the demand for treatment and prevention services far exceeds the capacity of the centers, most of which have extensive waiting lists for new patients. The United States also supports UNODC's global child-addiction program to develop protocols for treating opioid-addicted children, training treatment staff, and delivering services through NGOs.⁸²⁰ It also supports an antidrug curriculum in Afghan schools, which has trained over 300 teachers and reached over 30,000 students.⁸²¹ INL started a pilot rural treatment program in June in Jowzjan and Laghman Provinces.⁸²²

Source: Ministry of Counter Narcotics Coordination Meeting with Supporting Organizations in the Fight Against Narcotics, May 16, 2017, in Kabul, Afghanistan.

Since 2015, INL has transitioned responsibility for 28 of the 86 U.S.-funded drug treatment centers to the MOPH. Transition of other treatment centers, originally scheduled for January 2017, has been suspended while INL, the MOPH, the MCN, and the NGOs renegotiate the transition plan.⁸²³ The remaining treatment centers will transition by the end of 2019. INL reduced funding to all facilities (including the 28 MOPH centers) by approximately 20% in 2015, another 15% in 2016, and another 25% in 2017.⁸²⁴

INL has been working with the Afghan government and the **Colombo Plan** drug advisory program to develop and maintain the country's drug treatment system since 2003.⁸²⁵ The most frequent beneficiaries at the treatment centers are adult males. Of the 86 facilities, 66 are residential and 20 are outpatient centers; 31 are dedicated to female clients. Among the residential treatment centers, 44 also offer home-based services.⁸²⁶ The residential treatment centers consist of 40 centers for adult males, eight centers for adult females, eight centers for children, five centers for adolescent males and five centers for adolescent females.⁸²⁷ Twelve of the 44 home-based programs provide services to adult females.⁸²⁸ Over 6,200 persons were treated during the first quarter of FY 2017.⁸²⁹ The security situation in Helmand Province resulted in limited outreach and client admissions to the treatment centers located there during the first quarter of FY 2017.⁸³⁰

Since 2002, INL has obligated and expended the following amounts on drug demand reduction:

- \$32.3 million obligated and \$31 million expended on drug treatment centers
- \$11.4 million obligated and \$10 million expended on training clinical staff (for drug treatment clinics)
- \$18.5 million obligated and \$12 million expended for clinical staff's salaries⁸³¹

INL has obligated and spent \$12.5 million in FY 2016 and \$16.1 million in FY 2017. INL estimates that approximately 105,000 patients have been treated to date.⁸³²

Counter-Narcotics Community Engagement

INL has obligated \$12.7 million and expended \$11.9 million to fund its Counter-Narcotics Community Engagement (CNCE) program since April 2013.⁸³³ CNCE funds communication and outreach programs aimed at discouraging poppy cultivation, preventing drug use, and encouraging licit crops. According to INL, surveys indicate that the public messaging campaigns are having a slow but steady impact on Afghan attitudes about illicit narcotics.⁸³⁴ CNCE is in its third phase, which began May 2016 and ends November 2017.⁸³⁵

Colombo Plan: Instituted as a regional intergovernmental organization to further economic and social development, it was conceived at a conference held in Colombo, Sri Lanka (then Ceylon), in 1950 with seven founding-member countries. It has since expanded to 26 member countries. INL supports the Colombo Plan's Universal Treatment Curriculum, a national-level training and certification system for drug-addiction counselors aimed at improving the delivery of drug treatment services in Africa, Asia, and Latin America.

Source: The Colombo Plan Secretariat Website, "History," www.colombo-plan.org, accessed 7/1/2017; INL, *International Narcotics Control Strategy Report: Volume I, Drug and Chemical Control*, 3/2017, p. 26.

