

SIGAR

Special Inspector General for
Afghanistan Reconstruction

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2019

— QUARTERLY REPORT TO THE UNITED STATES CONGRESS —





The National Defense Authorization Act for FY 2008 (Pub. L. No. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).

SIGAR's oversight mission, as defined by the legislation, is to provide for the independent and objective

- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations, and to prevent and detect waste, fraud, and abuse in such programs and operations.
- means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operation and the necessity for and progress on corrective action.

Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

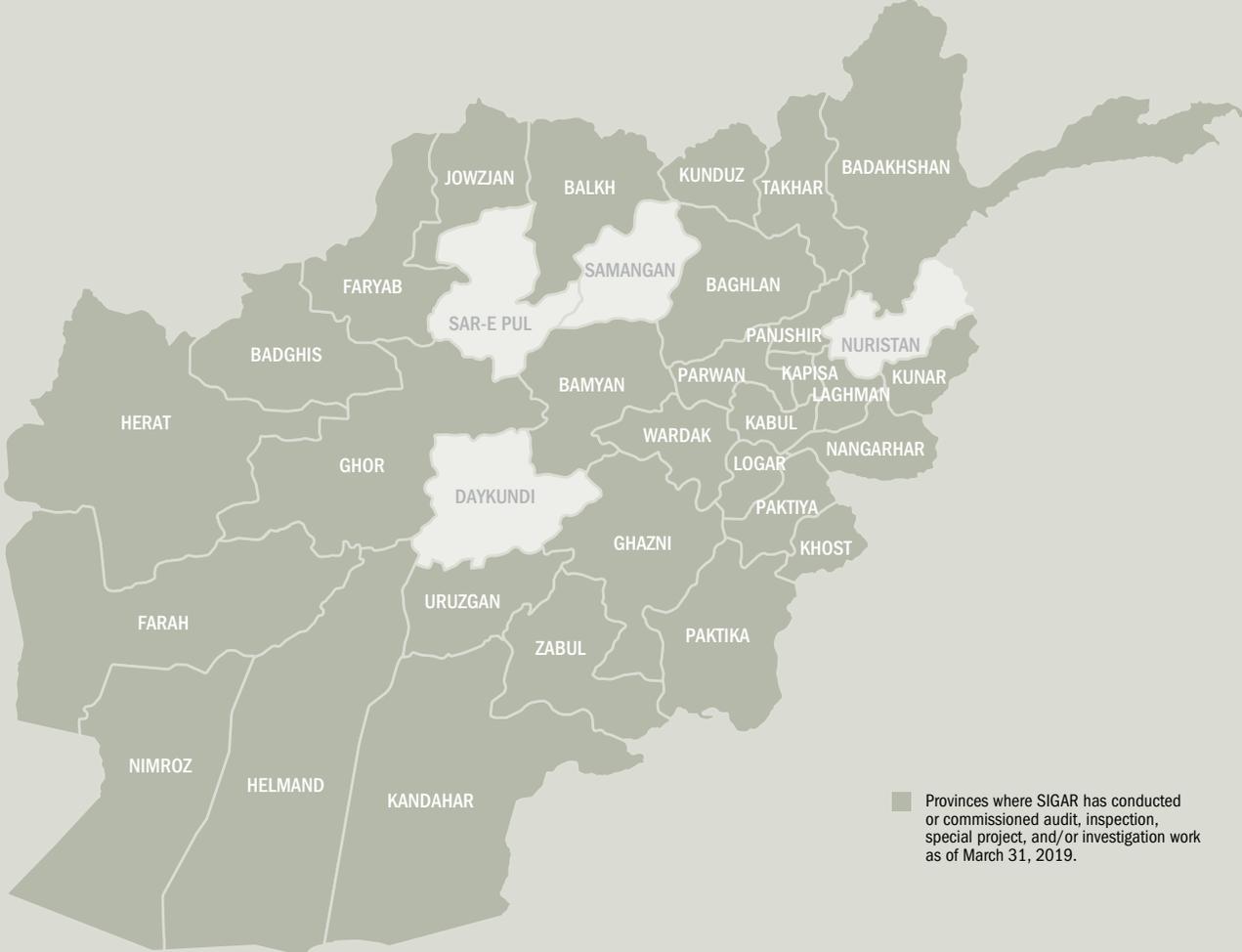
As required by the National Defense Authorization Act for FY 2018 (Pub. L. No. 115-91), this quarterly report has been prepared in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

Source: Pub.L. No. 110-181, "National Defense Authorization Act for FY 2008," 1/28/2008, Pub. L. No. 115-91, "National Defense Authorization Act for FY 2018," 12/12/2017.

(For a list of the congressionally mandated contents of this report, see Appendix A.)

Cover photo:

An Afghan Air Force UH-60A Black Hawk practices landing at Kandahar Airfield Afghanistan.
(U.S. Air Force photo by Senior Airman Maygan Straight)



■ Provinces where SIGAR has conducted or commissioned audit, inspection, special project, and/or investigation work as of March 31, 2019.



SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, and to the Secretaries of State and Defense, SIGAR's 43rd quarterly report on the status of reconstruction in Afghanistan.

This quarter, SIGAR released its 2019 *High-Risk List*. Unlike SIGAR's two previous high-risk lists, this one analyzes not only the most pressing current risks to the United States' \$133 billion reconstruction investment in Afghanistan, but also those that might arise in the event of a peace deal. The report stresses the importance of planning for "the day after" any peace deal in eight areas: security, civil policing, corruption, economic growth, counternarcotics, women's rights, the reintegration of ex-combatants, and oversight.

This quarter, the U.S.-commanded NATO Resolute Support (RS) mission in Afghanistan formally notified SIGAR that it is no longer assessing district-level insurgent or government control or influence. The RS mission said the district-level stability assessments were "of limited decision-making value to the [RS] Commander." RS added that there is currently no other product or forum through which district-level control data is communicated to the command. The last district-stability data RS produced was for its October 22, 2018, assessment; SIGAR reported on that assessment in its January 2019 *Quarterly Report to the United States Congress*.

The latest data from the few remaining publicly available measures of the security situation in Afghanistan—enemy-initiated attacks, general ANDSF casualty trends, and security incidents—show that Afghanistan experienced heightened insecurity over the winter months while the United States and the Taliban held talks in Qatar, thus far without the participation of the Afghan government.

SIGAR issued one performance audit report this quarter. It examined the \$775 million, 15-year effort by the U.S. Agency for International Development (USAID) and the Department of Defense (DOD) to increase electric power generation capacity at the Kajaki Dam in Helmand Province to 51.5 megawatts, provide short-term diesel-fueled power generation, and improve the delivery of power to customers in Helmand and Kandahar Provinces through the Southeast Power System (SEPS). SIGAR found that USAID and DOD have not finished SEPS, which is needed to transmit power from the Kajaki Dam, and Afghans in southern Afghanistan have not yet received the intended benefits from these projects.

SIGAR completed seven financial audits of U.S.-funded contracts to rebuild Afghanistan. These audits covered a range of topics including USAID's Afghanistan University Support and Workforce Development Program, USAID's Women's Leadership Development Project, and the Department of the Army's Law Enforcement Professionals Program. These financial audits identified more than \$7 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than \$425.6 million in questioned costs, interest, and other amounts payable to the U.S. government.

SIGAR also issued two inspection reports. These reports examined the construction, use, and maintenance of USAID's \$56.7 million Power Transmission Expansion and Connectivity project transmission line between Arghandi and Ghazni, and of DOD's \$5.2 million Kang Border Patrol headquarters compound.

This quarter, SIGAR's Office of Special Projects issued six reports on topics including USAID-supported health facilities in Faryab and Bamyan Provinces, USAID-funded schools in Paktika and

Bamyan Provinces, Commander's Emergency Response Program (CERP)-funded bridges in Ghazni Province, and theft of contractor-owned property by the ANDSF.

Additionally, DOD completed its cost-benefit analysis of the operational suitability and cost effectiveness of using a proprietary camouflage pattern for future uniforms purchased for the ANDSF, as required by Section 344 of H.R. 2810, the FY 2018 National Defense Authorization Act. The DOD analysis confirmed the findings of SIGAR's June 2017 report, *Afghan National Army: DOD May Have Spent Up To \$28 Million More Than Needed To Procure Camouflage Uniforms That May Be Inappropriate For The Afghan Environment* (SIGAR 17-48-SP). The analysis concluded that the camouflage pattern selected was the most expensive of the seven patterns tested and the second-most detectable. Moreover, SIGAR reported that the U.S. military spent \$28 million more than necessary to procure uniforms with a proprietary pattern for the Afghan National Army, rather than using an existing U.S. pattern that would not have required extra payment. SIGAR also found that CSTC-A recommended using a sole-source (noncompetitive) award to purchase the rights to the pattern, despite concerns from DOD's contracting office, and without testing the pattern's effectiveness for use in Afghanistan.

During the reporting period, SIGAR investigations resulted in two guilty pleas, one sentencing, and \$1 million in criminal fines and forfeitures. In addition, the civil investigation of Hikmatullah Shadman, an Afghan national, resulted in a forfeiture of \$25 million to the United States. SIGAR initiated 14 new cases and closed 11, bringing the total number of ongoing investigations to 168. Further, on March 29, 2019, following a joint investigation by SIGAR and the USAID Office of Inspector General, the heavily U.S.-funded American University of Afghanistan signed an agreement with USAID to deal with long-standing management and accountability issues identified by the oversight agencies.

This quarter, SIGAR's suspension and debarment program referred 15 individuals and 26 entities for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 969, encompassing 530 individuals and 439 companies.

SIGAR work has to date identified approximately \$2.6 billion in savings for the U.S. taxpayer. My staff and I expect to work with the 116th Congress to achieve even greater savings in the coming years.

Respectfully,



John F. Sopko

EXECUTIVE SUMMARY

This report summarizes SIGAR’s oversight work and updates developments in the five major areas of reconstruction efforts in Afghanistan from January 1 to March 31, 2019.* It includes an essay highlighting the concerns raised in SIGAR’s recently published 2019 *High-Risk List* on safeguarding the U.S. investment in Afghanistan’s reconstruction. This reporting period, SIGAR issued 16 audits, inspections, reviews, and other products assessing U.S. efforts to build the Afghan security forces, improve governance, facilitate economic and social development, and combat the production and sale of narcotics. During the reporting period, SIGAR criminal investigations resulted in two guilty pleas, one sentencing, \$1 million in criminal fines and forfeitures, and a civil forfeiture of \$25 million to the United States.

SIGAR OVERVIEW

AUDITS AND INSPECTIONS

This quarter, SIGAR issued one performance audit, seven financial audits, and two inspection reports.

The **performance audit report** examined

- the \$775 million, 15-year effort by the U.S. Agency for International Development (USAID) and the Department of Defense to increase electric power generation capacity at the Kajaki Dam in Helmand Province to 51.5 megawatts, provide short-term diesel-fueled power generation, and improve the delivery of power to customers in Helmand and Kandahar Provinces through the Southeast Power System.

The **financial audit reports** identified more than \$7 million in questioned costs as a result of internal-control deficiencies and noncompliance issues.

The **inspection reports** found:

- Four deficiencies in the construction of the Arghandi-Ghazni transmission line of USAID’s Power Transmission Expansion and Connectivity Project have created safety hazards and could disrupt the flow of electricity through the national transmission grid.
- In addition to four identified construction deficiencies, the \$5.2 million Kang Border Patrol headquarters building has never been used, and the Ministry of the Interior does not currently have any plans to use it in the future.

SPECIAL PROJECTS

This quarter, SIGAR’s Office of Special Projects issued six reviews concerning:

- theft of contractor-owned property by the Afghan National Defense and Security Forces (ANDSF)
- USAID-supported health facilities in Bamyan Province
- USAID-supported health facilities in Faryab Province

EXECUTIVE SUMMARY

- USAID-funded schools in Bamyan Province
- USAID-funded schools in Paktika Province
- CERP-funded bridges in Ghazni Province

LESSONS LEARNED

SIGAR's Lessons Learned Program has four projects in development: U.S. and Coalition responsibilities for security-sector assistance; U.S. government support to elections; monitoring and evaluation of reconstruction contracting; and reintegration of ex-combatants.

INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in two guilty pleas, one sentencing, and \$1 million in criminal fines and forfeitures. In addition, a civil investigation resulted in a forfeiture of \$25 million to the United States. SIGAR initiated 14 new cases and closed 11, bringing the total number of ongoing investigations to 168. SIGAR's suspension and debarment program referred 15 individuals and 26 entities for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

Investigations highlights include:

- A joint investigation by SIGAR and the USAID Office of Inspector General resulted in the heavily U.S.-funded American University of Afghanistan signing an agreement with USAID to deal with long-standing management and accountability issues identified by the oversight agencies.
- The SIGAR investigation of Hikmatullah Shadman, an Afghan national, resulted in a civil forfeiture of \$25 million to the United States. Shadman illegally acquired these assets while a subcontractor for the delivery of food, water, and other supplies to U.S. military members at various locations in Afghanistan.
- A SIGAR investigation resulted in the implementation of new policies at NATO's Resolute Support mission to minimize the occurrence of fuel theft, including installing fuel gauges in tanks, providing fuel cards for each vehicle, and improving oversight policy for fuel delivery and consumption.

* As provided in its authorizing statute, SIGAR may also report on products and events occurring after March 31, 2019, up to the publication date of this report.

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“There can only be peace if Afghanistan stays free from international terrorists. And for peace to be sustainable it must build on our achievements ... bringing education and human rights to women and girls. Their rights must be preserved.”

—*NATO Secretary General Jens Stoltenberg*

1 HIGH RISKS: PLANNING FOR PEACE



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Afghan children playing at Arzu Studio Hope women's community center in Bamyan Province.
(U.S. Army photo by Sgt. Ken Scar)

HIGH RISKS: PLANNING FOR PEACE IN THE MIDST OF WAR

A BREAK IN THE CLOUDS?

The return of spring heralds renewal and, in Afghanistan, resumption of the traditional fighting season between the Afghan government and the Taliban insurgency.¹

But spring 2019 may see the opening of a break in the clouds of war. Repeated U.S. contacts with Taliban representatives found U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad traveling to Afghanistan, the United Kingdom, Belgium, Pakistan, Uzbekistan, Jordan, and Qatar in late March and early April. The State Department described the diplomatic rounds as “part of the overall effort to facilitate a peace process that brings all Afghan parties together in inclusive intra-Afghan negotiations.”²

From numerous accounts, it appears the process so far is not wholly inclusive. Afghanistan’s ambassador to the United States, Roya Rahmani, said in a February interview with *Foreign Policy*, “The United States is making an effort to bring the Taliban to the negotiating table so that they can talk to the government. If the government is excluded, we do not think there are any negotiations.”³ Also, in a February 24, 2019, roundtable discussion organized by the political advisor to the NATO Senior Civilian Representative in Kabul, Afghan women expressed concern, given the threat to their hard-won rights, that women have not had a seat at the negotiating table or in the larger peace process with the Taliban.⁴

If Taliban leaders can be persuaded to negotiate with the Afghan government, and if intra-Afghan negotiations can yield a peace agreement, then some four decades of war in Afghanistan—and the United States’ longest war—might come to an end. But no matter how welcome peace would be, it can carry with it the seeds of unintended and unforeseen consequences.

Those risks and others were highlighted in late March with the release of SIGAR’s 2019 *High-Risk List*.⁵ Like its predecessors, issued in December 2014 and January 2017, the 2019 edition calls attention to areas of the \$133.0 billion U.S. reconstruction effort in Afghanistan that are at serious risk of waste, fraud, abuse, mismanagement, and even program failure.



Cover of the 2019 SIGAR *High-Risk List* report. (U.S. Army photo by Sgt. Ken Scar)



SIGAR auditors interview ANA soldiers in the 207th corps. (SIGAR photo)

The new 2019 version has an added dimension. With negotiations underway that could lead to the end of America’s longest war, this report expands upon its predecessors by identifying risks to the reconstruction effort that might persist or arise in the event of a hoped-for peace agreement.⁶

RISKS TO THE RECONSTRUCTION EFFORT

Congress has appropriated approximately \$133.0 billion for Afghanistan reconstruction since 2002, of which approximately \$9.9 billion remains to be disbursed. Given U.S. statements of policy over three administrations and the very limited financial capacity of Afghanistan’s government, it appears likely that billions more will follow in the years ahead.

The Afghan people and Afghanistan’s international partners would certainly welcome a peace agreement. But such an agreement could lead to unintended challenges for the reconstruction efforts made over the past 17 years by the United States, Coalition partners, and the Afghan government. These “day after” risks could threaten U.S. taxpayers’ investment in Afghanistan, set back humanitarian and development programs, undermine Afghan government support, or even lay the grounds for new or resumed discord. In short, they could frustrate the shared goal of a stable Afghanistan at peace with itself and its neighbors, and which respects the rule of law and human rights.

In issuing the 2019 *High-Risk List*, SIGAR takes no position on whether a peace agreement is achievable, imminent, or practicable. Nor does SIGAR predict how a peace deal might emerge, or what provisions it would include. But SIGAR’s decade of oversight work in Afghanistan suggests that

several forms of high risk to reconstruction success could continue past the date of a peace settlement.

An old maxim says failing to plan is planning to fail. Lawmakers, policymakers, and implementing agencies should be aware of risks that might continue or arise in wake of any peace agreement and consider plans to avert, counter, or mitigate them. The goal of the 2019 *High-Risk List*, in other words, is to help planning for “the day after.”

The new *High-Risk List* focuses on program areas and elements of the reconstruction effort that are: (1) essential to success; (2) at risk of significant and large-scale failure due to waste, fraud, or abuse; and (3) subject to the control or influence of the U.S. government.

Applying these criteria, SIGAR identified eight high-risk areas:⁷

- » Widespread Insecurity
- » Underdeveloped Civil Policing Capability
- » Endemic Corruption
- » Sluggish Economic Growth
- » Illicit Narcotics Trade
- » Threats to Women’s Rights
- » Reintegration of Ex-Combatants
- » Restricted Oversight

Three of these areas—economic growth, women’s rights, and reintegration—are new to the *High-Risk List*. Additionally, the critical issue of sustainability appears as a facet of each high-risk area. Sustainability is a long-standing concern in reconstruction: shortcomings in finance, staffing, institutional capacity, technology and technical skills, political will, and other issues individually or in combination can undermine the Afghan government’s ability to maintain programs once foreign support has been withdrawn or substantially reduced.

NATURE AND SCOPE OF RECONSTRUCTION

The concept of “reconstruction” is expansive and nonspecific. The nearest thing to a definition of Afghanistan reconstruction is the federal law that tasks SIGAR with reporting on projects and programs using “any funding mechanism” that supports “any of the following purposes: (A) To build or rebuild physical infrastructure of Afghanistan. (B) To establish or reestablish a political or societal institution of Afghanistan. (C) To provide products or services to the people of Afghanistan.”⁸ The statute adds that SIGAR is to report on the “operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan.”⁹

As the statutory language suggests, U.S. reconstruction programs in Afghanistan encompass a wide variety of activities, including supporting

HIGH RISKS: PLANNING FOR PEACE

Afghan security forces, bolstering the government's institutional capacity, expanding energy and transportation infrastructure, building schools and clinics, training teachers and health-care workers, and promoting business development and the country's export potential. Total appropriations for reconstruction and related costs since FY 2002 stood at roughly \$133 billion as of March 31, 2019.

Of that amount, about 63% of all reconstruction funding, or \$83.3 billion since 2001, has gone to build up the Afghan National Defense and Security Forces (ANDSF). The funds have been mostly used to provide salaries, infrastructure, equipment, and training for the approximately 309,000 members of the ANDSF.¹⁰

Another \$34.5 billion in U.S. funds has been appropriated since FY 2002 for governance and economic development, or 26% of reconstruction spending. One goal of the U.S. mission in Afghanistan remains to promote economic development by advancing private-sector-led export growth and job creation, and by bolstering gains in health, education, and women's empowerment.¹¹

As a subset of security, governance, and development funding, about \$9.0 billion has been appropriated for counternarcotics programs since 2002 or nearly 7% of total reconstruction funds. Most of the remaining reconstruction spending has gone to support civilian operations, humanitarian initiatives, and anticorruption activities.

Congress and the Administration will decide to what extent reconstruction will continue if a peace settlement is reached in Afghanistan. Continuing reconstruction requires outside aid: Afghanistan is nowhere near to being able to fund its current government—in particular, its military and police—with its own resources. Donor countries are expected to finance approximately 51% of Afghanistan's 2019 national government spending of \$5.0 billion, mostly by providing grants (overall, foreign grants finance more than 70% of public spending, including spending not channeled through the Afghan government's core budget).¹² At the November 2018 Geneva Conference on Afghanistan, international donors including the United States reaffirmed their intent to provide \$15.2 billion for Afghanistan's development priorities up to 2020, and to direct continuing, but gradually declining, financial support to Afghanistan's social and economic development up to 2024.¹³

RISKS TO RECONSTRUCTION SUCCESS

The scope of Afghanistan reconstruction is broad, the financial investment by the United States and other international donors is large, and the implications for peace and progress are weighty. Risks to the success of the reconstruction effort therefore demand careful consideration and prudent precautions.

The full text of SIGAR's 2019 *High-Risk List* provides extensive detail on the high-risk areas of Afghanistan reconstruction. Brief summaries follow. Note that the order of presentation does not necessarily indicate SIGAR's judgment of relative importance: each of the high-risk areas poses a potentially critical threat to the success of Afghanistan reconstruction.

High-Risk Area: Widespread Insecurity

Since 2001, the main goal of the U.S. intervention in Afghanistan has been to prevent the country from reverting to a safe haven for al-Qaeda and other extremist groups that threaten the United States and other countries.¹⁴ To that end, the United States has sought over the past 17 years to build up the Afghan National Defense and Security Forces so that they can protect the Afghan population and expel terrorist groups. Of the \$133.0 billion the United States has appropriated for Afghanistan reconstruction since FY 2002 (as of March 31, 2019), \$83.3 billion (63%), has gone toward building, equipping, training, and sustaining the ANDSF, with the ultimate goal of creating a more effective and sustainable security force.

The most enduring threat to the Afghan reconstruction effort, and to the U.S. taxpayer's investment in that effort, has been an ongoing and resilient insurgency and the presence in Afghanistan of terrorist groups such as Islamic State-Khorasan (IS-K). According to the NATO Resolute Support (RS) mission, control of Afghanistan's districts, population, and territory has become more contested over the last two years, resulting in a stalemated battlefield environment between the ANDSF and the insurgency.¹⁵

With or without a sustainable peace settlement or a local or nationwide ceasefire between the Taliban and the ANDSF, Afghanistan will continue to need a security force to protect the Afghan population from internal and external threats, provide a policing function to respond to criminal activity, and control its borders. Any political settlement entails the risk that not all subordinate groups will abide by an agreement made by their organization's leadership.

The ANDSF will also continue to be constrained by capability and sustainability challenges. In a post-settlement environment, depending on the terms of an agreement, there may also be the challenge of integrating former Taliban fighters into the national security forces and society. These issues could become more acute should international financial and military support decline sharply before, during, or after peace talks between the Afghan government and the Taliban. When asked in a congressional hearing on March 7, 2019, whether the ANDSF could independently secure Afghanistan without a peace deal between the Afghan government and the Taliban, then-commander of United States Central Command, General Joseph Votel said, "My assessment is the Afghan forces are dependent upon the Coalition support that we provide to them."¹⁶

HIGH RISKS: PLANNING FOR PEACE

Since the previous *High-Risk List* in January 2017, SIGAR has published numerous oversight products on Afghanistan's security institutions and has reported new developments in its quarterly reports to Congress. Of those, SIGAR's most comprehensive effort is the Lessons Learned Program report, *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*. That 2017 SIGAR product presented key findings, including that the U.S. government was not properly prepared from the outset to help build an Afghan army and police force capable of protecting Afghanistan from internal and external threats and preventing the country from becoming a terrorist safe haven.¹⁷

SIGAR found that the U.S. government lacked a comprehensive approach to security-sector assistance and a coordinating body to successfully implement whole-of-government programs that were necessary to develop a capable and self-sustaining ANDSF.¹⁸

The 2019 *High-Risk List* reported that according to DOD, RS, and U.S. Forces-Afghanistan (USFOR-A), the ANDSF currently face critical capability gaps in key areas that hinder the force's effectiveness and readiness and may continue to do so in the future, including:

Force manning: recruiting, retention, and attrition: As of October 31, 2018, the Afghan National Army (ANA) was 36,621 personnel below its authorized strength of 227,374, and the Afghan National Police (ANP) was 6,686 personnel below its authorized strength of 124,626.¹⁹

With insufficient personnel, the ANDSF are less able to provide security to the Afghan population, are increasingly vulnerable to enemy attacks, and are at risk of incurring higher casualties. These issues make the force less sustainable in the long term and less capable of conducting its mission successfully.

Personnel accountability and pay systems: The ANDSF also struggles to accurately pay and account for its personnel. Since the beginning of the RS mission in January 2015, U.S. and Coalition personnel had scant presence at the lower tactical levels of the ANDSF, forcing the mission to rely on unverifiable Afghan personnel reporting.²⁰ Over the past two years, RS advisors have worked to reduce their reliance on manual Afghan personnel reporting by implementing the Afghan Personnel and Pay System (APPS), in which ANDSF personnel are biometrically enrolled. The system is designed to integrate personnel data with compensation and payroll data to process authorizations, record unit-level time and attendance data, and calculate payroll amounts, among other uses.²¹ According to USFOR-A, as of December 2018, the APPS system has been delivered to and is fully capable for use by both the ANA and the ANP, but only 84% of ANA personnel (including civilians) and 60% of ANP personnel were enrolled into the system, matched to authorized positions, and met the minimum data-input requirements to be paid. Both forces' enrollment rates in APPS have been improving, but slowly.²²

HIGH RISKS: PLANNING FOR PEACE



Afghan National Police officers march in a drill outside the Ministry of Interior in Kabul. (U.S. Army photo by Staff Sgt. Richard Andrade)

Logistics and maintenance: The Ministry of Defense (MOD) and Ministry of Interior (MOI) face key logistics and maintenance challenges, one of which is the implementation and maintenance of their electronic equipment-inventory and repair-status system, Core Inventory Management System (CoreIMS). According to DOD in December 2018, overall, MOD and MOI logisticians require persistent RS advisor attention, and their problems conducting national logistics planning remain “a vulnerability to the mission.”²³

Institutional training: DOD reported in December 2018 that institutional and professional training for ANDSF personnel, coordinated at the national and regional levels (above corps or zone levels), are at a relatively nascent phase. DOD reports that despite RS advisory efforts, strong training institutions have not emerged, particularly within MOI, which controls the national police.²⁴

Persistent terrorist threat from Islamic State: Although U.S. officials have consistently asserted that Islamic State Khorasan, the Islamic State affiliate in Afghanistan, has been degraded on multiple fronts, the group poses a greater security threat to the Afghan people and security forces than it did in 2016.²⁵ As the terrorist group has not been defeated, is not a party to peace negotiations, and continues to execute high-casualty attacks in major Afghan population centers, it remains potent.

Stalemate control of districts, population, and territory: The stalemate battlefield situation between the ANDSF and the Taliban is another risk, as the intensity of fighting has increased and both sides have incurred more casualties as they seek greater leverage at the negotiating table.²⁶ If negotiators fail to secure a peace agreement, the ANDSF will be hard

pressed to increase its control over Afghanistan's population, districts, and territory. From November 2016 through October 2018, Afghan government control and influence over its districts ranged between 54% and 60%. Over the same period, the Afghan government controlled or influenced between 64% and 66% of the population.²⁷

These issues indicate the importance of considering questions regarding the U.S. role in training, advising, and assisting the ANDSF following a peace agreement; preserving the capability gains of the Afghan Air Force and special forces; assisting the ANDSF in adapting to peacetime security functions and sustaining its systems and equipment; and integrating former Taliban fighters into the national security forces.

High-Risk Area: Underdeveloped Civil Policing Capability

Based on its work and analysis, SIGAR has found there is no comprehensive strategy for how the United States and Coalition partners will align its nationwide police advising mission to support Afghan rule of law and civil policing.²⁸ Throughout the reconstruction effort, the United States has placed more emphasis on reconstructing the Afghan National Army (ANA) than the Afghan National Police (ANP). For years, the ANP were used to provide paramilitary support to ANA counterinsurgency rather than performing core police functions.²⁹

This presents a problem and a serious risk: Following a political settlement, Afghan police, rather than the army, are likely to be the element responsible for everyday security and will serve as a direct link between the Afghan government's authority and the Afghan people. The U.S. Department of Justice has a program to train foreign police forces—the International Criminal Investigative Training Assistance Program—but that program has no independent funding or operational authority and must fully rely on State or DOD.³⁰ NATO itself does not have a police advising capability, although efforts are underway to create a capability to deploy professional police advisors in future NATO operations. The concept is pending review and approval.³¹

The need to revise the role and raise the normal policing capabilities of the ANP raises questions about the U.S. strategy going forward with allies and the Afghan government to improve civil policing, provide funding, potentially integrate former Taliban fighters into the force, promote observance of the rule of law, and counter the impacts of corruption and narcotics trafficking.

High-Risk Area: Endemic Corruption

Corruption remains an enduring risk to the U.S. mission in Afghanistan. SIGAR's September 2016 Lessons Learned Program report on corruption found that corruption substantially undermined the U.S. mission in Afghanistan from the very start. SIGAR concluded that failure to effectively

address the problem means U.S. reconstruction programs, at best, will continue to be subverted by systemic corruption and, at worst, will fail.³² Despite many anticorruption efforts, the problem persists. According to the Department of Defense, “corruption remains the top strategic threat to the legitimacy and success of the Afghan government.”³³

In May 2018, SIGAR released its congressionally requested assessment of the Afghan government’s implementation of a national anticorruption strategy, and of the action plans of five ministries. SIGAR found that the Afghan government has made some progress in implementing its anticorruption-related commitments since 2017. For example, the United Nations recognized the Afghan government’s implementation of several key anticorruption reforms in 2017 and early 2018, including: the launch of an anticorruption strategy in October 2017, strengthened anticorruption measures in the new penal code, increased capacity of the Anti-Corruption Justice Center (ACJC), and a more transparent national budget.³⁴

However, SIGAR also found that Afghanistan’s anticorruption strategy did not meet international standards and best practices. Specifically, the strategy’s authors did not sufficiently engage Afghan civil-society organizations and ministries in the creation of the strategy, even though some of them will be responsible for implementing it. In addition, the strategy’s goals are not fully aligned with the benchmarks set to measure progress toward implementation,³⁵ complicating assessments of progress toward the goals. More importantly, SIGAR has identified serious problems with the implementation of this strategy against government and military officials, as well as key political figures and powerbrokers.³⁶

Given the long-standing, pervasive, and corrosive effects of corruption in Afghanistan, policymakers contemplating reconstruction operations after a peace deal should address questions about reasonable expectations for anticorruption efforts, the best way to structure and promote future programs, the impact of Taliban participation in Afghan governance, the effects of reduced foreign troop presence and funding, and the challenge of setting useful benchmarks for progress, as well as the issue of consequences for lack of progress.

High-Risk Area: Sluggish Economic Growth

The U.S. government’s current Integrated Country Strategy (ICS) for Afghanistan states that no U.S. efforts in Afghanistan—including the fundamental objective of preventing further attacks by terrorists on the U.S. homeland—can be sustained without a growing licit Afghan economy.³⁷

While a sustainable peace agreement could boost business confidence and investment, and therefore improve growth prospects substantially, peace also carries its own set of challenges.³⁸ For example, according to USAID, a significant number of Afghan refugees could return from Pakistan. If that occurs, they will have to be integrated—along with former Taliban

fighters—into a labor market that already struggles to provide sufficient job opportunities for Afghanistan’s youth.³⁹

A peace agreement would also neither inherently nor immediately reduce major enduring barriers to growth, including limited skilled labor, a significant infrastructure deficit, corruption, and heavy reliance on foreign donor support.⁴⁰

Despite its centrality to U.S. objectives—and its continued importance even if a peace agreement is reached—licit economic growth remains relatively low and Afghanistan remains heavily reliant on donor support. This raises questions about whether Afghanistan will be able to achieve the long-term stability and economic self-reliance that are key reconstruction goals.⁴¹

In its 2018 Lessons Learned Program report on private-sector development and economic growth, SIGAR found that despite significant U.S. effort, estimated poverty, unemployment, and underemployment had not been reduced substantially; further, corruption had undermined the legitimacy of the Afghan state.⁴²

While a lasting peace agreement could fundamentally improve Afghanistan’s prospects, its greatest economic challenge today remains identifying sustainable sources of growth, according to the World Bank.⁴³ Moreover, as donors emphasized at the November 2018 Geneva Conference on Afghanistan during coordination on future efforts, peace would not be cost free, and would have to be underpinned by inclusive economic and social programs (though donor commitments are still scheduled to gradually decline).⁴⁴

According to USAID, more than two million Afghans residing in Pakistan could return after a peace settlement, potentially because of political pressure from the Pakistani government.⁴⁵ Upon their return to Afghanistan, a weak licit labor market would then have to absorb those returnees. The need to reintegrate former insurgent and militia fighters into the economy would introduce additional challenges. In September 2018, Afghan President Ashraf Ghani said that providing former fighters with jobs following a peace agreement represented the “greatest problem for peace.”⁴⁶

Afghanistan’s economic weakness and challenging prospects suggest policymakers should ponder questions including the need to adjust U.S. economic-development programming for the aftermath of a peace settlement, easing the integration of returnees and former Taliban fighters into the economy, sustaining the impact of past programming, and encouraging Afghan policy changes to foster growth.

High-Risk Area: The Illicit Narcotics Trade

Since 2002, the United States government has provided \$9.0 billion to thwart narcotics production and trafficking in Afghanistan. Yet Afghanistan remains the global leader in poppy cultivation—a distinction it has held since the late 1990s, according to poppy cultivation data from the United

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Scarring poppy pods releases sap for opium production. (UN photo)

Nations Office on Drugs and Crime (UNODC).⁴⁷ Afghan opium-poppy cultivation levels reached an all-time high in 2017—and managed to reach the second-highest level even in drought-affected 2018—since UNODC began collecting data in 1994.⁴⁸

The illicit opium trade hinders the Afghan government's efforts across numerous sectors, including security, governance, and economic and social development.⁴⁹ The production and trafficking of illicit drugs finances drug-trafficking organizations and antigovernment groups, undermines the government's legitimacy, and feeds corruption,⁵⁰ benefiting insurgent groups and corrupt government officials alike.⁵¹

A SIGAR lessons-learned report published in June 2018 found that U.S. counternarcotics programs have not resulted in long-term reductions in opium-poppy cultivation or production. Likewise, crop-eradication programs had no lasting impact, and were not consistently conducted in the same locations as development-assistance programs that aimed to give farmers economic alternatives to growing poppy. Alternative-development programs were often too short term, failed to provide sustainable alternatives to poppy, and sometimes even contributed to increased poppy production. The lack of a stable security environment greatly hindered efforts to curtail poppy cultivation and production, and the government failed to develop and implement counternarcotics strategies that outlined or effectively directed U.S. agencies toward shared goals.⁵²

The findings in SIGAR's lessons-learned report prompted the Senate Caucus on International Narcotics Control to request that SIGAR conduct a thorough review of the U.S. government's current counternarcotics efforts in Afghanistan. That review is ongoing.

With or without a peace agreement, Afghanistan runs the risk of becoming a “narco-state” and has already been described as such by former officials from the U.S. government and international organizations.⁵³

Afghanistan’s position as a leading producer of illegal drugs raises questions involving the prospects for U.S. counternarcotics efforts after a peace accord, building Afghan institutions to counter the danger of devolving into a narco-state, accounting for the effects of Taliban participation in governance, promoting alternative livelihoods for farmers drawn to raising opium poppy, and the possibility of targeting groups that rely on narcotics revenues to support insurgency.

High-Risk Area: Threats to Women’s Rights

A 2017 U.S. law expressed the sense of Congress that (1) the meaningful participation of women in conflict-prevention and conflict-resolution processes helps to promote more inclusive and democratic societies and is critical to the long-term stability of countries and regions; and (2) the political participation and leadership of women in fragile environments, particularly during democratic transitions, is critical to sustaining lasting democratic institutions.⁵⁴ Since 2002, the United States has committed at least \$1 billion for gender-related programs in Afghanistan and spent another \$1 billion on programs for which the advancement of women was a component.⁵⁵

Despite increased roles for women in Afghan civic, social, and economic life, the United Nations has ranked Afghanistan 153rd out of 160 countries for gender equality—despite a constitution that nominally protects women’s rights.⁵⁶ Deep-rooted cultural traditions and a persistent insurgency continue to threaten the physical safety and health of Afghan women and hold them back from entering public life, particularly in the rural areas where some 75% of women live.⁵⁷

The prospect of a peace agreement with the Taliban raises new concerns about the sustainability of the gains Afghan women have made over the past 17 years. The Taliban regime from 1996 to 2001 was notorious for its brutality against women. Some experts believe that a precipitous withdrawal of U.S. forces could lead to the deterioration of political and economic freedoms, however limited, currently enjoyed by women in Afghanistan.⁵⁸

Questions for policymakers would encompass matters such as U.S. options to protect women’s rights in a political system including the Taliban, available steps to comply with U.S. statutory requirements for promoting women’s participation in Afghan society, and tracking the outcomes of gender-advancement programs.

High-Risk Area: The Challenge of Reintegration

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is to achieve reconciliation and a

sustainable political settlement with the Taliban.⁵⁹ While current estimates for the number of active Taliban fighters vary, the current commander of U.S. Central Command, Lieutenant General Kenneth McKenzie Jr., recently put the figure at 60,000 fighters.⁶⁰

If a comprehensive peace agreement is reached, these ex-combatants will need to transition to a sustainable livelihood and peacefully reintegrate into Afghan society. There may also be efforts to demobilize and reintegrate members of other illegal armed groups. Successfully reintegrating these tens of thousands of former fighters into society—a complex and long-term process with social, economic, political, security, and humanitarian dimensions—will be critical for Afghanistan to achieve lasting peace and stability.⁶¹

The mixed record of reintegration efforts undertaken in dozens of countries since the late 1980s suggests that similar efforts in Afghanistan will likely face significant challenges.⁶² SIGAR assesses that the nature and extent of those challenges will depend largely on the peace process itself, its level of inclusivity, trust among the parties, the degree to which reintegration issues are decided in an agreement or deferred, and numerous other factors. For example, a weak economy with few job opportunities would complicate reintegration. SIGAR is currently making a thorough investigation of reintegration issues for a forthcoming Lessons Learned Program report to be published later this year.

The challenge of reintegrating former Taliban fighters into national life requires questioning what lessons can be drawn from earlier reintegration efforts, what role international donors would have in shaping and funding reintegration activities, how employment opportunities can be promoted, and related matters.

High-Risk Area: Restricted Oversight

With or without a peace settlement, the U.S. mission in Afghanistan and the reconstruction effort will continue to require vigorous oversight. Even if the United States were to withdraw most of its remaining troops from Afghanistan, SIGAR would still work under its legal mandate to provide the oversight of U.S. taxpayer funds necessary to maintain the reconstruction program.

However, oversight of the U.S. reconstruction effort in Afghanistan, already difficult, may become even more challenging if substantial numbers of U.S. military and civilian personnel withdraw following an Afghan peace settlement.⁶³ Accessing reconstruction project sites and programs in Afghanistan is already difficult due to deteriorated security. Site access would continue to be challenging should a potential peace agreement not actually lead to a cessation of hostilities—a possible outcome about which several experts have written in recent months.⁶⁴ Moreover, a reduced footprint for U.S. agencies operating in Afghanistan could exacerbate ongoing

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Inspector General Sopko and SIGAR staff on a recent inspection of the U.S.-funded Marshal Fahim Defense University in Kabul. With the IG are members of his movement team from the State Department's Diplomatic Security Service, which provides vital support for SIGAR's oversight work in Afghanistan. (SIGAR photo)

problems with contract oversight, such as spotty compliance, documentation and accountability, as well as institutional memory loss.⁶⁵

In Afghanistan's conflict setting, where rules are not rigorously observed and documentation is often incomplete and unverifiable, having personnel physically present and able to move about the country is essential for effective oversight. Otherwise, it is difficult to determine whether training is effective, equipment is operable, clinics are stocked with medicines, schools are open, or buildings are safe and functional.

With nearly \$10 billion of already appropriated U.S. funds awaiting disbursement for Afghanistan reconstruction, the need for effective oversight is as great as ever. The already daunting challenges to oversight may grow after a peace settlement that could entail further reductions in U.S. and Coalition security personnel and reduced visibility into Afghan institutions' use of assistance funds.

These concerns should raise questions about the levels of U.S. military and civilian personnel needed and practicable should a peace settlement be reached, oversight mechanisms to monitor use of funds provided directly to the Afghan government, U.S. agency options to use third-party or other monitoring techniques, and focusing on outcomes rather than simple measures of activities and outputs, among other issues.

The issue of oversight of on-budget aid is particularly salient. If more U.S. funds are to be disbursed on-budget—either directly to the Afghan government or through multilateral trust funds—it will be vitally important that the ministries have strong accountability measures and internal

controls in place. At the request of President Ghani, SIGAR currently is conducting a financial audit of Afghanistan's power utility, Da Afghanistan Breshna Sherkat (DABS). SIGAR also has a strategy in place for looking at the internal controls of other ministries if the United States continues to provide substantial amounts of assistance on-budget to Afghan ministries. One example of previous SIGAR investigative work was the discovery of vendor collusion to rig bids and attempted bribery in a nearly \$1 billion fuel contract with the Ministry of Defense that was funded with U.S. aid provided on-budget.⁶⁶

CONCLUSION

After 40 years of war, peace would be a blessing for the long-suffering people of Afghanistan. But as the topical sections of SIGAR's 2019 *High-Risk List* indicate, even a broadly popular agreement might present risks to Afghanistan's reconstruction and to its long-term viability as a nation-state.

If large-scale withdrawals of U.S. operational and oversight personnel occur, the stewardship of U.S. taxpayer funds and achievement of reconstruction goals could suffer. If widespread corruption is not adequately addressed, the effectiveness of programs, the perceived legitimacy of the Afghan state, and the willingness of donors to continue their assistance could all suffer. If economic development stalls, accommodating new entrants to the labor force, including returning refugees and former government and insurgent fighters, could prove a daunting task. If women's rights and progress are not respected, and if the rule of law is not upheld, equitable and effective governance could fail. And if new security arrangements do not provide for fair and effective policing while standing ready to quash any resurgence of terrorism, then all other aspects of reconstruction could ultimately fail.

As discussions progress, members of the U.S. Congress and of executive agencies should consider the "day after" a peace agreement and be on the alert for unexamined assumptions, overlooked details, unintended consequences, concealed agendas, and other issues that could turn a wished-for peace deal into another sort of conflict.

An opportunity for peace exists. How it is embraced, shaped, and nurtured will determine if Afghanistan is to continue progressing in economic and social development, and avoid new conflicts that might result in its once again becoming a danger to the international community.

“Congressional oversight has a long history of providing tangible, real world benefits for our warfighters serving on the front lines.”

—*U.S. Representative Stephen Lynch*