

COUNTERNARCOTICS CONTENTS

Key Issues and Events	167
U.S. Reconstruction Funding for Counternarcotics	168
Supply of Opiates and Trafficking Routes Originating from Afghanistan	170
Quarterly Highlight: The Impact of Peace Settlements on Counternarcotics Efforts	173
Treatment and Prevention	176
Alternative Development	178

COUNTERNARCOTICS

KEY ISSUES AND EVENTS

Largely as a result of Afghanistan's drought, global production of opium fell by some 25% in 2018, reversing the upward trend of the past two decades, according to the United Nations Office on Drugs and Crime (UNODC) 2019 *World Drug Report* released in June. Opium prices in Afghanistan also fell rapidly between 2016 and 2018, likely from overproduction in previous years, making the crop less lucrative for farmers, the report said.⁶⁶⁴

Total U.S. appropriations for counternarcotics activities in Afghanistan now exceed \$9 billion. Nevertheless, Afghanistan remains the largest global producer and cultivator of opium-poppy, accounting for 82% of the world's production: 263,000 hectares were cultivated in 2018 and potential opium production reached 6,400 metric tons.⁶⁶⁵ (A hectare is about 2.5 acres; a metric ton is about 2,200 pounds.⁶⁶⁶) More than two-thirds of opium production in the country continues to take place in southern Afghanistan, most notably in the provinces of Helmand (52% of the total) and Kandahar (9%).⁶⁶⁷ This year's harvest will likely increase given the above-average precipitation in Afghanistan reported by the Famine Early Warning System (FEWS NET).⁶⁶⁸

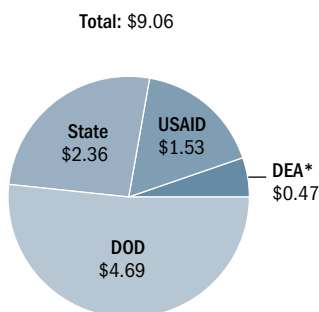
According to the UNODC, Afghanistan is the second-largest global provider of cannabis resin, which is used to make hashish. Of the cannabis-resin seizures worldwide, 2013–2017, 20% originated from Afghanistan.⁶⁶⁹

The dissolution plan for the Ministry of Counter Narcotics (MCN) and the transfer of its functions to other Afghan government entities remains under review by the Afghan Civil Service Commission. According to the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL), progress has been slow because the Afghan government considers the MCN dissolution a low-priority issue and MCN officials do not endorse the plan.⁶⁷⁰

Between April 1 and June 17, DOD reported seizures of 2,883 kilograms (kg) (6,356 lbs) of opium, 944 kg (2,081 lbs) of heroin, 1,098 kg of hashish (2,421 lbs), 32,860 kg (72,444 lbs) of chemicals, and 4.5 kg (9.9 lbs) of amphetamine-type stimulants by Afghan security forces.⁶⁷¹ A kilogram is about 2.2 pounds.⁶⁷² According to DOD, Afghan specialized units conducted 30 operations resulting in 45 detentions. DOD said security remains poor, hindering the access of government forces to extensive areas where opium is grown, and where drug products are transported, processed, and sold.⁶⁷³

FIGURE 3.48

U.S. FEDERAL AGENCY SPENDING ON COUNTERNARCOTICS, AS OF JUNE 30, 2019 (\$ BILLIONS)



Note: *DEA funds the salary supplements of the Afghan specialized units annually.

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2019, Appendix B.

U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of June 30, 2019, the United States has appropriated \$9.06 billion for counternarcotics (CN) efforts in Afghanistan since FY 2002. Congress appropriated most CN funds for Afghanistan through the Department of Defense Drug Interdiction and Counter-Drug Activities (DICDA) Fund (\$3.38 billion), the Afghanistan Security Forces Fund (ASFF) (\$1.31 billion), the Economic Support Fund (\$1.53 billion), and a portion of the State Department’s International Narcotics Control and Law Enforcement (INCLE) account (\$2.36 billion).⁶⁷⁴

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).⁶⁷⁵ As shown in Figure 3.48, DOD is the largest contributor, followed by INL, in support of CN efforts.

Ministry of Counter Narcotics Dissolution Update

President Ashraf Ghani issued a presidential decree in January 2019 dissolving the Ministry of Counter Narcotics (MCN).⁶⁷⁶ Relevant MCN responsibilities will transfer to the Counter Narcotics Police of Afghanistan (CNPA), Ministry of Agriculture, Irrigation, and Livestock (MAIL), Ministry of Public Health (MOPH), and the Office of Central Statistics. According to INL, the plan is proceeding slowly as the Afghan government considers it a low-priority issue and MCN officials have not approved the plan. Currently, the plan is under review by the Afghan Civil Service Commission (ACSC) to ensure Afghan civil service policies and applicable laws are followed. The ACSC recently sent the plan back to the executive committee overseeing the merger for revisions. The plan requires the ACSC’s approval before going to the President’s Office.⁶⁷⁷

Since January, 55 employees out of a total of 527 have left the MCN. The MCN attributes the losses to retirements and the departure of employees to other positions inside and outside the Afghan government. Staff salaries for the remaining 472 employees are funded through September 2019. According to MCN officials, the departure rate is not unusual for Afghan government ministries.⁶⁷⁸ The MCN is now operating under the authority of the MCN Deputy Minister and the staff are reporting to work daily.⁶⁷⁹

Afghan Counter Narcotics Police Organization and Funding

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

Investigative Unit (SIU), the National Interdiction Unit (NIU), and the UK-supported Intelligence and Investigation Unit (IIU).⁶⁸⁰

The NIU conducts interdiction operations and seizures, serves arrest warrants, and executes search warrants in high-threat environments. The NIU receives mentoring from the U.S. Drug Enforcement Administration (DEA) and U.S. special operations forces.⁶⁸¹ The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat.⁶⁸² In 2018, the NIU's personnel increased by 250 to 783.⁶⁸³

The SIU's mission is to identify significant drug-trafficking and narcoterrorist organizations operating in Afghanistan and dismantle them through the Afghan criminal-justice system.⁶⁸⁴ The Technical Investigative Unit (TIU) consists of 100 staff who collect and analyze evidence in support of SIU/NIU investigations.⁶⁸⁵ Another SIU component has four officers responsible for administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.⁶⁸⁶ Other Afghan law-enforcement elements such as the General Command of Police Special Units execute high-risk arrests and operations including counterterrorism, counternarcotics, and counter-organized crime.⁶⁸⁷ The Afghan Uniform Police and Afghan Border Police (ABP) also participate in counternarcotics activities.⁶⁸⁸ 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.⁶⁸⁹

The Special Mission Wing (SMW) is a rotary- and fixed-wing aircraft force that supports NIU missions as well as counterterrorism missions conducted by Afghan special security forces. The SMW is the only Afghan National Defense and Security Forces (ANDSF) organization with night-vision, rotary-wing air assault, and fixed-wing intelligence-surveillance-reconnaissance capabilities. The SMW structure consists of assault squadrons in Kabul, Kandahar, and Mazar-e Sharif.⁶⁹⁰ Since its establishment in 2012, the SMW has been used to conduct counterterrorism and counternarcotics missions. In recent years, counterterrorism missions have dominated.⁶⁹¹ DOD reported that 10% of SMW missions supported counternarcotics between December 2018 and May 31, 2019, while 90% were in support of counterterrorism efforts.⁶⁹²

More information on the SMW is available in the Security section on pp. 91–92.

Funding for Afghan Counternarcotics Elements

INL estimates that it funds approximately \$21 million per year for NIU and SIU operations and maintenance. Costs directly attributable to NIU and SIU include \$6 million to support an evidence-gathering platform under an interagency agreement with the DEA for a two-year period which began April 2019, \$9.57 million in other interagency agreement support, and \$825,000

COUNTERNARCOTICS

MAJOR HEROIN TRAFFICKING ROUTES FROM AFGHANISTAN



SUPPLY OF OPIATES AND TRAFFICKING ROUTES ORIGINATING FROM AFGHANISTAN

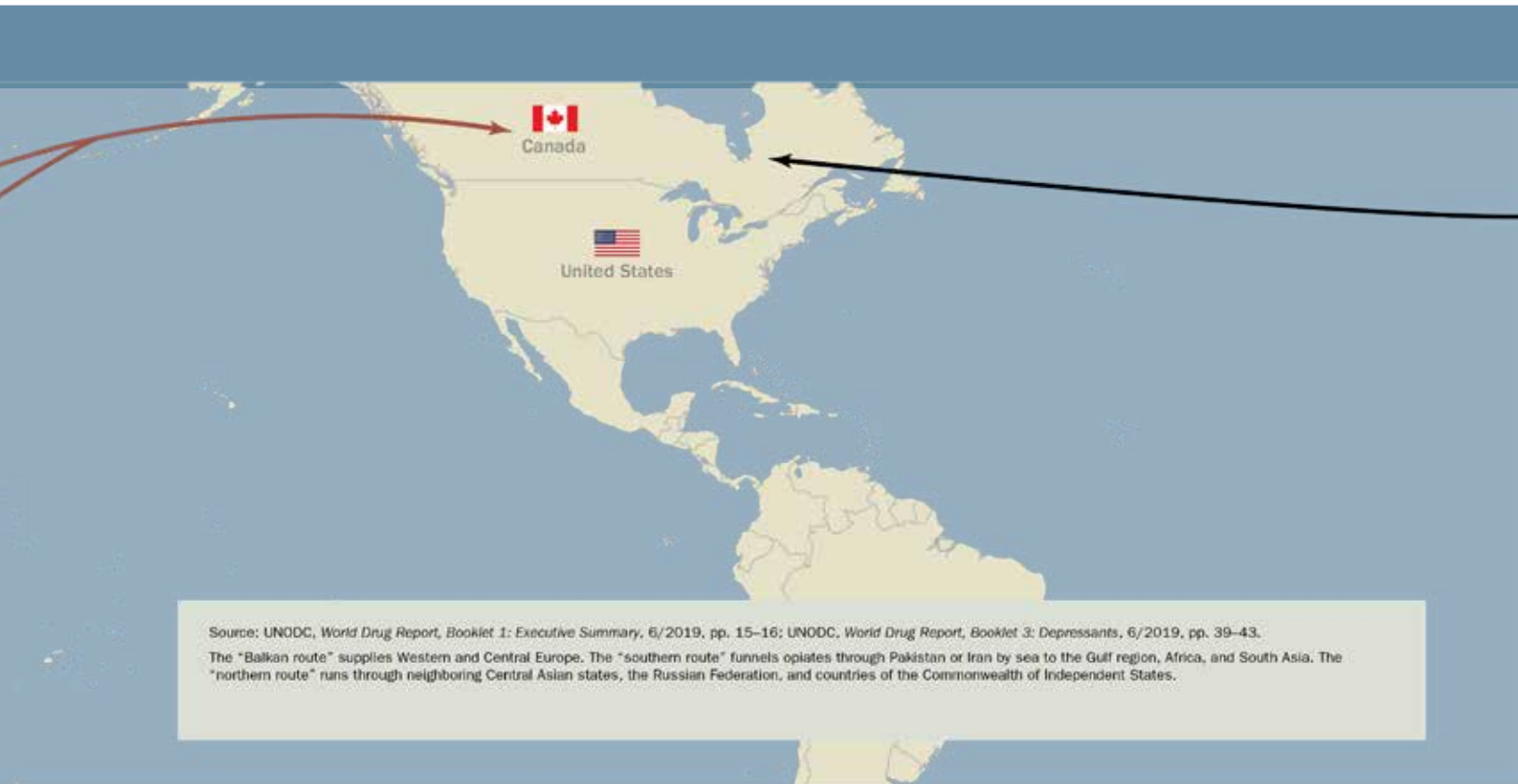
The latest UNODC *World Drug Report* notes that Afghan opiates supply markets in neighboring countries, Europe, the Near and Middle East, South Asia, Africa and a small proportion of the markets in Canada and Oceania. Heroin is trafficked along the “southern route” from Afghanistan via Pakistan or Iran for distribution to the Near and Middle East, Africa and Europe, to India for further transport to neighboring countries (Sri Lanka and Bangladesh) and to North America (notably Canada), as well as to South-East Asia and Oceania. According to UNODC, the world’s single largest heroin trafficking route continues to be

per year for NIU salary supplements. SIU supplements are funded separately by DEA.⁶⁹³ 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 on the basis of rank.⁶⁹⁴

New Penal Code Repercussions

The new Penal Code that went into effect on February 15, 2018, contains counternarcotics provisions aimed at improving the country’s compliance with international human-rights and criminal-justice standards.⁶⁹⁵ The new

COUNTERNARCOTICS



the “Balkan route,” along which opiates are smuggled from Afghanistan to Iran, Turkey, and the Balkan countries to various destinations in western and central Europe. Heroin continues to be smuggled along the “northern route” to the Russian Federation and its neighbors via Central Asia though traffic to Russia is on the decline. According to the UNODC, 10% of the world’s heroin and morphine were seized along the “northern route” in 2008, but that decreased to 1% in 2017. The cause of the decline might stem from the change to synthetics in destination markets and the effectiveness of regional interventions in combating the illicit market.

Source: UNODC, *2019 World Drug Report, Booklet 3: Depressants*, 6/2019, pp. 1, 30, 39–41.

Penal Code criminalizes the smuggling, distribution, and sale of psychotropic drugs, a category not previously covered by the country’s narcotics laws, and mandates short term imprisonment for quantities smaller than 10 grams.⁶⁹⁶ The Counter Narcotics Justice Centre (CNJC) prosecutes all drug-related offenses.⁶⁹⁷ From January to March 2019, 262 cases related to 292 suspects were referred to the CNJC for prosecution. The CNJC primary court handed out 307 convictions and its appeals court 200 convictions during that period; 14 suspects were acquitted.⁶⁹⁸ Similar to the previous quarter, Kabul and Nangarhar Provinces had the most cases related to drug smuggling and drug trafficking, with 76 cases and 52 cases respectively.

COUNTERNARCOTICS



Opium poppies grow near a building complex. (DVIDS photo)

Between October and December 2018, Kabul Province had 93 cases and Nangarhar had 25 cases.⁶⁹⁹

According to the Department of State, the CNJC has an overall 98% conviction rate. However, the majority of those convicted are guilty of relatively minor drug offenses. Additionally, the CNJC sometimes lacks the capacity to investigate and prosecute high-level narcotraffickers.⁷⁰⁰ The lowering of the narcotic quantity thresholds as a result of the new Penal Code for prosecution at the CNJC increased the number of lower-level narcotics cases and increased the administrative and detention burdens on the CNJC. DOJ and INL are working with CNJC and the specialized units to investigate higher-level targets. DOJ and INL are also focusing efforts to encourage money-laundering investigations and asset confiscation in the pursuit of higher-level offenders. Moreover, the CNJC chief prosecutor is working to raise thresholds to focus on high-level offenders.⁷⁰¹

THE IMPACT OF PEACE SETTLEMENTS ON COUNTERNARCOTICS EFFORTS

The U.S. government is holding talks with the Taliban and laying the groundwork for an intra-Afghan dialogue on a peace agreement. SIGAR's *High-Risk List* released in March 2019 raised questions about the state of counternarcotics efforts in the event of a peace settlement, as a peace accord would not necessarily translate to a reduction in the country's illicit narcotics trade or opium-poppy cultivation.⁷⁰² Afghan drug-trade expert David Mansfield notes that discussions surrounding peace and reconciliation largely overlook the economic impact of the country's illegal drug trade. Opium poppy is the country's most valuable cash crop, valued at \$863 million, and the largest industry, employing over 500,000 individuals. Assuming that the Taliban will repeat their 2000 opium-poppy cultivation ban in areas under their control once a peace deal is reached fails to address the complex issues and risks to a political settlement, according to Mansfield.⁷⁰³ He adds, experience shows that bans are short-lived, ineffective, and destabilizing.⁷⁰⁴

According to Mansfield, the political situation in provinces where drugs are produced includes multiple armed groups, some with members holding positions in the provincial and central government, vying for control over revenues.⁷⁰⁵ Therefore, solutions focusing on drug prohibition, regulation, or controlled counternarcotics interventions, like alternative development, are inadequate.⁷⁰⁶ The Taliban has not said it would support a ban on opium in the event of a peace settlement and the current Taliban movement is also fragmented, so they're unlikely to be able to successfully enforce an opium ban. Further, Taliban commanders would face resistance from local farmers.⁷⁰⁷ Many areas of the country where the crop is concentrated have few alternatives to opium-poppy cultivation.⁷⁰⁸

Mansfield says counternarcotics efforts should focus on the most harmful effects since the production, trade,

and abuse will not be eliminated in Afghanistan. If a political settlement is reached, Mansfield recommends that the Afghan government should make defining the problems caused by illicit drugs a development priority; dedicate resources to monitor and restrict the financing of armed groups; and develop rural-development programs that help farmers strengthen and diversify their livelihoods—allowing for the differences among socioeconomic groups—without contributing to increases in opium-poppy cultivation.⁷⁰⁹

But even if the Afghan government implemented all those suggestions in the event of a peace deal, countering Afghanistan's narcotics trade will remain challenging. Colombia's peace deal, for example, is often cited as a model for Afghanistan, given Colombia's challenges with its illicit coca trade. The Colombian government signed a peace agreement in 2016 with the Revolutionary Armed Forces of Colombia (FARC), who funded most of their insurgency primarily through the coca trade, just as the Taliban earns significant revenue from opium.⁷¹⁰

The United States has invested over \$10 billion since the start of Plan Colombia in 1999 on improving security, disrupting the drug trade, and combating criminal networks in Colombia. Besides law-enforcement efforts, Plan Colombia also featured crop substitution and alternative development in rural areas to reduce coca cultivation.⁷¹¹ Though coca cultivation decreased after the agreement went into effect, UNODC recently reported that criminal groups have moved in to fill the vacuum and expanded cultivation in areas previously controlled by FARC.⁷¹² In 2018, INL reported that coca cultivation and production in Colombia exhibited "extraordinary growth ... over the past three years."⁷¹³

COUNTERNARCOTICS

TABLE 3.36

INTERDICTION RESULTS, FISCAL YEARS 2010–2019											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ¹	TOTAL
Number of Operations	263	624	669	518	333	270	190	157	194	103	3,321
Detainees	484	862	535	386	442	394	301	152	273	136	3,965
Hashish seized (kg)	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,327	42,842	144,476	1,010,440
Heroin seized (kg)	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,975	3,223	2,638	42,587
Morphine seized (kg)	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	10,127	1,047	178,442
Opium seized (kg)	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	23,180	11,689	395,839
Precursor chemicals seized (kg)	20,397	122,150	130,846	36,250	53,184	234,981	42,314	89,878	22,863	49,763	802,626

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.

¹ Results for period 10/1/2018–6/17/2019.

Source: DOD(CN), response to SIGAR data call, 7/29/2015, 7/20/2017, 9/24/2018, and 7/12/2019.

SIGAR AUDIT

SIGAR issued a financial audit this quarter entitled “Department of State’s Afghanistan Interdiction and Support Services Program, Audit of Costs Incurred by PAE Justice Support.” The audit examined \$32.6 million in costs charged to the contract between March 2016 and September 2017 by Pacific Architects and Engineers Inc. (PAE). The Department of State awarded the contract to PAE for services supporting the specialized narcotics law-enforcement units within the Counter Narcotics Police of Afghanistan. SIGAR found one significant deficiency in PAE’s internal controls, one instance of noncompliance with the terms and conditions of the contract, and identified \$160,941 in questioned costs.

More information is available in Section 2.

Interdiction Results

For the period April 1 to June 17, 2019, DOD reported seizures of 2,883 kilograms (kg) (6,356 lbs) of opium, 944 kg (2,081 lbs) of heroin, 1,098 kg of hashish (2,421 lbs), 32,860 kg (72,444 lbs) of chemicals, and 4.5 kg (9.9 lbs) of methamphetamine tablets by Afghan security forces.⁷¹⁴ A kilogram is about 2.2 pounds.⁷¹⁵ According to the United Nations, the Afghan government dismantled 11 heroin-manufacturing laboratories between February 15 and May 15, 2019.⁷¹⁶

According to DOD, Afghan security forces conducted 30 operations resulting in 45 detentions between April and June 17, 2019. The security situation remains poor, often hindering the access of government forces to extensive areas where opium is grown, and where drug products are transported, processed, and sold.⁷¹⁷ During the quarter, most interdiction activities occurred in the southwest region. These events included routine patrols, cordon and search operations, vehicle interdictions, and detention operations. Seizures from Afghan combined operations are listed in Table 3.36.⁷¹⁸

Though the performance and capacity of Afghan specialized units has improved over the years, the number of seizures and arrests they conduct have minimal impact on the country’s opium-poppy cultivation and production. For example, cumulative opium seizure results since the start of the reconstruction effort amount to approximately 8% of the country’s 6,400 metric tons of opium production as reported by UNODC for 2018.⁷¹⁹

As Inspector General John Sopko testified before the House Oversight and Reform Subcommittee on National Security in April 2019, “Our eradication has absolutely had no effect on the amount of poppy being produced ... the amount of interdiction that we have done over the last 10 years ... is still only equal to less than 5 percent of what was produced in 2017.”⁷²⁰

Regional and International Cooperation

Tackling Afghanistan's illicit drug trafficking requires support and cooperation of international and regional partners.⁷²¹ In April, officers of the Afghan Counter-Narcotics Police Mobile Detection Team trained counterparts in Uzbekistan on risk analysis, search techniques, and drug identification. Supported by the United Nations, the training was the first of its kind delivered by the team outside Afghanistan.⁷²² Mobile Detection Teams travel in vehicles, collect intelligence about narcotics and precursor chemicals, and conduct interdiction operations.⁷²³

The Afghan government signed a memorandum of understanding on May 22 with the governments of Georgia, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan to facilitate interdiction efforts for illegal substances. The Inter-Regional Network of Customs Authorities and Port Control Units will operate within the framework of the UNODC's Global Container Control Programme (CCP), which aims to prevent the cross-border movement of illicit goods.⁷²⁴

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.⁷²⁵ INL has disbursed \$6.9 million since the program's inception in 2008.⁷²⁶ This year, the dissolution of MCN coincided with the eradication planning period. Consequently, minimal eradication planning took place for 2019.⁷²⁷ UNODC reported the eradication of 406 hectares during 2018, a 46% decrease from 2017. Eradication took place in Kunar, Nangarhar, Kandahar, and Badakhshan Provinces. No eradication took place in Helmand, the highest poppy-cultivating province, between 2016 and 2018.⁷²⁸

As Figure 3.49 on the following page illustrates, eradication efforts have had minimal impact on curbing opium-poppy cultivation. Since 2008, on average, annual eradication results represent 2% of the total yearly opium-poppy cultivation total.⁷²⁹

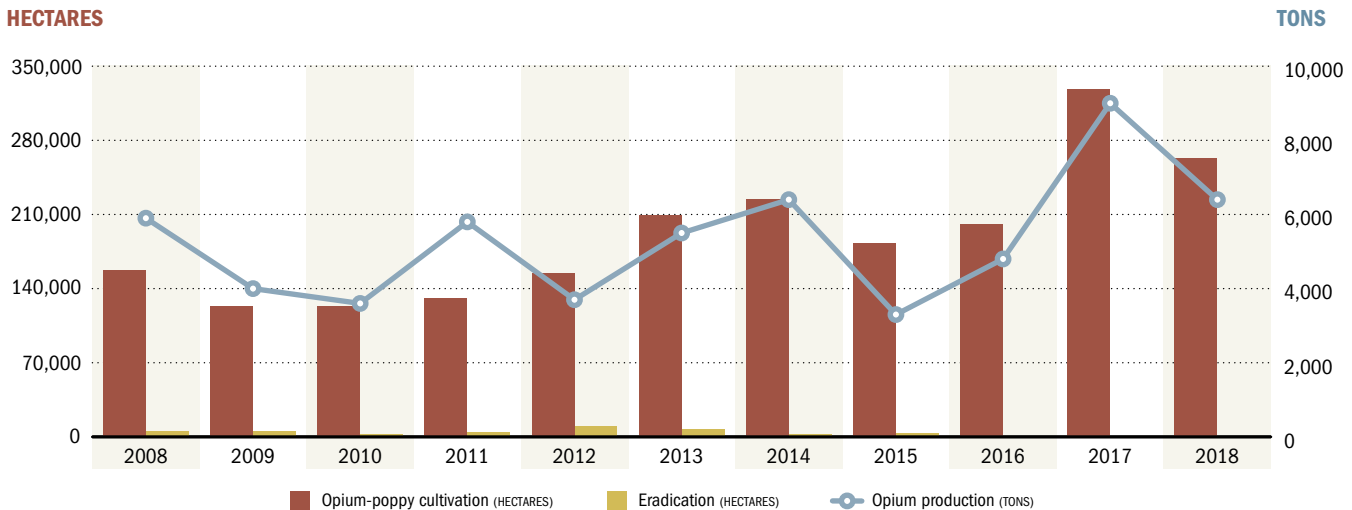
Good Performers Initiative

The 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.⁷³⁰ GPI projects included schools, roads, bridges, irrigation structures, health clinics, and drug treatment centers.⁷³¹ 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

COUNTERNARCOTICS

FIGURE 3.49

AFGHAN OPIUM-POPPY CULTIVATION, ERADICATION, AND PRODUCTION SINCE 2008



Source: UNODC, *World Drug Report 2019, Booklet 3: Depressants*, 6/2019, pp. 79, 81, 83.

SIGAR AUDIT

SIGAR’s audit of INL’s drug-treatment programs in Afghanistan issued during the quarter examined the extent to which INL and its implementers: (1) evaluated the performance of its drug-treatment projects; (2) conducted required oversight; and (3) assessed the sustainability of the projects, and identified and addressed program challenges. The audit found that INL is unable to determine the progress or impact of its drug treatment projects since it has not evaluated them. It relied on information provided by the implementers without validating it. INL also did not monitor the projects in accordance with State Department guidance.

More information is found in Section 2 of this report.

phasing it out.⁷³² No new GPI projects have been approved since April 30, 2016.⁷³³ As of April 2019, INL reported that 286 projects valued at \$126.9 million were contracted prior to that time. Only two are still in progress. As of April, the construction of the \$409,716 irrigation intake in Balkh Province was 86% complete and the \$162,354 school construction in Parwan Province was 70% complete.⁷³⁴ 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 awards were granted.⁷³⁵

TREATMENT AND PREVENTION

INL works closely with international partners to coordinate and execute capacity building and training activities for Afghan service providers in drug prevention, treatment, and recovery.⁷³⁶ 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 38.5% of rural households tested positive for some form of illicit drug.⁷³⁷ According to the UNODC, opium remains the predominant opioid used in Afghanistan, with nearly 70% of opioid users reporting using opium, but there is also significant use of heroin and nonmedical use of pharmaceutical opioids.⁷³⁸

According to INL, MCN's dissolution will have little impact on drug-demand-reduction programs since MOPH is currently responsible for implementing drug-demand-reduction policy.⁷³⁹ The United States and the Afghan government are finalizing a plan to transfer some U.S.-funded drug-treatment centers to the Afghan government. INL is finalizing the plan to include the modifications from a December 2018 bilateral workshop with the **Colombo Plan** held in Jakarta.⁷⁴⁰ The transition plan will be finalized at the September 2019 Stakeholders Meeting with representatives from various Afghan government ministries, NGOs, the Colombo Plan, and UNODC.⁷⁴¹

In December 2018, INL signed a \$2.8 million agreement to fund drug-treatment centers under its control. INL will provide additional funds through a future agreement to support the treatment centers until December 31, 2020.⁷⁴²

Most of the patients at the 86 drug-treatment centers (DTCs) supported by INL are adult males. Of the 86 facilities, 67 are inpatient centers and 19 are outpatient centers; 24 are dedicated to women, adolescents, and children.⁷⁴³ Forty-four of the residential treatment centers also offer home-based services, with six of them providing services to adult females.⁷⁴⁴ INL has developed a software tool to monitor inventory and procurement at INL-funded drug treatment centers. In September 2018, INL used the tool to monitor DTCs in Kabul. The inventory and procurement tool has since been implemented at the NGO headquarters since most of the needed documentation is not held at the centers.⁷⁴⁵

The Colombo Plan Drug Advisory Programme (DAP) implements a program providing scholarships and fellowships with the MCN to Afghan students at Asian University for Women (AUW). The program's aim was to improve technical capacity and promote gender integration within the Afghan government.⁷⁴⁶ The \$2 million program currently has five fellows in various departments at the MCN. One fellow dropped out of the program in March 2019. The Colombo Plan and INL are developing memoranda of understanding (MOU) with various Afghan government ministries due to the dissolution of MCN.⁷⁴⁷ MOUs with the Ministry of Public Health (MOPH), MOI, and Ministry of Agriculture, Irrigation and Livestock (MAIL) have been signed; those with the Ministry of Education and Ministry of Information and Culture are pending.⁷⁴⁸

INL has obligated and disbursed approximately \$159.7 million for the Colombo Plan since 2008 on drug-demand-reduction programs in Afghanistan.⁷⁴⁹ 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.⁷⁵⁰

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. The organization has since expanded to include 26 member countries. INL supports the Colombo Plan's Universal Treatment Curriculum, a national level training and certification system for drug-addiction counselors aimed at improving the delivery of drug treatment services in Africa, Asia, and Latin America.

Source: Colombo Plan Secretariat website, "History," www.colombo-plan.org, accessed 7/1/2017; INL, *International Narcotics Control Strategy Report, Volume I: Drug and Chemical Control*, 3/2018, p. 19.

COUNTERNARCOTICS

TABLE 3.37

ALTERNATIVE LIVELIHOOD PROGRAMS					
Project Title	U.S. Implementing Agency	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Regional Agricultural Development Program-North (RADP-N)	USAID	5/21/2014	5/20/2019	\$78,429,714	\$71,719,485
Commercial Horticulture and Agricultural Marketing Program (CHAMP)	USAID	2/1/2010	12/31/2019	71,292,850	64,384,275
Afghansitan Value Chain-Livestock (AVC-L)	USAID	6/9/2018	6/8/2021	55,672,170	6,515,164
Afghansitan Value Chain-High Value Crops (AVC-HVC)	USAID	8/2/2018	8/1/2023	54,958,860	4,593,975
Regional Agricultural Development Program-East (RADP-E)	USAID	7/21/2016	7/20/2021	28,126,111	13,055,016
Community-Based Agriculture and Alternative Development-West (CBARD-West)	INL	9/1/2016	4/18/2020	24,368,607	24,368,607
Community-Based Agriculture and Alternative Development-East (CBARD-East)	INL	11/11/2017	11/11/2020	22,128,683	22,128,683
Boost Alternative Development Intervention Through Licit Livelihoods (BADILL)	INL	8/12/2016	8/12/2020	20,000,000	20,000,000
Promoting Value Chains-Western Afghanistan (PVC-W)	USAID	9/20/2017	9/19/2020	19,000,000	9,264,411
TOTAL				\$373,976,995	\$236,029,615

Source: State, INL, response to SIGAR data call, 3/20/2019; USAID, response to SIGAR data call, 7/10/2019.

ALTERNATIVE DEVELOPMENT

The United States is currently implementing alternative-development initiatives, within the framework of the Afghanistan Integrated Country Strategy, to reduce illicit drug production and promote sustainable agriculture-led economic growth.⁷⁵¹ The U.S.-funded programs listed in Table 3.37 are discussed in this section of the report.

Boost Alternative Development Intervention Through Licit Livelihoods

The State Department-funded Boost Alternative Development Interventions through Licit Livelihoods (BADILL) project, implemented by UNODC, aims to strengthen and diversify licit livelihoods of small and marginal farmers through alternative development methods. The project supports and strengthens selected **value chains** in production, processing, quality control, and market linkages across the following 13 target provinces: Helmand, Uruzgan, Nimroz, Samangan, Jowzjan, Takhar, Bamyan, Wardak, Parwan, Panjshir, Paktiya, Paktika, and Nangarhar.⁷⁵²

According to INL, BADILL's most notable achievements are maintaining the poppy-free status of provinces targeted by the projects, and that certain targeted districts have experienced average percentage declines in opium-poppy cultivation.⁷⁵³ Since BADILL commenced activities in December 2017, opium-poppy cultivation declined in the northern

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.

provinces of Jowzjan and Samangan. However, this was likely attributable to the drought, according to the UNODC.⁷⁵⁴ UNODC reported that from April to June 2018 most seedlings and saplings perished in Helmand and Uruzgan because of the drought.⁷⁵⁵ Takhar lost its poppy-free status in 2017 and no data was available for 2018 in UNODC's opium survey.⁷⁵⁶ Had any decrease in opium-poppy cultivation been recorded for Takhar—it would have likely been due to the drought, not necessarily as a result of BADILL's interventions. The UNODC attributes decreases in Helmand and Uruzgan to lower opium prices—likewise not due to project interventions as INL claims.⁷⁵⁷

Paktika, Paktiya, Panjshir, Parwan, Wardak, and Bamyan Provinces have been poppy-free since 2008 and Samangan lost its poppy-free status in 2016.⁷⁵⁸

From January through March 2019, the project established 762 orchards, provided nearly 55,000 saplings, 3.4 metric tons (MT) of flax, and pea seed, and 35 MT of fertilizer to farmers. Additional activities such as sales of eggs from backyard poultry (2.6 million eggs) and dairy milk (154 MT) brought in approximately \$320,000. According to the UNODC, 192.4 hectares of land were brought under licit cultivation.⁷⁵⁹

The project also facilitated the participation of female entrepreneurs to several events such as the International Women's Day Jobs and Fair Exhibition, the UNAMA Welfare exhibition, and the National Spring Agriculture Exhibition. The exhibitions provided male and female beneficiaries the opportunity to showcase their products, engage with other producers, meet distributors and wholesalers, and share ideas about increasing the quality and reach of their products. During the exhibitions, 21 BADILL beneficiaries sold approximately \$5,900 worth of off-farm products (natural soap, mint oil, dry fruit, and mint tea). UNODC reported that one of the events hosted by MAIL Minister Nasir Ahmad Durrani, featured speeches encouraging Afghan farmers to embrace licit agriculture.⁷⁶⁰

Community-Based Agriculture and Rural Development

The State Department-funded Community-Based Agriculture and Rural Development (CBARD) projects implemented by the United Nations Development Programme (UNDP) work to improve household income while reducing dependency on illicit poppy cultivation for selected communities in 12 high-poppy-cultivating districts in Badghis, Farah, and Nangarhar Provinces. The projects also aim to develop and strengthen community-based agribusiness infrastructure, such as irrigation, transportation, and storage facilities.⁷⁶¹ Though security remains a challenge in areas targeted by both CBARD projects, all beneficiaries have signed commitments not to grow poppy and CBARD farmers are gaining access to regional markets and implementing projects in some of the most challenging areas of the country.⁷⁶² SIGAR's lessons-learned report on

COUNTERNARCOTICS

TABLE 3.38

COMMUNITY-BASED AGRICULTURE AND RURAL DEVELOPMENT PROGRAM				
Project Title	Start Date	End Date	Implementing Partner	Total Cost
CBARD-East	11/2017	12/2020	UNDP	\$22,128,683
CBARD-West	11/2016	4/2020	UNDP	24,368,607
Total				\$46,497,290

Note: All funds have been disbursed.

Source: INL, response to SIGAR vetting, 1/13/2017; State, INL, *Letter of Agreement with UNDP*, 11/09/2017; State, INL, response to SIGAR data call, 3/20/2019.

counternarcotics found that interventions such as CBARD to reduce poppy cultivation with conditionality agreements, were not sustainable when coupled with security challenges.⁷⁶³ Information about the CBARD projects is available in Table 3.38.

Community-Based Agriculture and Rural Development-East

The \$22 million, State Department-funded Community-based Agriculture and Rural Development-East (CBARD-E) project strengthens community-based local production and marketing of high-value crops in 100 communities in Nangarhar Province. CBARD-E will assess alternative livelihoods to opium cultivation in communities and expect to directly benefit approximately 28,500 households (199,500 individuals). In addition to building capacity in these communities, State said CBARD-E strengthens public and private agribusiness infrastructures such as value-chain facilities, irrigation, and transportation.⁷⁶⁴

From January 1 to March 31, 2019, staffing changes in the provincial office and security challenges disrupted activities in Nangarhar, resulting in delays across all project activities. CBARD-E is working with local authorities to improve planning and preparation to make-up for delays for 2019. The implementer expects that improved planning and coordination with partners on capacity-building initiatives will bring activities back on track over 2019.⁷⁶⁵

CBARD-E made plans to start the cultivation of tomato, cucumber, aloe vera, maize, and beans in the **micro-greenhouses** constructed in 2018, with the goal of harvesting during the period of Ramadan, when prices and demand are highest. The goal is to provide farmers with increased income to disincentivize opium-poppy cultivation.⁷⁶⁶

Community-Based Agriculture and Rural Development-West

The State-Department-funded \$24 million Community-based Agriculture and Rural Development-West (CBARD-W) project strengthens community-based local production and marketing of high-value crops in 63 communities in Farah and Badghis Provinces. CBARD-W will assess alternative livelihoods as alternatives to opium cultivation in communities

Micro-greenhouses: 60 square meter greenhouses given primarily to women for income diversification and production at the household level. They are often close to the homes to allow access for women and produce seedlings for commercial greenhouses.

Source: State, INL, response to SIGAR vetting, 1/15/2019.

and directly benefit approximately 33,240 households (232,680 individuals). In addition to building capacity in treatment communities, State said CBARD-W strengthens public and private agribusiness infrastructures such as value-chain facilities, irrigation, and transportation.⁷⁶⁷

Between January 1 and March 31, CBARD-W trained 205 beneficiaries on post-harvest farming techniques, and distributed 21 horticulture and 207 toolkits to farmers. The kits enable the processing of vegetables into pickles, jams, and other products and households participating in the project earn an average of AFN 10,000 (\$130) per month in extra income. CBARD-W also established 170 new kitchen gardens and six new compost units.⁷⁶⁸

Construction of 18 raisin houses and 70 micro-greenhouses was completed during the quarter and the greenhouses will potentially bring the farmers an average yearly income of AFN 58,250 (\$10,110) starting the second year. In 2018, vegetables grown in CBARD-W greenhouses provided farmers an income of approximately \$132,055.⁷⁶⁹

By working with district government representatives and community leaders, the project has increased the participation of women. CBARD-W trained 454 women on post-harvest and other agricultural techniques; 474 women were also provided horticulture equipment and post-harvest toolkits.⁷⁷⁰ The remoteness, traditions, as well as security conditions of the CBARD-W project sites, pose difficulties for implementing activities for women. The project has sought to prioritize interventions such as kitchen gardens, and home-based greenhouses to ensure their participation. Since the start of the program, 317 women have received kitchen gardens, which are used to grow vegetables such as okra, eggplant, tomato, sponge gourd, pepper, lettuce, and cauliflower that help diversify vegetables both for sale and consumption.⁷⁷¹

Locating local suppliers meeting program requirements remains a challenge: all 118 input suppliers identified by the project are no longer functioning. The project has established 208 common-interest groups (CIGs) made up of farmers linked by a common production interest for a specific high-value crop.⁷⁷² According to INL, the CIGs will improve linkages between wholesalers and farmers.⁷⁷³

Regional Agricultural Development Program

USAID's Regional Agricultural Development Program (RADP) intends to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects have ended in the western, northern, and southern regions, but continue in the eastern region of Afghanistan. The remaining projects focus on strengthening farmers' productivity in 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.⁷⁷⁴

COUNTERNARCOTICS

TABLE 3.39

USAID REGIONAL AGRICULTURAL DEVELOPMENT PROGRAM (RADP)				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
RADP-North*	5/21/2014	5/20/2019	\$78,429,714	\$71,719,485
RADP-East	7/21/2016	7/20/2021	28,126,111	13,055,016
RADP-South*	10/07/2013	11/20/2017	111,414,339	108,475,771
RADP-West*	8/10/2014	10/25/2016	65,629,170	26,394,196
Total			\$283,599,335	\$219,644,468

Note: * Denotes concluded programs

Source: USAID, response to SIGAR data call, 7/10/2019.

As shown in Table 3.39, USAID funding for all RADP programs, targeting various regions of the country, amounts to approximately \$283.6 million and USAID has spent \$219.6 million as of July 9, 2019.⁷⁷⁵

USAID's midterm performance evaluation revealed mixed results among the RADP key indicators. Though projects sometimes failed to meet their targets, the evaluation team found that participants still benefited from engaging with the program. The RADP projects did not always address significant challenges such as access to finance, water shortages, and access to markets.⁷⁷⁶ GIS analysis showed mixed results with regard to suppressing opium-poppy cultivation. Poppy cultivation fell in the RADP-East and RADP-West regions. But in RADP-South, total hectares allocated to poppy cultivation increased, although the proportion of total agricultural land allocated to poppy cultivation decreased due to increases in licit agricultural production. In RADP-North, poppy cultivation rose substantially in terms of its absolute land area and its proportion of total agriculture.⁷⁷⁷

One of the report's recommendations is to support alternative-development financing that will connect businesses to sources of finance to improve the program's sustainability.⁷⁷⁸

RADP-North

Although USAID found that poppy cultivation rose substantially in RADP-North, in terms of its absolute land area and its proportion of total agriculture, USAID's implementing partner said RADP-North developed food and economic security for rural Afghans of six provinces: Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan.⁷⁷⁹ Activities strengthened farmers' capacity through improved production in the wheat, high-value crop, and livestock value chains.⁷⁸⁰ The \$78.4 million five-year program concluded in May 2019.⁷⁸¹ Overall, the cumulative sales value for goods and services produced by RADP-N over the five years exceed \$256 million, with

agribusiness profitability exceeding \$8 million and agribusiness sales surpassing \$56 million.⁷⁸²

RADP-N reports that activities in the wheat sector created a successful and viable supply system for agricultural services by the local private sector to support productivity all along the value chain. These services included land preparation through **laser land levelling** (LLL), provision of certified wheat seed supplied by private firms and sown through mechanized seeding by local service providers to contract harvesting. Training on all these services was provided to farmers, with multiple master farmers themselves becoming service providers.⁷⁸³ According to the implementer, each of the market-provided services increased wheat yields and/or reduced costs. Increasing yields and decreasing costs will encourage farmers to adopt, continue, and combine these LLL techniques and services.⁷⁸⁴

The program also targeted rural women with training in health, nutrition, and kitchen gardens to help them avoid overconsuming wheat-based products. Over 90% of women who established a garden continue to maintain it, with 40% reporting garden produce sales in their village market.⁷⁸⁵

Over the life of the program, RADP-N supported five northern dried fruit and nut agribusinesses that generated confirmed sales of \$28 million and follow-up orders of \$20 million, through participation at international trade shows in India, United Arab Emirates, Turkey, Kazakhstan, Uzbekistan, and China. Sales originated in both the host country and other nations (for example, Australia, Brazil, China, India, Iraq, Pakistan, several European countries, and the United States).⁷⁸⁶

Another RADP-N achievement was improved animal health through refresher and upgrade trainings for 134 existing **paravets**, combined with selection and training of 35 new paravets, to provide vaccination, deworming, and general health counselling to small-ruminant farmers. The 169 paravets (including six women) provided vaccination and deworming services with 90% and 81% of RADP-N participants reporting they regularly employ these services. From 2014 to 2018 the livestock mortality rate in RADP-N areas decreased from 16% to 10%, while 15 of the newly trained paravets establishing veterinary field units (VFUs) achieved an annual net profit of nearly \$4,000, or twice Afghanistan's GDP per capita, according to the *CIA World Factbook*.⁷⁸⁷

Program interventions led to improvements in feeding domestic animals, which lowered the animals' mortality rates and improved reproduction rates, resulting in more marketable animal products. The combined winter feeding and veterinary field units programs are estimated to have reduced the mortality loss by 25% (\$18.24 million to \$13.68 million), representing a net annual \$4.56 million gain to the northern economy.⁷⁸⁸ Butcher shops that participated in the program reported improved customer relationships, increased consumers, and increased average daily sales (60% to 70%). These

A laser land leveller: a machine equipped with a laser-guided drag bucket and is more effective and quicker in ensuring a flat, table-top like surface. An even land surface means irrigation water reaches every part of the field with minimal waste from runoff or water-logging. Laser land levelling is the operation to prepare the land before sowing with a laser land leveller.

Source: CGIAR, Research Program on Climate Change, Agriculture and Food Security, *Laser land levelling: How it strikes all the right climate-smart chords*, 5/26/2015, <https://ccafs.cgiar.org/research-highlight/laser-land-levelling-how-it-strikes-all-right-climate-smart-chords>, accessed 4/2/2019.

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

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

SIGAR AUDIT

SIGAR conducted a financial audit examining the \$30.2 million costs charged by Development Alternatives Inc. between January 1, 2016, and December 31, 2017, under the RADP-North project. SIGAR found over \$500,000 in questioned costs. More information is available in Section 2 of this report.

figures equate to an average annual revenue increase per butcher shop of as much as \$37,000.⁷⁸⁹

The two women-owned bakeries supported by RADP-N generated average monthly sales of \$3,500.⁷⁹⁰ Women's participation in RADP-N's activities reached 15–17% of all participants in an activity, when the activity was not specifically targeted to women.⁷⁹¹

As of July 9, 2019, USAID has disbursed \$71.7 million for RADP-N.⁷⁹²

RADP-East

USAID's 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 in July 2021.⁷⁹³ A grant awarded to a Nangarhar dairy processing company in February 2018 has enabled that business to nearly double its processing capacity to 800 liters per day and increase its annual sales from about \$37,000 to over \$137,000. That firm has sponsored training for 50 dairy farmers and hired additional workers as well as established contracts with other farmers—some without other markets for their small amounts of milk—to supply fresh milk.⁷⁹⁴

During the second quarter of FY 2019, RADP-E supported and monitored 28 grants valued at \$1.86 million in the targeted value chains of apricot, tomatoes, poultry, and dairy.⁷⁹⁵

The program supported the participation of eight Afghan businesses in the Dubai Gulfood exhibition held February 17–21. The exporters concluded confirmed deals valued at \$5.6 million, of which \$927,250 were specifically for the apricot value chain.⁷⁹⁶

The number of contract farming agreements expanded throughout the quarter: RADP-E has established over 700 linkages between small-scale producers and mid-size agribusinesses.⁷⁹⁷ To increase women's participation in the economy, the program facilitated approval of registration guidelines for women-owned businesses with several Afghan government agencies such as the Kabul Municipality, Ministry of Finance, Afghanistan Chamber of Commerce and Industry, and the Afghanistan Women Chamber of Commerce and Industry.⁷⁹⁸ Nine percent of the RADP-E's beneficiaries are women.⁷⁹⁹

Limited access to finance was one of the challenges identified in the RADP midterm performance evaluation. (Access to finance remains a challenge across Afghanistan and the World Bank notes that the credit intermediary function remains weak.)⁸⁰⁰ The evaluation recommended that future interventions support connecting businesses with sources of finance and building their capacity to obtain loans.⁸⁰¹ RADP-E's goal is to promote access to credit to a large number of beneficiaries in all eight provinces. It awarded a grant to an Afghan bank to update a printed guide for borrowers.

RADP-E is collaborating with other financial institutions about launching agriculture finance products, loans, and providing financial readiness training to poultry and dairy associations.⁸⁰² To prevent liquidity issues stemming from fraud or theft, USAID told SIGAR that RADP-E collaborates only with banks controlled by the Central Bank of Afghanistan and with micro-financial institutions governed by the Micro Finance Investment Support and Facilitation Agency.⁸⁰³ RADP-E's total value of agribusiness loan referrals during the second fiscal quarter reached \$3.1 million.⁸⁰⁴

Insecurity in both Ghazni and Kabul Provinces makes it difficult to implement activities there. RADP-E also faces challenges finding local vendors capable of furnishing equipment on time at competitive prices. The situation delays the grant-implementation process, however RADP-E works with other USAID-funded projects to share reliable vendor information to overcome that impediment.⁸⁰⁵

As of July 9, 2019, USAID has disbursed \$13.1 million.⁸⁰⁶

Commercial Horticulture and Agricultural Marketing Program

USAID's \$71.3 million 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.⁸⁰⁷

Last quarter, SIGAR reported that CHAMP initiated a grants program in December 2018.⁸⁰⁸ During the January to March 2019 period, CHAMP procured equipment for approved grantees and finalized applications from agribusinesses. The grants program provides matching funds to enable Afghan agribusinesses to expand and diversify their activities in the areas of processing, packaging, cold chain infrastructure, and quality assurance.⁸⁰⁹ CHAMP reported the export of 4,475 metric tons of raisins, dried fruit, various nuts and seeds. The exports, valued at over \$17 million, were shipped to Australia, Brazil, Canada, Germany, India, Iraq, Jamaica, Latvia, the Netherlands, Pakistan, Spain, Turkey, the United Arab Emirates (UAE) and the United Kingdom.⁸¹⁰

In February, CHAMP sponsored 10 exhibitors and 14 non-exhibiting agribusinesses to the 2019 Gulfood Exhibition in Dubai taking place February 17–21. This was CHAMP's eighth year participating at the trade show. Overall, Gulfood participation generated \$48.8 million in deals (\$33.7 million confirmed). Results for this year represent a 250% increase over last year's deals.⁸¹¹

CHAMP also conducted an export-readiness master class for 40 participants, including 13 women, from 35 Afghan companies. The course familiarized participants with the regulations and procedures inherent in export trade.⁸¹² The program also introduced new grape varieties

COUNTERNARCOTICS



An Afghan farmer tends greenhouse crops. (USAID photo)

and trellising to farmers (half of them women) in Kabul and Kandahar Provinces.⁸¹³

The program arranges farmer field schools (FFS) to support the exchange of knowledge between farmers and CHAMP staff. During the second fiscal quarter, nearly 500 farmers from Kandahar Province participated in FFS trainings on topics such as fertilizer application, use of lime sulfur, integrated pest management, winter pruning, and winter oil (oil that does not solidify or become cloudy in cold weather) application.⁸¹⁴ CHAMP also organized a roundtable for agribusinesses with representatives from the Agricultural Development Fund (ADF) on access to working capital. Businesses reported to CHAMP that commercial banks do not offer short-term loans (less than a year) and charge a high interest rate (22% or above) contrary to advertised rates. The participants noted that Afghan farmers increasingly request payments in advance for their products.⁸¹⁵ CHAMP is in discussions with ADF to develop a product that would enable businesses to obtain the working capital they need to execute large deals.⁸¹⁶

CHAMP participated in the 2019 International Agriculture and Industrial Fair (Ag Fair), held at Badam Bagh, Kabul during March 22–26. More than 200 companies showcased their products, including six women-owned businesses supported by CHAMP which generated sales totaling nearly AFN 426,000 (or \$5,511).⁸¹⁷ As of July 9, 2019, USAID has disbursed \$64.4 million.⁸¹⁸

Afghanistan Value Chains Program

These programs cover the regions previously targeted by now-inactive Regional Agricultural Development Programs (RADP).⁸¹⁹ The objective

COUNTERNARCOTICS

TABLE 3.40

AFGHANISTAN VALUE-CHAINS (AVC) PROGRAM					
Project Title	Implementing Agency	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Afghanistan Value Chain-Livestock (AVC-L)	USAID	6/9/2018	6/8/2021	\$55,672,170	\$6,515,164
Afghanistan Value Chain-High Value Crops (AVC-HVC)	USAID	8/2/2018	8/1/2023	54,958,860	4,593,975
Total				\$110,631,030	\$11,109,139

Source: USAID, response to SIGAR data call, 7/10/2019.

of RADP, discussed on pages 181-185, is to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects focus on strengthening farmers' productivity in 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.⁸²⁰ The Afghanistan Value Chains (AVC) programs similarly plan activities along high-value crops and livestock value chains.⁸²¹ Table 3.40, provides program value, duration, and expenditures to date.

Afghanistan Value Chains - High Value Crops

USAID's \$33.5 million Afghanistan Value Chains-High Value Crops (AVC-HVC) is a three-year project with a two-year option 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.⁸²² Activities are designed around "anchor firms"—which USAID defines as firms with the willingness and potential to create systemic change in their entire value-chain—and important value-chain service providers such as financial institutions, shipping and transport companies, and management consultant firms.⁸²³ The total budget for AVC-HVC will increase to \$55 million if USAID exercises the two-year option.⁸²⁴

The project established regional offices in Jalalabad, Kandahar, Herat, and Mazar-e Sharif during the first 2019 calendar quarter.⁸²⁵ Between January and March, AVC-HVC submitted nearly two dozen partnership agreement packages with those firms selected to be anchors, of which 11 were approved by the end of March. By end of February, the project completed the value chain analysis for 12 crops as well as a gender analysis.⁸²⁶

AVC-HVC supported eight anchor firms to participate in two trade events: the Gulfood tradeshow in Dubai in February and Spring Ag Fair in Kabul in March. The anchor firms achieved over \$20 million in confirmed and potential deals in Dubai, and over \$2,000 in direct sales in the Kabul Ag Fair.⁸²⁷ AVC-HVC collaborated with nine anchor firms to prepare and submit their loan applications to the ADF. The ADF approved \$4.6 million and disbursed



A U.S. Marine beside an Afghan poppy field during a military operation. (DVIDS photo)

\$1.4 million out of AVC-HVC's total pipeline value of \$6.16 million.⁸²⁸ As of July 9, 2019, USAID has disbursed \$4.6 million.⁸²⁹

Afghanistan Value Chains - Livestock

USAID's three-year, \$34.7 million Afghanistan Value Chains-Livestock (AVC-L) will work with anchor firms in the poultry, small ruminants, dairy products, and other livestock value-chains.⁸³⁰ The AVC-L contract includes a two-year option bringing its total five-year cost to \$55.7 million should USAID decide to exercise the option.⁸³¹ During the second quarter of FY 2019, AVC-L approved 36 of 62 received expressions-of-interest from livestock agribusinesses and signed 31 market partnership agreements; USAID approved 16 of 34 co-investment agreements submitted over the quarter.⁸³² The program developed a literacy and business management skills program for women that will target 35 women-owned livestock businesses.⁸³³

AVC-L also sponsored two firms to attend the 2019 Gulfood exhibition in Dubai in February resulting in signed potential deals worth approximately \$952,000. AVC-L connected several businesses with financial institutions and referred loan applications totaling \$1.87 million. The program organized a credit shura for women with financial experts, microfinance institutions and women agribusinesses jointly with Regional Agricultural Development-North and AVC-HVC.⁸³⁴ Program activities brought about the finalization of the country's slaughterhouse and animal market regulations, the review of the national dairy policy, and the development of veterinary-related regulations.⁸³⁵ As of July 9, 2019, USAID has disbursed \$6.5 million.⁸³⁶

Promoting Value Chains - Western Afghanistan

USAID's \$19 million Promoting Value Chains-Western Afghanistan (PVC-W) program is implemented by the UN's Food and Agriculture Organization (FAO).⁸³⁷ PVC-W aims to promote inclusive growth and create jobs in the agriculture sector by strengthening the capabilities of producers and private enterprises in:⁸³⁸

- increasing wheat productivity
- improving production and productivity of high-value crops
- enhancing technology utilization in the livestock industry
- building institutional capacity at provincial and district levels

The first year of the project, which launched in January 2018, targeted Herat Province. Activities were to expand to Badghis, Farah, and Nimroz Provinces the second year. However the agreement was amended in October 2018 because of the drought to bolster existing livestock support and wheat components in the provinces of Badghis, Ghor, Farah, and Herat.⁸³⁹

The project identifies and selects private-sector beneficiaries to participate in a project innovation fund (PIF) or a source of co-financing for selected agribusinesses and enterprises.⁸⁴⁰ 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 is intended to improve business performance by addressing some of the key barriers to production and marketing, as well as to support farmer and producer groups in adopting and using new technologies and equipment.⁸⁴¹

An initial group of companies was approved for the first round of PIF implementation during the second half of 2018.⁸⁴² Between October 2018 and March 2019, the project launched a simplified PIF for small and micro-businesses for up to \$5,000. With the preponderance of small and micro-businesses in the targeted areas, the implementer believes this will enable PCV-W to assist a greater number of companies. Six simplified applications were registered and one is under procurement.⁸⁴³ Insecurity in certain areas has led to delays in implementation. To compensate, interested companies and entrepreneurs have been invited to project offices in Herat and Badghis to meet with the project staff on the PIF for support and assistance in growing their business.⁸⁴⁴

As of July 9, 2019, USAID has disbursed \$9.3 million for PVC-W.⁸⁴⁵

