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COUNTERNARCOTICS

KEY ISSUES AND EVENTS

Afghanistan's total area under opium cultivation and opium production reached an all-time high in 2017, according to the United Nations Office on Drugs and Crime's (UNODC) annual country opium survey. According to the November 2017 report, cultivation increased by 63% from the previous year to 328,000 hectares and production increased 87% to 9,000 tons. The total area under opium cultivation approaches the area of Rhode Island.) Cultivation expanded to new regions and intensified in areas previously under cultivation. Total eradication increased 111% to 750 hectares in 2017, but remained low, especially when compared to total opium cultivation levels.

Despite a U.S. investment of \$8.7 billion to counter Afghanistan's illicitnarcotics 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 in the country.⁷⁵⁹

The UNODC report said political instability and insecurity may have contributed to the expanded cultivation. Other factors might have included a cheaper harvest workforce in Helmand and improved agricultural techniques, such as solar panels to power irrigation.⁷⁶⁰

Under new authorities given by the Trump Administration to the U.S. military in its fight against insurgent and terrorist organizations, United States Forces-Afghanistan (USFOR-A), supporting the Afghan air force, targeted drug labs for the first time this quarter using B-52 bombers and other aircraft, including the F-22 Raptor fighter/ground-attack jet. ⁷⁶¹

From November through December 13, 2017, 25 drug labs have been destroyed. According to the U.S. Department of Defense (DOD), that equates to nearly \$80 million of drug money eliminated and \$16 million of direct revenue being denied to the Taliban. 762

The State Department's Bureau of South and Central Asian Affairs (SCA) failed to provide a response to SIGAR's request for an update on the counternarcotics strategy for Afghanistan. SIGAR has previously reported on the slow progress the U.S. government has made toward revising its counternarcotics strategy. The approval of a new U.S. counternarcotics strategy for Afghanistan has been on hold since 2015. 763

A November 2017 SIGAR Special Projects report found over \$9 million worth of DOD-purchased equipment to assist in the interdiction of illicit narcotics, precursor chemicals, and other illicit goods sat unused at several border locations.

Source: SIGAR 18-14-SP, DOD Procured Non-Intrusive Inspection Equipment: \$9.48 Million Worth of Equipment Sits Unused at Borders in Afghanistan, 11/2017, pp. 1–5.

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.

This quarter, the lower house of the Afghan parliament summoned Minister of Counter Narcotics Salamat Azimi and other Afghan government officials because of what they considered inadequate development budget spending: only 47% of the Ministry of Counter Narcotics (MCN)'s development budget from fiscal year (FY) 1395 (December 22, 2015–December 20, 2016) had been spent. Minister Azimi reported that the MCN had a \$23.3 million development budget for solar year 1395 (March 20, 2016–March 20, 2017), but donors later reduced that amount by \$7.3 million. She stated that 70% of the MCN budget had been spent. Eleven projects or 9.5% of its development budget could not be implemented due to insecurity.

Due to a lack of quorum, no decision was made on Minister Azimi's fate. In the past, the lower house has dismissed ministers who failed to spend enough of their development budget. The percentage has varied in recent years, but Speaker Abdul Rauf Ibrahimi stated officials who spent less than 60% of their development budget would continue to be summoned. ⁷⁶⁴

This reporting period, the Afghan government completed one of the seven counternarcotics benchmarks in the Afghanistan Compact, a non-binding, Afghan-led initiative designed to demonstrate the government's commitment to reforms. The Counter Narcotics High Commission led by the president, chief executive, or vice president is to meet quarterly. The meeting due by the end of November was held. The other benchmarks related to eradication, anti-money laundering, and counternarcotics community engagement are due January 2018. The interdiction benchmark consists of three indicators: two were completed in October and one regarding rewards for interdiction operations is outstanding.⁷⁶⁵

Between October 1 and December 18, 2017, Afghan law-enforcement personnel conducted 17 interdiction operations, four of which were combined U.S.-Afghan operations. Seizures included over 6,400 kilograms (kg) of opium, 145 kg of heroin, 85 kg of hashish, and 14 kg of precursor chemicals. ⁷⁶⁶ A kilogram is about 2.2 pounds.

In addition to exporting opiates, Afghanistan suffers from widespread illegal drug use. A U.S.-funded 2015 survey estimated approximately 11% of the population would test positive for drugs. Drug use among men, women and children is among the highest documented worldwide. ⁷⁶⁷ Afghans' illicit drug use spawns other crimes, funds the insurgency, and costs the Afghan government hundreds of millions of dollars in health care costs, crime prevention, and lost economic productivity. ⁷⁶⁸ After numerous drug addicts died in the capital, the Ministries of Public Health and Counter Narcotics launched a campaign in December 2017 gathering drug addicts in Kabul and offering them treatment. ⁷⁶⁹

On December 11, the foreign ministers of Russia, China, and India met in New Delhi at the 15th trilateral meeting to discuss the campaign against terrorism, drug trafficking, and the International North-South Transport

Corridor (INSTC) connecting India, Iran, Afghanistan, and Central Asia with Europe.⁷⁷⁰

UNODC also organized a regional alternative-livelihood conference on Afghanistan in November 2017 in Ashgabat, Turkmenistan. Representatives from Iran, Pakistan, and other nations and international organizations convened to discuss measures to promote alternative development and reduce opium poppy cultivation.⁷⁷¹

DRUG LAB BOMBING CAMPAIGN

In November 2017, General John W. Nicholson, Jr. announced that new authorities granted under the Trump Administration's new South Asia strategy allowed U.S. Forces-Afghanistan (USFOR-A) to attack insurgents' financial networks. (Previously, U.S. forces were restricted to defending Afghan forces.) In November, air strikes focused on drug labs in Helmand and were led by Afghan Security Forces using A-29s, with support from U.S. Air Force B-52s, F/A-18s, and other aircraft, including the F-22 Raptor. According to General Nicholson, 13 drug-trafficking organizations exist in Afghanistan and seven operate in Helmand.

One danger of a sustained air campaign is civilian casualties, which could erode support for the Afghan government and potentially increase support for the insurgency. The United Nations reported over 8,000 civilian casualties between January 1 and September 30, 2017. October and November were two of the deadliest months for civilians. Press reports stated several civilians were killed during the November bombings. The operations used the F-22, one of the "most advanced fighter aircraft" because of its ability to deliver munitions precisely, including 250-pound bombs to minimize collateral damage.

At a December briefing, Brigadier General Lance Bunch announced that the future operations directorate, recently created to synchronize campaigns between Resolute Support and Operation Freedom's Sentinel, had developed a sustained air interdiction campaign to target Taliban command centers, illicit revenue-generating ventures, and logistics networks. Brigadier General Bunch announced that 25 narcotics labs had been destroyed since the beginning of the campaign in November, which he said was the equivalent of nearly \$80 million eliminated from the drug-trafficking organizations while denying over \$16 million in direct revenue to the Taliban.

At the same December briefing, Brigadier General Bunch stated the operations also used high-mobility artillery-rocket systems (HIMARS),

air-refueling assets, intelligence-surveillance-reconnaissance assets, and other supporting assets. According to the latest DOD financial-management report, an F-22 costs between \$35,294 and \$36,799 per hour to operate; a B-52 between \$32,569 and \$34,341 per hour; and an F/A-18 between \$9,798 and \$16,173 per hour, depending on the model. By contrast, the labs being destroyed are cheap and easy to replace. Afghans told Reuters it would takes three or four days to replace a lab in Afghanistan. According to UNODC, the morphine/heroin labs need only simple equipment such as a stove, iron barrel, and locally made pressing machines. According to DOD, the value of seizures and destroyed equipment is based on DEA baselines.

The value of destroyed labs is assessed according to their size. DOD says the majority of a drug lab's value resides in the number of barrels it cooks and drug trafficking organizations can expect approximately \$205,000 in future revenue per barrel. The value of other destroyed infrastructure and material (structures, opium presses) is added to the total. From the information provided by DOD, it is unclear whether future revenue per barrel is calculated using price data on the export of opium and heroin, or using higher values in consumer markets outside Afghanistan. Law enforcement sources suggest that the Taliban only profit from the drug trade until the product is sold to drug trafficking organizations outside Afghanistan.

DOD cites DEA estimates that the Taliban receive a 20% cut from drug trafficking organizations. DOD determines the value that any struck target would provide to the drug trafficking organization and attributes 20% of that value to the Taliban. DOD's determination is thus based on potential, future revenue. SIGAR has no information on how DOD determines the quantity of the barrels at a particular location and whether the containers are full or empty. The potential revenue may never be realized within Afghanistan as the revenue will likely be realized outside the country. It is therefore unclear whether the DOD figure is an accurate estimate of how much revenue is eliminated by air strikes on drug labs.

Source: The White House, "Remarks by President Trump on the Strategy in Afghanistan and South Asia," 8/21/2017; Resolute Support, "Transcript of DOD Press Briefing with General John Nicholson, commander, U.S. Forces Afghanistan," 11/21/2017; OUSD, FY 2018 Department of Defense Fixed Wing and Helicopter Reimbursement Rates, 10/3/2017; United Nations, The situation in Afghanistan and its implications for international peace and security, report of the Secretary-General, 12/15/2017, p. 7; UNODC, Monitoring of Drug Flow in Afghanistan, 10/2007, p. 4; Washington Post, Sayed Salahuddin, "Reports suggest dozens of civilians killed in U.S. strikes in Afghanistan," 11/05/2017; VOA News, Ayaz Gul, "US. Afghan Airstrikes Destroy 9 Taliban Drug Labs in Afghanistan," 11/22/2017; Reuters, Mohammad Stanekzai and Girish Gupta, "U.S. strikes on Taliban opium labs won't work, say Afghan farmers," 11/23/2018; Former DEA official, correspondence with SIGAR, 1/2/2018; and USFOR-A, response to SIGAR data call, 1/15/2018.

SIGAR AUDIT

An ongoing SIGAR Lessons
Learned report is examining U.S.
counternarcotics efforts from 2002
through 2017. This comprehensive
review will incorporate satelliteimagery data analysis and provide
recommendations to policymakers to
improve future strategies and programs.

U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of December 31, 2017, the United States has provided \$8.7 billion for counternarcotics (CN) efforts in Afghanistan since 2002. Congress appropriated most CN funds for Afghanistan through the DOD 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).⁷⁷²

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).⁷⁷³

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.⁷⁷⁴

No Revised U.S. Counternarcotics Strategy

Approval of a new U.S. counternarcotics strategy for Afghanistan has been on hold since 2015. This quarter, the Bureau of South and Central Asian Affairs (SCA) failed to provide a response to SIGAR's request for an update on the status of the revised U.S. counternarcotics strategy. SCA deals with U.S. foreign policy and U.S. relations with Afghanistan and other Asian countries. Bureau of International Narcotics and Law Enforcement Affairs (INL) notified SIGAR in 2017 that the Special Representative for Afghanistan and Pakistan, which has been assimilated into SCA, was the entity to communicate with about the new strategy. INL told SIGAR this quarter that its programs continue to support Afghanistan's National Drug Action Plan (NDAP) and focus on eradication, interdiction, drug demand reduction, community information, and alternative development programs. INL also stated that the Administration's new South Asia strategy did not differ from INL priorities. TR

Opium Cultivation and Production Levels Reach New Heights

The United Nations Office on Drugs and Crime's (UNODC) released its annual country opium survey in November 2017. Cultivation increased 63% from 201,000 hectares in 2016 to 328,000 hectares, while production increased 87% from 4,800 to 9,000 tons. (One hectare is roughly 2.5 acres. The total area under opium cultivation approaches the size of Rhode Island.) All major poppy-growing provinces exhibited strong increases in cultivation. In Helmand, cultivation increased 79%, accounting for nearly half of the total national increase. Levels in Balkh increased by 10,000

hectares, or nearly five times more than in 2016. Kandahar levels increased 37% or by 7,500 hectares, Nimroz 116% or by 6,200 hectares, and Uruzgan levels rose 39% or by 6,000 hectares. 781

Cultivation expanded to new regions and the number of poppy-free provinces decreased from 13 to 10, as Ghazni, Samangan, and Nuristan Provinces lost their poppy-free status.⁷⁸²

The increase in opium production stems primarily from the increase in area under opium-poppy cultivation. Opium yields also increased. The average yield in 2017 was 27.3 kilograms per hectare, 15% higher than in 2016. According to UNODC, yields increased in southern, northeastern, and eastern regions of the country, but decreased in central and northern regions by 5% and 6%, respectively.⁷⁸³

UNODC says that multiple drivers, some complex and geographically diverse, influence farmers' decisions to grow opium. Political instability, security, and lack of government control play a major role. Scarce employment opportunities, lack of quality education, and limited access to markets and financial services increase the appeal of opium-poppy cultivation for farmers. The large increase in 2017 could have been fueled by a combination of events which may have exacerbated some of these elements.⁷⁸⁴

According to UNODC, additional factors played a role in Helmand Province. Cheaper labor became available at harvest time and, combined with the increased yields, could have prompted many farmers to take up or expand opium cultivation. Advances in agriculture, including solar panels for powering irrigation pumps, fertilizers, and pesticides, may have made opium-poppy cultivation more profitable even under unfavorable natural conditions. Solar panels require a sizable initial investment but have lower running costs than diesel-powered pumps and can be used to transform desert areas into productive arable land.⁷⁸⁵

The U.S. government's estimates for opium production and cultivation in 2017 are not yet available. $^{786}\,$

INTERDICTION AND ERADICATION

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

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



Trucks filled with a combined weight of approximately 3 tons of confiscated drugs get unloaded during a periodic drug burn at Bost Airfield, Afghanistan, Nov. 2, 2017. The Afghan National Police burned four years' worth of evidence from court cases in Helmand Province. This periodic burn included opium, heroin, hashish, various chemicals, alcohol and morphine. (U.S. Marine Corps photo by Sgt. Justin T. Updegraff)

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.⁷⁸⁷

"Revenue from drug trafficking, taxation/extortion, illicit mining/agriculture, and foreign financial support continues to sustain the insurgency and Afghan criminal networks," according to DOD. The CNPA, comprising regular narcotics police and specialized units, leads counternarcotics efforts among Afghan security forces. The Afghan Uniform Police and Afghan Border Police also participate in counternarcotic activities. The addition, the General Command of Police Special Units (GCPSU) conducts high-risk operations against terrorism, narcotics and organized crime. 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. The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat Provinces. The Technical Investigative Unit (TIU), a group within the SIU, operates the Judicial Wire Intercept Program (JWIP).

INL estimates that its total funding for operations and maintenance for the NIU and SIU is approximately \$26 million per year. Costs directly attributable to NIU and SIU include \$2.47 million in support of the JWIP program under an interagency agreement with DEA and \$425,000 per year for NIU salary supplements. SIU supplements are funded by DEA. 795 Salary supplements are used to attract and retain the most qualified and highly trained officers to the specialized units. Supplements are provided to all NIU



The Afghan National Police set fire to approximately three tons of confiscated drugs during a controlled drug burn at Bost Airfield, Afghanistan, Nov. 2, 2017. The ANP burned four years' worth of evidence from court cases in Helmand Province. This periodic burn included opium, heroin, hashish, various chemicals, alcohol, and morphine. (U.S. Marine Corps photo by Sgt. Justin T. Updegraff)

officers, from the police officer to the unit commander; the amount of the supplement is based on the individual's rank. POD provided \$675,000 for equipment to the NIU for 2017 and \$1 million for equipment to be delivered in 2019.

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.⁷⁹⁸ No eradication operations occurred between October 1 and December 18, 2017, as the opium harvest was completed last quarter. DOD lacked sufficiently reliable information to report on CNPA activities, allocation of their resources, or the results of their interdiction operations. However, DOD said historically, the use of CNPA personnel for non-CN missions has occurred frequently and CNPA staff posted to provincial-level police headquarters likely participated in non-CN missions this quarter.⁷⁹⁹

During the first quarter of FY 2018, most interdiction activities occurred in the capital and the eastern and southwest regions. These events included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. Between October and December 18, 2017, Afghan operations resulted in the following seizures and destruction of multiple drug labs: over 6,400 kg of opium, 145 kg of heroin, 85 kg of hashish, and 14 kg of precursor chemicals. OEA reported that 13 labs were destroyed, two high-value targets apprehended, and over \$950,000 in U.S. currency seized during the same period. In November, a Taliban financier evaded capture but the NIU seized \$30,000 in Pakistani rupees and destroyed approximately \$9.7 million of narcotics. The UN reports that Afghan law enforcement

TABLE 3.20

INTERDICTION RESULTS, FISCAL YEARS 2009–2018											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*	Total**
Number of Operations	282	263	624	669	518	333	270	190	156	17	3,458
Detainees	190	484	862	535	386	442	394	301	152	23	3,818
Hashish seized (kg)	58,677	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,327	85	1,123,237
Heroin seized (kg)	576	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,975	145	37,724
Morphine seized (kg)	5,195	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	0	172,872
Opium seized (kg)	79,110	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	6,408	461,849
Precursor chemicals seized (kg)	93,031	20,397	22,150	130,846	36,250	53,184	234,981	42,314	89,878	14	827,754

Note: The significant difference in precursor chemicals total seizures between 2014 and 2015 is due to a 12/22/2014 seizure of 135,000 kg of precursor chemicals.

Source: DOD, response to SIGAR data call, 7/29/2015, 7/20/2017, and 12/26/2017.

authorities seized 225 K-tablets (synthetic drugs), 76 vehicles, 20 weapons, and over a hundred mobile phones, and dismantled one heroin-processing laboratory between August 27 and October 31, 2017.⁸⁰²

As shown in Table 3.20, from 2008 through December 18, 2017, nearly 3,460 interdiction operations have resulted in the seizure of 461,849 kg of opium. However, these seizures over a nearly 10-year period, would account for less than 0.05% of the total opium produced in Afghanistan in 2017 alone. According to the 2017 Opium Survey by the UN Office on Drugs and Crime (UNODC), Afghanistan's potential opium production in 2017 was approximately 9,000 metric tons (or 9 million kg). 806

The United States is supporting Afghan CN missions through train, advise, and assist activities. DOD supports training and equipping the specialized CNPA units who investigate high-value targets and conduct drug-interdiction operations. Although this quarter's interdictions results decreased, DOD said that overall the specialized units within the CNPA have demonstrated a significant improvement in interdiction-operations

^{*} Results for period 10/1/2017-12/18/2017.

^{**} Includes FY 2008 results: 136 operations; 49 detainees; 241,353 kg of hash; 277 kg of heroin; 409 kg of morphine; 15,361 kg of opium; 4,709 kg of precursor chemicals.

tempo and effectiveness since they have been mentored by DEA and a U.S. Army Special Forces unit, starting in 2016.807

DOD created, equipped, and continues to provide training and maintenance support to the Special Mission Wing (SMW) to support CN and counter-terrorism (CT) operations. The SMW is the only Afghan National Defense and Security Forces (ANDSF) organization with night-vision, rotary-wing air assault, and fixed-wing intelligence, surveillance, and reconnaissance capabilities. According to DOD, the SMW will expand to include additional helicopter crews, consolidate the PC-12 aircraft into a new fixed-wing *kandak* (battalion), and create an aviation-support kandak. The SMW is essential to expanding the ability of the CN/CT units to engage high-value targets. The SMW is used by the Afghan Special Security Forces to conduct helicopter assault raids throughout the country.

More information on the SMW is available on pages 109-111 of this report.

Eradication Results

Governor-Led Eradication

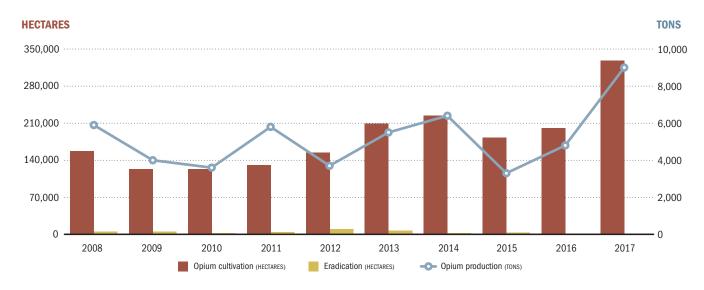
Under the Governor-Led Eradication (GLE) program, INL reimburses provincial governors \$250 for every UNODC-verified hectare of eradicated poppy. S12 This quarter, GLE resulted in 750 hectares eradicated in Nangarhar, Kandahar, Badakhshan, Balkh, Kunar, Kapisa, Laghman, Ghor, Herat, Badghis, Nimroz, Takhar, and Kabul Provinces. S13 The UN reported no eradication was carried out in the northern region for the past three years except for Sar-e Pul in 2015 and Balkh in 2017 (25 hectares). No eradication took place in the southern region in 2017 except for Kandahar where 48 hectares were eradicated. S14 Discussions are under way about eradication preparations for 2018. S15

INL has obligated and disbursed \$6.9 million to date since the program's inception. \$16 As Figure 3.52 on the next page illustrates, eradication efforts have minimal impact on curbing opium cultivation. The increase in cultivation reported this year is an indication of the limited Afghan government control, particularly in rural areas.

Good Performers Initiative

The INL-funded Good Performers Initiative (GPI) sought to incentivize provincial governors' counternarcotics and supply-reduction activities by supporting sustainable, community-led development projects in provinces that significantly reduced or eliminated poppy cultivation. However, GPI is no longer taking on new projects. According to INL, the program was deemed "ineffectual at curbing opium cultivation" in those provinces receiving awards. MCN's inability to adequately manage the program was also a factor in INL phasing out the program. No new GPI projects were approved

AFGHAN OPIUM CULTIVATION, ERADICATION, AND PRODUCTION SINCE 2008



Source: UNDOC, World Drug Report 2016, 5/2016, Annex, vii, ix, xii; UNODC, Afghanistan Opium Survey 2017: Cultivation and Production, 11/2017, pp. 5-6, 64-70, 71.

SIGAR SPECIAL PROJECT

In January 2018, SIGAR's Office of Special Projects issued a report on GPI infrastructure projects in Faryab Province. SIGAR inspected six projects completed at a cost of \$2.42 million and found that five of the six projects were located less than two kilometers from INL's reported geospatial coordinates. The sixth project was more than 50 kilometers away from its reported location. SIGAR found that the projects were completed and in usable condition. However, two facilities had roof leaks which could lead to other structural issues. The health clinic 50 kilometers away from the INL-provided coordinates calls into question whether the clinic is serving its intended population.

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 Afghan laws and regulations. $^{\rm 817}$

As of November 30, 2017, INL reported that 286 projects valued at \$126.3 million have been contracted. Of those, 262 projects have been completed and 24 are still in progress. S18 INL will continue to fund ongoing projects until their completion. S19 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 the Alternate Development section on page 203). BADILL is expected to follow through on INL's commitments to those provinces most affected by the GPI cancellation. S20

Ministry of Counter Narcotics Capacity-Building

Since 2008, INL has obligated \$35.8 million and spent \$27.7 million to build capacity at the Ministry of Counter Narcotics (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. 822

INL has another capacity-building program under the Colombo Plan whereby Asian University for Women (AUW) fellows from Kabul are assigned to the MCN. S23 Last quarter, the Colombo Plan selected the 10 AUW fellows and recruited the first MCN advisor who will assist in revising the National Drug Action Plan. S24

The MCN was the worst-performing Afghan government institution, according to a report released by the UN's Independent Administrative Reform and Civil Service Commission on October 3. The report found that reforms and recruitment have been "delicate" and many institutions have not met their recruitment targets during the first six months of the 1396 Afghan solar year (March 21, 2017–March 20, 2018). See INL has not yet received the second formal review of Afghanistan's National Drug Action Plan. The MCN is mandated to publish annual reports on its implementation.

ALTERNATIVE DEVELOPMENT

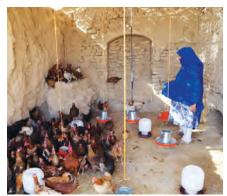
USAID's alternative-development (AD) programs support U.S. counternarcotics objectives by helping host countries develop economically viable alternatives to narcotics production. INL funding supports supply-reduction and alternative-development programs. INL holds biweekly meetings with USAID to coordinate their AD efforts and ensure that INL AD efforts complement and leverage ongoing USAID activities. 827 According to USAID, both agencies also attend AD program meetings with UNODC, the UN Development Programme (UNDP), the MCN, and the Ministry of Agriculture, Irrigation, and Livestock. 828

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. 829

USAID funded an examination of its strategic goals for Afghanistan's "Plan for Transition (2015–2018)" to help inform their first Afghanistan Country Development Cooperation Strategy. USAID examined strategy results, successes and challenges, and the factors that helped or hindered progress in various sectors, as well as coordination with the Afghan government and other stakeholders. The review revealed that "critical assumptions proved to be somewhat valid, or not valid at all." The assumption that the security environment around project areas would allow for activity implementation and monitoring was "not true to somewhat true." Projects in rural areas, particularly in the south were most affected by the security environment. 830

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: 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.



Woman poultry producer in Daman District, Kandahar Province. (USAID photo)

Other untrue assumptions were that neighboring countries would harmonize trade and transit policies with Afghanistan; that donors and private investors would make large-scale investments in transit infrastructure and logistics; and that the U.S. government and donors would fulfill security and civilian assistance commitments. Political turmoil in several Central Asian countries has hampered the harmonization of policies. A multi-donor trust fund and the Asian Development Bank have supported some infrastructure projects but large-scale investments by donors and private investors have not materialized. 831

USAID also found that the need for institutional capacity building at every level of governance continues to undermine development, although significant progress has been made. Progress in the livestock sector has been problematic because of poor genetic stock and difficulty establishing new veterinary field units. Interventions involving job creation in the agricultural sector have been constrained. Agricultural jobs are difficult to create due to improved technologies and management practices that increase productivity but decrease employment. Alternative development activities are negatively affected because of weak political will for eradication when required, and poor relationships to employment and income gains through value chains. 832

On January 16, USAID launched a three-year program called Promoting Value Chains-West in partnership with the Food and Agriculture Organization of the United Nations. The program will support agribusiness and livestock development in the provinces of Badghis, Farah, Herat, and Nimroz. Project beneficiaries will include small and medium enterprises, input suppliers, private service providers, traders, millers and processors, and producer groups. The program will ultimately benefit nearly 40,000 small farm owners from 5,700 enterprise households.⁸³³

Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a five-year, \$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. USAID awarded a two-year extension in 2016 to continue work in the three target districts of Zheray, Panjwayi, and Maywand. Development activities include rehabilitating irrigation infrastructure and existing orchards and vineyards, creating new orchards and vineyards, promoting the cultivation of off-season horticulture, marketing high-value crops, and developing agribusiness.⁸³⁴

Rehabilitation work took place on the Nakhonay, Khandaq, and Salawaat canals in Panjwayi District between October and December 2017. 835 According to the implementer, the lack of government capacity

to manage the Arghandab River basin as well as its inadequate irrigation budgets and maintenance make it difficult to implement equitable water distribution. Water users are supposed to register with the Directorate of Arghandab River Sub-Basin Authority (DARSA), which manages the release of water from the Dahla Dam. Farmers pay annual fees to mirabs, who are responsible for water allocation and minor canal repairs.⁸³⁶ The program identified 54 mirabs in the targeted districts from the Arghandab River and in 2015, developed a canal-maintenance plan in collaboration with DARSA. In December 2017, the implementer conducted field visits to the rehabilitated canals. The KFZ engineers found that works are progressing as planned and USAID said no problems have been identified in the reports. 837 In July 2017, DARSA met for the first time with mirabs from Do Aab, located at the end of the irrigation network in Panjwayi. Do Aab has about 1,225 farmers in 40 villages, cultivating approximately 1,400 hectares of land. The primary market for crops is Kandahar City. Access to water improved during the year because of rehabilitations in Do Aab. In 2016, water was only available for 40 days to Do Aab farmers.⁸³⁸ Since the Do Aab rehabilitation was completed in February 2017, USAID told SIGAR it was too early to quantify water-access improvements for 2017. The winter 2017–2018 season will be the first opportunity to gauge the impact of the canal rehabilitation; the information will be reported in the third quarter of FY 2018.839

In 2016, Kandahar provincial workers dug tube wells and installed pumps on 300 farms in two districts. The tube wells provided irrigation as of the 2016–2017 winter season; farmers grew wheat in the winter and fruit and vegetables in the summer. The stakeholders asked KFZ to provide training to those farmers during January 2018. 840

KFZ built 47 greenhouses during the second year of the program. Insurgents destroyed two of the greenhouses, and their continued presence precludes providing technical assistance to farmers. 841

The Ministry of Counter Narcotics (MCN) requested KFZ review its alternative-livelihood policies, identify the drivers of poppy cultivation, and upgrade its monitoring and evaluation system. The alternative-livelihood policy review began in June and was still ongoing by December 2017.⁸⁴²

Security in the province continued to deteriorate in FY 2017. The implementer relocated its Kandahar office to a secure facility to facilitate oversight by international staff. 843

Although USAID's implementing partner reported KFZ progress against many indicators, they also said 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. 844 USAID informed SIGAR that KFZ's 2017 fourth-quarter report was not approved because of issues concerning some

Mirabs: persons elected by water users and landowners who are responsible for allocating water from canals to farm fields and for routine and emergency canal maintenance and repairs. Farmers pay them annual fees for surface irrigation water. They organize labor provided by farmers and landowners to clean canals, collect extraordinary fees for minor canal repairs, and supervise the repairs.

Source: USAID, Kandahar Food Zone Program (KFZ) Year 5 Work Plan, August 31, 2014 to August 31, 2018, 9/21/2017, pp. 10–11.



Master trainer teaches local women to make various dairy products from cow's milk. (USAID photo)

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.

information presented. The report was sent back to KFZ and USAID is awaiting revision. $^{845}\,$

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. 846

RADP-East (RADP-E) is USAID's five-year, \$28.1 million program designed to expand sustainable agriculture-led economic growth in Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul Provinces. RADP-E will run through July 2021. RADP-E works with the private sector to identify constraints to business and value-chain performance, and implement market-based solutions. RADP-E is intended to increase the sales of agricultural goods and services by \$60 million by the final year of the program. Activities support the apricot, tomato, poultry, and dairy value chains.

The program has allotted \$2.5 million for a market development fund and \$1.7 million for training. The fund uses grants to build capacity across the public and private sectors, as well as civil society. Some of the program's goals for FY 2018 are to benefit 8,400 households, create 1,500 full-time jobs, have 15% of beneficiaries be female, and connect 250 small and medium-size enterprises to large firms. S48

During September and October 2017, RADP-E provided technical training to farmers; food and safety training to dairy suppliers, processors and wholesalers, and tomato-processing training to processors. The program provided several grants in July and August to support access to finance in all targeted value chains. ⁸⁴⁹ Despite several requests to USAID, SIGAR received no progress reports on RADP-E more recent than August 2017, though USAID's contracts mandate at least monthly reporting from implementers. As of December 31, 2017, approximately \$5.5 million has been disbursed. ⁸⁵⁰

RADP-North (RADP-N) is USAID's five-year, \$78.4 million program that is scheduled to end in May 2019. RADP-N invests in increased sustainability and profitability of wheat, high-value crops, and livestock value chains in rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces. For instance, during FY 2017, activity was compromised by a late start. The Ministry of Agriculture, Irrigation and Livestock (MAIL) locked up seed supply by issuing verbal and written instructions that seed companies not sell to the private sector, but rather hold their inventory for eventual

government purchase. MAIL also tendered for large purchases at inflated prices. As a result, the main period for seed sales was missed in many locations and beneficiaries were unable to buy seed suitable for their needs.⁸⁵²

During FY 2017, thanks to its business-development efforts, the program completed the sale of nearly 12.6 tons of wheat to farmers through district and village outlets, and marketing stops. 853 Mobile seed-marketing activities and village and district outlet transactions doubled in quantity from the previous year and resulted in nearly 31.5 tons sold to 841 farmers with a value of over AFN 940,000 (\$16,272). 854

The program also facilitated 39 contracts for 769 tons of wheat and flour valued at \$180,360 in sales and milling of grain. S55 During FY 2017, RADP-N converted 25 hectares of traditional vineyard into trellised vineyards in the five provinces and trained nearly 6,400 farmers, including 640 female farmers on improved agricultural vineyard techniques. F56 RADP-N selected five of the six target provinces as the most rational for further support on the grape value chain. The program cosponsored 16 agribusinesses to attend trade shows in India, Turkey, the United Arab Emirates, and in Afghanistan. Sales from these shows totaled over \$6.5 million, as of October 31, 2017.

Also during FY 2017, RADP-N renovated 100 butcher shops in all target provinces under the livestock value chain and distributed toolkits. Butchers were also trained on meat processing, slaughtering methods, hygiene, and animal diseases. The improved butcher shops have generated over \$2.5 million in sales according to USAID.⁸⁵⁹

USAID reviewed its development programs for Afghanistan's Plan for Transition (see page 157). Its review found that the gender work conducted under RADP-N was its "most significant achievement." The program was an early supporter of the first Women's Empowerment Working Group within the Ministry of Agriculture, Irrigation and Livestock in northern provinces. RADP-N also fosters the participation of women farmers in agricultural value chains, employment in agribusiness, and activities on hygiene and nutrition. Training events have benefitted 3,250 women. Support to kitchen gardens provides families with healthier and more balanced diets; the project has explored hydroponic gardens for women unable to work outside their homes. Seo As of December 31, 2017, USAID has disbursed approximately \$45.7 million for the program.

RADP-South (RADP-S) was USAID's \$125 million program that started in 2013 and was scheduled to end in October 2018. See USAID reduced program funding to \$111.4 million in October 2017 and terminated the program in November 2017. See The purpose of RADP-S was to improve food and economic security for rural Afghans in Kandahar, Helmand, Uruzgan, and Zabul Provinces. The program supported farmers and micro, small, medium, and large agribusinesses to improve production, processing, and commodity sales. See

SIGAR AUDIT

An ongoing SIGAR audit of USAID's Regional Agricultural Development Program (RADP) is examining the extent to which USAID and its contractors have successfully designed and implemented the program, and whether RADP has met its goals and objectives.

USAID recommends its termination because RADP-S had not met its targets of increasing productivity and increasing incomes. The regions targeted by RADP-S will be covered by new contracts from the Afghanistan Value Chains-Crops and Afghanistan Value Chains-Livestock programs. Since the program was not active during the first quarter of FY 2018, USAID did not provide any progress reports this quarter.⁸⁶⁵

According to USAID, the statement of objectives for both value-chain solicitations requires activity to take place "in all economic zones listed: North, South, East, and West." However, USAID's review of its development programs from 2015 to 2018 concluded that the assumption that the security environment around project areas would allow for implementation and monitoring was "not true to somewhat true." Projects in rural areas, particularly in the south, were most affected. International staff of large contractors have little ability to move inside and outside major urban centers, while international NGOs and local teams move cautiously, with many areas off-limits. Therefore, the new Afghanistan Value Chains programs may also not meet program productivity and income objectives. 866

As of December 31, 2017, approximately \$105 million has been disbursed for this program. $^{867}\,$

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a USAID-funded \$71.3 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. §68 In December, USAID increased the program cost from \$61.3 million to \$71.3 million and expanded program activities to Kandahar to focus on harvest quality, improve cold stores, introduce new grape varieties, expand exports to Central Asia, and overcome impediments to exports. §69

This quarter, CHAMP's implementer signed a contract with an Afghan agribusiness to establish a new trade office in Central Asia. CHAMP will pay all costs the first year, then reduce funding in the following two years. The trade office in Almaty, Kazakhstan opened in October 2017. CHAMP has trade offices in New Delhi and Dubai. THAMP conducted training and business-to-business meetings for over 110 commercial fruit producers, farmers, traders and workers from several provinces. CHAMP exported over 12.7 metric tons of dried and non-dried fruits, nuts and vegetables valued at \$17.4 million to the Netherlands, India, Iraq, Pakistan, Russia, and Turkey in October and November. The program participated in the October 18–20 Kabul International Ag-Fair and the November Indian International Trade Fair in New Delhi. CHAMP conducted training to female producers and participants from women-owned firms on food safety, harvest, hygiene, and small business skills. CHAMP also collaborated with

the Agriculture Development Fund to facilitate potential loans to Afghan exporters. CHAMP works to link trader and exporters with financial institutions to solve the problem of limited capital. ⁸⁷² As of December 31, 2017, approximately \$51.9 million has been disbursed. ⁸⁷³

Boost Alternative Development Intervention Through Licit Livelihoods

UNODC is the implementer of BADILL, an INL-funded program to strengthen and diversify licit livelihoods of small and marginal farmers by supporting horticulture value chains.⁸⁷⁴

INL has obligated \$20 million for BADILL and informed SIGAR in January 2017 that it had transferred all funds to UNODC. 875 Between July and September 2017, UNODC finished identifying implementing partners for small and large scale projects. Moreover, it completed procurement for three large projects in Helmand, Uruzgan and Nimroz Provinces, and a small project in Takhar Province. These projects will directly benefit 14,000 households, according to UNODC. During this period, coordination meetings with ministerial representatives and field visits with provincial stakeholders took place; public campaigns and counternarcotic messages were broadcast nationwide during the week of National Mobilization against Drugs held in July 2017 and on World Drug Day on June 26, 2017.876 The project organized exposure visits and market linkage events in India and Tajikistan. Exposure trips enable farmers and other stakeholders to observe and learn new agricultural techniques and marketing strategies. INL funding was not used for the exposure visits, though some participants came from the BADILL project area. Eight multi-year contracts and agreements were signed to export saffron and almond saplings.877

UNODC noted the security situation presents a continuing challenge. The security in Kabul and in the provinces has "deteriorated immensely in the last few months" limiting the mobility and accessibility of project staff. Some meetings with stakeholders had to be postponed and coordination among stakeholders at the central and provincial level is weak. 878

Community-Based Agriculture and Rural Development

INL has obligated and disbursed \$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. 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.⁸⁷⁹ In FY 2017, INL obligated an additional \$9.3 million for CBARD-West in September and \$22.1 million to UNDP for a new project, CBARD-East.⁸⁸⁰ CBARD-East and CBARD-West

will target additional communities and implement activities such as offfarm employment and access to finance.⁸⁸¹

CBARD-West project activities were slow to implement primarily due to its inception phase which lasted from January to September 2017. September 2017. During the inception phase, UNDP conducted workshops with stakeholders that led to project output recommendations and crop selection. Farmers, including women lead farmers, received business-development training for the first time that was focused on value chains and market analysis. In Badghis, the project established 84 greenhouses. The project also completed a review that showed annual turnover from a greenhouse is five to six times greater than that derived from the same area of land under poppy cultivation. CBARD also conducted a value chain study to identify gaps and opportunities of the selected crops and their potential impact on economic livelihood in the community.

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. S84 According to the UN, 0.6% of the global adult population suffer from drug use disorders. Opioids, including heroin, remain the most harmful drug type. S85 After numerous drug addicts died in the capital, the Ministries of Public Health and Counter Narcotics launched a campaign in December gathering drug addicts in Kabul and offering them treatment. S86

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. S87 The United States also funds an antidrug curriculum in Afghan schools, which has trained over 300 teachers and reached over 30,000 students. S88 INL will provide \$6.3 million in FY 2016 appropriated funds by March 2018. S89 INL also started a pilot rural treatment program in June in Jowzjan and Laghman Provinces, however activities have been delayed because of security and weather conditions. INL expects the program to roll out by February 2018.

Since 2015, INL has transitioned responsibility for 28 of the 86 U.S.-funded drug treatment centers in Afghanistan to the Ministry of Public Health (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. ⁸⁹¹ INL and the Colombo Plan continue revising the plan in accordance to the accelerated transition schedule. ⁸⁹² 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. ⁸⁹³ INL is currently using FY 2015 funds for drug-demand-reduction and will obligate \$8.5 million in FY 2016 funds during the second FY 2018 quarter. ⁸⁹⁴

The most frequent patients at the remaining 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. Selfor The residential treatment centers consist of 40 centers for adult males, eight for adult females, eight for children, five for adolescent males, and five for adolescent females. Selfor Twelve of the 44 home-based programs provide services to adult females.

INL said progress activity reports on the Colombo Plan were not available this quarter.

INL informed SIGAR this quarter that it no longer pays the salaries of clinical staff, who have all transferred to Afghan government control. INL has obligated approximately \$150.6 million for the Colombo Plan since 2008. 898

Counter-Narcotics Community Engagement

INL has obligated and spent \$12.7 million to fund its Counter-Narcotics Community Engagement (CNCE) program since the program began in April 2013. ⁸⁹⁹ 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. ⁹⁰⁰ The public health surveys conducted in 2014 indicate high exposure to anti-drug messaging, particular for messages related to health risks of drug use and addiction. ⁹⁰¹

CNCE is in its third phase, which began May 2016 and was scheduled to end in November 2017. INL extended the program at no cost until March 31, 2018, to complete activities that were postponed due to a six-month delay by MCN in issuing the contract to the implementer, Sayara Strategies. Between July 1 and September 30, 2017, Sayara Strategies worked to fully transition program activities to the MCN. It produced audience analysis reports, and organized community outreach events and new counternarcotics-themed billboards. For the audience analysis reports, Sayara has staff gather information and gauge perceptions on the state of counternarcotics policies and messaging; it assesses the effectiveness of campaigns with audience reports. Over 2,000 residents and community leaders participated in 15 community outreach events.