

# 3 RECONSTRUCTION UPDATE



# RECONSTRUCTION UPDATE CONTENTS

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Afghan troops form up for the arrival of U.S. Secretary of Defense James N. Mattis at the Presidential Office Building in Kabul, September 7, 2018, for meetings with Afghan officials. (DOD photo by Lisa Ferdinando)



## RECONSTRUCTION IN BRIEF

Section 3 of this quarterly report summarizes the key events of the reporting period as well as programs and projects concerning Afghanistan reconstruction across five sectors: Funding, Security, Governance, Economic and Social Development, and Counternarcotics.

### ELECTIONS HELD FOR THE LOWER HOUSE OF PARLIAMENT

- The Afghan government held the **long-delayed elections** for the lower house of parliament on **October 20 and 21, 2018**.
- **All provinces but Ghazni and Kandahar** participated in the election.
- Approximately **2,500 candidates competed for 249 seats** in the lower house of parliament.
- The **announced first-ever election** for district councils was **not held**.
- **At least 10 of the parliamentary candidates were killed** prior to the election.

### “TOUGH FIGHT” KEEPS THE ANDSF FROM IMPROVING SECURITY THIS QUARTER

- **General Austin Scott Miller**, the new commander of U.S. forces in Afghanistan, **escaped a Taliban attack unharmed on October 18**. General Abdul Raziq, Kandahar’s police chief, and Kandahar’s intelligence chief were both killed, and the provincial governor was wounded.
- In a major assault on **Ghazni City** over five days in mid-August, the **Taliban killed at least 100 ANDSF personnel and 150 civilians**.
- Though the exact numbers are classified, Resolute Support said that the average number of **ANDSF casualties from May 1 to October 1, 2018, is the greatest it has ever been** during like periods.
- As of July 2018, the **Afghan government’s control or influence of Afghanistan’s districts fell to the lowest level (55.5%)** since SIGAR began receiving the data in November 2015. The Afghan government controls or influences districts in which **about 65% of the population** lives, unchanged since October 2017.
- The ANDSF had **312,328 personnel in July 2018** (not including civilians), down 1,914 personnel since last quarter and down 8,827 personnel since the same period last year.

### DROUGHT STRIKES LARGE SWATHS OF AFGHANISTAN

- A drought has displaced more than **263,000 Afghans** in 2018.
- **Economic growth** for 2018 exclusive of opium is projected to be just 2.4%, while growth inclusive of the opium economy was 7.2% in 2017.
- Through the first two quarters of 2018, **licit exports grew by 33%**, compared to the same period last year.
- **Three major mining contracts** were signed by the Afghan government, but the legality of two of the contracts has been questioned by NGOs.

### NO NEW U.S. COUNTERNARCOTICS STRATEGY

- The U.S. government will not issue a new, **stand-alone counternarcotics strategy** for Afghanistan.
- The **Afghan government is developing a new regional drugs strategy** with support from the United Nations Office on Drugs and Crime (UNODC).
- The United States has **appropriated \$8.88 billion** for counternarcotic efforts since 2002.

### FUNDING AS OF SEPTEMBER 30, 2018

- **Cumulative appropriations** for reconstruction and related activities in Afghanistan since FY 2002 totaled approximately **\$132.07 billion**, of which \$112.12 billion, or **84.9%**, was appropriated to the seven major reconstruction funds.
- Of the amount appropriated to the **seven major funds** since FY 2002, approximately **\$11.79 billion** remained to be disbursed.
- The **cumulative appropriations** for reconstruction increased by **\$5.77 billion** during the quarter ending September 30, primarily because (1) the **DOD Appropriations Act, 2019**, signed into law on September 28, appropriated **\$4.93 billion** to two DOD reconstruction accounts for FY 2019; and (2) State and Congress agreed during the quarter on the allocation of foreign assistance account funds for Afghanistan for two reconstruction accounts managed by State and USAID totaling **\$0.70 billion** for FY 2018.

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# STATUS OF FUNDS

## 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 September 30, 2018, the United States had appropriated approximately \$132.07 billion for reconstruction and related activities in Afghanistan since FY 2002. This amount includes \$4.93 billion appropriated through the Department of Defense Appropriations Act, 2019, enacted into law on September 28, 2018, and providing funds for FY 2019. This total has been allocated as follows:

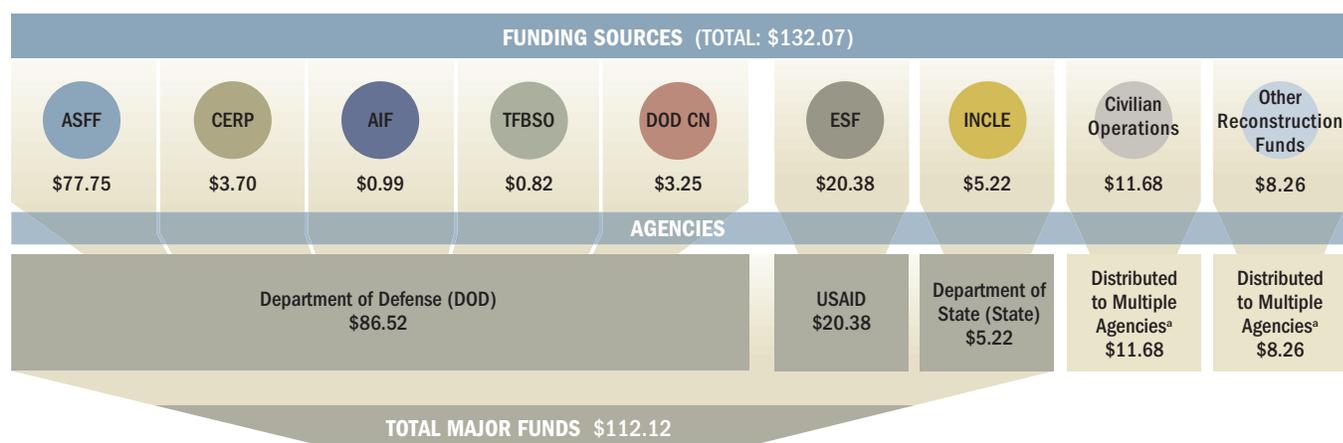
- \$83.14 billion for security (\$4.57 billion for counternarcotics initiatives)
- \$33.72 billion for governance and development (\$4.31 billion for counternarcotics initiatives)
- \$3.52 billion for humanitarian aid
- \$11.68 billion for civilian operations

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

- 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

FIGURE 3.1

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

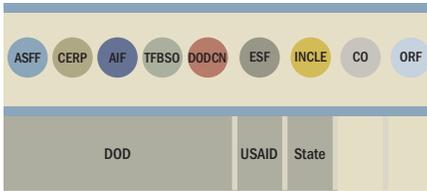


Note: Numbers have been rounded.

<sup>a</sup> Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, BBG, and SIGAR. See Appendix B for these agency appropriations.

Source: DOD, response to SIGAR data call, 10/18/2018, 10/15/2018, 10/8/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 10/19/2018, 10/5/2018, 1/10/2018, 10/11/2017, 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, 7/10/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 10/19/2018, 10/15/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DEA, response to SIGAR data call, 9/21/2018, 6/30/2018, and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2018," 10/18/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# STATUS OF FUNDS



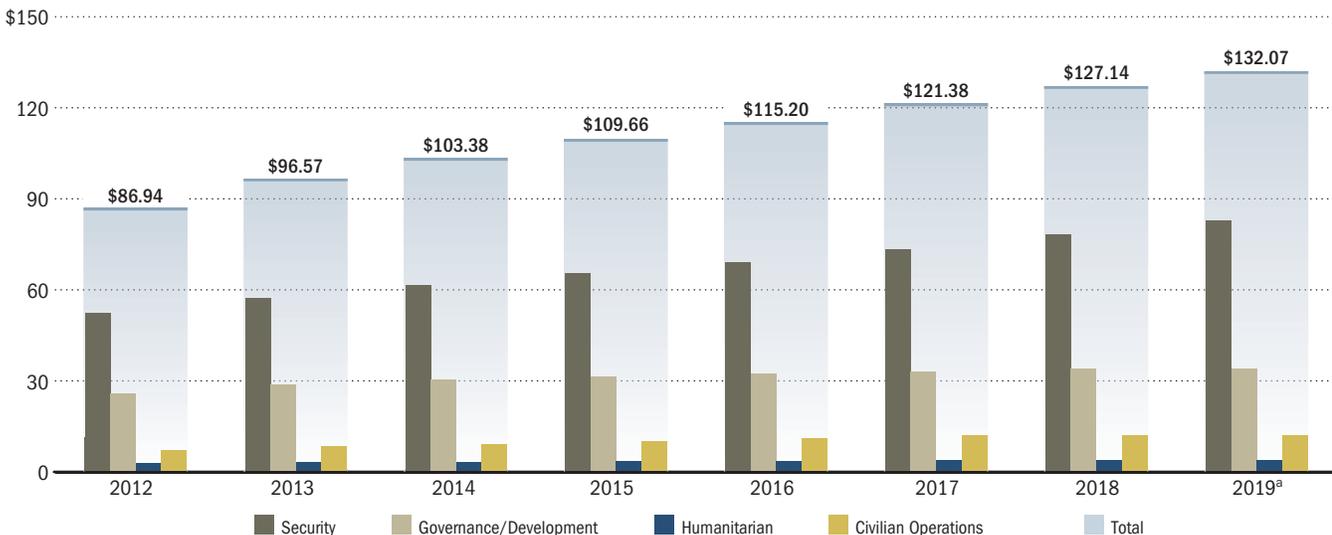
The amount provided to the seven major U.S. funds represents more than 84.9% (over \$112.12 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 89.1% (over \$99.88 billion) has been obligated, and over 84.6% (nearly \$94.91 billion) has been disbursed. An estimated \$5.43 billion of the amount appropriated for these funds has expired.

## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of September 30, 2018, cumulative appropriations for reconstruction and related activities in Afghanistan totaled approximately \$132.07 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction and related funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.88 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.57 billion) and governance and development (\$4.31 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

President Donald J. Trump signed the Consolidated Appropriations Act, 2018, on March 23, funding the U.S. government through the end of the fiscal year. The final allocations for the global foreign assistance accounts, principally the Department of State-managed International Narcotics Control and Law Enforcement (INCLE) account and the USAID-managed Economic Support Fund (ESF), were made to specific countries

FIGURE 3.2  
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY AS OF SEPTEMBER 30, 2018 (\$ 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, \$150 million from FY 2016 in Pub. L. No. 115-31, and \$100 million for FY 2017 in Pub. L. No. 115-141. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

<sup>a</sup> The Department of Defense Appropriations Act, 2019, was signed into law on September 28, 2018.

Source: DOD, response to SIGAR data call, 10/18/2018, 10/15/2018, 10/8/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 10/19/2018, 10/5/2018, 1/10/2018, 10/11/2017, 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, 6/25/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 10/19/2018, 10/15/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DEA, response to SIGAR data call, 9/21/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2018," 10/18/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

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including Afghanistan in the quarter ending September 30. At the end of the quarter, on September 28, President Trump signed the Department of Defense Appropriations Act, 2019, into law, providing specific appropriation amounts for the Afghanistan Security Forces Fund (ASFF) and the Commander's Emergency Response Program (CERP) for FY 2019. These appropriations totaled \$4.93 billion and are presented in Figure 3.3 for FY 2019.

Since 2002, the United States has provided nearly \$14.10 billion in on-budget assistance to the government of Afghanistan. This includes about \$9.05 billion to Afghan government ministries and institutions, and about \$5.05 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

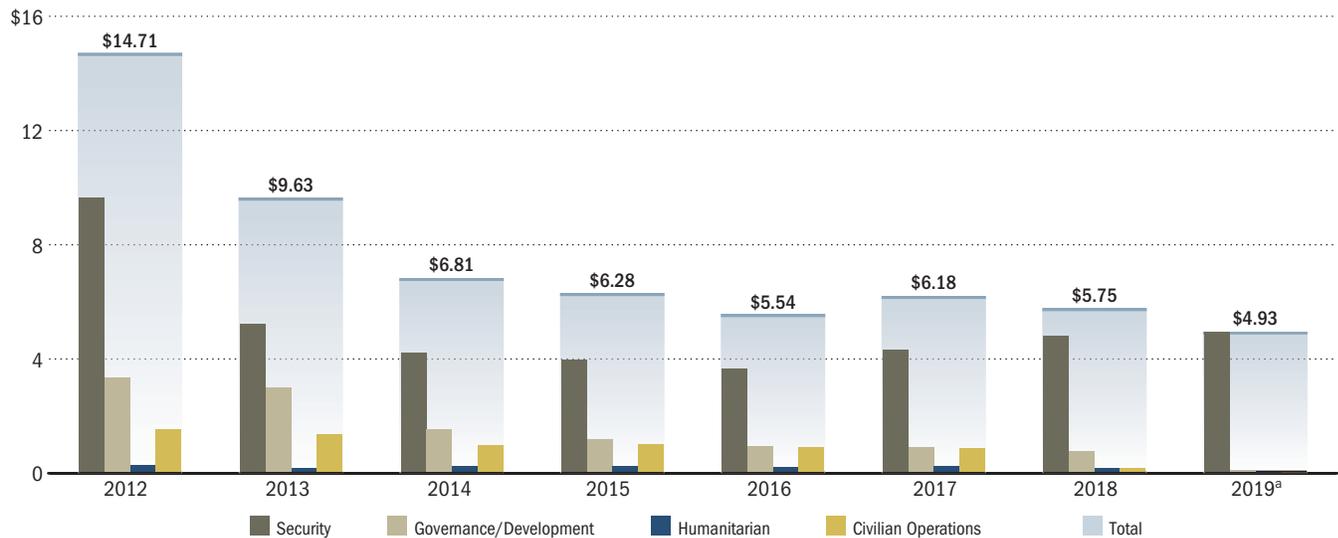
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
<b>Government-to-Government</b>	
DOD	\$8,277
State	85
USAID	684
<b>Multilateral Trust Funds</b>	
LOTFA	\$1,669
ARTF	3,228
AITF	154

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.

Source: USAID, response to SIGAR data call, 10/16/2018; State, response to SIGAR data call, 10/18/2018; DOD, response to SIGAR data call, 10/19/2018; World Bank, ARTF: Administrator's Report on Financial Status as of July 22, 2018 (end of 7th month of FY 1397), accessed 10/21/2018; UNDP, LOTFA Receipts 2002–2018, 10/19/2018.

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, \$150 million from FY 2016 in Pub. L. No. 115-31, and \$100 million for FY 2017 in Pub. L. No. 115-141. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

<sup>a</sup> The Department of Defense Appropriations Act, 2019, was signed into law on September 28, 2018.

Source: DOD, response to SIGAR data call, 10/18/2018, 10/15/2018, 10/8/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 10/19/2018, 10/5/2018, 1/10/2018, 10/11/2017, 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, 6/25/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 10/19/2018, 10/15/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DEA, response to SIGAR data call, 9/21/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2018," 10/18/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# STATUS OF FUNDS

## AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly \$132.07 billion for reconstruction and related activities in Afghanistan. Of this amount, \$112.12 billion (84.9%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

STATUS OF APPROPRIATED FUNDS (\$ BILLIONS)



TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2019 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$77.75	\$68.62	\$67.58	\$7.44
Commander's Emergency Response Program (CERP)	3.70	2.29	2.28	0.01
Afghanistan Infrastructure Fund (AIF)	0.99	0.78	0.76	0.02
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.65	0.00
DOD Drug Interdiction and Counter-Drug Activities (DOD CN)	3.25	3.25	3.25	0.00
Economic Support Fund (ESF)	20.38	19.23	16.16	3.45
International Narcotics Control & Law Enforcement (INCLE)	5.22	4.96	4.23	0.86
<b>Total Seven Major Funds</b>	<b>112.12</b>	<b>\$99.88</b>	<b>\$94.91</b>	<b>\$11.79</b>
Other Reconstruction Funds	8.26			
Civilian Operations	11.68			
<b>Total</b>	<b>\$132.07</b>			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$5.4 billion that expired without 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, 10/23/2018.

As of September 30, 2018, approximately \$11.79 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 Afghan National Defense and Security Forces (ANDSF); complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

The total amount remaining to be disbursed increased by \$5.77 billion during the quarter ending September 30, primarily because (1) the Department of Defense Appropriations Act, 2019, signed into law on September 28, appropriated \$4.93 billion to the Afghanistan Security Forces Fund (ASFF) and the Commander's Emergency Response Program (CERP) for FY 2019; and (2) the Department of State and Congress agreed during the quarter through the Section 653(a) consultation process on the allocation of foreign assistance accounts for Afghanistan for the International

# STATUS OF FUNDS

Narcotics Control and Law Enforcement (INCLE) account and the Economic Support Fund (ESF) totaling \$0.70 billion for FY 2018.

Congress appropriated more than \$20.26 billion to the seven major reconstruction funds for fiscal years 2014 through 2017: \$5.63 billion for FY 2014, \$5.03 billion for FY 2015, \$4.49 billion for FY 2016, and \$5.11 billion for FY 2017. Of the combined total, more than \$3.11 billion remained for possible disbursement, as of September 30, 2018, as shown in Table 3.3 and Figure 3.5.

TABLE 3.3

FY 2014–2017 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$15,566.65	\$15,206.77	\$14,643.21	\$608.73
CERP	50.00	16.02	15.13	0.89
AIF	144.00	130.23	118.38	11.85
TFBSO	122.24	103.70	86.00	17.70
DOD CN	513.33	513.33	513.33	0.00
ESF	3,022.17	2,988.00	956.90	1,913.93
INCLE	845.00	864.51	284.91	556.13
<b>Total Seven Major Funds</b>	<b>\$20,263.39</b>	<b>\$19,822.55</b>	<b>\$16,617.87</b>	<b>\$3,109.23</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$536 million that expired without 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, 10/23/2018.

Congress appropriated more than \$10.38 billion to five of the seven major reconstruction funds for FY 2018 and FY 2019. Of that amount, more than \$7.33 billion remained for possible disbursement, as of September 30, 2018, as shown in Table 3.4 and Figure 3.6.

TABLE 3.4

FY 2018–2019 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$9,586.82	\$3,241.99	\$2,923.02	\$6,663.80
CERP	15.00	5.00	3.01	11.99
DOD CN	121.54	121.54	118.01	3.54
ESF	500.00	0.00	0.00	500.00
INCLE	160.00	7.58	6.95	153.05
<b>Total Major Funds</b>	<b>\$10,383.36</b>	<b>\$3,376.11</b>	<b>\$3,050.98</b>	<b>\$7,332.38</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds. 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, 10/23/2018.

FIGURE 3.5

STATUS OF APPROPRIATED FUNDS, FY 2014–2017 (\$ BILLIONS)

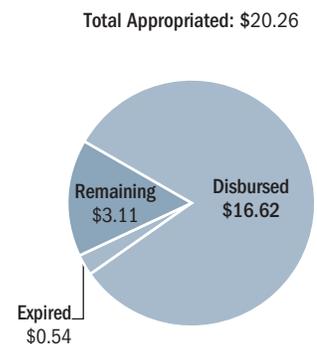
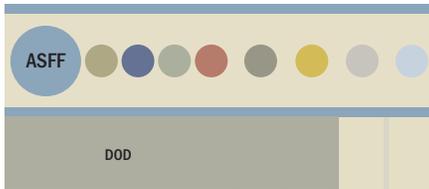


FIGURE 3.6

STATUS OF APPROPRIATED FUNDS, FY 2018–2019 (\$ BILLIONS)



# STATUS OF FUNDS



## 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

Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.<sup>41</sup> The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan (CSTC-A).<sup>42</sup> A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.<sup>43</sup>

The Consolidated Appropriations Act, 2018, enacted on March 23, appropriated nearly \$4.67 billion for the ASFF for FY 2018, increasing total cumulative funding to more than \$72.83 billion. President Donald J. Trump subsequently signed into law the Department of Defense Appropriations Act, 2019, on September 28, providing an additional appropriation for the ASFF of \$4.92 billion for FY 2019, as shown in Figure 3.7. As of September 30, 2018, cumulative appropriations for ASFF reached \$77.75 billion, with more than \$68.62 billion in funding having been obligated, and nearly \$67.58 billion having been disbursed, as shown in Figure 3.8.<sup>44</sup>

DOD reported that cumulative obligations increased by more than \$1.08 billion during the quarter ending September 30, 2018, and cumulative disbursements increased by more than \$1.16 billion.<sup>45</sup>

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

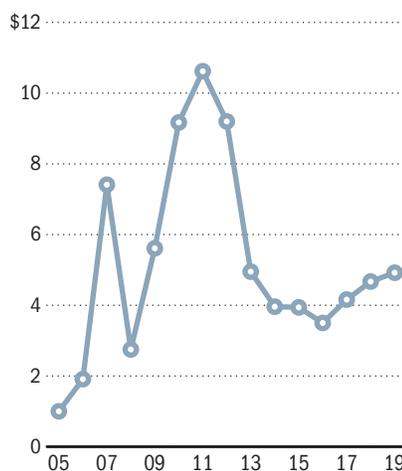
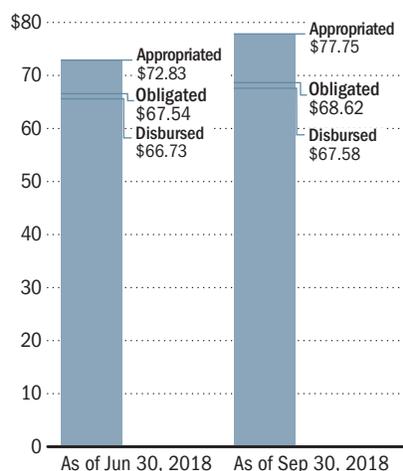


FIGURE 3.8

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. DOD reprogrammed \$230 million into FY 2015 ASFF. Pub. L. No. 115-141 rescinded \$100 million from FY 2017. 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.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2018," 10/18/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018," 7/17/2018; Pub. L. Nos. 115-141, 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 allocated funds to three budget activity groups within the ASFF through September 30, 2018:

- 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**: Sustainment, Infrastructure, Equipment and Transportation, and Training and Operations.<sup>46</sup> 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.<sup>47</sup>

As of September 30, 2018, DOD had disbursed nearly \$67.58 billion from ASFF. Of this amount, nearly \$45.99 billion was disbursed for the ANA, and nearly \$21.24 billion was disbursed for the ANP; the remaining \$388.74 million was directed to related activities such as detainee operations. The combined total—\$67.61 billion—is about \$36.44 million higher than the cumulative total reported as disbursed due to an accounting adjustment which arises when there is a difference between the amount of disbursements or collections reported to the Defense Finance and Accounting Service and the Department of the Treasury.<sup>48</sup>

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than \$22.22 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$9.18 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.<sup>49</sup>

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

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

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

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA  
BY SUBACTIVITY GROUP,  
FY 2005–SEPTEMBER 30, 2018 (\$ BILLIONS)

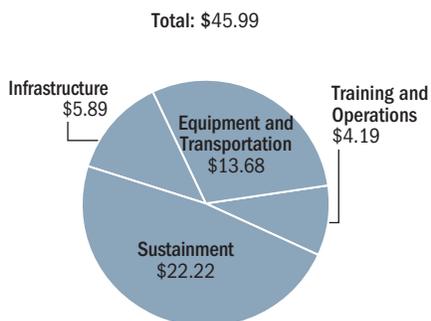
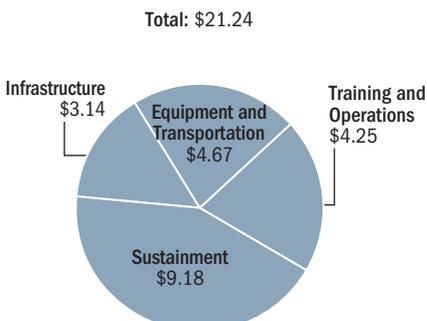


FIGURE 3.10

ASFF DISBURSEMENTS FOR THE ANP  
BY SUBACTIVITY GROUP,  
FY 2005–SEPTEMBER 30, 2018 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2018," 10/18/2018.

# STATUS OF FUNDS

## New ASFF Budget Activity Groups for FY 2019

The DOD ASFF budget request for FY 2019, submitted to Congress in February 2018, restructures the Afghan National Army (ANA) and Afghan National Police (ANP) budget activity groups (BAGs) to better reflect the ANDSF force structure and new budget priorities. In FY 2018 and previous years, all costs associated with the Afghan Air Force (AAF) fell under the ANA BAG and costs for the Afghan Special Security Forces (ASSF) were split between the ANA and ANP BAGs. Table 3.5 below presents the FY 2019 budget request for the ANA, ANP, AAF, and ASSF by their separate BAGs, and Table 3.6 on the opposite page compares the FY 2018 and FY 2019 budget requests when presented on a basis comparable to the original FY 2018 budget request.<sup>50</sup>

## NATO ANA Trust Fund

The DOD ASFF budget requests for FY 2018 and FY 2019 present planned contributions by the NATO ANA Trust Fund (NATF) to ASFF for administration by the DOD. The NATF has received contributions from 33 NATO members and other partners (but not the U.S.) to support the ANDSF with a focus on the ANA.<sup>51</sup> The NATF has contributed nearly \$1.50 billion to ASFF for the completion of specific projects funded by donor nations through September 30, 2018, and ASFF has returned \$366.8 million of these funds following the cancellation or completion of these projects. Not all of the \$2.4 billion in donated funds received by the NATF are forwarded to ASFF for execution; approximately 40% of these funds are executed through the NATO Support and Procurement Agency (NSPA).<sup>52</sup>

TABLE 3.5

<b>ASFF BUDGET REQUEST FOR FY 2019 BY NEW BUDGET ACTIVITY GROUPS (\$ MILLIONS)</b>					
<b>Budget Sub-Activity Group</b>	<b>Afghan National Army</b>	<b>Afghan Air Force</b>	<b>Afghan Special Security Forces</b>	<b>Afghan National Police</b>	<b>Total</b>
Sustainment	\$1,554.3	\$932.3	\$353.7	\$537.6	<b>\$3,377.9</b>
Infrastructure	137.7	30.4	43.1	43.0	<b>254.2</b>
Equipment and Transportation	71.9	572.3	151.8	14.6	<b>810.6</b>
Training and Operations	165.1	267.2	153.4	171.2	<b>756.9</b>
<b>Total</b>	<b>\$1,929.0</b>	<b>\$1,802.1</b>	<b>\$702.0</b>	<b>\$766.3</b>	<b>\$5,199.5</b>

Note: Numbers have been rounded.

Source: Office of the Secretary of Defense, Department of Defense Budget, Justification for FY 2019 Overseas Contingency Operations (OCO), Afghanistan Security Forces Fund (ASFF), February 2018.

# STATUS OF FUNDS

TABLE 3.6

<b>ASFF BUDGET REQUESTS FOR FY 2018 AND FY 2019</b> (\$ MILLIONS)		
<b>DOD ASFF Budget Request Line items</b>	<b>FY 2018 Budget Request (Former Basis<sup>1</sup>)</b>	<b>FY 2019 Budget Request (Comparable Basis<sup>1</sup>)</b>
<b>Total U.S.-Funded Portion of ASFF</b>	<b>\$4,937.5</b>	<b>\$5,199.5</b>
<b>Afghan National Army, Total</b>	<b>3,771.8</b>	<b>4,310.2</b>
<b>Sustainment, Total</b>	<b>2,660.9</b>	<b>2,744.8</b>
Personnel	540.3	743.0
Ammunition and Ordnance <sup>2</sup>	200.0	298.1
Air Force Sustainment <sup>3</sup>	936.1	875.0
Petroleum, Oil, and Lubricants <sup>4</sup>	185.6	244.9
Vehicles Sustainment	176.8	89.3
All Other	685.9	494.5
<b>Equipment and Transportation, Total</b>	<b>684.8</b>	<b>754.9</b>
Air Force Equipment and Transportation	533.7	570.0
Vehicles	142.0	95.0
All Other	9.1	89.9
<b>Training and Operations, Total</b>	<b>405.1</b>	<b>584.5</b>
Air Force Training	184.8	263.3
Other Training	218.4	282.6
All Other	2.0	38.6
<b>Infrastructure, Total</b>	<b>21.0</b>	<b>206.1</b>
<b>Afghan National Police, Total</b>	<b>1,165.8</b>	<b>889.2</b>
<b>Sustainment, Total</b>	<b>955.6</b>	<b>613.1</b>
Personnel and Forces	306.1	123.2
Logistics	128.6	202.2
Facilities	109.3	118.3
All Other	411.6	169.3
<b>Equipment and Transportation, Total</b>	<b>76.0</b>	<b>55.7</b>
<b>Training and Operations, Total</b>	<b>94.6</b>	<b>172.3</b>
<b>Infrastructure, Total</b>	<b>39.6</b>	<b>48.1</b>
<b>Total NATO ANA Trust Fund-Funded Portion of ASFF<sup>5</sup></b>	<b>\$367.0</b>	<b>\$397.3</b>
<b>Afghan National Army</b>	<b>323.3</b>	<b>N/A</b>
<b>Afghan National Police</b>	<b>43.7</b>	<b>N/A</b>

Note: Numbers have been rounded.

<sup>1</sup> The budget request for FY 2019 presents the Afghan Air Force (AAF) and Afghan Special Security Forces (ASSF), the newly created Budget Activity Groups (BAGs), as if combined with the Afghan National Army (ANA) and Afghan National Police (ANP) on a comparable basis to the budget request for FY 2018.

<sup>2</sup> Ammunition and Ordnance combines several line items for Air Force and Combat Forces.

<sup>3</sup> Air Force Sustainment minus Air Force Personnel, Ammunition and Ordnance, and Petroleum, Oil, and Lubricants.

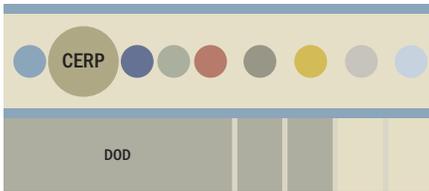
<sup>4</sup> Petroleum, Oil, and Lubricants for Air Force and Logistics.

<sup>5</sup> The FY 2019 budget request for the NATO ANA Trust Fund is not allocable between the ANA and ANP as presented.

Source: Office of the Secretary of Defense, Department of Defense Budget, Justification for FY 2019 Overseas Contingency Operations (OCO), Afghanistan Security Forces Fund (ASFF), February 2018.

The Consolidated Appropriations Act, 2018, enacted on March 23, 2018, appropriated \$4,666.8 million for ASFF, or \$270.7 million below the FY 2018 budget request, and the Department of Defense Appropriations Act, 2019, enacted on September 28, 2018, appropriated \$4,920.0 million for ASFF, or \$279.5 million below the FY 2019 budget request.

# STATUS OF FUNDS



## 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.<sup>53</sup> CERP-funded projects may not exceed \$2 million each.<sup>54</sup>

The Consolidated Appropriations Act, 2018, appropriated \$5.0 million for CERP for FY 2018, and the Department of Defense Appropriations Act, 2019, doubled the appropriation to \$10.0 million for FY 2019, increasing total cumulative funding to more than \$3.70 billion.<sup>55</sup> Of this amount, DOD reported that nearly \$2.29 billion had been obligated, of which more than \$2.28 billion had been disbursed as of September 30, 2018.<sup>56</sup> Figure 3.11 shows CERP appropriations by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.11

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

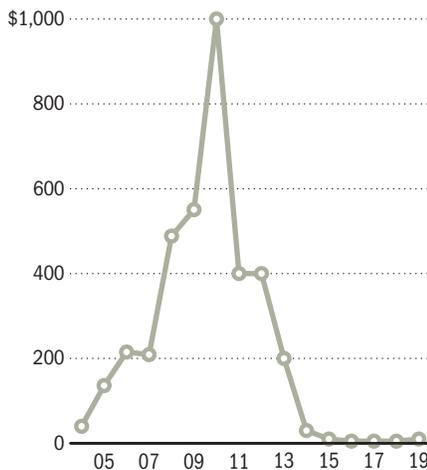


FIGURE 3.12

**CERP FUNDING ACTIVITY, FY 2016-2019**  
(\$ MILLIONS)



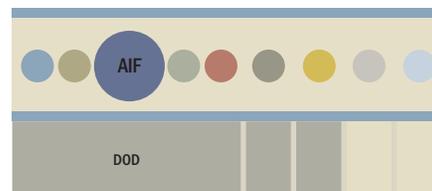
Note: Numbers have been rounded. Data may include interagency transfers. Analysis includes data from a draft DOD financial report because the final version had not been completed when this report went to press.

Source: DOD, response to SIGAR data call, 10/15/2018 and 7/11/2018; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 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 counterinsurgency strategy in Afghanistan.<sup>57</sup> The AIF received appropriations from FY 2011 through FY 2014. Although the AIF no longer receives appropriations, up to \$50 million of funds appropriated under the Overseas Contingency Operations/Global War on Terror title may be used to complete these projects. DOD has only once used non-AIF monies to complete an AIF project, transferring \$3.38 million of FY 2017 ASFF funds to complete Phase One of the Northeast Power System Arghandi-to-Gardez transmission line project.<sup>58</sup>

The AIF received cumulative appropriations of over \$1.32 billion; however, \$335.50 million of these funds were transferred to the ESF for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to \$988.50 million.<sup>59</sup> Figure 3.13 shows AIF appropriations by fiscal year. As of September 30, 2018, nearly \$784.16 million of total AIF funding had been obligated, and nearly \$760.13 million had been disbursed, as shown in Figure 3.14.<sup>60</sup>



### AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

FIGURE 3.13

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

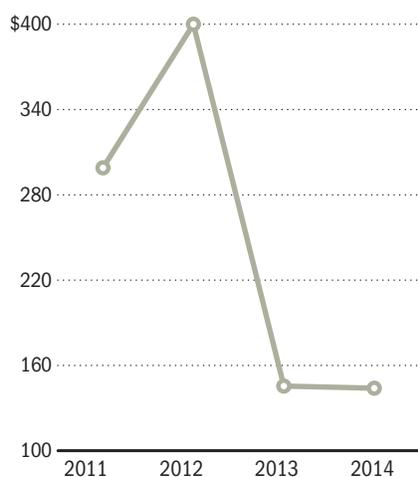
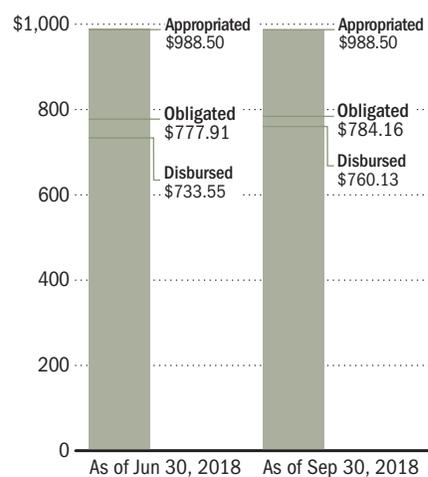


FIGURE 3.14

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



Note: Numbers have been rounded. 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 September 2018," 10/18/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2018," 7/17/2018; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

# STATUS OF FUNDS



## TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

## TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.<sup>61</sup>

Through September 30, 2018, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, nearly \$751.61 million had been obligated and more than \$648.92 million had been disbursed.<sup>62</sup> Figure 3.15 displays the amounts appropriated for the TFBSO by fiscal year, and Figure 3.16 provides the cumulative amount of funds appropriated, obligated, and disbursed for the TFBSO and its projects.

FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR (\$ MILLIONS)

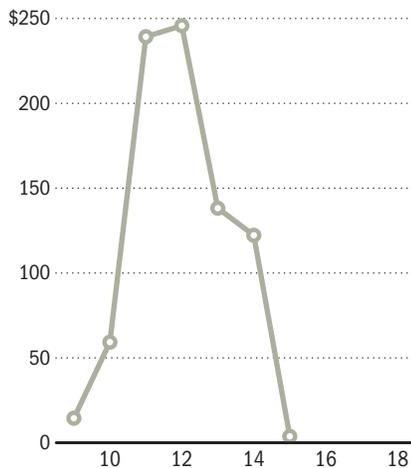
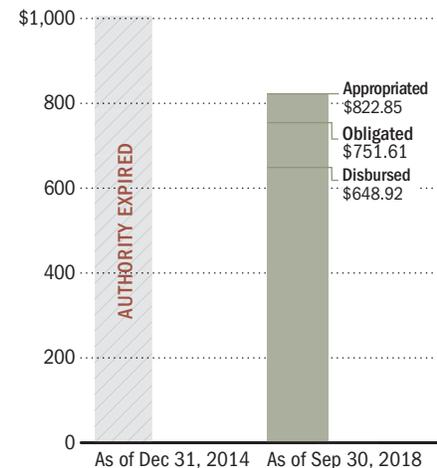


FIGURE 3.16

TFBSO FUNDS, CUMULATIVE APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)



Note: Numbers have been rounded. TFBSO authorities expired on December 31, 2014. Of the \$822.85 million appropriated the TFBSO, \$366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

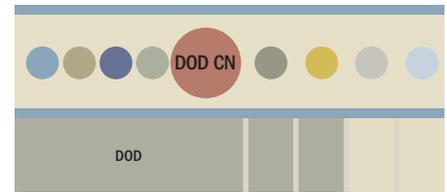
Source: DOD, response to SIGAR data calls, 10/18/2018, 10/12/2017, 7/17/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, 112-10.

## DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-Drug Activities (DOD CN) fund supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law-enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.<sup>63</sup>

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-Narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.<sup>64</sup>

DOD reported that DOD CN received more than \$121.54 million for Afghanistan for FY 2018, bringing cumulative funding for DOD CN to more than \$3.25 billion since FY 2004. Of this amount, more than \$2.99 billion had been transferred to the military services and defense agencies for DOD CN projects, as of September 30, 2018.<sup>65</sup> Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



### DOD CN FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

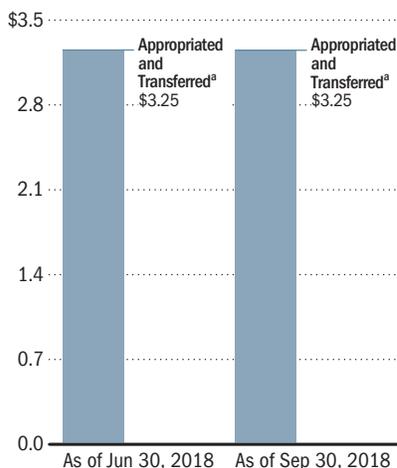
FIGURE 3.17

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



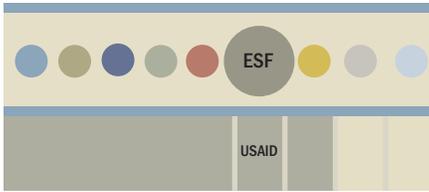
FIGURE 3.18

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



Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.  
<sup>a</sup> DOD reprograms all DOD CN funds to the military services and defense agencies for obligation and disbursement.  
 Source: DOD, response to SIGAR data calls, 10/8/2018 and 7/9/2018; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

# STATUS OF FUNDS



## 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 counterterrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.<sup>66</sup>

The ESF was allocated \$500.00 million for Afghanistan for FY 2018 through the Section 653(a) consultation process between Congress and the Department of State concluding in the quarter ending September 30, 2018. This allocation brings cumulative funding to more than \$20.38 billion, including amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, nearly \$19.23 billion had been obligated, of which nearly \$16.16 billion had been disbursed.<sup>67</sup> Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations increased by more than \$774.85 million for the quarter ending September 30, 2018, and cumulative disbursements increased by more than \$133.40 million over the quarter.<sup>68</sup> Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs over the past two quarters.

FIGURE 3.19

**ESF APPROPRIATIONS BY FISCAL YEAR**  
(\$ BILLIONS)

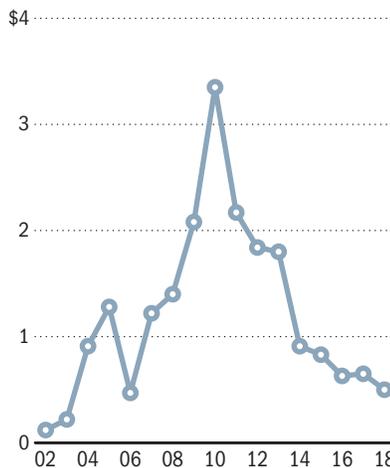
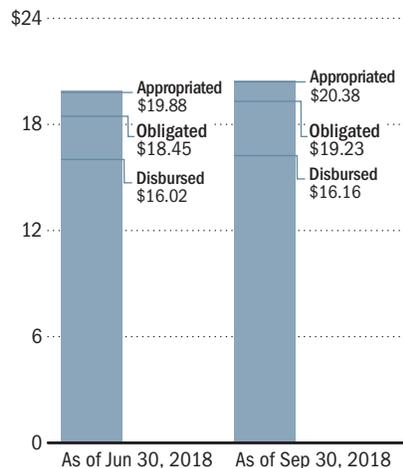


FIGURE 3.20

**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. FY 2016 ESF for Afghanistan was reduced by \$179 million and put toward the U.S. commitment to the Green Climate Fund.

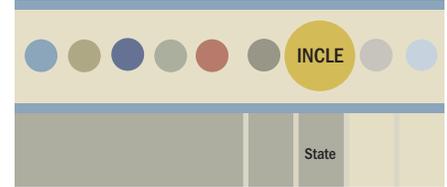
Source: USAID, response to SIGAR data calls, 10/15/2018 and 7/9/2018; State, response to SIGAR data calls, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

## 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 the rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counternarcotics, and rule of law and justice.<sup>69</sup>

The INCLE account was allocated \$160.00 million for Afghanistan for FY 2018 through the Section 653(a) consultation process between Congress and the Department of State concluding in the quarter ending September 30, 2018. This allocation brings cumulative funding to more than \$5.22 billion, of which over \$4.96 billion has been obligated and nearly \$4.23 billion has been disbursed. Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of September 30, 2018, increased by \$166.31 million and cumulative disbursements increased by nearly \$59.06 million over amounts reported last quarter.<sup>70</sup> Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



### INL FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

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

FIGURE 3.21

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

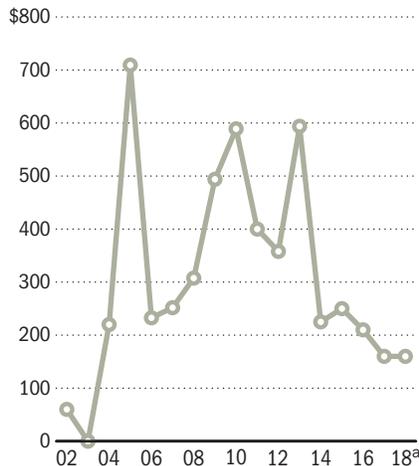
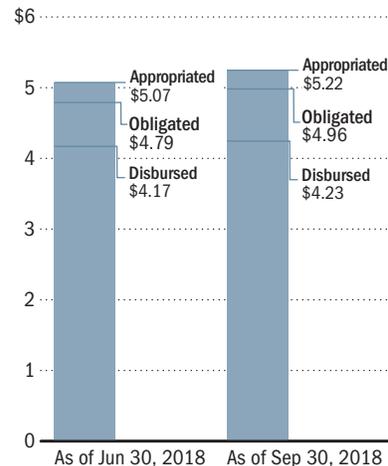


FIGURE 3.22

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



Note: Numbers have been rounded. Data may include interagency transfers.

<sup>a</sup> FY 2018 figure reflects amount made available for obligation under continuing resolutions. The FY 2018 allocation for Afghanistan had not been determined.

Source: State, response to SIGAR data call, 10/19/2018, 7/10/2018, and 10/10/2017.

# STATUS OF FUNDS

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

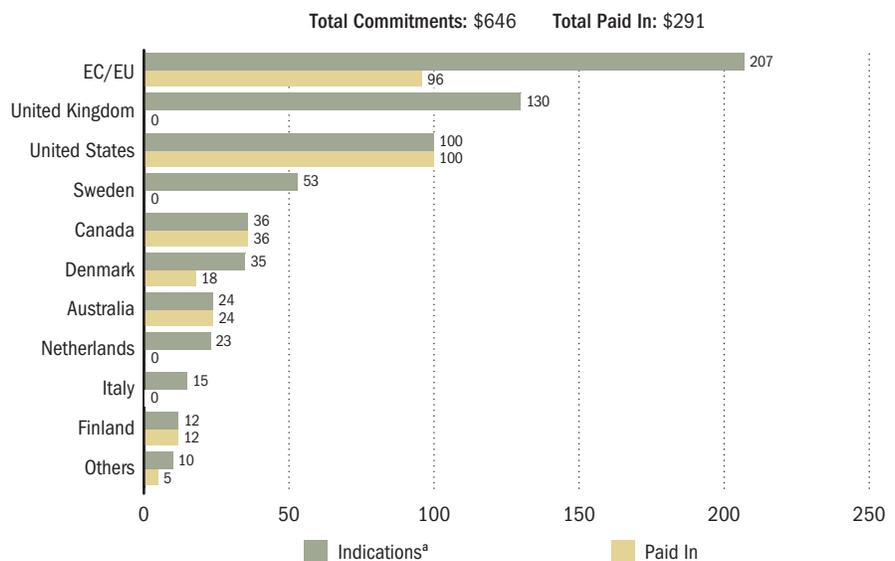
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. Most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).<sup>71</sup>

### Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to July 22, 2018, the World Bank reported that 34 donors had pledged more than \$11.00 billion, of which nearly \$10.65 billion had been paid in.<sup>72</sup> According to the World Bank, donors had indicated contributions of \$646.11 million to the ARTF for Afghan fiscal year 1397, which runs from December 22, 2017, to December 21, 2018.<sup>73</sup> Figure 3.23 shows the 10 largest donors to the ARTF for FY 1397. Contributions are recorded as indicated when written notification is received from the ARTF partners indicating intent to contribute a specified amount.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1397 BY DONOR AS OF JULY 22, 2018 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1397 = 12/22/2017–12/21/2018.

<sup>a</sup> Contributions are recorded as indicated when written notification is received from the ARTF partners indicating intent to contribute a specified amount.

Source: World Bank, ARTF: Administrator's Report on Financial Status as of July 22, 2018 (end of 7th month of FY1397), p. 1.

# STATUS OF FUNDS

As of July 22, 2018, the United States had indicated and paid in over \$3.23 billion since 2002.<sup>74</sup> 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.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.<sup>75</sup> As of July 22, 2018, according to the World Bank, nearly \$4.99 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.<sup>76</sup> The RC Window supports the operating costs of the Afghan government because the government's domestic revenues continue to be insufficient to support its recurring costs.<sup>77</sup>

The Investment Window supports the costs of development programs. As of July 22, 2018, according to the World Bank, over \$5.19 billion had been committed for projects funded through the Investment Window, of which more than \$4.3 billion had been disbursed. The World Bank reported 36 active projects with a combined commitment value of more than \$3.85 billion, of which nearly \$2.97 billion had been disbursed.<sup>78</sup>

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

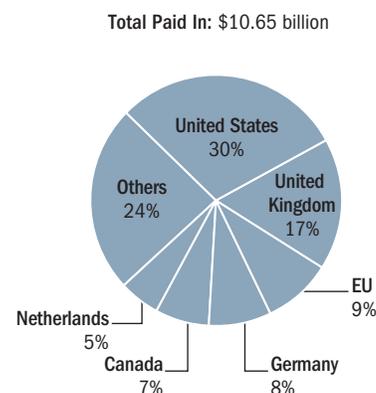
The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).<sup>79</sup> Since 2002, donors have paid in nearly \$5.34 billion to the LOTFA through October 7, 2018. The United States had paid in nearly \$1.67 billion since the fund's inception. Japan, the fund's second-largest donor, had paid in over \$1.52 billion. Although the United States remains the largest donor, its contributions to the LOTFA have decreased since 2016. Through October 7, 2018, the United States had contributed only \$1.04 million to the LOTFA for 2018.<sup>80</sup> Figure 3.25 shows the five largest donors to the LOTFA since 2016.

On July 1, 2015, UNDP divided LOTFA support into two projects: the Support to Payroll Management (SPM) project and the MOI and Police development (MPD) project. The SPM project aims to develop the capacity of the Afghan government to independently manage all non-fiduciary aspects of its pay budget for the ANP and Central Prisons Directorate (CPD) staff.<sup>81</sup> While capacity building is an important aspect of the SPM project, almost 99% of SPM project funding goes toward ANP and CPD staff remuneration.<sup>82</sup> The MPD project, which ended June 30, 2018, focused on institutional development of the MOI and police professionalization of the ANP. UNDP is designing successor projects in consultation with MOI and expects to launch them soon.<sup>83</sup>

At the end of 2017, UNDP and MOI agreed to extend the SPM project through December 31, 2018.<sup>84</sup> From July 1, 2015, through March 31, 2018, UNDP had expended nearly \$1.18 billion on the SPM project. Of this amount, more than \$1.16 billion was transferred to the MOF to pay for ANP and CPD staff. In addition, more than \$40.50 million had been expended on the MPD project through March 31, 2018.<sup>85</sup>

FIGURE 3.24

**DONOR CONTRIBUTIONS TO ARTF, 2002-JULY 22, 2018 (PERCENT)**

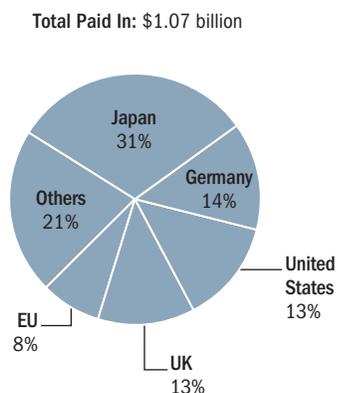


Note: "Others" includes 28 donors.

Source: World Bank, ARTF: Administrator's Report on Financial Status as of July 22, 2018 (end of 7th month of FY 1397).

FIGURE 3.25

**DONOR CONTRIBUTIONS TO LOTFA, 2016-OCTOBER 7, 2018 (PERCENT)**



Note: Numbers have been rounded. EU = European Union. UK = United Kingdom. "Others" includes 27 donors. Since 2002, 32 donors have paid in a total of \$5.34 billion.

Source: UNDP, response to SIGAR data call, 10/19/2018.

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## SECURITY

## KEY ISSUES AND EVENTS

This quarter, Defense Secretary James Mattis described the security situation in Afghanistan as a “tough fight,” as the Afghan National Defense and Security Forces (ANDSF) faced pressure from the Taliban along multiple fronts.<sup>86</sup> Regarding the progress toward the goal of reconciliation between the Taliban and Afghan government, Secretary Mattis said in September, “We’re getting two different messages from [the Taliban]. They’ve increased their violence in some parts of the country, not in all parts of course. But they’ve also shown an increased interest in reconciliation. We’ll have to see which way it goes.”<sup>87</sup> While still commander of United States Forces-Afghanistan (USFOR-A), General John Nicholson said “the Taliban are fighting in order to increase their leverage in the [reconciliation] negotiation and to maintain their cohesion.”<sup>88</sup>

The last few months saw several discouraging developments. After accepting a three-day ceasefire in June, the Taliban rejected Afghan President Ashraf Ghani’s August 19, 2018, offer of a second ceasefire.<sup>89</sup> The Taliban instead continued conducting offensive operations, including a high-profile attack on October 18 targeting an election-security meeting between General Miller, Kandahar Province police chief General Abdul Raziq, and provincial intelligence chief General Abdul Momin, at the provincial governor’s compound in Kandahar. General Miller escaped the attack unharmed, but General Raziq and General Momin were killed. As of the publication of this report, provincial governor General Zalmay Wesa, 404th Police Zone commander General Nabi Elham, and three U.S. citizens were reportedly wounded and receiving medical treatment. The Taliban immediately claimed responsibility for the attack and said that General Miller and General Raziq were their main targets. Former Afghan intelligence chief Amrullah Saleh called the incident a “pan-Afghan loss,” adding that General Raziq had been “an architect of stability” who had established “deep political networks” for the government in a province surrounded by insurgent threats.<sup>90</sup>

On August 10, the Taliban conducted their second major assault on a provincial capital this year on Ghazni City in Ghazni Province. Like last quarter’s siege of Farah City, the fighting in Ghazni lasted five days until the insurgents were finally expelled from the city by Afghan commandos



**U.S. Army General Austin Scott Miller** succeeded General Nicholson as commander of USFOR-A and NATO’s Resolute Support (RS) mission on September 2, 2018. (Screenshot from DOD video)

“These attacks in cities bring great hardship on the Afghan people. The Taliban repeatedly claim not to cause civilian casualties, but their actions show otherwise.”

—General John Nicholson

Source: DOD, “Department of Defense Press Briefing by General Nicholson via Teleconference from Kabul, Afghanistan,” 8/22/2018.

supported by American air power. International media outlets reported that at least 100 ANDSF and 150 civilians were killed. However, official reporting on the offensive was initially sparse: much of the communications infrastructure in Ghazni was destroyed by the Taliban, leaving the question of who controlled the city uncertain for days.<sup>91</sup> Afghan defense officials released their account of the events in Ghazni, along with initial casualty figures, in a press conference in Kabul on August 13, and Resolute Support (RS) issued its press statement on August 17.<sup>92</sup> While American officials did not confirm the casualty figures reported in the media, they said that the Taliban ultimately lost more fighters than the ANDSF and that they failed to achieve their major objectives.<sup>93</sup>

In addition to Ghazni, the Taliban maintained pressure on the ANDSF this quarter by overrunning smaller Afghan military bases in Faryab, Baghlan, and elsewhere.<sup>94</sup> By late September, media reports that ANDSF casualties had increased in recent months spurred questions for Department of Defense (DOD) officials, with Secretary Mattis responding that he could not confirm reported numbers of 30–40 ANDSF personnel killed per day but that “they sound about right.” In early October, General Joseph Votel, Commander of U.S. Central Command, confirmed that ANDSF casualties this year had increased compared to last year.<sup>95</sup> When SIGAR asked RS to comment on the issue, they responded, “From the period of May 1 to the most current data as of October 1, 2018, the average number of casualties the ANDSF suffered is the greatest it has ever been during like periods. May was the most active month, accounting for 26% of all casualties during this five month period. The preponderance of casualties during this time period came as a result of either checkpoint operations (52%) or patrolling (35%). Trends indicate that the number of checkpoint casualties is increasing while the number of patrol casualties is decreasing.”<sup>96</sup> SIGAR has reported ANDSF casualty figures in the classified annex of its quarterly reports since RS classified them in September 2017 at the request of the Afghan government.

Other unclassified data show the ANDSF made minimal or no progress in pressuring the Taliban over the quarter. RS-provided data showed that the ANDSF failed to gain greater control or influence over districts, population, and territory this quarter. While the districts, territory, and population under insurgent control or influence also decreased slightly, the districts, territory, and population “contested”—meaning under neither Afghan government nor insurgent control or influence—increased. Notably, Afghan government control or influence of its districts reached the lowest level (55.5%) since SIGAR began tracking district control in November 2015. The Afghan government controls or influences districts in which about 65% of the population lives, unchanged since October 2017.<sup>97</sup>

The ANDSF also struggled to maintain its personnel strength this quarter. The ANDSF’s July 2018 strength of 312,328 personnel—comprising 194,017

in the Afghan National Army (ANA) and 118,311 in the Afghan National Police (ANP)—was the lowest strength reported for comparable periods since 2012. ANDSF strength decreased by 1,914 personnel since last quarter and by 8,827 personnel since the same period last year.<sup>98</sup> This puts the ANDSF at roughly 40,000 personnel, or 11%, below their target strength of 352,000.<sup>99</sup> According to DOD, ANDSF attrition is due to a number of factors, including personnel being killed in action, going absent without leave, or declining to reenlist.<sup>100</sup>

However, counterterror efforts against Islamic State’s affiliate in Afghanistan, Islamic State Khorasan (IS-K) scored some successes this quarter. In early August, 250 IS-K militants surrendered to Afghan security forces in Jowzjan Province, a development that General Nicholson described as “eliminat[ing] one of the three pockets of ISIS in Afghanistan.”<sup>101</sup> Then on August 25, U.S. forces conducted an air strike against IS-K in Nangarhar Province that killed their leader, Abu Saad Orakzai, to further disrupt IS-K’s command-and-control and attack-planning capabilities.<sup>102</sup>

American forces in Afghanistan also suffered losses this quarter. Three U.S. military personnel were killed in action (KIA) and one U.S. soldier was killed in non-hostile circumstances in Afghanistan from July 18, 2018, through October 15, 2018.<sup>103</sup> For more information on U.S. military casualties in Afghanistan this quarter, see page 81.

“The Afghan army has taken severe casualties over the last year and a half. They’ve stayed in the field fighting.”

—Secretary James Mattis

Source: DOD, “Secretary Mattis Media Availability at the Pentagon,” 9/24/2018.

## ANDSF Data Classified or Not Publicly Releasable

USFOR-A newly classified or marked un releasable the following data:

- Exact ANDSF female personnel assigned and authorized strength (rounded figures are unclassified)
- All information about ANA and ANP attrition

USFOR-A continued to classify or restrict from public release in accordance with classification guidelines or based on other restrictions placed by the Afghan government:

- ANDSF casualties, by force element and total
- Corps- and zone-level ANA and ANP authorized and assigned strength
- All performance assessments for the ANA, ANP, Ministry of Defense (MOD), and Ministry of Interior (MOI)
- Information about the operational readiness of ANA and ANP equipment
- Information about the Special Mission Wing (SMW), including the number and type of airframes in the SMW inventory, the number of pilots and aircrew, the percent-breakdown of counternarcotics and counterterrorism missions flown, and the operational readiness (and associated benchmarks) of SMW airframes
- The detailed methodology DOD uses to calculate revenue denied to the insurgency as a result of counter-threat finance air strikes

- Reporting on anticorruption efforts by the MOI (unclassified but not publicly releasable)
- Reporting on the status of the ANDSF's progress on security-related benchmarks of the Afghanistan Compact (unclassified but not publicly releasable)

SIGAR continues to urge transparency in data relating to the security aspects of Afghanistan reconstruction. A classified annex to this report will cover the classified and nonreleasable data.

## U.S. RECONSTRUCTION FUNDING FOR SECURITY

As of September 30, 2018, the U.S. Congress had appropriated more than \$83.14 billion to support the ANDSF, including amounts appropriated for FY 2019. This accounts for 63% of all U.S. reconstruction funding for Afghanistan since fiscal year (FY) 2002.<sup>104</sup> Of the \$4.67 billion appropriated for the ASFF for FY 2018, \$3.24 billion had been obligated and \$2.42 billion disbursed as of September 30, 2018.<sup>105</sup>

In 2005, Congress established the Afghan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANDSF, which comprises all forces under the MOD and MOI. Additionally, ASFF supports the Afghan Local Police (ALP), which falls under the authority of the MOI although it is not included in the 352,000 authorized ANDSF force level that donor nations have agreed to fund. Most U.S.-provided funds supporting the ANDSF are channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency.<sup>106</sup>

On August 13, President Donald J. Trump signed the FY 2019 National Defense Authorization Act (NDAA) into law.<sup>107</sup> The FY 2019 NDAA includes a different authorized ASFF funding breakdown than in previous years: rather than separating the funds by authorization for the Afghan MOD and MOI, the fund is separated into four categories, the ANA, ANP, Afghan Air Force (AAF), and Afghan Special Security Forces (ASSF).<sup>108</sup>

Key changes in NDAA authorizations for the ASFF from FY 2018 to FY 2019 include:<sup>109</sup>

- \$1.9 billion less in total ANA funds, though most of this is accounted for in the \$1.8 billion in funds now designated for the AAF (previously ANA and AAF were combined into an MOD category)
- \$116.7 million more funding for ANA infrastructure
- \$428 million less funding for ANP sustainment (which includes salaries, incentive pay, and non-payroll-related expenses such as electricity)
- \$61.4 million less for ANP equipment funds
- \$87.3 million more funding for ANP training
- \$702 million in funds designated for the ASSF (previously these funds would have been designated for MOD and MOI)

On September 28, President Trump signed the FY 2019 Department of Defense and Labor, Health and Human Services, and Education Appropriations Act and Continuing Appropriations Act.<sup>110</sup> The act appropriated \$4.9 billion for the ASFF in FY 2019, about \$280 million less than the \$5.2 billion authorized by the NDAA, yet a 5% or \$250 million increase over FY 2018 levels.<sup>111</sup>

According to DOD, the majority of ASFF funds are executed using DOD contracts to equip, train, and sustain the ANDSF. Another major use of ASFF is for ANA and ALP salaries, which are paid via accounts at Afghanistan's central bank. The Ministry of Finance then transfers funds to the MOD and MOI based on submitted requests.<sup>112</sup> However, unlike the ANA, the ANP's personnel costs are paid through the United Nations Development Programme's multidonor Law and Order Trust Fund for Afghanistan (LOTFA), to which the United States has historically been the largest contributor.<sup>113</sup>

## DISTRICT, POPULATION, AND TERRITORIAL CONTROL

This quarter, Afghan government control or influence of its districts reached the lowest level (55.5%) since SIGAR began tracking district control in November 2015, while control or influence over the population has remained the same since October 2017 (65.2%).<sup>114</sup> The control of Afghanistan's districts, population, and territory overall became more contested this quarter, with both the Afghan government and the insurgency losing districts and land area under their control or influence.<sup>115</sup> For more information on how RS assesses government and insurgent control and influence, please see SIGAR's April 2016 *Quarterly Report to the United States Congress*.<sup>116</sup>

### District Control

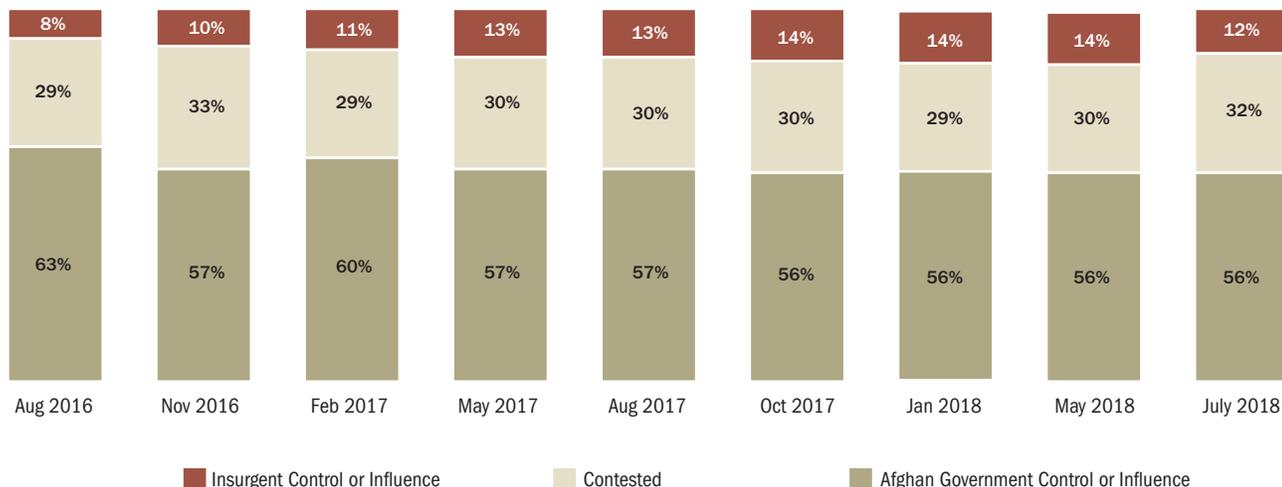
According to RS, using Afghanistan's 407 districts as the unit of assessment, as of July 31, 2018, there were 226 districts under Afghan government control (75) or influence (151), 55.5% of the total number of districts. This represents a slight decline since last quarter (0.7 percentage points) and the same period last year (1.2 points). Insurgent control or influence of Afghanistan's districts also decreased: there were 49 districts under insurgent control (10) or influence (39). This is a decrease of seven districts since last quarter (1.7 percentage points) and five from same period last year (1.2). Therefore, 12% of Afghanistan's districts are now reportedly under insurgent control or influence.<sup>117</sup> The number of contested districts—controlled or influenced by neither the Afghan government nor the insurgency—increased by 10 since last quarter to 132 districts, meaning that 32.4% of Afghanistan's districts are now contested.<sup>118</sup>

Since SIGAR began receiving district-control data in November 2015, Afghan government control and influence over its districts has declined by

# SECURITY

FIGURE 3.26

## HISTORICAL DISTRICT CONTROL IN AFGHANISTAN



Note: Component numbers may not add to 100 because of rounding.

Source: RS, response to SIGAR data call, 11/27/2015, 1/29/2016, 5/28/2016, 8/28/2016, 11/15/2016, 2/20/2017, 5/15/2017, 8/28/2017, 10/15/2017, 3/22/2018, 6/22/2018, and 9/19/2018; RS, response to SIGAR vetting, 1/16/2018.

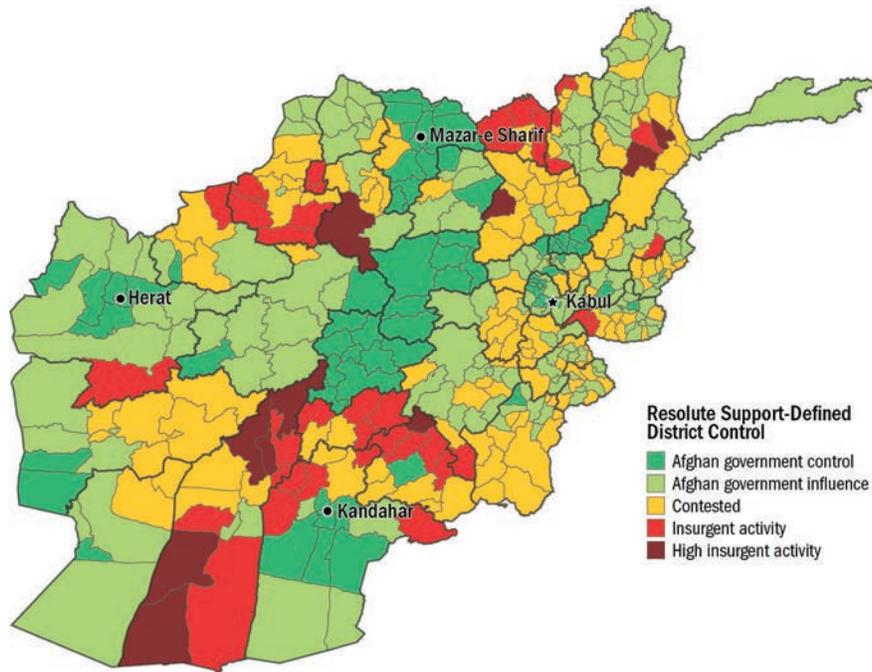
about 16 percentage points; contested districts have increased by about 11 points; and insurgent control or influence has risen by 5.5 points.<sup>119</sup> A limited historical record of district control is shown in Figure 3.26.

RS identified the provinces with the largest percentage of insurgent-controlled or -influenced districts as Uruzgan Province, with four of its six districts and 53% of the population under insurgent control or influence; Kunduz Province (five of seven districts, 62% of the population); and Helmand Province (nine of 14 districts, 56% of the population). The numbers of districts in each of these provinces that are under insurgent control or influence are all unchanged for the last three quarters. RS noted that the provincial centers of all of Afghanistan’s provinces are under Afghan government control or influence.<sup>120</sup>

As seen in Figure 3.27, RS provided a map showing Afghan government and insurgent control or influence by district. While the assessment categories in the RS narrative assessment (“insurgent control” or “insurgent influence”) are slightly different than those in the map (“insurgent activity” and “high insurgent activity”) RS explained that the change was not due to adopting new methodology for district-control assessments, but was adopted only for the map to make it unclassified and publicly releasable. For the other district-control data, as included above, RS used the original terms.<sup>121</sup>

FIGURE 3.27

## CONTROL OF AFGHANISTAN'S 407 DISTRICTS AS OF JULY 31, 2018



Note: A district is assigned its district-stability level based on the overall trend of land-area/population control of each district as a whole. The district stability levels listed in the key of this map do not correspond exactly to the categories used in RS's September 2018 narrative response for district control (i.e. High Insurgent Activity vs. Insurgent Control).  
Source: RS, response to SIGAR data call, 9/19/2018.

## Population Control

As with district measures, the Afghan government's control or influence over the population showed no improvement since last quarter but showed a slight improvement since last year (one percentage point). According to RS, as of July 31, 2018, about 65% of the population (21.7 million of an estimated 33.3 million total) lived in areas under Afghan government control or influence, the same percentage as the last two quarters. However, this figure represents a 1.5 percentage-point increase in population under government control or influence compared to the same period last year. The insurgency controlled or influenced areas where 10.5% of the population (3.5 million people) lived, a 1.2 percentage-point decrease since last quarter. The population living in contested areas increased to 8.1 million people, a 1.2 percentage-point increase since last quarter.<sup>122</sup> The goal of the Afghan government is to control or influence territory in which 80% of the population (26.6 million people) live by the end of 2019.<sup>123</sup>

“There has not been a significant change one way or the other with respect to population control.”

—General John Nicholson

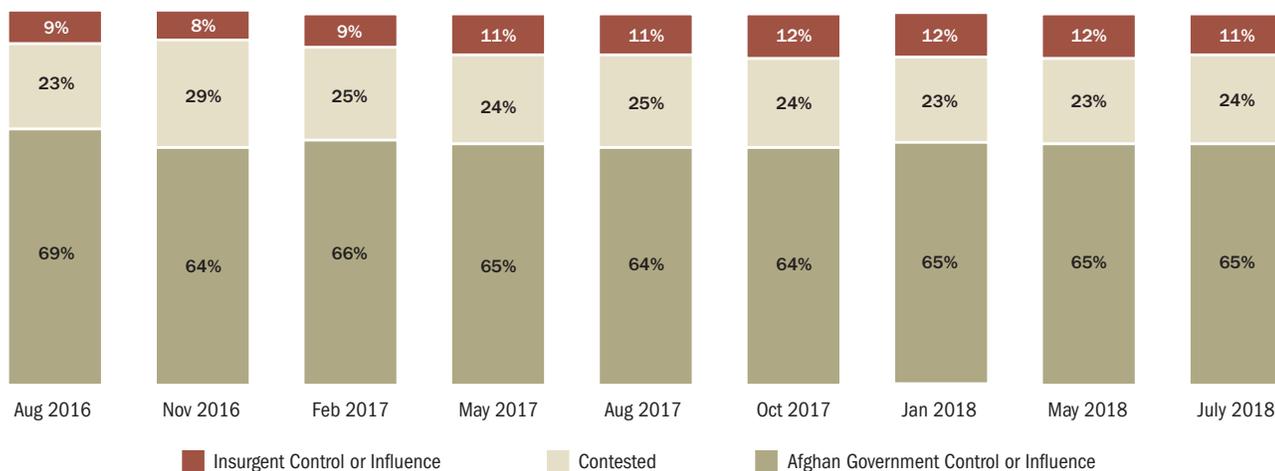
Source: DOD, “Department of Defense Press Briefing by General Nicholson via Teleconference from Kabul, Afghanistan,” 8/22/2018.

# SECURITY

As seen in Figure 3.28, since SIGAR began receiving population-control data in August 2016, the overall trend has shown a decrease in the Afghan population living in areas under government control or influence (by about four percentage points), a fluctuation of the population living in contested areas from roughly 23% to 29%, and an increase in people living in areas under insurgent control or influence (by about two points).<sup>124</sup>

FIGURE 3.28

## HISTORICAL POPULATION CONTROL IN AFGHANISTAN



Note: Component numbers may not add to 100 because of rounding.

Source: RS, response to SIGAR data call, 8/28/2016, 11/15/2016, 2/20/2017, 5/15/2017, 8/28/2017, 10/15/2017, 3/22/2018, 6/22/2018, and 9/19/2018. RS, response to SIGAR vetting, 1/16/2018.

TABLE 3.7

GOVERNMENT AND INSURGENT CONTROL WITHIN AFGHANISTAN AS OF JULY 31, 2018						
Control Status	Districts		Population		Territory	
	Number	%	In Millions	%	Sq Km	%
<b>GOVERNMENT</b>						
Control	75	18%	11.4	34%	106,000	16%
Influence	151	37%	10.3	31%	258,000	40%
<b>CONTESTED</b>						
	132	32%	8.1	24%	165,000	26%
<b>INSURGENT</b>						
Control	10	2%	0.5	2%	37,000	6%
Influence	39	10%	3.0	9%	78,000	12%
<b>Total</b>	<b>407</b>	<b>100%</b>	<b>33.3</b>	<b>100%</b>	<b>644,000</b>	<b>100%</b>

Note: Sq Km = square kilometers. Component numbers may not add to 100 because of rounding. Territory figures have been rounded by RS.

Source: RS, response to SIGAR data call, 9/19/2018; RS, response to SIGAR vetting, 10/11/2018; SIGAR, analysis of RS-provided data, 9/2018.

## Territorial Control

Shown in Table 3.7, RS reported that the Afghan government controlled or influenced 364,000 square kilometers (56%) of Afghanistan's total land area of roughly 644,000 square kilometers, down about two percentage points since last quarter. The insurgency controlled or influenced 115,000 square kilometers (18%) of the total land area, also down 1.5 points since last quarter. The remaining 165,000 square kilometers (26%) was contested by the government and insurgents, a 3.5 percentage-point increase since last quarter.<sup>125</sup>

## Violent Events and District Stability

SIGAR conducted an analysis of violent-event data from Armed Conflict Location & Event Data Project (ACLED), which records district-level data of violent incidents across Afghanistan. SIGAR overlays its ACLED analysis with the RS-provided district-stability data (which is a snapshot reflecting district stability as of July 31, 2018) and has chosen the date range of May 16, 2018, to July 31, 2018, accordingly. The results are presented in map form in Figure 3.29 on the following page.

SIGAR's analysis found that there were 1,792 violent events in Afghanistan from May 16, 2018, to July 31, 2018. About 8.3% of ACLED-recorded incident-days were in districts assessed as Afghan government-controlled (as of July 31), 26.9% were in districts assessed as Afghan government-influenced, 47.4% were in districts assessed as contested, 16.6% were in districts assessed as having insurgent activity, and 0.8% were in districts assessed as having high levels of insurgent activity.<sup>126</sup>

### What is ACLED?

The Armed Conflict Location & Event Data Project (ACLED) is “a disaggregated conflict collection, analysis, and crisis-mapping project” funded by the State Department. The project collects the dates, actors, types of violence, locations, and fatalities of all political violence and protest events across Africa, South Asia, South East Asia, and the Middle East reported in open, secondary sources.

ACLED codes the event data it collects as “violent events” or “nonviolent events.” It defines a violent event as “a single altercation where often force is used by one or more groups toward a political end, although some nonviolent instances—including protests and strategic developments—are included in the dataset to capture the potential pre-cursors or critical junctures of a violent conflict.”

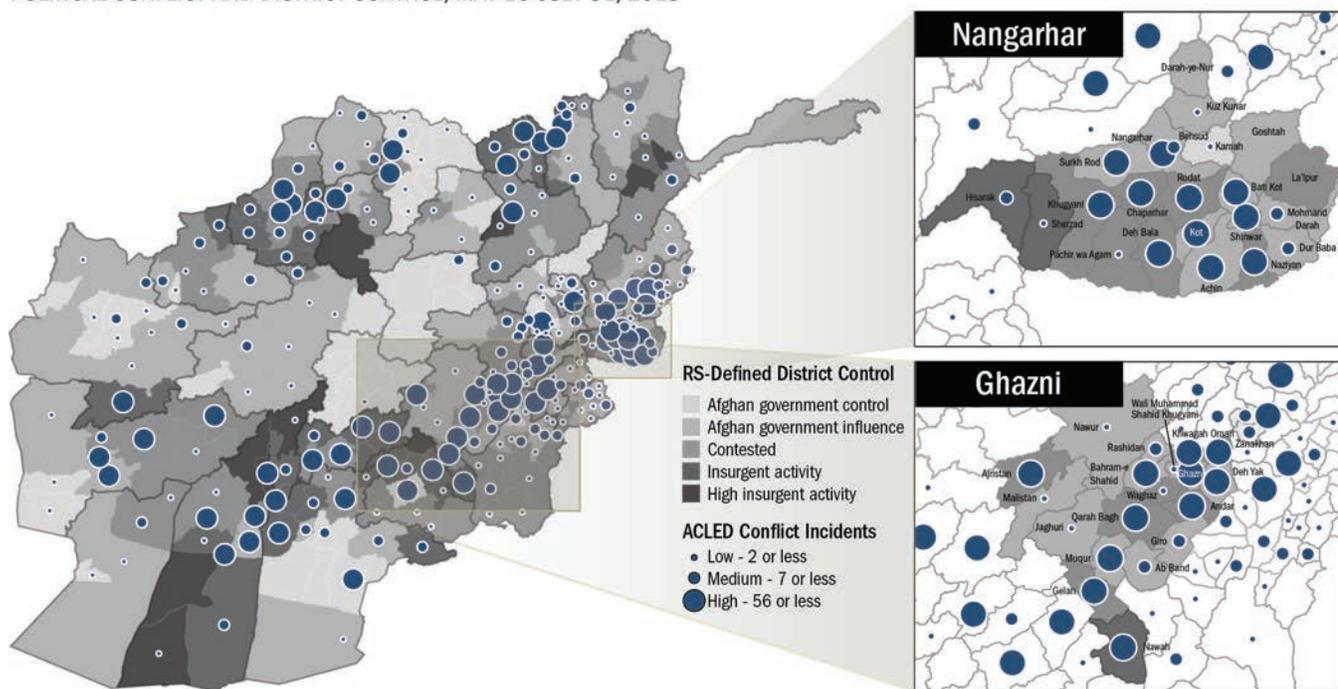
The types of violent events ACLED codes include: (1) Battle—No Change in Territory, (2) Battle—Non-State Actor Overtakes Territory, (3) Battle—Government Regains Territory, (4) Violence against Civilians, and (5) Remote Violence (such as bombings, IED attacks, mortar and missile attacks, etc.).

Source: ACLED, “About ACLED: What is ACLED?,” “ACLED Methodology,” and “Armed Conflict Location & Event Data Project (ACLED) Codebook, Version 8 (2017),” pp. 6–8, accessed online on 7/10/2018, available at <https://www.acleddata.com/>.

# SECURITY

FIGURE 3.29

POLITICAL CONFLICT AND DISTRICT CONTROL, MAY 16–JULY 31, 2018



Note: The district map was adapted from the 2012 Afghan Geodesy and Cartography Head Office (AGCHO) shapefile that included 399 districts. Adjustments, some approximate, were made to data for districts that were whole in AGCHO's 399-district set but that were split in RS's 407-district set. See R.L. Helms, District Lookup Tool, <https://arcg.is/1b0JGv> accessed 10/14/2018, for differences amongst district sets. This 407-district set was used to aggregate RS-provided district control data and Armed Conflict Location and Event Data Project (ACLED) incident data. SIGAR used ArcGIS Pro 2.2 for this analysis and all layers were projected to UTM 42N. ACLED data showing political conflict and protest data between 5/16/2018 and 7/31/2018 was used in order to match RS's district-control reporting period. ACLED data was sorted to the district-level by using a geo-precision code of 1 or 2 and incidents were summed. This left 1,792 district-level incidents for analysis. To create the map, incidents were categorized into three classes using the quantile method. The quantile method produces an equal number of observations per class to facilitate comparative analysis, but the interval of the class must therefore be variable.

Source: RS, response to SIGAR data call, 9/19/2018; ACLED, South Asia 2016-Present dataset, 5/16/2018–7/31/2018, accessed online on 10/14/2018, available at <https://www.acleddata.com/>; SIGAR, analysis of ACLED and RS-provided data, 10/2018.

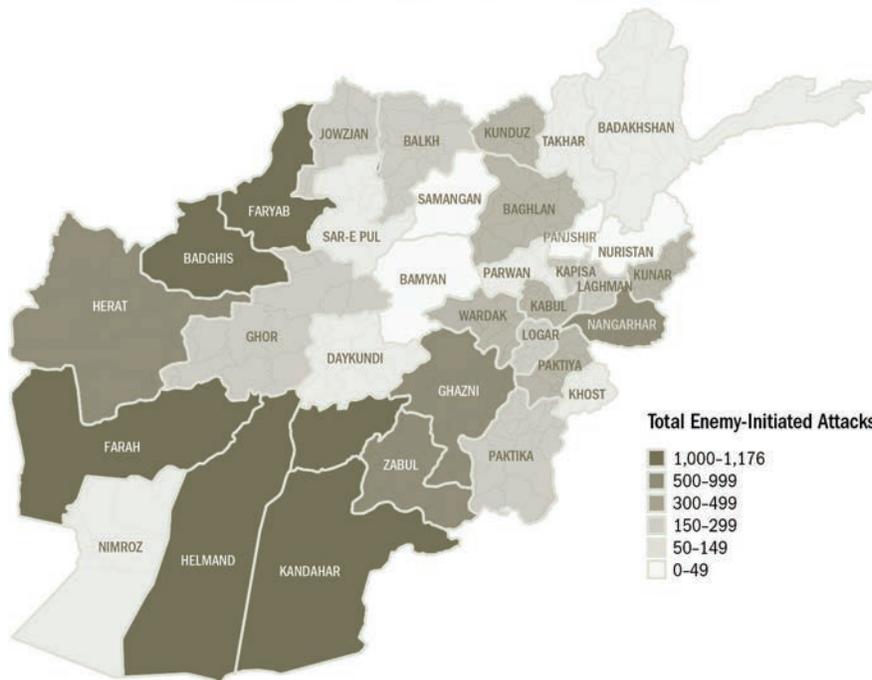
As the zoomed-in areas of Figure 3.29 show, when looking only at districts coded as under Afghan government control or influence, Nangarhar Province had the highest number of violent events occur within those districts (129 events in 7 districts), followed by Ghazni Province (101 events in 4 districts), and Kabul Province (46 events in one district). Ghazni District experienced 48 security incidents during the period, all of which occurred before the Taliban's offensive on its capital city between August 10–15.<sup>127</sup>

## Enemy-Initiated Attacks

For the first time, SIGAR this quarter requested data from RS on enemy-initiated attacks (EIA) in Afghanistan. According to RS, from January 1 to August 15, 2018, there were 13,940 enemy-initiated attacks throughout Afghanistan, with 8,435 of them occurring last quarter from April 15 to August 15, 2018.<sup>128</sup>

FIGURE 3.30

**ENEMY-INITIATED ATTACKS BY PROVINCE, JANUARY 1–AUGUST 15, 2018**



Source: RS, response to SIGAR data call, 9/19/2018; RS, response to SIGAR vetting, 10/22/2018.

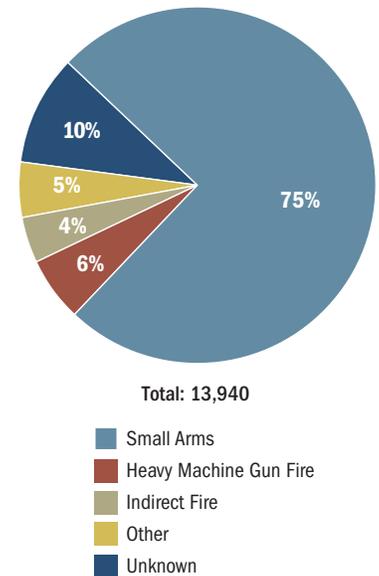
Figure 3.30 shows that most of the attacks that have occurred since January 1, 2018, (7,473, or 54%), occurred in seven of Afghanistan’s 34 provinces; Badghis, Farah, Faryab, Ghazni, Helmand, Kandahar, and Uruzgan. The most violent province in terms of EIA was Faryab, with 1,176 EIA, followed closely by Farah (1,145) and Uruzgan (1,096) Provinces.<sup>129</sup>

Figure 3.31 shows that the most common method of attack in the EIA this year was small-arms fire (75% of EIA), followed by unknown causes of EIA (10%), heavy machine-gun fire (6%), and indirect fire (4%).<sup>130</sup>

For RS’s full data of EIA by province, see Appendix G at [www.sigar.mil](http://www.sigar.mil). SIGAR will continue to monitor EIA to track trends over time.

FIGURE 3.31

**ENEMY-INITIATED ATTACKS BY ATTACK TYPE, JANUARY 1–AUGUST 15, 2018**



Source: RS, response to SIGAR data call, 9/19/2018; RS, response to SIGAR vetting, 10/22/2018.

## UNITED NATIONS SECURITY REPORTING

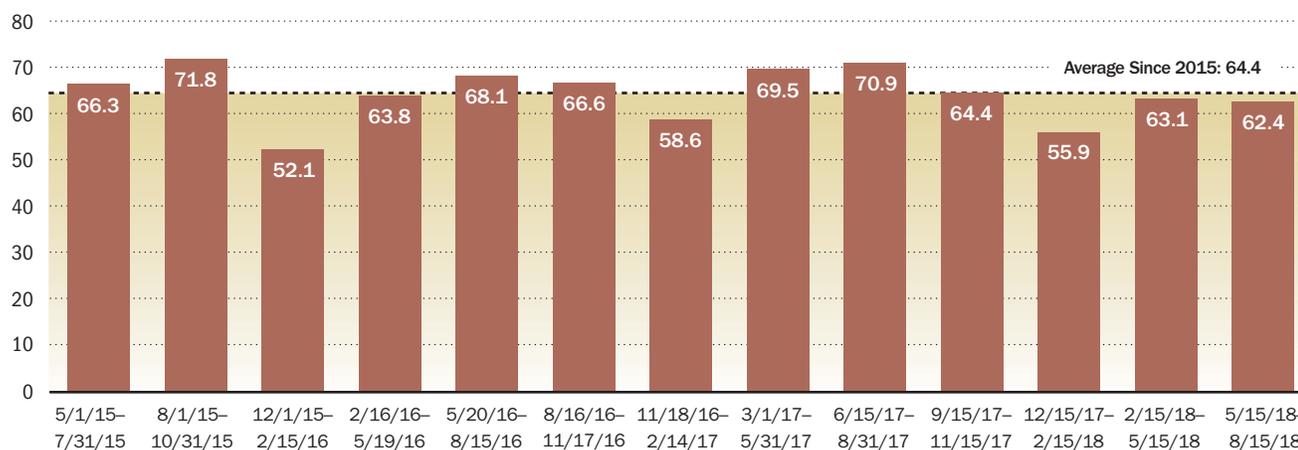
### Security Incidents Decline; Suicide Attacks and Air Strikes Rise

According to the Secretary-General of the United Nations, security incidents across the country decreased since last year, but suicide attacks

# SECURITY

FIGURE 3.32

AVERAGE DAILY SECURITY INCIDENTS BY UN REPORTING PERIOD SINCE 2015



Note: UN reporting periods are occasionally inconsistent, leading to some gaps in data.

Source: UN, *The situation in Afghanistan and its implications for international peace and security*, reports of the Secretary-General, 6/10/2015, p. 4; 9/1/2015, p. 4; 12/10/2015, p. 5; 3/7/2016, p. 6; 6/10/2016, p. 4; 9/7/2016, p. 5; 12/13/2016, p. 4; 3/3/2017, p. 4; 6/15/2017, p. 4; 9/15/2017, p. 4; 12/15/2017, p. 5; 2/27/2018, p. 5; 6/6/2018, p. 5; 9/10/2018, p. 5; SIGAR, analysis of UN-provided data, 9/2018.

**Security incidents:** reported incidents that include armed clashes, improvised explosive devices, targeted killings, abductions, suicide attacks, criminal acts, and intimidation.

Source: SIGAR, analysis of the Report of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security*, 12/9/2014.

and AAF and Coalition air strikes increased notably. The UN reported 5,800 security incidents between May 15, 2018, and August 15, 2018, a 10% decrease from the same period in 2017. The decline in security incidents during this period may be partially attributed to the Afghan government and the Taliban’s Eid-al Fitr ceasefires that occurred in June. During the week that included the holiday, the UN recorded a total of 285 incidents, the lowest number recorded since the 2014 transition of security authority to the Afghan government.<sup>131</sup>

As reflected in Figure 3.32, the reporting period saw an average of 62.4 incidents per day, a more than eight incident-per-day decrease compared to roughly the same period in 2017 (70.9). For the third consecutive quarter, the daily average number of security incidents over the reporting period remained lower than the daily average of 64.4 incidents over roughly the last three years. According to the UN, armed clashes continued to cause the most security incidents (61%). However, the UN continued to report significant increases in suicide attacks and air strikes, up 38% and 46% respectively since the same period in 2017.<sup>132</sup>

As in previous quarters, the UN said the eastern, southern, and southeastern regions of Afghanistan experienced the most security incidents during the reporting period. This quarter, incidents occurring in these three regions accounted for 67% of the national total, compared to 82% of the total last quarter. However, the UN noted concerns about the “deteriorating

security conditions in the north” of the country due to an observed increase in ground engagements in Balkh, Faryab, and Jowzjan Provinces. During the reporting period, the Taliban succeeded in capturing three district centers in Faryab Province. Additionally, the surrender of more than 250 IS-K fighters to government forces in Jowzjan Province allowed the Taliban to further consolidate its position in that province. The UN said they recorded 17% more security incidents in northern Afghanistan in the first half of 2018 than the same period in 2017.<sup>133</sup>

## UNAMA: Civilian Deaths at Record High for Second Consecutive Quarter

The United Nations Assistance Mission in Afghanistan (UNAMA) issued its quarterly update on civilians in armed conflict, which reported 8,050 civilian casualties (2,798 deaths and 5,252 injuries) from January 1 through September 30, 2018.<sup>134</sup>

As seen in Figure 3.33, UNAMA documented more civilian deaths in the first nine months of 2018 than they had during the same nine-month reporting period since 2014. While the number of civilian deaths from January 1–September 30, 2018, increased by 5% compared to the same period in 2017, the number of injuries decreased by 3%, which kept the overall number of civilian casualties roughly on par with the high level of casualties over the same period in 2017.<sup>135</sup>

Similar to the last two quarters, improvised explosive device (IED) attacks (suicide, complex, and non-suicide IED attacks) by antigovernment elements continued to be the primary cause of civilian casualties. UNAMA said that the combined use of suicide and non-suicide IEDs caused 45% of all civilian casualties in the first nine months of 2018. Ground engagements

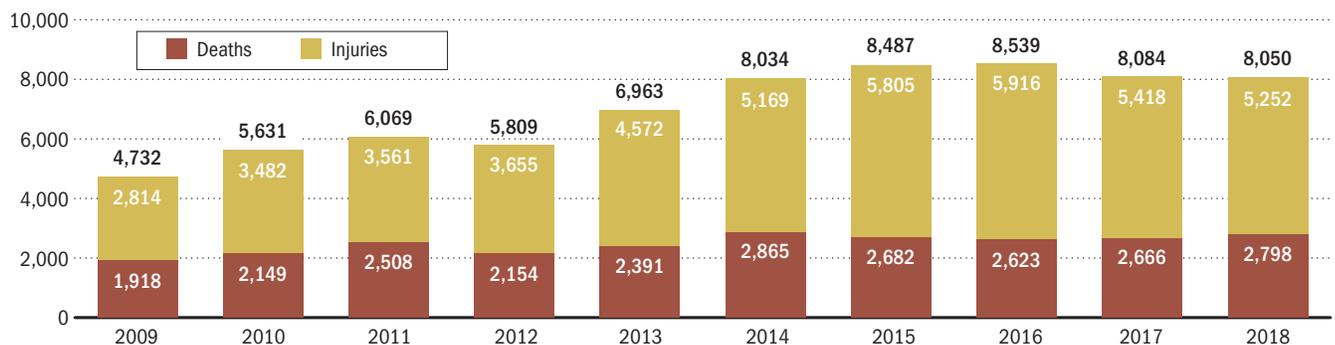
### UNAMA Collection Methodology

According to UNAMA, data on civilian casualties are collected through “direct site visits, physical examination of items and evidence gathered at the scene of incidents, visits to hospital and medical facilities, still and video images,” reports by UN entities, and primary, secondary, and third-party accounts. Information is obtained directly from primary accounts where possible. Civilians whose noncombatant status is under “significant doubt,” based on international humanitarian law, are not included in the figures. Ground engagement casualties which cannot be definitively attributed to either side, such as those incurred during crossfire, are jointly attributed to both parties. UNAMA includes an “other” category to distinguish between these jointly attributed casualties and those caused by other events, such as unexploded ordnance or cross-border shelling by Pakistani forces. UNAMA’s methodology has remained largely unchanged since 2008.

Source: UNAMA, *Protection of Civilians in Armed Conflict*, 3/6/2018, i-ii; 1/2010, p. 35; 2/11/2009, pp. 4–5; and 8/2015, p. 4.

FIGURE 3.33

### UNAMA CIVILIAN CASUALTIES: JANUARY THROUGH SEPTEMBER, 2009–2018

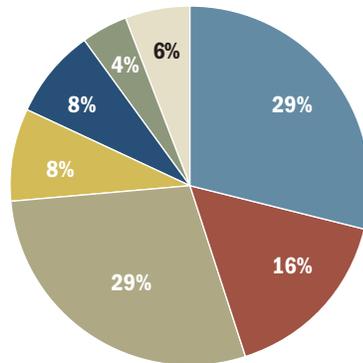


Note: This chart also appears in UNAMA’s report.

Source: UNAMA, *Quarterly Report on the Protection of Civilians in Armed Conflict: 1 January to 30 September 2018*, 10/10/2018, p. 1.

FIGURE 3.34

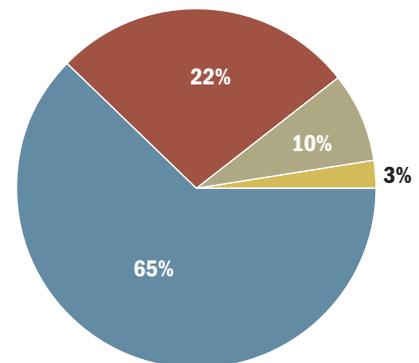
UNAMA: CIVILIAN CASUALTIES BY INCIDENT TYPE



Total: 8,050

- Suicide and Complex Attacks - 2,343
- Non-Suicide IEDs - 1,291
- Ground Engagements - 2,311
- Targeted/Deliberate Killings - 668
- Aerial Operations - 649
- Explosive Remnants of War - 337
- Other - 451

UNAMA: CIVILIAN CASUALTIES BY PARTIES TO THE CONFLICT



Total: 8,050

- Antigovernment Elements - 5,243
- Progovernment Forces - 1,753
- Jointly Attributed - 833
- Other - 221

Note: The reporting period for this data is January 1–September 30, 2018. These charts also appear in UNAMA’s report.

Source: UNAMA, *Quarterly Report on the Protection of Civilians in Armed Conflict: 1 January to 30 September 2018*, 10/10/2018, pp. 2, 3.

were the second leading cause of civilian casualties, accounting for 29% of the total. UNAMA reported that the increase in civilian casualties caused by suicide and complex attacks by antigovernment elements offset decreases in civilian casualties from other incident types, such as the 18% reduction in casualties caused during ground engagements and the 32% decrease from targeted and deliberate killings.<sup>136</sup>

UNAMA attributed 65% of this year’s casualties through September to antigovernment elements, 22% to progovernment forces, 10% to both pro- and antigovernment forces, and 3% to other actors. Notably, UNAMA recorded 649 civilian casualties (313 deaths and 336 injuries) due to aerial operations by progovernment forces from January 1 to September 30, 2018, a 39% increase in civilian casualties from aerial operations since the same period in 2017. This year’s figures reflect a record number of civilian casualties caused by this incident type since UNAMA began recording civilian-casualty data in 2009. UNAMA said that air-strike casualties, together with “a significant increase in civilian casualties from search operations” offset the 17% decrease in civilian casualties from ground fighting by

### U.S. Air Strikes

According to U.S. Air Forces Central Command (AFCENT), the United States conducted 4,429 air strikes in Afghanistan in the first eight months of 2018. The number of strikes this year already surpasses the total number carried out during 2017 (4,361) and is more than three times the total carried out during 2016. AFCENT reported the greatest number of air strikes in July (746) and August (715) of this year.

Source: AFCENT, “AFCENT Airpower Summary,” 8/31/2018, p. 3.

## Election-Related Violence

UNAMA recorded 366 civilian casualties (126 deaths and 240 injuries) from election-related violence between January 1 and September 30, 2018. Most of these casualties (more than 250) came from two IED attacks on April 22 and May 6 in Kabul and Khost Provinces. Antigovernment elements perpetrated election-related violence during the voter registration period through the use of IEDs, suicide attacks, and targeted killings. They mainly targeted national ID distribution centers, voter registration sites, and election personnel, including elections workers and ANP officers providing security to election-related sites.

UNAMA noted that many of the planned polling centers for the parliamentary elections scheduled in October 2018 and presidential elections in April 2019 are located in schools, health clinics, and mosques. Attacks on such facilities can lead to more civilian deaths and injuries and have a negative impact on access to education, health, and on the freedom of religion. UNAMA said it is also concerned with the increased targeting of electoral candidates. In one recent example, a parliamentary candidate in Kandahar, well-known in his community as a civil-society activist and outspoken critic of corrupt politicians, was shot and killed by Taliban militants on September 25. As of October 18, ten election candidates have been killed while campaigning for office over the last two months.

Source: UNAMA, *Quarterly Report on the Protection of Civilians in Armed Conflict: 1 January to 30 September 2018*, 10/10/2018, p. 8; *Washington Post*, "U.S. commander in Afghanistan survives deadly attack at governor's compound that kills top Afghan police general," 10/18/2018.

progovernment forces. For UNAMA's full breakdown of civilian casualties by incident type and parties to the conflict, see Figure 3.34.<sup>137</sup>

## IS-K Continues to Inflict Heavy Casualties

UNAMA continued to report a record-high number of civilian casualties caused by suicide and complex attacks by antigovernment elements, more than half of which they attributed to IS-K. As it did last quarter, UNAMA expressed "extreme concern" over the doubling of civilian casualties in Nangarhar Province, where IS-K continues to operate.<sup>138</sup>

IS-K continues to deliberately and indiscriminately target civilians and has claimed responsibility for several high-profile attacks this quarter. According to ACLED, the group claimed 14 attacks targeting Afghan security forces or civilians from July 16 to October 1, 2018, inflicting an estimated 96 fatalities, a decrease of 10 attacks and 46 fatalities compared to the previous period (May 1–July 15, 2018).<sup>139</sup> Two things likely contributed to the decrease in IS-K attacks this quarter: first, in early August, 250 IS-K militants surrendered to Afghan security forces in Jowzjan Province; second, on August 25, U.S. forces killed IS-K's leader Abu Saad Orakzai in an air strike in Nangarhar Province. He was the third IS-K commander killed in just over two years.<sup>140</sup>

## RS Civilian Casualty Data

For the first time, SIGAR this quarter requested detailed civilian-casualty data from RS. From January 1 through August 15, 2018, RS recorded 5,588

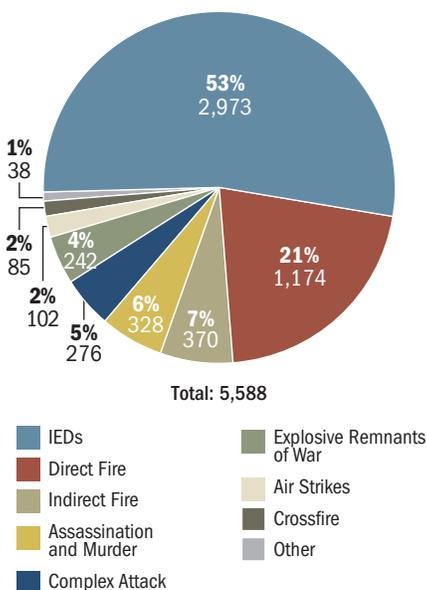
### RS Collection Methodology

According to DOD, the RS Civilian Casualty Management Team relies primarily upon operational reporting from RS's Train, Advise, and Assist Commands (TAACs), other Coalition force headquarters, and ANDSF reports from the Afghan Presidential Information Command Centre to collect civilian-casualty data.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 12/2017, p. 27.

FIGURE 3.35

## RS: CIVILIAN CASUALTIES BY INCIDENT TYPE



Note: The reporting period for this data is January 1–August 15, 2018. Casualties include dead and wounded.

Source: RS, response to SIGAR data call, 9/19/2018.

civilian casualties in Afghanistan, with the highest number of casualties occurring in January (875), April (801), and June (777).<sup>141</sup> As seen in Table 3.8, RS reported that the provinces with the highest number of civilian casualties by far were Kabul (1,225) and Nangarhar Provinces (935), which together accounted for 38.7% of total casualties nationwide.<sup>142</sup>

While RS's overall civilian-casualty data is difficult to compare accurately with UNAMA's due to their different reporting periods and methodologies, one key difference, is easily discernable. When examining both data sets' casualty figures by incident type, particularly air strikes, it is clear that RS's data reflects far fewer civilian casualties than UNAMA's. As seen in Figure 3.35, from January 1 through August 15, RS recorded a total of 102 civilian casualties due to U.S. (29 casualties) and AAF (73) air strikes, less than a sixth of the 649 reported by UNAMA through September 30, 2018.<sup>143</sup>

RS recorded no civilian casualties due to U.S. or Afghan air strikes during their operations to counter the Taliban's assault on Ghazni in August, and only two U.S. air-strike casualties during the Taliban assault on Farah in May. In both of these incidents, RS reported that U.S. and Afghan forces conducted many air strikes: in Ghazni alone, RS said U.S. forces conducted 32 air strikes from August 10–13 (which killed over 220 Taliban fighters).<sup>144</sup> Conversely, as of October 7, UNAMA reported that it verified 210 civilian casualties (69 deaths and 141 injured) occurring in Ghazni City between August 10 and 15, the majority of which they attributed to ground fighting between Taliban and progovernment forces, but also from progovernment aerial operations.<sup>145</sup>

## U.S. AND COALITION FORCES IN AFGHANISTAN

According to DOD, as of June 2018, approximately 14,000 U.S. military personnel were serving in Afghanistan as part of Operation Freedom's Sentinel (OFS), the same number reported for the last three quarters. This number does not include an additional 816 DOD civilian personnel and 10,457 U.S. citizens who serve as contractors in Afghanistan.<sup>146</sup> Of the 14,000 U.S. military personnel, 8,475 U.S. personnel are assigned to the NATO RS mission to train, advise, and assist Afghan security forces, unchanged since last quarter.<sup>147</sup> The remaining U.S. military personnel support the OFS mission through air operations, training the Afghan special forces, and conducting counterterrorism operations.<sup>148</sup>

As of September 2018, the RS mission included roughly 7,754 military personnel from NATO allies and non-NATO partner nations, bringing the current total of RS military personnel to 16,229 (the same as last quarter). The United States contributes the most troops to the RS mission, followed by Germany (1,300 personnel) and Italy (895).<sup>149</sup>

### CSTC-A Change of Command

In addition to the change in the RS and USFOR-A command, CSTC-A also changed commands this quarter. On October 12, U.S. Army Lieutenant General James Rainey succeeded Major General Robin Fontes as CSTC-A commander.

Source: Stars and Stripes, "Rainey Takes the Lead of Key Coalition Command in Afghanistan," 10/12/2018.

TABLE 3.8

## RS-REPORTED CIVILIAN CASUALTIES: JANUARY–AUGUST 15, 2018

Province	Population	Total Casualties	Casualties Per Thousand	Province	Population	Total Casualties	Casualties Per Thousand
Nangarhar	1,864,582	935	0.50	Ghazni	1,507,262	176	0.12
Kunar	551,469	214	0.39	Badghis	607,825	63	0.10
Paktiya	677,465	259	0.38	Nuristan	173,222	18	0.10
Logar	481,271	137	0.28	Herat	2,326,261	219	0.09
Helmand	1,112,152	290	0.26	Nimroz	202,488	17	0.08
Laghman	552,694	143	0.26	Balkh	1,633,048	111	0.07
Uruzgan	429,415	109	0.25	Ghor	845,018	48	0.06
Khost	704,149	169	0.24	Parwan	817,955	53	0.06
Farah	620,552	135	0.22	Jowzjan	656,187	36	0.05
Kabul	5,452,652	1,225	0.22	Samangan	475,655	26	0.05
Faryab	1,226,475	247	0.20	Takhar	1,208,745	55	0.05
Kapisa	540,051	92	0.17	Badakhshan	1,165,960	30	0.03
Zabul	374,440	57	0.15	Sar-e Pul	690,566	23	0.03
Kandahar	1,512,293	206	0.14	Panjshayr	187,856	4	0.02
Kunduz	1,237,001	169	0.14	Daykundi	561,651	6	0.01
Paktika	532,953	73	0.14	Bamyan	549,243	0	0.00
Baghlan	1,120,511	151	0.13	<b>Grand Total</b>	<b>33,329,050</b>	<b>5,588</b>	
Wardak	729,983	92	0.13				

Source: RS, response to SIGAR data call, 9/19/2018.

## U.S. Forces Casualties

According to DOD, three U.S. military personnel were killed in action (KIA) and one U.S. soldier was killed in non-hostile circumstances in Afghanistan from July 18, 2018, through October 15, 2018. On October 4, U.S. Army Specialist James Slape was killed in Helmand Province as a result of wounds sustained from an IED. On September 4, Army Staff Sergeant Diobanjo Sanagustin died from a non-combat related injury at Bagram Air Field, Afghanistan. On September 3, Command Sergeant Major Timothy Bolyard, of 3rd Squadron, 1st Security Force Assistance Brigade (SFAB), was killed and another U.S. soldier was wounded in eastern Afghanistan as a result of an apparent insider attack. The attack illustrates the significant risks SFAB advisors take in working closely with their forward-operating Afghan counterparts. Army Staff Sergeant Reymund Transfiguracion died on August 12 of wounds sustained when an IED detonated near him while he was conducting combat patrol operations in Helmand Province. DOD is currently investigating these incidents.<sup>150</sup>

As of October 15, 2018, a total of 37 U.S. military personnel were KIA (17 in non-hostile circumstances) and 328 military personnel were wounded in action (WIA) since the start of Operation Freedom's Sentinel

on January 1, 2015. Since the beginning of the Afghan war in October 2001, 2,401 U.S. military personnel have died (1,881 KIA and 520 of non-hostile deaths) and 20,422 were WIA.<sup>151</sup>

## Insider Attacks on U.S. Forces

USFOR-A reported that from January 1 to August 26, 2018, ANDSF personnel turned on Coalition personnel in one confirmed “green-on-blue” insider attack (which does not include the above-mentioned apparent insider attack on September 3). One U.S. soldier was killed and two were wounded during the confirmed attack. All three were assigned to the 1st SFAB, which is assigned to advise and assist ANDSF personnel below the corps level. The same period last year saw six confirmed green-on-blue insider attacks that killed three U.S. military personnel and wounded 10.<sup>152</sup>

USFOR-A emphasized last quarter that as the SFAB mission began, USFOR-A shifted personnel and resources to support screening of all SFAB partner brigades within the ANA and ANP. This new requirement was implemented while the screening requirements and processes for Coalition conventional bases throughout Afghanistan remained in place. For more information on USFOR-A’s green-on-blue mitigation policies, see SIGAR’s January 2018 *Quarterly Report to the United States Congress*.<sup>153</sup>

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

Highlights for each RS functional area reported to SIGAR this quarter include:

- **Rule of Law (ROL):** According to ROL, the MOD identified and reported six cases believed to be gross violations of human rights (GVHR) after using the legal criteria ROL had provided. While no DOD determination has yet been made regarding the credibility of the allegations, MOD legal officials believed there were sufficient grounds to formally investigate all six cases. These cases included two allegations of rape or sexual assault (both alleged victims were female ANA personnel), two cases of assault and battery or cruel treatment, one case involving cruel treatment and extrajudicial killing, and one case involving **bacha bazi**. RS Legal Affairs noted that “while [they] appreciate [MOD] reporting on crimes that [MOD] believe meet the criteria, not all allegations rise to the level of a GVHR for DOD **Leahy Law** vetting purposes.”<sup>154</sup>

As of August 22, 2018, MOD investigations of three cases have been completed. One of the cases was dismissed without further action, and the remaining two cases were referred for adjudication by court-martial. One of these two cases has been adjudicated, resulting in a conviction and a one-year sentence. ROL said that if insufficient

**Bacha bazi:** When men, including some government officials and security forces, use young boys for social and sexual entertainment. There are reports that some law-enforcement officials, prosecutors, and judges accept bribes from or use their relationships with perpetrators of bacha bazi to allow them to escape punishment.

**Leahy Laws:** The Leahy laws prohibit U.S. funding of units of foreign forces that commit gross violations of human rights.

Source: State, *Trafficking in Persons Report*, 6/30/2016, p. 66; SIGAR, Evaluation Report 17-47-IP: *Child Sexual Assault in Afghanistan*, p. 2.

progress is made on open GVHR cases in the coming months, financial penalties will be applied to both ministries. MOD reported to ROL that as of late August, 24% of ANA personnel have received unit-level human rights training.<sup>155</sup>

- **MAG-I STRATCOM:** MAG-I reported a number of strategic-communications successes for MOI this quarter. MOI created a weekly Strategic Communication Working Group chaired by the MOI's chief of staff and attended by senior representatives from many of the major MOI directorates (Religious and Cultural Affairs, Public Affairs, Gender and Human Resources, and the office of the Deputy Minister for Security). The working group also developed structural and process changes required to institutionalize sustainable strategic communication within the MOI.

In addition, Minister of Interior Wais Barmak had two major engagements with the media that MAG-I STRATCOM felt were successful in informing and building trust with the Afghan public. The first was a media roundtable in early August to discuss the ANP's efforts to provide security to voter-registration sites across Afghanistan and its plans to provide security for polling sites during the October elections. The second was his participation at a joint press conference, with Minister of Defense Tariq Shah Bahrami, on the status of the battle for Ghazni in mid-August.

MAG-I STRATCOM identified the following challenges for MOI strategic and tactical communications: (1) vertical coordination and synchronization of communications from tactical (ANP) to strategic (MOI headquarters) levels; (2) access to accurate operational reporting due to insurgents destroying communication infrastructure; (3) message coordination between MOI and USFOR-A/RS advisors, particularly in fast-paced, crisis situations; and (4) poor leadership, with concerns about the efficacy and professionalism of the MOI spokesman.<sup>156</sup>

- **MAG-D STRATCOM:** MAG-D STRATCOM reported no MOD strategic-communications challenges this quarter, but highlighted a few areas of progress. The MOD appointed a new civilian official as director of strategic communications. They also developed a marketing-communications recruiting plan (radio, TV, and billboard advertisements), specifically for the new ANA Territorial Force.<sup>157</sup>
- **Force Development (FD-AIAT):** FD-AIAT reported "notable accomplishments" with the Afghan Training and Education Enterprise in three broad areas: enhancement of systems approach to ANA training, refining existing doctrine, and providing Afghan command and institutional staff the means to develop training and doctrine programs in MOD academies and branch schools. FD-AIAT identified three key challenges to these efforts: (1) resources and efforts went to field units rather than professional military-education institutions; (2) human

## New NATO Command Center Planned

NATO is planning to replace temporary structures at its headquarters in Kabul with hardened, permanent structures. According to RS officials, a contract to build a large, concrete command-and-control center on the compound is out for bidding. The planned three-story, 120,000-square-foot concrete building would require hundreds of personnel living and working at the current headquarters to relocate to other nearby bases while construction is under way. According to a NATO procurement document, the complex is expected to have more than 800 workspaces, but further details are unavailable until the bidding and design phase of the project are completed.

Source: *Stars and Stripes*, "NATO Base in Kabul is Building More amid Open-Ended US Commitment," 9/17/2018.

resource and career-path management continued to perform poorly; and (3) poor leadership was responsible for the poor sustainment of trainees, a lack of an operational readiness cycle, ineffective collective training, and corruption.<sup>158</sup>

- **Force Development (FD-PIAT):** FD-PIAT reported that 62 female ANP personnel graduated from the first large-scale training course for female police at Balkh Regional Training Center, demonstrating that the ANP can successfully train female police in Afghanistan.<sup>159</sup>
- **Resource Management (RM):** RM reported that it reviewed and analyzed MOD's internal processes to streamline emergency and urgent procurements, which are awaiting approval from the National Procurement Commission. Emergency and urgent procurements are defined as goods, works, or services that exceed roughly \$28,000 per event limit where there is an imminent threat to health, welfare, safety, or damage to property. Final approval for these items and services lies with the Minister of Defense with concurrence from CSTC-A.<sup>160</sup>
- **Transparency, Accountability, and Oversight (TAO):** TAO reported that MOD IG has begun the process for coordinating next year's annual inspection plan, developed a plan to create one central complaint center, and restructured its Training and Education branch to include five permanent instructors and course developers. MOI IG submitted its first budget request for years 2019–2021, hired subject-matter experts in quality control, and initiated a plan to reorganize for better efficiency and independence. TAO also reported that the permanent MOD and ANA general staff inspectors general have not yet been appointed, posing a critical barrier to the decision making process of both organizations.<sup>161</sup>
- **Operational Sustainment (OS):** OS-Logistics reported that the National Maintenance Strategy Ground Vehicle Support Contract, which began full operation on December 29, 2017, has delivered substantial maintenance support to the ANDSF. The contractor completed maintenance on 2,224 ANA vehicles and 9,203 ANP vehicles during the period, and oversaw maintenance conducted by the ANDSF on 1,046 vehicles by the ANA (32% of total ANA vehicle fleet) and 249 vehicles by the ANP (2.6% of total ANP vehicle fleet). The ANA's central workshop is also reported to have established inventories for their weapons- and communications-repair divisions, reducing repair wait times for equipment. OS-Medical reported that it has recruited 60 nurses, 30 physicians, and 17 specialty physicians to fill the ANP Hospital's open billets. Additionally, 20,000 tons of scrap metal from ANDSF sites have been disposed of through an MOD-established contract generating revenue for the Afghan government, and the MOI has demilitarized 518 vehicles this year.<sup>162</sup>
- **CJ3/5/7:** MOD produced its Strategic Planning Guidance and MOI produced the annual Strategic Planning Directive during this period,

improving their ability to develop strategic documents and planning initiatives. Pursuant to MOI's first strategic goal to strengthen public order and ensure security, a total of 13,000 Afghan National Civil Order Police (ANCOP) personnel have been transferred to MOD and redesignated as the Afghan National Civil Order Forces (ANCOF), while the remaining 2,200 ANCOP personnel in MOI have been redesignated as Anti-Riot Police Forces. The transfer was designed to improve command and control and unity of effort, and resulted in redefined tasks and the loss of police powers for ANCOF.<sup>163</sup>

- **Intelligence TAA:** Six of eight planned ScanEagle systems, which are unmanned aerial vehicles that perform reconnaissance, have been fielded to MOD. These six systems are fully operational: the ScanEagle schoolhouse (training center) was recently relocated to Kandahar Airfield (KAF) and has one system, and the other five systems are located with the ANA Corps. The two remaining ScanEagle systems are scheduled for fielding to the 207th and 209th Corps in November 2018 and April 2019, respectively. To support enemy targeting, Intelligence TAA has also shared the current CENTCOM list of over 40,000 no-strike entities with MOD in order to reduce collateral damage from kinetic strikes. MOD Intelligence TAA also reported that the National Military Intelligence Center has created a new intelligence, surveillance, and reconnaissance (ISR) module showing the location, maintenance status, and operational tracking for all ANA ISR assets. The ANA is currently training personnel to operate Wolfhounds, which are backpacked, low-level voice-intercept radios, to listen to and locate insurgent hand-held radios. The training and certification of Wolfhound operators within the ANA increased from 20% capacity last quarter to 40% capacity in September 2018. Intelligence TAA anticipates readiness will increase through further personnel training in October and November.<sup>164</sup>
- **Gender Integration Advisory Office:** This quarter RS Gender Integration Advisory Office reported that the MOI issued an updated human resource manual and a revised gender policy to address sexual harassment but they did not take into consideration recommended policy changes provided by the MOI Human Rights, Women's Affairs and Children Directorate. RS said that MOI's Human Resource Manual and Gender Policy lack the necessary roles, responsibilities, processes, and confidentiality requirements to be effectively implemented throughout the ministry. In addition, the MOD approved its sexual-harassment policy in April 2018, but the policy was subsequently reviewed by RS Rule of Law advisors who recommended changes. A working group recently convened to finalize a substantive policy, which is slated to be approved and signed by the Minister of Defense in October.<sup>165</sup>

## Counterthreat-Finance: Disrupting Insurgent Revenue Streams

USFOR-A have carried out interdiction missions against drug trade-related targets as part of a broader military effort targeting insurgents' revenue generation.<sup>166</sup> According to U.S. government officials, as of early August, air strikes have hit approximately 200 counter-revenue targets, of which 129 were drug-related. The strikes represent a small percentage of the targets hit in the intensified air campaign launched last November under President Trump's South Asia strategy.<sup>167</sup>

The counterthreat-finance strikes are not explicitly intended to curtail the opium trade but to disrupt financing for particular insurgent leaders to make reconciliation more attractive.<sup>168</sup> Between March and July 31, 2018, the Afghan Air Force destroyed four narcotics production facilities, independently from the U.S. counterthreat-finance (CTF) campaign.<sup>169</sup> Coalition forces struck 34 CTF targets between July 1 and September 30, 2018—all targets were narcotics-production facilities. According to USFOR-A, the campaign remains effective at destroying the enemy's resources and causing it to make tactical changes to avoid strikes.<sup>170</sup>

According to DOD, the air campaign has denied the Taliban about \$46 million in revenue so far, although USFOR-A told SIGAR that exact quantities and values for narcotics labs and storage facilities destroyed during air strikes cannot be assessed.<sup>171</sup> DOD admitted that their estimates of revenue denied to the enemy are imperfect because, as they have stated in multiple press briefings, no ground verification takes place to weigh and assess the amounts of the precursors or products actually destroyed by a strike. According to DOD, the numbers represent a sufficient and consistent measure of performance (not effect, which is measured in intelligence reports).<sup>172</sup>

SIGAR has raised concerns in previous reports about DOD estimates of revenue denied from destroyed narcotics and the potential for civilian casualties associated with the campaign. DOD's methodology assigns values to the narcotics-production facilities and a uniform 20% tax rate applied to the total value to determine the potential revenue to the Taliban. It does not account for the various production stages along the opium value chain, nor for the variations in regional tax rates because, according to DOD, these measures would unnecessarily complicate and introduce inconsistencies in the measure of performance.<sup>173</sup> According to David Mansfield, an expert on Afghanistan's opium industry, heroin profits and taxes are not as large as U.S. forces estimate and bombing drug labs will have a negligible effect on Taliban revenues.<sup>174</sup> According to DOD, however, Mr. Mansfield's views are contradicted by CIA classified assessments based on intelligence reviews and the costly changes observed in the tactics, techniques, and procedures of drug-trafficking organizations. USFOR-A reports that no confirmed civilian casualties have resulted from the counter-revenue campaign strikes while 29 civilian casualties were reported by DOD from other coalition air

strikes and 73 from Afghan Air Force air strikes between January 1 and August 15.<sup>175</sup>

## AFGHAN SECURITY MINISTRIES AND THE ANDSF

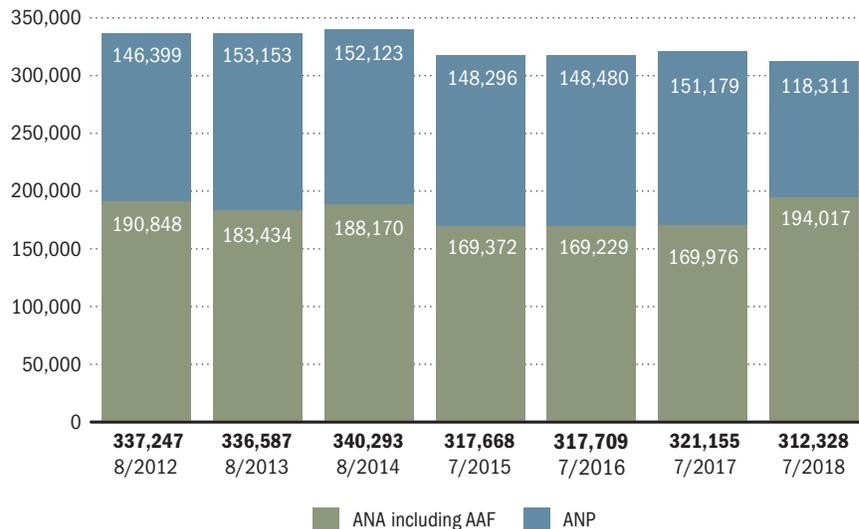
### ANDSF Strength Declines

USFOR-A reported that the actual, assigned strength of the ANDSF as of July 31, 2018, (not including civilians) was 312,328 personnel, which includes 194,017 personnel in the ANA and AAF and 118,311 in the ANP.<sup>176</sup> As shown in Figure 3.36, ANDSF strength this quarter is the lowest it has been in the third quarter of the year since 2012. The ANDSF strength decreased by 1,914 personnel since last quarter and by 8,827 personnel since the same period last year.<sup>177</sup>

According to DOD, the ANDSF's total authorized (goal) end strength in July was 352,000 personnel, including 227,374 ANA and 124,626 ANP personnel, but excluding 30,000 Afghan Local Police, who fall under MOI oversight.<sup>178</sup> Seen in Table 3.9 on the next page, this puts the ANDSF at only

FIGURE 3.36

THIRD QUARTER ANDSF ASSIGNED STRENGTH SINCE 2012



Note: ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. These figures do not include civilian personnel. ANP and Total ANDSF figures do not include "standby" personnel, generally reservists, or personnel not in service while completing training. The change in the individual strengths of the ANA and ANP from 2017 to 2018 is due to the transfer of two force elements from the MOI to MOD. However, this change did not impact the overall strength of the ANDSF.

Source: CSTC-A response to SIGAR data call, 9/6/2012, 10/1/2012, 10/1/2013, 10/6/2014, 9/11/2015, 8/30/2016, and 9/19/2018 and response to SIGAR vetting, 10/9/2016, 10/11/2016, and 10/11/2018; OSD-P, response to SIGAR vetting, 10/17/2018; SIGAR, analysis of CSTC-A-provided data, 10/2018.

TABLE 3.9

<b>ANDSF ASSIGNED AND AUTHORIZED STRENGTH, AS OF JULY 31, 2018</b>					
<b>ANDSF Component</b>	<b>Authorized Strength</b>	<b>Assigned Strength</b>	<b>% of Target Authorization</b>	<b>Difference Between Assigned and Authorized</b>	
				<b>Assigned and Authorized</b>	<b>Difference</b>
ANA including AAF	227,374	194,017	85.3%	(33,357)	(14.7%)
ANP	124,626	118,311	94.9%	(6,315)	(5.1%)
<b>ANDSF Total without Civilians</b>	<b>352,000</b>	<b>312,328</b>	<b>88.7%</b>	<b>(39,672)</b>	<b>(11.3%)</b>

Note: ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 6/2018, p. 40; USFOR-A, response to SIGAR data call, 9/19/2018; SIGAR, analysis of USAFOR-A-provided data, 9/2018.

88.7% of its authorized strength, down from 91.2% during the same period in 2017.<sup>179</sup>

## ANDSF Casualties – Data Classified

USFOR-A continues to classify ANDSF casualty data at the request of the Afghan government.<sup>180</sup> SIGAR’s questions about ANDSF casualties can be found in Appendix E of this report. ANDSF casualties are reported in the classified annex.

## Insider Attacks on the ANDSF Increase

Since responsibility for security began transitioning to the Afghan government in 2014, “green-on-green” insider attacks in which ANDSF personnel are attacked from within their own ranks, sometimes by an insurgent infiltrator, have consistently been a severe problem.<sup>181</sup> According to USFOR-A, there were 23 reported green-on-green insider attacks against ANDSF personnel from May 17 to August 26, 2018, bringing this year’s total to 56 insider attacks. This is an increase of eight attacks compared to roughly the same period in 2017.<sup>182</sup>

The ANDSF incurred 42 casualties (28 killed and 14 wounded) as a result of this quarter’s insider attacks, and a total of 121 ANDSF casualties (85 killed and 36 wounded) from January 1 to August 26, 2018. Though there have been more attacks so far in 2018 compared to the same period in 2017, last year’s attacks were more lethal (97 ANDSF were killed and 50 were wounded).<sup>183</sup>

## ANDSF Force Element Performance – Data Classified

USFOR-A continues to classify ANDSF performance assessments. SIGAR’s questions about ANDSF performance can be found in Appendix E of this report. ANDSF performance assessments are reported in the classified annex.

This quarter, the Government Accountability Office (GAO) released an audit (GAO-19-116) on ANDSF capabilities. The key findings of the report include: the ANDSF have improved some fundamental capabilities, such as high-level operational planning, but continue to rely on U.S. and Coalition support to fill several important capability gaps; DOD has initiatives to address some of these ANDSF capability gaps, such as country-wide vehicle maintenance and training efforts, yet other capabilities (such as logistics) may take several more years to develop to a self-sustaining level; while DOD has firsthand information on the AAF and the Afghan Special Security Forces' abilities to operate and maintain U.S.-purchased equipment, it has little reliable information on the equipment proficiency of conventional ANDSF units, with DOD relying on the latter's self assessments; and DOD's lack of reliable information on conventional forces' equipment operations-and-maintenance abilities adds to the uncertainty and risk in assessing the progress of DOD efforts in Afghanistan.<sup>184</sup> For more information about this and other U.S. government oversight agency reports on Afghanistan, see Section 4.

### Ministry Performance Assessments – Data Classified

USFOR-A continues to classify MOD and MOI performance assessments. SIGAR's questions about the ministries' performance can be found in Appendix E of this report. MOI and MOD performance assessments are reported in the classified annex.

### AHRIMS and APPS

The MOD and MOI, with RS assistance, are implementing and streamlining several systems to accurately manage, pay, and track their personnel—an effort DOD expects will greatly improve protection of U.S. funds. The United States pays the ANA and ALP personnel costs through unilateral ASFF funds but it pays ANP personnel costs by contributing to the multilateral LOTFA.<sup>185</sup>

The Afghan Human Resource Information Management System (AHRIMS) contains data that includes the name, rank, education level, identification-card number, and approved positions to align with each ANDSF service member. AHRIMS contains all the approved positions within the MOD and the MOI with each position linked to a unit, location, and duty title. The Afghan Personnel Pay System (APPS) is currently being fielded and when fully implemented, will integrate AHRIMS data with compensation and payroll data to process authorizations, record unit-level time and attendance data, and calculate payroll amounts.<sup>186</sup> The AHRIMS (and in future, APPS) data is also used to provide background information on ANDSF personnel to assist with assignment, promotions and other personnel actions.<sup>187</sup>

As USFOR-A has reported previously, three ongoing efforts aim to ensure that accurate personnel data 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) the personnel asset inventory, which is a continuous process of physically counting personnel and correcting the employment status of personnel retired, separated, or killed in action.<sup>188</sup>

This quarter, CSTC-A reported that the MOD became “fully mission capable” in APPS on July 30, 2018, meaning that the APPS system has been delivered, and the MOD has the ability to fully employ the system and maintain it to meet their operational needs. However, as of August 22, 2018, only 75.1% of ANA personnel (including civilians) met minimum data-input requirements to be paid via APPS. The total force slotted in APPS as of the same date was 78.3%. According to CTSC-A, the ANA continues to biometrically enroll and slot personnel into the APPS system to increase these figures.<sup>189</sup>

CSTC-A also reported that the MOI are expected to become fully mission capable in APPS by November 30, 2018. As of August 22, 44.9% of ANP personnel (including ALP members and civilian employees) met minimum data-input requirements to be paid via APPS, and 74.5% of the force was slotted in APPS. The ANP completed APPS training for all ANP Zone and Provincial Headquarters personnel and continues to biometrically enroll and slot personnel.<sup>190</sup>

## **Afghanistan Compact – Not Publicly Releasable**

Much of the detailed data about Afghanistan Compact progress is unclassified but not releasable to the public. SIGAR’s questions about the Compact can be found in Appendix E of this report and information about the Compact is reported in the classified annex.

## **AFGHAN NATIONAL ARMY**

As of September 30, 2018, the United States had obligated \$46.7 billion and disbursed \$46.0 billion of ASFF funds to build, train, equip, and sustain the ANA.<sup>191</sup>

## **ANA Strength – Some Data Classified**

USFOR-A continues to classify unit-level ANA authorized-strength figures. Detailed assigned- and authorized-strength information appear in the classified annex to this report. SIGAR’s questions about ANA strength can be found in Appendix E of this report.

According to DOD, the ANA’s total authorized (goal) end strength was 227,374.<sup>192</sup> USFOR-A reported that the actual, assigned strength of the ANA and AAF as of July 31, 2018, (not including civilians) was 194,017 personnel, a decrease of 2,273 personnel since last quarter. This quarter’s ANA strength represents a 24,041-person increase from the same period last year, but this

figure is skewed due to the transfer of 30,689 personnel from two MOI force elements (ANCOP and ABP) to MOD.<sup>193</sup> When adjusting for that transfer, the ANA lost 6,648 personnel compared to the same period last year.<sup>194</sup>

The ANA's 194,017 personnel consisted of 85,361 soldiers, 73,364 non-commissioned officers, and 35,292 officers. This put the ANA at 85.3% of its authorized strength in July 2018, or 33,357 personnel short of their goal strength. This is a one percentage point drop since last quarter, and about a two-point fall from the 87.2% one year prior.<sup>195</sup>

### ANA Attrition – Data Classified

This quarter, USFOR-A classified all ANA attrition information; last quarter it provided limited attrition information. SIGAR's questions about ANA attrition can be found in Appendix E. A detailed analysis of attrition by ANA force element is provided in the classified annex to this report.

### ANA Sustainment

As of September 30, 2018, the United States had obligated \$22.8 billion and disbursed \$22.2 billion of ASFF for ANA sustainment.<sup>196</sup>

CSTC-A reported that the total amount expended for on-budget ANA sustainment requirements thus far for Afghan FY 1397 (beginning December 21, 2017) was \$495.5 million through August 17, 2018, the vast majority of which was expended on ANA salaries and incentive pay (\$395.2 million, of which roughly \$158.9 million was for incentive pay). This is an increase of about \$29.1 million in salaries and incentive payments compared to the same period last year.<sup>197</sup>

Roughly \$100.3 million was spent on nonpayroll sustainment requirements, the costliest of which were energy-generating equipment (\$23.4 million), office equipment and computers (\$17.6 million), and construction of non-building structures (\$10.5 million). This amount reflects a \$66.1 million increase in non-payroll expenses compared to the same period last year.<sup>198</sup>

CSTC-A said this quarter that the funding required for ANA base salaries, bonuses, and incentives for FY 2019 is estimated at \$735.9 million (an increase from last quarter's estimate of \$651.6 million), but noted that the U.S. contribution to ANA personnel sustainment over the next few years is contingent on congressional appropriations.<sup>199</sup>

### ANA Equipment and Transportation

As of September 30, 2018, the United States had obligated and disbursed \$13.7 billion of ASFF for ANA equipment and transportation.<sup>200</sup>

Seen in Table 3.10 on the following page, CSTC-A reported that the highest-cost items of equipment provided to the ANA this quarter included 10 aircraft (valued at a total of \$35.5 million), 16 HMMWVs (humvees) valued at a total of \$3.6 million, and other equipment (valued at a total of about \$1.4 million).<sup>201</sup> As shown in Table 3.11 on the following page, several

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**Cargo trucks** (left) awaiting transfer to the ANDSF at the Gear Lot. (Gear International photo)

TABLE 3.10

<b>MAJOR EQUIPMENT ITEMS PROVIDED TO ANA, JULY–SEPTEMBER 2018</b>				
<b>Equipment Type</b>	<b>Equipment Description</b>	<b>Units Issued in Quarter</b>	<b>Unit Cost*</b>	<b>Total Cost*</b>
Aircraft	UH-60A Helicopter	5	\$4,000,000	\$20,000,000
Aircraft	MD-530 Helicopter	5	3,100,000	15,500,000
Vehicle	M115A2 HMMWV (Humvee)	8	256,000	2,048,000
Vehicle	M115A1 HMMWV (Humvee)	8	192,000	1,536,000
Weapon	M2 Machine Gun	100	12,500	1,250,000
Other	5 KW Generator	10	18,800	188,000
<b>Total Cost of Equipment</b>				<b>\$40,522,000</b>

Note: \*Figures were rounded by CSTC-A.

Source: CSTC-A, response to SIGAR data call, 10/5/2018 and response to SIGAR vetting, 10/16/2018.

TABLE 3.11

<b>VEHICLES ISSUED TO THE ANDSF, AUGUST 1–OCTOBER 3, 2018</b>				
<b>Vehicle Type</b>	<b>Received Afghanistan</b>	<b>Issued to Afghan Army</b>	<b>Issued to Afghan Police</b>	<b>Vehicles Not Yet Issued (as of Oct 3, 2018)*</b>
M1151 HMMWV	66	8	87	214
M1152 HMMWV	0	8	106	293
Cargo Truck (MTV International)	48	0	62	605
1200 Gallon Water Tanker	15	0	1	78
1200 Gallon Fuel Tanker	11	0	0	40
Flatbed Wrecker Truck	0	0	13	0
Wrecker Truck	0	0	5	13
Forklift Truck	3	0	0	3
40 Foot Trailer	11	0	0	11

Note: \* This is not an exhaustive accounting of vehicles not yet issued to the ANDSF. This figure includes vehicles ready for issue, vehicles waiting for repair, and vehicles waiting for inspection.

Source: SIGAR, analysis of Gear International, "Gear International Daily Overview Report 03-OCT-2018," 10/3/2018.

hundred ASFF-funded vehicles were received in Afghanistan, issued to the ANA or ANP, or have yet to be issued to the ANA or ANP this quarter. SIGAR will continue tracking the status of these vehicles in future reports.

## **ANA Equipment Operational Readiness – Data Classified**

USFOR-A continues to classify data on ANA equipment readiness. SIGAR's questions about ANA equipment readiness can be found in Appendix E of this report. ANA equipment readiness is reported in the classified annex.

## **ANA Infrastructure**

The United States had obligated and disbursed \$5.9 billion of ASFF for ANA infrastructure projects as of September 30, 2018.<sup>202</sup>

TABLE 3.12

MAJOR ANA INFRASTRUCTURE PROJECTS				
Project Description	Project Location	Agency / Contractor	Estimated Cost	Estimated Completion Date
<b>Awarded Projects</b>				
Special Operations Brigade North Forward Operating Center, Camp Pratt	Mazar-e Sharif, Balkh Province	USACE / Bultek Construction	\$25,353,848	2/26/2021
Afghan National Army Special Operations Corps, Corps Headquarters	Pul-e Charkhi, Kabul Province	USACE / Bultek Construction	4,993,449	11/1/2020
Forward Operating Center, Camp Julien	Darulaman, Kabul Province	MAKRO Mechanics	2,298,703	2/28/2019
<b>Ongoing Projects</b>				
Marshal Fahim National Defense University, Phase II	Kabul, Kabul Province	Macro Vantage Levant JLT	72,462,207	12/31/2017
Northern Electrical Interconnect at Camp Shaheen	Marmal, Balkh Province	USACE / Venco-Imtiaz Construction Company	27,692,414	10/21/2019
Special Operations Brigade North Forward Operating Command, Camp Pratt	Mazar-e Sharif, Balkh Province	USACE / Bultek Construction	25,353,848	2/26/2021
<b>Completed Projects</b>				
ANA Electrical System Repair at North Hamid Karzai International Airport AAF Airbase	Kabul, Kabul Province	USACE / Road & Roof Construction Company	1,173,048	7/11/2018
Third Well Construction for the Special Mission Wing at Kandahar Airfield	Kandahar, Kandahar Province	USACE / Assist Consultants Inc.	679,998	8/14/2018
<b>Planned Projects</b>				
Afghan Air Force Aviation Enhancement, Mazar-e Sharif Airfield	Mazar-e Sharif, Balkh Province	TBD	37,904,173	N/A
Afghan Air Force Aviation Enhancement, Kandahar Airfield	Kandahar, Kandahar Province	TBD	27,000,000	N/A
New 8th Special Operations Kandak at Forward Operating Base Shank	Logar Province	TBD	9,742,320	N/A

Note: All data is as of August 25, 2018. Marshal Fahim National Defense University's Phase II is pending completion because the necessary replacement of fire doors has not yet been resolved.

Source: CSTC-A, response to SIGAR data call, 9/19/2018 and response to SIGAR vetting, 10/11/2018.

CSTC-A reported that the estimated annual facilities-sustainment costs for all ANA facility and electrical generator requirements will be roughly \$68 million—the same as last quarter. According to CSTC-A, as of August 25, 2018, the United States completed 454 ANA infrastructure projects in Afghanistan valued at a total cost of \$5.4 billion.<sup>203</sup>

CSTC-A reported that two projects were completed this quarter, costing \$1.9 million. Another 37 projects (valued at \$221.6 million) were ongoing, four projects were awarded (valued at \$32.9 million), and 24 projects (valued at \$307.9 million) were being planned.<sup>204</sup> See Table 3.12 for a description of the highest-value awarded, ongoing, completed, and planned ANA infrastructure projects.

Included in the projects described above are eight **Women's Participation Program** (WPP) projects valued at a total of \$13.9 million, three projects in the planning phase (\$4.4 million), and five ongoing projects (\$9.5 million).<sup>205</sup> See Table 3.13 on the next page for a description of these projects.

**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.

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TABLE 3.13

MAJOR ANA WPP INFRASTRUCTURE PROJECTS			
Project Description	Project Location	Estimated Cost	Estimated Completion Date
<b>Awarded Projects</b>			
Women's Training Center in Kabul*	Kabul, Kabul Province	\$2,605,200	11/1/2019
Daycare and Kitchen at Camp Zafar	Herat, Herat Province	1,014,000	TBD
Female Tactical Platoon Facility at Camp Scorpion*	Kandahar, Kandahar Province	805,200	TBD
<b>Ongoing Projects</b>			
Women's Facilities at Marshal Fahim National Defense University*	Kabul, Kabul Province	5,278,818	11/30/2018
Women's Facilities at North Hamid Karzai International Airport Afghan Air Force Airbase*	Kabul, Kabul Province	1,537,747	12/8/2018
Women's Barracks at South Hamid Karzai International Airport / Afghan Air University	Kabul, Kabul Province	1,143,739	1/1/2019

Note: \* Projects are being funded through the multilateral NATO ANA Trust Fund, not through unilateral U.S. ASFF funds. All data is as of August 25, 2018.

Source: CSTC-A, response to SIGAR data call, 9/19/2018.

## ANA and MOD Training and Operations

As of September 30, 2018, the United States had obligated \$4.3 billion and disbursed \$4.2 billion of ASFF for ANA, AAF, and MOD training and operations.<sup>206</sup>

At the request of DOD, SIGAR will await the completion of the Government Accountability Office's (GAO) forthcoming audit on the cost of ASFF-funded ANDSF training contracts before reporting on the status of those contracts.<sup>207</sup> For more information about this and other GAO audits related to Afghanistan, see Section 4.

## Afghan Air Force

As of August 31, 2018, the United States has appropriated approximately \$6.4 billion to support and develop the AAF from FY 2010 to FY 2018, with roughly \$1.4 billion appropriated in FY 2018, no change since last quarter.<sup>208</sup> A large portion of these funds (\$715.1 million) is earmarked for AAF sustainment costs. According to DOD's FY 2018 budget-justification document, the \$1.4 billion includes \$709.8 million for the second year of the ANDSF Aviation Modernization (AAM) plan which includes the transition from Russian-manufactured helicopters to U.S.-manufactured UH-60 Black Hawk helicopters.<sup>209</sup>

Also as of August 31, nearly \$3.9 billion has been obligated for the AAF in FYs 2010–2018, with roughly \$107 million of those funds obligated in FY 2018, unchanged since last quarter. The majority of the funding obligated since FY 2010 continues to be for sustainment items, which account for 42.8% of obligated funds, followed by equipment and aircraft at 38.5%.<sup>210</sup>

As seen in Table 3.14 on page 97, the AAF's current inventory of aircraft, as of September 3, 2018, includes:<sup>211</sup>

- 47 Mi-17 helicopters (25 unavailable, three more than last quarter)
- 29 MD-530 helicopters (one unavailable, same as last quarter)
- 24 C-208 utility airplanes (one unavailable, same as last quarter)
- 4 C-130 transport airplanes (one unavailable)
- 20 A-29 light attack airplanes (all available, one more than last quarter)
- 19 UH-60 utility helicopters (all available, three more than last quarter)

TAAC-Air reported this quarter that the AAF received five MD-530s and three UH-60s, and also successfully returned three of its Mi-17s to service from overhaul or heavy repair.<sup>212</sup> Several aircraft have been purchased for the AAF but not yet fielded, including nine A-29s, 10 AC-208s, and 41 UH-60s.<sup>213</sup> According to DOD, the current near-term schedule for aircraft delivery to Afghanistan is two UH-60s per month, five MD-530s per quarter, and seven AC-208s by spring 2019, with three AC-208s remaining in the United States for AAF training. Further deliveries are currently being planned. The final four A-29s to be delivered to the AAF are scheduled to arrive at Moody Air Force Base for AAF training by March 2019. DOD noted that the delivery schedules could vary depending on factors such as availability of trained air crews and maintainers to conduct operations and changes in requirements for numbers of aircraft needed to support training activities.<sup>214</sup>

According to TAAC-Air, the AAF's training for the A-29, C-208, and MD-530 platforms is on track to produce the required number of aircrew. The aircrew for the C-208 and MD-530 become qualified directly out of the initial pilot-training courses that take place outside of Afghanistan. Currently, A-29 training is in the United States, but this is programmed to change by the end of 2020, with DOD and the MOD considering options for a long-term plan for A-29 training beyond 2020. TAAC-Air said the current UH-60 training program is taxing the aircraft-utilization limits to train, season, and upgrade aircrew to create full crews.<sup>215</sup>

Five aircraft-qualification classes to train pilots on how to operate the UH-60 and two mission-qualification classes to train pilots and crews on employing the UH-60 for its specific missions have been completed, progressing on track with the UH-60 growth plan. Training is projected to remain on track if aircraft and crews continue to arrive as anticipated. UH-60 aircrew training will be on pace with aircraft delivery for one year, but is capped at up to 64 pilots and special-mission operators. Training of aircraft commanders (pilot in command) will determine how many full crews are established. According to TAAC-Air, a complete UH-60 crew is a pilot in command, a co-pilot, and two special mission operators (four personnel total). The current projection is to have 17 UH-60 aircrews trained within the next year, in line with the schedule for FY 2019 UH-60 aircraft

delivery. The training for new AC-208 aircrew is just beginning, and TAAC-Air said that it is too early to assess that effort.<sup>216</sup>

## **AAF Task Availability and Operations**

The task availability rate is defined as the number of aircraft serviceable and ready to be tasked, for combat or training, compared to the number of aircraft in the operational fleet (excluding those in depot). For example, if a 12-aircraft fleet has five serviceable aircraft, two aircraft in the maintenance depot, and five in other status, this calculation yields a 50% task availability (i.e., five of the 10 airframes not undergoing maintenance) for that aircraft type. Task availability is a capabilities-based measurement for senior leadership mission planning, rather than a measurement of how contractors are performing in maintaining AAF aircraft.<sup>217</sup> TAAC-Air has gathered enough data on UH-60 flight hours, sorties, and performance to determine a task-availability benchmark this quarter, which they determined is 75%, the same benchmark as for the A-29 and C-208 airframes.<sup>218</sup> According to TAAC-Air, as of July 31, 2018, only one AAF airframe (the C-208) failed to meet its task availability benchmark with an average task availability of 64.2% from May through July 2018.<sup>219</sup>

According to TAAC-Air, the AAF flew an average of roughly 3,165 hours per month this quarter (May 1 to July 31, 2018), a 39% increase in the average amount of hours flown per month last quarter and a 12% increase compared to the same period last year. The Mi-17 continued to fly the most hours of any airframe, an average of 966 hours per month this reporting period, followed by the MD-530 at 806 average hours per month. This was an increase compared to the Mi-17's 816-hour average and the MD-530's 598-hour average reported last quarter.<sup>220</sup> USFOR-A said its flight-hours data include all hours flown by the airframes, whether for operations, maintenance, training, or navigation.<sup>221</sup>

Of the six AAF airframes, only two airframes (the Mi-17 and C-130) significantly exceeded their recommended flight hours, the same as last quarter. The Mi-17 flew an average of 966 hours this reporting period versus a recommended 550 hours (176% of recommended) and the C-130 flew an average of 116 hours versus a recommended 75 hours (155% of).<sup>222</sup> The Mi-17 flew 30.5% of the total hours flown by any AAF aircraft from May through July, a roughly five percentage-point decrease from the 35.7% of the AAF's total hours the Mi-17 flew last quarter.<sup>223</sup>

This quarter, USFOR-A reported that the AAF flew 11,199 sorties from May 1, 2018, through July 31, 2018, the most sorties the AAF has reported flying since SIGAR began tracking this data in March 2017. A sortie is defined as one takeoff and one landing. There were an average of 3,733 sorties per month this quarter, with the most sorties (3,990) flown in July 2018. This is a 28% increase from the 2,917 average sorties per month reported last quarter and a 34% increase in average sorties per month reported last

year.<sup>224</sup> As in previous quarters, the Mi-17 flew the greatest number of sorties (5,564) followed by the C-208 (2,184).<sup>225</sup>

## Personnel Capability

TAAC-Air provided the following information on how many fully mission-qualified, or certified mission-ready (CMR) aircrew and pilots the AAF has for each of its airframes, which can be seen in Table 3.14. For more information about the specific training involved for crew members attaining CMR status, please see SIGAR's April 2017 *Quarterly Report to the United States Congress*.<sup>226</sup>

TABLE 3.14

AFGHAN AVIATION SUMMARY, AS OF SEPTEMBER 2018					
AIRCRAFT	Usable	Total	Command Pilot	Co-Pilots	Other Aircrew
A-29	12	12	15	N/A	0
Mi-17	22	47	25	33	7
UH-60	19	19	9	15	24
MD-530	29	30	34	25	0
C-130	3	4	8	4	14
C-208	23	24	19	11	3

Note: Only qualified pilots and aircrew are listed in this table. "Other Aircrew" includes loadmasters, flight engineers, and special mission operators and vary by airframe. These figures do not include the aircraft or personnel for the Special Mission Wing, which are classified.

Source: TAAC-Air, response to SIGAR data call, 9/19/2018 and response to SIGAR vetting, 10/3/2018; SIGAR, analysis of TAAC-Air-provided data, 10/2018.

TAAC-Air also provided for the first time information on AAF maintenance personnel and their training requirements. They said fully mission-capable AAF maintainers must undergo two to three years of training, which includes 36 weeks of English-language training, two to three months of academics, and six to 12 months of on-the-job training, with some gaps between training. Table 3.15 on the following page for the current number of authorized and assigned AAF maintenance personnel by airframe and other maintenance function, as well as the projected authorizations for AAF maintenance personnel for 2023. As of September 3, 2018, the AAF's 1,246 assigned maintenance personnel were at 73.9% of their authorized strength of 1,686. Kabul Airbase has the most maintenance personnel by far (703), followed by Kandahar (316). Kabul had the highest percentage of maintenance personnel against its authorization (85.9%) and Mazar-e Sharif had the lowest (48.2%). In terms of maintenance positions, the AC-208 and the Maintenance Operations teams had the most personnel against their authorization, at 90.6% and 90.4% respectively. The C-130 (13.3%) and Maintenance Staff (20.2%) teams had the least staff against their authorizations.<sup>227</sup> SIGAR will continue to track AAF maintenance personnel for future quarterly reports.

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TABLE 3.15

AAF MAINTENANCE PERSONNEL STRENGTH, AS OF SEPTEMBER 2018															
Maintenance Positions	2018 AUTHORIZED STRENGTH					2018 ASSIGNED STRENGTH					2023 PROJECTED AUTHORIZATIONS				
	Kabul	Kand	MeS	Shind	Total	Kabul	Kand	MeS	Shind	Total	Kabul	Kand	MeS	Shind	Total
A-29	59	64	0	0	123	56	30	0	0	86	59	67	83	0	209
AC-208	57	7	0	0	64	54	4	0	0	58	72	81	62	0	215
C-208	50	50	0	44	144	49	36	0	38	123	48	55	37	36	176
C-130	15	0	0	0	15	2	0	0	0	2	15	0	0	0	15
MD-530	85	102	0	0	187	85	52	0	0	137	76	163	117	0	356
Mi-17	0	50	0	4	54	0	35	0	3	38	0	0	0	0	0
UH-60	75	79	0	42	196	0	22	0	37	59	105	143	67	42	357
UH-60 FFF	0	0	0	0	0	0	0	0	0	0	78	75	68	0	221
Maintenance Operations	416	154	50	123	743	415	120	25	112	672	305	224	176	107	812
Munitions Squadron	33	31	0	12	76	28	16	0	10	54	45	44	36	12	137
Maintenance Staff	28	30	6	20	84	14	1	2	0	17	24	31	21	17	93
<b>Total</b>	<b>818</b>	<b>567</b>	<b>56</b>	<b>245</b>	<b>1,686</b>	<b>703</b>	<b>316</b>	<b>27</b>	<b>200</b>	<b>1,246</b>	<b>827</b>	<b>883</b>	<b>667</b>	<b>214</b>	<b>2,591</b>

Note: All personnel listed above are trained and fully mission-capable. The locations on the table refer to AAF airbases. Kand = Kandahar, MeS = Mazare Sharif, and Shind = Shindand. Maintenance Operations = non-mechanical functions like quality assurance, analysis, plans, scheduling, documentation, training, and logistics; Munitions Squadron = a squadron that stores, maintains, inspects, assembles, and issues aircraft munitions; Maintenance Staff = staff that handle command, support, and finance; FFF= Fixed Forward Firing.

Source: TAAC-Air, response to SIGAR data call, 9/19/2018 and response to SIGAR vetting, 10/5/2018, 10/11/2018, and 10/22/2018.

TAAC-Air said this quarter that despite beginning to assign some maintainers to the UH-60, UH-60 maintenance operations are currently conducted by contract and the AAF has no organic UH-60 maintenance capability at this time. The qualification of MD-530 maintainers lags behind delivery of those aircraft, while A-29 maintainer qualification is meeting or exceeding delivery, and AC-208 maintainer-training methodology and qualification-output goals are still being determined.<sup>228</sup>

## The Special Mission Wing – Data Classified

NSOCC-A continued to classify most of the data on the Special Mission Wing (SMW). SIGAR’s questions on this data can be found in Appendix E of this report and information about the SMW is reported in the classified annex.

## AFGHAN NATIONAL POLICE

As of September 30, 2018, the United States had obligated \$21.6 billion and disbursed \$21.2 billion of ASFF funds to build, train, equip, and sustain the ANP.<sup>229</sup>

## ANP Strength – Some Data Classified

USFOR-A continued to classify unit-level ANP authorized-strength figures. Detailed assigned-and authorized-strength information appears in the classified annex to this report. SIGAR’s questions about ANP strength can be found in Appendix E of this report.

According to DOD, the ANP’s total authorized (goal) end strength was 124,626, a considerable decrease from the 157,000 personnel authorized in 2016 and 2017. DOD reported in June that this was due to the transfer of the majority of ABP and ANCOP personnel from MOI to MOD. DOD said that while there was a 20% reduction in MOI’s total force size, the MOI headquarters “did not reduce at commensurate levels.”<sup>230</sup>

The assigned, or actual, strength of the ANP, as of July 31, 2018, was 118,311 personnel, including 24,229 officers, 35,424 noncommissioned officers, and 58,658 patrolmen. This figure represents an increase of 359 personnel since last quarter, but a 32,868-person decrease since July 2017, most of which was due to the transfer of 30,689 ANCOP and ABP personnel to MOD. After adjusting for that transfer, the ANP lost 2,179 personnel compared to the same period last year.<sup>231</sup>

The ANP was at 94.9% (or 6,315 personnel below) its authorized strength in July 2018, down from 96.3% of its authorized strength one year prior.<sup>232</sup>

## ANP Attrition – Data Classified

USFOR-A classified all ANP attrition information this quarter, unlike last quarter when limited attrition information was provided. SIGAR’s questions about ANP attrition can be found in Appendix E. A detailed analysis of attrition by ANP force element is provided in the classified annex to this report.

## ANP Sustainment

As of September 30, 2018, the United States had obligated \$9.4 billion and disbursed \$9.2 billion of ASFF for ANP sustainment.<sup>233</sup>

According to CSTC-A, the total estimated annual ANP salary and incentive costs for FY 2018 will be \$140.1 million to be paid via LOTFA, a multilateral fund to which the United States has only contributed \$1 million so far this year. Separately, the United States will pay an estimated \$42.1 million to fund salaries and incentives for the ALP, a roughly \$4.5 million decrease from last quarter’s estimate.<sup>234</sup>

CSTC-A reported this quarter that the total on-budget amount expended for ANP sustainment requirements thus far for Afghan FY 1397 (beginning December 21, 2017) was \$65.4 million through August 17, 2018, the majority of which were spent on ANP salaries and incentives and non-payroll-related expenses such as electricity and fuel. CSTC-A disbursed \$33.6 million of these funds in salary and incentive pay (mostly for the ALP), \$27.8 million for services (such as electricity, fuel, and natural gas), and roughly



**Afghan Special Police** recruits practice close quarters battle drills during training at the Special Police Training Center, near Kabul, Afghanistan, July 18. (NATO photo by LaShawn Sykes)

\$4 million for assets (such as land, infrastructure improvements, and communications equipment).<sup>235</sup>

## ANP Equipment and Transportation

As of September 30, 2018, the United States had obligated and disbursed \$4.7 billion of ASFF for ANP equipment and transportation.<sup>236</sup>

Seen in Table 3.16, CSTC-A reported that the highest-cost items of equipment provided to the ANP this quarter included nearly 300 vehicles (valued at a total of \$55.1 million) and weapons and other equipment (valued at a total of about \$3.1 million).<sup>237</sup>

TABLE 3.16

MAJOR EQUIPMENT ITEMS PROVIDED TO ANP, JULY–SEPTEMBER 2018				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost*	Total Cost*
Vehicle	M115A1 HMMWV (Humvee)	109	\$192,000	\$20,928,000
Vehicle	M115A2 HMMWV (Humvee)	89	256,000	22,784,000
Vehicle	Medium Tactical Vehicle	81	140,000	11,340,000
Weapon	PKM Machine Gun	600	4,200	2,520,000
Weapon	Night Vision Device	299	2,100	627,900
Other	Winch	10	3,700	37,000
<b>Total Cost of Equipment</b>				<b>\$58,236,900</b>

Note: \* Figures were rounded by CSTC-A.

Source: CSTC-A, response to SIGAR data call, 10/5/2018, and response to SIGAR vetting, 10/16/2018.

### Equipment Operational Readiness – Data Classified

This quarter, USFOR-A continued to classify data concerning the ANP's equipment readiness. The questions SIGAR asked about ANP equipment readiness can be found in Appendix E of this report. ANP equipment readiness is reported in the classified annex.

### ANP Infrastructure

The United States has obligated \$3.2 billion and disbursed \$3.1 billion of ASFF for ANP infrastructure projects as of September 30, 2018.<sup>238</sup>

CSTC-A reported that the estimated annual facilities-sustainment costs for all ANP facility and generator requirements will be roughly \$71.7 million—the same as last quarter. According to CSTC-A, as of August 25, 2018, the United States completed 766 ANP infrastructure projects in Afghanistan costing \$3.0 billion.<sup>239</sup>

CSTC-A reported that three projects were completed this quarter, costing \$3.1 million; 16 projects were ongoing (valued at \$81.3 million); one project was awarded (valued at \$32.8 million); and four projects were being planned (valued at \$144.1 million).<sup>240</sup> Table 3.17 on the following page lists the highest-value awarded, ongoing, completed, and planned ANP infrastructure projects.

Included in the projects described above are 17 Women's Participation Program (WPP) projects valued at \$147.5 million. Two projects were being planned (roughly \$70 million), 12 are ongoing projects (\$74.4 million), and three have been completed (\$3.1 million).<sup>241</sup>

### ANP Training and Operations

As of September 30, 2018, the United States had obligated \$4.4 billion and disbursed \$4.2 billion of ASFF for ANP and MOI training and operations.<sup>242</sup>

At the request of DOD, SIGAR will await the completion of GAO's forthcoming audit on the cost of ASFF-funded ANDSF training contracts before reporting on the status of those contracts.<sup>243</sup> For more information about this and other GAO audits related to Afghanistan, see Section 4.

### 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. While the ANP's personnel costs are paid via the LOTFA, only DOD funds the ALP, including both personnel and other costs. Funding for the ALP's personnel costs is provided directly to the Afghan government.<sup>244</sup> Although the ALP is overseen by the MOI, it is not counted toward the ANDSF's authorized end strength.<sup>245</sup>

As of July 21, 2018, the NATO Special Operations Component Command-Afghanistan (NSOCC-A) reported that according to the ALP Staff Directorate,

# SECURITY

TABLE 3.17

MAJOR ANP INFRASTRUCTURE PROJECTS				
Project Description	Project Location	Agency / Contractor	Estimated Cost	Estimated Completion Date
<b>Awarded Projects</b>				
Women's Participation Program (WPP) Police Town, Phase II	Kabul, Kabul Province	USACE / Macro Vantage Levant DMCC	\$32,831,000	3/31/2021
<b>Ongoing Projects</b>				
WPP Police Town, Phase I	Kabul, Kabul Province	USACE / Macro Vantage Levant DMCC	23,646,225	11/23/2018
WPP Police Town, Phase II	Kabul, Kabul Province	USACE / Macro Vantage Levant DMCC	32,831,000	3/31/2021
WPP Women's Facilities at Kabul Police Academy	Kabul, Kabul Province	USACE / Macro Vantage Levant DMCC	7,072,803	6/23/2019
<b>Completed Projects</b>				
Daycare for the Afghan Border Police Regional Training Center, Zone 301 Headquarters	Nangarhar, Jalalabad Province	USACE / Assist Consultants Inc.	837,006	5/28/2018
Daycare for the ANP Regional Training Center, Zone 301 Headquarters	Nangarhar, Jalalabad Province	USACE / State Women Corporation	1,232,874	7/31/2018
Daycare and Barracks for the Afghan Uniform Police Provincial Headquarters in Panjshir	Panjshir, Panjshir Province	USACE / Assist Consultants Inc.	1,016,006	7/15/2018
<b>Planned Projects</b>				
WPP Police Town, Phase III	Kabul, Kabul Province	TBD	30,000,000	6/30/2021
WPP Police Town, Phase IV	Kabul, Kabul Province	TBD	40,000,000	8/30/2021

Note: All data are as of August 25, 2018. All WPP Police Town projects listed above are being funded through the multilateral NATO ANA Trust Fund, not through unilateral U.S. ASFF funds. The estimated cost of the two WPP Police Town projects in the planning phase are rough estimates based upon recent contract awards. CSTC-A did not report the Afghan Border Police daycare to SIGAR last quarter due to an unexpectedly early completion of the project.

Source: CSTC-A, response to SIGAR data call, 9/19/2018.

the ALP has roughly 28,000 guardians on hand, roughly 24,000 of whom are trained, about 5,000 untrained, and about 100 in training. The ALP's strength declined by roughly 1,000 personnel since last quarter, as did the number of trained personnel, with the number of untrained personnel increasing by about 1,000. However, the percentage of the force that is untrained increased this quarter to 17%, up three percentage points since last quarter.<sup>246</sup>

When asked about the large number of untrained personnel, NSOCC-A said the ALP receive a four-week training course covering basic weapons use, human rights, and logistics and supplies, which is taught at the ANP's Regional Training Centers. NSOCC-A said the ALP has the most personnel killed in action of any unit in Afghanistan because they fight in locations without significant backup. For example, ALP will lose (killed in action, absent, contract ended) approximately 3,000 trained personnel over a three-month period. During the same time period, they will hire approximately 5,000 new personnel, all of whom require training. NSOCC-A said even if the training centers are full for the year, there probably will not be an appreciable increase in the number or percentage of ALP personnel trained, due to the number of losses and new recruits.<sup>247</sup>

This quarter, NSOCC-A reported on the ALP's continuing efforts to enroll personnel in APPS, to transition ALP salary payments to an electronic funds-transfer (EFT) process, and to inventory materiel. According to NSOCC-A, as of August 9, 2018, roughly 70% of ALP have been slotted into APPS, a substantial decrease from the 80% reported last quarter.<sup>248</sup>

NSOCC-A reported no change to the estimated \$90 million of ASFF needed to fund the ALP for FY 2018 (assuming an ALP force authorization of 30,000 personnel).<sup>249</sup>

## WOMEN IN THE ANDSF – SOME DATA CLASSIFIED

RS classified the exact strength data for female personnel in the ANDSF this quarter. A detailed analysis of female ANDSF personnel strength is provided in the classified annex to this report. SIGAR's questions about women in the ANDSF can be found in Appendix E. For rounded strength figures, see Table 3.18.

RS's Gender Integration Advisory Office reported efforts to recruit women for the ANA are currently on hold. MOD is not actively recruiting women for the ANA while the ministry is working to create a dedicated force-development plan that will allow the ANDSF to conduct targeted recruiting of qualified women in the future. There are no lieutenant positions open at this time to either men or women, leaving no vacancies for newly trained recruits. Therefore, if women are recruited with no vacant positions, they go straight into the inactive reserve. Personnel assigned to the inactive reserve are no longer paid now that APPS is officially online. RS said the ANA recruiting goal will be 200 women per quarter once recruiting resumes. It is anticipated that the ratio for female recruits will be somewhere near 30–40% officers to 70–60% NCOs.<sup>250</sup>

TABLE 3.18

<b>ANDSF FEMALE PERSONNEL, ROUNDED ASSIGNED STRENGTH, AS OF JULY 2018</b>					
	<b>Officers</b>	<b>Non-commissioned Officers</b>	<b>Soldiers/ Patrolmen</b>	<b>Cadets</b>	<b>Total</b>
ANP	800	1,200	1,200	0	<b>3,200</b>
ANA	600	400	200	100	<b>1,300</b>
<b>Total</b>					<b>4,500</b>
<b>Afghan Air Force (AAF)</b>					
AAF	60	20	10	10	<b>100</b>
<b>Afghan Special Security Forces (ASSF)</b>					
ANP	10	80	10	0	<b>100</b>
ANA	10	10	10	0	<b>30</b>

Note: The AAF strength is included in the ANA's total strength number. The ASSF numbers are included in the ANP and ANA numbers, respectively.

Source: RS Gender Integration Advisory Office, response to SIGAR data call, 9/19/2018.

The ANP is also minimally recruiting women as the MOI works to realign targets for female recruitment by rank due to pending tashkil changes to allow for career progression. RS said that current ANP recruitment efforts are focused, for the time being, on recruiting women to attend the Sivas Police Training Academy course in Turkey in October 2018.<sup>251</sup> RS commented generally that focusing on recruiting numbers alone fails to capture the challenge of identifying valid personnel requirements, training needs, and career progression opportunities before placing an emphasis on recruitment.<sup>252</sup>

Separately, the Gender Integration Advisory Office reported that as of August 29, 2018, there are 76 female cadets in training at the Afghan National Military Academy (ANMA). There are also 42 ANDSF women currently attending the Afghan Armed Forces Academy of Medical Sciences (Afghan Army Medical School), who are receiving broad exposure and hands-on training in combat casualty, ethics, leadership, operational medicine, intensive care/critical care medicine, general medicine, surgery, pediatric, obstetrics, geriatrics, and anesthesia.<sup>253</sup>

When asked this quarter how RS uses the funds authorized by Congress in the NDAA for women in the ANDSF, they responded that funds are primarily used for: the construction of facilities to recruit and retain women and to ensure their safety, incentive pay for female ANDSF personnel, public awareness campaigns to recruit women to work in the ANDSF, and the procurement of training and education classes (both domestic and international) for the professional development of ANDSF female personnel.<sup>254</sup>

## ANDSF MEDICAL AND HEALTH CARE

As of August 28, 2018, the total cost of CSTC-A-procured medical items for the ANDSF since the beginning of the Afghan fiscal year (December 21, 2017) was \$29.5 million. The highest-cost items included, the intravenous (IV) solutions Ringer's Lactate Solution (475,000 units costing \$1.4 million) and sodium chloride (465,000 units costing \$301,000); IV pumps (machines used to administer and monitor the IV fluids being given to a patient, 275 units costing \$617,000), and amoxicillin (4 million units costing \$406,000) and ceftriaxone (1 million units costing \$908,000), both antibiotics used to treat bacterial infections.<sup>255</sup>

As of August 17, 2018, there were 881 physicians (a 43-person decrease since May 2018), and 2,469 other medical staff (a 225-person decrease) in the ANDSF health care system. Of the non-physician staff, 714 were nurses and 379 were medics. The remaining medical staff include dental, medical administration, bio-environmental and preventive medicine, laboratory, and radiology staff. A number of medical positions in the ANDSF remained unfilled, including 92 physician positions (9.5% of those required) and 699 other medical positions (22.1%).<sup>256</sup>

CSTC-A reported this quarter that in response to an increase in tashkil positions, the Office of the Surgeon General (OTSG) ordered the “aggressive” recruitment of qualified medical personnel from the civilian sector for the ANDSF. The Surgeon General took pride in the quality of his recruits and said most of the nurses were Kabul Medical University graduates. The OTSG had also recruited physicians from some of the best hospitals in Kabul, such as the French Medical Institute for Children. OTSG anticipates the full complement of new recruits will be available by March 2019. The delay is primarily due to a backlog of available seats in the Officer Basic Course.<sup>257</sup> According to CSTC-A, the new hires will be reflected in the ANDSF medical personnel strength once the recruits finish their training.<sup>258</sup>

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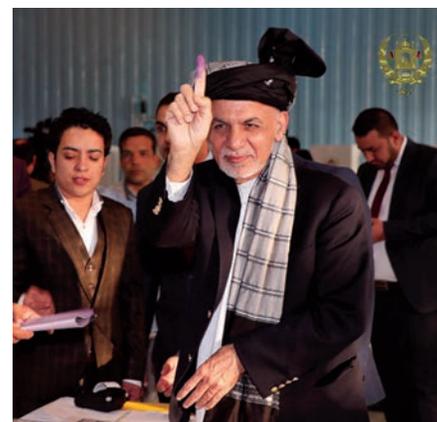
## GOVERNANCE

### KEY ISSUES AND EVENTS

Elections for 249 seats in the lower house of parliament were held on October 20–21, 2018, in all provinces except Ghazni and Kandahar. Voting was delayed in those two provinces due to security challenges. As this report went to print, officials planned to hold the election in Kandahar Province a week later, following the October 18 assassination of the province police and intelligence chiefs. Afghan media cited the minister of interior saying that 17 civilians and 11 members of the Afghan security forces were killed in 192 election-day security incidents. Also, at least 10 of the approximately 2,500 parliamentary candidates were killed prior to the election. The Afghan government plans to announce the preliminary results on November 10. The first-ever elections for district councils, originally scheduled for October 20, did not occur because, according to USAID, an insufficient number of candidates were nominated to hold competitive elections in a majority of districts in the country. The plan for the district council elections remains unclear.<sup>259</sup>

According to State, the 2018 parliamentary and 2019 presidential elections are the first Afghan-led and -conducted elections. These are the first elections in which the Afghan government has funded the electoral operations. According to the UN, this represents a significant step toward the sustainability of the elections and Afghan national ownership of the electoral process.<sup>260</sup> The most recent elections were the 2014 presidential and provincial council elections and the 2010 election for the lower house of parliament.<sup>261</sup>

On August 12, the Afghan government and the United Nations (UN) officially began preparing for the November 28 Geneva Ministerial Conference on Afghanistan. The conference will see the introduction of a new set of accountability parameters, the Geneva Mutual Accountability Framework. This new framework will likely replace the 24 SMART Self-Reliance through Mutual Accountability Framework (SMAF) indicators that covered 2017 through 2018. The SMART SMAF articulated a number of Afghan government reform targets, but did not define financial consequences for failing to meet these goals. According to the UN Secretary-General, the conference takes place at “a critical juncture,” halfway between the 2016 Brussels Conference on Afghanistan and the next donor pledging conference, expected to be held in 2020.<sup>262</sup>



**President Ashraf Ghani** showing his dyed finger after casting his vote in the October 2018 parliamentary elections. (Afghanistan Presidential Palace photo)

## U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE

As of September 30, 2018, the United States had provided nearly \$33.72 billion to support governance and economic development in Afghanistan. Most of this funding, more than \$20.38 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).

## ELECTIONS

On October 20–21, 2018, the long-delayed parliamentary elections were held in all provinces but Ghazni and Kandahar. According to USAID, the parliamentary election in Ghanzi will be held in conjunction with the April 2019 presidential election. On election day, President Ashraf Ghani was quoted in Afghan media saying the election in Kandahar Province would be held one week after the other 32 provinces. He said this delay was at the request of the people of Kandahar following the October 18 assassination of their provincial police and intelligence chiefs.<sup>263</sup> The last national parliamentary elections were held in 2010 and, despite the constitutional limits of a five-year term, the mandated 2015 elections were not held until this quarter.<sup>264</sup> District council elections that were scheduled to take place alongside the parliamentary elections were not held. According to USAID, district council elections were not held because an insufficient number of candidates were nominated to hold competitive elections in a majority of districts in the country. Further, USAID said the Afghan government did not make an official announcement to formalize the postponement.<sup>265</sup>

According to the State Department, credible parliamentary elections in 2018 and presidential elections in 2019 are critical for demonstrating that the Afghan government is “inclusive” and has the necessary political coherence to achieve and implement a peace settlement. As Principal Deputy Assistant Secretary, Bureau of South and Central Asian Affairs, Ambassador Alice Wells testified in June 2018, the U.S. government believes timely, transparent, and credible elections could sap support for the insurgency.<sup>266</sup> Conversely, protracted and politically motivated disputes over electoral results could make it more difficult for the Afghan government to claim it is inclusive, USAID said.<sup>267</sup>



**An honor guard escorts** the body of parliamentary candidate Abdul Jabar Qahraman who was killed on October 17. (Afghanistan Presidential Palace photo)

TABLE 3.19

USAID ELECTION-RELATED PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
Electoral Support Activity (ESA)	5/20/2015	12/31/2019	\$78,995,000	\$12,215,918
Strengthening Civic Engagement in Elections in Afghanistan Activity (SCEEA)	8/9/2018	8/8/2021	14,000,000	491,676
Global Elections and Political Transitions Program	1/1/2018	12/30/2018	222,445	205,773

Source: USAID, response to SIGAR data call, 10/15/2018.

Despite hope in the transformative power of legitimate elections, State acknowledges that elections in Afghanistan have always been “sensitive” events.<sup>268</sup> As State described the situation in September, the 2018 parliamentary and 2019 presidential elections are “both a threat and an opportunity given [Afghanistan’s present] political fragility.”<sup>269</sup> Further, the UN Secretary-General recently warned that “while timely and credible technical preparations [for elections] are essential, they cannot, by themselves, solve political concerns.”<sup>270</sup>

## U.S. Funding Support to Elections

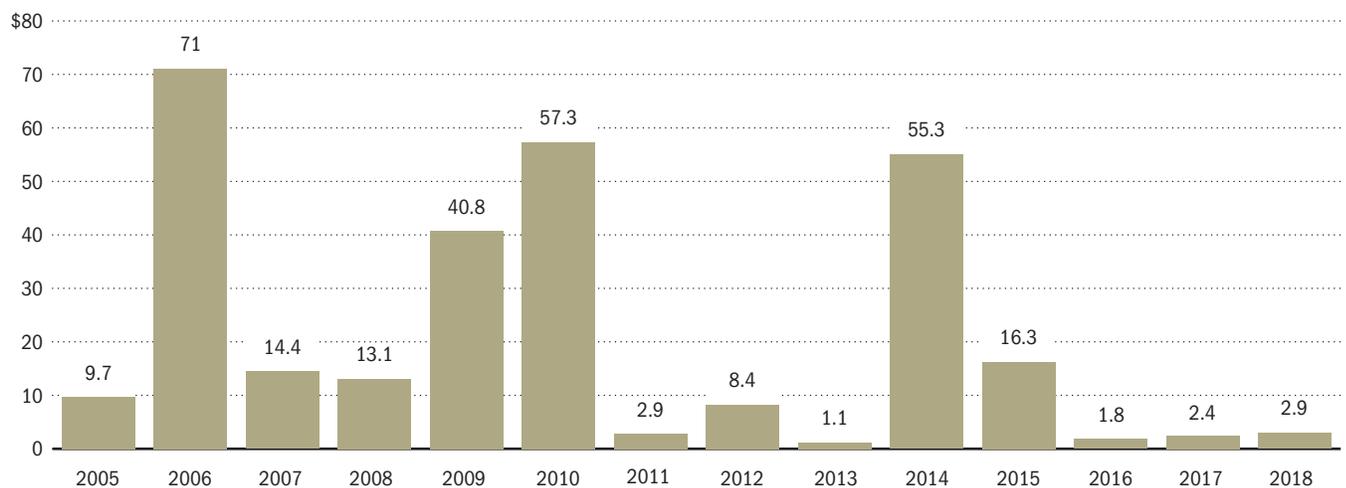
As shown in Table 3.19, the U.S. government is primarily supporting Afghan elections in 2018 and 2019 through a grant of up to \$79 million to the United Nations Development Programme’s (UNDP) Election Support Activity. Through this grant, UNDP provides support to Afghanistan’s electoral management bodies—the Independent Election Commission (IEC) and the Electoral Complaint Commission (ECC).<sup>271</sup>

As of April 2018, the UNDP had expended over \$834 million on electoral assistance for three rounds of presidential and provincial council elections (2004, 2009, and 2014) and two parliamentary elections (2005 and 2010). The United States, European Union, and the United Kingdom were the three largest donors for these efforts.<sup>272</sup> As shown in Figure 3.37, USAID has disbursed \$298 million to UNDP for elections-related programs since 2005.<sup>273</sup>

On August 8, USAID signed a three-year, \$14 million cooperative agreement with the Consortium for Elections and Political Process Strengthening

FIGURE 3.37

USAID DISBURSEMENTS TO UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) ELECTIONS-RELATED PROGRAMS (\$ MILLIONS)



Source: SIGAR, analysis of USAID response to SIGAR data call, 10/15/2018.

(CEPPS) to support domestic Afghan observation of the 2018 parliamentary elections, the 2019 presidential elections, and to promote longer term electoral reforms. According to USAID, this program will improve the understanding and application of international standards for elections monitoring among domestic observers, enhance coordination among Afghan civil-society organizations (CSOs) on election observation, and improve the engagement of CSOs and agents of candidates with election-management bodies. CEPPS has awarded more than \$600,000 to five domestic observation groups, which planned to field approximately 6,600 observers in 33 provinces for the October 2018 parliamentary elections. Elections in the remaining province, Ghazni, did not occur. Two organizations were also planned to monitor the campaign period, with 230 long-term observers covering the pre- and post-election periods.<sup>274</sup>

## RECONCILIATION AND REINTEGRATION

### Peace Efforts with the Taliban

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is through reconciliation and a sustainable political settlement with the Taliban.<sup>275</sup> According to State, the U.S. Embassy has augmented its staffing, both in Kabul and in the field, and created an integrated system with military and intelligence counterparts to take advantage of openings to peace. State aims to support Afghan-led efforts to reduce violence, including at a grassroots level, and promote development.<sup>276</sup>

Last quarter, the Afghan government announced a temporary halt to offensive operations against the Taliban.<sup>277</sup> The Taliban eventually reciprocated and, on June 15, began a three-day ceasefire with the Afghan government.<sup>278</sup>

According to State, the three-day overlapping ceasefires created hope that a peace process was imminent. However, the Taliban did not respond to either President Ghani's June 16 offer to extend the three-day ceasefire or his August 19 call for a joint ceasefire starting over Eid al-Adha.<sup>279</sup> Ghani's proposed August–November ceasefire was conditional on the Taliban announcing a reciprocal ceasefire. According to the UN Secretary-General, the Taliban did not formally respond.<sup>280</sup>

State says that while the Taliban continue to publicly claim that they support a peaceful solution to the Afghan war, they have not yet agreed to peace talks with the Afghan government and continue to publicly demand direct negotiations with the United States.<sup>281</sup>

On September 4, Secretary of State Michael R. Pompeo told reporters that former Ambassador Zalmay Khalilzad would be State's lead for reconciliation efforts in Afghanistan, saying this would be his "singular mission statement." Ambassador Khalilzad, in his role as Special Representative for Afghanistan Reconciliation, traveled to Afghanistan, Pakistan, the United



**Special Representative for Afghanistan Reconciliation** Zalmay Khalilzad spoke with political and civil-society figures during his visit to Kabul this quarter. (State photo)

Arab Emirates, Qatar, and Saudi Arabia this quarter to coordinate and lead U.S. efforts to bring the Taliban to the negotiating table. Ambassador Khalilzad previously served as the U.S. ambassador to Afghanistan, Iraq, and the UN. Ambassador Khalilzad was born in the Afghan city of Mazar-e Sharif and during his time as U.S. Ambassador, helped draft Afghanistan's constitution.<sup>282</sup>

This quarter, State reported that there were many reports of groups of insurgent fighters across the country who reportedly seek to demobilize and reconcile with the government but are unsure of how to proceed. Further, these groups reportedly fear retribution from other fighters if they move forward with those initiatives.<sup>283</sup>

Fear of retribution appears to be an enduring challenge in the absence of an overarching peace agreement. According to the Afghan government, there is some evidence that many reintegrees experienced severe personal security threats during previous reintegration efforts.<sup>284</sup> A UN-sponsored evaluation of previous peace efforts in Afghanistan found that 225 out of nearly 11,000 claimed reintegrees were killed. The evaluators recounted how a prominent Taliban leader was assassinated after his attempt to reconcile. Additionally, at least one insurgent commander seemed to imply that he directed 150 potential reintegrees to not participate in the formal reintegration process for fear of having their identities exposed and becoming more prominent targets for retribution.<sup>285</sup>

## Implementation of the Peace Agreement with Hezb-e Islami Gulbuddin

In September 2016, the Afghan government finalized a peace agreement with Gulbuddin Hekmatyar's Hezb-e Islami Gulbuddin (HIG) insurgent group.<sup>286</sup> When the peace deal with HIG was announced, some, including President Ghani, expressed hope that reconciling with Hekmatyar could facilitate a broader peace.<sup>287</sup> According to State, however, the peace agreement with HIG thus far has had no definitive impact on the reconciliation calculations of other resistance groups, including the Taliban. Nevertheless, State considers the peace agreement with HIG an important precedent that will influence other armed groups, particularly leaders who see that Hekmatyar has emerged as an influential political leader.<sup>288</sup>

This quarter, the UN Secretary-General reported that the Afghan government made limited progress implementing its peace agreement with HIG. On July 25, HIG representatives met with NATO Resolute Support to discuss a list of 59 prisoners HIG proposed for release. According to the UN, these prisoners remain in custody as there are insufficient guarantees that they would not rejoin the insurgency. Also in July, representatives from Afghan government security institutions discussed future HIG prisoner releases and land allocation, as well as the possible effect of a recent wave of security-sector retirements on HIG-affiliated security personnel.<sup>289</sup>

**Ambassador Zalmay Khalilzad was appointed Special Representative for Afghanistan Reconciliation this quarter. Special Representative Khalilzad previously served as the U.S. ambassador to Afghanistan, Iraq, and the UN. He was born in the Afghan city of Mazar-e Sharif and during his time as U.S. Ambassador, helped draft Afghanistan's constitution.**

## U.S. Support to Peace and Reconciliation

State provided \$3.9 million to the UNDP to support reconciliation, including the activities of the High Peace Council (HPC), in September 2017. While this support was originally intended to last only through 2017, the initial pilot was extended to October 30, 2018.<sup>290</sup> State plans to disburse an additional \$6 million before September 30.<sup>291</sup>

According to State, these funds have supported the HPC to build consensus for peace throughout the country and develop Afghanistan's institutional capacity to facilitate reconciliation. HPC activities include outreach activities at the national, provincial, and district levels to assess social attitudes toward reconciliation, document challenges, mobilize support for reconciliation, and develop the capacity to facilitate reconciliation.<sup>292</sup>

## Regional Dynamics for Peace

On May 14, the Afghan and Pakistani governments agreed to the Afghanistan-Pakistan Action Plan for Peace and Solidarity (APAPPS). According to the Afghan and Pakistani governments, APAPPS provides a framework to strengthen mutual trust and deepen interaction in all spheres of bilateral engagements.<sup>293</sup>

The inaugural APAPPS meeting was held on July 22 in Islamabad, Pakistan. According to State, a joint bilateral gathering of religious scholars was planned for September 6 in Islamabad, but Pakistan cancelled the meeting.<sup>294</sup> In late September, however, the HPC announced that it was still in talks with Pakistani religious scholars on the matter.<sup>295</sup>

## AFGHANISTAN COMPACT

In August 2017, the U.S. and Afghan governments announced the launch of the "Afghanistan Compact." The Afghanistan Compact is an Afghan-led initiative designed to demonstrate the government's commitment to reforms.<sup>296</sup> The Afghan government does not appear to face any direct financial consequences if it fails to meet the Afghanistan Compact reform commitments.<sup>297</sup>

For more information on the Afghanistan Compact, see pages 122–123 of SIGAR's April 30, 2018, *Quarterly Report to the United States Congress*.

This quarter, State attributed the following governance-related Afghan government actions to the pressure created by the Afghanistan Compact and the upcoming Geneva Ministerial Conference on Afghanistan scheduled for November 2018 (according to the UN, the Geneva Ministerial Conference on Afghanistan will be "crucial in measuring results against the \$15.2 billion committed by the international community for Afghanistan in 2016").<sup>298</sup>

- The Kabul Bank Receivership informed State that recent progress in collecting debtor payments and seizing assets was solely attributable to pressure from the Compact. This quarter, DOJ reported that the AGO has made some progress seizing assets submitted as collateral by

Kabul Bank debtors. According to DOJ, money and asset recovery is approximately 48% of total estimated losses.<sup>299</sup>

- The Afghan government reported that it has registered the assets of 13,600 Afghan government officials to meet its obligations under the Compact. According to DOJ, these reports have not been verified.<sup>300</sup>
- The first-ever Special Court was formed to hear the corruption case of former Minister of Communications and Information Technology Abdul Razaq Wahidi. According to DOJ, Wahidi was suspended from his post on January 2, 2017, based on allegations of nepotism, overpayments, illegally contracted workers, embezzlement, and misappropriation of tax revenue. Further, DOJ said the Attorney General's Office (AGO) substantiated these allegations in an investigation that concluded in February 2017. Although Wahidi was tried by the Special Court, the two-year-old case is still pending since it was returned back to the AGO.<sup>301</sup>
- The AGO started investigating the individuals named in the Farooqi Report on fuel-related corruption. According to DOJ, the investigation that produced this report in October 2015 uncovered collusion, price fixing, and bribery related to bids for fuel contracts totaling nearly \$1 billion. The investigation concluded that crimes were committed and specific individuals should be prosecuted, including a former minister who was a Ghani supporter.<sup>302</sup> DOJ says that no charges have yet been filed in this case.<sup>303</sup>
- The Afghan government passed an important amendment to the Access to Information Law and created a monetary awards system for individuals who advance anticorruption reform.
- The AGO introduced an Anti-Corruption Justice Center referral mechanism for corruption cases.
- A whistleblower protection law was drafted and nearly adopted in September. An anticorruption law that meets international standards likewise failed to win approval. However, according to State, the Afghan Ministry of Justice said that these two laws were approved by presidential decree on September 5, 2018. This anticorruption law calls for the creation of a commission to prevent corruption and coordinate and monitor the government's fight against corruption. One of the commission's functions will be developing and monitoring the progress of anticorruption strategies and policies. These strategies and policies would require the approval of the High Council for Rule of Law and Anti-Corruption that is chaired by President Ghani. Further, the commission will register and assess the assets of Afghan government authorities and high ranking officials.<sup>304</sup>

# GOVERNANCE

## U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

**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 bilaterally from a donor to Afghan government entities, or through multidonor trust funds. (DOD prefers the term “direct contributions” when referring to Afghanistan Security Forces Fund (ASFF) monies executed via Afghan government contracts or Afghan spending on personnel).

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

### Summary of Assistance Agreements

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.<sup>305</sup> 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.<sup>306</sup>

In several conferences since the 2010 Kabul Conference, the United States and other international donors have supported an increase to 50% in the proportion of civilian development aid delivered **on-budget** through the Afghan government or multidonor trust funds to improve governance, cut costs, and align development efforts with Afghan priorities.<sup>307</sup>

While USAID does not feel that it is necessarily committed to the 50% on-budget target, it says the agency will provide on-budget assistance to honor the U.S. government’s international commitments coming out of the 2012 Tokyo and 2016 Brussels Conferences on Afghanistan.<sup>308</sup>

As shown in Table 3.20, USAID’s active, direct bilateral-assistance programs have a total estimated cost of \$392 million. USAID also expects to contribute \$2.7 billion to the Afghanistan Reconstruction Trust Fund (ARTF) from 2012 through 2020 in addition to \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank (2002–2011). USAID has disbursed \$154 million to the Afghanistan Infrastructure Trust Fund (AITF).<sup>309</sup>

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; DOD, OSD-P, response to SIGAR vetting, 1/15/2018.

TABLE 3.20

USAID ON-BUDGET PROGRAMS					
Project/Trust Fund Title	Afghan Government On-Budget Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
<b>Bilateral Government-to-Government Projects</b>					
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	1/1/2013	12/31/2018	\$316,713,724	\$183,695,904
Textbook Printing and Distribution	Ministry of Education	9/15/2017	12/31/2019	75,000,000	-
<b>Multi-Donor Trust Funds</b>					
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	3/31/2012	7/31/2019	1,900,000,000	1,475,686,333
Afghanistan Reconstruction Trust Fund (ARTF) (New Development Partnership)**	Multiple	9/1/2015	7/31/2019	800,000,000	380,000,000
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	3/7/2013	3/6/2023	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 all ARTF awards are currently \$3,227,677,528.  
 \*\* USAID formally ended the New Development Partnership on July 11, 2018.

Source: USAID, response to SIGAR data call, 10/15/2018.

On July 11, 2018, participants in the NATO Brussels Summit committed to extend “financial sustainment of the Afghan forces through 2024.” The public declaration did not specify an amount of money.<sup>310</sup>

## Civilian On-Budget Assistance

USAID delivers on-budget civilian assistance in two ways: bilaterally to Afghan government entities, and through contributions to two multidonor trust funds, the ARTF and the AITF.<sup>311</sup> According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.<sup>312</sup>

The ARTF, administered by the World Bank, provides funds to the Afghan government’s operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.<sup>313</sup> The AITF, administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects.<sup>314</sup> 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.<sup>315</sup> As of July, the United States remains the largest cumulative donor to the ARTF (30.3% of actual, as distinct from pledged, contributions) with the next-largest donor being the United Kingdom (16.9% of actual contributions).<sup>316</sup>

The ARTF recurrent-cost window supports operating costs, such as Afghan government non-security-related salaries. As of July, the ARTF recurrent-cost window has cumulatively provided the Afghan government \$2.6 billion for wages, \$600 million for operations and maintenance costs, \$1.1 billion in incentive program funds, and \$703 million in ad hoc payments since 2002.<sup>317</sup>

In July, the World Bank updated ARTF donors on its efforts to increase the physical verification of Afghan civil servants. The ARTF Monitoring Agent (MA) is responsible for verifying physical presence of a random sample of civil servants as part of the expenditure validation process for the ARTF recurrent-cost window. However, the World Bank reported that the MA has been unable to reach a significant portion (40–50%) of the selected civil servants because the MA contract did not cover deploying agents to remote and/or insecure locations. As a short-term remedy, the World Bank directed its ARTF Supervisory Agent (SA) to collaborate with the MA. The MA claimed it was unable to reach 2,401 civil servants spread over 25 provinces. According to the World Bank, the SA was able to verify 1,524 (70.9%) of the civil servants as being physically present and 541 (25.2%) as not being physically present. Insecurity prevented the SA from accessing the sites for 224 (9%) of the randomly selected civil servants.<sup>318</sup>

## New Development Partnership

Effective March 1, 2018, but not formally communicated until July 11, 2018, USAID canceled its August 2015 memorandum of understanding with the Ministry of Finance for the \$800 million New Development



**An Afghan Air Force** finance technician demonstrates what he learned during the AAF's first Microsoft Excel training class. (Photo by Staff Sgt. Jared Duhon)

Partnership (NDP).<sup>319</sup> According to USAID, they ended the NDP because (1) the Afghan government requested that donors consolidate and align their incentive-based development assistance programs and (2) the World Bank modified their ARTF Incentive Program to better align with USAID's development objectives in Afghanistan.<sup>320</sup>

In the August 2015 agreement, the U.S. and Afghan governments proposed 40 development results that the Afghan government would be expected to achieve. The Afghan government was to receive \$20 million through U.S. funds provided via the ARTF's recurrent-cost window for achieving each development result.<sup>321</sup>

USAID's last disbursement for NDP was in November 2017, bringing the total NDP disbursements to \$380 million of the planned \$800 million set aside to encourage Afghan government achievement of the NDP development results.<sup>322</sup>

## On-Budget Assistance to the ANDSF

More than 60% of total U.S. on-budget assistance goes toward the requirements of the Afghan security forces.<sup>323</sup> The U.S. Department of Defense (DOD) provides on-budget assistance to the Afghan government through direct contributions from the Afghanistan Security Forces Fund (ASFF) to the Afghan government to fund a portion of Ministry of Defense (MOD) and Ministry of Interior (MOI) requirements, and through ASFF contributions to the multidonor Law and Order Trust Fund for Afghanistan (LOTFA). According to DOD, most of the ASFF appropriation is spent on equipment, supplies, and services for the Afghan security forces using DOD contracts.<sup>324</sup> LOTFA is administered by the UNDP and primarily funds Afghan National Police salaries and incentives.<sup>325</sup> Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.<sup>326</sup>

The U.S. Combined Security Transition Command-Afghanistan (CSTC-A) monitors and formally audits the execution of those funds. The aim is to assess ministerial capability and to ensure proper controls and compliance with documented accounting procedures and provisions of annual commitment letters used to enforce agreements with the Afghan government.<sup>327</sup>

For Afghan fiscal year (FY) 1397 (December 2017–December 2018), DOD plans to provide the Afghan government the equivalent of \$779.5 million to support the MOD and \$156.3 million to support the MOI.<sup>328</sup>

As of August 17, CSTC-A provided the Afghan government the equivalent of \$468 million to support the MOD for FY 1397. The majority of these funds (80%) was for salaries.<sup>329</sup>

Additionally, as of August 17, CSTC-A provided the equivalent of \$62.8 million to support the MOI. Of these funds, \$1 million was delivered via the UNDP-managed LOTFA, while \$61.8 million was provided directly to the Afghan government.<sup>330</sup>

CSTC-A reports that it did not apply any conditions-based penalties this quarter. According to CSTC-A, this decision was due to the Afghan security forces undertaking offensive operations.<sup>331</sup> This follows CSTC-A's previous decision to not apply penalties in the final quarter of FY 1396 and the first quarter of FY 1397.<sup>332</sup> Despite not applying penalties, CSTC-A reports that it held several meetings this quarter to review the status of commitment letter conditions that they say the Afghan government “must meet in order to execute funding in support of defense and security requirements.”<sup>333</sup>

Regardless, CSTC-A did identify a number of commitment-letter-defined conditions that the MOD and MOI have failed to satisfy. Both the MOD and MOI failed to provide CSTC-A with required information on gross violations of human rights, personnel accountability, and monthly fuel and ammunition usage. Further, MOD and MOI did not meet their required network cybersecurity standards. Contrary to their agreement with CSTC-A, MOD continues to grant promotions without using the required promotion boards, and has been deficient in developing plans to recruit and train females.<sup>334</sup>

In 2015, LOTFA donors and the Afghan government agreed to the terms for the transition of LOTFA's nonfiduciary payroll-management functions to the Afghan government.<sup>335</sup> This quarter, CSTC-A reported that it still does not believe the MOI payroll system should be transferred from UNDP to MOI management. CSTC-A said that it will reevaluate this position when the MOI meets the minimum set of conditions to take over the payroll system.<sup>336</sup>

## NATIONAL GOVERNANCE

### Capacity-Building Programs

As shown in Table 3.21, USAID capacity-building programs seek to improve Afghan government stakeholders' 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 such as civil-society organizations and the media.<sup>337</sup>

### Civil Society and Media

The Afghan Civic Engagement Program's (ACEP) goal is to promote civil-society and media engagement that enables Afghan citizens to influence

TABLE 3.21

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
Afghan Civic Engagement Program (ACEP)	N/A	12/4/2013	12/4/2019	\$79,120,000	\$65,326,541
Rasana (Media)	N/A	3/29/2017	3/28/2020	9,000,000	3,280,600

Source: USAID, response to SIGAR data call, 10/15/2018.

# GOVERNANCE

policy, monitor government accountability, and serve as advocates for political reform.<sup>338</sup> In July, USAID approved the extension and modification of ACEP to focus its civil-society organization (CSO) support on civic and voter education for the 2018 and 2019 elections.<sup>339</sup>

This past quarter, ACEP facilitated meetings of the Civil Society Election Coordination Group (CECG), providing a platform for civil society to engage with the electoral management bodies and other Afghan government and international stakeholders. According to ACEP, the CECG has developed into an effective platform for civil society to raise concerns on security, women’s participation, voter registration, and national identification card distribution.<sup>340</sup> Additionally, two of ACEP’s Kabul-based CSO partners Free and Fair Election Forum of Afghanistan (FEFA), and Transparent Election Foundation of Afghanistan (TEFA), carried out elections-related activities during the quarter. For example, FEFA reported that it monitored the work of the Electoral Complaints Commission, while TEFA reported holding advocacy and public-awareness meetings in a number of provinces.<sup>341</sup>

In March 2017, USAID launched the \$9 million Rasana program. According to USAID, Rasana, which means “media” in Dari, provides support to women journalists and women-run or women-owned media organizations. The program has four program areas: (1) support and training for women journalists, (2) investigative journalism initiatives, (3) advocacy and

TABLE 3.22

COMPARISON OF RESOLUTE SUPPORT-DEFINED DISTRICT CONTROL AND USAID THIRD-PARTY MONITORING DISTRICT-ACCESSIBILITY ASSESSMENTS (JULY 2018) BY PERCENT AND COUNT			
BY PERCENT OF DISTRICTS	USAID Third-Party Monitor Accessibility		
Resolute Support-defined district control (as of July 31, 2018)	Limited Permissibility	Partially Permissive	Permissive
Afghan government control	5.48%	15.07%	79.45%
Afghan government influence	18.79%	45.64%	35.57%
Contested	40.00%	41.54%	18.46%
Insurgent activity	64.86%	27.03%	8.11%
High insurgent activity	80.00%	20.00%	0%
BY NUMBER OF DISTRICTS	USAID Third-Party Monitor Accessibility		
Resolute Support-defined district control (as of July 31, 2018)	Limited Permissibility	Partially Permissive	Permissive
Afghan government control	4	11	58
Afghan government influence	28	68	53
Contested	52	54	24
Insurgent activity	24	10	3
High insurgent activity	8	2	0

Note: How to read the table showing percent: The percentages represent the percent of districts within a given Resolute Support-defined category that fall in a particular USAID third-party monitor-defined permissibility category. For example, in the row labeled “Afghan government control,” 5.48% percent of districts assessed by Resolute Support as being under Afghan government control are assessed by USAID’s third-party monitor as having only limited permissibility. Put another way, four of the 73 districts Resolute Support assessed as being under government control were also considered by the USAID third-party monitor as having only limited permissibility.

There are eight more districts identified in Resolute Support’s dataset than in the USAID third-party monitoring datasets. There are 407 districts in Resolute Support’s dataset and 399 districts in USAID’s third-party monitor’s dataset. The additional districts in the Resolute Support dataset were dropped from this comparison.

Source: RS, DCOS-SSP AAG, response to SIGAR data call, 9/20/2018; USAID, OAPA, response to SIGAR data call, 9/19/2018.

training for the protection of journalists, and (4) expanding the outreach of media through small grants for content production in underserved areas.<sup>342</sup>

This past quarter, Rasana-supported journalists issued investigative reports on challenges to female access to education and health services in Khost, Nangarhar, and Logar Provinces. Another Rasana-supported media outlet published a report on the crimes of a local commander Daykundi Province that both elicited public reaction as well as threats to the journalists involved.<sup>343</sup>

## SUBNATIONAL GOVERNANCE

USAID's method for ensuring that its programming does not legitimize the Taliban first requires identifying which areas are Taliban-controlled. To identify Taliban-controlled areas, USAID relies primarily on open-source data, as well as monthly maps generated by a USAID third-party monitor. The July 2018 assessments show the level of permissibility for third-party monitoring by district on a declining scale of access from "permissive" (34.59% of districts) to "partially permissive" (36.34% of districts) to "limited permissibility" (29.07% of districts).<sup>344</sup>

As shown in Table 3.22, there are some differences between USAID's third-party assessment of accessibility and Resolute Support's assessment of district stability. For example, USAID third-party monitors reported that they were able to access or partially access 93 districts Resolute Support assessed as being actively contested by insurgents or having insurgent activity. Additionally, USAID third-party monitors reported having only limited permissibility (the lowest accessibility rating) in 32 districts Resolute Support assessed as either under Afghan government control or influence. USAID reported that it had decided against collecting data specifically on the question of Taliban control and legitimacy, believing the costs to be prohibitive and the alternative data sources sufficient.<sup>345</sup>

USAID says that the monthly accessibility estimates reflect the permissibility on the date that the third-party monitor attempted travel to the area. These assessments can vary, as permissibility on one day may be different the next day. Therefore, USAID believes that it is not easy to compare the third-party monitoring accessibility with Resolute Support's assessment of district stability.<sup>346</sup>

## 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 3.23 on the following page summarizes total program costs and disbursements to date.

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TABLE 3.23

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2019	\$62,000,000	\$47,319,072
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	48,000,000	29,819,019

Source: USAID, response to SIGAR data call, 10/15/2018.

## Initiative to Strengthen Local Administrations

The \$48 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.<sup>347</sup>

According to USAID, one of the key provisions of the Afghan government's provincial budget policy is to link the provincial development plans (PDP) with the Afghan budget.<sup>348</sup>

According to ISLA, of the 2,126 projects proposed in the PDPs of the 16 ISLA-supported provinces, 233 (11%) were ultimately reflected in the FY 1397 national budget. Besides the PDP-proposed projects, the 16 ISLA-supported provinces had an additional 1,245 projects contained in the national budget that were apparently not derived from the PDPs. The PDPs were the source of only 16% of the total number of projects associated with the 16 ISLA-supported provinces.<sup>349</sup>

This quarter, SIGAR examined expenditures of the PDP-proposed and non-PDP-proposed projects ISLA identified as being reflected in the FY 1397 national budget. For the first seven months of 1397, PDP-proposed projects had expenditures equivalent to approximately \$13 million. Non-PDP-proposed projects, however, had expenditures equivalent to approximately \$142 million. The Ministry of Public Works spent the most in these two categories, reportedly spending \$6 million on PDP-proposed projects and \$54 million on non-PDP-proposed projects.<sup>350</sup>

## Strong Hubs for Afghan Hope and Resilience

The objective of the \$62 million SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. SHAHAR partners with municipalities to, among other things, deliver capacity-building for outreach and citizen consultation, improved revenue forecasting and generation, and budget formulation and execution.<sup>351</sup>

SHAHAR's geographic coverage has decreased significantly, from 20 province municipalities in the first two years of the program, to five municipalities in its current fourth year (Kabul, Kandahar, Herat, Mazar-e Sharif, and Jalalabad).<sup>352</sup> According to USAID, the four remaining municipalities house the majority of Afghanistan's urban population and an increased number of refugee returnees.<sup>353</sup>

## RULE OF LAW AND ANTICORRUPTION

### Rule of Law and Anticorruption Programs

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 3.24.

USAID has a cooperation arrangement with the UK's Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID funds the MEC's monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.<sup>354</sup>

State's Justice Sector Support Program 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. The current JSSP contract began in August 2017 and has an estimated cost of \$26 million. The previous JSSP contract, which began in 2010, cost \$280 million.<sup>355</sup> JSSP provides technical assistance to the Afghan justice-sector institutions through (1) building the capacity of justice institutions to be professional, transparent, and accountable; (2) assisting the

TABLE 3.24

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/15/2016	4/14/2021	\$68,163,468	\$15,767,252
Afghanistan's Measure for Accountability and Transparency (AMANAT)	8/23/2017	8/22/2022	31,986,588	1,351,626
Corrections System Support Program (OASIS CSSP)*	6/1/2017	5/31/2022	25,187,257	11,627,857
Justice Sector Support Program OASIS Contract**	8/28/2017	8/28/2022	26,044,546	8,098,117
Continuing Professional Development Support (CPDS)**	2/6/2018	4/6/2020	7,938,401	7,938,401
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	4,600,000	2,000,000

Note:

\* Disbursements as of 10/15/2018.

\*\* Disbursements as of 9/21/2018.

Source: State, INL, response to SIGAR data call, 9/21/2018 and 10/17/2018; USAID, response to SIGAR data call, 10/15/2018.

development of statutes that are clearly drafted, constitutional, and the product of effective, consultative drafting processes; and (3) supporting the case-management system so that Afghan justice institutions work in a harmonized and interlinked manner and resolve cases in a transparent and legally sufficient manner.<sup>356</sup>

In March, JSSP received a Supreme Court request to generate a list of individuals who would benefit from a presidential-pardon decree scheduled for June 2018. JSSP generated a list of those who may be eligible for relief from their sentence and presented this list to the Attorney General's Office (AGO) and the Administrative Office of the President. The committee issued final pardon lists after comparing their internally generated lists to the data JSSP provided, and the presidential-pardon decree was issued.<sup>357</sup>

In February, State launched the \$8 million Continuing Professional Development Support (CPDS) program. According to State, CPDS will respond to an urgent need by the Afghan government to train legal professionals on the newly revised penal code and build the organizational capacity of the nascent professional training departments of Afghan legal institutions.<sup>358</sup>

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.<sup>359</sup>

This quarter, ADALAT completed an initial draft of the *Huquq* Reference Manual and shared it with Ministry of Justice (MOJ) leadership for comments and feedback.<sup>360</sup> (*Huquq* offices are part of the MOJ and provide Afghan citizens an opportunity to settle civil cases within the formal system before being brought into the court system.<sup>361</sup>) Additionally, ADALAT reported this quarter that the program has improved its relationship with the Supreme Court following USAID's approval of an ADALAT-proposed study tour in Jordan. According to ADALAT, the Supreme Court had refused all senior-level meetings with ADALAT personnel following the cancellation of the previous year's ADALAT-sponsored study tours for the Supreme Court.<sup>362</sup>

In August 2017, USAID awarded the Afghanistan's Measure for Accountability and Transparency (AMANAT) contract to support the Afghan government's efforts to reduce and prevent corruption in government public services. As of the end of June 2018, AMANAT was still primarily focused on project startup.<sup>363</sup>

## Afghan Correctional System

As of July 31, 2018, the General Directorate of Prisons and Detention Centers (GDPDC) incarcerated 28,555 males and 752 females, while the

MOJ's Juvenile Rehabilitation Directorate (JRD) incarcerated 539 male and 33 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.<sup>364</sup>

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for adults, despite stagnant prison population numbers. As of July 31, the total male provincial-prison population was at 179% 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 97% of the ICRC-recommended capacity. The JRD's juvenile-rehabilitation centers' population was at 42% of ICRC-recommended capacity.<sup>365</sup>

According to State, the major corrections-related accomplishments this quarter were the Afghan government's employing nine social workers in police stations across Kabul and the Afghan government's continued control of provincial prisons despite major insurgent attacks. The State-supported social workers assist judges to consider alternative sanctions for juvenile offenders. State hopes that such alternative sanctions will help alleviate prison overcrowding and financial burdens.<sup>366</sup>

## Anticorruption

As of its most recent report in June, DOJ views the situation in Afghanistan as "consistent with a largely lawless, weak, and dysfunctional government" with many corruption cases languishing due to the lack of political will—rather than capacity—of the Afghan government.<sup>367</sup> For the period covering April to June 2018 (the latest data available), DOJ reports that there was no significant progress in the major corruption cases that are tracked by the U.S. Embassy.<sup>368</sup>

This quarter, State reported that it has prioritized a number of corruption-related Afghanistan Compact benchmarks. The new priority benchmarks include: executing Anti-Corruption Justice Center (ACJC) warrants, prosecuting high-profile corruption cases, implementing the State-supported Case Management System (CMS), and collecting on Kabul Bank cases.<sup>369</sup> The latest DOJ assessment of these matters is described in the following sections on the Attorney General's Office and the ACJC.

## Attorney General's Office

According to DOJ, the Afghan attorney general has a poor record of prosecuting powerful and influential corrupt actors. Additionally, the attorney general has failed to respond to repeated DOJ and U.S. Embassy appeals to prosecute stalled corruption cases. DOJ concludes that the attorney general's performance is deficient, his accomplishments are lacking, and he fails to cooperate with the U.S. Embassy on anticorruption matters.<sup>370</sup>

## SIGAR AUDIT

As directed by the Consolidated Appropriations Act, 2018, SIGAR will submit an updated assessment of the Afghan government's implementation of its national anticorruption strategy to Congress next year that includes an examination of whether the Afghan government is making progress toward achieving its anticorruption objectives.

# GOVERNANCE

In its most recent report to State, DOJ said that the attorney general has misled U.S. officials on the progress of anticorruption reform efforts.<sup>371</sup> For example, when DOJ requested information to verify the attorney general's public statements that the Attorney General's Office (AGO) had arrested and convicted a number of their prosecutors for corruption, no proof was provided.<sup>372</sup> As further evidence, DOJ cited the attorney general's optimism that "everyone was happy" with the AGO's progress (as of February 2018) in responding to the recommendations made by the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) in their 2017 vulnerability to corruption assessment of the AGO.<sup>373</sup>

According to DOJ, at the time of these statements the MEC was rather critical of the AGO's efforts (contrary to the attorney general's characterization offered to U.S. officials).<sup>374</sup> In an August 2018 update, however, the MEC reported that the AGO had made "remarkable improvements" in the implementation of the MEC's recommendations compared to earlier in the year. The "striking improvements" the MEC identified included construction of AGO offices, new training programs, the preparation of job descriptions for AGO prosecutors, and improved monitoring of AGO prosecutor performance.<sup>375</sup>

Among the stalled cases, DOJ cited the Kabul Bank case as one of particular concern. In 2014, the Afghan Supreme Court ordered the AGO to pursue prosecutions of 16 individuals, investigate 227 additional suspects, and seize assets. DOJ reports that none of these actions have taken place. According to DOJ, the Afghan government is "double-dealing" in publicly promising to take action on the Kabul Bank case but privately reporting to U.S. Embassy officials that the attorney general has no intention to pursue further action. DOJ does note, however, that the AGO has made some progress seizing assets submitted as collateral by Kabul Bank debtors. According to DOJ, money and asset recovery is approximately 48% of total estimated losses.<sup>376</sup>

AGO resistance to implementing the State-funded Case Management System (CMS) is another area of DOJ concern. 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 DOJ, the attorney general has criticized CMS as a foreign-owned system when discussing the matter with largely Afghan government audiences. When meeting with U.S. officials, the attorney general has promised that the system would be functional by mid-2018. As of June, however, DOJ reported that the AGO was nowhere near a nationwide CMS functionality. DOJ believes that the motive for the attorney general's resistance to implementing CMS is "a concern that more transparency will shine a light on his unproductive, corrupt, and patronage-laden office."<sup>377</sup>

## Anti-Corruption Justice Center

In May 2016, President Ghani announced the establishment of a specialized anticorruption court, the Anti-Corruption Justice Center (ACJC).<sup>378</sup> At the ACJC, elements of the Major Crimes Task Force (MCTF) investigators, AGO prosecutors, and judges work to combat serious corruption.<sup>379</sup> 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 afghani (approximately \$73,000).<sup>380</sup>

According to DOJ, the ACJC is attempting to placate donors by pursuing a number of low-level corruption cases, rather than the high-level corruption cases that are its mandate.<sup>381</sup> CSTC-A agrees that the ACJC appears to be increasingly focused on low-level defendants instead of senior Afghan government officials. As evidence for this conclusion, CSTC-A said the ACJC has tried only four general officers in 2018.<sup>382</sup>

DOJ reported that State officials have told ACJC officials that the lack of ACJC productivity is an obstacle to U.S. support. According to DOJ, ACJC officials reportedly responded to this critique with requests for additional donor assistance. DOJ described the ACJC as being insufficiently mission-focused, saying it instead “frets, stewes over slights, snipes at other colleagues, and has a perpetual sense of entitlement.”<sup>383</sup> Further, DOJ reported that the ACJC has an estimated 100 prosecutors covering 158 cases, a caseload of approximately 1.5 cases per prosecutor.<sup>384</sup> DOJ's concerns regarding the ACJC appear to be broadly shared as the UN Secretary-General observed that international partners have expressed their concern about the declining performance of the ACJC.<sup>385</sup>

As of June, DOJ reports that the ACJC has over 120 outstanding warrants. Further, the MOI's failure to enforce high-level warrants has become a matter of concern to the U.S. Embassy that could become a discussion topic at the upcoming Geneva Ministerial Conference on Afghanistan in November 2018.<sup>386</sup>

Since its establishment in 2016, the ACJC has handled 38 cases involving 152 accused persons. According to the UN, 71 people have been convicted and imprisoned after a final decision by the Supreme Court in 24 cases.<sup>387</sup>

According to CSTC-A, the ACJC has adjudged fines (including fines, restitution, compensation, and confiscation) totaling 7,063,000 afghani (equivalent to approximately \$100,000), \$352,000, and 299,500 Pakistani rupees (equivalent to approximately \$2,300). Of these fines, the ACJC has told CSTC-A that the following amounts have been paid to the AGO: 96% of the fines levied in afghanis, 80% of the fines in dollars, and all of the fines in Pakistani rupees.<sup>388</sup>

## Afghanistan Security Forces

According to CSTC-A, corruption persists within the Afghan security forces. CSTC-A attributes the ongoing, cyclic corruption challenge to Afghan government officials who enable corrupt actors and inhibit judicial remedies.<sup>389</sup>

**On September 26, 2018, the ACJC primary court convicted the former director of the MOI Police Cooperative Fund, Major General Mohammad Anwar Kohistani, for misuse of authority and embezzling over 109,398,000 afghani (approximately \$1.7 million) and sentenced him to 11 years in prison.**

**In March 2016, the MOI IG requested SIGAR's assistance with investigating Kohistani and allegations of fraud and embezzlement involving the MOI Police Cooperative Fund. The MOI Police Cooperative Fund was a retirement fund for Afghan police officers employed by the MOI. The investigation, conducted jointly by SIGAR and prosecutors of the AGO assigned to the ACJC, uncovered significant evidence of embezzlement, fraud, and abuse of the Cooperative Fund perpetrated by Kohistani.**

According to DOD, “corruption remains the top strategic threat to the legitimacy and success of the Afghan government.”<sup>390</sup>

The most common corrupt behaviors CSTC-A has identified are associated with fuel, food, “ghost” or nonexistent soldiers, extortion, narcotics, illicit mining, bribery, and the misuse, theft, or illegal sale of Afghan government property.<sup>391</sup>

This quarter, SIGAR requested copies of the quarterly MOD and MOI counter- and anti-corruption assessments mandated in the 1397/1398 commitment letters. According to the commitment letters, these assessments are high priority strategic planning and performance requirements. CSTC-A did not provide copies of either assessment. Instead, CSTC-A only reported that both MOD and MOI met the unspecified anti- and counter-corruption standards.<sup>392</sup>

In December 2017, the new MOI strategic policy identified combating corruption as one of the ministry’s objectives. However, as of August 2018, CSTC-A reports MOI has yet to define how it will monitor and evaluate progress against this objective.<sup>393</sup>

## **Security Ministry Inspectors General**

CSTC-A provides training, advice, and assistance to the inspectors general (IG) for the MOD (MOD IG) and MOI (MOI IG). When asked for its assessment of the quality of MOD IG and MOI IG inspection reports, CSTC-A commented primarily on stylistic and formatting issues. For example, CSTC-A observed that MOD IG reports are inconsistently formatted and lack full descriptions of inspection results and recommendations for corrective actions. Regarding MOI IG reports, CSTC-A commented favorably on the detail and recommendations in reports.<sup>394</sup>

SIGAR asked CSTC-A for examples of actions taken by senior MOD and MOI leadership during the quarter in response to the issues identified in these reports. Previously, the CSTC-A element that partners with MOD IG and MOI IG suggested that SIGAR pursue this line of inquiry because it, too, is interested in learning the answer.<sup>395</sup>

The CSTC-A elements that advise senior officials of the MOD and MOI reported that no actions were taken during the quarter in response to issues identified in MOD IG and MOI IG reports. Instead, these CSTC-A elements explained this lack of action by saying that they employ “a holistic [train, advise, and assist] methodology rather than focusing on single issues/topics.”<sup>396</sup>

## **Major Crimes Task Force**

The Major Crimes Task Force (MCTF) is an elite MOI unit chartered to investigate corruption by senior government officials and organized criminal networks, and high-profile kidnappings committed throughout Afghanistan.<sup>397</sup>

In a break from previous quarters, CSTC-A was more critical in their assessment of the MCTF this quarter. CSTC-A reported that the MCTF does not appear to be the lead Afghan government investigative agency for high profile corruption crimes, as intended. Instead, the MCTF appears to be focusing on low-level cases. CSTC-A reports that MCTF investigators are not the best qualified, with some investigators possibly being assigned to the MCTF as a form of patronage. Further, MCTF leadership and investigators are increasingly subject to political and corruption crimes.<sup>398</sup>

DOJ also expressed concerns with the MCTF this quarter, saying that the MCTF is plagued by both corruption and a high polygraph failure rate. DOJ was reportedly informed of the findings of an Afghan government investigation into the MCTF that revealed corruption by members of the force, including a former director.<sup>399</sup> (In 2016, U.S. military mentors to the MCTF reported that this former director received his appointment thanks to coalition support in the face of parliamentary and MOI opposition. Further, these mentors praised the former director as exemplifying “outstanding leadership” at the time.)<sup>400</sup>

## REFUGEES AND INTERNAL DISPLACEMENT

### Afghan Refugees

According to State, the Proof of Registration (POR) cards which confer refugee status to 1.4 million Afghans in Pakistan were set to expire on September 30. While State has been informed there are plans to extend the validity of the POR cards through June 30, 2019, the announcement on September 11 to dissolve Pakistan’s Ministry of States and Frontier Regions could complicate this effort.<sup>401</sup>

However, in a move State called unprecedented, Pakistan’s newly elected Prime Minister Imran Khan publicly pledged to offer Pakistani citizenship to Afghans and Bangladeshis born in Pakistan. State has no details regarding how and when this plan would be implemented.<sup>402</sup>

As of September 26, the United Nations High Commissioner for Refugees (UNHCR) reported that 13,084 refugees have voluntarily returned to Afghanistan in 2018. The majority (11,557) of these refugee returns were from Pakistan.<sup>403</sup> As shown in Figure 3.38 on the following page, far fewer refugees have returned to Afghanistan this quarter than the high in October 2016.<sup>404</sup>

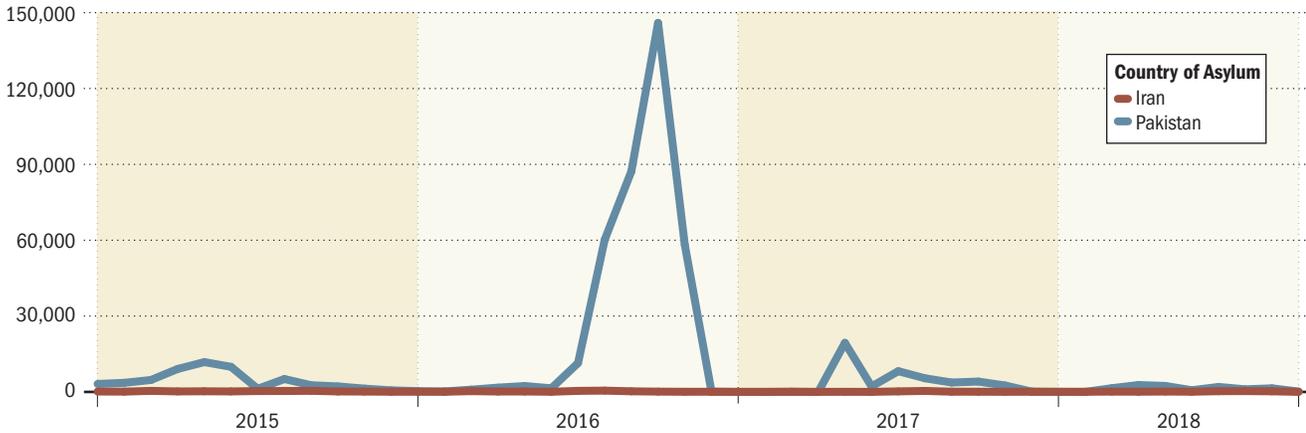
### Undocumented Afghan Returnees

As shown in Figure 3.39 on the following page, as of September 22, IOM reported that 552,071 undocumented Afghans returned from Iran and 25,153 undocumented Afghans returned from Pakistan in 2018. So far, 577,224 undocumented Afghans have returned in 2018.<sup>405</sup> According to State, the number of undocumented Afghan returns from Iran is at an all-time high.

# GOVERNANCE

FIGURE 3.38

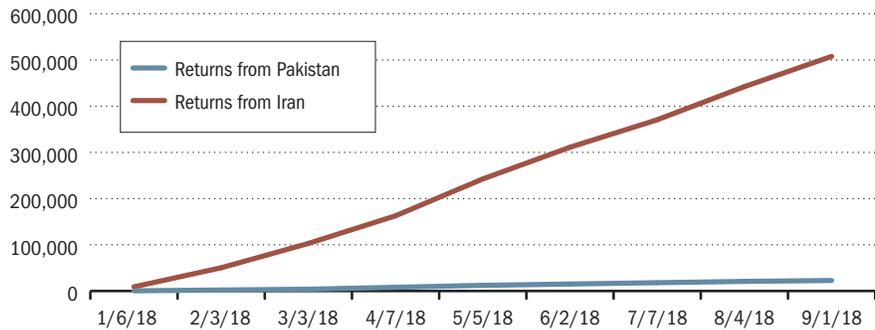
## AFGHAN REFUGEES RETURNING TO AFGHANISTAN (SINCE JANUARY 2015)



Source: SIGAR analysis of UNHCR, "Afghan Voluntary Repatriation 2015," 1/1/2018; SIGAR analysis of UNHCR, "Afghan Voluntary Repatriation 2016," 11/8/2017; SIGAR analysis of UNHCR, "Afghan Voluntary Repatriation 2017," 9/12/2018; and SIGAR analysis of UNHCR, "Afghan Voluntary Repatriation 2018," 10/3/2018.

FIGURE 3.39

## CUMULATIVE NUMBER OF UNDOCUMENTED RETURNEES IN 2018



Source: IOM, "Weekly Situation Report," 9/22/2018; IOM, "Weekly Situation Report," 8/4/2018; IOM, "Weekly Situation Report," 7/7/2018; IOM, "Weekly Situation Report," 6/2/2018; IOM, "Weekly Situation Report," 5/5/2018; IOM, "Weekly Situation Report," 4/7/2018; IOM, "Weekly Situation Report," 3/3/2018; IOM, "Weekly Situation Report," 2/2/2018.

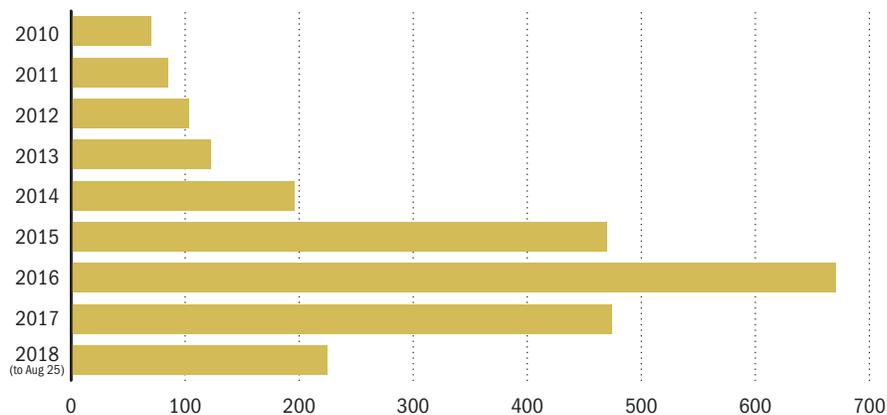
State believes that 96% of the returnees are economic migrants leaving Iran because of the collapse of the value of Iran's currency and resulting decrease in demand for unregulated labor.<sup>406</sup>

## Internal Displacement

As shown in Figure 3.40, there has been less conflict-induced internal displacement this year than in 2017. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), as of August 25, the conflicts

FIGURE 3.40

## CONFLICT-INDUCED DISPLACEMENTS OF PERSONS (THOUSANDS)



Source: UN OCHA, "Afghanistan: Conflict Induced Displacements in 2017 - Snapshot," 6/18/2017; UN, OCHA, "Afghanistan - Conflict Induced Displacements in 2017," 2/2/2018; UN, OCHA, "Afghanistan - Conflict Induced Displacements in 2018," 9/16/2018.

of 2018 had induced 225,166 people to flee. The office recorded 276,544 persons in the same period last year.<sup>407</sup> In addition to conflict-induced internal displacement, OCHA reported that 216,574 people are displaced due to the drought, as of October 8.<sup>408</sup>

As shown in Figure 3.41 on the following page, of the conflict-induced internally displaced persons recorded so far this year, 33.4% reported being displaced from districts Resolute Support recorded as under Afghan government influence (as of July 2018), 40.4% were from districts that are contested, and 25.1% were from districts with insurgent activity.<sup>409</sup>

## Afghan Asylum Seekers in Europe

Eurostat, the statistical office of the European Union (EU), reported 19,640 first-time Afghan asylum seekers in the EU in the first eight months of 2018. As shown in Figure 3.42 on the following page, the number of first-time Afghan asylum seekers to the EU has decreased significantly since the high point in 2015/2016.<sup>410</sup> The Afghanistan Analysts Network said that stronger border controls and tightened asylum laws in Europe are the primary cause for the decrease in the number of Afghan asylum seekers.<sup>411</sup>

## GENDER

In July 2013, then-USAID Administrator Rajiv Shah described the Promote partnership in a public speech as "the largest investment USAID has ever made to advance women in development," which over five years "will reach over 75,000 Afghan women directly helping them to achieve

# GOVERNANCE

FIGURE 3.41

## 2018 CONFLICT-INDUCED INTERNALLY DISPLACED PERSONS (IDP) BY DISTRICT

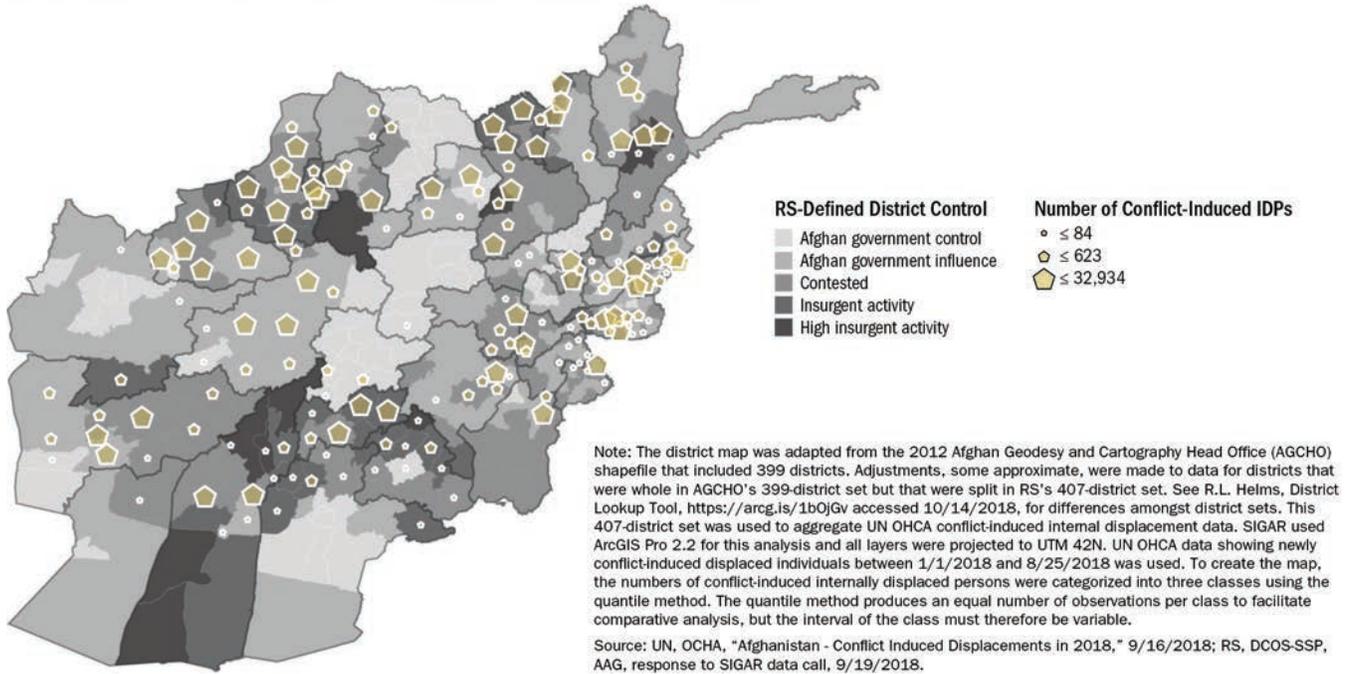
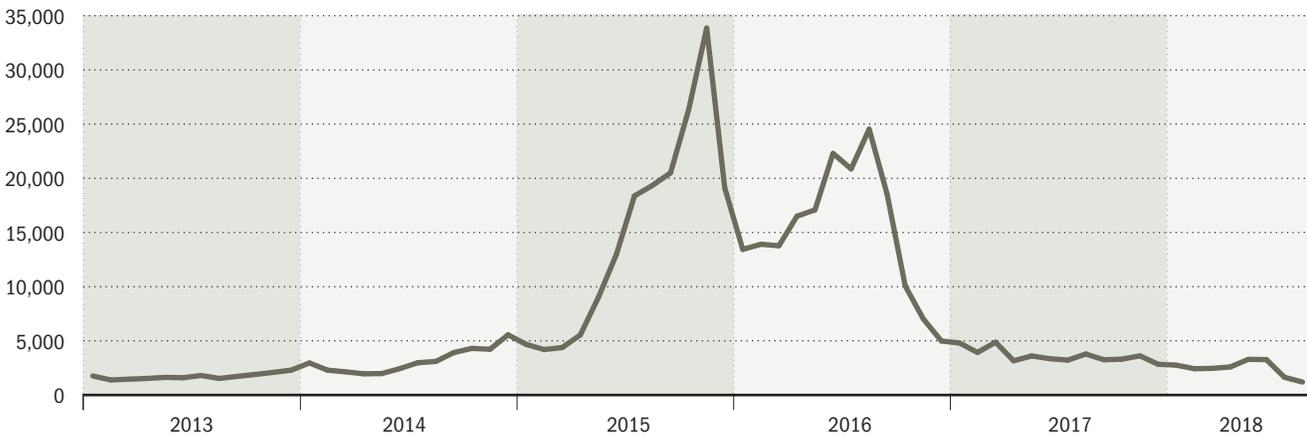


FIGURE 3.42

## FIRST-TIME AFGHAN ASYLUM APPLICANTS TO THE EUROPEAN UNION (2013 THROUGH AUGUST 2018, BY MONTH)



Source: EUROSTAT, "Asylum and first time asylum applicants by citizenship, age and sex, monthly data (rounded)," 9/26/2018.

# GOVERNANCE

TABLE 3.25

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
Promote: Women in the Economy	7/1/2015	6/30/2019	\$71,571,543	\$36,932,365
Promote: Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	34,461,150
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	25,173,091
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	14,894,553
Promote: Rolling Baseline and End-line Survey	2/21/2017	10/20/2020	7,577,638	3,138,336
Combating Human Trafficking in Afghanistan	1/11/2016	1/10/2019	7,098,717	4,850,707
Gender Based Violence (GBV)	7/9/2015	7/8/2020	6,667,272	6,667,272
Promote: Economic Empowerment of Women in Afghanistan	5/8/2015	5/7/2018	1,500,000	1,485,875
Countering Trafficking in Persons (CTIP) II - Empowerment and Advocacy to Prevent Trafficking	1/10/2018	1/9/2020	1,483,950	356,521
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data call, 10/15/2018.

leadership roles in all parts of society from business to academia and in politics and public policy.”<sup>412</sup>

USAID has since said Shah’s characterization “is not accurate [as] it did not come from the [Promote] design documents or the [USAID] Gender Office. Promote does not promise leadership roles in politics.”<sup>413</sup> USAID has committed \$280 million to Promote.<sup>414</sup> Table 3.25 shows the current Promote programs.

As of September 19, USAID reports that 3,907 female Promote beneficiaries have secured permanent employment. According to USAID, the Women in Leadership program has benefited 22,520 females. Of these, 715 have been subsequently hired by the Afghan government, 533 have been hired by nongovernmental organizations, and 271 have been hired in the private sector. The Women in the Economy program has benefited 24,393, with 2,900 of these beneficiaries hired for permanent positions. The Women in Government program has benefited 3,901 women, with 178 hired for permanent positions in the government.<sup>415</sup>

According to USAID, if one combines the number of beneficiaries of leadership training, civil service training and internships, civil society advocacy work and economic growth activities, Promote has benefited over 50,000 women in over 30 provinces.<sup>416</sup>

This quarter, USAID reports that Promote, in partnership with the Ministry of Education (MOE), trained 122 teaching instructors. These instructors are planned to train 2,500 woman teachers. In addition, Promote plans train an additional 2,500 women who will have guaranteed positions with the MOE.<sup>417</sup>

## SIGAR AUDIT

This quarter, SIGAR released a performance audit of Promote that assessed contract compliance, program performance, and implementation challenges for the five Promote programs. The audit found that, after three years and \$89.7 million spent, USAID/Afghanistan has not fully assessed the extent to which Promote is meeting its overarching goal of improving the status of more than 75,000 young women in Afghanistan’s public, private, and civil society sectors. For more information, see Section 2.

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## ECONOMIC AND SOCIAL DEVELOPMENT

### KEY ISSUES AND EVENTS

A severe drought continued to affect large swaths of Afghanistan this quarter, contributing to significant internal displacement, according to the United Nations.<sup>418</sup> The UN said that as of September 9, 2018, the drought had displaced about 275,000 people in 2018—52,000 more than the ongoing conflict had displaced over the period.<sup>419</sup> While the gap between conflict-induced displacement and drought-induced displacement later narrowed, more than 263,330 people had been displaced in 2018 due to the drought, as of October 14, 2018, compared to 254,796 displaced due to conflict, according to the UN. In May 2018, the UN estimated that approximately 2.2 million Afghans would be affected by the drought, which it had previously called the worst in decades.<sup>420</sup>

According to the USAID-funded Famine Early Warning Systems Network (FEWS NET), the drought has resulted in atypically high levels of acute food insecurity (meaning that many Afghans do not have access to adequate nutrition), which is likely to increase in the coming months. FEWS NET said the northwestern provinces of Badghis and Faryab, which border Turkmenistan, have been the worst-affected areas.<sup>421</sup> USAID has reported it expected a 2.5 million metric ton (MMT) wheat-harvest deficit for 2018, against a total need of 6 MMT.<sup>422</sup> USAID expected this year's wheat harvest yield to be just 3.5 MMT—even lower than the 2017 yield of 4.2 MMT, which was already 57% below the then five-year average.<sup>423</sup> On September 23, 2018, USAID announced it would provide \$43.8 million to the UN's World Food Programme to provide food assistance to drought-affected Afghans.<sup>424</sup>

The World Bank continued to report subdued economic growth projections this quarter, with growth likely to dip to 2.4% in 2018, down slightly from 2.7% in 2017. Building momentum in the economy would be difficult within the current context of violence and uncertainty related to parliamentary and presidential elections, prevailing drought conditions, and declining business confidence, according to the Bank. The Bank pointed to recent survey results suggesting that the percentage of Afghans living under the national poverty line (defined as the cost of covering basic needs, which was approximately \$1 per person, per day in 2016–2017) had increased from 38% in 2011–2012 to 55% in 2016–2017. Overall, available indicators, including new business registrations, measurements of business sentiment, and

continued violence, suggested that economic momentum may have slowed in the first half of 2018.<sup>425</sup>

In a more recent assessment of the Afghan economy, the International Monetary Fund (IMF) offered a similar perspective, projecting a 2.3% growth rate in 2018. Like the Bank, the IMF noted this was lower than last year's estimated 2.7% pace. The World Bank estimated population growth in 2017 at 2.5%, implying that, with the projected low economic growth rate, licit per capita income could either stagnate or decrease in 2018. The IMF ascribed the drop in economic growth rate to deteriorating security conditions, political uncertainty, and the ongoing drought. However, the IMF commended Afghan authorities for their sound macroeconomic management despite challenging circumstances.<sup>426</sup>

Former Kabul Bank chairman Sherkhan Farnood died in Bagram Prison this quarter. Farnood was serving time for his role in embezzling more than \$900 million in cash and assets from Kabul Bank, which nearly collapsed in 2010.<sup>427</sup> Revelations of the fraud led Afghan depositors to withdraw approximately \$500 million over the course of a few days, putting Afghanistan on the verge of a financial crisis. While Kabul Bank was placed into conservatorship shortly after its near-collapse, asset recoveries have since stalled. A 2016 report from the United States Institute for Peace said that the crisis symbolized the "pervasive corruption and impunity that have threatened the legitimacy of the Afghan government."<sup>428</sup> Afghan officials from the Kabul Bank Receivership, established to manage the bank's bad assets, believe that Farnood's death could adversely affect efforts to recover the stolen funds.<sup>429</sup> DOJ said that, according to the KBR, Farnood had provided a list of "227 names and areas" where he had distributed the \$467 million he owed, implying that collecting on his debt would be difficult following his death.<sup>430</sup>

SIGAR analysis showed that the Afghan government's aggregate domestic revenues grew by approximately 4%, year-on-year, over the first seven months of Fiscal Year (FY) 1397 (December 22, 2017–December 21, 2018).<sup>431</sup> Afghanistan's Ministry of Finance classifies domestic revenues into **sustainable** and **one-off** categories.<sup>432</sup> During the period, a large, nearly AFN 4 billion (approximately \$55.5 million) transfer of funds to Afghanistan's central bank was classified as a one-off transfer. This transfer reduced aggregate revenues, which include both sustainable and one-off transactions. However, because this transfer was categorized as a one-off, sustainable domestic revenues (which do not include one-off transactions) grew by the higher rate of 8.6% over the first seven months of FY 1397, year-on-year.<sup>433</sup> Both the aggregate and sustainable domestic revenue growth rates, while positive, were lower than in recent years.<sup>434</sup> Expenditures, meanwhile, grew by nearly 5%.<sup>435</sup>

### Sustainable Domestic Revenues:

According to Afghanistan Ministry of Finance (MOF) officials, these are revenues like customs, taxes, and non-tax fees. Multilateral institutions such as the World Bank and the IMF use reports of these revenues to judge the Afghan government's fiscal performance.

**One-Off Domestic Revenues:** These are nonrecurring revenues arising from one-time transfers of funds, such as central bank profits, to the Afghan government. The IMF excludes central bank transfers from its definition of domestic revenues for the purpose of monitoring Afghanistan's fiscal performance under its Extended Credit Facility arrangement with the government.

Source: SIGAR, communications with MOF officials, 8/21/2017; SIGAR, communications with IMF officials, 9/7/2017.

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

As of September 30, 2018, the U.S. government has provided approximately \$33.72 billion to support governance and economic and social development in Afghanistan since 2002. Most of these funds—nearly \$20.38 billion—were appropriated to USAID’s Economic Support Fund (ESF). Of this amount, \$19.23 billion has been obligated and \$16.16 billion has been disbursed.<sup>436</sup>

Although USAID’s forthcoming Country Development Cooperation Strategy (CDCS), which will define the agency’s mid-term development approach to Afghanistan, remained unfinalized this quarter, the agency signed its latest multiyear assistance agreement with the Afghan government on September 6, 2018. The agreement details the agency’s strategic **Development Objectives (DOs)** for Afghanistan as well as intended results, among other information.<sup>437</sup> Per the articles of the agreement, which extends to December 31, 2023, the agency intends its assistance to accelerate private-sector-driven, export-led economic growth (DO 1); advance social gains in health, education, and gender equality (DO 2); and increase the Afghan government’s accountability to its citizens (DO 3).<sup>438</sup> USAID plans to spend approximately \$2.5 billion in order to achieve these objectives.<sup>439</sup>

The CDCS is also linked to the updated U.S. Integrated Country Strategy (ICS) for Afghanistan, released in late September 2018. According to the ICS, the U.S. policy goal in Afghanistan is to prevent any further attacks on the United States by terrorist groups that enjoy support or safe haven in Afghanistan. Accomplishing this policy objective, the ICS said, would not be possible without a growing Afghan economy. One goal of the U.S. mission in Afghanistan, therefore, is to create economic prosperity in Afghanistan by advancing private-sector-led export growth and job creation and by bolstering social gains in health, education, and women’s empowerment.<sup>440</sup>

## ECONOMIC PROFILE

Spurred by high levels of donor spending, a large international military presence, and the recovery typically seen in post-conflict situations, Afghanistan’s economic growth rate averaged close to double digits for the first decade of reconstruction. Since the 2014 security transition and draw-down of foreign troop strength, however, growth has been substantially more muted, even with continuing high levels of foreign assistance.<sup>441</sup> While Afghanistan is in the midst of a modest recovery, with growth rising to 2.7% in 2017 following 1.3% growth in both 2014 and 2015, the World Bank said in August 2017 that the momentum appeared to be at risk.<sup>442</sup> Echoing the Bank, the IMF projected a 2.3% growth rate in 2018, which was lower than the Fund’s 2.7% growth estimate for 2017.<sup>443</sup> Lower levels of business confidence, the ongoing drought, and the apparent slowing of economic

### Development Objectives (DOs):

correspond to specific development challenges that a mission aims to address. A Country Development Cooperation Strategy cannot have more than four DOs. DOs are typically the most ambitious results to which a USAID Mission in a particular country (e.g., the USAID/Afghanistan Mission), in conjunction with its development partners, can contribute.

Source: USAID, ADS Chapter 201: Program Cycle Operational Policy, 5/24/2018, p. 29.

**USAID initially expected to complete its new Country Development Cooperation Strategy by the summer of 2018. However, as of October 11, 2018, the strategy was not yet finalized.**

Source: USAID, response to SIGAR data call, 9/19/2018 and 12/21/2017; USAID, OAPA, response to SIGAR vetting, 10/11/2018.

SIGAR has reported previously that the World Bank, IMF, and others exclude the value of opium production from their reported GDP estimates. However, accounting for Afghanistan's economic output (and by extension its economic growth rate) without considering opium production provides an incomplete picture of the Afghan economy.

In contrast to multilateral institutions, since 2015–2016, Afghanistan's National Statistics and Information Authority (NSIA) has reported the country's GDP and GDP growth rates with two figures: one that includes, and one that excludes the opium economy. Due to what the United Nations Office on Drugs and Crime (UNODC) described as "record-high" opium production in 2017, Afghanistan's total economy, including the opium sector, grew by a robust 7.2% in 2017, according to the NSIA, compared to 2.9% excluding opium.

With limited visibility into the opium sector, the NSIA appears to only account for the farm-gate value of opium and therefore does not include the value added through refinement and trafficking. Thus, the NSIA may understate opium's contribution to the Afghan economy. Extrapolating from UNODC estimates, the net value of the total opium economy in 2017—which includes value added during production and trafficking but excludes the value of imported precursor substances—was \$3.9–6.3 billion, the equivalent of 19.1–30.5% of GDP.

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2018, p. 149; NSIA, *Afghanistan Statistical Yearbook 2017–2018*, p. 110; UNODC, *Afghanistan opium survey 2017 Challenges to sustainable development, peace and security*, 5/2018, pp. 13–14.

activity collectively represented obstacles to growth, according to the Bank, which pointed to the results of a recent survey suggesting that the number of Afghans living below the national poverty line had risen from 38% in 2011–2012 to 55% in 2016–2017.<sup>444</sup> The IMF added that, among other factors, deteriorating security conditions rendered the current environment even more challenging.<sup>445</sup>

The current state of the Afghan economy, however, is not without its bright spots. As SIGAR reported last quarter, data from Afghanistan's National Statistics and Information Authority (formerly the Central Statistics Organization) showed that exports of goods increased by 28% from 2016 to 2017, driven in part by the initiation of an air corridor with India that resulted in higher sales of Afghan fruit, according to the Asian Development Bank.<sup>446</sup> The World Bank added that the resolution of border issues with Pakistan, which had slowed trade between the two countries, also played a role.<sup>447</sup> Nevertheless, despite the lower growth rate of imports, the merchandise trade deficit still widened in 2017, as SIGAR has reported previously.<sup>448</sup> The World Bank said merchandise exports remained low in absolute terms at the equivalent of 6% of Afghanistan's gross domestic product (GDP), reflecting simultaneously the prospect of both additional near-term growth from a low base and a long road ahead to reducing the country's wide trade deficit, which the Bank said was equal to 40% of GDP in 2017.<sup>449</sup>

### Fiscal Outlook: Recent Improvement is Fragile

The Afghan government's revenue gains have been quite strong in recent years.<sup>450</sup> The World Bank and the International Monetary Fund (IMF) concur.<sup>451</sup> In August 2018, the Bank said that Afghanistan's revenue performance was now at a record high.<sup>452</sup> The Bank added that recent improvements in revenue performance were the result of better tax and customs administration and enforcement (with the average value of customs declarations for imports trending higher), as well as new fees and charges that led to increases in non-tax revenues.<sup>453</sup> Overall, the Bank said, revenues had risen to 12.3% of GDP in 2017, which was higher than the previous 11.7% peak of 2011–2012.<sup>454</sup> Given modest expenditure growth in 2017, all of this reflects an encouraging trend line.<sup>455</sup>

Nevertheless, the Bank said that while revenue growth has been strong for the last several years, it is now slowing (see SIGAR's analysis of current revenues and expenditures in the next subsection) and noted that revenue growth over the first half of 2018 barely exceeded the rate of inflation.<sup>456</sup> Both the IMF and the Afghan government echoed their assessments that fiscal risks persisted this year, exacerbated by the parliamentary elections (which occurred this month) and presidential elections slated for April 2019. In May 2018, Afghan authorities pointed to downside revenue risks that coincided with the last election year (2014), which resulted in a sharp decline in revenue performance.<sup>457</sup> The Afghan government also

pointed to risks associated with uncertainty surrounding economic growth as well as precarious security conditions.<sup>458</sup> Thus, overall, Afghanistan's fiscal outlook remained fragile this quarter.

## **Government Revenues and Expenditures: Revenue Gains Continue at Slower Pace**

SIGAR analysis showed that the Afghan government's aggregate domestic revenues grew by approximately 4%, year-on-year, over the first seven months of Fiscal Year (FY) 1397 (December 22, 2017–December 21, 2018).<sup>459</sup> Afghanistan's Ministry of Finance categorizes domestic revenues into **sustainable** and **one-off** categories (see page 134 for definitions of these terms).<sup>460</sup> During the period, a large, nearly AFN 4 billion (approximately \$55.5 million) transfer of funds to Afghanistan's central bank that reduced overall revenues was classified as a one-off transaction. Because this transfer reduced aggregate revenues, sustainable domestic revenues (which do not include one-off transactions) grew by the higher rate of 8.6% over the first seven months of FY 1397, year-on-year.<sup>461</sup>

Both the aggregate and sustainable domestic revenue growth rates, while positive, were lower than in recent years.<sup>462</sup> The World Bank expected revenue growth to slow in 2018. According to the Bank, revenue gains from recent improvements in administration and enforcement are nearing exhaustion. The Bank said that revenue increases over the first six months of 2018 only slightly exceeded the rate of inflation.<sup>463</sup>

Recent revenue data showed that customs duties and taxes continued to represent the largest component of domestic revenues (21.7% through the first seven months of FY 1397), followed by sales taxes (18.9%), administrative fees (18.1%), and income taxes (15.2%).<sup>464</sup> Approximately 11.0% of revenues were classified as "Miscellaneous" through FY 1397 Month 7, precluding a line-item analysis of year-on-year changes in individual revenue categories.<sup>465</sup> According to MOF officials, the "Miscellaneous" category is sometimes used as a catch-all category for uncategorized revenues prior to the MOF's reconciliation.<sup>466</sup>

SIGAR analysis showed that expenditures, meanwhile, grew by approximately 4.9% over the same time period.<sup>467</sup> Wages and salaries constituted the largest share of expenditures (57.1% over the first seven months of FY 1397), consistent with recent trends.<sup>468</sup> The World Bank projected expenditures to grow by just over 5% in 2018, reflecting expected increases to security and development spending.<sup>469</sup> Table 3.26 on the following page shows a comparison of expenditures over the first seven months of FY 1397, compared to the first seven months of FY 1396.

## **Trade**

In 2017, Afghanistan's merchandise trade deficit remained quite high at the equivalent of 33.6% of GDP, widening from the 2016 figure of 31.6%. The

TABLE 3.26

<b>EXPENDITURES, FIRST SEVEN MONTHS, AFGHAN FISCAL YEARS 1396 AND 1397 COMPARED</b> (IN AFGHANIS)			
<b>Category</b>	<b>1396 (Through Month 7)</b>	<b>1397 (Through Month 7)</b>	<b>% Change</b>
<b>Wages and Salaries<sup>a</sup></b>	AFN 95,449,436,844	AFN 98,993,358,639	3.7%
<b>Goods and Services<sup>b</sup></b>	33,283,817,205	29,515,462,068	(11.3%)
<b>Subsidies, Grants, and Social Benefits<sup>c</sup></b>	14,000,008,398	14,612,484,103	4.4%
<b>Acquisition of Assets<sup>d</sup></b>	21,725,266,139	29,177,193,628	34.3%
<b>Interest and Repayment of Loans<sup>e</sup></b>	847,494,365	1,068,861,212	26.1%
<b>Total</b>	<b>AFN 165,306,022,951</b>	<b>AFN 173,367,359,650</b>	<b>4.9%</b>

- Note:
- a Compensation of government employees.
  - b Includes: (1) payments to private firms in return for goods and/or services, and (2) payments to other government units or agencies in return for services performed.
  - c Includes: (1) expenditures made to entities in return for development assistance and promotional aid, or reimbursement for losses caused by equalization of commodity tariffs, price controls, and other similar purposes that are not repayable; (2) grants to other government units for which unequal value is provided in return; and (3) social assistance benefits not covered by social security.
  - d Expenditures related to the purchase, improvement, or construction of assets.
  - e Interest, principal payments, and fees related to government debt.

Source: SIGAR analysis of USAID-provided AFMIS data exported 9/17/2018; SIGAR analysis of USAID-provided AFMIS data exported 1/8/2018; Government of Afghanistan, MOF, *Chart of Account Guide Fiscal Year: 1397*, Version 1, "Object Exp Long Des," 1/7/2018.

country's services trade deficit also rose recently, from the equivalent of 4.2% of GDP in 2016 to 5.6% in 2017. The deficit continues to be financed almost entirely by donor inflows.<sup>470</sup> While USAID plans to accelerate Afghanistan's economic growth by increasing the country's exports, the World Bank expected the trade balance to remain relatively unchanged in the mid-term.<sup>471</sup>

Exports by air have been growing at an impressive rate, albeit from a low base, supporting the proposition that Afghanistan can rapidly grow its exports. USAID said the country's air exports had grown by 70% over the last two full years, from \$230 million in 2015 to \$391 million in 2017.<sup>472</sup>

While encouraging, many barriers to trade persist. Afghanistan's landlocked geography, poor infrastructure, institutional deficits, and ongoing conflict all threaten trade expansion. The IMF said being landlocked introduces other challenges: import and export costs and delays are higher for landlocked countries than for those with coastlines. For Afghanistan, high energy costs and low levels of access to electricity, land, and finance also pose obstacles.<sup>473</sup>

To address these challenges, in addition to its recent, aggressive expansion of air corridors, Afghanistan has signed various bilateral and regional trade agreements with neighboring countries. For example, although geopolitical factors have inhibited its full implementation, a transit trade agreement between Afghanistan and Pakistan allows the countries to leverage one another's transit corridors. According to the IMF, transit trade represents an opportunity to turn Afghanistan's landlocked geography into a comparative advantage. Meanwhile, the agreement between Iran and India to develop the Chabahar seaport in southeastern Iran has

the potential to open up further Afghan trade with India, which in turn hopes to use the port to transit Indian goods through Afghanistan into Central Asia.<sup>474</sup>

## Export and Import Data

Afghanistan continued its strong recent record of export growth in goods this quarter. Through the first two quarters of FY 2018, exports grew by 33%, year-on-year, which represented a slight acceleration over the growth rate of 28% from 2016 to 2017, though growth in the second quarter of 2018 slowed to 18%.<sup>475</sup> Through two quarters, India remained the number-one destination for Afghan export goods, 45% of which flowed to India over that period. While Pakistan was a distant second, taking in 34% of Afghan products through the first two quarters, exports to Afghanistan's oft-contentious neighbor surged from the first to the second quarter, growing at 34%, perhaps reflecting de-escalating border tensions that have affected licit trade volume between the two countries. Exports to India, meanwhile, dropped dramatically from the first to the second quarter of FY 2018 by 42%. This decrease was driven in part by a 45%—or more than \$15 million—decrease in exports of *asefetida* (also known as “devil’s dung”), a fetid gum resin used as flavoring in Indian cooking.<sup>476</sup> While coal was Afghanistan’s number-two export in the second quarter of 2018, agricultural products continued to dominate the list of the country’s top exports, constituting nine of the top 10 merchandise exports in the first quarter of 2018 and eight out of the top 10 in the second.<sup>477</sup>

Nevertheless, even with lower growth in Afghan imports of goods, the merchandise trade deficit for FY 2018 was approximately \$3.4 billion through the first two quarters of the year, signaling that from a low base, even dramatic increases in exports have little material effect on shoring up Afghanistan’s trade balance, which is financed primarily by foreign aid.<sup>478</sup> Through the first two quarters of 2018, the majority of imported products (approximately 66%) originated in five countries: Pakistan (16.1%), Iran (15.6%), China (14.0%), Kazakhstan (11.3%), and Uzbekistan (9.2%).<sup>479</sup> Afghanistan’s number-one import through the first two quarters of 2018 was wheat flour.<sup>480</sup>

## Iran Sanctions Could Affect the Afghan Economy, but Full Impact Not Yet Clear

In May, President Donald J. Trump announced that the U.S. was withdrawing from the Joint Comprehensive Plan of Action (JCPOA)—more commonly known as the “Iran Nuclear Deal” of 2015—that lifted sanctions on Iran in return for Iran’s limiting its nuclear-power activity to ensure that it is unable to produce nuclear weapons. According to Secretary of State Michael R. Pompeo, the President withdrew from the Iran deal because it failed to guarantee the safety of the American people.<sup>481</sup>

This quarter, State provided an assessment of how the Iran sanctions could affect Afghanistan's economy. While the renewed sanctions have not yet been fully applied—those most significant to Afghanistan, affecting Iran's ports and crude oil exports, are scheduled to take effect on November 5, 2018—State said that remittances to Afghanistan from Iran have dropped sharply to “almost zero,” the consequence of a precipitous slide in the Iranian rial. The loss of remittance incomes to families already suffering from the ongoing drought will represent a significant challenge to local economies and communities in western Afghanistan, according to State. Iran's currency collapse has also significantly increased returns of Afghan migrant workers from Iran. State said that Afghanistan's western region would be stressed by the need to reintegrate the 500,000-plus returnees (compared to 230,000 in 2017), exacting a heavy economic toll and adding to less-stable western provinces' social-support systems.<sup>482</sup>

While the Afghan and Indian governments hope the U.S. will grant a sanctions waiver for the Chabahar Port in southeastern Iran, State reported that, according to Afghanistan Chamber of Commerce and Industry officials, the volume of goods destined for Afghanistan by way of Chabahar and Iran's Bandar-e-Abbas ports had dropped considerably in recent months.<sup>483</sup> The Chabahar port is hardly the only issue at stake: State also emphasized that fuel products, which will also be subject to sanctions, make up the lion's share of Afghanistan's imports from Iran. According to State, approximately 40% of Afghanistan's official fuel imports come from Iran, with estimates of unofficial imports likely raising that figure above 50%. State said that if fully reimposed, sanctions could eliminate Afghanistan's fuel imports from Iran. However, State added, fully applied sanctions would likely push trade underground, with higher levels of illicit trade in both fuel and steel.<sup>484</sup>

As State detailed, Afghanistan is already experiencing some repercussions as a result of renewed U.S. sanctions. Nevertheless, with potential waivers for fuel, steel, and Chabahar still under review, it is not yet clear what the final effects of U.S. sanctions will be. As of October 15, 2018, State said it was still reviewing how its Iran sanctions policy will be implemented.<sup>485</sup>

## **BANKING AND FINANCE**

Afghanistan's financial sector consists of 15 banks. Three banks are state-owned; of the remaining 12, nine are private and three are foreign commercial-bank branches.<sup>486</sup> The banking sector remains vulnerable to adverse shocks due to poor asset quality, capital shortfalls, and management deficiencies at several banks. However, Afghan financial institutions have recently been reducing their exposure to risk.<sup>487</sup> By the end of 2017, the ratio of nonperforming loans to gross loans was at the lowest level seen since the beginning of 2015, according to data presented by the IMF.

The ratio of adversely classified loans (loans that banks doubt will be repaid) to gross loans, meanwhile, dropped dramatically from the third to the fourth quarter of 2017, while the ratio of regulatory capital to risk-weighted assets climbed from 2016 to 2017, before leveling off in the first quarter of 2018.<sup>488</sup>

Nevertheless, access to credit in Afghanistan remains minimal: asset-to-deposit ratios remain exceedingly high—74% at the end of 2017—reflecting weak intermediation of credit from banks to the country’s private sector. In 2017, the value of intermediated credit in Afghanistan was the equivalent of 3.3% of GDP, down from approximately 3.6% in 2016. According to the World Bank, weak confidence was continuing to inhibit credit demand, with current economic conditions limiting the number of feasible projects.<sup>489</sup>

## Treasury Technical Assistance: Additional Third-Country Meetings/Training Sessions Under Consideration

In March 2015, the U.S. Treasury’s Office of Technical Assistance (OTA) signed an agreement with Afghanistan’s MOF to develop and execute technical-assistance and capacity-building programs aimed at strengthening the government’s public financial management. OTA also aims to help the government of Afghanistan provide better oversight of its financial sector. President Ghani requested OTA renew its engagement with the Afghan government in 2014 to assist with budget reforms, among other activities.<sup>490</sup> OTA’s current work in Afghanistan is funded through an interagency agreement with USAID that expires in September 2019.<sup>491</sup>

During the reporting period, Treasury said that all travel to Kabul had been on hold as a result of security concerns. While OTA advisors were able to engage in limited remote-advising work—for example by supporting Afghanistan’s Fiscal Performance Improvement Plan, a reform program designed to strengthen public financial management—it was unable to pursue other technical advisory work such as efforts to help the Afghan government improve how it costs new policy initiatives for budgeting purposes.<sup>492</sup> Because security concerns have affected OTA’s ability to deliver training on-site in Kabul, OTA is exploring the option of more frequently conducting training in other venues such as Baku, Azerbaijan. For example, in late August, Treasury delivered a **problem bank resolution** workshop organized in conjunction with the U.S. Department of Commerce to Afghan counterparts in Baku. OTA said that even when advisors have been able to travel to Kabul, U.S. Embassy security protocols required for Afghan counterparts to enter the Embassy compound have proved onerous, introducing bureaucratic obstacles to holding multiday meetings.<sup>493</sup>

## Kabul Bank Theft: Substantive Progress Remains Elusive

Due to embezzlement and fraud by a handful of politically connected individuals and entities, Kabul Bank—a systemically important Afghan financial

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**Problem bank resolution:** a process through which authorities resolve a situation in which a financial institution is in danger of failing. Examples include deposit payoffs and purchase and assumption (P&A) transactions. In a P&A transaction, a healthy institution agrees to purchase some or all of the assets, and to assume some or all of the liabilities, of a failed institution. Effective resolution is believed to foster stable financial systems.

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Source: FDIC, *Resolutions Handbook*, 12/23/2014, pp. 5–6; IMF, “Bank Resolution Powers and Tools,” 10/20/2016, p. 5.

institution—nearly collapsed in September 2010.<sup>494</sup> The Afghan government subsequently organized an \$825 million bailout (an amount equivalent to approximately 5%–6% of GDP), rendering the scam one of the largest banking catastrophes in the world, relative to GDP.<sup>495</sup> The aftermath of the scandal exposed an elaborate fraud and money-laundering scheme orchestrated by Kabul Bank founder Sherkhan Farnood (who died while serving time in Bagram Prison this quarter), chief executive officer Khalilullah Ferozi, and other key shareholders and administrators. According to a 2016 report from the United States Institute of Peace (USIP), years later, the legacy of Kabul Bank remains a striking symbol of the extensive corruption and criminality that undermine the Afghan government’s legitimacy.<sup>496</sup> The U.S. Department of Justice (DOJ) has referred to the scandal as “one of the most notorious fraud cases in Afghan history.”<sup>497</sup> Every quarter, SIGAR requests an update from relevant agencies on Kabul Bank Receivership (KBR) efforts to recover funds stolen from the Kabul Bank. The KBR was established to manage Kabul Bank’s bad assets.<sup>498</sup>

Both DOJ and State reported that, overall, Kabul Bank debtors (i.e. those responsible for the stolen funds) still owe just over \$594 million, unchanged from last quarter.<sup>499</sup> However, State reported that, according to the KBR, approximately \$1.6 million has been recovered since May 2018.<sup>500</sup> State said that recent debtor payments had been made “under significant Compact pressure”—referring to the Afghanistan Compact, initiated in August 2017 with the intent of prioritizing Afghan government commitments and measuring progress against key benchmarks, including Kabul Bank repayment agreements.<sup>501</sup> DOJ confirmed that the U.S. Embassy has been demanding progress through periodic Compact meetings.<sup>502</sup>

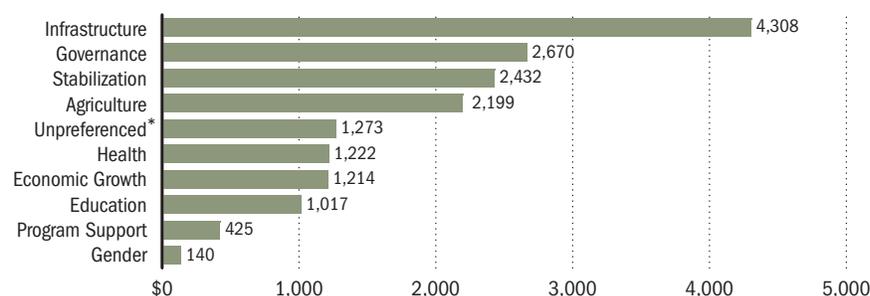
Additionally, DOJ reported that President Ghani issued a new decree this quarter ordering that the market value of borrowers’ collateral and assets be determined and that a public announcement be made to sell those collateral and assets. Nevertheless, DOJ added that it does not believe the Afghan government possesses the political will to move forward on Kabul Bank asset recoveries, despite having the capacity to do so.<sup>503</sup>

## U.S. ECONOMIC AND DEVELOPMENT SUPPORT

Most assistance from the Economic Support Fund goes toward USAID’s development programs. According to the agency’s recently signed, \$2.5 billion assistance agreement with the Afghan government that extends through December 31, 2023, USAID aims to render Afghanistan a more inclusive, economically viable, and self-reliant country with which the U.S. government can better partner in its national-security strategy.<sup>504</sup> USAID hopes to achieve this end state through programming that accelerates private sector-driven and export-led economic growth, advances social gains, and increases the Afghan government’s accountability to its citizens.<sup>505</sup>

FIGURE 3.43

## USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF SEPTEMBER 30, 2018 (\$ MILLIONS)



Note: USAID Mission-managed funds. Numbers are rounded. USAID gender programs are presented as a separate category this quarter. Reclassification of some projects from other categories (such as economic growth) to the new gender category reduced some previously reported cumulative disbursements. Agriculture programs include alternative development. Infrastructure programs include power, roads, extractives, and programs that build health and education facilities. Office of Financial Management activities (e.g. audits and pre-award assessments) included under Program Support funds. Additional Office of Financial Management activities added due to increased data coverage.

\* 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, 10/15/2018; SIGAR analysis of World Bank, ARTF, *Administrator's Report on Financial Status*, as of July 22, 2018.

USAID is developing its first Country Development Cooperation Strategy (CDCS) for Afghanistan. The CDCS will articulate how USAID plans to support the new U.S. South Asia strategy. USAID expected the CDCS to be completed this summer.<sup>506</sup> However, USAID said this quarter that the new strategy had not yet been finalized.<sup>507</sup> Figure 3.43 shows USAID assistance by sector.

## Natural Resources Remain an Under-Tapped Source of Government Revenue and Economic Growth

Afghanistan is endowed with a plethora of natural resources. These include rare earth elements, gold, chromite, copper, talc, sulfur, lead, iron, coal, construction stone, and natural gas, among others. Yet, despite this potential wealth and the presence of numerous mines, most of the resources have yet to be extracted. While some efforts have been made to mine iron, gold, copper and other minerals, thus far neither donors nor the Afghan government have been able to facilitate large-scale extraction.<sup>508</sup>

According to evaluators of USAID's now-concluded flagship mining program—the Mining Investment and Development for Afghan Sustainability project—the extractives sector is the “country's best, and perhaps only” option to generate the level of economic growth that would support inclusive job creation (i.e., job creation where economic benefits are distributed among most Afghans as opposed to only a few).<sup>509</sup> However, in 2017 mining contributed only 0.97% of added value to the country's licit GDP. Including

the opium economy, value-added from the mining sector was even lower: 0.92% of GDP.<sup>510</sup> The Afghan government believes that underdeveloped infrastructure, declining commodity prices, and ongoing security challenges all hinder progress in this important sector.<sup>511</sup>

Though licit mining languishes, illegal mining—broadly defined—has flourished in Afghanistan. According to USIP, most mineral extraction in the country is either illicit or unregulated. While some local communities have operated for decades under informal agreements brokered before the current regulatory regime took effect, the Taliban and various criminal networks control other sites.<sup>512</sup>

## **U.S. Support to Afghanistan’s Extractives Sector Remains Limited**

There appeared to be renewed interest in developing Afghanistan’s extractives sector following President Trump’s August 2017 announcement of a new South Asia strategy, as SIGAR reported last year.<sup>513</sup> Following that announcement, President Trump met with Afghan President Ashraf Ghani on the sidelines of the United Nations (UN) General Assembly in New York where they discussed, among other topics, how American companies could rapidly develop Afghanistan’s rare-earth minerals to lower the costs of U.S. assistance and render Afghanistan more self-reliant.<sup>514</sup> Those discussions were widely reported by U.S. media, generating speculation that the United States would pursue a reinvigorated effort to develop the country’s extractives sector.<sup>515</sup>

No subsequent meeting occurred during the UN General Assembly held this quarter: President Ghani canceled a planned trip to New York to attend the assembly.<sup>516</sup> Thus, nearly one year after the Trump administration made the decision to recommit to Afghanistan, U.S. extractives-sector programming, as measured by direct U.S. funding of extractives-related programs, remains relatively small-scale. USAID has interagency agreements with the Department of Commerce to provide legal assistance to the sector. The agency also has an agreement with the United States Geological Survey (USGS) to provide technical advisory services, but these represent the only current U.S.-led initiatives to develop Afghanistan’s natural resources.<sup>517</sup>

## **Some Movement on Previous DOD-Facilitated Mining Tenders, but Legality of Two Contracts is Questioned**

DOD is no longer involved in Afghanistan’s extractives sector and has no authority or funding to support extractives projects.<sup>518</sup> In the past, DOD pursued the development of the sector through the Task Force for Business and Stability Operations (TFBSO), which sought to reduce violence, enhance stability, and support economic normalcy in Afghanistan through strategic business and economic activities.<sup>519</sup> TFBSO was a temporary organization with a nontraditional mission whose funding ended in 2014.<sup>520</sup>

### **SIGAR INVESTIGATION**

On September 24, 2018, Adam Doost, the former owner of a now-defunct marble mining company in Afghanistan, was found guilty by a federal jury for his role in defrauding the Overseas Private Investment Corporation (OPIC), a U.S. government agency, and defaulting on a \$15.8 million loan. Doost obtained the loan in February 2010 while working at his company, Equity Capital Mining LLC. The loan from OPIC was to help fund the development, maintenance, and operation of a marble mine in western Afghanistan. SIGAR led the four-year investigation, with assistance from the FBI. For more, see p. 35 of this report.

TFBSO sought to develop Afghanistan's mining sector through a \$51 million obligation originally intended to facilitate the award of between eight and 12 large-scale mining contracts to international companies. TFBSO officials and contractors said they overestimated the speed at which the Ministry of Mines and Petroleum could work and underestimated the resistance from other ministries. Nevertheless, four contracts were advanced to the point that they only needed the Afghan government's signature. The Afghan government refused to sign any of these contracts because of political concerns surrounding mining contracts.<sup>521</sup>

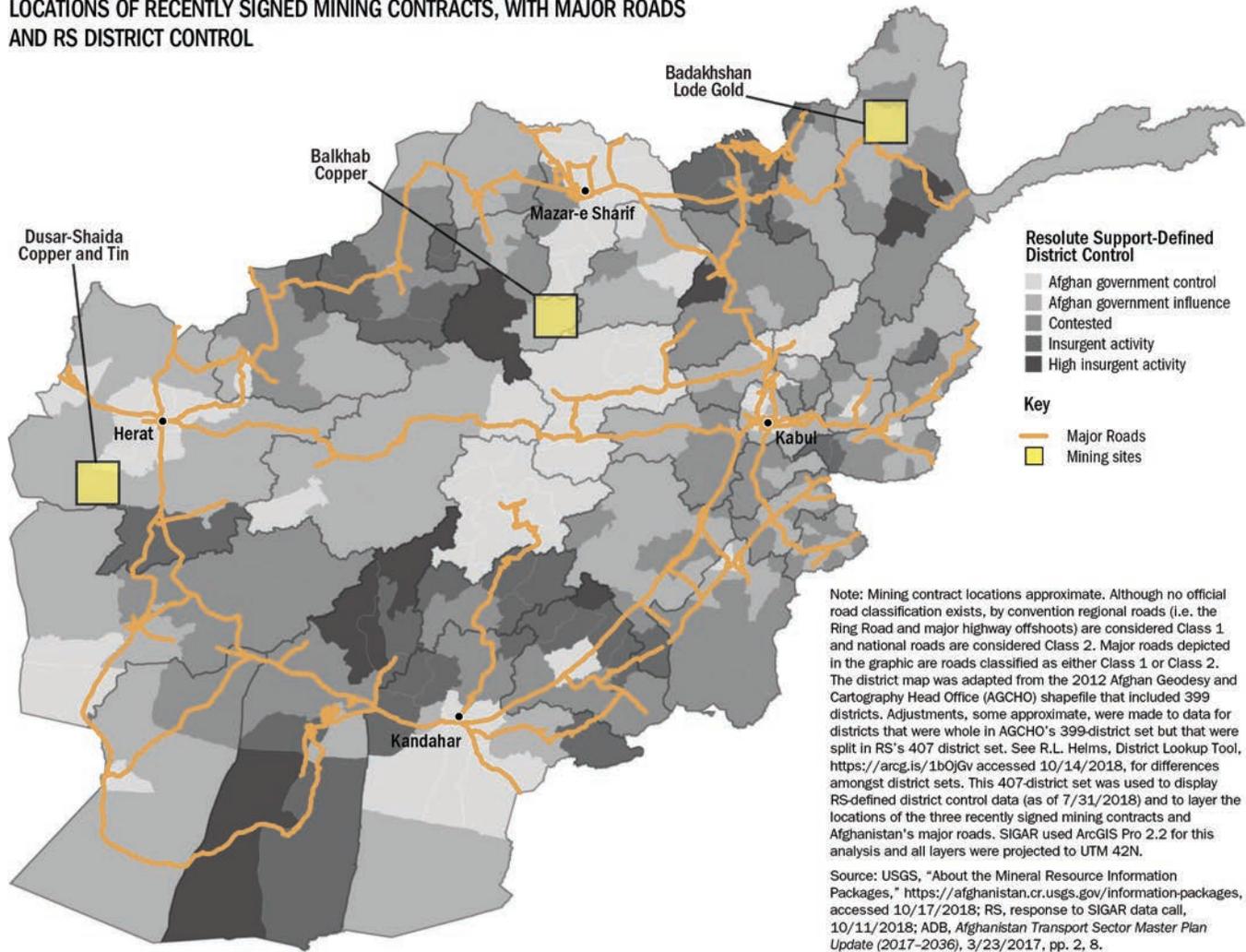
However, both DOD and State indicated this quarter there had been recent movement on these stalled contracts.<sup>522</sup> According to State, the Afghan government recently approved a contract for the Shaida copper mine, located in Herat Province.<sup>523</sup> Of the four contracts, Shaida was the highest-valued (\$433 million) and was expected to deliver more than \$1.3 billion to the Afghan government over the lifetime of the project, according to consultant projections from November 2012.<sup>524</sup> Although these were older, inherently imprecise estimates (particularly given that exploration activity had not yet been initiated), State said the \$1.3 billion figure could be achievable, based on a final negotiated contract royalty rate of 7.1% and the potential to extract an estimated \$18 billion in commercial copper.<sup>525</sup> State said that an environmental-impact assessment and other necessary processes would take an estimated two to three years to complete before any extraction activities could begin.<sup>526</sup>

Two other TFBSO-related contracts that had previously been stalled—one for the Balkhab copper mine in Sar-e Pul and Balkh Provinces and the other for a gold mine in Badakhshan—were also signed this quarter.<sup>527</sup> According to State, the Afghan Gold and Minerals Company (AGMC) is the majority stakeholder in the Balkhab contract. AGMC is a consortium of international investors backed by London financier Ian Hannam, former BHP Billiton chief executive Chip Goodyear, and former Afghan Minister of Urban Development Sadat Naderi. AGMC's joint venture, the Turkish-Afghan Mining Company, in which the Turkish mining firm Eti Gümüş has a majority stake, is developing the mine in Badakhshan.<sup>528</sup>

However, State added that both the Sar-e Pul/Balkh and Badakhshan contracts had received heavy scrutiny due to the involvement of Naderi.<sup>529</sup> According to Global Witness, a nongovernmental organization (NGO) that aims to expose corruption and human rights abuses, Naderi, who resigned from his position as minister in June 2018, is the president of the Afghan Krystal mining company, which the NGO referred to as a "major partner" in both contracts (while State said that Naderi was no longer a majority stakeholder in either project, he still holds ownership stakes in both). According to Global Witness, the 2014 Afghan mining law set a five-year "cooling off" period before a former minister or his or her direct relatives are permitted to hold a mining contract. Naderi's sister, Farkhunda Zahra

FIGURE 3.44

## LOCATIONS OF RECENTLY SIGNED MINING CONTRACTS, WITH MAJOR ROADS AND RS DISTRICT CONTROL



Naderi, is currently serving as an advisor for UN affairs to President Ghani. Nevertheless, according to Global Witness, Naderi has challenged the law's applicability on the grounds that he was not a minister when the Afghan Krystal mining company was named as a preferred bidder in 2012. Global Witness, however, emphasized that revisions to the law occurred while Naderi was serving as a minister and that downward revisions to the royalty rates on the contracts amounted to a renegotiation of the deals.<sup>530</sup> Centar Ltd., meanwhile, an investment firm founded by Hannam that participated in the signing of the contracts in Washington, DC, on October 5, 2018, said the deal was negotiated "in strict adherence to Afghan law and international standards," according to the *New York Times*.<sup>531</sup>

While lack of security and infrastructure make mining difficult in Afghanistan, Centar told the *Financial Times* it will provide for its own security and emphasized that the copper concession in Sar-e Pul and Balkh was located near a major rail hub in Mazar-e Sharif (see Figure 3.44 for a map depicting the three mining sites).<sup>532</sup> According to State, Afghanistan's Office of the President made great effort this quarter to secure approval for the contracts.<sup>533</sup>

At this time, SIGAR is drawing no conclusions regarding the legality of these two contracts. However, SIGAR will be examining the contracts and other matters through an ongoing audit assessing the Afghan government's progress in implementing its anticorruption strategy.

## Agriculture: A Key Component of Both the Licit and Illicit Economy

The World Bank has called agriculture a “pillar of economic development and national security in Afghanistan.”<sup>534</sup> More than half of the rural labor force works in the agricultural sector, which employs about 40% of Afghans overall. Historically, agriculture has made substantial contributions to Afghanistan's economic growth.<sup>535</sup>

In 2017, however, agriculture's contribution to economic growth showed a darker side, with opium production reaching a new peak. While the Bank projected the value of licit agriculture in 2018 at 18% of GDP, the United Nations Office on Drugs and Crime estimated the value of the opium economy to be the equivalent of 20–30% of licit GDP.<sup>536</sup> Reflecting the spectacular (approximately 90%) growth of opium production in 2017, Afghanistan's National Statistics and Information Authority reported that GDP growth inclusive of the opium economy was 7.2%.<sup>537</sup>

Thus, the World Bank's characterization of agriculture as a pillar of national security requires a major caveat—SIGAR has reported that opium-poppy cultivation has undermined security goals by providing a major revenue source for the insurgency, eroding Afghan government legitimacy, and exacting an enormous human and financial toll.<sup>538</sup>

## Afghanistan Suffers “Worst Drought in Decades”

A severe drought continued to affect large swaths of Afghanistan this quarter, contributing to ongoing waves of internal displacement, according to the UN.<sup>539</sup> Testifying to the scale of the natural disaster, the UN said that as of September 9, 2018, the drought had displaced about 275,000 people in 2018—52,000 more than the ongoing conflict during the same time period.<sup>540</sup> While the gap between conflict-induced displacement and drought-induced displacement later narrowed, more than 263,330 people had been displaced in 2018 due to the drought, as of October 14, 2018, compared to 254,796 displaced due to conflict, according to the UN.<sup>541</sup>

The scale of the natural disaster remained severe: As of May 2018, the UN estimated that approximately 2.2 million Afghans would be affected.<sup>542</sup> The

In its response to SIGAR's requests for information this quarter, USAID downplayed the effects of the drought, describing it as “localized.” While it is true that the drought is not affecting all areas of Afghanistan, this seems to minimize the scale of the natural disaster. USAID's internal humanitarian update stated that Afghanistan's 2018 drought continued to “intensify in the north, west, and central highlands, adding acute new pressures to rural Afghan communities already strained by years of war and poverty.”

For example, USAID previously pointed out that the 2018 wheat harvest was likely to yield just 3.5 million metric tons (MMT), resulting in a projected deficit of 2.5 MMT for this year. USAID added the drought would likely have ripple effects on Afghan pastoralists who depend on rangelands, increasing food insecurity. However, the drought may not have significant implications for USAID's agricultural programs, which generally focus on irrigated crops that do not directly rely on rain.

Source: USAID, response to SIGAR data call, 9/19/2018; USAID, *Humanitarian Update #19*, 9/15/2018, p. 1; USAID, response to SIGAR vetting, 4/10/2018; USAID, OAG, response to SIGAR vetting, 10/11/2018.

UN previously called the drought the worst in decades.<sup>543</sup> According to the USAID-funded Famine Early Warning Systems Network (FEWS NET), the drought has resulted in atypically high levels of acute food insecurity (meaning that many Afghans do not have access to adequate nutrition), which was likely to increase in the coming months. FEWS NET said the northwestern provinces of Badghis and Faryab, which border Turkmenistan, have been the worst-affected areas.<sup>544</sup> The extent of anticipated food insecurity appeared high: USAID previously reported it expected a 2.5 million metric ton (MMT) wheat harvest deficit for 2018, against a total need of 6 MMT.<sup>545</sup> On September 23, 2018, USAID announced it would provide \$43.8 million to the UN's World Food Programme to provide food assistance to drought-affected Afghans.<sup>546</sup>

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

According to USAID's recently signed four-year assistance agreement with the Afghan government, licit agriculture will remain an area of particular focus for the agency. USAID programs aim to support Afghan agribusinesses to develop competitive value chains, strengthen public and private agricultural service delivery, and increase the productivity of key agricultural crops. As in other sectors, USAID's support for agribusinesses will be oriented on firms that have the potential to serve as anchors for key value chains—that is, on businesses that can best put investment capital to use, generate both supply and demand along value chains, and benefit from international partnerships.<sup>547</sup>

Since 2002, USAID has disbursed nearly \$2.2 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy for opium production.<sup>548</sup> Pages 175–183 of this quarterly report discuss USAID's agriculture alternative-development programs. USAID's active agriculture programs have a total estimated cost of \$444 million and can be found in Table 3.27.

## **Agricultural Development Fund Update: USAID Extends Technical Assistance by Four Months, but Sustainability Still in Question**

SIGAR remains concerned this quarter about the sustainability of an Afghan credit facility to which USAID has provided funding and technical assistance. Given the centrality of agriculture to the Afghan economy and the difficulties Afghan farmers faced in accessing credit, USAID established the Agricultural Development Fund (ADF) in July 2010 through a \$100 million grant to the Ministry of Agriculture Irrigation and Livestock (MAIL). The purpose of the ADF, which remains active, is to provide credit to agribusinesses, commercial farmers, and processors and exporters of agricultural products.<sup>549</sup> Initially managed by USAID through its \$50 million Agricultural

TABLE 3.27

USAID ACTIVE AGRICULTURE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
Strengthening Watershed and Irrigation Management (SWIM)	12/7/2016	12/6/2021	\$87,905,437	\$9,453,159
Regional Agriculture Development Program (RADP North)	5/21/2014	5/20/2019	78,429,714	56,906,996
Commercial Horticulture and Agriculture Marketing Program (CHAMP)	2/1/2010	12/31/2019	71,292,850	57,322,706
Afghan Value Chains - Livestock Activity	6/6/2018	6/5/2021	55,672,170	778,367
Afghanistan Value Chains - High-Value Crops	8/2/2018	8/1/2023	54,958,860	0
RADP East (Regional Agriculture Development Program-East)	7/21/2016	7/20/2021	28,126,111	9,022,776
Grain Research and Innovation (GRAIN)	3/13/2017	9/30/2022	19,500,000	7,305,193
Promoting Value Chain - West	9/20/2017	9/19/2020	19,000,000	1,703,361
ACE II (Agriculture Credit Enhancement II)	6/23/2015	6/30/2019	18,234,849	15,171,274
Catalyzing Afghan Agricultural Innovation	5/28/2018	5/27/2023	8,000,000	176,578
SERVIR	9/14/2015	9/30/2020	3,100,000	1,538,075
<b>Total</b>			<b>\$444,219,991</b>	<b>\$159,378,486</b>

Source: USAID, response to SIGAR data call, 10/15/2018.

Credit Enhancement (ACE) project, the ADF was transferred to the Afghan government in 2015.<sup>550</sup> Since the conclusion of ACE, a follow-on program—the Agricultural Credit Enhancement Phase-II (ACE-II) project—has been providing technical assistance to the ADF.<sup>551</sup>

For several quarters now, SIGAR has documented what appear to be significant sustainability challenges at the ADF.<sup>552</sup> The financial performance of the ADF has suffered due to the prevailing political, economic, and security conditions, which according to ACE-II project implementers has contributed to a more prolonged time frame “required for the ADF to achieve . . . operating sustainability, one of its primary objectives.”<sup>553</sup> Additionally, in early 2016, the ADF changed its loan write-off policy so that only loans that are overdue by more than 1,095 days (three years) are counted as losses. The new policy significantly lengthened the period of time after which loans were counted as losses, deviated substantially from Afghan central bank (Da Afghanistan Bank or DAB) standards, and altered the definition of a key indicator used to assess the performance of USAID’s assistance to the ADF. The ADF is not a bank and is thus not regulated by DAB.<sup>554</sup>

This quarter SIGAR learned that USAID had approved a four-month, no-cost extension (NCE) for ACE-II that extended the contract’s period of performance to October 31, 2018.<sup>555</sup> The purpose of the NCE is to continue USAID’s support of the ADF’s transition to an independent agricultural finance institution. However, according to the agency’s implementing partners, the NCE’s scale, in conjunction with the brief period of performance

**SIGAR learned this quarter that independent auditor Deloitte recommended that the Agricultural Development Fund (ADF), established by USAID, strengthen its due diligence process and closely monitor overdue loans to reduce risk of defaults. This recommendation echoes what SIGAR has reported for several quarters: that despite high levels of loan losses and loan-loss provisions, the ADF changed its loss policy to count as losses only those nonperforming loans overdue by more than 1,095 days (three years), which contrasts sharply with the current Afghanistan central bank standard of 360 days.**

Source: USAID, *Agricultural Credit Enhancement II (ACE-II) Program Monthly Report No. 37, July 2018, 8/13/2018*, p. 4; SIGAR, *Quarterly Report to the United States Congress, 7/30/2018*; USAID, *Agricultural Credit Enhancement II (ACE-II) Program Quarterly Report: Q2-FY 2018 January–March, 2018, 4/30/2018*, p. 37.

remaining, could impact ACE-II's ability to retain staff for the remainder of the project.<sup>556</sup>

SIGAR also learned that Deloitte, an independent auditor, had prepared draft 2017 financial statements for the ADF. Deloitte noted that while income rose by 15% to AFN 153.4 million (~\$2.1 million), loan-loss provisions for the year were substantial: AFN 65.3 million (~\$907,000). Moreover, despite the fact that the ADF was intended to facilitate access to credit by loaning funds to agribusinesses, the majority of the increase in income was due to interest earned by placing surplus funds with financial institutions rather than through the ADF's loan portfolio.<sup>557</sup> While this could be interpreted as a positive sign of healthy liquidity, it may simultaneously signal that the ADF is not meeting its original intent to inject much-needed credit into the agricultural sector.

Deloitte also highlighted that the present ADF loan-loss provision policy—which differs from DAB loan-classification criteria, as SIGAR has emphasized for several quarters now—“could be problematic,” according to the project's most recently available monthly report. Deloitte recommended that the ADF strengthen its due-diligence process and closely monitor overdue loans to reduce risk of defaults.<sup>558</sup>

## SIGAR SPECIAL PROJECT

A SIGAR Special Project released in September 2018 reported the results of site inspections conducted at eight DOD-funded bridge projects in Baghlan Province. SIGAR found that the location information for the bridges maintained in DOD systems was generally accurate. SIGAR also found that six of the eight bridges were in generally good, usable condition. Additionally, all eight were identified as “very useful” by community members and an Afghan government official. Two of the bridges, however, appeared to have significant structural issues that could pose a risk to people using the bridge. As a result, SIGAR issued two alert letters and USFOR-A notified the appropriate Afghan authorities. For more, see p. 32 of this report.

## ESSENTIAL SERVICES AND DEVELOPMENT

The United States has provided reconstruction funds to increase the electricity supply, build roads and bridges, and construct and improve health and education facilities in Afghanistan since 2002.<sup>559</sup> This section addresses key developments in U.S. efforts to improve the government's ability to deliver these essential services, focusing specifically on ongoing projects intended to increase access to electricity in Afghanistan.

### Power Supply: Lack of Access to Electricity Remains a Key Challenge

According to USAID, only about 30% of Afghans had access to grid-based electricity, as of August 2017.<sup>560</sup> Lack of access constitutes a crucial barrier to progress on a wide range of development indicators, including poverty reduction, education, health, livelihoods, and food security, according to the World Bank.<sup>561</sup>

USAID has said that lack of reliable, available, and affordable power represents a fundamental constraint to economic growth. While comprehensive data on the current set of challenges Afghan businesses face as a consequence of low electricity access is unavailable, the agency pointed to the results of the World Bank's 2014 Enterprise Survey for Afghanistan, which showed that 66% of private enterprises reported that limited access to electricity represented a major constraint. At that time, 70% of businesses experienced significant electricity outages and attributed an average of 10%

in annual sales losses due to such outages.<sup>562</sup> USAID said that data from Afghanistan's Chamber of Commerce showed the situation may have grown worse in more recent years, with Kabul-based factory owners reporting they receive only eight hours of power per day, and with outages causing \$200–\$1,000 in losses due to damaged materials and equipment per outage.<sup>563</sup>

Overall, many enduring challenges in the power sector remain, according to USAID. Those challenges include insufficient supply to meet growing demand, Afghanistan's heavy (80%) dependence on electricity imports, and weak sector governance.<sup>564</sup>

## **U.S. Power-Sector Assistance: Large-Scale Projects to Expand the National Power Grid Predominate**

Large capital projects represent the majority of the U.S. government's current work in the Afghan power sector. A top priority has been expanding and connecting islanded power grids, with both USAID and DOD working to connect Afghanistan's Northeast Power System (NEPS) with its southeastern counterpart, the Southeast Power System (SEPS).<sup>565</sup> USAID is funding the construction of a 511-kilometer transmission line connecting the two networks and improvements to SEPS. DOD, meanwhile, has funded a significant expansion of NEPS, the expansion and improvement of infrastructure associated with SEPS, and a bridging solution for power in Kandahar City, designed to provide power to key industrial parks to buy time for other infrastructure to be built.<sup>566</sup>

Both DOD and USAID power-infrastructure projects are funded through the Afghanistan Infrastructure Fund (AIF), with monies appropriated by Congress in FYs 2011–2014. USAID is also using the Economic Support Fund to cover the costs of some projects.<sup>567</sup> No additional AIF monies have been appropriated since FY 2014.<sup>568</sup> However, up to \$50 million of Title IX Overseas Contingency Operations (OCO) funds appropriated in later acts may be used to complete these projects.<sup>569</sup>

DOD has completed the majority of its AIF power-infrastructure projects. Only two remain: a single project encompassing both the improvement of three substations in SEPS (which is now complete) and the construction of a transmission line from Sangin to Lashkar Gah in Afghanistan's restive Helmand Province; as well as the construction of transmission lines from Paktiya Province to Khost Province. Approximately \$186.4 million has been obligated for those two projects, of which \$156.0 million has been disbursed, signaling that these projects are close to completion. In total, \$599.6 million has been obligated for DOD's AIF-funded power infrastructure projects (including \$141.7 million for the aforementioned Kandahar Power Bridging Solution project), with \$561.4 million disbursed.<sup>570</sup>

As SIGAR reported in April 2018, USAID recently faced significant challenges in completing its large energy-sector projects, moving nearly \$400 million of previously on-budget power-sector funds off-budget. The

TABLE 3.28

USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursement, as of 9/30/2018
Power Transmission Expansion and Connectivity (PTEC)	1/1/2013	12/31/2020	\$316,713,724	\$183,695,904
Contributions to the Afghanistan Infrastructure Trust Fund (AITF)	3/7/2013	3/6/2023	153,670,184	153,670,184
Engineering Support Program	7/23/2016	7/22/2019	125,000,000	48,988,595
Kandahar Solar Project	2/23/2017	8/25/2019	10,000,000	1,000,000
Design and Acquisition of SEPS Completion and NEPS-SEPS Connector	3/7/2018	3/7/2019	917,680	503,142
<b>Total</b>			<b>\$606,301,588</b>	<b>\$387,857,825</b>

Note: PTEC end date reflects USAID's anticipated end date for the project. Because some PTEC contracts have not yet been awarded, the project's final total estimated cost will likely be higher than the reported amount.

Source: USAID, response to SIGAR data call, 10/15/2018; USAID, OI, "Status of USAID-funded Power Projects," 7/24/2018.

**Large-scale economic development projects in Afghanistan often face significant delays. For example, a SIGAR audit released in October 2017 found that three power-sector projects funded with Fiscal Year 2011 Afghanistan Infrastructure Fund monies were incomplete and up to five years behind their original schedule.**

Source: SIGAR, *Afghanistan Infrastructure Fund: Agencies Have Not Assessed Whether Six Projects That Began in Fiscal Year 2011, Worth about \$400 million, Achieved Counterinsurgency Objectives and Can Be Sustained*, SIGAR 18-10-AR, 10/2017, ii.

move resulted from the agency's conclusion that Afghanistan's national utility, Da Afghanistan Breshna Sherkat (DABS), lacked sufficient procurement and oversight capacity, rendering the utility unable to manage the on-budget monies.<sup>571</sup>

Cumulatively, 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 power sector since 2002.<sup>572</sup> The agency's active power-infrastructure programs have a total estimated cost of more than \$606 million and are listed in Table 3.28.

### USAID Project to Construct 10 MW Solar Power Plant in Kandahar Faces 12-Month Delay

In August 2017, USAID initiated a \$10 million project to help construct a 10 megawatt (MW) solar power plant near Kandahar City. The agency's \$10 million contribution represented an incentive payment to encourage private investment in the project, with India-based contractor Dynasty Oil and Gas Ltd. covering the remaining \$10 million cost to construct the plant. Under a 15-year power purchase agreement with DABS, Dynasty plans to sell energy to Afghanistan's national utility to increase power supply in what remains a volatile area of the country. DABS, in turn, committed to constructing a 6.5 km transmission line to connect the plant to the national grid. According to USAID, the plant, when complete, will be the first privately built and operated power plant of this capacity in Afghanistan. During a September 2017 groundbreaking ceremony, DABS chief executive officer Amanullah Ghalib said the plant will be "an important step toward solving the critical shortage of power in Kandahar."<sup>573</sup>

Although USAID intended the project to serve as a model for future private investment in Afghanistan's power sector, the agency informed SIGAR



**USAID broke ground** on its 10 MW solar power plant project in Kandahar on September 24, 2017. (USAID photo)

this quarter that the project was significantly delayed. USAID's contract with Dynasty was modified to extend the period of performance by one year to August 26, 2019, from the original completion date of August 26, 2018.<sup>574</sup> USAID said the delay was due to land-encumbrance issues encountered at the beginning of the activity as well as an issue with the customs-duty exemption for materials imported through Karachi, Pakistan.<sup>575</sup> According to USAID, the land-encumbrance issues included the need to relocate public properties located on the site and to adjust to a new site location established by DABS.<sup>576</sup>

As a result of the significant delay, USAID modified the contract to provide payment of \$1 million to Dynasty in June 2018 rather than disbursing an initial payment of \$2 million upon "cold commissioning" (completed but not yet generating) of the first two MW of power. The purpose of the payment was to provide cash flow to Dynasty to cover port demurrage charges (fees assessed when cargo remains at a port for too long) incurred as a result of the customs-duty exemption issue, with critical materials such as photovoltaic panels being held in the Port of Karachi.<sup>577</sup> SIGAR will continue to report on progress on the 10 MW solar-power plant.

SIGAR provides a comprehensive update on the status of Afghanistan's power sector this quarter. The following pages include an inserted, two-sided map that presents both existing and planned power infrastructure. One side provides an overall picture of the country's power-infrastructure projects, including those funded by multilateral institutions such as the Asian Development Bank. The other side shows the current status of projects funded directly by the U.S. A PDF version of the map is posted at [www.sigar.mil](http://www.sigar.mil).

## CURRENT STATUS OF AFGHANISTAN'S POWER SECTOR

Every year, the Asia Foundation conducts its *Survey of the Afghan People*, which provides a sweeping look at the current state of affairs in Afghanistan, as viewed from the perspective of Afghans. Respondents to the Foundation's latest (2017) survey reported they considered lack of access to electricity to be the third-biggest problem in their local area, behind only unemployment and security. Despite the many initiatives aimed at expanding the national electrical grid, the Asia Foundation said, only 12.2% of Afghans reported their electricity supply had improved in 2017, a drop from 13.9% in 2016. Approximately 43.3%, meanwhile, said their supply had deteriorated—the same proportion as in 2016. The survey also asked respondents whether they thought the country was headed in the right or wrong direction. When it came to Afghans' responses to this question, the Asia Foundation noted, the strongest predictor of optimism was whether Afghans believed conditions within their own households had improved on a range of factors, one of which was access to electricity. Overall, in each of the surveys over the period of more than a decade (from 2006 through 2017), access to electricity rated as one of the top three issues that Afghans faced locally, its ranking fluctuating among the top three slots.<sup>578</sup>

The centrality of electricity to Afghanistan's development has led the United States to devote considerable attention and resources to increasing availability of electricity by expanding the transmission grid and tapping into supplies from Central Asian countries. Those efforts have ranged from large power-infrastructure projects to technical assistance for Afghanistan's state-owned utility, Da Afghanistan Breshna Sherkhat. USAID, which has said that lack of access to reliable and affordable power represented a fundamental constraint to economic growth, has cumulatively spent more than \$1.5 billion on the power sector.<sup>579</sup> DOD, meanwhile, which once said that sufficient electricity supply was key to building Afghans' confidence in their government (but is now simply completing projects that were started during the

high water mark of the U.S. commitment), has disbursed more than \$561 million to expand and rehabilitate Afghanistan's Northeast Power System (NEPS) and Southeast Power System (SEPS).<sup>580</sup>

Despite the substantial expenditure of resources, the vision of significantly expanded electricity access has been difficult to realize. Over the years, SIGAR has consistently documented the many challenges associated with the effort, which have ranged from insufficient security to land disputes. Such challenges have significantly delayed the completion of these ambitious projects. For example, in 2017, a SIGAR audit found that three power-sector projects funded with FY 2011 Afghanistan Infrastructure Fund (AIF) monies were incomplete and up to five years behind their original schedules (based on early schedule estimates developed before the projects began).<sup>581</sup> Through two ongoing audits—one focusing on USAID's \$870 million Power Transmission Expansion and Connectivity project, which among other goals, aims to improve Afghanistan's transmission system, and the other on DOD and USAID efforts to expand power generation at the Kajaki Dam, a key component of SEPS—SIGAR continues to focus on the question of whether U.S.-funded efforts to expand electricity access are achieving their objectives.<sup>582</sup>

Currently, these projects stand at varying degrees of completion. DOD reported that it has only two power-infrastructure projects remaining. While one aims to rehabilitate three substations and construct a transmission line within SEPS, the other seeks to further expand NEPS.<sup>583</sup> DOD further reported that all four completed power-infrastructure projects aimed at permanently expanding electricity access (as opposed to providing power temporarily, as did its provision of diesel fuel to generators that powered two industrial parks in Kandahar City) had been transferred to the Afghan government, with the exception of two substations. Moreover, transmission lines transferred to DABS were energized, according to DOD, meaning that they were operational and in use (though to what extent was not

clear).<sup>584</sup> However, SIGAR has previously documented that transferred infrastructure may not operate as intended. For example, SIGAR found that because the U.S. Army Corps of Engineers did not complete contractually required testing of the NEPS III system, consisting of transmission lines and substations in Parwan and Kapisa Provinces, it had no assurance that the system could be operated safely or could fulfill the project's goal of providing one million Afghans access to electricity.<sup>585</sup>

For its part, USAID said it had completed only one of its three power-infrastructure projects, the construction of a transmission line and substations from Arghandi to Ghazni. USAID reported that the transmission line was energized (though again, to what extent was not clear). Two of the agency's power-infrastructure projects remains ongoing: one aims to connect NEPS with SEPS via a transmission line extending from Ghazni to Kandahar, and the other seeks to further expand SEPS. Both of those projects were expected to be completed in 2020.<sup>586</sup> See the enclosed map (which can be found at [www.sigar.mil](http://www.sigar.mil)) for a detailed status update of U.S.-funded power-sector projects.

Multilateral organizations (to which the United States contributes) have also invested heavily in Afghanistan's power sector. As of May 2018, the Asian Development Bank (ADB) had cumulatively committed nearly \$2.2 billion of grant assistance to develop distribution systems and domestic generation, promote institutional reforms, support energy imports for urgent electricity needs, and develop a large renewable program.<sup>587</sup> ADB is funding an initiative known as TUTAP, named for the project's five participating countries: Turkmenistan, Uzbekistan, Tajikistan, Afghanistan, and Pakistan. The objective of the TUTAP project is to provide Afghanistan power-transmission connectivity with neighboring countries, in order to improve Afghanistan's electricity supply and, pending connectivity with Pakistan, the ability to transmit power from its northern neighbors to Pakistan. The project's two-way lines would also be used to cover seasonal power shortages.<sup>588</sup> According to State, the first phase of TUTAP is currently supplying Afghanistan with 350 MW of power from Uzbekistan as well as varying levels from Tajikistan. The second phase of the project, however, is still under procurement.<sup>589</sup>

For its part, as of April 2018, the World Bank carried a nearly \$500 million energy-sector portfolio in Afghanistan. The Bank's most ambitious project is the Central Asia South Asia Electricity Transmission and Trade Project, more commonly known as CASA-1000. CASA-1000 aims to construct more than 1,200 kilometers of transmission lines spanning four countries—the Kyrgyz Republic, Tajikistan, Afghanistan, and Pakistan—in order to transmit excess summer hydro-power energy from Central Asia to energy-poor South Asia. The total cost of the project is estimated at nearly \$1.2 billion, of which \$356.5 million in World Bank funding will go to Afghanistan. Construction on the project is expected to commence in the second quarter of 2019.<sup>590</sup> Both CASA-1000 and TUTAP are part of a broader effort called the East-Central-South Asia Regional Electricity Market (E-CASAREM), which envisions a shared energy market and increased energy trade.<sup>591</sup>

According to DOD, the results of surveys such as the Asia Foundation's typically improve markedly in areas that benefit from new projects. DOD pointed out that many donor projects, whether funded directly by the U.S. or through multilateral organizations, are not yet complete, implying that more time will be required before the effects of power-infrastructure work can be fully assessed.<sup>592</sup> However, the significant delays associated with these projects, considered within the context of precarious security conditions and political uncertainty, raise the important question of just when those effects can or will be achieved. The enclosed map (also posted at [www.sigar.mil](http://www.sigar.mil)) provides a comprehensive picture of existing and planned power-sector projects in Afghanistan.

## ECONOMIC GROWTH

Afghanistan ranked 183rd of 190 economies in the World Bank's *Doing Business 2018* report on regulatory quality and efficiency, unchanged from last year's ranking.<sup>593</sup> Since the 2017 report, Afghanistan has substantially increased the cost of starting a business at incorporation. Entrepreneurs are now required to pay the business license fee for three years, raising the cost from the equivalent of 19.9% to 82.3% of Afghanistan's income per capita (the average income earned per person in the country).<sup>594</sup> As a result, Afghanistan's rank for starting a business declined significantly, from 42nd last year to 107th this year. Afghanistan remains nearly last in dealing with construction permits (185), getting electricity (163), registering property (186) and enforcing contracts (181). It remains second-worst (189) in protecting minority investors. Its best score was for getting credit (105).<sup>595</sup>

USAID has cumulatively disbursed over \$1.2 billion for economic-growth programs in Afghanistan.<sup>596</sup> USAID's active economic-growth programs have a total estimated cost of \$109 million and can be found in Table 3.29.

TABLE 3.29

USAID ACTIVE ECONOMIC-GROWTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
Multi-Dimensional Legal Economic Reform Assistance (MELRA)	2/7/2018	2/6/2023	\$19,990,260	\$477,799
Extractive Technical Assistance by USGS	1/1/2018	12/31/2022	18,226,206	979,204
Afghanistan Investment Climate Program	3/27/2015	3/26/2020	13,300,000	4,990,433
Commercial Law Development Program	3/1/2014	9/30/2019	13,000,000	9,759,661
Goldozi Project	4/5/2018	4/4/2022	9,718,763	382,251
Livelihood Advancement for Marginalized Population (LAMP)	5/27/2018	5/25/2022	9,491,153	8,889
Establishing Kabul Carpet Export Center (KCEC)	6/6/2018	6/5/2021	9,416,507	581,000
Rebranding Afghanistan: Creating Jobs, Changing Perceptions, Empowering Women	11/2/2015	11/1/2018	4,800,000	4,500,000
Trade Show Support (TSS) Activity	6/7/2018	12/6/2020	3,999,174	697,367
Unspecified USAID Subsidy	Not provided	Not provided	2,163,000	0
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
Afghanistan Loan Portfolio Guarantee	9/27/2017	9/26/2023	665,820	0
Reduce Disaster Risks through Mitigation	Not provided	Not provided	150,000	150,000
<b>Total</b>			<b>\$108,878,883</b>	<b>\$23,047,404</b>

Note: SIGAR previously listed USAID's Women in the Economy (WIE) project under economic growth given its cross-cutting intent. This quarter, however, SIGAR breaks out USAID's gender programming separately.

Source: USAID, response to SIGAR data call, 10/15/2018.

## USAID's Afghanistan Jobs Creation Program: Three Awards So Far

Initiated in June 2017 through a solicitation for concept papers, USAID's Afghanistan Jobs Creation Program (AJCP) has two goals: to generate revenue and sustainable jobs by supporting Afghanistan's value-chain development, and to support trade promotion and facilitate Afghan businesses in increasing exports.<sup>597</sup> The program intends to fund multiple awards—with the value of individual grants ranging from \$2 million–\$10 million—to be implemented within the next five years. The shared funding ceiling for all projects is \$96 million.<sup>598</sup>

This quarter, USAID said that its Office of Economic Growth had awarded three grants thus far.<sup>599</sup> One was a \$9.5 million grant for the Livelihood Advancement for Marginalized Populations project (awarded in May 2018), which aims to create sustainable jobs for internally displaced Afghans, returnees, and some local households in three target urban areas in Afghanistan.<sup>600</sup> Through the second award, the \$9.7 million Goldozi (Dari for embroidery) Project (awarded in April 2018), USAID intends to improve the skills of, and increase market access for 15,000 women in and around Kabul. The intent is to increase the commercial potential of the embroidered products they make.<sup>601</sup> AJCP's third and most recent (June 2018) award is intended to establish the Kabul Carpet Export Center (KCEC). The \$9.4 million KCEC seeks to address obstacles to Afghanistan's carpet exports by increasing access to capital for the purchase of wool, improving packaging and export processing, and connecting Afghanistan's carpet industry to global markets.<sup>602</sup>

These projects are too early in their implementation phases to assess. However, because AJCP is designed to achieve quantifiable objectives—for example, the Goldozi Project includes a performance indicator expressing the number of new jobs created as a result of U.S. government assistance, to be reported quarterly—SIGAR will continue to track tangible outcomes as these projects progress, as well as the methodology behind such metrics.<sup>603</sup>

## EDUCATION

Prior to the U.S.-led military intervention of 2001, decades of intermittent conflict had devastated Afghanistan's education system. While the current war continues, donors have generally highlighted Afghanistan's progress in the education sector as a success story. Although figures vary, the total number of children currently enrolled in school recently rose to 9.2 million, according to USAID, which relies on data from Afghanistan's Ministry of Education (MOE). That number represents a dramatic increase over the some one million students who were enrolled in school in 2002.<sup>604</sup> In FY 1396—which roughly corresponds to the year 2017—about 8.95 million

### SIGAR SPECIAL PROJECT

A SIGAR Special Project released in August 2018 reported the results of site inspections at 14 USAID-supported schools in Parwan Province. SIGAR found that all 14 schools were open and in generally usable condition. However, SIGAR also found that there may be problems with student and teacher attendance and staffing at several of the schools. For more, see p. 32 of this report.

The Taliban periodically disrupt the education system in Afghanistan. In early July 2018, the insurgent group reportedly closed nearly 40 schools in Logar Province. According to the United Nations, there were 47 Taliban attacks (including threats) against schools and education-related personnel in Afghanistan from April to June 2018.

However, although SIGAR is unable to verify them, other reports paint a more complicated portrait of negotiation and compromise between the Afghan government and its adversary. A June 2018 report published by the Overseas Development Institute (ODI), a UK think tank, found that Taliban officials emphasized the extent to which they worked with, rather than against, the Afghan government when it came to issues of education (though the report also framed the relationship as one of cooptation). According to the ODI report, “In Taliban areas teachers turned up to work, children attended class, books and supplies did not go missing and there was more order in the classroom. Beyond that, however, not a great deal has actually changed.”

Source: *Pajhwok Afghan News*, “Taliban shut 39 schools in Logar,” 7/7/2018; UN, *The situation in Afghanistan and its implications for international peace and security*, report of the Secretary-General, 9/10/2018, p. 8; Overseas Development Institute, *Life under the Taliban shadow government*, 6/2018, pp. 5, 12, 14, 32.

students were enrolled in grades 1–12, according to the MOE.<sup>605</sup> However, the MOE counts students who have been absent for up to three years as enrolled because, it says, they might return to school.<sup>606</sup> The number of students actually *attending* school is therefore generally considered to be much lower.

Many Afghan children do not enroll in school at all, or drop out. The United Nations Children’s Fund (UNICEF) took aim at quantifying the scope of this issue in June 2018, estimating that about 3.7 million children were out of school, about 2.2 million of whom were girls. To generate its findings, UNICEF used data from the 2013–2014 *Afghanistan Living Conditions Survey* (ALCS), published by Afghanistan’s National Statistics and Information Authority (NSIA), among other data sources that were not published recently, but which presumably were the best available at the time of the analysis.<sup>607</sup> Due to the data lag, the number of children out of school today may be even higher.<sup>608</sup>

The NSIA said gains in the education sector may be stagnating. The 2016–2017 ALCS results showed that net attendance ratios, which express the number of students in a given age cohort as a percentage of the total number of children in that cohort, for children of primary-school age (56%), secondary-school age (36%), and tertiary-school age (10%) in the 2016–2017 survey were approximately the same as they were in the 2013–2014 ALCS. This may reflect that gains in education are more difficult now that many children are already in school, according to the NSIA.<sup>609</sup> Both adult and youth literacy rates—35% and 54%, respectively, according to the 2016–2017 results—were also stagnant.<sup>610</sup>

Numerous other challenges plague the education sector. They include insecurity, shortages of school buildings and textbooks, rural access issues, poor data reliability, and the alleged appointment of teachers on the basis of cronyism and bribery.<sup>611</sup>

## USAID Education Programs Focus on Increasing Access, Improving Quality, and Improving Systems

According to the recently signed assistance agreement between USAID and the Afghan government (which covers the agency’s aid priorities and goals through December 31, 2023), advancing social gains, including gains in education, represents one of the agency’s three **Development Objectives** (DOs; see page 135 for a definition).<sup>612</sup> USAID aims to increase Afghans’ access to education, improve the quality and relevance of education in the country, and enhance the management capacity of Afghanistan’s educational systems.<sup>613</sup>

USAID has disbursed over \$1 billion for education programs in Afghanistan, as of September 30, 2018.<sup>614</sup> USAID’s active education programs have a total estimated cost of \$500 million and can be found in Table 3.30.

TABLE 3.30

<b>USAID ACTIVE EDUCATION PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 9/30/2018</b>
Afghanistan University Support and Workforce Development Program	1/1/2014	9/30/2019	\$93,158,698	\$77,618,812
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	77,402,457	77,402,457
Textbook Printing and Distribution II	9/15/2017	12/31/2019	75,000,000	0
Afghans Read Program (ARP)	4/4/2016	4/3/2021	69,547,810	22,988,772
Support to the American University of Afghanistan (AUAF)	8/1/2013	11/29/2019	64,400,000	57,407,245
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	28,047,880
Let Girls Learn Initiative and Girls' Education Challenge Programme (GEC)	6/29/2016	6/28/2021	25,000,000	5,000,000
Capacity Building Activity at the Ministry of Education	2/1/2017	1/31/2022	23,212,618	7,395,829
Afghanistan's Global Partnership for Education	10/11/2012	6/30/2019	15,785,770	10,836,711
Assessment of Learning Outcomes and Social Effects in Community-Based Edu.	1/1/2014	12/31/2018	6,288,391	6,251,143
Financial and Business Management Activity with AUAF	7/5/2017	1/4/2019	4,384,058	1,527,821
PROMOTE Scholarships PAPA	3/4/2015	3/3/2020	1,247,522	1,247,522
<b>Total</b>			<b>\$500,263,244</b>	<b>\$295,724,192</b>

Source: USAID, response to SIGAR data call, 10/15/2018.

## **USAID's USWDP Project: Labor Market Outcomes are Unclear but Show Some Encouraging Signs**

USAID's five-year, \$91.9 million Afghanistan University Support and Workforce Development Program (USWDP) assists the Ministry of Higher Education (MOHE) and 11 public universities with implementing strategies designed to improve educational quality and labor market outcomes for students. The project also strengthens the management of the partner universities and links universities and potential public and private sector employers. Activities include providing staff training and resources to the MOHE, improving the administrative capacity of the MOHE and partner universities, and providing scholarships for faculty members at public universities to upgrade their qualifications.<sup>615</sup>

Because one of USWDP's goals is to assist the MOHE with implementing programs that ensure employment opportunities for students, one of the project's performance indicators attempts to track the number of individuals with new or better employment following completion of workforce development programs that receive U.S. government assistance. In the project's latest quarterly report, which covers activities conducted from April through June 2018, implementers acknowledge that tracking this indicator represents a "formidable task" in a place like Afghanistan. The implementers added, "USWDP cannot provide the exact number of people who

have *better* employment opportunities.” As a result, tracking is conducted through sample surveys and “other less elaborate means of communication with the graduated students.”<sup>616</sup>

The results of a recent survey of 256 USWDP graduates and 264 non-USWDP graduates attempted to tease out the effects of the project on the labor-market outcomes of former students, such as employment status and wages. The survey sought data from each of the 12 months prior to the time labor-market outcome data was collected. The results indicated that USWDP graduates were *less* likely to be employed than their non-USWDP counterparts (although the employment gap between the two groups narrowed over time). However, despite the fact that non-USWDP alumni were more likely to be employed, among alumni and non-alumni who were employed, the annual wages of USWDP graduates in the sample were on average AFN 58,000 (approximately \$806) higher than their non-USWDP counterparts.<sup>617</sup>

It is difficult to know how to interpret these results, which point to mixed conclusions regarding the project’s effectiveness in advancing this particular indicator. On the one hand, USWDP alumni may be more selective in their job searches than non-USWDP alumni, a possible explanation advanced by implementers in the project’s most recent quarterly report.<sup>618</sup> Yet, without more conclusive evidence that this is the case, higher levels of unemployment among USWDP graduates—particularly in a labor market reportedly experiencing a glut of supply—may not be an encouraging sign.

## HEALTH

Since 2001, health outcomes in Afghanistan have improved substantially despite the country’s lack of security. USAID views these improvements as a significant development success, although precise estimates regarding the extent of that success are elusive due to data-quality limitations (see highlight on the next page). According to UN estimates, maternal mortality rates declined by 64% from 2000 to 2015, from 1,100 deaths per 100,000 live births in the former year to 396 in the latter. Concurrently, the under-5 child-mortality rate fell from 137 to 91 deaths per 1,000 live births—a drop of 34%. Newborn-mortality rates fell by 32% over the same time period.<sup>619</sup>

Nevertheless, in early 2018 the World Bank emphasized there was still significant room for improvement.<sup>620</sup> Afghanistan’s newborn-mortality rate, for example, still ranks the second-highest among those of 31 low-income countries. Meanwhile, the total number of newborn deaths in 2016—about 46,000—places Afghanistan tenth highest among all countries, according to estimates from the UN. Afghanistan has a lower population than the other nine countries in the top 10. With a population 58% larger than Afghanistan’s, Tanzania reported approximately the same number of newborn deaths in 2016.<sup>621</sup>

## ASSESSING MATERNAL MORTALITY: A REPRESENTATIVE CASE OF DATA LIMITATIONS IN DEVELOPING-COUNTRY CONTEXTS

One metric used by USAID and multilateral organizations to assess progress in Afghanistan’s health sector is the country’s maternal-mortality rate (MMR), defined as the number of pregnancy-related deaths (i.e. caused in some way by the pregnancy) per 100,000 live births (including pregnancy-related deaths occurring up to 42 days following birth).<sup>622</sup> Reducing the maternal mortality rate has been a key objective for USAID’s health-sector programming.<sup>623</sup>

A reduction in the MMR from 1,100 deaths per 100,000 live births in the year 2000 to 396 in 2015 (according to the United Nations), if true, would represent a remarkable achievement.<sup>624</sup> However, data limitations pose obstacles to assessing success. For example, as SIGAR reported in a January 2017 audit, some USAID public documents cited a decrease in Afghanistan’s MMR from 1,600 to 327 deaths per 100,000 live births between 2002 and 2010. However, the baseline survey used to determine the 2002 MMR of 1,600 maternal deaths per 100,000 live births was extremely limited in coverage.<sup>625</sup>

Specifically, the baseline survey, conducted by the U.S. Centers for Disease Control and Prevention and by the United Nations Children’s Fund, was performed in only four of the 360 districts that existed in Afghanistan in 2002. Furthermore, according to the author of the report, ultimately only data from three of the four districts were used in the survey’s estimate. One district (Ragh, located in Badakhshan Province, which borders Tajikistan, China, and Pakistan in Afghanistan’s northeast), where the rate was significantly higher, was deemed an outlier. While the agency did not mention these limitations in its external reporting on progress made in Afghanistan’s health-care sector—despite the fact that USAID’s own internal documentation did—no other baseline data was available at that time, as SIGAR reported.<sup>626</sup>

It is therefore difficult to know how much progress has been achieved. On the one hand, the exclusion of the data from Ragh in the 2002 survey reduced the sample size, rendering the survey results potentially more anecdotal. On the other hand, including the results

from Ragh, where maternal mortality was substantially higher (6,500 deaths per live births) in baseline data actually would have made USAID’s achievements seem even more impressive (by increasing the baseline figure and providing more room to claim subsequent reductions).<sup>627</sup>

However, setting baselines aside, the current maternal mortality figures, such as the UN estimate of 396 deaths per 100,000 live births in 2015, may underrepresent the true number.<sup>628</sup> The 2015 Afghanistan Demographic and Health Survey, for example, estimated the pregnancy-related mortality (PRM) ratio at 1,291 deaths per 100,000 live births.<sup>629</sup> While the PRM is technically a different measure than the MMR in that it includes all deaths occurring during (or within 42 days after) child birth regardless of the cause of death, the magnitude of this figure may provide some cause for concern. However, the survey said its PRM estimate appeared to be high in light of findings from other data sources and the expected relationship between maternal mortality and overall adult mortality. In particular, the survey said, the share of adult female pregnancy-related deaths appeared to be overestimated.<sup>630</sup>

A recent *New York Times* article pointed to discrepancies in maternal-mortality figures as evidence that the U.S. government “misleads the public on Afghanistan.”<sup>631</sup> SIGAR emphasized in its January 2017 audit of USAID health-sector programs that the agency should have disclosed existing data limitations.<sup>632</sup> But it is also true that those limitations, combined with data points produced using different methodologies and incomplete baseline estimates—resulting from the paucity of available data early on in the U.S. effort—make it inherently difficult to quantify progress.<sup>633</sup>

Thus, while the consensus seems to be that U.S., international, and multilateral investment has had positive—and perhaps significantly positive—effects on Afghanistan’s health sector, it is difficult to quantify the magnitude of those effects, as Afghanistan’s maternal-mortality rate demonstrates.<sup>634</sup>

The Taliban sometimes disrupt health-care service delivery, as the insurgent group did one year ago when it shut down nearly all of the health facilities in Uruzgan Province. However, although SIGAR cannot independently verify them, some reports indicate that the Taliban and the Afghan government more often cooperate in health-care sector.

For example, a June 2018 report published by the Overseas Development Institute (ODI), a UK think tank, found that when problems with the Taliban emerge, health providers usually resolve them through shuras. The report also noted that most government officials and NGO workers did not believe that the Taliban impeded access to health care. Instead, “most pointed to government interference and corruption and occupation of and theft from clinics by Afghan security forces and militias as being more problematic than Taliban interventions.”

Source: *New York Times*, “Afghan Province, Squeezed by Taliban, Loses Access to Medical care,” 9/23/2017; Overseas Development Institute, *Life under the Taliban shadow government*, 6/2018, p. 17.

Insecurity impacts health-care delivery. According to the UN, there were 12 attacks against health facilities and workers from April through June 2018, although this represented a decrease of four attacks compared to the previous reporting period. The majority of these attacks were carried out by armed groups (which include unspecified antigovernment elements and the Islamic State in addition to the Taliban). However, nearly the same number of attacks (four) were attributed to progovernment forces (which include international troops, the Afghan National Defense and Security Forces, and progovernment militias) as to the Taliban.<sup>635</sup>

### USAID Health Programming Intended to Advance Gains Made Since 2002

One of USAID’s three **Development Objectives** (DOs; see page 135 for a definition) specified in the agency’s recently signed assistance agreement with the Afghan government (which covers the agency’s aid priorities and goals through December 31, 2023) is advancing social gains, including gains in Afghanistan’s health outcomes.<sup>636</sup> USAID believes that continuing to improve health outcomes will help achieve stability by bolstering Afghans’ confidence in the government’s capacity to deliver services.<sup>637</sup>

USAID said that improving health-care delivery will increase the population’s support for the government because “healthy people and healthy communities are the bedrock of a peaceful and stable nation.” USAID said that, among other refinements to its health-sector strategy, it may expand its private-sector engagement in the health sector, as well as a focus on improving health outcomes in urban and population centers specifically.<sup>638</sup> The majority of Afghans—approximately three in four—live in rural areas.<sup>639</sup>

U.S. on- and off-budget assistance to Afghanistan’s health sector totaled more than \$1.2 billion as of July 9, 2018.<sup>640</sup> USAID’s active health programs have a total estimated cost of \$269 million, and are listed in Table 3.31.

### System Enhancement for Health Action Yields Some Encouraging Results, but Carries Risk Rating of “Substantial”

The World Bank’s System Enhancement for Health Action in Transition project (SEHAT), which concluded on June 30, 2018, aimed to expand the coverage, quality, and scope of health-care services, particularly to Afghans living below the poverty line in project areas. As of July 22, 2018, donors had provided \$440.3 million for the program.<sup>641</sup> The project also sought to strengthen the MOPH to integrate its health-services contracting unit and develop uniform performance-monitoring and contracting-management systems.<sup>642</sup> SEHAT, which funded basic primary health-care services, provided support to more than 2,000 facilities across Afghanistan.<sup>643</sup> As of July 2018, the United States, through USAID, had provided approximately one-half (\$218.7 million) of total funding for the project, paid through the World Bank-administered Afghanistan Reconstruction Trust Fund.<sup>644</sup>

# ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.31

<b>USAID ACTIVE HEALTH PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursement, as of 9/30/2018</b>
Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)	5/11/2016	5/10/2021	\$75,503,848	\$15,751,094
Helping Mothers and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	44,887,206
Disease Early Warning System Plus (DEWS Plus)	7/1/2014	6/30/2022	41,773,513	26,466,332
Health Sector Resiliency (HSR)	9/28/2015	9/27/2020	27,634,654	14,698,173
Medicines, Technologies and Pharmaceuticals Services (MTaPS)	9/20/2018	9/20/2023	20,000,000	0
Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea	7/21/2015	7/20/2020	13,000,000	13,000,000
Challenge Tuberculosis	1/1/2015	9/29/2019	15,000,000	10,589,395
Sustaining Health Outcomes through the Private Sector (SHOPS) Plus	10/11/2015	9/30/2020	12,000,000	3,880,752
Global Health Supply Chain Management (GHSCM-PSM)	4/20/2015	4/19/2020	2,343,773	1,343,772
Global Health Supply Chain Quality Assessment	1/2/2015	12/31/2019	1,500,000	1,500,000
Global Health Supply Chain-Procurement and Supply Management-HIV/AIDS Task Order #1	4/20/2015	4/19/2020	176,568	176,568
<b>Total</b>			<b>\$268,932,356</b>	<b>\$132,293,292</b>

Source: USAID, response to SIGAR data call, 10/15/2018.

SIGAR reviewed SEHAT’s latest Implementation Status and Results Report (ISR) this quarter. Much of the data provided in the ISR reviewed by SIGAR was current as of June 1, 2018. With only 30 days remaining before closeout at the time the ISR was published, data provided in the ISR likely provides a very good sense of whether SEHAT eventually met its project development objectives by the project end-date.<sup>645</sup>

SEHAT’s latest ISR noted that the project had surpassed three of its six major performance indicators. As of June 1, 2018, SEHAT had expanded coverage of the Pentavalent vaccine, which provides immunization against five life-threatening diseases (tetanus, hepatitis B, pertussis, diphtheria, and Hib influenza) and is administered in three doses, to 59.6% of children between 12 and 23 months old in Afghanistan’s lowest income quintile, up from a baseline of 28.9% in June 2012. The target for this indicator, to be achieved by June 30, 2018, was 60.0%.<sup>646</sup> The project had also expanded treatment of acute malnutrition for children under five years old from a baseline value of 24% to 77% of those children, a figure that was well above the project’s target of 55%.<sup>647</sup> Finally, SEHAT helped increase the number of births attended by skilled health professionals from a baseline of 429,305 in November 2013 to 890,240 as of June 1, 2018. This latter figure was more than 107% above the project baseline and just over 57% more than SEHAT’s target of 566,683.<sup>648</sup>

## SIGAR AUDIT

A SIGAR audit of the World Bank's Afghanistan Reconstruction Trust Fund released in April 2018 found that the World Bank did not provide clear support or justification for performance and progress ratings it gave certain projects. The audit was based on a review of six development projects that accounted for more than \$2.25 billion in spending.

These results are impressive. Nevertheless, with only 30 days remaining before project closeout, SEHAT had not yet achieved end targets for the additional three of its six major indicators. In particular, SEHAT was lagging significantly on expanding the use of contraceptives, and was 10 percentage points (33%) below its end-program target of 30%. According to the data presented in the ISR, the contraceptive prevalence rate had increased by only half a percentage point from a June 2012 baseline value of 19.5%.<sup>649</sup> Moreover, while SEHAT appeared to have made progress on improving the quality of health care from a baseline value of 55% (assessed via a balanced scorecard) to 63.5% as of December 31, 2017, progress remained 6.5 percentage points (or 9.3%) shy of the project's end target of 70%.<sup>650</sup> Finally, as of December 31, 2017, SEHAT had not achieved accreditation of the MOPH's procurement department, which was part of an effort to strengthen the ministry's fiduciary systems.<sup>651</sup>

Despite SEHAT's achievement of only half of its key performance indicators, a World Bank review that examined SEHAT's progress through June 1, 2018, (30 days before project closeout) claimed that the project was on track to achieve its development objectives. With respect to SEHAT's goal of expanding the use of contraceptives, the report stated that the project's 30% target was "very ambitious," implying that the 20% figure (of June 1, 2018) reflected in the latest ISR was satisfactory despite the fact that it did not differ materially from the project baseline of 19.5%.<sup>652</sup> While SEHAT's final ISR assigned a risk rating of "Substantial" to the project—meaning there was a substantial likelihood that the project's development objectives could be impacted by political and governance factors such as reversed political decisions—SEHAT was "on track" to achieve its development objectives, according to the ISR. The ISR rated progress against the project's development objectives as "Satisfactory" despite the fact that the project had met (or was close to meeting) only three of its six development objective indicators thirty days before project closeout.<sup>653</sup> While SEHAT is now closed, the World Bank approved the \$600 million Sehatmandi project in March 2018. Sehatmandi has similar objectives.<sup>654</sup>

### Polio: Number of Confirmed Cases in 2018 Continues to Rise

Pakistan and Afghanistan, which share a 1,500-mile border, are the only two countries in which polio remains endemic or "usually present," according to the Centers for Disease Control.<sup>655</sup> Large-scale population movements between the two countries increase the risk of cross-border transmission, and a fatwa issued by the Pakistani Taliban targeting polio workers complicates vaccination outreach.<sup>656</sup> The Taliban have falsely referred to polio-vaccination drops as "poison," and began targeted killings of polio workers in June 2012—one year after the U.S. military raid that killed Osama bin Laden in Abbottabad, Pakistan.<sup>657</sup> (Media reports that SIGAR cannot confirm indicate that Pakistani doctor Shakil Afridi

assisted the Central Intelligence Agency in tracking bin Laden down while leading a hepatitis B vaccination campaign. The association between the campaign and the May 2011 bin Laden raid reportedly set back polio-vaccination efforts.)<sup>658</sup>

As of October 11, 2018, the total number of confirmed polio cases in 2018 was 15.<sup>659</sup> As of September 25, 2018, the total number of confirmed polio cases worldwide was 19, meaning that Afghanistan accounted for nearly 80% of all confirmed cases in the current year.<sup>660</sup> The current figure for Afghanistan represented a fairly dramatic increase of five cases over the course of the last few months alone.<sup>661</sup> According to the United Nations Children's Fund and the World Health Organization, there were 13 officially reported cases in 2017—unchanged from 2016.<sup>662</sup> However, UNAMA reported that the total number of cases in Afghanistan in 2017 was 14, as of February 27, 2018.<sup>663</sup> USAID previously informed SIGAR it expected the number of polio cases to rise in 2018.<sup>664</sup> SIGAR has echoed the agency's concerns.<sup>665</sup>

This quarter, USAID reported that several worrisome developments have contributed to the recent rise in the number of confirmed cases. Among them were the growing number of provinces and districts with local bans on house-to-house vaccination and increasing vaccination refusals in accessible areas.<sup>666</sup>

As of August 31, 2017, (which was the most recent data provided to SIGAR), USAID had obligated about \$28.5 million and disbursed about \$28.4 million for polio-eradication efforts in Afghanistan since 2003.<sup>667</sup>

**It now appears inevitable that the number of confirmed polio cases in Afghanistan in 2018 will be higher than in the previous two years.**

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## COUNTERNARCOTICS

### KEY ISSUES AND EVENTS

The Fiscal Year (FY) 2019 Defense Appropriations Bill provides \$153 million for drug interdiction and counterdrug activities associated with the Global War on Terror under the Overseas Contingency Operations title, a decrease of \$43 million from FY 2018 enacted levels.<sup>668</sup> It was signed into law on September 28, 2018.<sup>669</sup>

The Afghan government, backed by the United Nations Office on Drugs and Crime (UNODC), is working on a new regional drugs strategy to address the country's dramatic rise in opium cultivation and production.<sup>670</sup>

According to the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), the United States will not issue a separate counternarcotics strategy that had been under review since 2014. Instead, INL said counternarcotics is interwoven throughout the U.S. Administration's comprehensive South Asia strategy. The goal of the South Asia strategy is to create conditions for a political process to achieve a lasting, Afghan-led peace. INL programs address the problems created by cultivation, trafficking, and use of Afghan opiates. INL will support the published Afghan counternarcotics strategy (the 2015 *National Drug Action Plan*).<sup>671</sup>

As of August 2018, counterthreat-finance operations targeting the Taliban's revenue streams have destroyed 200 drug-related targets and denied the Taliban approximately \$46 million in revenue, according to Department of Defense (DOD) statements to the *Wall Street Journal*.<sup>672</sup> More information is available on pages 86–87 of this report.

During the quarter, DOD reported seizures of 257 kilograms (kg) of opium, 918 kg of morphine, 1,404 kg of heroin, 7,210 kg of hashish, and 7,000 kg of **precursor chemicals**. A kilogram is about 2.2 pounds. Afghan specialized units conducted 24 operations, compared to 17 operations reported last quarter.<sup>673</sup> According to the Afghan Counter Narcotics Justice Center (CNJC), Kabul and Nangarhar Provinces had the most "high-level" cases of smuggling and drug-trafficking between July 22 and August 22, 2018. The CNJC sentenced 79 individuals during that one-month period on drug trafficking cases, with sentences ranging from one to 20 years.<sup>674</sup> Two Afghan heroin traffickers arrested in Thailand and extradited were convicted in U.S. federal court and sentenced to 15 years and 10.9 years,

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

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

respectively, for conspiring to import large quantities of heroin into the United States.<sup>675</sup>

To encourage farmers to cultivate licit crops and promote the export of Afghan goods, USAID helped facilitate the second annual “Passage to Prosperity” trade show in Mumbai, India, in September. About 200 Afghan businesses and industry leaders, including women entrepreneurs, participated in the four-day event. This year, at least 166 confirmed deals and more than 600 memoranda of understanding were signed. Last year, the event resulted in \$27 million dollars in contracts between Afghan and Indian businesses.<sup>676</sup>

## U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of September 30, 2018, the United States has provided \$8.88 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 (\$3.25 billion), the Afghan Security Forces Fund (ASFF) (\$1.31 billion), the Economic Support Fund (\$1.44 billion), and a portion of the State Department’s International Narcotics Control and Law Enforcement (INCLE) account (\$2.33 billion).<sup>677</sup>

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).<sup>678</sup>

## INTERDICTION AND ERADICATION

The seriousness of Afghanistan’s narcotics problem is underscored by its prohibition in the country’s Constitution under Article 7: “The state shall prevent all kinds of terrorist activities, cultivation and smuggling of narcotics, and production and use of intoxicants.”<sup>679</sup> The Afghan government’s goals in its national drug action plan are to:

- decrease opium poppy cultivation,
- decrease production and trafficking of opiates, and
- reduce domestic demand for narcotics while increasing treatment provisions for users.

To achieve these goals, the Afghan government uses law-enforcement entities to disrupt and dismantle drug production and trafficking organizations. Eradication campaigns are enacted to discourage poppy cultivation. Alternative-livelihood options are also explored and strengthened to decrease poppy cultivation.<sup>680</sup>

### SIGAR AUDIT

An ongoing financial audit is examining the Pacific Architects and Engineers Inc. (PAE) \$68.2 million contract for law-enforcement program operations and support services in Kabul. The audit is examining \$32.4 million in costs incurred over the period of March 7, 2016, to March 18, 2017. The INL contract provides support services to specialized narcotics law-enforcement units within the CNPA; and support to the CNJC, including operations, maintenance, and life and mission support to seven international-zone locations in Kabul.

## **No Separate U.S. Government Counternarcotics Strategy, but Interagency Efforts Continue**

The State Department said a stand-alone strategy would not necessarily improve coordination. Though the Counter Narcotics Working Group has not met since September 2017, according to State, coordination of U.S. government counternarcotics efforts in Afghanistan continues. INL hosts an annual counternarcotics workshop in Kabul. Counter Narcotics Justice Center prosecutors, and Ministry of Interior narcotics investigators participate in recurring anti-money laundering training. The U.S. Embassy in Kabul and USFOR-A conduct monthly counter-threat finance group meetings. Multiple U.S. agencies regularly participate in other counternarcotics and counterthreat working groups in Washington and Kabul.<sup>681</sup>

## **Composition of the Afghan Counter Narcotics Police**

The Counter Narcotics Police of Afghanistan (CNPA), comprising regular narcotics police and specialized units, leads counternarcotics efforts by Afghan law-enforcement personnel. The CNPA, authorized at 2,596 personnel, are located in all 34 provinces. Specialized units include the Sensitive Investigation Unit (SIU), the National Interdiction Unit (NIU), and the Intelligence and Investigation Unit (IIU).<sup>682</sup> A U.S. special forces team mentors the Afghan specialized units.<sup>683</sup> The IIU was supported and mentored by the United Kingdom until 2016.<sup>684</sup>

The Afghan Ministry of Interior and the NATO Combined Security Transition Command-Afghanistan agreed to increase the authorized staffing level of the NIU by 250 personnel this quarter; the total NIU force ceiling is now 786.<sup>685</sup> The Afghan Uniform Police and Afghan Border Police (ABP) also participate in counternarcotics activities.<sup>686</sup> The ABP collaborate closely with the counternarcotics elements of the Anti-Crime Police and Ministry of Finance, national and international intelligence agencies, as well as border police of neighboring states.<sup>687</sup> In December 2017, a majority of the ABP was transferred from the Ministry of Interior to the Ministry of Defense and renamed the Afghan Border Force.<sup>688</sup>

In addition, the General Command of Police Special Units conducts high-risk operations against terrorism, narcotics, and organized crime.<sup>689</sup> The NIU and SIU conduct interdiction operations that target senior narcotics traffickers. The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat Provinces.<sup>690</sup> The Technical Investigative Unit (TIU) is an individual component consisting of 100 translators who work within the Joint Wire Intercept Platform in support of SIU/NIU investigations. Another SIU component has four officers responsible for administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.<sup>691</sup>

## **U.S. Funding for Afghan Counternarcotics Elements**

INL estimates that it funds approximately \$26 million per year for operations and maintenance for the NIU and SIU. Costs directly attributable to NIU and SIU include \$2.47 million in support of the Joint Wire Intercept Platform program under an interagency agreement with the U.S. Drug Enforcement Administration (DEA) and \$425,000 per year for NIU salary supplements. SIU supplements are funded by DEA.<sup>692</sup> 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 officers, from police officers to unit commanders. Supplement amounts are based on rank.<sup>693</sup>

DOD provided \$675,000 for equipment to the NIU for 2017 and \$1 million for equipment to be delivered in 2019.<sup>694</sup>

## **Interdiction Results**

INL reported that between April 1 and June 30, 2018, the National Interdiction Unit (NIU) and Sensitive Investigation Unit (SIU) seized 12,708 kilograms (kg) of morphine, 5,129 kg of opium, 677 kg of heroin, as well as 5,504 liters of chemicals and 16,100 kg of chemicals. NIU and SIU conducted 15 operations during the period and detained 47 people.<sup>695</sup> Separately, DOD reported this quarter that most interdiction activities occurred in the south and southwest regions of the country. Interdiction activities include routine patrols and searches of vehicles and individuals. Afghan operations between July 1 and September 17, 2018, resulted in 58 detentions and the following seizures:<sup>696</sup>

- 257 kg of opium
- 918 kg of morphine
- 1,404 kg of heroin
- 7,210 kg of hashish
- 7,000 kg of chemicals

Between July and September, the U.S. special forces unit assigned to mentor the NIU was reassigned to counterterrorism operations and no anti-money laundering or counternarcotics financing operations occurred during that time period. A new unit was assigned to the NIU in September 2018.<sup>697</sup>

Since 2016, INL has funded capacity building for the CNPA's Precursor Control Unit (PCU) staff through a UNODC training program. The PCU is a specialized unit devoted to combating the burgeoning precursor problem.<sup>698</sup> Though precursor chemical seizures were declining for several years, they increased significantly in 2016, which the UN said indicated a potential increase of in-country drug production.<sup>699</sup> Cooperation between the PCU and UNODC's Container Control Programme resulted in the August 2018 seizure of seven metric tons of acetic anhydride, a main precursor chemical used to produce heroin from opium.<sup>700</sup>

# COUNTERNARCOTICS

TABLE 3.32

INTERDICTION RESULTS, FISCAL YEARS 2009–2018											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 <sup>1</sup>	Total <sup>2</sup>
Number of Operations	282	263	624	669	518	333	270	190	156	141	3,582
Detainees	190	484	862	535	386	442	394	301	152	197	3,992
Hashish seized (kg)	58,677	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,327	42,017	1,165,169
Heroin seized (kg)	576	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,975	2,397	39,976
Morphine seized (kg)	5,195	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	10,127	182,999
Opium seized (kg)	79,110	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	15,991	471,432
Precursor chemicals seized (kg)	93,031	20,397	122,150	130,846	36,250	53,184	234,981	42,314	89,878	22,663	850,403

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.

<sup>1</sup> Results for period 10/1/2017–9/17/2018.

<sup>2</sup> The following FY 2008 results included in the total are not indicated in the table: 136 operations; 49 detainees; 241,353 kg of hash; 277 kg of heroin; 409 kg of morphine; 15,361 kg of opium; and 4,709 kg of precursor chemicals.

Source: DOD(CN), response to SIGAR data call, 7/29/2015, 7/20/2017, and 9/24/2018.

SIGAR has repeatedly written about the billions of dollars spent on counternarcotics efforts and the modest or limited impact of U.S. government programs aimed at addressing expanding opium cultivation in Afghanistan and the illicit opium trade. Though seizures for certain narcotics and chemicals have risen this quarter, they had a negligible impact on the country's overall potential opium production as shown in Table 3.32. For instance, aggregate opium seizures for the past 10 years accounted for about 5% of Afghanistan's opium production in 2017 (9,000 tons as reported by UNODC in 2017).<sup>701</sup>

## New Penal Code Enforcement of Counternarcotics Provisions

The Counter Narcotics Justice Center (CNJC) prosecuted 186 cases between July and September 2018 under Afghanistan's new penal code provisions. Most of the cases adjudicated this year were for the sale and distribution of narcotics and psychotropic drugs to addicts (356 cases), followed by trafficking heroin, morphine, and cocaine (150 cases).<sup>702</sup>

The provinces with the highest number of high-level drug smuggling and trafficking cases in August and September were Kabul and Nangarhar.<sup>703</sup>

DEA told SIGAR that no high-value targets were apprehended during the quarter. DOD informed SIGAR that those apprehensions do not lead to measurable reductions in the amount of illicit finances. Rather, they increase friction and pressure on revenue streams and connected networks to prompt the enemy towards negotiations with the Afghan government.<sup>704</sup>

Information about counterthreat-finance operations is available in the Security section of this report beginning on page 86.

# COUNTERNARCOTICS

## Opium's Economic Value

As reported in the Economic and Social Development section on p. 36, organizations such as the World Bank exclude opium production from their estimate of Afghanistan's GDP. According to data reported by the Ministry of Agriculture, Irrigation, and Livestock, when the farm-gate value of opium production (which does not include proceeds from in-country processing and marketing) is factored into the economy, it accounts for more than four percentage points of the reported 7.2% growth rate for 2017-2018. The Afghan National Statistics and Information Authority reports GDP growth as 2.9% excluding poppy production.

Source: GIROA National Statistics and Information Authority, *Afghanistan Statistical Yearbook 2017-18*, 8/2018, p. 110.

## Eradication Results

### Governor-Led Eradication

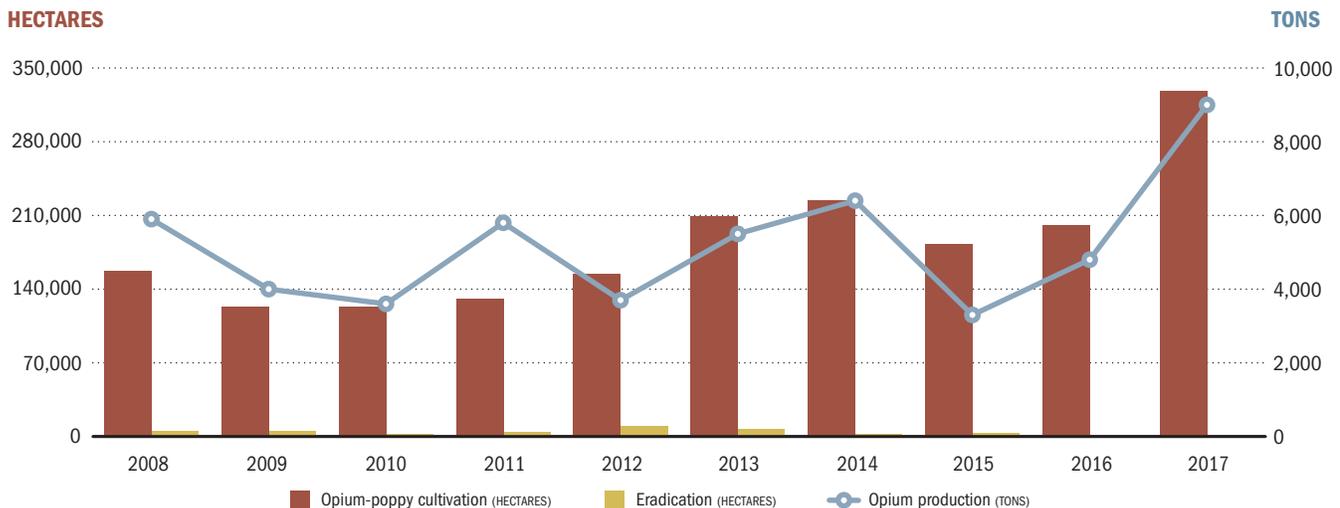
Under the Governor-Led Eradication (GLE) program, INL reimburses provincial governors \$250 toward the eradication costs of every UNODC-verified hectare of eradicated poppy.<sup>705</sup> This quarter, INL provided \$75,000 in advance payments to the Ministry of Counter Narcotics (MCN) in support of eradication activities next year in the following provinces: Badakhshan, Kabul, Kapisa, Kunar, Laghman, Nangarhar, Balkh, Jowzjan, Samangan, Sar-e Pul, Herat, and Badghis.<sup>706</sup>

GLE resulted in the eradication of 750 hectares in 2017 in 14 provinces, compared to 355 hectares in seven provinces in 2016.<sup>707</sup> INL has obligated and disbursed \$6.9 million since the program's inception in 2008.<sup>708</sup>

As SIGAR noted in its lessons-learned report on counternarcotics, GLE used poor data to form policy options and judge the performance of provincial governors. For example, the 2007 UNODC "credible threat doctrine" assumed an annual eradication target of 25% was necessary to discourage future cultivation without any real evidence to back it up. The report also noted that eradication had no lasting impact on the opium-poppy problem. The U.S. government stopped funding large-scale eradication operations in 2010.<sup>709</sup> As Figure 3.45 illustrates, eradication efforts have had minimal impact on curbing opium-poppy cultivation. The cumulative total hectares eradicated between 2008 and 2017 represent only 13% of the total opium cultivation for 2017.<sup>710</sup>

FIGURE 3.45

### AFGHAN OPIUM-POPPY CULTIVATION, ERADICATION, AND PRODUCTION SINCE 2008



Source: UNODC, *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.

## Opium Cultivation and Afghan Agricultural Area

According to Afghan government data, Afghanistan’s total land area is 65,223,000 hectares. The agricultural area is 9,610,000 hectares or 15% of the total land area. Opium cultivation for 2017 at 328,000 hectares represents 3% of the agricultural area and 0.5% of the total land area. By comparison, wheat—the country’s major crop for consumption—occupies 2,104,377 hectares for 2017–2018, or 22% of the agricultural area.<sup>711</sup> Though opium cultivation takes place on a modest portion of agricultural land, it has significant economic value. The illicit profits benefit not only drug-trafficking organizations and the insurgency, but possibly representatives of the Afghan government.<sup>712</sup>

Figures 3.46 illustrate opium’s importance in terms of agricultural land and total land area.

## 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.

GPI projects included schools, roads, bridges, irrigation structures, health clinics, and drug treatment centers.<sup>713</sup> However, no new GPI projects were approved after April 30, 2016,<sup>714</sup> and GPI is not starting new projects.<sup>715</sup>

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’s phasing it out.<sup>716</sup>

The number of poppy-free provinces increased from six at the beginning of the program in 2007 to 15 in 2013—the last year GPI funds were awarded.<sup>717</sup> UNODC reported that the number of poppy-free provinces decreased from 13 to 10 in 2017.<sup>718</sup>

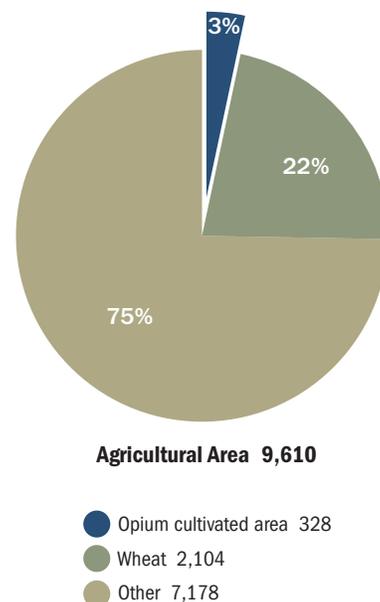
As of August 31, 2018, INL reported that 290 projects valued at \$126.4 million have been contracted. Of those, 281 projects have been completed and eight are still in progress. Four of the GPI projects were recontracted to bring those projects to a safe and usable condition.<sup>719</sup>

## Ministry of Counter Narcotics Capacity Building

INL funds capacity building programs to strengthen law enforcement, drug prevention, treatment, and recovery.<sup>720</sup> Since 2008, INL has obligated \$35.8 million and disbursed \$27.7 million to build capacity at the Ministry of Counter Narcotics (MCN).<sup>721</sup> INL is currently implementing a skills-based training grant, an Asian University for Women (AUW) fellowship, and a **Colombo Plan** advisors program.<sup>722</sup> Under the skills-based training grant, the implementer conducted 33 trainings benefitting 119 MCN employees. Five of the 10 positions under the Colombo Plan advisors program have been filled. According to INL, MCN’s capacity is improving since the arrival

FIGURE 3.46

**OPIUM CULTIVATION AND AGRICULTURAL LAND, 2017–2018** (THOUSAND HECTARES)



Note: Agricultural area includes forests and woodlands, irrigated crops, and cultivated rainfed areas

Source: GIROA National Statistics and Information Authority, *Afghanistan Statistical Yearbook 2017–18*, 8/2018, p. 124; UNODC, *Afghanistan Opium Survey 2017: Cultivation and Production*, 11/2017, p. 8.

**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](http://www.colombo-plan.org), accessed 7/1/2017; INL, *International Narcotics Control Strategy Report, Volume I: Drug and Chemical Control*, 3/2018, p. 19.

## SIGAR SPECIAL PROJECT

SIGAR issued a report on six GPI projects in Takhar Province. The six projects were completed at a cost of about \$2.7 million. SIGAR found that INL's reported geospatial coordinates for the six projects were each within one kilometer from the actual project location. Additionally, SIGAR found that two hostel building projects had missing and broken furniture, a general lack of facility maintenance and sanitation, and nonoperational dining facilities. SIGAR also found that two of the projects had problems and the other four other projects were functioning and fulfilling their intended purpose, despite minor problems. More information about the report is available in Section 2.

of these advisors this fiscal year. To date, INL has disbursed \$2.1 million to the Colombo Plan for the AUW fellowship program.<sup>723</sup>

The MCN works on the policy and planning of alternative-livelihood programs, but not their implementation. The Ministry of Agriculture, Irrigation, and Livestock and the Ministry of Rural Rehabilitation and Development implement these programs, and can also implement MCN policy.<sup>724</sup>

## U.S.-FUNDED DRUG DEMAND REDUCTION

INL works closely with international partners to coordinate and execute capacity building and training activities for service providers in drug prevention, treatment, and recovery.<sup>725</sup> The INL-funded 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.<sup>726</sup>

The United States is helping Afghanistan face this public-health crisis by funding a rural treatment program in Jowzjan Province to expand substance-abuse treatment to the hardest-hit communities.<sup>727</sup> INL provides additional assistance for substance-abuse treatment programs through the Colombo Plan Drug Advisory Programme, which includes residential, outpatient, and outreach programs. INL supports the Colombo Plan with training and certification of drug-addiction counselors.<sup>728</sup> INL also started another pilot rural treatment program in June 2017 in Jowzjan and Laghman Provinces. Its activities, however, have been delayed due to security and winter weather conditions. INL and the Colombo Plan are reviewing proposals that would combine this pilot program into another rural treatment project.<sup>729</sup>

Since 2015, INL has transitioned responsibility for 42 of 86 U.S.-funded drug treatment centers in Afghanistan to the Ministry of Public Health (MOPH): 14 of the centers transitioned over to the MOPH in January 2018.<sup>730</sup> INL provided the final draft of the transition plan to all stakeholders in September 2018 and announced the budget cuts for 2019 at INL's May 2018 stakeholders meeting in Jakarta, Indonesia.<sup>731</sup>

The remaining treatment centers are scheduled to transition by the end of 2019. INL reduced funding to all facilities by approximately 20% in 2015, another 15% in 2016, and another 25% in 2017.<sup>732</sup>

Most of the 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 patients. Among the residential treatment centers, 44 also offer home-based services. The residential treatment centers comprise 40 centers for adult males, eight for adult females, eight for children, five for adolescent males, and five for adolescent females. Twelve of the 44 home-based programs provide services to adult females.<sup>733</sup> INL has

obligated and disbursed approximately \$150.6 million for the Colombo Plan since 2008 on drug demand reduction programs.<sup>734</sup>

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 supports UNODC's global child-addiction program to develop protocols for treating opioid-addicted children, training treatment staff, and delivering services through non-governmental organizations. The United States also funds an antidrug curriculum in Afghan schools that has trained over 1,900 teachers and reached over 600,000 students in 900 schools.<sup>735</sup>

During FY 2018, INL provided the following funds to various Colombo Plan drug treatment programs:

- \$346,545 to the Outcome Evaluation of the Drug Treatment Programme
- \$4,447,103 to the Assistance to Specialized Substance Use Disorders Treatment Facilities
- \$1,457,948 to the Colombo Plan's Afghanistan Field Office Support program

INL also provided \$355,271 to UNODC's Preventing Illicit Drug Use and Treating Drug Use Disorders for Children and Adolescents program.<sup>736</sup>

INL has developed a software tool to monitor inventory and procurement of INL-funded drug treatment centers (DTC). In September, INL used the tool to monitor DTCs in Kabul.<sup>737</sup>

## ALTERNATIVE DEVELOPMENT

### Boost Alternative Development Intervention Through Licit Livelihoods

INL launched this alternative-development project in August 2016. BADILL is expected to follow through on INL's commitments to those provinces most affected by GPI's cancellation.<sup>738</sup>

According to INL, BADILL takes a community-based, alternative-development approach, rather than the GPI's incentive-based approach. The GPI program targeted provincial leadership by providing a political incentive for top-down poppy reduction, and employed a general development approach. BADILL is working directly with small farmers to increase productivity and employment opportunities.<sup>739</sup> INL expects that this approach will render the program more effective than GPI.

BADILL is implemented in the following provinces: Helmand, Uruzgan, Nimroz, Samangan, Jowzjan, Takhar, Bamyan, Wardak, Parwan, Panjshir, Paktiya, Paktika, and Nangarhar. The main activities between April and June 2018 were the distribution of agricultural equipment, extension services, trainings, and marketing support in the north to nearly 2,300

### SIGAR AUDIT

An ongoing SIGAR audit of INL's drug treatment programs in Afghanistan is examining the extent to which INL and its implementers: (1) developed strategies and assessed program achievements; (2) conducted required oversight, and identified and addressed program challenges; and (3) incorporated sustainment into the programs. More information is found in Section 2 of this report.



**Joint MAIL, MCN, and UNODC** Monitoring Mission to Sarkhrood District, Nangarhar Province. (INL photo)

beneficiaries. The establishment of new orchards and greenhouses in Helmand, Nimroz, and Uruzgan increased the total area of orchards created under BADILL to 172 hectares and total greenhouses to six. Poultry and dairy inputs, such as wire mesh for windows, feeders and drinkers, butter-churning equipment, and ventilators were distributed to increase poultry and dairy production.<sup>740</sup>

Drought had an acute impact in Bamyan, Helmand, and Uruzgan Provinces, where all or most of the seedlings and saplings died. Unexpected snowfall compounded the damage in Bamyan, as did excessive irrigation in Helmand and Uruzgan. Excessive irrigation occurs when all the stored rain water is used because farmers fear no more rainfall will occur. Training will now be provided explaining the detriment of excessive irrigation and how to store rainwater for proper irrigation. Farmers were supplied with new seedlings and saplings to replace the ones killed by the drought.<sup>741</sup>

In Takhar, the drought affected the availability of grazing land, resulting in underweight livestock and low milk production. Agricultural yields were lower than the previous year in Samangan and Jowzjan, and farmers lost their entire first crop in Bamyan.<sup>742</sup>

## Community-Based Agriculture and Rural Development

INL has additional alternative development projects under the Community-Based Agriculture and Rural Development (CBARD) program. The projects are implemented by the United Nations and aim to improve household income while reducing dependency on illicit poppy



**A master trainer** provides training on quality milk production and processing in Kalfgan District, Takhar Province. (INL photo)

cultivation for selected communities.<sup>743</sup> Irrigation infrastructure is an important component of the CBARD program. SIGAR’s counternarcotics lessons learned report found evidence, based on Geographic Information System (GIS) imagery, that some US-funded irrigation improvement projects have inadvertently contributed to greater opium-poppy cultivation. In that light, the report concluded that it is important that CBARD projects incorporate risk-mitigation strategies—particularly in areas with a history of opium-poppy cultivation—to ensure that irrigation projects do not lead to more cultivation of poppy, and are instead contributing to licit high-value crops.<sup>744</sup>

Table 3.33 provides the funding amounts and project duration dates. All funds have been disbursed.

TABLE 3.33

COMMUNITY-BASED AGRICULTURE AND RURAL DEVELOPMENT (CBARD)					
Project Title	Start Date	End Date	Implementing Partner	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
CBARD-East	11/2017	12/2020	UNDP	\$22,128,683	All funds disbursed
CBARD-West	11/2016	4/2020	UNDP	24,368,607	All funds disbursed
<b>Total</b>				<b>\$46,497,290</b>	<b>\$46,497,290</b>

Source: INL, response to SIGAR vetting, 1/13/2017 and 1/12/2018; State, INL, *Letter of Agreement with UNDP*, 11/09/2017; INL, response to SIGAR data call, 9/21/2018.

## **CBARD-West**

CBARD-West introduces and strengthens community-based local production and marketing of traditional high-value crops in 70 communities of Farah and Badghis Provinces. The project aims to directly benefit an estimated 33,240 households. In addition to supporting local farmers with field schools, CBARD-West will develop, and strengthen existing public and private agribusiness infrastructure in the areas of irrigation, transportation, and agricultural value-chain facilities.<sup>745</sup>

During the third quarter of FY 2018, the project trained 575 people, including 130 women, on business development, project monitoring and implementation, and the concept of value-chain and agribusiness development. The trainings are expected to increase the local beneficiaries' capacity to establish businesses, monitor projects, and work on high-value crops. Furthermore, 279 households reportedly benefitted from various program-funded infrastructure, including greenhouses, raisin-drying houses, and irrigation.<sup>746</sup>

The infrastructure will increase income and improve accessibility to markets, according to the United Nations Development Programme (UNDP). The irrigation infrastructures help protect 806 hectares and irrigate 2,276 hectares of land which improves access and water management. Approximately 6,500 households are said to benefit from these efforts.<sup>747</sup>

## **CBARD-East**

CBARD-East introduces and strengthens community-based local production and marketing of traditional high-value crops in 100 communities of Nangarhar Province. The program started in January 2018 and will assess alternative livelihoods in communities with high rates of opium cultivation. It aims to directly benefit an estimated 28,500 households. CBARD-East supports local farmers with field schools, strengthens public and private agribusiness infrastructures in value-chain facilities, irrigation, and transportation. As of June 2018, CBARD-East has established 46 hectares of orchards, begun construction of 195 greenhouses, trained women in kitchen gardening, and identified 16 additional crop irrigation projects. An estimated 1,900 hectares will be irrigated and approximately 13,450 households will benefit from these infrastructures.<sup>748</sup>

The program prioritized recruitment of female staff and highly encouraged female applicants to apply for project employment openings. However, due to the remoteness and security status of the project, no female candidates have expressed interest. Currently, two out of the 21 recruited staff members are female.<sup>749</sup> According to UNDP, security, community traditions, and the location of the target provinces present challenges in working with women. CBARD-East will address this challenge by establishing kitchen gardens and home-based greenhouses to ensure women's involvement in the production of high-value crops.<sup>750</sup>

The 230 greenhouses, constructed in two different sizes for on and off-season vegetable production, are within the home premises or near their homes for cultural reasons. According to INL, the use of greenhouses allows greater participation of women. In greenhouses, women are trained in off-season vegetable cultivation and post-harvest management of fruits and vegetables. Overall, 20% of beneficiaries on CBARD project activities are women. The project aims to empower women to play an important role in all aspects of agricultural production. According to INL, women account for a majority of the workforce in the livestock and poultry sectors, and approximately half of the workforce in the farming and horticulture sectors.<sup>751</sup>

## Afghanistan Value Chains Programs

These programs will cover the regions previously targeted by now-inactive Regional Agricultural Development (RADP) programs.<sup>752</sup> Table 3.34 provides program value, duration and expenditures to date.

TABLE 3.34

AFGHANISTAN VALUE CHAINS (AVC)					
Project Title	Start Date	End Date	Implementing Partner	Total Estimated Cost	Cumulative Disbursements, as of 9/30/2018
AVC-Livestock	6/9/2018	6/8/2021	DAI	\$34,714,295	\$778,367
AVC-Crops	8/2/2018	8/1/2021	DAI	33,482,672	0
<b>Total</b>				<b>\$68,196,967</b>	<b>\$778,367</b>

Source: USAID, response to SIGAR data call, 10/15/2018.

## Afghanistan Value Chains–Crops

USAID awarded the \$33.5 million Afghanistan Value Chains-Crops (AVC-C) contract to DAI Global LLC in August 2018. The program’s goals are to reverse market failures, strengthen linkages, spur growth and job creation for men, women, and youth along value chains for fruit, nuts, high-value horticulture, spices, and medicinal crops. Activities are designed around “anchor firms” and important **value-chain** service providers such as financial institutions, shipping and transport companies, and management consultant firms.<sup>753</sup> According to USAID, anchor firms have the willingness and potential to create systemic change in their value chain, with benefits that go beyond the individual firm. USAID has spent no funds as of September 30, 2018.<sup>754</sup>

**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.

## Afghanistan Value Chains–Livestock

DAI Global LLC is the implementer for Afghanistan Value Chains-Livestock (AVC-L). USAID awarded the three-year \$34.7 million contract in June 2018. AVC-L will work with anchor firms in the poultry, small ruminants,

dairy products, and other livestock value-chains.<sup>755</sup> USAID defines anchor firms as those with a willingness and potential to create systemic change in their value chain, with benefits that go beyond the individual firm. During the quarter, the implementer performed startup activities, such as recruitment and procurement. Project staff conducted meetings with Ministry of Agriculture, Irrigation, and Livestock staff, other USAID-funded project staff, stakeholders, and other donors.<sup>756</sup> Total disbursements as of September 30, 2018, are \$778,367.<sup>757</sup>

## Promoting Value Chains–Western Afghanistan

The program is implemented by the Food and Agriculture Organization (FAO). The Promoting Value Chains–Western (PVC-W) Afghanistan project aims to promote inclusive growth and create jobs in the agriculture sector by strengthening the capabilities of producers and private enterprises. To achieve this goal, the project aims to:<sup>758</sup>

- increase wheat productivity
- improve production and productivity of high-value crops
- enhance technology utilization in the livestock industry
- build institutional capacity at provincial and district levels

The first year of the project will focus on Herat Province with activities to begin in Badghis, Farah, and Nimroz Provinces in year two. Fifteen project districts were identified based on the presence of production and processing facilities for targeted crops, accessibility, and security.<sup>759</sup> The rapid value-chain assessment conducted in the fall of 2017 identified constraints and areas where interventions are needed. For example, packaging, quality control, and market linkages were identified as constraints to all value chains and contamination was identified for some high-value crops such as saffron and pistachios.<sup>760</sup> Private-sector beneficiaries were also selected for a project innovation fund (PIF).

The PIF is a source of co-financing for selected agribusinesses and enterprises. USAID hopes to stimulate investments in private agribusinesses that develop and promote new markets and sales for agricultural inputs, wheat, high-value crops, and dairy products. The PIF's intent is to improve business performance by addressing some of the key barriers to production and marketing, as well as support farmer and producer groups in adopting and using new technologies and equipment. The first group of PIF-supported projects has not received final approval, as of October 11.<sup>761</sup> As of September 30, 2018, USAID has disbursed \$1.7 million.<sup>762</sup>

Afghanistan is experiencing a severe drought—the worst in decades—displacing over 250,000 people in the west, according to the UN Office for Humanitarian Affairs.<sup>763</sup> USAID contributed \$43.8 million to support food assistance to drought victims in September.<sup>764</sup> According to USAID, PVC-W has not experienced any problems because of the drought. USAID reports

that its agricultural activities do not focus on farm-level production, but on the higher levels of value-chains.<sup>765</sup> More information on the drought is available in the Economic and Social Development section on pages 147–148.

## Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing Program (CHAMP) works with leading Afghan processing and export firms to enhance the supply chain, marketing, and export promotion of Afghan fruits and nuts. CHAMP supports traders through its trade offices in India, United Arab Emirates, and Kazakhstan to boost Afghan agricultural exports.<sup>766</sup> USAID increased the program's contract from \$56.3 million to \$71.3 million in May 2018.<sup>767</sup>

During the April to June months, CHAMP facilitated loans in collaboration with the Agriculture Development Fund totaling \$1.5 million to four Afghan exporters. CHAMP reported the export of 1,335 metric tons of saffron, dried fruits, nuts and seeds valued at \$3.6 million to international markets.<sup>768</sup>

In July, CHAMP facilitated a “Made in Afghanistan: Nature’s Best” event in New Delhi, India. According to USAID, Afghan traders signed \$68 million worth of contracts for high-value agricultural products. Shabana Trading Company, one of five women-owned agribusinesses, signed a \$1.38 million contract for raisins and figs.<sup>769</sup> As of September 30, 2018, USAID has disbursed \$57.3 million.<sup>770</sup>

## Kandahar Food Zone

The Kandahar Food Zone (KFZ) concluded August 30, 2018. The five-year, \$45.4 million program addressed the drivers of poppy cultivation. In its early years, KFZ collaborated closely with the MCN and conducted capacity-building trainings for the ministry in its Kabul and Kandahar offices. The program also conducted assessments, planned canal rehabilitations to increase access to affordable irrigation water, and implemented vocational trainings tied to alternative development. SIGAR will report on KFZ next quarter after submission and approval of the program's final report.<sup>771</sup>

As of September 30, 2018, USAID has disbursed \$45.1 million.<sup>772</sup>

## 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 ongoing in the 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.<sup>773</sup>

### SIGAR AUDIT

SIGAR announced a financial audit of USAID's RADP-South program in October 2018. SIGAR will examine the \$63.2 million contract with Chemonics International Inc. for costs incurred during the January 1, 2016, to November 20, 2017.

# COUNTERNARCOTICS

TABLE 3.35

<b>USAID REGIONAL AGRICULTURAL DEVELOPMENT PROGRAM (RADP)</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 9/30/2018</b>
RADP-South*	10/7/2013	10/6/2017	\$111,414,339	\$108,468,215
RADP-North	5/21/2014	5/20/2019	78,429,714	56,906,996
RADP-West*	8/10/2014	10/25/2016	65,629,170	26,394,196
RADP-East	7/21/2016	7/20/2021	28,126,111	9,022,776
<b>Total</b>			<b>\$283,599,334</b>	<b>\$200,792,183</b>

Note: \* Denotes inactive programs. Afghanistan Value Chains-Crops and Afghanistan Value Chains-Livestock programs target the regions previously served by the inactive RADP programs.

Source: USAID, response to SIGAR data call, 10/15/2018.

As shown in Table 3.35, USAID funding for all RADP programs, targeting various regions of the country amounts to approximately \$283.6 million and USAID has spent \$200.8 million as of September 30, 2018.

## RADP-East

The five-year, \$28.1 million RADP-East program seeks to expand sustainable economic growth through the agriculture sector in eight provinces: Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul. Its goal is to increase the sale of agricultural goods by at least \$57 million by the end of the program.<sup>774</sup>

Between April and June 2018, RADP-E awarded five new grants, facilitated the participation of Afghan agribusinesses to the July Afghanistan-India Trade show in New Delhi and the September “Passage to Prosperity” trade show in Mumbai. The program conducted technical training for 67 poultry farmers, as well as technical working groups and meetings for provincial stakeholders. Besides the security challenge, the program faced some difficulties due to insufficient air-cargo space, a lack of domestic vendors, and a lack of agribusinesses in some of the targeted provinces.<sup>775</sup> A total of \$178,500 worth of agricultural goods were exported to international markets by two Afghan firms. The program created 700 full-time employment opportunities during the same period.<sup>776</sup> USAID uses documents from the Afghan Chamber of Commerce and Industry as the source for the sales results it reports. It notes that reported amounts are higher due to the common practice of underinvoicing, in which exporters report lower figures on their invoices to reduce taxes due to the Afghan government. As of September 30, 2018, USAID has disbursed \$9 million for RADP-East.<sup>777</sup>

## RADP-North

RADP-North extends food and economic security for rural Afghans of six provinces: Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan. Activities strengthen farmers' capacity through improved production in the wheat, high-value crop, and livestock value chains.<sup>778</sup> The \$78.4 million five-year program is in its final year.<sup>779</sup>

During the April to June 2018 period, laser-land-levelling unit operators contracted with approximately 160 farmers to level 914 *jeribs* (a *jerib* is 500 square meters) in Balkh and Jowzjan. One thousand women were trained in hygiene and nutrition in four provinces and agribusinesses that participated in the international trade shows exported more than 339 tons of dried fruit and nuts to countries in Europe and Asia. The program established 20 new veterinary field units staffed by one doctor of veterinary medicine and 19 **paravets** in all provinces.<sup>780</sup> The program supported female noodle producers who participated in exhibitions held by the Ministry of Agriculture Irrigation and Livestock in Mazar-e Sharif. Samangan women bakers continued production to meet demand for the Eid festival.<sup>781</sup>

To adapt to the drought conditions in the north, RADP-N has been conducting additional trainings on animal health and nutrition so that participants in the livestock value-chain can better care for their animals.<sup>782</sup> As of September 30, 2018, USAID has disbursed \$56.9 million.<sup>783</sup>

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

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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, pp. 225–226, 229–230.

