

3 RECONSTRUCTION UPDATE



RECONSTRUCTION UPDATE CONTENTS

Reconstruction in Brief	39
Status of Funds	40
Security	62
Governance	100
Economic and Social Development	134
Counternarcotics	166

Photo on previous page

U.S. Marines construct a bridge and improve 1,100 meters of roadway in Helmand Province. (CENTCOM photo)



RECONSTRUCTION IN BRIEF

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

U.S.-TALIBAN TALKS IN DOHA, QATAR

- U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad called the latter of two rounds of talks with the Taliban in Qatar “the most productive” to date, with “substantial progress.”
- The talks focused on: counterterrorism assurances, foreign troop withdrawal, dialogue and intra-Afghan negotiations, and a permanent ceasefire.
- Ambassador Khalilzad’s office confirmed to SIGAR that the latest round of talks ended on July 9 with both sides agreeing to set a date for another meeting.

INTRA-AFGHAN DIALOGUE

- On July 7 and 8, 44 Afghan delegates (including 10 women) and 17 Taliban representatives gathered for the German- and Qatari-sponsored “Intra-Afghan Peace Conference.”
- Ambassador Khalilzad’s office told SIGAR that the Doha dialogue included “serious” discussions and was a “strategic success.”

FIGHTING INTENSIFIES BETWEEN THE ANDSF AND THE TALIBAN

- The Afghan Special Security Forces increased offensive operations against the Taliban since December 2018, DOD says, as part of efforts to disrupt Taliban freedom of movement, defend key terrain, and compel productive Taliban participation in peace talks.
- The Taliban made more overall and “effective” (casualty-producing) attacks against the Afghan National Defense and Security Forces (ANDSF) and Coalition this quarter compared to last quarter, but fewer than in the same period a year ago.
- ANDSF personnel strength figures declined considerably compared to last quarter. This was due to the ANDSF switching its strength reporting to the number of personnel biometrically enrolled in the Afghan Personnel and Pay System (APPS),

rather than the number reported on hand by ANDSF elements.

AFGHANISTAN ECONOMIC DEVELOPMENTS REMAIN MIXED

- The United States is working with other donors to develop a post-peace economic plan for Afghanistan that aims to create jobs and increase capital inflows.
- Afghan government revenues increased by 9.5%, year-on-year, over the first five months of 2019.
- With the World Bank estimating growth at 1.8% in 2018 and the IMF 2.7%, Afghan real GDP growth remains low.

OPIUM OUTPUT REMAINS HIGH DESPITE DROUGHT

- Afghanistan remains the world’s largest cultivator and producer of opium: 263,000 hectares were cultivated in 2018 with a potential opium production of 6,400 metric tons.

U.S. FUNDING CHANGES

- Cumulative appropriations for reconstruction and related activities in Afghanistan since FY 2002 stood at approximately \$132.5 billion. SIGAR reports appropriations net of reprogramming actions and rescissions. In the quarter ending June 30, 2019, DOD reprogrammed \$604 million from ASFF to an account not related to Afghanistan reconstruction, reducing reported cumulative appropriations by that amount. See page 49 in the Status of Fund’s ASFF section of this report for additional information.
- Of the \$114.13 billion appropriated to the nine largest active reconstruction funds since FY 2002, approximately \$8.44 billion remained to be disbursed.
- DOD’s latest *Cost of War Report*, dated March 2019, says cumulative obligations for Afghanistan, including warfighting and DOD reconstruction spending, had reached \$755.7 billion. Afghanistan reconstruction accounted for 16% of the DOD total.

STATUS OF FUNDS CONTENTS

U.S. Reconstruction Funding for Afghanistan	42
U.S. Cost of War and Reconstruction in Afghanistan	44
Afghanistan Reconstruction Funding Pipeline	45
Afghanistan Security Forces Fund	46
Commander's Emergency Response Program	50
Drug Interdiction and Counter-Drug Activities	51
Economic Support Fund	52
Food For Peace: Title II and IDA Programs	53
Foreign Disaster Assistance: IDA Programs	54
International Narcotics Control and Law Enforcement	55
Migration and Refugee Assistance	56
Nonproliferation, Antiterrorism, Demining, and Related Programs	57
International Reconstruction Funding for Afghanistan	58

STATUS OF FUNDS

STATUS OF FUNDS

In accord with SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2019, the United States had appropriated approximately \$132.49 billion for reconstruction and related activities in Afghanistan since FY 2002. Total Afghanistan reconstruction funding has been allocated as follows:

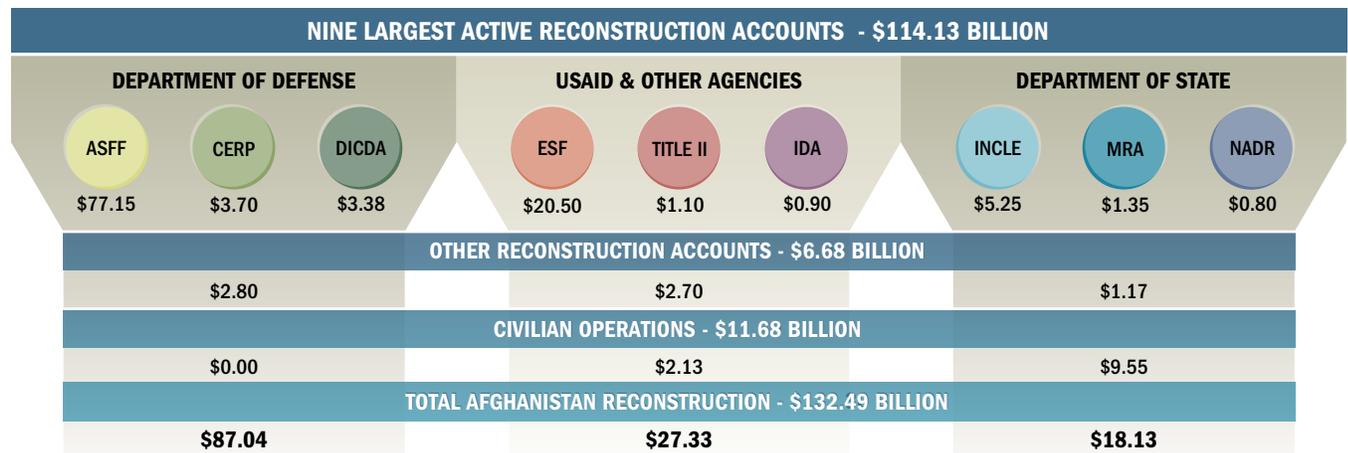
- \$82.67 billion for security (including \$4.69 billion for counternarcotics initiatives)
- \$34.45 billion for governance and development (\$4.36 billion for counternarcotics initiatives)
- \$3.69 billion for humanitarian aid
- \$11.68 billion for civilian operations

Figure 3.1 shows the nine largest active U.S. funds that contribute to these efforts. Prior to January 2019, SIGAR reported on seven major funds; the current nine-fund format reflects appropriations that have placed significant amounts in other funds.

- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- DICDA:** Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- TITLE II:** Public Law No. 480 Title II
- IDA:** International Disaster Assistance
- INCLE:** International Narcotics Control and Law Enforcement
- MRA:** Migration and Refugee Assistance
- NADR:** Non-Proliferation, Antiterrorism, Demining, and Related Programs

FIGURE 3.1

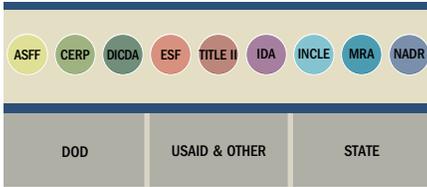
U.S. APPROPRIATIONS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS (\$ BILLIONS)



Note: Numbers have been rounded.

Source: Details of accounts, including sources of data, are provided in Appendix B to this report.

STATUS OF FUNDS



U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

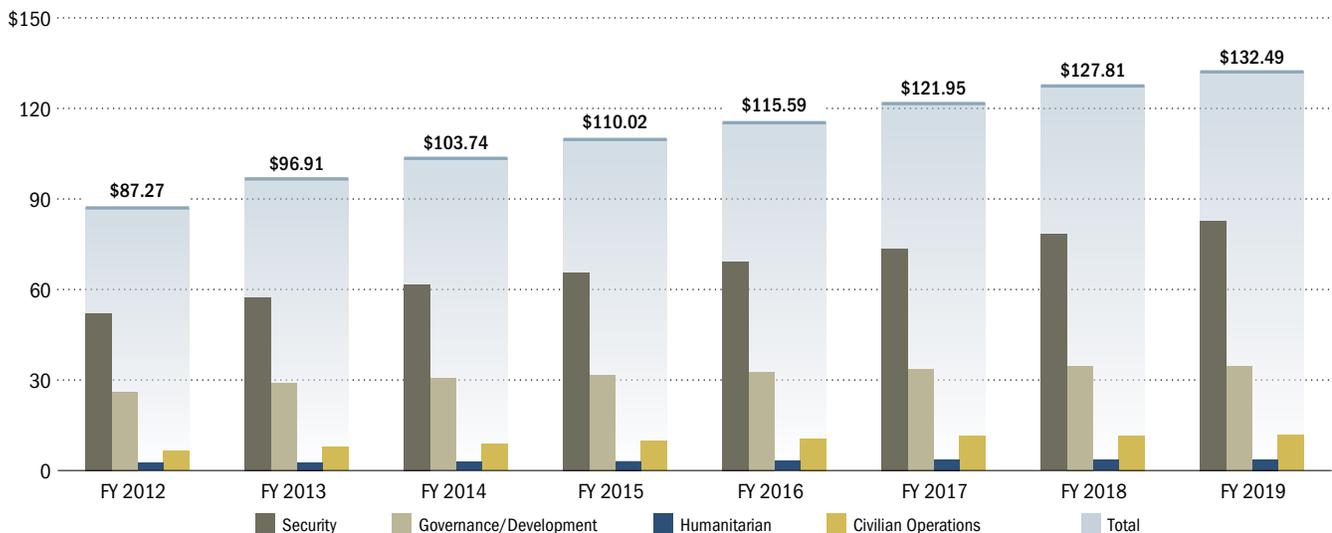
As of June 30, 2019, cumulative appropriations for reconstruction and related activities in Afghanistan totaled approximately \$132.49 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction and related funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$9.06 billion of these funds support counternarcotics initiatives that crosscut the security (\$4.69 billion) and governance and development (\$4.36 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The amount provided to the nine largest active U.S. funds represents more than 86.1% (over \$114.13 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, over 91.3% (more than \$104.21 billion) has been obligated, and nearly 87.7% (nearly \$100.09 billion) has been disbursed. An estimated \$5.60 billion of the amount appropriated for these funds has expired and will therefore not be disbursed.

President Donald J. Trump signed the Department of Defense Appropriations Act for Fiscal Year 2019 into law on September 28, 2018, providing appropriations for the Afghanistan Security Forces Fund (ASFF), the Commander's Emergency Response Program (CERP), and the Drug Interdiction and Counter-Drug Activities (DICDA) accounts for FY 2019. In the previous quarter, President Trump signed the Consolidated Appropriations Act for Fiscal Year 2019 into law on February 15. The joint resolution includes the Department of State, Foreign Operations, and

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY AS OF JUNE 30, 2019 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: Details of accounts, including sources of data, are provided in Appendix B to this report.

STATUS OF FUNDS

Related Programs Appropriations Act for Fiscal Year 2019, providing appropriations for the Department of State and the United States Agency for International Development (USAID). The U.S. Congress and State have not yet agreed on final allocations to specific countries, including Afghanistan, for the global foreign-assistance accounts, principally the International Narcotics Control and Law Enforcement (INCLE) account and the Economic Support Fund (ESF). The FY 2019 appropriation amount shown in Figure 3.3 will increase when this process is completed.

Since 2002, the United States has provided nearly \$15.10 billion in on-budget assistance to the government of Afghanistan. This includes about \$9.74 billion to Afghan government ministries and institutions, and about \$5.35 billion to three multinational trust funds—the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme’s Law and Order Trust Fund for Afghanistan (LOTFA), and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

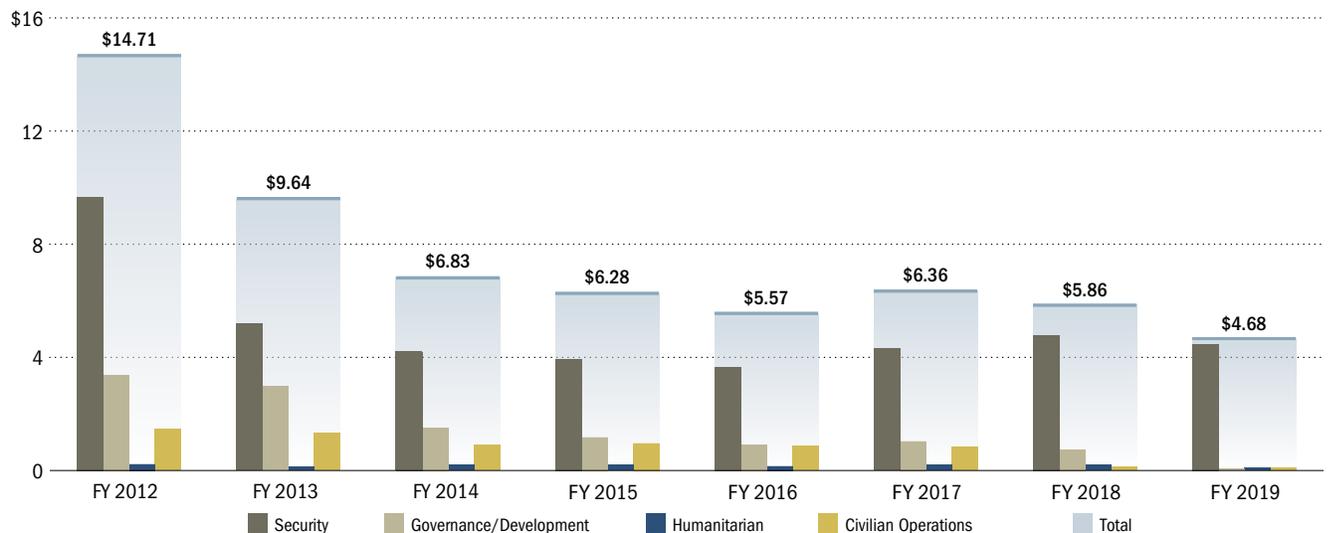
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Total On-Budget Assistance	\$15,095.01
Government-to-Government	9,744.57
DOD	8,952.86
USAID	706.52
State	85.19
Multilateral Trust Funds	5,350.44
ARTF	3,527.68
LOTFA	1,669.09
AITF	153.67

Note: Numbers have been rounded.

Source: USAID, response to SIGAR data call, 7/11/2019; State, response to SIGAR data call, 10/18/2018; DOD, response to SIGAR data call, 7/5/2019 and 10/19/2018; World Bank, ARTF: Administrator’s Report on Financial Status as of April 20, 2019 (end of 4th month of FY 1398), accessed 7/15/2019; UNDP LOTFA Receipts 2002-2019 Updated July 7, 2019, response to SIGAR data call, 7/15/2019.

FIGURE 3.3

ANNUAL APPROPRIATIONS BY FUNDING CATEGORY (\$ BILLIONS)



Note: Numbers have been rounded.

Source: Details of accounts, including sources of data, are provided in Appendix B to this report.

STATUS OF FUNDS

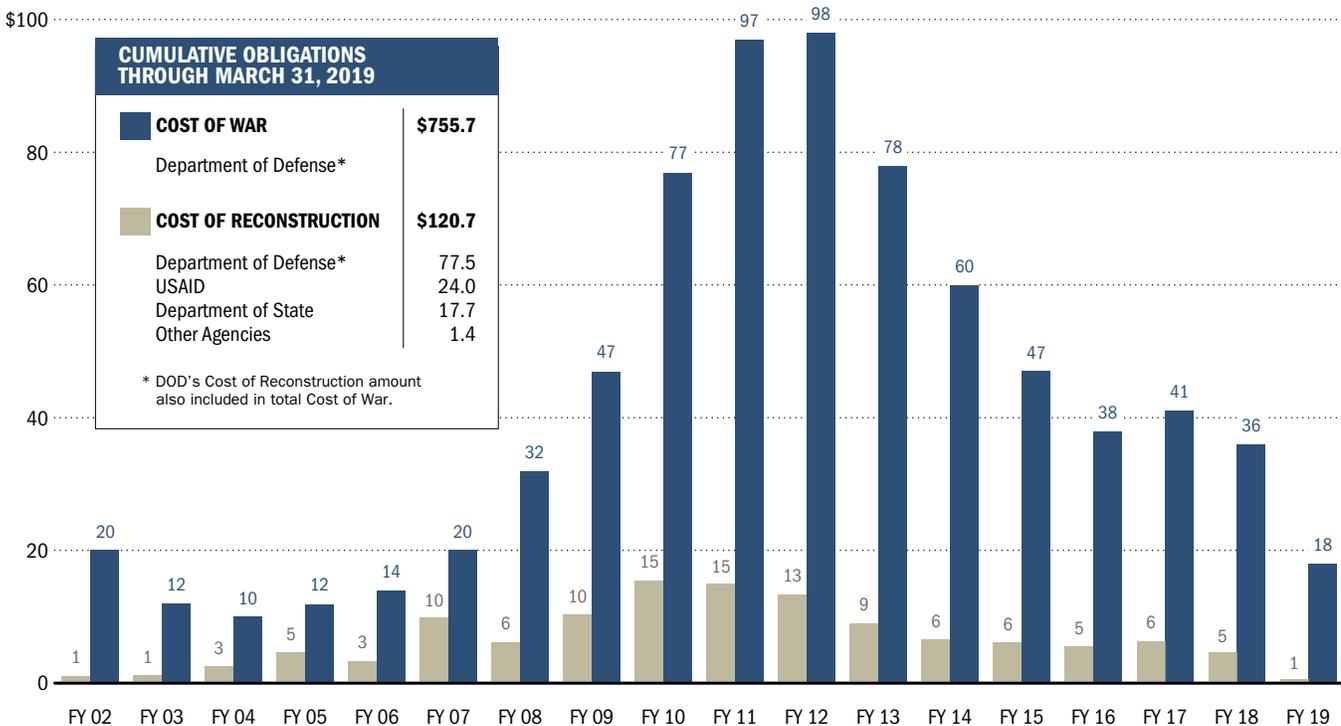
U.S. COST OF WAR AND RECONSTRUCTION IN AFGHANISTAN

Reconstruction costs for Afghanistan equal approximately 16% of all funds obligated by the Department of Defense for Afghanistan since 2001. DOD reported in its *Cost of War Report* as of March 31, 2019, that it had obligated \$755.7 billion for Operation Enduring Freedom and Operation Freedom’s Sentinel in Afghanistan, including the cost of maintaining U.S. troops in Afghanistan.²³

The comparable figures for Afghanistan reconstruction, consisting of obligations (appropriated funds committed to particular programs or projects for disbursement) of the DOD, Department of State, USAID, and other agencies was \$120.7 billion at that date. Note that the DOD contribution to the reconstruction of Afghanistan is contained in both the \$755.7 billion Cost of War and \$120.7 billion Cost of Reconstruction figures. Figure 3.4 presents the annual and cumulative costs for war and reconstruction in Afghanistan.

FIGURE 3.4

AFGHANISTAN COST OF WAR AND RECONSTRUCTION, ANNUAL AND CUMULATIVE OBLIGATIONS FY 2002 TO FY 2019 Q2 (\$ BILLIONS)



Note: Numbers have been rounded. Cumulative obligations through March 31, 2019, differ markedly from cumulative appropriations through June 30, 2019, because the former figures do not include unobligated appropriations and DOD reporting lags one quarter.

Source: DOD, *Cost of War Monthly Report*, Total War-related Obligations by Year Incurred, data as of March 31, 2019. Obligation data shown against year funds obligated. SIGAR analysis of annual obligation of reconstruction accounts as presented in SIGAR, *Quarterly Report to the United States Congress*, 4/30/2019. Obligation data shown against year funds appropriated.

STATUS OF FUNDS

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly \$132.49 billion for reconstruction and related activities in Afghanistan. Of this amount, more than \$114.13 billion (86.1%) was appropriated to the nine largest active reconstruction accounts, as shown in Table 3.2.

As of June 30, 2019, approximately \$8.44 billion of the amount appropriated to the nine largest active reconstruction funds remained for possible disbursement, as shown in Figure 3.5. These funds will be used to train, equip, and sustain the Afghan National Defense and Security Forces (ANDSF); complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

TABLE 3.2

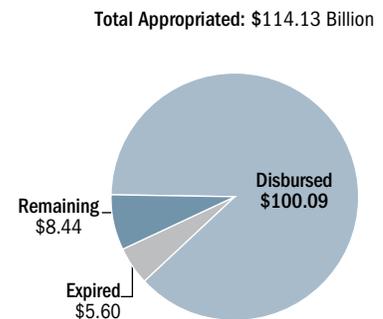
CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2019 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$77.15	\$70.52	\$69.59	\$4.51
Economic Support Fund (ESF)	20.50	19.23	16.80	2.92
International Narcotics Control and Law Enforcement (INCLE)	5.25	4.97	4.33	0.73
Commander's Emergency Response Program (CERP)	3.70	2.29	2.29	0.01
Drug Interdiction and Counter-Drug Activities (DICDA)	3.38	3.25	3.25	0.13
Migration and Refugee Assistance (MRA)	1.35	1.34	1.33	0.01
Public Law 480 Title II (TITLE II)	1.10	1.10	1.10	0.00
International Disaster Assistance (IDA)	0.90	0.86	0.74	0.13
Non-Proliferation, Antiterrorism, Demining, and Related (NADR)	0.80	0.67	0.67	0.00
Total Nine Largest Accounts	114.13	104.21	100.09	8.44
Other Reconstruction Funds	6.68			
Civilian Operations	11.68			
Total	\$132.49			

Note: Numbers have been rounded. The "Remaining" amount reflects the total disbursement potential of the nine largest active reconstruction accounts after deducting approximately \$5.60 billion that has expired. Expired funds equal the amount appropriated but not obligated after the period of availability for obligation has ended and thereafter reflects deobligated and canceled balances.

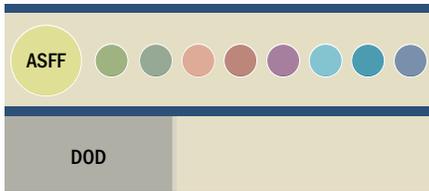
Source: SIGAR analysis of appropriation laws and obligation and disbursement data provided by DOD, State, and USAID, 7/19/2019.

FIGURE 3.5

**STATUS OF APPROPRIATED FUNDS,
NINE LARGEST ACTIVE ACCOUNTS (\$ BILLIONS)**



STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

AFGHANISTAN SECURITY FORCES FUND

Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding for salaries, as well as facility and infrastructure repair, renovation, and construction.²⁴ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan (CSTC-A).²⁵ A Financial and Activity Plan (FAP) must be approved by the Afghanistan Resources Oversight Council (AROC), concurred in by the Department of State, and prior notification provided to the U.S. Congress before ASFF funds may be obligated.²⁶

President Donald J. Trump signed into law the Department of Defense Appropriations Act, 2019, on September 28, 2018, providing an appropriation for the ASFF of \$4.92 billion for FY 2019. This amount was reduced by \$604.00 million, to \$4.32 billion, by the Department of Defense (DOD) through Reprogramming Action FY 19-02 RA on May 10, 2019, as shown below in Figure 3.6 (and as more fully described in Table 3.5 later in this section).²⁷ As of June 30, 2019, cumulative appropriations for ASFF stood at \$77.15 billion, with \$70.52 billion in funding having been obligated, and \$69.59 billion having been disbursed, as shown in Figure 3.7. DOD reported that cumulative obligations increased by nearly \$0.92 billion during the quarter ending June 30, 2019, and that cumulative disbursements increased by more than \$0.70 billion.²⁸

FIGURE 3.6

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

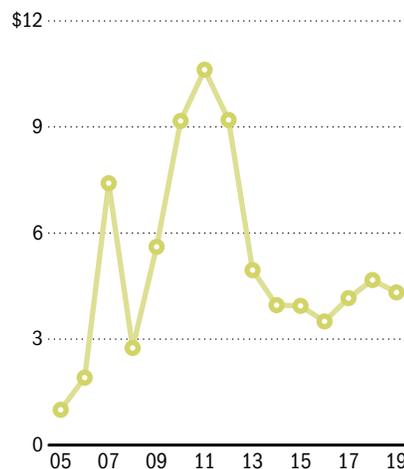
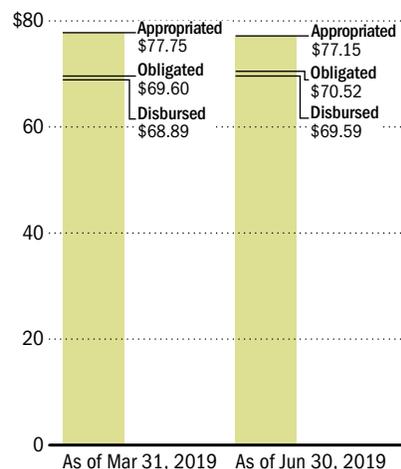


FIGURE 3.7

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



Note: Numbers have been rounded. Data reflects reprogramming actions and rescissions. DOD reprogrammed \$1 billion of FY 2011, \$1 billion of FY 2012, \$178 million of FY 2013, and \$604 million of FY 2019 out of the ASFF to fund other DOD requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. Pub. L. No. 115-141 rescinded \$100 million from FY 2017. Pub. L. No. 115-31 rescinded \$150 million from FY 2016. Pub. L. No. 113-6 rescinded \$1 billion from FY 2012. Pub. L. No. 113-235 rescinded \$764.38 million from FY 2014. Pub. L. No. 114-113 rescinded \$400 million from FY 2015.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2019," 7/18/2019; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2019," 4/12/2019; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

STATUS OF FUNDS

ASFF Budget Activities

DOD budgeted and reported on ASFF by three Budget Activity Groups (BAGs) through the FY 2018 appropriation. These BAGs consisted of:

- Defense Forces (Afghan National Army, ANA)
- Interior Forces (Afghan National Police, ANP)
- Related Activities (primarily Detainee Operations)

Funds for each BAG are further allocated to four subactivity groups (SAGs): Sustainment, Infrastructure, Equipment and Transportation, and Training and Operations.²⁹ The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and for any nonstandard equipment requirement in excess of \$100 million.³⁰

As of June 30, 2019, DOD had disbursed nearly \$68.62 billion from the ASFF appropriations for FY 2005 through FY 2018. Of this amount, more than \$47.07 billion was disbursed for the ANA, and nearly \$21.17 billion was disbursed for the ANP.

As shown in Figure 3.8, the largest portion of the funds disbursed for the ANA—nearly \$23.10 billion—supported ANA troop and equipment sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$9.36 billion—also supported sustainment of ANP forces, as shown in Figure 3.9.³¹

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

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

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

FIGURE 3.8

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005 TO FY 2018 APPROPRIATIONS THROUGH JUNE 30, 2019 (\$ BILLIONS)

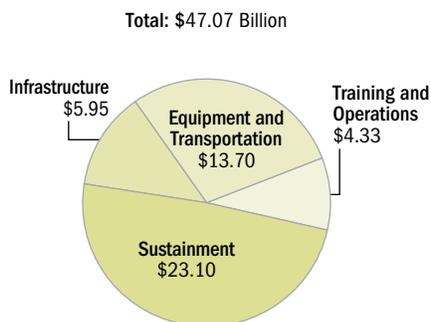


FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005 TO FY 2018 APPROPRIATIONS THROUGH JUNE 30, 2019 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2019," 7/19/2019.

STATUS OF FUNDS

New ASFF Budget Activity Groups for FY 2019

DOD revised its budgeting and reporting framework for ASFF beginning with its ASFF budget request for FY 2019, submitted to Congress in February 2018, and with its reporting beginning on October 1, 2018. The new framework restructures the Afghan National Army (ANA) and Afghan National Police (ANP) budget activity groups (BAGs) to better reflect the ANDSF force structure and new budget priorities. In FY 2018 and in previous years, all costs associated with the Afghan Air Force (AAF) fell under the ANA BAG and costs for the Afghan Special Security Forces (ASSF) were split between the ANA and ANP BAGs. Beginning with the FY 2019 ASFF appropriation, the ANDSF consist of the ANA, ANP, AAF, and ASSF BAGs, as presented below in Table 3.3.

Table 3.4 on the opposite page presents changes to the ASFF FY 2019 budget since the original appropriation of \$4.92 billion and its allocation to specific BAGs, SAGs, budget categories, and budget line items by ASFF Financial and Activity Plan 19-1 (FAP 19-1). These changes include a reduction in the appropriation by \$604.00 million by DOD Reprogramming Action FY 19-02 RA on May 10, 2019, and the realignment of \$48.64 million in funds between the Equipment and Training SAGs within the budget for the ASSF, as notified to Congress by ASFF Financial and Activity Plan 19-2 (FAP 19-2) on July 8, 2019.

TABLE 3.3

ASFF FY 2019 BUDGET, OBLIGATIONS, AND DISBURSEMENTS THROUGH JUNE 30, 2019 (\$ MILLIONS)			
Budget Activity Groups	Revised Budget (FAP 19-2)	Obligations	Disbursements
Afghan National Army	\$1,360.99	\$490.80	\$297.55
Afghan National Police	609.06	236.25	81.15
Afghan Air Force	1,656.36	514.03	417.79
Afghan Special Security Forces	689.58	185.45	176.95
Total	\$4,316.00	\$1,426.52	\$973.43

Notes: Numbers have been rounded.

Source: DOD, *Afghanistan Security Forces Fund (ASFF), Financial and Activity Plan, Fiscal Year 2019, 19-2 (FAP 19-2), 6/2019; AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2019, 7/18/2019.*

NATO ANA Trust Fund

The NATO ANA Trust Fund (NATF) has contributed more than \$1.56 billion to ASFF for specific projects funded by donor nations, and ASFF has returned nearly \$381.00 million of these funds following the cancellation or completion of these projects. DOD has obligated nearly \$848.14 million and disbursed more than \$678.75 million of NATF-contributed funds through ASFF as of May 31, 2019.³² These amounts are not reflected in the U.S. government-funded ASFF account information presented in Figure 3.6 and 3.7.

STATUS OF FUNDS

TABLE 3.4

ASFF FY 2019 APPROPRIATION, REPROGRAMMING ACTION, AND FAP 19-2				
(\$ MILLIONS)				
	FY 2019	May 2019	June 2019	FY 2019
	Appropriated	Reprogramming	Adjustments	Revised Budget
	(FAP 19-1)	Action	(FAP 19-2)	(FAP 19-2)
Afghanistan Security Forces Fund, Total	\$4,920.00	(\$604.00)	\$ —	\$4,316.00
Afghan National Army, Total	1,639.99	(279.00)		1,360.99
Sustainment, Total	1,274.99	(251.00)		1,023.99
Personnel	608.95	(185.79)		423.16
Ammunition	88.62	(23.73)		64.88
Communications & Intelligence	187.63	(30.62)		157.00
Petroleum, Oil, and Lubricants	52.23	57.75		109.97
All Other	337.57	(68.60)		268.97
Infrastructure, Total	137.73	(1.10)		136.63
Equipment and Transportation, Total	62.17	(5.70)		56.47
Training and Operations, Total	165.10	(21.20)		143.90
Afghan National Police, Total	726.26	(117.20)		609.06
Sustainment, Total	497.55	(72.17)		425.38
Petroleum, Oil, and Lubricants	105.47	(28.58)		76.88
All Other	392.09	(43.59)		348.50
Infrastructure, Total	42.98	(26.13)		16.85
Equipment and Transportation, Total	14.55	(6.60)		7.95
Training and Operations, Total	171.17	(12.30)		158.87
Afghan Air Force, Total	1,728.26	(71.90)		1,656.36
Sustainment, Total	893.17	(51.04)		842.13
Personnel	33.53	(21.39)		12.14
Ammunition	98.27	(26.59)		71.68
Petroleum, Oil, and Lubricants	56.40	(36.42)		19.98
Aircraft Contracted Support	692.29	32.00		724.29
All Other	12.69	1.35		14.04
Infrastructure, Total	30.35	(5.50)		24.85
Equipment and Transportation, Total	537.55	(6.09)		531.46
Aircraft	529.31	(5.61)		523.70
Other Equipment and Tools	8.24	(0.49)		7.75
Training and Operations, Total	267.19	(9.27)		257.92
Afghan Special Security Forces, Total	825.48	(135.90)		689.58
Sustainment, Total	476.94	(100.34)		376.61
Aircraft Sustainment	132.91	44.28		177.19
Personnel	142.66	(79.42)		63.23
All Other	201.37	(65.19)		136.18
Infrastructure, Total	43.13	(1.54)		41.59
Equipment and Transportation, Total	152.03	(34.02)	(48.64)	69.37
Training and Operations, Total	153.37	0.00	48.64	202.02

Note: Numbers have been rounded. Aircraft Contracted Support consists of the Aircraft Sustainment budget category less Ammunition and NSRWA Technical Assistance.

Source: DOD, *Reprogramming Action FY 19-02 RA, Support for DHS Counter-Drug Activity Reprogramming Action*, 5/9/2019; *Afghanistan Security Forces Fund (ASFF), Financial and Activity Plan, Fiscal Year 2019, 19-2 (FAP 19-2)*, 6/2019; *Fiscal Year 2019, Afghanistan Security Forces Fund (ASFF), Line Item Detail*, last modified 6/21/2019.

Reprogramming Note

DOD reprogrammed \$1.50 billion from various accounts, including \$604.00 million from the ASFF FY 2019 account, to the Drug Interdiction and Counter-Drug Activities, Defense (DICDA) FY 2019 account as part of Reprogramming Action FY 19-02 RA on May 10, 2019, to support Department of Homeland Security (DHS) counterdrug activities along the U.S. southern border. DHS asked DOD to assist in replacing vehicle barriers and pedestrian fencing, building roads, and installing lighting.

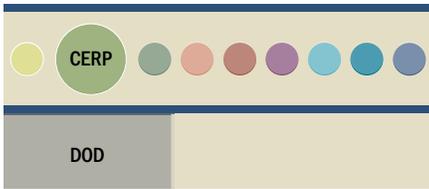
DOD cited Title 10, U.S. Code Section 284(b)(7) for authority, and said funds were available from “forward funding of Afghan National Defense and Security Forces (ANDSF) requirements in the FY 2018/2019 ASFF appropriation and from savings identified during a comprehensive contract management review” conducted by CSTC-A. DOD said ANDSF requirements would be fully supported with the revised funding levels.

DOD had taken a similar reprogramming action, FY 19-01 RA, to provide \$1.00 billion in funds to support DHS counterdrug activities along the U.S. southern border in March 2019.

The legal basis for the two reprogramming actions totaling \$2.50 billion has been successfully challenged, most recently in a July 3 ruling by the 9th Circuit U.S. Court of Appeals. The U.S. Department of Justice has asked for a prompt review of that ruling by the U.S. Supreme Court.

Source: DOD, *Reprogramming Action FY 19-02 RA, Support for DHS Counter-Drug Activity Reprogramming Action*, 5/9/2019; DOD, *Reprogramming Action FY 19-01 RA, Support for DHS Counter-Drug Reprogramming Action*, 3/25/2019; Roll Call, “Trump seeks Supreme Court help on building border wall quickly,” 7/19/2019, at <https://www.rollcall.com/news/whitehouse/193892-2>, accessed 7/21/2019.

STATUS OF FUNDS



CERP FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects estimated to cost less than \$500,000 each.³³ CERP-funded projects may not exceed \$2 million each.³⁴

The Department of Defense Appropriations Act, 2019, increased the annual appropriation for CERP from \$5.00 million in FY 2018 to \$10.00 million in FY 2019, bringing total cumulative funding to more than \$3.70 billion. Notably, CERP annual appropriations had equaled or exceeded \$400.00 million per year during the FY 2008 to FY 2012 period, as shown in Figure 3.10, and more than \$1.11 billion in appropriations from this period expired without being disbursed. DOD reported that CERP cumulative appropriations, obligations, and disbursements stood at approximately \$3.70 billion, \$2.29 billion, and \$2.29 billion, respectively, at both March 31, 2019, and June 30, 2019, as shown in Figure 3.11.³⁵

FIGURE 3.10

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

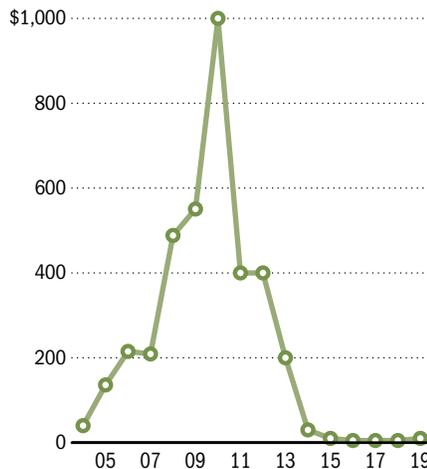
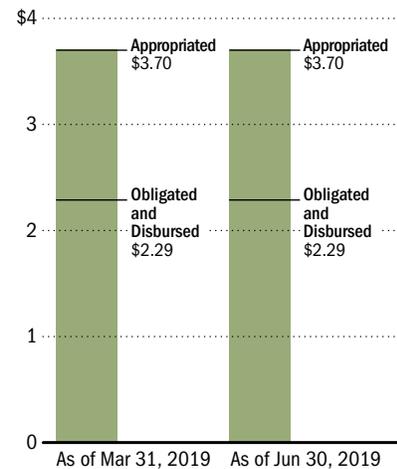


FIGURE 3.11

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



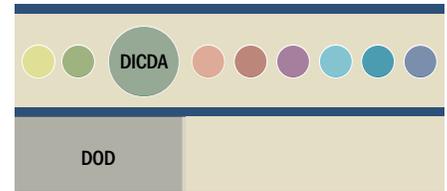
Note: Numbers have been rounded. Data may include interagency transfers. Analysis includes data from a draft DOD financial report because the final version had not been completed when this report went to press.

Source: DOD, response to SIGAR data call, 7/15/2019 and 4/16/2019; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The Drug Interdiction and Counter-Drug Activities (DICDA), Defense appropriation provides funding for efforts intended to stabilize Afghanistan by combating the drug trade and related activities. The DOD Counterdrug group allocates this funding to support the Counternarcotics Police of Afghanistan units (mentored by the DEA and U.S. Army Special Forces unit) who investigate high-value targets and conduct drug-interdiction operations. Funding is also provided to the Afghanistan Special Mission Wing (SMW) to support their fleet of rotary- and fixed-wing aircraft. The SMW's aircraft provide air mobility to conduct intelligence, surveillance, and reconnaissance operations aimed at counterdrug and counter-terrorism operations in country.³⁶

DOD Counterdrug reprograms appropriated DICDA funds from the Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. The group allocated funding to Afghanistan programs and transferred \$132.36 million to the CTA in the quarter ending March 31, 2019, bringing cumulative DICDA funding to more than \$3.38 billion since FY 2004.³⁷ Figure 3.12 shows DICDA appropriations by fiscal year. Figure 3.13 provides a cumulative comparison of amounts appropriated and transferred from the CD CTA.³⁸



DICDA FUNDS TERMINOLOGY

- Appropriations:** Total monies available for commitments
- Obligations:** Commitments to pay monies
- Disbursements:** Monies that have been expended

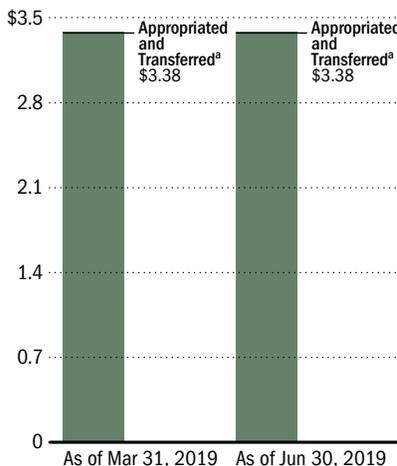
FIGURE 3.12

DICDA APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.13

DICDA FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

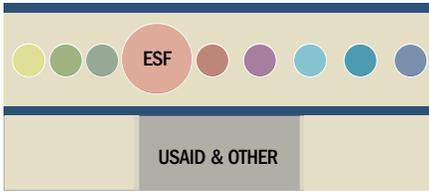


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DICDA due to several requirements for the Afghanistan Special Mission Wing to be funded from the ASFF instead of DICDA.

^a DOD reprograms all DICDA funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data call, 7/9/2019, 4/9/2019, and 10/8/2018; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs are intended to advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counterterrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.³⁹

The ESF was allocated \$500.00 million for Afghanistan for FY 2018 through the Section 653(a) consultation process between Congress and the Department of State concluding in the quarter ending September 30, 2018. The allocation to Afghanistan for the Department of State, Foreign Operations, and Related Programs Appropriation for FY 2019 enacted on February 15, 2019, has not been completed. Cumulative funding for the ESF stands at nearly \$20.50 billion, of which nearly \$19.23 billion had been obligated and nearly \$16.80 billion had been disbursed as of June 30, 2019.⁴⁰ Figure 3.14 shows ESF appropriations by fiscal year, and Figure 3.15 shows cumulative appropriations, obligations, and disbursements as of March 31, 2019, and June 30, 2019.

FIGURE 3.14

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)

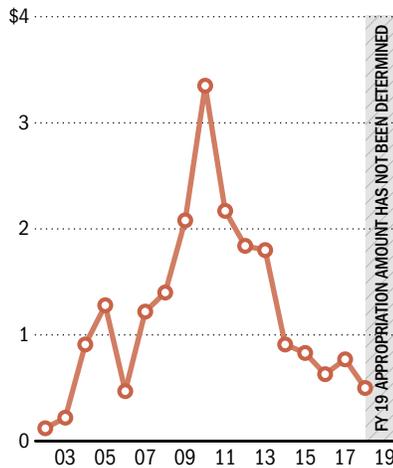
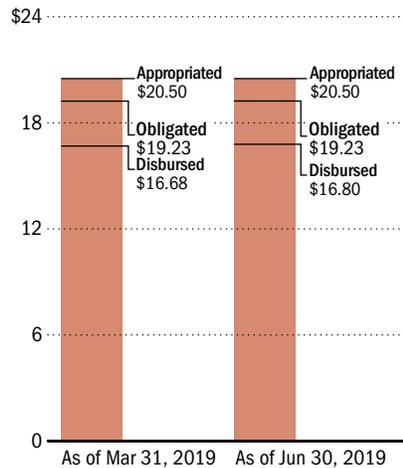


FIGURE 3.15

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014. FY 2016 ESF for Afghanistan was reduced by \$179 million and put toward the U.S. commitment to the Green Climate Fund.

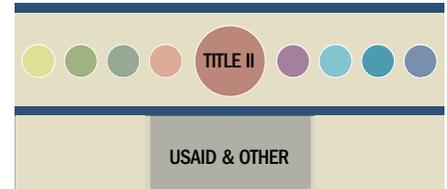
Source: USAID, response to SIGAR data call, 7/11/2019, 4/11/2019, 1/17/2019, 1/14/2019, and 10/15/2018; State, response to SIGAR data call, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

FOOD FOR PEACE: TITLE II AND IDA PROGRAMS

USAID's Office of Food for Peace administers Public Law 480 Title II and International Disaster Assistance (IDA) account resources that are requested and appropriated on a contingency basis to meet humanitarian needs worldwide, with a focus on emergency food and nutrition assistance. Food for Peace Title II resources are authorized by the Food for Peace Act and appropriated under the Agriculture appropriations bill, while IDA resources are authorized by the Foreign Assistance Act and Global Food Security Act and appropriated under the State, Foreign Operations, and Related Programs appropriation.⁴¹

The Office of Food for Peace obligates funding for emergency food-assistance projects when there is an identified need and local authorities do not have the capacity to respond. More than three decades of war, population displacement and returns, civil unrest, insurgent activity, and recurring natural disasters have contributed to chronic humanitarian need in Afghanistan.⁴²

USAID obligated nearly \$74.00 million through IDA funds (\$69.78 million) and Title II Emergency funds (\$4.22 million) to provide vulnerable, food-insecure Afghan households with emergency food and nutrition assistance in FY 2018; and it has obligated more than \$47.09 million in IDA funds in FY 2019.⁴³ Figure 3.17 indicates that approximately \$1.10 billion in Title II funds have been appropriated and transferred to Afghanistan programs from 2002 through June 30, 2019, and Figure 3.16 presents annual appropriations over this period.⁴⁴



FOOD FOR PEACE TITLE II AND IDA PROGRAMS

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

FIGURE 3.16

TITLE II APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

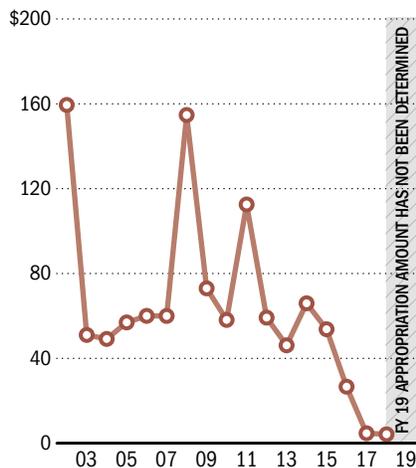
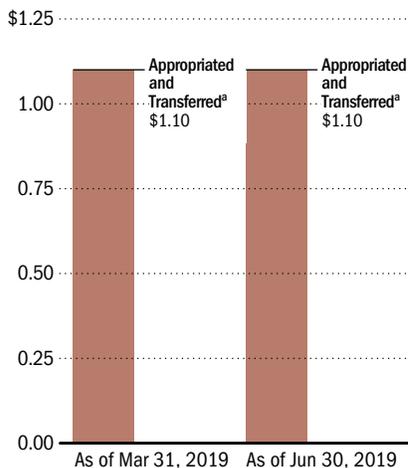


FIGURE 3.17

TITLE II FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

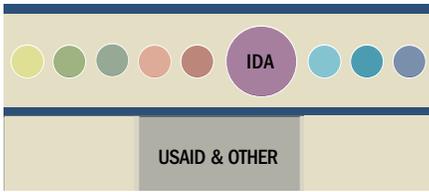


Note: Numbers have been rounded. No FY 2019 appropriations have yet occurred.

^a Title II Emergency account resources are requested and appropriated on a contingency basis to meet unmet humanitarian needs.

Source: USAID, response to SIGAR data call, 7/18/2019 and 4/15/2019.

STATUS OF FUNDS



IDA FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

FOREIGN DISASTER ASSISTANCE: IDA PROGRAMS

USAID’s Office of U.S. Foreign Disaster Assistance (OFDA) teams with the Office of Food for Peace (FFP) to administer International Disaster Assistance (IDA) funds.⁴⁵ OFDA is responsible for leading and coordinating the U.S. government response to disasters overseas. Its major programs include Relief Commodities & Logistics Support, Shelter & Settlements, Humanitarian Coordination & Information Management, Health, Protection, and WASH (water, sanitation, and hygiene). OFDA works closely with international partners such as the United Nations Children’s Fund (UNICEF), the United Nations World Health Organization (WHO), and others to deliver goods and services to assist conflict- and disaster-affected populations in Afghanistan.⁴⁶

USAID reported that nearly \$896.29 million in IDA funds had been allocated to Afghanistan from 2002 through June 30, 2019, with obligations of more than \$856.51 million and disbursements of more than \$738.14 million reported as of that date. Separately, OFDA reported that nearly \$475.78 million in IDA funds had been awarded to programs in Afghanistan from 2002 through June 30, 2019.⁴⁷ Figure 3.18 presents annual appropriations of IDA funds to Afghanistan. Figure 3.19 presents cumulative appropriations, obligations, and disbursements.⁴⁸

FIGURE 3.18

IDA APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

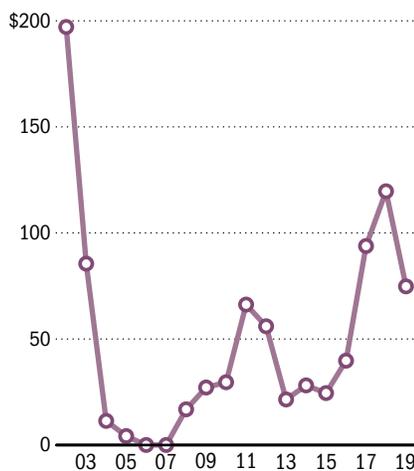
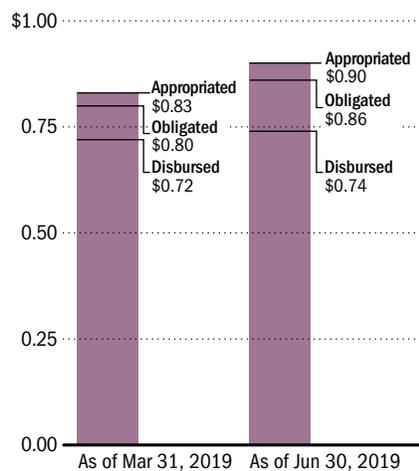


FIGURE 3.19

IDA FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



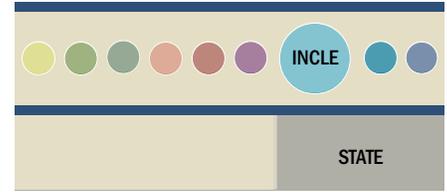
Note: Numbers have been rounded. Data may include interagency transfers.

Source: USAID, response to SIGAR data call, 7/11/2019, 4/11/2019, 1/14/2019, and 10/15/2018.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) manages the International Narcotics Control and Law Enforcement (INCLE) account which funds projects and programs for advancing the rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counternarcotics, and rule of law and justice.⁴⁹

The INCLE account was allocated \$160.00 million for Afghanistan for FY 2018 through the Section 653(a) consultation process between Congress and the Department of State concluding in the quarter ending September 30, 2018. The allocation to Afghanistan for the Department of State, Foreign Operations, and Related Programs Appropriation for FY 2019 enacted on February 15, 2019, has not been completed. Cumulative funding for INCLE stands at more than \$5.25 billion, of which nearly \$4.97 billion has been obligated and more than \$4.33 billion has been disbursed as of June 30, 2019. Figure 3.20 shows INCLE appropriations by fiscal year, and Figure 3.21 shows cumulative appropriations, obligations, and disbursements as of March 31, 2019, and June 30, 2019.⁵⁰



INL FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

FIGURE 3.20

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

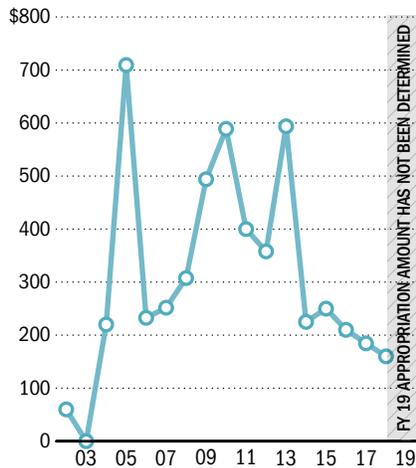
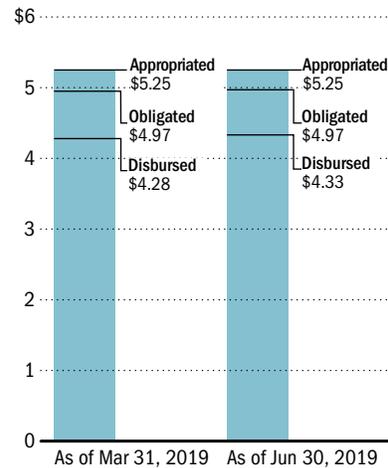


FIGURE 3.21

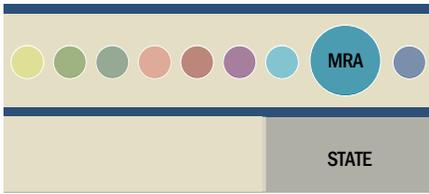
INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

Source: State, response to SIGAR data call, 7/11/19 and 4/8/2019.

STATUS OF FUNDS



MRA FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

MIGRATION AND REFUGEE ASSISTANCE

The Department of State's Bureau of Population, Refugees and Migration (PRM) administers the Migration and Refugee Assistance (MRA) account that funds programs to protect and assist refugees, conflict victims, internally displaced persons, stateless persons, and vulnerable migrants. Through MRA, PRM supports the work of the UN High Commissioner for Refugees (UNHCR), other international organizations, and various nongovernmental organizations (NGOs) in Afghanistan to support Afghan refugees throughout the region and upon their return to Afghanistan.⁵¹

The MRA allocation for Afghan refugees, internally displaced persons, and returnees was \$76.25 million from the FY 2018 MRA appropriation, which was followed by modest allocations in the first three quarters of FY 2019 amounting to \$10.61 million. Cumulative appropriations since 2002 totaled nearly \$1.35 billion as of June 30, 2019, with cumulative obligations and disbursements reaching \$1.34 billion and nearly \$1.33 billion, respectively, on that date. Figure 3.22 shows MRA appropriations by fiscal year, and Figure 3.23 shows cumulative appropriations, obligations, and disbursements as of March 31, 2019, and June 30, 2019.⁵²

FIGURE 3.22

MRA APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

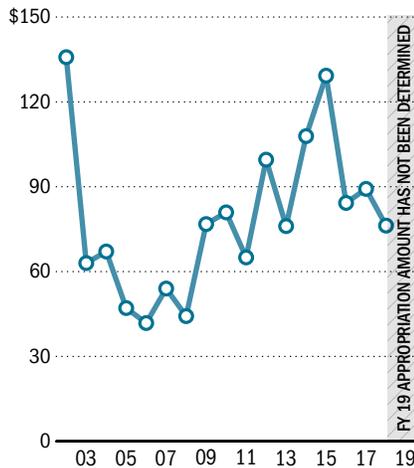
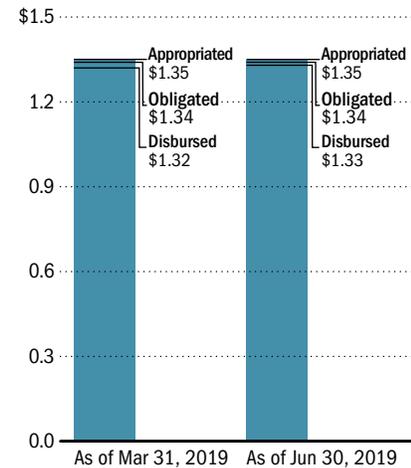


FIGURE 3.23

MRA FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



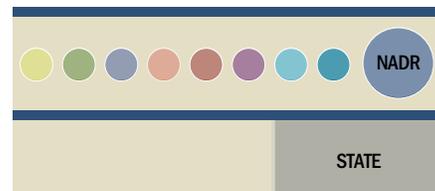
Note: Numbers have been rounded. Data may include interagency transfers.

Source: State, response to SIGAR data call, 7/12/2019 and 4/15/2019.

NONPROLIFERATION, ANTITERRORISM, DEMINING, AND RELATED PROGRAMS

The Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) account plays a critical role in improving the Afghan government's capacity to address terrorist threats, protect its borders, and remove dangerous explosive remnants of war.⁵³ The majority of NADR funding for Afghanistan is funneled through two subaccounts, Antiterrorist Assistance (ATA) and Conventional Weapons Destruction (CWD), with additional funds going to Export Control and Related Border Security (EXBS) and Counterterrorism Financing (CTF).⁵⁴

The Department of State and the U.S. Congress agree on the country-by-country allocation of annual appropriations for the foreign-assistance accounts, including NADR, through the Section 653(a) allocation process. The Office of Foreign Assistance Resources makes allocated funding available to relevant bureaus and offices that obligate and disburse these funds.⁵⁵ The allocation to Afghanistan was \$36.60 million for FY 2018, while the allocation for FY 2019 remains pending until the Section 653(a) process is completed this year. Figure 3.24 shows annual allocations to the NADR account, and Figure 3.25 shows that the cumulative total of NADR funds appropriated and transferred stood at \$804.54 million as of March 31, 2019, and June 30, 2019.⁵⁶



NADR FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

FIGURE 3.24

NADR APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

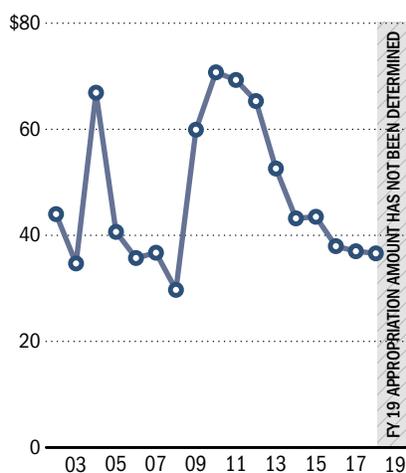
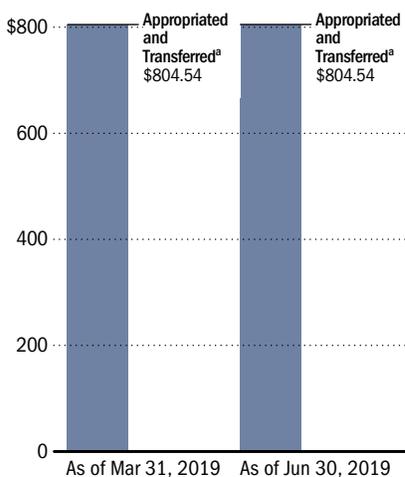


FIGURE 3.25

NADR FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded.

^a State and Congress agree on the country-by-country allocation of annual appropriations for the foreign assistance accounts, including NADR, through the Section 653(a) process. The Office of Foreign Assistance Resources makes allocated funding available to relevant bureaus at State that obligate and disburse these funds.

Source: State, response to SIGAR data call, 10/5/2018 and 10/10/2017.

STATUS OF FUNDS

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

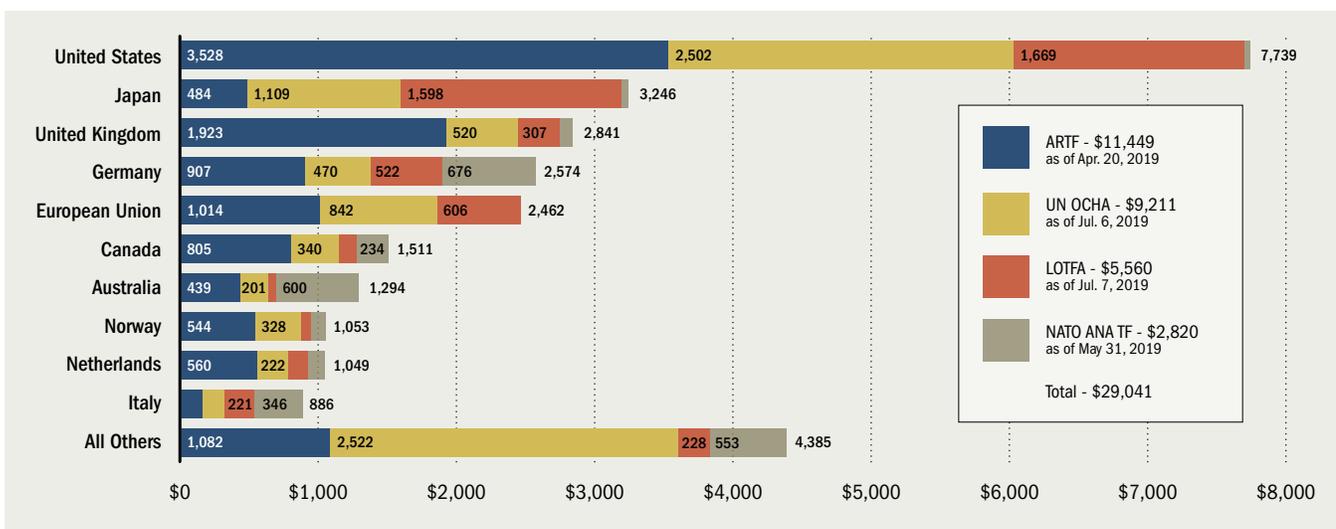
The international community provides significant funding to support Afghanistan relief and reconstruction efforts. A large share of the international funding is administered through multilateral trust funds. The four main multilateral trust funds are the World Bank-managed Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme (UNDP)-managed Law and Order Trust Fund for Afghanistan (LOTFA), the NATO-managed Afghan National Army (ANA) Trust Fund (NATO ANA Trust Fund or NATF), and the Asian Development Bank-administered Afghanistan Infrastructure Trust Fund (AITF). The UN's Office for the Coordination of Humanitarian Affairs (OCHA) leads annual humanitarian response plans and emergency appeals for Afghanistan, and provides timely reporting of humanitarian assistance provided by donors to facilitate funding of targeted needs.

Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan government's operational and development budgets comes through the ARTF. From 2002 to April 20, 2019, the World Bank reported that 34 donors had paid in nearly \$11.45 billion.⁵⁷ Figure 3.26 shows the five largest donors over this period as the United States, the UK, the European Union, Germany, and Canada.

FIGURE 3.26

CUMULATIVE CONTRIBUTIONS TO ARTF, UN OCHA-COORDINATED PROGRAMS, LOTFA, AND NATO ANA TRUST FUND BY 10 LARGEST DONORS (\$ MILLIONS)



Note: Does not include the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF), whose partners, the NATO ANA Trust Fund, Germany, Japan, the United Kingdom, and the United States, had committed \$841 million as of June 2018. Amounts under \$170 million not labeled.

Source: World Bank, ARTF: Administrator's Report on Financial Status as of April 20, 2019 (end of 4th month of FY 1398) at www.artf.af, accessed 7/15/2019; UN OCHA, Financial Tracking Service at <https://fts.unocha.org>, accessed 7/6/2019; UNDP, LOTFA Receipts 2002-2019, Updated July 7, 2019, in response to SIGAR data call 7/15/2019; NATO, Afghan National Army (ANA) Trust Fund, Media Backgrounder, Status of Contributions Made as of May 31, 2019 at www.nato.int, accessed 7/15/2019; ADB, Afghanistan Infrastructure Trust Fund 2018 Fact Sheet at www.adb.org, accessed 7/15/2019.

STATUS OF FUNDS

Figure 3.27 shows that these five countries were also the largest donors to the ARTF for Afghan FY 1397 (December 22, 2017–December 21, 2018). The ARTF received contributions of \$1.02 billion in Afghan FY 1397, marking the second-highest annual amount of contributions received by the fund in its 17-year history.

Contributions to the ARTF are divided into two funding channels, the Recurrent Cost (RC) Window and the Investment Window.⁵⁸ As of April 20, 2019, according to the World Bank, nearly \$5.05 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as civil servants’ salaries.⁵⁹ To ensure that the RC Window receives adequate funding, donors to the ARTF may not “prefer-ence” (earmark) more than half of their annual contributions.⁶⁰

The Investment Window supports development programs. As of April 20, 2019, according to the World Bank, nearly \$5.51 billion had been committed through the Investment Window, and nearly \$4.62 billion had been disbursed. The Bank reported 39 active projects with a combined commitment value of more than \$2.92 billion, of which more than \$2.03 billion had been disbursed.⁶¹

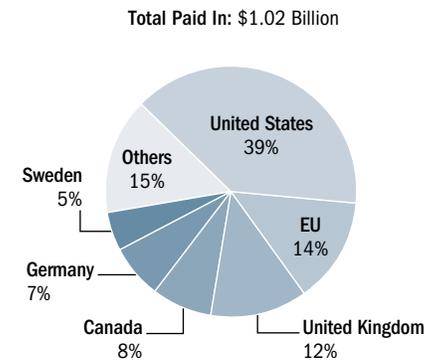
Contributions to UN OCHA-Coordinated Humanitarian Assistance Programs

The UN’s Office for the Coordination of Humanitarian Affairs (OCHA) leads annual humanitarian response plans and emergency appeals for Afghanistan, and provides timely reporting of humanitarian assistance provided by donors to facilitate funding of targeted needs. Donors have contributed over \$9.21 billion to humanitarian assistance organizations from 2002 through July 6, 2019, as reported by OCHA. OCHA-led annual humanitarian response plans and emergency appeals for Afghanistan accounted for nearly \$6.17 billion, or 67.0%, of these contributions.

The United States, Japan, and the European Union have been the largest contributors to humanitarian assistance organizations in Afghanistan since 2002, as shown in Figure 3.26; and the United States, United Kingdom, and the European Union were the largest contributors in 2018, when the international community contributed \$540.13 million to these organizations, as shown in Figure 3.28. The World Food Programme (UN WFP), the UN High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross, the UN Children’s Fund (UNICEF), and the UN Mine Action Service (UNMAS) have been the largest recipients of humanitarian assistance in Afghanistan, as shown in Table 3.5 on the following page.⁶²

FIGURE 3.27

ARTF CONTRIBUTIONS BY DONOR, AFGHAN FY 1397 (PERCENT)

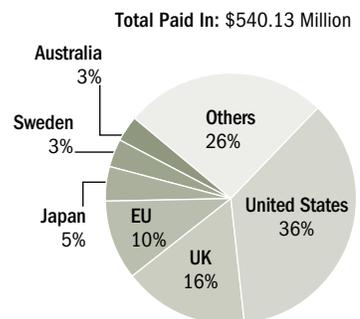


Note: Percentages may not add to 100% due to rounding. “Others” includes 10 donors.

Source: World Bank, ARTF: Administrator’s Report on Financial Status as of April 20, 2019 (end of 4th month of FY 1398), at www.artf.af, accessed 7/15/2019.

FIGURE 3.28

UN OCHA-COORDINATED CONTRIBUTIONS BY DONOR, CALENDAR YEAR 2018 (PERCENT)



Note: Percentages may not add to 100% due to rounding. “Others” includes 22 donors.

Source: UN OCHA, *Financial Tracking Service* at <https://fts.unocha.org>, accessed 7/6/2019.

STATUS OF FUNDS

TABLE 3.5

**LARGEST RECIPIENTS OF HUMANITARIAN ASSISTANCE FOR AFGHANISTAN
UN OFFICE FOR THE COORDINATION OF HUMANITARIAN AFFAIRS (OCHA)
CUMULATIVE RECEIPTS 2002 TO JULY 6, 2019 (\$ MILLIONS)**

United Nations Organizations	Received from Donors
World Food Programme (UN WFP)	\$2,924.76
United Nations High Commissioner for Refugees (UNHCR)	1,168.78
United Nations Children's Fund (UNICEF)	465.06
United Nations Mine Action Service (UNMAS)	333.34
International Organization for Migration (UN IOM)	249.05
Food and Agricultural Organization (UN FAO)	192.53
Office for the Coordination of Humanitarian Affairs (UN OCHA)	139.44
World Health Organization (WHO)	99.85
Nongovernmental Organizations	
International Committee of the Red Cross	694.47
Norwegian Refugee Council	165.68
HALO Trust	106.84
Save the Children	90.09
All Other and Unallocated	2,581.29
Total Humanitarian Assistance Reported by OCHA	\$9,211.17
OCHA-Led Emergency Appeal and Annual Response Plans	\$6,169.50

Source: UN OCHA, *Financial Tracking Service* at <https://fts.unocha.org>, accessed 7/6/2019.

Contributions to the Law and Order Trust Fund for Afghanistan

The UNDP had historically administered the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).⁶³ Since 2015, UNDP had divided LOTFA support between two projects: the Support to Payroll Management (SPM) project, and the MOI and Police Development (MPD) project. The SPM project has aimed to develop the capacity of the Afghan government to independently manage all nonfiduciary aspects of its payroll function for the ANP and Central Prisons Directorate (CPD) staff. Almost 99% of SPM project funding goes toward ANP and CPD staff remuneration. The MPD project focused on institutional development of the MOI and police professionalization of the ANP. The project was concluded on June 30, 2018.

STATUS OF FUNDS

The LOTFA Steering Committee, composed of Afghan ministries, international donors, and the UNDP, approved restructuring the fund and changing its scope of operations on November 25, 2018. The organization has expanded its mission beyond the management of the SPM project to include the entire justice chain (police, courts, and corrections), and thereby cover all security and justice institutions, with an increased focus on anticorruption. A new multilateral trust fund, the LOTFA Multi-Partner Trust Fund (MPTF), was launched to fund this expanded mission, and donations of nearly \$66.79 million have been received from six donors, led by Canada, Denmark, and the UNDP (and without financial participation from the United States).⁶⁴

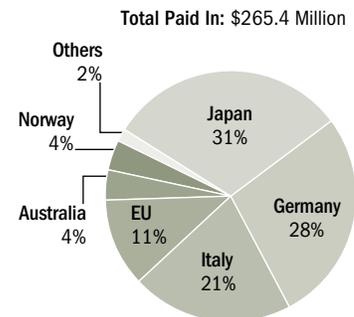
Donors have paid in nearly \$5.56 billion to the LOTFA from 2002 through July 7, 2019. Figure 3.26 shows the fund's two largest donors on a cumulative basis have been the United States and Japan. Figure 3.29 shows the largest donors to the LOTFA in 2018. Annual contributions to LOTFA have been halved since 2016, from nearly \$565.02 million to nearly \$265.43 million in 2018, the lowest level of support since 2008. The United States contributed \$114.40 million in 2016, but only \$1.04 million in 2018 and it has not yet made a contribution in 2019.⁶⁵

Contributions to the NATO ANA Trust Fund

The NATO ANA Trust Fund supports the Afghan National Army and other elements of the Afghan National Defense and Security Forces through procurement by the Afghanistan Security Forces Fund (ASFF) and the NATO Support and Procurement Agency (NSPA).⁶⁶ The Fund has received contributions from 29 NATO members, including the United States, and from six other Coalition partners totaling more than \$2.82 billion through May 31, 2019.⁶⁷ Figure 3.26 shows Germany, Australia, Italy, and Canada as the four largest contributors to the fund. The United States made its first contribution in FY 2018 amounting to \$40.69 million to support two projects under an existing procurement contract.⁶⁸

FIGURE 3.29

LOTFA CONTRIBUTIONS BY DONOR, CALENDAR YEAR 2018 (PERCENT)



Note: Numbers have been rounded. "Others" includes the United States and four other countries.

Source: UNDP, LOTFA Receipts 2002–2019, Updated July 7, 2019, in response to SIGAR data call, 7/15/2019.

SECURITY CONTENTS

Key Issues and Events	63
United States Forces-Afghanistan	71
Afghan National Defense and Security Forces	73
Quarterly Highlight: Structural Changes within the ANDSF	76
Afghan National Army	83
Afghan Air Force	88
Afghan National Police	92
Removing Unexploded Ordnance	97

SECURITY

KEY ISSUES AND EVENTS

Fighting between the Afghan National Defense and Security Forces (ANDSF) and the Taliban has increased in recent months as the parties to the conflict engaged in a series of peace talks, according to the Department of Defense (DOD) and Resolute Support (RS), the U.S.-led NATO mission in Afghanistan. DOD reported that, with U.S. and Coalition support, the ANDSF “increasingly targeted the Taliban with military pressure throughout the winter and into the spring to convince the Taliban that they cannot achieve their objectives by prolonging the conflict, and to set the conditions for a negotiated settlement.”⁶⁹ The increase in offensive operations was primarily driven by Afghan Special Security Forces (ASSF) missions focused on disrupting the Taliban’s freedom of movement and defending “key terrain,” such as major population centers, critical infrastructure, entry points into Afghanistan, and communication lines between population centers.⁷⁰

The Taliban also increased the number of its overall as well as “effective” (casualty-producing) attacks against the ANDSF and Coalition this quarter. According to RS, from March 1–May 31, 2019, enemy-initiated attacks (EIA) increased by 9% and effective enemy-initiated attacks (EEIA) increased by 17% compared to the preceding three months. However, this period’s EIA and EEIA fell somewhat compared to the same reporting period last year (March 1–May 31, 2018).⁷¹ DOD said that while “Taliban fighting capacity also suffered [from December 2018 to May 2019], the Taliban retain safe havens and recruiting pools in areas not targetable by ANDSF.”⁷²

DOD continued to note that the primary goal of the U.S. military strategy in Afghanistan is to support ongoing peace talks occurring between the parties to the conflict, and that violence typically spikes around these talks when the parties seek to increase their negotiating leverage.⁷³ U.S. officials met in early May and late June/early July in Doha, Qatar, for a series of talks with the Taliban. At the July intra-Afghan talks that followed, Afghan government officials in an unofficial capacity met with Taliban representatives along with other Afghans.⁷⁴

Two of the most deadly security incidents this quarter occurred while these talks were under way. The first was a series of Afghan and NATO airstrikes on May 6 in Farah Province that reportedly killed 150 Taliban militants, wounded 40, and destroyed 68 narcotics labs; the second was a July 1



U.S. Secretary of State Michael Pompeo with Resolute Support and U.S. Forces Commander General Austin Scott Miller during the Secretary’s visit to Kabul in late June. (USFOR-A photo)

“Our policy is to fight and talk. We’re fighting the Taliban, to pressure them into reduction of violence... I think we’re making progress.”

- Patrick Shanahan, Acting U.S. Secretary of Defense

Source: Then-Acting U.S. Defense Secretary Patrick Shanahan, testimony before the Senate Appropriations Subcommittee on Defense hearing on “Review of the FY2020 Budget Request for the Department of Defense,” 5/8/2018.

FIGURE 3.30



Note: Fatalities are estimates and only include the number of the opposing party killed.

Source: ACLED, South Asia 2016–Present dataset, 4/12/2019–7/16/2019, available online at <https://www.acleddata.com>; SIGAR, analysis of ACLED data, 7/2019; RFE/RL, “Official: 25 Elite Afghan Commandos Killed In Clashes With Taliban,” 7/17/2019.

Taliban car bomb targeting an Afghan government facility in Kabul City that killed at least 40 people and wounded 116 others (including 51 children).⁷⁵ Figure 3.30 details the most violent incidents over the quarter.

U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad called the latest round of talks between the U.S. and Taliban representatives “the most productive session to date.” He said the intra-Afghan dialogue that took place subsequently was “a critical milestone in the Afghan peace process,” but that “there [was] still important work left to be done before we have an agreement.”⁷⁶ For a full account of recent peace talks between the parties to the conflict, see pages 102–104 of the Governance section.

The human toll of the conflict continues to concern the international community as well as the Afghan government. The UN Assistance Mission in Afghanistan (UNAMA) issued statements this quarter listing several incidents in which dozens of civilians were killed during the month of Ramadan and afterwards, and urged the parties to the conflict to do more to protect Afghan civilians.⁷⁷ Afghan National Security Advisor Hamdullah Mohib also said on June 18 that at least 50 people per day die “in the fight against terrorism” in the country.⁷⁸ Though effective attacks against the ANDSF may have declined since the same period last year, RS reports that “casualty rates for the ANDSF are the same this quarter as they were in the same quarter one year ago.”⁷⁹

ANDSF personnel strength figures reported this quarter declined considerably compared to last quarter. Combined Security Transition Command-Afghanistan (CSTC-A) said this was due to the ANDSF switching their reporting of personnel strength to the number of personnel enrolled in the Afghan Personnel and Pay System (APPS) rather than the number reported on-hand by ANDSF components. This means that only those ANDSF personnel who have been biometrically validated in APPS are included in strength figures. The change was part of an effort by the United States and its partners to reduce opportunities for corrupt ANDSF officials to report “ghost” (nonexistent) soldiers and police on personnel rolls in order to pocket the salaries. CSTC-A said there are 180,869 Afghan National Army (ANA) and 91,596 Afghan National Police (ANP) personnel enrolled and accounted for in APPS as of May 25, 2019. This is roughly 10,000 ANA fewer and 25,000 ANP fewer than the numbers reported to SIGAR last quarter.⁸⁰ This quarter’s strength of 272,465 puts the ANDSF at 77.4%, and 79,535 personnel short, of its goal strength of 352,000.⁸¹

When asked about the gulf between last quarter’s Afghan-reported strength numbers and this quarter’s APPS validated ones, CSTC-A said that it “does not expect that the APPS reported data will ever equal the amount that was self-reported [by the Afghans]” and that it “cannot categorize the excess individuals as ‘ghost’ personnel, because it is not known why the Afghan reported numbers are higher.”⁸² SIGAR’s Investigations Directorate

is investigating the matter, and is contributing to efforts by SIGAR's Audits Directorate, CSTC-A, and the Afghan Attorney General's office to identify and address measures to reduce and/or eliminate payments for nonexistent police officers.⁸³

ANDSF Data Classified or Not Publicly Releasable

This quarter, USFOR-A classified the following data:

- some newly requested operational information about the 2nd Security Force Assistance Brigade (2SFAB)

USFOR-A continued to classify or restrict from public release, in accordance with classification guidelines or other restrictions placed by the Afghan government, the following data (mostly since October 2017):

- ANDSF casualties, by force element and total
- unit-level ANA and ANP authorized and assigned strength
- performance assessments for the ANDSF
- information about the operational readiness of ANA and ANP equipment
- Special Mission Wing (SMW) information, including the number and type of airframes in the SMW inventory, the number of SMW pilots, and the operational readiness (and associated benchmarks) of SMW airframes
- reporting on anticorruption efforts by the Ministry of Interior (unclassified but not publicly releasable)
- some information about the misuse of Afghan Special Security Forces (ASSF) by the Ministry of Defense and Ministry of Interior

The classified annex for this report includes the classified and nonreleasable data.

U.S. Reconstruction Funding for Security

As of June 30, 2019, the U.S. Congress had appropriated nearly \$82.67 billion to support security in Afghanistan. This accounts for 62% of all U.S. reconstruction funding for Afghanistan since fiscal year (FY) 2002. Of the nearly \$4.32 billion appropriated for the Afghanistan Security Forces Fund (ASFF) in FY 2019 (net of the \$604 million reprogramming action described on page 49), nearly \$1.43 billion had been obligated and more than \$0.97 billion disbursed as of June 30, 2019.⁸⁴

In 2005, Congress established the ASFF to build, equip, train, and sustain the ANDSF, which comprises all forces under the Ministry of Defense (MOD) and Ministry of Interior (MOI). A significant portion of ASFF is used for Afghan Air Force (AAF) aircraft maintenance, and for ANA, AAF, ASSF, and Afghan Local Police (ALP) salaries. The rest is used for fuel, ammunition, vehicle, facility, and equipment maintenance, and various

communications and intelligence infrastructure. Detailed ASFF budget breakdowns are presented in Table 3.4 and 3.5 on pages 58–59.⁸⁵

ASFF funds are obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency. Funds CSTC-A provides to the Afghan government to manage (on-budget funds) are then provided to the Ministry of Finance. The Ministry of Finance then transfers funds to the MOD and MOI based on submitted requests. The ALP falls under the authority of the MOI although it is not included in the 352,000 authorized ANDSF force level that donor nations have agreed to fund; only the United States and Afghanistan provide funding for the ALP.⁸⁶

Unlike the ANA, a significant share of ANP personnel costs are paid through the United Nations Development Programme's multidonor Law and Order Trust Fund for Afghanistan (LOTFA), to which the United States has historically been (but is not currently) the largest contributor.⁸⁷

A discussion of on-budget (Afghan-managed) and off-budget (U.S.-managed) expenditures of ASFF is found on page 113.

Security-Incident Data

SIGAR tracks and analyzes different types of security-incident data to provide a robust account of the security situation in Afghanistan and activity between the parties to the conflict.

Each type of incident data has advantages and limitations: RS-reported enemy-initiated attack (EIA) data comes from an official source, but is only available unclassified at the provincial level and does not include Afghan and Coalition-initiated attacks on the enemy. Armed Conflict Location & Event Data Project (ACLED) event data can be disaggregated to the district level, to a variety of security incident types, and to all the parties to the conflict, but depends entirely on media reporting of political and security-related incidents.

Enemy-Initiated Attacks

According to RS, “enemy-initiated attacks are defined as all attacks (direct fire, indirect fire, surface-to-air fire, IED, and mine explosions, etc.) initiated by insurgents that are reported as [significant activities] (SIGACTs).”⁸⁸

This quarter's EIA data shows that enemy attacks have increased over the last few months, following a violent winter, though this spring appears to be slightly less violent compared to spring 2018. RS reported 6,445 enemy-initiated attacks this quarter (March 1–May 31, 2019). This period's figures reflect a 9% increase compared to the preceding three months (December 1, 2018–February 28, 2019), but a 10% decrease compared to the EIA reported during the same period last year (March 1–May 31, 2018).⁸⁹

When looking at the geographic distribution of EIA thus far in 2019 (January–May), more than half (52%) occurred in just five of Afghanistan's 34 provinces: Helmand, Badghis, Faryab, Herat, and Farah. Of these

EIA Data Caveats and Analytical Utility

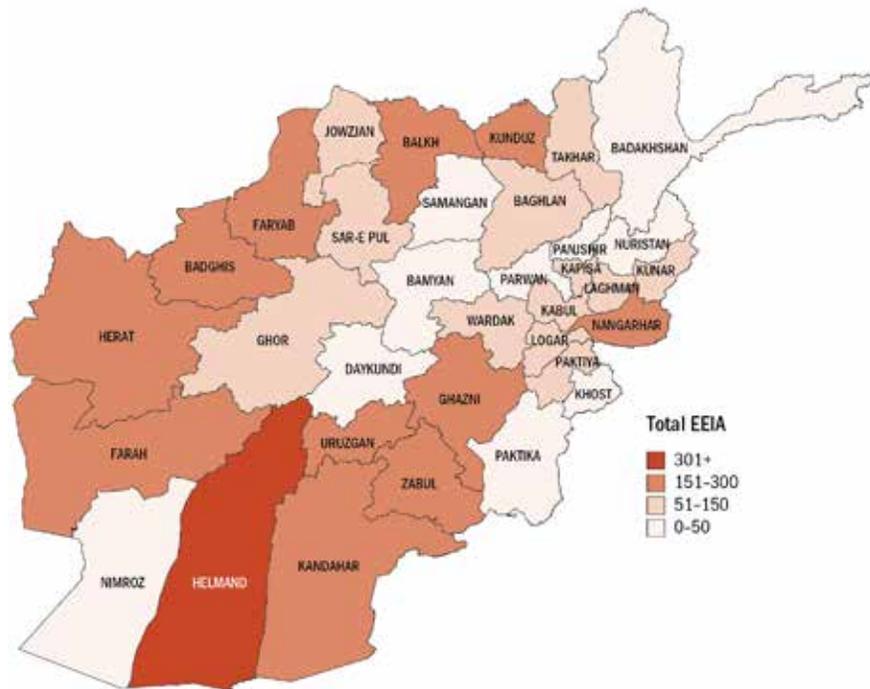
RS offered new caveats about EIA data this quarter. First, it said the figures are based on Afghan operational reporting, which is often delayed. RS said it “currently measure[s] a reporting lag of 15 days to capture 85% of all reported incidents.” The data thus become more comprehensive over time. Second, RS said that while it “cannot confirm the accuracy and completeness of this data, we maintain that it can be used to substantiate broad inferences and trends over time. Currently we assume . . . SIGACTs [Significant Activities] in general to be about 10% inaccurate.” RS recommends using EEIA data to compare enemy activity between provinces and EIA data to analyze enemy activity over time and also within specific provinces or regions.

DOD uses EEIA data in its official reporting to analyze security trends. Both DOD and RS view EEIA data to be a more reliable indicator of security trends compared to EIA or overall SIGACTs. They say this is because ANDSF units do not always report insurgent attacks that do not result in casualties. The number of EIA could thus be higher than what RS has reported, which would also impact the percentage of EEIA to EIA.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 6/2019, p. 23; RS, response to SIGAR data call, 6/21/2019 and response to SIGAR vetting, 7/12/2019.

FIGURE 3.31

RS-REPORTED EFFECTIVE ENEMY-INITIATED ATTACKS IN 2019



Note: The date range of the data is January 1–May 31, 2019. The total EEIA for that period was 4,319.
Source: RS, response to SIGAR vetting, 7/23/2019; SIGAR analysis of RS-provided data, 7/2019.

provinces, the most EIA reported by far were in Helmand (2,788), followed by Badghis (808) and Faryab (657).⁹⁰ The most common methods of EIA in 2019 have been direct fire (84%), followed by IED explosions (8%), and indirect fire (5%). Similar trends for 2018 were reported last quarter.⁹¹

Of the 6,445 EIA reported this quarter (March 1–May 31, 2019), roughly 43% (2,801) were considered “effective” enemy-initiated attacks (EEIA) that resulted in ANDSF, Coalition, or civilian casualties. The number of EEIA this period reflects a 17% increase compared to the preceding three months (December 1, 2018–February 28, 2019), but a 7% decrease compared to the same period last year (March 1–May 31, 2018).⁹²

The geographic distribution of the most deadly attacks in the first five months of the year has been slightly different from EIA. As seen in Figure 3.31, Helmand Province had the most EEIA, followed by Kandahar and Badghis Provinces, which placed sixth and second (of 34 provinces) for the most EIA respectively.⁹³ Table 3.6 shows that the provinces with the highest proportion of EEIA were in many cases not the provinces with the most total EEIA or EIA: in Kandahar, 68% of EIA were EEIA, followed by Khost (66%), and Zabul (65%).⁹⁴

TABLE 3.6

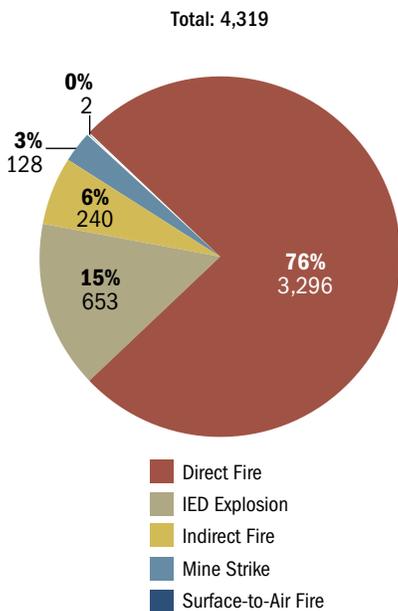
EIA RANKING AND PROPORTION		
EIA Ranking	Province	Percent EEIA
1	Helmand	24%
2	Badghis	29
3	Faryab	30
4	Herat	41
5	Farah	45
6	Kandahar	68
7	Ghazni	54
8	Balkh	55
9	Kunduz	50
10	Baghlan	46
11	Zabul	65
12	Nangarhar	58
13	Uruzgan	64
14	Kabul	64
15	Laghman	58
16	Wardak	54
17	Logar	50
18	Ghor	52
19	Kunar	42
20	Paktiya	58
21	Kapisa	63
22	Takhar	51
23	Sar-e Pul	42
24	Jowzjan	46
25	Paktika	54
26	Parwan	48
27	Badakhshan	46
28	Nimroz	57
29	Khost	66
30	Samangan	48
31	Nuristan	47
32	Daykundi	55
33	Bamyan	0
34	Panjshir	0

Note: The date range of the data is January 1–May 31, 2019. The total EIA for that period was 10,298 and EEIA was 4,319.

Source: RS, response to SIGAR vetting, 7/23/2019; SIGAR analysis of RS-provided data, 7/2019.

FIGURE 3.32

EFFECTIVE ENEMY-INITIATED ATTACKS BY ATTACK TYPE

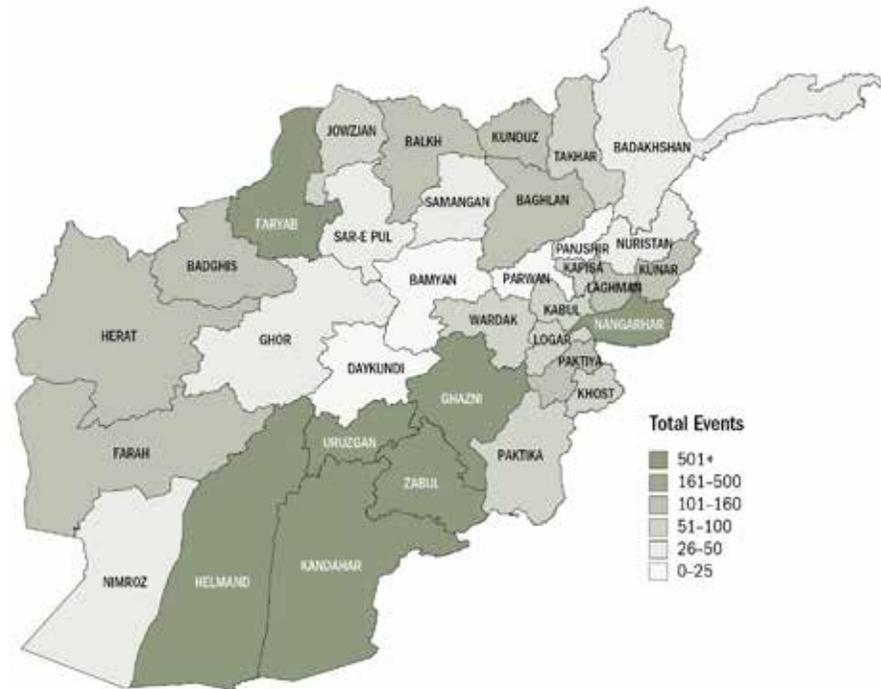


Note: The date range of the data is January 1–May 31, 2019. The total EEIA for that period was 4,319.

Source: RS, response to SIGAR vetting, 7/23/2019; SIGAR analysis of RS-provided data, 7/2019.

FIGURE 3.33

ACLED-RECORDED INCIDENTS: JANUARY-MAY 2019



Source: ACLED, South Asia 2016 Present dataset, 1/1/2019–5/31/2019, available online at <https://www.acleddata.com>; SIGAR, analysis of ACLED data, 7/2019

Figure 3.32 shows that the most common methods of EEIA in 2019 have been direct fire (76%), followed by IED explosions (15%), and indirect fire (6%), roughly in line with the 2018 trends reported last quarter.⁹⁵

ACLED-Recorded Incidents Increase

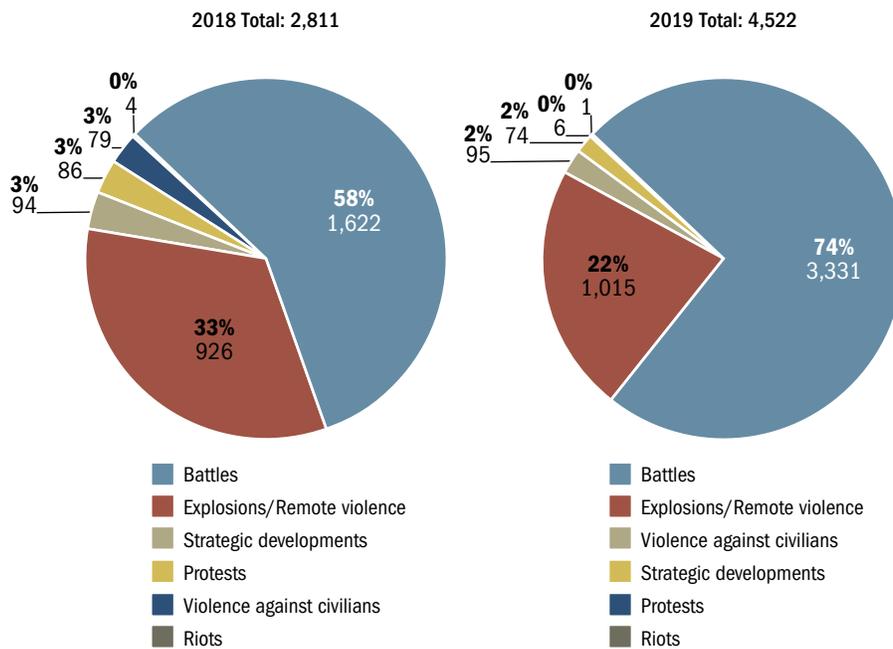
SIGAR analyzes incident data from Armed Conflict Location & Event Data Project (ACLED), which records district-level data of political violence and protest incidents across Afghanistan.⁹⁶ For consistency with RS’s enemy-initiated attacks data, SIGAR presents its analysis of ACLED’s data aggregated to the provincial level and chooses the date range for the data in alignment with RS’s reporting period (March 1–May 31, 2019).

ACLED recorded 2,801 incidents in Afghanistan this quarter (March 1–May 31, 2019). This figure reflects a 66% increase in incidents compared to the same period in 2018 (1,691 incidents). Unlike RS’s EIA and EEIA data, ACLED incidents include the violent and nonviolent activity of all the parties to the conflict, though violent activity made up 98% of the recorded incidents this quarter (battles, 72%; explosions/remote violence, 23%; violence against civilians, 3%). The data show that this significant year-on-year change was mainly driven by an increase in the number of battles recorded this quarter

FIGURE 3.34

ACLED INCIDENT TYPES: JAN–MAY 2018

ACLED INCIDENT TYPES: JAN–MAY 2019



Source: ACLED, South Asia 2016 Present dataset, 1/1/2019–5/31/2019 and 1/1/2018–5/31/2019, available online at <https://www.acleddata.com>; SIGAR, analysis of ACLED data, 7/2019.

(2,026) versus 962 recorded during March–May 2018.⁹⁷ USFOR-A said this is likely due to the increase in ANDSF operational tempo this quarter.⁹⁸

When examining the provincial breakdown of ACLED-recorded incidents thus far in 2019, the three provinces with the most incidents shifted slightly compared to the same period in 2018. In 2019 (through May 31), Helmand Province has had the most incidents (603), followed by Kandahar (460) and Ghazni (3); the same period last year saw Nangarhar with the most incidents (490), then Helmand (248) and Ghazni (245). RS’s enemy-initiated attacks and ACLED’s incident data only slightly align in that they show Helmand and Kandahar as having the most EEIA and incidents, respectively, from January through May 2019. Seen in Figure 3.33, ACLED-recorded incidents are concentrated in a several key provinces: the incidents occurring in the top 10 most violent provinces accounted for 62% of this year’s total incidents.⁹⁹

Figure 3.34 shows that of all the ACLED-recorded incidents from January 1 through May 2019, battles account for the vast majority (about 74%), followed by explosions and remote violence (22%). This is a shift from the same period last year, when battles made up about 58% of recorded events, and explosions and remote violence 33%.¹⁰⁰

What is ACLED?

The Armed Conflict Location & Event Data Project (ACLED) is “a disaggregated conflict collection, analysis, and crisis-mapping project” funded by the State Department. The project collects the dates, actors, types of violence, locations, and fatalities of all political violence, protest, and select non-violent, politically important incidents across several regions, as reported from open, secondary sources. ACLED’s aim is to capture the modes, frequency, and intensity of political violence and opposition as it occurs.

ACLED considers the event data it collects as falling into three categories and six subcategories: “violent events,” including battles, explosions/remote violence, and violence against civilians; “demonstrations,” including protests and riots; or “nonviolent actions,” including strategic developments (agreements, arrests, or looting/property destruction).

Source: ACLED, “About ACLED: What is ACLED?” and “Armed Conflict Location & Event Data Project (ACLED) Codebook (2019),” pp. 6–7, 4/2019, accessed online on 4/22/2019, available at <https://www.acleddata.com>.

Increased Insecurity in Helmand Province

From January 1 through May 31, 2019, both RS's enemy-initiated attacks and ACLED's incident data continued to show that Helmand has outpaced other provinces in all types of reported violence. Additionally, news media outlets have recently reported on several high-casualty Taliban, ANDSF, and Coalition operations in the province. The conflict in Helmand has taken a significant toll on its civilian population. RS reported that through May 2019, Helmand had the third-highest number of civilian casualties (221) of Afghanistan's provinces, but Table 3.7 shows that the province ranks first when adjusting for the number of casualties proportionate to its population (0.20 casualties per thousand).

Helmand Province has long been a command-and-control center for the Taliban and an operationally difficult and dangerous place for both Afghan and Coalition forces. RS's last district-control assessment showed a high level of insurgent presence in Helmand in late October 2018: the province had the greatest number of districts (nine of 14) with insurgent activity or high levels of insurgent activity of any of Afghanistan's provinces. Additionally, of the 12 districts coded as having the highest levels of insurgent activity in Afghanistan, five (more than any other province) were in Helmand. Helmand also produces more opium than any other province in Afghanistan, making it a key source of revenue for the insurgency.

Security-related incident data trends in Helmand in late 2018 and so far in 2019 appear to indicate an increased effort by Coalition and Afghan forces to target key Taliban strongholds and leadership to compel continued Taliban participation in peace talks, as well as the Taliban's response to that effort.

Source: RealClear Defense, "U.S. Strike Hits Taliban 'Command and Control Node' in Helmand," 5/25/2018; RS, response to SIGAR data call, 6/21/2019, 3/20/2019, 12/20/2018 and response to SIGAR vetting, 7/23/2019; ACLED, South Asia 2016–Present dataset, 1/1/2019 to 5/31/2019, available online at <https://www.acleddata.com>; UNODC, *World Drug Report 2019, Booklet 3: Depressants*, 6/2019, p. 31, https://wdr.unodc.org/wdr2019/prelaunch/WDR19_Booklet_3_DEPRESSANTS.pdf, accessed 6/26/2019; SIGAR, analysis of RS and ACLED data, 7/2019.

RS Collection Methodology

According to DOD, the RS Civilian Casualty Management Team relies primarily upon operational reporting from RS's Train, Advise, and Assist Commands (TAACs), other Coalition force headquarters, and ANDSF reports from the Afghan Presidential Information Command Centre to collect civilian-casualty data. DOD says that RS's civilian-casualty data collection differs from UNAMA's in that RS "has access to a wider range of forensic data than such civilian organizations, including full-motion video, operational summaries, aircraft mission reports, intelligence reports, digital and other imagery ... and other sources."

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 12/2017, p. 27 and 6/2019, p. 27.

Civilian Casualties

UNAMA: Civilian Casualties

No UNAMA civilian casualty update was available this quarter before this report went to press. For SIGAR's latest reporting on UNAMA's civilian casualty data, see SIGAR's April 2019 *Quarterly Report to the United States Congress*.

RS Civilian Casualties Data

RS reported 2,706 civilian casualties from January 1 through May 31, 2019, (757 killed and 1,949 wounded), a 32% decrease in the number reported during the same period last year. March and May were the most violent months, which saw 631 and 722 civilian casualties respectively.¹⁰¹ Of the three provinces with the most civilian casualties during this period, about 15% of total casualties occurred in Kabul Province (402 casualties), 11% in Nangarhar (309), and 8% in Helmand (221), following 2018 trends. As seen in Table 3.7, Helmand Province was the most dangerous for civilians per capita.¹⁰²

RS reported that the majority of the civilian casualties in the first five months of 2019 have been caused by IEDs (43%), followed by direct fire (25%), and indirect fire (13%), also in line with 2018 trends. However, some

TABLE 3.7

RS-REPORTED CIVILIAN CASUALTIES: JANUARY–MAY 2019							
Province	Population	Total Casualties	Casualties Per Thousand	Province	Population	Total Casualties	Casualties Per Thousand
Helmand	1,112,152	221	0.20	Takhar	1,208,745	75	0.06
Nuristan	173,222	29	0.17	Paktiya	677,465	41	0.06
Nangarhar	1,864,582	309	0.17	Kunduz	1,237,001	58	0.05
Zabul	374,440	61	0.16	Balkh	1,633,048	76	0.05
Kunar	551,469	81	0.15	Samangan	475,655	22	0.05
Laghman	552,694	77	0.14	Ghor	845,018	39	0.05
Khost	704,149	89	0.13	Badghis	607,825	28	0.05
Logar	481,271	59	0.12	Sar-e Pul	690,566	25	0.04
Kapisa	540,051	64	0.12	Jowzjan	656,187	23	0.04
Baghlan	1,120,511	132	0.12	Parwan	817,955	27	0.03
Farah	620,552	69	0.11	Wardak	729,983	23	0.03
Faryab	1,226,475	134	0.11	Daykundi	561,651	14	0.02
Kandahar	1,512,293	136	0.09	Nimroz	202,488	2	0.01
Uruzgan	429,415	37	0.09	Bamyan	549,243	3	0.01
Herat	2,326,261	192	0.08	Badakhshan	1,165,960	6	0.01
Ghazni	1,507,262	116	0.08	Panjshir	187,856	0	0.00
Kabul	5,452,652	402	0.07	Total	33,329,050	2,706	Avg: 0.08
Paktika	532,953	36	0.07				

Note: Casualties include killed and wounded. Population data is from LandScan 2016 data provided by RS in its last district-stability assessment (October 22, 2018).

Source: RS, response to SIGAR data call, 6/21/2019 and 12/20/2018; SIGAR, analysis of RS-provided data, 7/2019.

shifts have occurred in 2019: the percentage of total casualties caused by IEDs was down by seven percentage points thus far in 2019 compared to the IED percentage of all attacks in 2018, while casualties caused by direct fire and indirect fire were up by three points and six points, respectively.¹⁰³ These changes are likely due to recent Coalition and Afghan efforts to limit the Islamic State affiliate in Afghanistan’s (IS-K) ability to conduct mass-casualty attacks with IEDs, but they could also be the result of an uptick in ground operations between the parties to the conflict.

RS attributed 87% of this year’s civilian casualties (through May) to antigovernment elements (57% to unknown insurgents, 29% to the Taliban, and 1% to IS-K). The remaining 8% were attributed to progovernment forces (5% to the ANDSF and 3% to Coalition forces) and 5% to other or unknown forces.¹⁰⁴

UNITED STATES FORCES-AFGHANISTAN

U.S. Force Manning

According to DOD, as of June 2019, approximately 14,000 U.S. military personnel were serving as part of the U.S. Operation Freedom’s Sentinel mission in



U.S. Army personnel from the Army Field Support Battalion-Afghanistan ending their deployment at Bagram Air Field in early July. (U.S. Army photo)

“We will need to maintain a counterterrorism presence as long as an insurgency continues in Afghanistan.”

-General Joseph Dunford, Chairman of the Joint Chiefs of Staff

Source: Reuters, “U.S. will need forces in Afghanistan until no insurgency left: Dunford,” 5/8/2019.

Afghanistan, the same number reported for over a year. An additional 10,648 U.S. citizens who serve as contractors are also in Afghanistan as of July 2019. Of the 14,000 U.S. military personnel, 8,475 are assigned to the NATO RS mission to train, advise, and assist Afghan security forces, unchanged since last quarter.¹⁰⁵ The remaining U.S. military personnel serve in support roles, train the Afghan special forces, or conduct air and counterterror operations.¹⁰⁶

As of June 2019, the RS mission included 8,673 military personnel from NATO allies and non-NATO partner nations, bringing the current total of RS military personnel to 17,148 (a 114-person increase since last quarter). The United States continues to contribute the most troops to the RS mission, followed by Germany (1,300 personnel) and the United Kingdom (1,100).¹⁰⁷

DOD reported in June that General Austin Scott Miller, Commander of RS and USFOR-A, rolled out a new operational design for the U.S. and NATO mission in Afghanistan over the last six months. The new design reportedly streamlines U.S. operations in the country by synchronizing U.S. counterterrorism capabilities with increased ANDSF operations and focused RS Train, Advise, and Assist (TAA) efforts to the “point of need.” DOD said this model has “restored the Coalition’s tactical initiative and put heavy pressure on the Taliban . . . to generate strong incentives for them to engage in meaningful negotiations with the U.S. and Afghan governments.”¹⁰⁸ DOD also said the new operational design and current U.S. military footprint are the “most efficient use of small numbers and resources to generate combat power and battlefield effects since the opening year of the war in Afghanistan.”¹⁰⁹ DOD reiterated that the U.S. strategy in Afghanistan is conditions-based, with commanders on the ground continually evaluating conditions and making recommendations on appropriate force levels.¹¹⁰

U.S. Force Casualties

According to DOD, five U.S. military personnel were killed and 35 were wounded in action (WIA) in Afghanistan this reporting period (April 17 to July 15, 2019). As of July 15, 2019, a total of 72 U.S. military personnel have died in Afghanistan (53 from hostilities and 19 in non-hostile circumstances) and 427 military personnel were WIA since the start of Operation Freedom's Sentinel on January 1, 2015. Since the beginning of U.S. operations in Afghanistan in October 2001, 2,419 U.S. military personnel have died (1,898 from hostilities and 521 in non-hostile circumstances) and 20,530 have been WIA.¹¹¹

Insider Attacks on U.S. and Coalition Forces

USFOR-A reported that there was one confirmed insider attack on U.S. and Coalition forces this quarter (data through May 31, 2019) that wounded two military personnel. There were no reported insider attacks from roughly the same period in 2018 (January 1 to May 16, 2018), but there were two such attacks during the same period in 2017 that wounded three personnel.¹¹²

AFGHAN NATIONAL DEFENSE AND SECURITY FORCES

ANDSF Force Manning

CSTC-A informed SIGAR this quarter that the ANDSF switched to reporting its assigned (actual) personnel strength as the number of personnel enrolled in the Afghan Personnel and Pay System (APPS) rather than the number reported on-hand by ANDSF components. This means that only those ANDSF personnel who have been biometrically validated in APPS are included in strength figures. The ANDSF strength data reported this quarter thus reflect significant differences from previously reported strength data.¹¹³ When asked about the gulf between last quarter's Afghan-reported strength numbers and this quarter's APPS validated ones, CSTC-A said that it "does not expect that the APPS reported data will ever equal the amount that was self-reported [by the ANDSF]" and that it "cannot categorize the excess individuals as "ghost" personnel, because it is not known why the Afghan reported numbers are higher."¹¹⁴

According to CSTC-A, as of May 25, 2019, there were 180,869 ANA and Afghan Air Force (AAF) and 91,596 ANP personnel, for a total of 272,465 ANDSF personnel enrolled and accounted for in APPS. These figures reflect 9,554 fewer ANA and 24,788 fewer ANP than the assigned strength numbers reported to SIGAR last quarter.¹¹⁵

For the fourth consecutive quarter, ANDSF strength is reported at the lowest level it has been since the RS mission began in January 2015. As seen in Figure 3.35, this quarter's ANDSF strength decreased by 41,777 personnel since approximately the same period in 2018, and by 50,277 compared

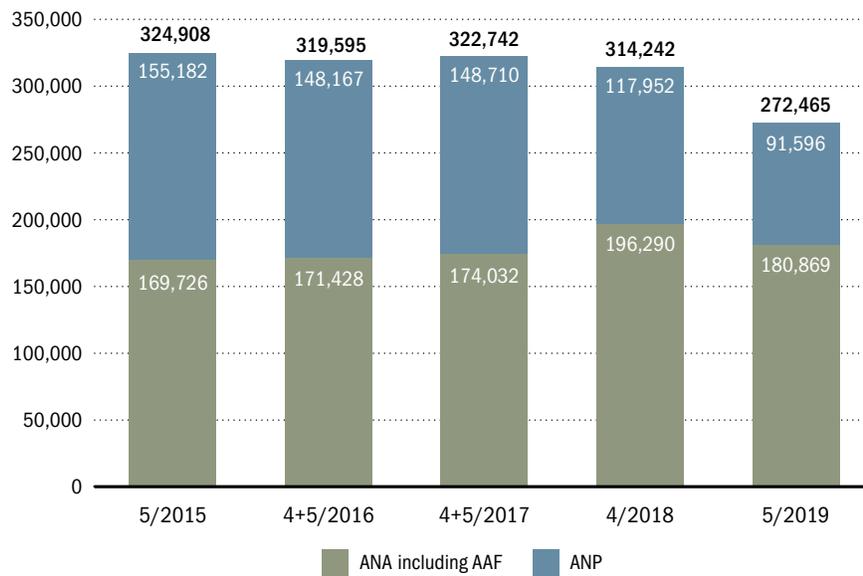
ONGOING SIGAR INVESTIGATION INTO PAYMENT OF "GHOST" POLICE

SIGAR's special agents have been informed that portions of the ANDSF payroll process throughout Afghanistan have been manipulated to allow some former police officers to continue being paid even if they have resigned, been terminated, or killed. These salary payments are then diverted to various bank accounts to be withdrawn and shared amongst conspirators. SIGAR's Investigations Directorate is working closely with SIGAR's Audits Directorate, CSTC-A, and the Afghan Attorney General's Office to identify measures that will prevent the payment of nonexistent police officers.

SECURITY

FIGURE 3.35

SECOND-QUARTER ANDSF ASSIGNED STRENGTH SINCE 2015



Note: This quarter's data is as of May 25, 2019. ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. ANA strength numbers include the AAF and trainees, transfers, holdees, and student personnel. No civilians are included. ANP strength numbers do not include "standby" personnel, generally reservists, personnel not in service while completing training, or civilians. 4+5 in the date means the ANA data is as of April and the ANP data is as of May. The change in the individual strengths of the ANA and ANP from 2017 to 2018 is due to the transfer of two force elements from MOI to MOD, but this change did not impact the overall strength of the ANDSF. The change in strength numbers from 2018 to 2019 is due to the transition of strength reporting from ANDSF-reported figures to reporting from the Afghan Personnel and Pay System. For more information, see page 80. The strength numbers reported here should not be viewed as exact: CSTC-A and SIGAR have long noted many data-consistency issues with ANDSF strength numbers, and CSTC-A always provides the caveat that it cannot validate ANDSF strength data for accuracy.

Source: CSTC-A response to SIGAR data call, 6/21/2019; SIGAR, *Quarterly Report to the United States Congress*, 7/30/2015, 7/30/2016, 7/30/2017, and 7/30/2018; SIGAR, analysis of CSTC-A-provided data, 6/2019.

TABLE 3.8

ANDSF ASSIGNED AND AUTHORIZED STRENGTH					
ANDSF Component	Authorized Strength	Assigned Strength	% of Target Authorization	Difference Between Assigned and Authorized	
				Assigned and Authorized	Difference
ANA including AAF	227,374	180,869	79.5%	(46,505)	(20.5%)
ANP	124,626	91,596	73.5%	(33,030)	(26.5%)
ANDSF Total without Civilians	352,000	272,465	77.4%	(79,535)	(22.6%)

Note: Data is as of May 25, 2019. ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police. CSTC-A always provides the caveat it cannot validate ANDSF strength data for accuracy.

Source: CSTC-A, response to SIGAR data call, 6/21/2019; DOD, *Enhancing Security and Stability in Afghanistan*, 6/2019, p. 33; SIGAR, analysis of CSTC-A-provided data, 7/2019.

to about the same period in 2017. CSTC-A continues to offer the caveat that they are unable to validate ANDSF strength data for accuracy.¹¹⁶

According to DOD, the ANDSF's total authorized (goal) strength in June 2019 remained 352,000 personnel, including 227,374 ANA and 124,626 ANP personnel, the number the international community has agreed to fund. Separately, the 30,000 Afghan Local Police, under the command of MOI, are authorized, but only DOD and the Afghan government fund them. Table 3.8 shows this quarter's ANDSF assigned strength at 77.4% (79,535 personnel short) of its authorized strength, a nearly 10 percentage-point decline from last quarter.¹¹⁷

ANDSF Casualties – Data Classified

USFOR-A continued to classify most ANDSF casualty data this quarter at the request of the Afghan government. SIGAR's questions about ANDSF casualties can be found in Appendix E of this report. Detailed information about ANDSF casualties is reported in the classified annex of this report. SIGAR also reports USFOR-A's estimates of insurgent casualties in the classified annex.

RS provided a general, unclassified assessment of ANDSF casualties this quarter. Though RS reported that effective (casualty producing) enemy-initiated attacks declined by about 7% this reporting period compared to the same period last year, RS also said that ANDSF casualties “are the same this quarter [March through May 2019] as they were in the same quarter one year ago.”¹¹⁸

DOD also reported in June on ANDSF casualty trends from December 2018 through May 2019. According to DOD, the majority of ANDSF casualties continue to be the result of direct-fire attacks, with IED attacks and mine strikes contributing to overall casualties at a much lower level. While the number of ANDSF casualties incurred from conducting local patrols was at the same level as the same period last year, those suffered while conducting checkpoint operations were 7% higher than the same reporting period last year, and casualties incurred during offensive operations has increased by 17% over the same period.¹¹⁹

Reducing Checkpoints

According to DOD, ANDSF checkpoints may play a part in enabling security forces to provide security when properly placed and managed. However, excessive and ineffective checkpoints change the ANDSF's operational posture from offensive to defensive, and by tying down personnel to fixed locations, create a gap in the ANDSF's ability to generate sufficient combat or policing power to preempt or counter Taliban operations. Coalition personnel have consistently advised ANDSF counterparts to reduce the number of checkpoints they maintain. Nevertheless, DOD reported in June 2019 that the ANDSF continues to operate an excessive number of checkpoints, which is negatively impacting their efforts to expand security. This also continues to provide the Taliban opportunities to inflict a high number of casualties on the ANDSF. DOD reports that the overwhelming majority of successful Taliban attacks against ANDSF forces and over half of the ANDSF casualties from December 2018 through May 2019 occurred at poorly manned, static checkpoints.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 6/2019, p. 34.



ANP students salute during their national anthem at a training center ceremony in Kandahar. (NATO photo)

STRUCTURAL CHANGES WITHIN THE ANDSF

This quarter, SIGAR asked USFOR-A about structural changes within the ANDSF after it was reported earlier this year that the ANP’s regional, eight-zone command structure had been dissolved into 34 provincial police headquarters and that the ANA was adding a new corps to its six regional corps.

ANP Zone Dissolution

According to CSTC-A, dissolving the police zones was a recent political decision made by President Ghani. CSTC-A said that doing away with police zones has generally changed ANP leadership and accountability structures by reducing the “power distance” across the MOI hierarchy, meaning the 34 Provincial Chiefs of Police (PCOPs), rather than eight regional zone commanders, now routinely interact directly with multiple MOI deputy ministers to gain access to important resources and meet policy requirements.¹²⁰

The benefits of the new PCOP system primarily appear to be long-needed changes to ANP leadership. The PCOPs now report directly to the MOI’s new Deputy Minister of Security, Brigadier General Khoshal Sadat, who is said to frequently check in with them. General Sadat, a former Afghan commando who was mentored by former U.S. commander in Afghanistan General Stanley McChrystal, recently replaced 27 of 34 PCOPs (all but five of the replacements were young officers from special operations

“We’ve had bad leadership ... and I had to stop the bleeding.”

– Brigadier General Khoshal Sadat, Deputy Minister of Interior for Security

Source: New York Times, “Young Afghan General Tries to Overhaul Police With American Way of War,” 7/12/2019.

units). General Miller, current U.S. and NATO forces commander in Afghanistan, has hailed the 35-year old General Sadat as “represent[ing] a new generation of Afghan leadership.” The brisk pace of these personnel changes brings an influx of young officers (partly through **Inherent Law** retirements) that is reinvigorating the aging ANDSF leadership ranks. But some have suggested that some of the younger officers may lack the military management and operational experience they need to be effective leaders.¹²¹ See Table 3.9 for progress on Inherent Law retirements, as of June 2019.

Some disadvantages to the new PCOP system have also been identified. USFOR-A said the change has primarily affected the division of labor between the various ANDSF elements at a local level. Zone commanders previously directed and coordinated between the elements providing security and law enforcement in population centers. City security and law enforcement is primarily the responsibility of PCOPs, but at times the Afghan National Civil Order Force and Afghan Border Force and other elements are also involved. Now the PCOPs themselves must divide security responsibilities in their area of responsibility. USFOR-A reported that PCOPs have begun making some adjustments to deconflict their duties with other forces elements and hopes this will create a greater unity of effort across the ANDSF.¹²²

In addition, MOI’s logistics and supply system has always struggled to function well, and USFOR-A has noted that MOI is now overwhelmed with requests from 34 different PCOPs rather than eight zone commanders. The dissolution of the zones has also led to a lack of coordination between the provincial police headquarters in some regions of the country. Issues that would previously be coordinated and solved by the zone commanders must now be brought to Kabul for deconfliction.¹²³

The change appears to have made U.S. advising more difficult. CSTC-A’s advisors, responsible for training, advising, and assisting (TAA) the MOD, MOI, and some of the ANDSF’s combat elements, said their ability to impact the ANP in support of campaign objectives has been limited. DOD said in June that RS advisors are providing TAA only to “select” provincial police headquarters. This is not entirely due to the shift from zone commanders to police chiefs. U.S. and Coalition advisors have in recent years placed less advisory attention on the MOI and ANP than the MOD and ANA. But CSTC-A reports the zone-dissolution change further constrains their ability to track Afghan policing effectiveness from the policy (strategic) level down to the tactical (output) level. Another complicating factor is the lack of zone headquarters, which previously provided a central TAA location for advisors to meet with the four or five PCOPs in each zone. Without the zone headquarters, advisors no longer have safe or easy access to TAA district and provincial police chiefs in some areas of the country.¹²⁴

Only Train Advise Assist Command (TAAC)-South reported that the dissolution of police zones has been useful. USFOR-A said previous efforts to TAA the zone commander there were often ineffectual because that commander had limited influence over the police chiefs below him. Now, USFOR-A says they can TAA more commanders at a lower level and have a greater advisory impact by eliminating an extra layer of bureaucracy and working directly with commanders functioning on a tactical level.¹²⁵

Inherent Law: a policy that lowers mandatory retirement ages, time-in-service maximums (e.g., 40 years for generals), and time-in-grade limits (e.g., eight years for generals). This effort opens senior leadership positions for merit-based promotions of the next generation of ANDSF leaders.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 6/2019, p. 10.

TABLE 3.9

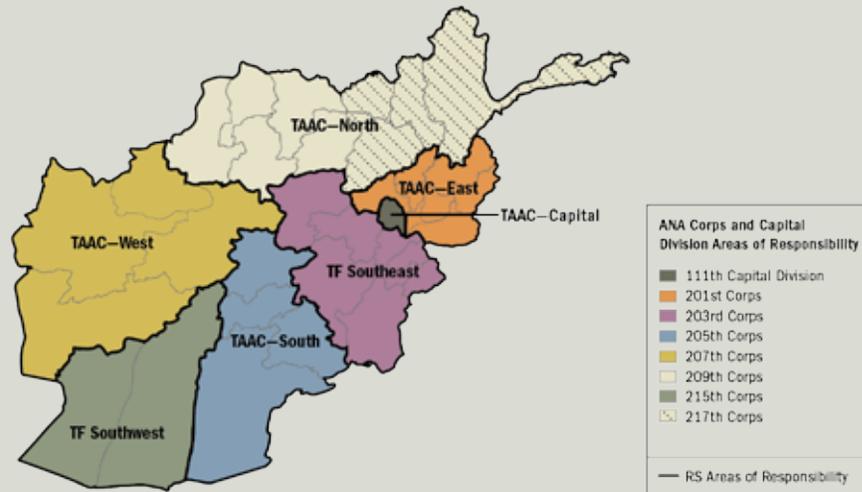
INHERENT LAW RETIREMENTS		
Ministry	G0s Retired	COLs Retired
MOD		
1st Wave	163	494
2nd Wave	61	497
3rd Wave	22	499
MOI		
1st Wave	142	738
2nd Wave	139	400
Total	527	2,628

Note: G0s = General Officers; COLs = Colonels. The first wave of MOD retirements began in January 2018, and the first wave of MOI retirements began in September 2018. Efforts are ongoing. The data reflected here is as of June 2019. A similar table appears in DOD’s *Enhancing Security and Stability in Afghanistan* report.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 6/2019, p. 32; CSTC-A, response to DOD OIG data call, 7/4/2019.

FIGURE 3.36

RS AND ANA AREAS OF RESPONSIBILITY



Note: The major change this quarter was the creation of the 217th Corps and the transition of four provinces previously under 209th Corps' area of responsibility to 217th's. As before, the 111th Capital Division covers Kabul Province with the exception of Sarobi District, which falls within the 201st Corps area of responsibility.

Source: USFOR A, response to DOD OIG data call, 7/4/2019; DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, pp. 18–19, 71; RS, "Train Advise Assist Command-East," and "Task Force Southwest," accessed online at <https://rs.nato.int/rs-commands.aspx/> on 4/17/2019.



A German TAAC-North advisor trains young ANA leaders in Mazar-e Sharif. (Resolute Support photo)

ANA 217th Corps

According to USFOR-A, the ANDSF also reestablished the ANA's 20th Division as the new 217th Corps in April 2019. Seen in Figure 3.36, the new corps was given responsibility for the eastern half of the 209th Corps' former area of responsibility (AOR), which previously covered all nine of Afghanistan's northernmost provinces. The 209th Corps previously had the largest AOR and incurred more enemy-initiated attacks than any other AOR in 2018. The 20th Division was previously under the 209th Corps' AOR, where it covered an area similar to the one it is responsible for as a corps (Badakhshan, Baghlan, Kunduz, and Takhar Provinces). The population of the four provinces is majority Tajik, and USFOR-A said the impetus for the decision was most likely political, in part due to ethnic power struggles across Afghanistan and the mineral reserves in the 217th Corps AOR, but the true driver for the change is not clear. USFOR-A also said that some believe a large portion of the ANA come from the 217th Corps area, so standing up this corps was a way to show appreciation to the area and solidify its support for the ANA.¹²⁶

The 217th Corps is now operational, but still "working through logistical, personnel, and equipment changes," according to USFOR-A. The corps headquarters is in Kunduz Province, which has experienced increased enemy-initiated violence thus far in 2019 compared to 2018. When asked how the change would impact U.S. and Coalition TAA in TAAC-North, USFOR-A said the TAAC has adjusted the new corps' advisory team to meet its TAA requirements. TAAC-North has also made use of 2nd Security Force Assistance Brigade personnel in its AOR to advise the 217th Corps at the brigade level.¹²⁷

Insider Attacks on the ANDSF

According to USFOR-A, the ANDSF experienced 17 insider attacks this quarter (from February 20 through May 31, 2019) that resulted in 58 ANDSF casualties (33 personnel killed, 25 wounded). That brings the total for this year to 23 attacks, in which there were 90 casualties, 49 killed in action (KIA) and 41 wounded in action (WIA), a decrease of eight attacks and five KIA, but 10 more WIA compared to the same period last year.¹²⁸

ANDSF Personnel Accountability

The MOD and MOI, with RS assistance, are implementing and streamlining personnel systems to accurately manage, pay, and track ANDSF personnel—an effort DOD expects will improve protection of U.S. funds. The United States pays ANDSF personnel costs through the unilaterally funded ASFF, except for ANP base salaries, which are funded by the multilateral LOTFA (managed by the UN Development Programme), to which the United States no longer contributes funds.¹²⁹

The Afghan Personnel and Pay System (APPS) integrates personnel data with compensation and payroll data to process authorizations, record unit-level time and attendance data, and calculate payroll amounts.¹³⁰ APPS data is also used to provide background information on ANDSF personnel to assist with assignment, promotions and other personnel actions.¹³¹

CSTC-A previously described three ongoing efforts aimed at ensuring accurate personnel data exist in APPS: (1) “slotting” or matching ANDSF personnel to authorized positions in the system; (2) “data cleansing” or correcting and completing key personnel data; and (3) the personnel asset inventory (PAI) for biometrically enrolling personnel. All three efforts are intended to result in the continuous process of physically counting personnel and correcting the employment status of personnel retired, separated, or killed in action.¹³² Standing up APPS is part of an effort by the United States and its partners to reduce opportunities for corrupt ANDSF officials to report nonexistent personnel on their unit’s rolls in order to pocket the salaries.

CSTC-A reported some changes to APPS processes this quarter. To ensure APPS personnel data is valid and up to date, enrollment into the ANDSF can be conducted at two locations, MOD’s Afghan National Army Recruiting Command (ANAREC) and MOI’s General Recruiting Command (GRC), the only two organizations which have the ability to create new records in APPS. Both of these organizations can also deploy mobile enrollment teams for regions where commands have been granted authority by the Afghan ministers of defense or interior to conduct local recruiting. The mobile enrollment teams collect all required APPS data (biometrics, bank cards, etc.) and bring the packets back to ANAREC or GRC for entry into the APPS system. The ID cards issued to ANDSF personnel expire every

APPS Data-Input Requirements for ANDSF Payroll

There were 20 data points that all ANDSF personnel were required to have in their APPS record in order to be paid. Now there are seven for the MOI and eight for the MOD. These include (items no longer required are crossed out):

- ID card number
- Date of birth
- Enrollment date
- Gender
- Biometric verification number
- Personnel type (Not required for MOI)
- ~~Military education~~
- ~~Blood type~~
- First/full name
- Tashkil rank
- Bank account number
- Contract expiration date
- Father's name
- ~~Date of rank~~
- ~~AHRIMS ID~~
- Paragraph number
- Grandfather's name
- Unit identification code
- Civilian education
- ~~Line number~~

Note: AHRIMS (the Afghan Human Resource Information System) was the Afghan personnel accountability system prior to APPS. Where possible, records were migrated for personnel enrolled in AHRIMS to APPS.

Source: CSTC-A, response to SIGAR data call, 6/21/2019 and 12/20/2018; CSTC-A response to SIGAR vetting, 1/12/2019.

ANP PERSONNEL AUDIT INITIATED

Given persistent concerns related to the existence of “ghost” personnel on the ANDSF rolls, SIGAR is currently developing an audit to examine the processes and procedures, and identify risks, associated with the use of the Afghan Personnel and Pay System.

three years, and a PAI is conducted when the new card is issued, making the PAI process continuous rather than a wave effort as it was previously.¹³³

In addition, CSTC-A is overseeing ANA and ANP efforts to conduct spot-check PAIs on small populations within the ANA corps and provincial police headquarters.¹³⁴ CSTC-A’s APPS program management office (PMO) will continue to perform data validation on any personnel records transitioned from older ANDSF personnel systems to APPS. The APPS PMO will also conduct several physical spot checks (personnel accountability audits) at the ANA corps and ANP provincial headquarters level to verify all soldiers and officers are entered into APPS.¹³⁵ According to USFOR-A, the APPS PMO will conduct these audits at the 203rd, 201st, and 205th Corps in July 2019, which will be used as a pilot to help further refine the personnel accountability audits process. An APPS roster of names is used to complete each audit, and an ANAREC mobile enrollment team is to be present to enroll any individuals not yet in APPS.¹³⁶

CSTC-A reported that the minimum data-entry requirements in APPS for personnel to be paid have changed, and decreased this quarter. The list to the left shows a comparison between the old and new APPS data-entry requirements. According to USFOR-A, CSTC-A’s decision to reduce the requirements from 20 to seven or eight does not make APPS more vulnerable to fraud or abuse because the seven or eight fields “are the most significant.” Starting on June 1, 2019, all records in the system that do not have the seven (MOI) or eight (MOD) data-entry requirements populated in APPS will be marked as inactive. As of June 30, 2019, CSTC-A has already marked 600 ANDSF personnel files inactive; data cleansing based on this new rule continues.¹³⁷

In another change, CSTC-A began relying on APPS for ANDSF strength reporting as of May 25, 2019, though they said last quarter they expected the transition to take until at least June 2019 for the ANA and the end of 2019 for the ANP. CSTC-A reported in February 28, 2019, that 91% of ANA and 69% of ANP personnel were slotted into APPS and met the minimum data-input requirements to be paid. These percentages were calculated by dividing the number of personnel slotted in APPS by the number of personnel the Afghans report to be on hand in each force (their assigned-strength figures). It is possible that transitioning to APPS early before the ANA and especially the ANP had a chance to slot more personnel could have contributed to ANDSF strength numbers being much lower this quarter than previous strength figures based on unit-reported on-hand personnel. Current APPS-based strength figures (180,869 for the ANA and 91,596 for the ANP), show that the ANA’s APPS enrollment is at 79.5% of its authorized strength and the ANP is at 73.6%.¹³⁸

ANDSF Performance—Most Data Classified

USFOR-A continued to classify most assessments of ANDSF performance at the request of the Afghan government.¹³⁹ SIGAR's questions about ANDSF performance can be found in Appendix E of this report. Detailed ANDSF performance assessments are reported in the classified annex for this report.

According to DOD, RS focused on the following 10 priorities for the MOD and MOI forces and headquarters from December 2018 through May 2019:¹⁴⁰

- leader development
- reducing the number of vulnerable checkpoints
- countering corruption
- improving logistics
- improving accountability of personnel and equipment
- reducing attrition through better care of soldiers and police
- standardization of training
- better MOD and MOI budget execution
- improving processes for paying soldier and police salaries
- improving ANDSF facilities

Women in the ANDSF

As of April 2019, the ANDSF had 5,462 female personnel, an increase of about 500 women since last quarter and about 900 women compared to roughly the same period a year ago. The increase since last quarter comes from the addition of 171 women in the ANA and 307 in the ANP. As in the past, the ANP has the vast majority of ANDSF female personnel (3,650), while 1,812 are in the ANA. RS reported that 86 females are serving in the AAF, the same as last quarter. The total female presence represents about 2% of the ANDSF's assigned strength, a proportion that has barely fluctuated in the last five years.¹⁴¹

Noncommissioned officers (NCOs) continued to account for the greatest number of females in the ANDSF (2,185), followed by soldiers and police (1,682), and commissioned officers (1,489). RS was unable to provide an updated breakdown of the women serving in the Afghan Special Security Forces (the latest data is from December 2018). For a historical record of ANDSF female strength since 2015, see Figure 3.37 on the following page.

The RS Gender Advisory Office said MOD and MOI recruitment of female personnel is no longer on hold after several quarters in which they have continue to work with each ministry to realign or create positions that allow for female personnel to have career progression. While the ANA has resumed recruiting women, MOD's current Manpower Management Plan no longer includes specific target numbers for female recruitment.¹⁴²

The generally agreed upon ANA recruiting goal remains 200 women per quarter, but RS says the goal is "not truly actionable until improved force development and [authorized position] reassignment identifies and creates

FIGURE 3.37

SECOND-QUARTER ANDSF WOMEN STRENGTH SINCE 2015



Note: ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. All ANA numbers include AAF women. ANA and ANP numbers for 2018 and 2019 also include Afghan Special Security Forces (ASSF) women serving under both forces. The 2016 and 2017 ANP numbers include 213 and 142 ASSF women, respectively. Some of these women were likely serving in the ANA, but that information was not provided.

Source: CSTC-A response to SIGAR data call, 6/21/2019 and 6/11/2015; SIGAR, *Quarterly Reports to the United States Congress*, 7/30/2015, 7/30/2016, 7/30/2017, and 7/30/2018; SIGAR, analysis of CSTC-A-provided data, 7/2019.

meaningful, operationally enhancing roles for women.” For example, there are very few lieutenant positions open at this time to either men or women, leaving no vacancies in which to assign newly trained recruits.¹⁴³

The ANA’s goal is to recruit women that have at least a third-grade literacy level; however, finding soldier-level recruits who are literate remains challenging. The ANA is working toward developing a proportion of officers and NCOs among women to reflect the ANA’s overall requirements. Ideally, those proportions would be about 30–40% officers and 60–70% NCOs for women.¹⁴⁴

The ANP is still actively recruiting women to attend the Police Training Academy in Sivas, Turkey; 167 women recently graduated from Sivas and recruiting is under way for 250 more women to attend the next course. The General Command Police Special Unit (GCPSU) currently has 26 women undertaking initial training. As a special forces unit, GCPSU provides opportunities for women to serve in critical operational posts.¹⁴⁵

Ministry Performance Assessments – Most Data Classified

USFOR-A continued to classify most information about MOD and MOI performance at the request of the Afghan government.¹⁴⁶ SIGAR's questions about the ministries' performance can be found in Appendix E of this report. SIGAR will report on the MOI and MOD performance assessments in the classified annex of this report.

AFGHAN NATIONAL ARMY

As of June 30, 2019, the United States had obligated nearly \$47.3 billion and disbursed \$47.1 billion of ASFF funds from FY 2005 through FY 2018 appropriations to build, train, equip, and sustain the ANA, AAF, and parts of the Afghan Special Security Forces (ASSF). These force elements constituted the ANA budget activity group (BAG) for reporting purposes through the FY 2018 appropriation.¹⁴⁷

ANA Force Manning

ANA Strength – Some Data Classified

This quarter, USFOR-A continued to classify unit-level ANA personnel strength data in accordance with Afghan government classification guidelines. Detailed assigned- and authorized-strength figures will appear in the classified annex for this report. SIGAR's questions about ANA strength can be found in Appendix E of this report.

As noted earlier, only those ANDSF personnel who have been biometrically validated in APPS are included in strength figures. ANDSF strength data reported this quarter thus reflects significant differences from previously reported strength data. According to CSTC-A, there were 180,869 ANA personnel (including the AAF and ANA Special Operations Corps) as of May 25, 2019. Due to the transition to APPS-based strength reporting, USFOR-A was unable to provide the breakdown of officers, NCOs, and soldiers serving in the ANA this quarter. These figures reflect 9,554 fewer ANA personnel than the assigned-strength numbers reported to SIGAR last quarter and 15,421 personnel fewer compared to roughly the same period last year.¹⁴⁸ CSTC-A continues to offer the caveat that they are unable to validate ANDSF strength data for accuracy.¹⁴⁹

According to DOD, the ANA's total authorized (goal) strength as of June 2019 remained 227,374. This quarter's assigned strength puts the ANA at 79.5%, or 46,505 personnel short, of its goal strength, decrease more than four percentage-point decline since last quarter.¹⁵⁰

ANA Attrition – Some Data Classified

USFOR-A provided limited unclassified ANA attrition data this quarter. Detailed ANA attrition information continued to be classified at the request of the Afghan government. SIGAR’s questions about ANA attrition can be found in Appendix E. A detailed analysis of attrition by ANA force element is provided in the classified annex of this report.

According to CSTC-A, ANA monthly attrition rates averaged approximately 2.6% over the quarter, a slight increase from the 2.2% recorded over the previous quarter and from the “below 2%” reported during the same period in 2018. This percentage accounts for pure attrition alone—unadjusted for new recruits or returnees—and not the total decrease in force strength listed on the previous page. CSTC-A reported that attrition figures are calculated by taking an average of monthly ANA attrition rates over the last three months. CSTC-A noted this figure was calculated from Afghan-owned and -reported data provided by the MOD and that CSTC-A cannot independently verify its accuracy.¹⁵¹

ANA Sustainment

As of June 30, 2019, the United States had obligated \$23.3 billion and disbursed \$23.1 billion of ASFF from FY 2005 through FY 2018 appropriations for ANA, AAF, and some ASSF **sustainment**.¹⁵²

For more information about what these costs include and the amount U.S. funds appropriated for ANA sustainment in FY 2019, see pages 48–49 of this report.

This quarter, CSTC-A reported the total amount expended for on-budget MOD elements’ sustainment requirements thus far for Afghan FY 1398 (December 2018–December 2019) was \$281.9 million through May 31, 2019. This amount includes \$274.2 million for ANA sustainment, \$2.6 million for AAF sustainment, and \$5.1 million for ANA Special Operations Corps (ANASOC) sustainment. The U.S. contribution to the AAF and ANASOC is almost entirely for salaries and incentive pay (except for about \$38,000 for AAF “asset” sustainment, which often includes facility-construction costs). The total amount reported for MOD elements’ sustainment this quarter represents a \$64.5 million increase compared to the same period in 2018.¹⁵³

The vast majority of this year’s funds have been spent on ANA salaries and incentive pay (\$246 million, of which roughly \$96.1 million was for incentive pay). Roughly \$28.4 million was spent on nonpayroll sustainment requirements for the ANA, the costliest of which were domestic travel (\$6.4 million), office equipment and computers (\$6 million), and energy-generating equipment (\$5.6 million).¹⁵⁴

CSTC-A said this quarter the total estimated funding required for ANA, AAF, and ANASOC base salaries, bonuses, and incentives for Afghan FY 1398 is \$534.8 million, a \$257.4 million decrease from the funds expended for this purpose in FY 1397. CSTC-A said the FY 1398 decrease is

Sustainment: Sustainment is defined in Joint Publication 3-0 as “The provision of logistics and personnel services required to maintain and prolong operations until successful mission completion.” ASFF funds several types of sustainment costs: “personnel sustainment,” which includes salaries and incentive pay; food; the Afghan Personnel and Pay System; “logistics sustainment” such as fuel, the CoreIMS inventory management system, and transportation services; “combat sustainment,” including organizational clothing and individual equipment, ammunition, and weapons repair parts; and “general operational sustainment services,” such as vehicle, facility, and equipment sustainment (operations and maintenance costs).

Source: DOD, Department of Defense Budget, Fiscal Year (FY) 2019, Justification for FY 2019 Overseas Contingency Operations (OCO) Afghanistan Security Forces Fund (ASFF), 2/2018, pp. 15, 22–23, 28, 30; OUSD-P response to SIGAR vetting, 7/12/2019.

TABLE 3.10

MAJOR EQUIPMENT PROVIDED TO THE ANA, MARCH 1–MAY 20, 2019				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost	Total Cost
Aircraft	AC-208	7	\$13,263,236	\$92,842,655
Vehicle	M1151 HMMWV (Humvee)	417	201,584	84,060,458
Aircraft	MD-530 Helicopter	8	6,514,670	52,117,360
Vehicle	M1152 HMMWV (Humvee)	119	215,333	25,624,614
Vehicle	Medium Tactical Vehicle	124	157,848	19,573,128
Aircraft	UH-60	2	11,743,750	23,487,500
Ammunition	57mm High-Explosive S-5 Aviation Rocket	26,704	401	10,698,157
Vehicle	Medium Tactical Vehicle Refueller	11	236,455	2,601,003
Vehicle	Medium Tactical Vehicle Fuel Tanker	8	241,606	1,932,847
Weapon	M4 Carbine (Rifle)	1,600	790	1,263,915
Total				\$314,201,637

Note: The above list reflects only the 10 highest-value equipment provided to the ANA this quarter. The "unit costs" listed reflect the average costs paid for items procured under multiple Foreign Military Sales cases; "total costs" were the actual amount spent for each item which may differ slightly from simply totaling average unit costs. The 119 HMMWVs listed include 27 that will be used as ambulances.

Source: CSTC-A, response to SIGAR data call, 6/21/2019.

due primarily to two factors: first, the afghani has depreciated significantly against the U.S. dollar over the past year and is projected to continue depreciating throughout the rest of FY 1398, which will affect the dollars spent on future disbursements; second, both CSTC-A and MOD have significantly improved their process for accurately calculating MOD's monthly salary requirements through improvements made to APPS, significantly decreasing the amount of CSTC-A funding paid to MOD for soldiers who did not qualify for pay.¹⁵⁵ CSTC-A has previously noted that the U.S. contribution to ANA personnel sustainment over the next few years is contingent on congressional appropriations.¹⁵⁶

ANA Equipment and Transportation

As of June 30, 2019, the United States had obligated and disbursed approximately \$13.7 billion of ASFF from FY 2005 through FY 2018 appropriations for ANA, AAF, and some ASSF equipment and transportation costs.¹⁵⁷

Seen in Table 3.10, CSTC-A reported that the highest-cost items of equipment provided to the ANA, AAF, and ANASOC this quarter (March 1 to May 31, 2019) included 536 High Mobility Multipurpose Wheeled Vehicles (HMMWV) (two variants) valued at a total of \$109.7 million, seven AC-208 fixed-wing aircraft (\$92.8 million), and eight MD-530 helicopters (\$52.1 million).¹⁵⁸

SECURITY

TABLE 3.11

HIGHEST-COST ANA INFRASTRUCTURE PROJECTS					
Project Description	Project Location	Agency / Contractor	Estimated Cost	Estimated Completion Date	
Awarded Projects					
AAF Aviation Enhancement, Mazar-e Sharif Airfield Operations and Life Support Area*	Mazar-e Sharif, Balkh Province	USACE/Omran Holding Group	\$24,203,141	8/1/2021	
AAF Aviation Enhancement, Kandahar Airfield Life Support Area	Kandahar, Kandahar Province	USACE/Omran Holding Group	2,968,637	5/3/2020	
WPP MOD Women's Training Center**	Kabul, Kabul Province	NSPA	2,610,000	3/20/2020	
Ongoing Projects					
Northern Electrical Interconnect, Camp Shaheen	Marmal, Balkh Province	USACE/Venco-Imtiaz Construction Company	27,692,414	10/21/2019	
Special Operations Brigade North, Camp Pratt Forward Operating Center	Mazar-e Sharif, Balkh Province	USACE/Builtek Construction	25,353,848	2/26/2021	
Northern Electrical Interconnect, Kunduz / Asqalan	Kunduz, Kunduz Province	USACE/Builtek Construction	10,488,724	7/15/2019	
Completed Projects					
WPP Women's Facilities, Marshal Fahim National Defense University	Kabul, Kabul Province	USACE/Biltech Construction Company	5,337,730	4/13/2019	
Water and Waste Water System Upgrade	Kandahar Province	USACE/Green Tech	4,062,183	5/3/2019	
WPP Women's Facilities, North Hamid Karzai International Airport	Kabul, Kabul Province	ACI	1,704,766	4/21/2019	
Planned Projects					
Special Mission Wing Ramp Growth, Kandahar Airfield	Kandahar, Kandahar Province	N/A	15,900,000	N/A	
Special Mission Wing Ramp Growth, Kabul Airfield	Kabul, Kabul Province	N/A	13,600,000	N/A	
AAF Aviation Enhancement, Kandahar Airfield Operations (Phase Two)	Kandahar, Kandahar Province	N/A	10,200,000	N/A	

Note: All data is as of May 15, 2019. WPP = Projects are part of the Women's Participation Program.

*Partially funded by the multilateral NATO ANA Trust Fund (not all U.S. ASFF funds).

** Fully funded by the NATO ANA Trust Fund.

Source: CSTC-A, response to SIGAR data call, 6/21/2019.

ANA Equipment Operational Readiness – Data Classified

This quarter, USFOR-A continued to classify data on ANA equipment readiness at the request of the Afghan government.¹⁵⁹ SIGAR's questions about ANA equipment readiness can be found in Appendix E of this report. ANA equipment readiness is reported in the classified annex of this report.

ANA Infrastructure

The United States had obligated \$6.0 billion and disbursed more than \$5.9 billion of ASFF from FY 2005 through FY 2018 appropriations for ANA, AAF, and some ASFF infrastructure projects as of June 30, 2019.¹⁶⁰

This quarter, CSTC-A reported that the estimated U.S.-funded annual facilities-sustainment costs for all ANA facility and electrical-generator requirements for FY 2019 will be \$110.8 million. According to CSTC-A, of



ANA recruits prepare for basic warrior training at the Kabul Military Training Center outside Kabul. (Resolute Support photo)

the \$110.8 million, \$74.7 million will be provided directly to the Afghan government and \$36.1 million will be spent by CSTC-A on behalf of the Afghan government.¹⁶¹

As of May 15, 2019, the United States completed 470 ANA, AAF, and ANASOC infrastructure projects in Afghanistan valued at a total cost of \$5.4 billion. CSTC-A reported that 13 projects were completed this quarter, costing roughly \$16.6 million. Another 32 projects (valued at \$200.4 million) were ongoing, four projects were awarded (valued at \$31.2 million), and 42 projects (valued at \$599.2 million) were being planned.¹⁶² See Table 3.11 for descriptions and information about the highest-value awarded, ongoing, completed, and planned infrastructure projects.

The projects described above include ANA Women's Participation Program (WPP) projects valued at a total of \$9.6 million, one awarded project (\$2.6 million), and two completed projects (\$7 million). See Table 3.11 for a description of these projects.

ANA Training and Operations

As of June 30, 2019, the United States had obligated and disbursed approximately \$4.3 billion of ASFF from FY 2005 through FY 2018 appropriations for ANA, AAF, some ASFF, and MOD training and operations.

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

TABLE 3.12

AFGHAN AVIATION SUMMARY, AS OF JUNE 2019						
Aircraft	Total	Usable	Quarter Change	Command Pilots	Co-Pilots	Other Aircrew
A-29	12	12	1	19	0	1
Mi-17	45	26	3	29	25	0
UH-60	40	39	4	22	31	63
MD-530	43	39	(2)	39	27	0
C-130	4	3	(1)	8	3	13
AC-208	10	10	5	2	2	2
C-208	25	24	0	27	23	7

Note: Only qualified pilots and aircrew are listed in this table. "Pilots" include command pilots and instructor pilots. "Other Aircrew" includes loadmasters, flight engineers, and sensor management officers and vary by airframe. These figures do not include the aircraft or personnel for the Special Mission Wing, which are classified. "Quarter Change" refers to the change in usable aircraft.

Source: TAAC-Air, response to SIGAR data call, 3/20/2019 and 6/21/2019; TAAC-Air, response to SIGAR vetting, 4/11/2019 and 7/12/2019; SIGAR, analysis of TAAC-Air-provided data, 7/2019.

AFGHAN AIR FORCE

U.S. Funding

As of May 28, 2019, the United States had appropriated approximately \$8.2 billion to support and develop the AAF (including the Special Mission Wing) from FY 2010 to FY 2019. Roughly \$1.66 billion of those funds were appropriated in FY 2019, after the reprogramming action described on page 49.¹⁶³ The AAF was appropriated more U.S. funds in FY 2019 (as adjusted) than any other ANDSF force element; its allocation was \$295.37 million more than the funds for ANA ground forces.¹⁶⁴

As in previous years, a large portion of the AAF's FY 2019 funds has been designated for AAF sustainment costs (\$842.13 million). These funds are primarily used to pay for contractor-provided maintenance, major and minor repairs, and procurement of parts and supplies for the AAF's in-country inventory of seven air platforms: UH-60, MD-530, Mi-17, A-29, C-208, AC-208, and C-130.¹⁶⁵ DOD allocated \$531.46 million of the AAF's FY 2019 funds for equipment and transportation costs.¹⁶⁶

Nearly \$5.5 billion has been obligated for the AAF and SMW from FY 2010 through May 28 of FY 2019. About \$1.2 billion of those funds were obligated in FY 2018, and \$469.6 million has been obligated thus far in FY 2019. A substantial portion of these funds (\$2.6 billion) has been obligated for AAF sustainment, which accounts for 47% of obligated funds, followed by equipment and aircraft at 33%.¹⁶⁷

Aircraft Inventory and Status

As seen in Table 3.12, the AAF's current in-country inventory, as of June 2019, includes 179 aircraft (153 of which are operational).¹⁶⁸



New AAF pilots and door gunners completing their UH-60 training in Kandahar in May. (Resolute Support photo)

TAAC-Air reported that the AAF received three more MD-530s, four UH-60s, and five AC-208s in Afghanistan this quarter. Several aircraft were deemed unusable this quarter: two MD-530s need heavy repair due to hard landings on March 31 and May 9. TAAC-Air said the aircraft manufacturer is providing the U.S. government a repair cost estimate, after which CSTC-A can determine whether the two MD-530s will be returned to service. Additionally, six Mi-17s are currently being overhauled in depot; two are not usable pending service-life extensions.¹⁶⁹ TAAC-Air said the United States has purchased and is preparing to field five MD-530s, eight UH-60s, and three A-29s for the AAF over the next few months.¹⁷⁰

AAF Operations and Task Availability

The AAF increased its flight hours this quarter and readiness decreased for four of its six airframes for which readiness metrics are tracked. According to TAAC-Air, the AAF's average monthly flight hours this quarter (March through May 2019) increased by 14% compared to the last reporting period (December 2018 through March 2019). The AAF flew 9,874 hours from April 1 through June 30, 2019, an average of roughly 3,292 hours per month.¹⁷¹ USFOR-A said the AAF's flight-hours data include all hours flown by all aircraft, whether for operations, maintenance, training, or navigation.¹⁷²

The Mi-17 flew the most hours, averaging around 770 hours per month, followed closely by the UH-60 (765 hours), and the MD-530 (724 hours). The AAF has a history of overusing its oldest and most familiar aircraft, the Russian-made Mi-17. Of the six AAF airframes for which operational data is tracked, only the Mi-17 continued to exceed its recommended flight hours this quarter. The Mi-17's average of 770 hours per month was over its recommended flying time of 650 hours per month.¹⁷³

ANDSF Absence Without Leave in the United States

ANDSF personnel going absent without leave (AWOL) in the United States while in training has been an issue U.S. advisors have identified over the last several quarters. This quarter, DOD provided SIGAR with the following information about which ANDSF personnel went AWOL during their U.S.-based training.

January–December 2018:

- 34 AAF
- 5 ANA

January–July 1, 2019:

- 5 AAF
- 1 ANA
- 1 ANP
- 2 MOI civilian personnel

Most of the ANDSF personnel reported to have gone AWOL since January 2018 have been AAF personnel. SIGAR reported TAAC-Air's decision last quarter to discontinue most of the pilot training courses taking place in the United States after over 40% of the AAF students enrolled in the U.S.-based AC-208/C-208 training went AWOL. Those courses were pulled back to Afghanistan so the AAF trainees that did not go AWOL could complete their training.

Source: OUSD-P, response to SIGAR vetting, 7/17/2019, 7/14/2019 and 4/11/2019; TAAC-Air, response to SIGAR data call 3/21/2019.

SECURITY

TABLE 3.13

AAF MAINTENANCE PERSONNEL STRENGTH, AS OF JUNE 2019										
Maintenance Positions	2019 AUTHORIZED STRENGTH					2019 ASSIGNED STRENGTH				
	Kabul	Kand	MeS	Shind	Total	Kabul	Kand	MeS	Shind	Total
A-29	61	65	0	0	126	58	32	0	0	90
AC-208 / C208	112	63	0	44	219	102	53	0	39	194
C-130	68	0	0	0	68	65	0	0	0	65
MD-530	85	102	0	0	187	83	62	0	0	145
Mi-17	210	61	13	30	314	205	51	13	25	294
UH-60	83	86	0	42	211	81	34	0	37	152
Maintenance Operations	89	97	26	91	303	83	79	24	81	267
Munitions and Weapons	66	62	15	20	163	59	40	14	16	129
Maintenance Staff	96	35	2	21	154	86	24	1	15	126
Total	870	571	56	248	1,745	822	375	52	213	1,462

Note: All personnel listed above are reported as trained and fully mission-capable. Locations refer to AAF airbases. Kand = Kandahar, MeS = Mazare Sharif, and Shind = Shindand. Maintenance Operations = conducts non-mechanical functions like quality assurance, analysis, plans, scheduling, documentation, training, and logistics; Munitions and Weapons = stores, maintains, inspects, assembles, and issues aircraft munitions; Maintenance Staff = handles command, support, and finance.

Source: TAAC-Air, response to SIGAR data call, 6/21/2019.

Task availability: The task availability rate is defined as the number of aircraft serviceable and ready to be tasked, for combat or training, compared to the number of aircraft in the operational fleet (excluding those in depot). For example, if a 12-aircraft fleet has five serviceable aircraft, two aircraft in the maintenance depot, and five in other status, this calculation yields a 50% task availability (i.e., five of the 10 airframes not undergoing maintenance) for that aircraft type. Task availability is a capabilities-based measurement for senior leadership mission planning, rather than a measurement of how contractors are performing in maintaining AAF aircraft.

Source: USFOR-A, response to SIGAR data call, 3/22/2018.

This quarter, of the AAF's six airframes for which readiness metrics are tracked, four (the Mi-17, MD-530, C-130, and A-29) saw decreases in their readiness, which TAAC-Air tracks using **task-availability** rates. Despite these decreases in task availability rates, only one of six AAF airframe types failed to meet its task-availability benchmark this quarter, an improvement over last quarter. According to TAAC-Air, for the second consecutive reporting period, the MD-530 failed to meet its task-availability benchmark: the airframe has a 75% benchmark and its average task availability this quarter fell to 63.2%. As mentioned, two MD-530s were taken out of service this quarter due to hard landings, which affects the task availability for the airframe because fewer aircraft were available and ready for tasking.¹⁷⁴

AAF Manning

TAAC-Air continued to provide information on the number of fully mission-qualified or certified mission-ready (CMR) aircrew and pilots the AAF has for each of its airframes, as shown in Table 3.12 on page 88. As of June 2019, the AAF had 27 more pilots and instructor pilots and four fewer copilots than last quarter (February 2019). TAAC-Air also reported 72 fewer qualified maintenance personnel than last quarter.¹⁷⁵ Table 3.13 shows the current number of authorized and assigned AAF maintenance personnel by airframe and other maintenance functions.

DOD reported in June that the AAF continues to struggle to recruit and train qualified maintenance personnel for U.S.-provided aircraft due to lack of English-language and technical competence. Previously the AAF did not

formally track the training status of its maintainers, leading TAAC-Air to develop an AAF master training plan to standardize and define skill-level descriptions for maintainers across the AAF's air platforms. According to DOD, it takes between six and seven years to fully train high-level maintainers across most of the AAF's platforms. Initial training to achieve a routine-level maintenance competence takes 12 to 18 months and includes general English-language training. Achieving the highest level of training takes an additional four to five years and includes advanced, technical English-language training.¹⁷⁶

Table 3.14 shows that as of June 2019, the AAF continues to rely heavily on contractor-provided maintenance to maintain six of its seven air platforms (C-130, AC-208, C-208, A-29, MD-530, and UH-60). In contrast, the AAF is able to perform most of the routine maintenance required for its Russian-made Mi-17s (85%, with contractors completing the rest).¹⁷⁷

The Special Mission Wing – Some Data Classified

This quarter, NATO Special Operations Component Command-Afghanistan (NSOCC-A) continued to provide a general update on the Special Mission Wing (SMW). NSOCC-A also continued to classify detailed performance and other data on the SMW. SIGAR's questions about the SMW can be found in Appendix E of this report; information about the SMW is reported in the classified annex for this report.

SMW Funding

The United States has obligated a total of over \$2.5 billion for the SMW from FY 2012 through FY 2019 (through May 15, 2019) from the ASFF and the DOD-Counternarcotics Fund (DOD (CN)). U.S. spending on the SMW is on track to increase substantially in FY 2019: about \$186.5 million of ASSF and DOD (CN) funds have already been obligated in FY 2019, \$4.4 million more than the total amount obligated during the entirety of FY 2018 (\$182.1 million).¹⁷⁸ A substantial portion of the funding obligated since FY 2012 (\$2.5 billion) was obligated for SMW sustainment (\$1.3 billion), which accounts for 50.5% of obligated funds, followed by equipment and aircraft (\$996 million) at 39.7%.¹⁷⁹

SMW Operations and Manning

The SMW is an AAF component whose mission is to support the ASSF in operations. About 90% of SMW missions are focused on counterterrorism (up from 85% last quarter). However, the SMW has recently been tasked by the ANA and ANP to support conventional ground forces, a potential misuse of the force. This quarter, as in last quarter, NSOCC-A reported that the MOD, MOI, and the National Directorate of Security (NDS) continue to demand support from the SMW, though NSOCC-A says instances of misuse have decreased compared to last quarter. NSOCC-A's leadership continues

TABLE 3.14

MAINTENANCE CONDUCTED BY THE AAF AND CONTRACTORS			
	Aircraft	% AAF	% CLS
Fixed Wing	C-130	0	100
	C-208	20	80
	AC-208	0	100
	A-29	20	80
Rotary Wing	Mi-17	85	15
	MD-530	20	80
	UH-60	0	100

Note: AAF = Afghan Air Force; CLS = contractor logistics support. The Mi-17 data does not include heavy repair or overhauls because the AAF does not have the organic capability required.

Source: TAAC-Air, response to DOD OIG data call, 7/4/2019; DOD, *Enhancing Security and Stability in Afghanistan*, 6/2019, p. 64.

to address this with the MOD by recommending CSTC-A levy financial penalties to curb the misuse.¹⁸⁰

NSOCC-A reported this quarter that the SMW is expecting deliveries of 18 UH-60s starting in January 2020, with the full complement of aircraft delivered by the end of 2021. To keep pace with the anticipated delivery of new aircraft, the SMW has been growing its pilot and maintainer force to be able to train and qualify enough personnel to fly and maintain the aircraft once they are fielded. Currently, the SMW has 40 personnel (20 pilots and 20 crew chiefs) that met selection criteria to train for fielding the first 10 UH-60s, which are expected to arrive in early- to mid-2020.

The SMW is short of maintainers. NSOCC-A reported that as of May 2019, 200 of 244 personnel required are assigned to SMW maintenance positions. This is six maintenance personnel fewer than the number reported last quarter. NSOCC-A says that the SMW will need to expand its cadre of maintainers to meet future aircraft-maintenance requirements as the fleet expands.¹⁸¹

AFGHAN NATIONAL POLICE

As of June 30, 2019, the United States had obligated nearly \$21.4 billion and disbursed nearly \$21.2 billion of ASFF funds from FY 2005 through FY 2018 appropriations to build, train, equip, and sustain the ANP and some ASSF. The force elements comprised the ANP budget activity group (BAG) for reporting purposes through FY 2018 appropriation.¹⁸²

ANP Force Manning

ANP Personnel Strength – Some Data Classified

This quarter, USFOR-A continued to classify unit-level ANP personnel strength data in accordance with Afghan government classification guidelines. Detailed assigned- and authorized-strength figures will appear in the classified annex for this report. SIGAR's questions about ANP strength can be found in Appendix E of this report.

As reported earlier, only those ANDSF personnel who have been biometrically validated in APPS are included in strength figures. ANDSF strength data reported this quarter thus reflects significant differences from previously reported strength data.¹⁸³ According to CSTC-A, there were 91,596 ANP personnel as of May 25, 2019. Due to the transition to APPS-based strength reporting, USFOR-A was unable to provide the breakdown of officers, NCOs, and patrolmen serving in the ANP this quarter. These figures reflect 24,788 ANP fewer than the assigned-strength numbers reported to SIGAR last quarter and 26,356 personnel fewer compared to roughly the same period last year.¹⁸⁴ CSTC-A continues to offer the caveat that they are unable to validate ANDSF strength data for accuracy.¹⁸⁵

According to DOD, the ANP's total authorized (goal) strength as of June 2019 remained 124,626. This quarter's assigned strength puts the ANP at 73.5%, or 33,030 personnel short, of its goal strength, a decrease nearly 20 percentage-point decrease since last quarter.¹⁸⁶

When asked about the gulf between last quarter's Afghan-reported strength numbers and this quarter's APPS validated ones, CSTC-A said that it "does not expect that the APPS reported data will ever equal the amount that was self-reported [by the Afghans]" and that it "cannot categorize the excess individuals as "ghost" personnel, because it is not known why the Afghan reported numbers are higher."¹⁸⁷ SIGAR's Investigations Directorate is investigating the matter, and is contributing to efforts by SIGAR's Audits Directorate, CSTC-A, and the Afghan Attorney General's office to identify and address measures to reduce and/or eliminate payments for nonexistent police officers.¹⁸⁸

ANP Attrition – Data Classified

USFOR-A continued to classify detailed ANP attrition information this quarter at the request of the Afghan government, but provide limited attrition information unclassified. SIGAR's questions about ANP attrition can be found in Appendix E. A detailed analysis of attrition by ANP force element is provided in the classified annex of this report.

According to CSTC-A, ANP monthly attrition rates this quarter averaged approximately 2.4%, a slight increase from the 2.2% recorded over the previous quarter. This percentage accounts for pure attrition alone—unadjusted for new recruits or returnees—and not the total decrease in force strength listed on the previous page. CSTC-A reported that attrition figures are calculated by taking an average of monthly ANP attrition rates over the last three months. CSTC-A noted this figure was calculated from Afghan-owned and -reported data provided by the MOI.¹⁸⁹

ANP Sustainment

As of June 30, 2019, the United States had obligated and disbursed approximately \$9.4 billion of ASFF from FY 2005 through FY 2018 appropriations for ANP and some ASSF **sustainment**.¹⁹⁰

For more information about what these costs include and the amount U.S. funds appropriated for ANP sustainment in FY 2019, see pages 48–49 of this report.

This quarter, CSTC-A reported that the total amount expended for on-budget MOI elements' sustainment requirements thus far for Afghan FY 1398 (December 2018–December, 2019) was \$116.6 million through May 31, 2019. The vast majority of these funds was the \$94.9 million U.S. contribution for ANP sustainment (\$92.7 million of which was for ANP goods and services and \$2.2 million for ANP pay incentives). Most of the other \$21.7 million was for Afghan Local Police (ALP) and GCPSU salaries.¹⁹¹

Sustainment: Sustainment is defined in Joint Publication 3-0 as "The provision of logistics and personnel services required to maintain and prolong operations until successful mission completion." ASFF funds several types of sustainment costs: "personnel sustainment," which includes salaries and incentive pay; food; the Afghan Personnel and Pay System; "logistics sustainment" such as fuel, the CoreIMS inventory management system, and transportation services; "combat sustainment," including organizational clothing and individual equipment, ammunition, and weapons repair parts; and "general operational sustainment services," such as vehicle, facility, and equipment sustainment (operations and maintenance costs).

Source: DOD, Department of Defense Budget, Fiscal Year (FY) 2019, *Justification for FY 2019 Overseas Contingency Operations (OCO) Afghanistan Security Forces Fund (ASFF)*, 2/2018, pp. 15, 22–23, 28, 30; OUSD-R response to SIGAR vetting, 7/12/2019.

SECURITY

TABLE 3.15

MAJOR EQUIPMENT PROVIDED TO THE ANP, MARCH 1–MAY 20, 2019				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost	Total Cost
Vehicle	M1151 HMMWV (Humvee)	86	\$234,696	\$20,183,820
Vehicle	M1152 HMMWV (Humvee)	81	247,124	20,017,083
Ammunition	60mm Illuminating Mortar Cartridge	25,000	245	6,124,500
Ammunition	60mm High Explosive Mortar Cartridge	18,432	313	5,769,216
Ammunition	7.62mm Rifle Cartridge	6,919,000	0.73	5,026,050
Vehicle	Medium Tactical Vehicle Water Tanker	15	247,372	3,710,584
Ammunition	122mm High Explosive Howitzer Cartridge	4,552	766	3,487,196
Ammunition	5.56mm Rifle Cartridge	6,961,920	0.35	2,436,672
Weapon	M4 Carbine (Rifle)	1,781	1,137	2,025,781
Vehicle	Medium Tactical Vehicle	9	153,757	1,383,816
Total Cost of Equipment			\$70,164,718	

Note: The above list reflects only the 10 highest-value equipment provided to the ANP this quarter. The “unit costs” listed reflect the average costs paid for items procured under multiple Foreign Military Sales cases; “total costs” were the actual amount spent for each item which may differ slightly from simply totaling average unit costs.

Source: CSTC-A, response to SIGAR data call, 6/21/2019.

The total amount reported for MOI elements’ sustainment this quarter represents an \$87.1 million increase compared to the same period in 2018. A large portion of this increase is \$38.6 million of “contract carryover,” which CSTC-A says are contracts that were awarded during FY 1397 but for which CSTC-A had not yet reimbursed MOI. These contracts are for a range of requirements such as operations and maintenance of equipment and buildings, drilling wells, security improvements, and other minor projects.¹⁹²

Of the roughly \$92.7 million spent on nonpayroll sustainment requirements for the ANP thus far in FY 1398, the costliest were contract carryovers from the previous fiscal year (\$38.6 million), domestic fuel (\$14.5 million), and repair and maintenance of ANA facilities, to include generators, water supply, and canal equipment (\$8.8 million).¹⁹³

CSTC-A said this quarter that the total estimated funding required for MOD elements’ base salaries, bonuses, and incentives for Afghan FY 1398 is \$56.3 million, which includes ALP salaries only.¹⁹⁴ CTSC-A has previously noted that the U.S. contribution to ANP personnel sustainment over the next few years is contingent on congressional appropriations.¹⁹⁵

ANP Equipment and Transportation

As of June 30, 2019, the United States had obligated \$4.8 billion and disbursed \$4.7 billion of ASSF from FY 2005 through FY 2018 appropriations for ANP and some ASSF equipment and transportation.

Seen in Table 3.15, CSTC-A reported that the highest-cost items of equipment provided to the ANP this quarter included 167 HMMWVs

valued at \$40.2 million and several types of artillery and rifle ammunition (\$22.8 million).¹⁹⁶

ANP Equipment Operational Readiness – Data Classified

This quarter USFOR-A continued to classify the data concerning the ANP's equipment readiness at the request of the Afghan government.¹⁹⁷ The questions SIGAR asked about ANP equipment readiness can be found in Appendix E of this report. ANP equipment readiness is reported in the classified annex of this report.

ANP Infrastructure

The United States had obligated and disbursed approximately \$3.2 billion of ASFF from FY 2005 through FY 2018 appropriations for ANP and some ASSF infrastructure projects as of June 30, 2019.¹⁹⁸

This quarter, CSTC-A reported that estimated U.S.-funded annual facilities-sustainment costs for all ANP facility and electrical-generator requirements for FY 2019 will be \$78.8 million, the same amount reported last quarter. According to CSTC-A, of the \$78.8 million, \$45.4 million will be provided directly to the Afghan government and \$33.4 million will be spent by CSTC-A for the Afghan government.¹⁹⁹

As of May 15, 2019, the United States completed 775 ANP infrastructure projects in Afghanistan valued at roughly \$3 billion. CSTC-A reported that two projects were completed this quarter, costing \$5.8 million. Another 15 projects (valued at \$126.2 million) were ongoing and 14 projects (valued at \$78.8 million) were being planned.²⁰⁰ See Table 3.16 on the following page for descriptions and information about the highest-value awarded, ongoing, completed, and planned ANP infrastructure projects.

Included in these projects are 11 ANP Women's Participation Program (WPP) projects valued at a total of about \$136.4 million, comprising eight ongoing projects (\$67.1 million), two awarded projects (\$66 million), and one recently completed project (\$3.3 million). Most of these projects are or were funded by the NATO ANA Trust Fund.²⁰¹

ANP Training and Operations

As of June 30, 2019, the United States had obligated \$4.0 billion and disbursed \$3.9 billion of ASFF from FY 2005 through FY 2018 appropriations for ANP, some ASSF, and MOI training and operations.²⁰²

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

SECURITY

TABLE 3.16

HIGHEST-COST ANP INFRASTRUCTURE PROJECTS				
Project Description	Project Location	Agency / Contractor	Estimated Cost	Estimated Completion Date
Ongoing Projects				
ANP Kabul Surveillance System Camera and Security Upgrade and Expansion	Kabul, Kabul Province	USACE/Xator Corporation	\$32,992,327	5/1/2021
WPP Police Town, Phase II*	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	32,831,000	5/23/2021
WPP Police Town, Phase I*	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	23,646,225	11/21/2020
Completed Projects				
WPP ANP New Women's Compound	Gardez Province	USACE/SWC Construction	3,333,518	3/16/2019
MOI Headquarters Entry Control Points, Parking, and Lighting	Kabul Province	USACE/Assist Consultants Inc.	2,440,345	3/9/2019
Planned Projects				
WPP Police Town, Phase III*	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	35,000,000	6/30/2021
WPP Police Town, Phase IV*	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	31,000,000	8/30/2021

Note: All data are as of May 15, 2019. WPP = Projects are part of the Women's Participation Program.
*Funded by the multilateral NATO ANA Trust Fund (not U.S. ASFF funds).

Source: CSTC-A, response to SIGAR data call, 6/21/2019 and response to SIGAR vetting, 7/12/2019.

Afghan Local Police

Afghan Local Police (ALP) members, known as “guardians,” are usually local citizens selected by village elders or local leaders to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions. While the ANP’s personnel costs are paid via the LOTFA, only DOD and the Afghan government fund the ALP, including its personnel and other costs. DOD’s funding for the ALP’s personnel costs is provided directly to the Afghan government. Although the ALP is overseen by the MOI, it is not counted toward the ANDSF’s authorized end strength.²⁰³ NSOCC-A reported the estimated amount of ASFF needed to fund the ALP for FY 2019 (assuming an ALP force authorization of 30,000 personnel) is about \$60 million, the same amount reported last quarter.²⁰⁴

NSOCC-A reported that according to the ALP Staff Directorate, the ALP had roughly 28,000 guardians on hand as of May 11, 2019, roughly 23,500 of whom were fully trained. The ALP’s strength declined by roughly 150 personnel since last quarter, and by about 1,300 since the same period in 2018. However, the number of trained personnel increased by about 2,000 personnel since last quarter, causing the percentage of the force that is untrained or in training to decrease to 15%, down eight percentage points since last quarter.²⁰⁵

This quarter, NSOCC-A reported on the ALP’s continuing efforts to enroll personnel in APPS and to transition ALP salary payments to an electronic funds-transfer process. According to NSOCC-A, as of May 5, 2019, 73% of

ALP personnel reported to be on-hand have been slotted into APPS, with 65% meeting the minimum data-entry requirements in APPS to be paid. Both figures represent slight improvements from last quarter. In addition, 85% of ALP personnel (the same as last quarter) have banking, ATM, or mobile money resources available to them and are encouraged to utilize these services instead of the previous system of turning over salaries to a “trusted agent.”²⁰⁶

NSOCC-A reported last quarter that ALP reform has been a challenge due to the uncertainty regarding the ALP’s future. Both RS and NSOCC-A, in coordination with the Afghan government, are planning a possible transfer of the ALP to other ANDSF force elements. This quarter, USFOR-A confirmed this is still the case. They added that the FY 2020 ASFF budget request does not include funding for the ALP and that it is possible the ALP may be reorganized within the ASSF. USFOR-A will report on changes to the ALP force structure if and when the MOI orders them to occur.²⁰⁷

This quarter, NSOCC-A provided SIGAR with the latest ALP **powerbroker-influence report** that lists ALP personnel determined to be under the influence of local powerbrokers such as village elders, parliamentarians, and other individuals outside the proper chain of command. As of March 2019, 147 ALP personnel were under the influence of powerbrokers across five provinces, an increase of 31 personnel but a decrease of six provinces since last quarter’s report (as of December 2018). This quarter’s figures still reflect a decrease from the 219 ALP personnel across 12 provinces reported under the influence of powerbrokers in July 2018. The provinces with the most ALP personnel under the influence of powerbrokers shifted since December 2018, with the most in March in Takhar Province (46 ALP) and Baghlan Province (41 ALP). In December, it was Nangarhar with 36 ALP under powerbroker influence and Uruzgan (40 ALP).²⁰⁸

REMOVING UNEXPLODED ORDNANCE

According to the United Nations (UN), Afghanistan is one of the countries most affected by landmines and explosive remnants of war (ERW) such as live shells and bombs.²⁰⁹ Although contamination originates from legacy mines laid before 2001, the cause of most casualties are the mines and other ERW dating from after the arrival of international forces. From 2012’s low of 36 per month, casualties increased to 191 per month in 2017. The National Disability Survey of Afghanistan, conducted in 2005, estimated at least 2.7% of the population were severely disabled, including 60,000 landmine and ERW survivors. The UN assumes the number is appreciably higher today.²¹⁰

The Department of State’s Bureau of Political-Military Affairs’ Office of Weapons Removal and Abatement (PM/WRA) manages the conventional

ALP powerbroker-influence reports:

According to USFOR-A, the ALP powerbroker-influence reports are generated by the ALP Staff Directorate’s (SD) Analysis and Assessments section in order to identify ALP personnel under the influence of powerbrokers (such as parliamentarians, local elders, officials outside of their chain of command, etc.) that take them away from completing their assigned duties.

The ALP SD section sources its information on powerbroker influence from both Afghan intelligence reports and reports that flow up through ANP chain of command (district chiefs of police to provincial chiefs of police to the SD). The reports are not distributed outside of the SD through Afghan chains, except to U.S. advisors to the ALP.

The SD claims to investigate all of the powerbroker influence cases, but USFOR-A says that much of this investigating gets decentralized back to the district and provincial chiefs of police due to manpower limitations on the SD’s assessment teams. Generally speaking, the SD’s goal is to remove the identified ALP personnel from powerbroker influence, and return them to their assigned duties, not to fire them. USFOR-A said that optimally, powerbrokers themselves would be held accountable, but that is often beyond the reach of the SD. If some culpability is found on the part of the influenced ALP, they can be fired, usually under the auspices of not performing their duties for an extended period of time or going absent without leave.

Source: NSOCC-A, response to SIGAR data call, 6/21/2018; USFOR-A, response to SIGAR vetting, 7/12/2019.

Attack Kills 40 and Badly Damages OMAR Mine Museum

A complex Taliban attack on July 1, 2019, killed at least 40 people and badly damaged a U.S.-funded private mine-clearance museum in Kabul, a television station, and a primary school. The centerpiece of the displays at the Organization for Mine Clearance and Afghan Rehabilitation (OMAR) Museum are the many antipersonnel and other mines planted around Afghanistan. Since the museum opened in 2004, schoolchildren have visited to learn about the dangers of handling mines and explosive projectiles. Since 2001, the State Department spent over \$15 million to support OMAR's mine-clearing and mine-awareness activities.

Source: New York Times, "Bombing Kills Dozens and Hurts Schoolchildren as Taliban Talks Resume," 7/1/2019; SIGAR, Department of State's Mine Clearance, Explosive Ordnance Disposal, and Mine Awareness Activities in Afghanistan: Audit of Costs Incurred by the Organization for Mine Clearance and Afghan Rehabilitation, 5/2015, p. 3.

weapons destruction program in Afghanistan. Since FY 2002, State has provided \$381.9 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan (an additional \$11.6 million was provided between 1997 and 2001 before the current U.S. reconstruction effort). PM/WRA so far obligated \$1.85 million in FY 2018 funds.²¹¹

The Afghan government was granted an extension in 2012 until 2023 to fulfill its obligations under the Ottawa Treaty to achieve mine-free status. Given the magnitude of the problem and inadequate financial support, the country will not reach this objective in time.²¹² According to State, the drawdown of coalition forces in 2014 was concurrent with a drawdown of international donor funds to the Mine Action Programme for Afghanistan (MAPA). From a 2010 peak of \$113 million, MAPA's budget decreased to \$51 million in 2018. The Afghan government will request another 10-year extension to meet its treaty obligations. However, according to the State Department, the extension request cannot be initiated or acknowledged sooner than 18 months before April 2023—the end date of the current extension.²¹³

State directly funds seven Afghan nongovernmental organizations (NGOs), six international NGOs, and one U.S.-based higher-education institution to help clear areas in Afghanistan contaminated by ERW and by conventional weapons used by insurgents to construct roadside bombs and other improvised explosive devices (IEDs).²¹⁴ From 1997 through March 31, 2019, State-funded implementing partners have cleared more than 270.2 million square meters of land (104 square miles, or 1.7 times the land area of Washington, DC) and removed or destroyed over eight million landmines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stockpiled munitions, and homemade explosives. Table 3.17 shows conventional weapons destruction figures, FY 2010–2019.²¹⁵

The estimated total area of contaminated land continues to fluctuate: clearance activities reduce the extent of hazardous areas, but ongoing surveys find new contaminated land. At the beginning of the calendar year, there were 636.9 square kilometers (245.9 square miles) of contaminated minefields and battlefields. As of March 31, the total known contaminated area was 619.3 square kilometers (239.1 square miles) in 3,715 hazard areas. PM/WRA defines a minefield as the area contaminated by landmines; a contaminated area can include both landmines and other ERW.²¹⁶

USAID's Conflict Mitigation Assistance for Civilians (COMAC) is a \$40 million, five-year, nationwide program that began in March 2018 and supports Afghan victims and their families who have suffered losses from military operations against the Taliban or from insurgent attacks. COMAC provides assistance to Afghan civilians and their dependent family members who have experienced loss due to:²¹⁷

- military operations involving the U.S., Coalition, or ANDSF against insurgents, criminals, terrorists, or illegal armed groups

TABLE 3.17

DEMINEING PROGRAM PERFORMANCE METRICS, FISCAL YEARS 2010–2019						
Fiscal Year	Minefields Cleared (m ²)	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared	Estimated Contaminated Area Remaining (m ²) ¹
2010	39,337,557	13,879	663,162	1,602,267	4,339,235	650,662,000
2011	31,644,360	10,504	345,029	2,393,725	21,966,347	602,000,000
2012	46,783,527	11,830	344,363	1,058,760	22,912,702	550,000,000
2013	25,059,918	6,431	203,024	275,697	10,148,683	521,000,000
2014	22,071,212	12,397	287,331	346,484	9,415,712	511,600,000
2015	12,101,386	2,134	33,078	88,798	4,062,478	570,800,000
2016	27,856,346	6,493	6,289	91,563	9,616,485	607,600,000
2017	31,897,313	6,646	37,632	88,261	1,158,886	547,000,000
2018	25,233,844	5,299	30,924	158,850	N/A	558,700,000
2019 ²	8,239,924	1,477	17,135	93,518	N/A	619,300,000
Total	270,225,387	77,090	1,967,967	6,197,923	83,620,528	

Note: AT/AP = antitank/antipersonnel ordnance. UXO = unexploded ordnance. SAA = small-arms ammunition. N/A = not applicable.

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

¹ Total area of contaminated land fluctuates as clearance activities reduce hazardous areas while ongoing survey work identifies and adds new contaminated land in the Information Management System for Mine Action (IMSMA) database.

² Partial fiscal year results (10/1/2018–3/31/2019)

Source: PM/WRA, response to SIGAR data call, 6/20/2019.

- landmines, improvised explosive devices (IED), unexploded ordnances, suicide attacks, public mass shootings, or other insurgent or terrorist actions
- cross-border shelling or cross-border fighting

COMAC provides in-kind goods sufficient to support families affected by conflict for 60 days. Additional assistance such as referrals for health care and livelihood service providers, and assistance with economic reintegration for families impacted by loss or injury is also provided.²¹⁸ During January–March 2019, COMAC launched its online incident case-management system (IMS) through which assistance packages are distributed. The incident-management system includes biometric registration capabilities to identify beneficiaries.²¹⁹ COMAC provided immediate assistance to 3,124 families and delivered 29 capacity-building activities to Afghan government staff.

Only one meeting occurred during this period between the government and agencies and organizations providing assistance to victims, but COMAC intends to meet the program’s FY 2019 target of 19 coordination meetings. The minimal progress stems partly from the lack of an established framework enabling government entities such as the Ministry of Public Health (MOPH) and the Ministry of Women’s Affairs (MOWA) to support victims’ assistance packages.²²⁰ As of March 31, 2019, USAID has disbursed \$6.76 million for this program.²²¹

GOVERNANCE CONTENTS

Key Issues and Events	101
U.S. Reconstruction Funding for Governance	102
Reconciliation and Reintegration	102
Preparations for the Presidential Elections Continue	105
Who's Who of Presidential Candidates	107
Mutual Accountability	108
U.S. Assistance to the Afghan Government Budget	109
National Governance	116
Subnational Governance	118
Quarterly Highlight: Service Delivery in Taliban-Controlled or Influenced Areas	122
Rule of Law and Anticorruption	125
Refugees and Internal Displacement	131
Gender	133

GOVERNANCE

KEY ISSUES AND EVENTS

This quarter, U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad held two rounds of talks with the Taliban in Doha, Qatar, that he described as “the most productive” to date, with “substantial progress” on all four principal topics: counterterrorism assurances, foreign troop withdrawal, intra-Afghan dialogue and intra-Afghan negotiations, and a permanent and comprehensive ceasefire. Ambassador Khalilzad’s office confirmed to SIGAR that the latest round of talks ended on July 9 with both sides agreeing to set a date for another meeting after completing internal consultations.²²²

On July 6, the U.S. and Taliban negotiators paused negotiations for two days to accommodate a parallel intra-Afghan dialogue event sponsored by Qatar and Germany.²²³ (Ambassador Khalilzad met again with Taliban representatives on the morning of July 9, but then departed for China and the United States for consultations.²²⁴) Some 44 delegates (including 10 women) from Afghanistan met with 17 Taliban representatives to share their ideas for peace. Afghan government officials expressed their hope that the dialogue could lead to direct talks between the Afghan government and the Taliban.²²⁵ Participants called for the continuation of foreign assistance following a peace agreement.²²⁶

Following the dialogue, the Taliban’s senior negotiator, Sher Mohammad Abas Stanekzai, said the Taliban would enter into direct negotiations “with the Afghan government side for internal matters” only after a timetable for the withdrawal of foreign troops is finalized.²²⁷

Political opponents of President Ashraf Ghani—including a group of 11 presidential candidates—claimed this quarter that May 22, 2019, marked the end of President Ghani’s constitutional term of office. On April 21, the Supreme Court had ruled in favor of extending President Ghani’s term until the election of a new president, saying this followed the 2009 precedent. The president’s opponents criticized the Supreme Court’s decision and warned of potential civil disobedience if its proposals for an interim government were not considered. According to the United Nations, there were no observed demonstrations against Ghani’s presidency on May 23.²²⁸

President Ghani further upset his political opponents when he appointed several senior security officials, including two deputy ministers for defense,

As this report went to print, Ambassador Khalilzad had embarked on a July 22–August 1, 2019, trip to Afghanistan and Qatar. According to State, Ambassador Khalilzad intended to work with the Afghan government to identify a national team to participate in intra-Afghan negotiations. In Doha, Qatar, he intended to resume talks with the Taliban. Afghan media quoted President Ashraf Ghani as saying on July 20 that intra-Afghan negotiations would begin within the next few weeks.

Source: State, “Special Representative Khalilzad Travels to Afghanistan and Qatar,” 7/22/2019; TOLONews, “Intra-Afghan Talks To Begin Within Next Few Weeks: Ghani,” 7/20/2019.

“We are not and will not negotiate with the Taliban on behalf of the government or people of Afghanistan. Rather, we’re working to bring Afghans together at the negotiating table to decide the future of their own country collectively.”

—Secretary of State Michael R. Pompeo



Special Representative for Afghanistan Reconciliation Zalmay Khalilzad (left), Ambassador to Afghanistan John R. Bass (center), and Secretary of State Michael R. Pompeo (right) meet with President Ashraf Ghani, former Afghan President Hamid Karzai and Chief Executive Abdullah Abdullah in June. (State photo)

provincial chiefs of police in 17 provinces, and three new deputies in the Office of the National Security Council. While President Ghani said these appointments were part of his reform agenda, the UN reported that opposition figures claimed these appointments created the perception that he was politicizing the security sector ahead of the presidential elections.²²⁹

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE

As of June 30, 2019, the United States had provided nearly \$34.5 billion to support governance and economic development in Afghanistan. Most of this funding, more than \$20.5 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).²³⁰

RECONCILIATION AND REINTEGRATION

U.S.-led Peace Talks with the Taliban

On June 29, the United States began the latest round of peace talks with the Taliban in Doha, Qatar.²³¹ During a visit to Kabul days before the talks, Secretary of State Michael R. Pompeo expressed his hope for a peace deal by September 1.²³²

Ambassador Khalilzad described the most recent talks as “the most productive” to date having made “substantial progress” on all four principal topics agreed upon between the United States and the Taliban in January 2019: counterterrorism assurances, foreign troop withdrawal, intra-Afghan dialogue and intra-Afghan negotiations, and a permanent and comprehensive ceasefire. Ambassador Khalilzad’s office confirmed to SIGAR that the latest round of talks ended on July 9 with both sides agreeing to set a date for another meeting after completing internal consultations.²³³

In a previous round of talks between May 1 and 9, U.S. and Taliban negotiators focused their discussions on the withdrawal of international troops and guarantees that Afghanistan would not become a base for transnational terrorism.²³⁴

On July 11, Acting Assistant Secretary of State for South and Central Asia Alice G. Wells said that no future Afghan government can expect international assistance if it “restricts, represses or relegates Afghan women to second-class status.”²³⁵

A more comprehensive discussion of State’s perspectives on the peace talks is presented in the classified addendum of this report.

Parallel Peace Efforts in Moscow and Doha

Although Afghan politicians and the Taliban negotiators failed to reach a ceasefire agreement during talks in Moscow in May, the Afghan delegates and Taliban representatives at a July intra-Afghan dialogue event in Doha, Qatar, committed to a goal of reducing “civilian casualties to zero.”²³⁶

Afghan politicians, particularly those opposed to President Ghani, pushed for a ceasefire with a Taliban delegation led by the group’s co-founder, Abdul Ghani Baradar, but the Taliban rejected this request. Russia’s foreign minister opened the meeting with a call for the complete withdrawal of foreign troops from Afghanistan.²³⁷

A more detailed account of the Moscow meeting is presented in the classified addendum of this report.

Also in May, Germany’s special representative to Afghanistan and Pakistan, Markus Potzel, twice met with Taliban representatives in Doha.²³⁸ On June 30, a representative for Afghanistan’s Ministry of Foreign Affairs said Germany agreed to facilitate imminent direct talks between the Afghan government and the Taliban.²³⁹ Potzel clarified that those attending the upcoming event would “participate only in their personal capacity and on an equal footing.” Ambassador Khalilzad described these talks as “an essential element of the four-part peace framework.”²⁴⁰

On July 7 and 8, 44 Afghan delegates (including 10 women) and 17 Taliban representatives gathered for the German- and Qatar-sponsored “Intra-Afghan Peace Conference.” According to State, the Afghan delegates included Afghan government officials, civil-society representatives, political opposition representatives, and members of parliament.²⁴¹ In a joint declaration issued at the conclusion of the conference, participants said a dignified and thoughtful peace was only possible through inclusive Afghan negotiations.²⁴² The participants further called for the parties to the Afghanistan conflict to consider a number of measures, including:²⁴³

- immediate release of all elderly, disabled, and sick inmates
- ensuring the security of public buildings, such as schools and madrassas, hospitals, markets, and water dams
- respecting educational institutions
- reducing civilian casualties to zero

Ambassador Khalilzad’s office told SIGAR that the Doha dialogue included “serious” discussions (despite all participants’ serving only in their personal capacities), was a “strategic success,” and represented the highest profile gathering of Afghans (including the Taliban) since 2001.²⁴⁴

Participants called for assuring women’s political, social, economic, and cultural rights “within the Islamic framework of Islamic Values.”²⁴⁵ One female delegate said she asked the Taliban representatives for their definition of a hijab (a head covering that some believe is required for women by Islam) “because, during the Taliban time, women were beaten for not



Participants in the July 7th and 8th Intra-Afghan Peace Conference in Doha, Qatar, meet with President Ghani upon their return to Afghanistan. (Afghan government photo)

“In the end only the Afghans themselves, including the Taliban, can decide upon the future of their country.”

—Markus Potzel, Germany’s Special Representative of the Federal Government for Afghanistan and Pakistan



Acting Assistant Secretary of State for South and Central Asia Alice G. Wells meeting with High Peace Council Deputy Chair Habiba Sarabi in May. (U.S. Embassy photo)

wearing a burqa” [a one-piece veil that covers the face and body, often leaving just a mesh screen to see through]. According to the delegate, a Taliban representative responded that, from their interpretation of Islam, a less concealing headscarf is as appropriate as a burqa.²⁴⁶

On June 6, 77 members of Congress sent a bipartisan letter to Secretary of State Michael R. Pompeo urging him to ensure that women are included in Afghan peace negotiations and that any agreement protects Afghan women’s rights.²⁴⁷

Afghanistan Holds a Consultative Loya Jirga on Peace

Over five days starting on April 29, more than 3,000 delegates met in Kabul to discuss their views and thoughts on peace and stability in Afghanistan. Hosted by the Afghan government, the Consultative Peace Loya Jirga, or grand gathering, sought to develop the parameters for talks with the Taliban.²⁴⁸ The delegates called on the Afghan government and Taliban to declare an immediate and permanent ceasefire to coincide with the start of Ramadan in May.²⁴⁹ (The Taliban rejected demands for a ceasefire on the final day of the Jirga and again on June 1, 2019, in the group’s annual message for the Eid al-Fitr holiday.²⁵⁰)

Further, the delegates said any amendments to the Afghan constitution should occur after a peace agreement, recommended that Taliban establish a political office in Afghanistan, and requested that the Afghan government and international community develop a timeline for a responsible withdrawal of foreign military forces.²⁵¹ Chief Executive Abdullah Abdullah, as well as opposition presidential candidates, boycotted the event, claiming it was part of President Ghani’s reelection campaign.²⁵²

U.S. Support to Peace and Reconciliation

State provided \$3.9 million to the United Nations Development Programme in September 2017 to support reconciliation, including the activities of the High Peace Council (HPC).²⁵³ State provided an additional \$6 million in September 2018 for a project extension to July 31, 2019. State has allocated, but not obligated, another \$2.5 million to support Afghanistan’s peace strategy.²⁵⁴ The United States, United Kingdom, and South Korea are developing a follow-on to the present interim reconciliation activity.²⁵⁵

State’s funding supports the HPC as it prepares the Afghan public for negotiations with the Taliban, including initiatives to develop a social consensus for peace and reconciliation. According to State, the HPC, with funding from the European Union, will conduct a series of peace dialogues over the next six months. Residents of Paktiya, Bamyan, Kandahar, Herat, Balkh, and Kunduz Provinces will discuss their potential peacebuilding roles to address the causes of the conflict.²⁵⁶

The HPC is not effective enough to implement a peace agreement, State says. The Afghan government still needs to develop and implement

guidelines for province and district government officials to de-escalate local conflicts and reintegrate local Taliban fighters and commanders. According to State, local Afghan civil and military officials regularly engage with Taliban commanders to de-escalate the conflict. These same officials have requested financial support from the Afghan government, but no national program exists. In the event of a broader peace agreement, State said the contacts generated through these local efforts could help in implementing the larger peace plan.²⁵⁷

PREPARATIONS FOR THE PRESIDENTIAL ELECTIONS CONTINUE

This quarter, the Afghan election management bodies—the Independent Elections Commission (IEC) and the Electoral Complaints Commission (ECC)—continued their preparations for the upcoming presidential elections. On May 29, the IEC announced that only the presidential elections would occur on September 28, 2019. This reversed the IEC’s previous decision to hold provincial council elections and the delayed parliamentary elections for Ghazni Province on the same day as the presidential voting. The IEC did not announce a new date for these other elections.²⁵⁸

The United States and the other principal international election donors welcomed the IEC’s decision to concentrate solely on the presidential election, writing this was “essential given the very tight timeline and the practical challenges.”²⁵⁹

The IEC launched a 22-day voter registration “top-up” on June 8. Five categories of voters can register, including those:²⁶⁰

- who will be 18 years old by election day
- who recently returned to Afghanistan
- who have not registered before
- whose name was previously registered incorrectly or who have lost or damaged national identification cards
- who changed their electoral constituency

The IEC will also run a full voter-registration exercise during the 22-day voter registration period in Ghazni Province, which could not complete voter registration in 2018 due to insecurity and political disputes.²⁶¹

The IEC said it would post the existing voter lists at all polling centers during the registration period to allow already registered voters to make corrections.²⁶² The October 2018 parliamentary elections featured the first use of polling-center-based voter lists (which require voters to cast their ballots at the polling center at which they register).²⁶³ According to the UN, Afghan civil-society organizations observed polling centers having inaccurate voter lists and difficulties in identifying registered voters during the October 2018 parliamentary election.²⁶⁴



U.S. Embassy officials visit a voter registration center in Kabul. (State photo)

After initially deciding on April 25, 2019, that it would register all voters biometrically, the IEC reversed itself on May 13 when it said the voter registration top-up would use paper-based registration methods. According to the UN Secretary-General, international donors facilitated an assessment by a senior technology expert, who advised the IEC that it would need 18 to 24 months to properly implement a biometric voter registration process.²⁶⁵

A more comprehensive discussion of State's perspectives on the elections is presented in the classified addendum of this report.

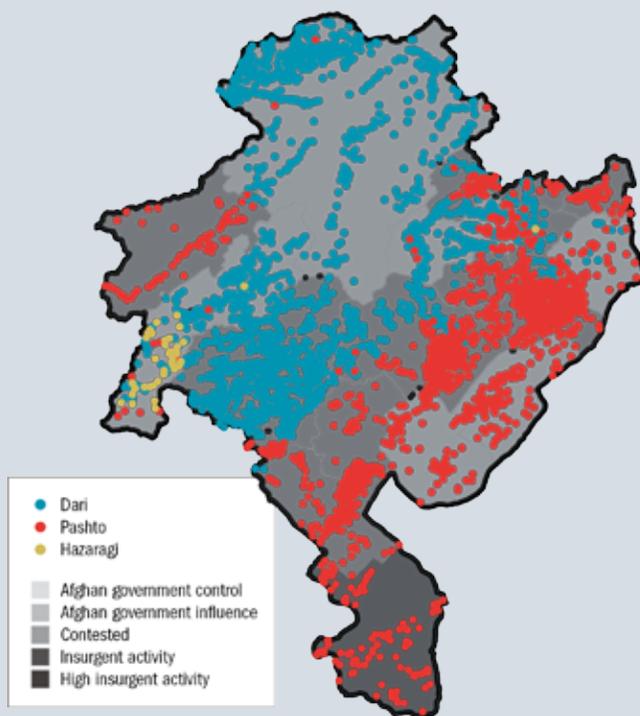
Why No Elections in Ghazni Province?

Out of all Afghan provinces, only Ghazni failed to hold parliamentary elections in October 2018. This quarter, the IEC again delayed parliamentary elections in Ghazni to an unknown future date.²⁶⁶ Earlier, in 2010, parliamentary elections in Ghazni were also controversial. As shown in Figure 3.38, Ghazni is a linguistically and ethnically mixed province with predominately Dari-speaking Hazara- and Pashto-speaking, Pashtun-dominated districts. Whereas the 2005 parliamentary elections produced five Hazara and six Pashtun victors, in 2010 Hazara candidates won all 11 parliamentary seats. According to the National Democratic Institute, insurgent violence and intimidation depressed Pashtun turnout that year. Pashtun candidates protested and claimed they had been disenfranchised following the announcement of the preliminary results.²⁶⁷

Against this backdrop of controversy, the IEC announced in June 2018 that it would split Ghazni Province into three electoral constituencies. This would have made Ghazni unique among the other 33 provinces that are unitary, multi-seat constituencies (multiple parliamentarians representing a single province). Protests in support of and opposed to the split seriously hindered election preparations in the province.²⁶⁸ A few days before the October 2018 elections were to be held, the IEC announced it was delaying the Ghazni vote due to insecurity and difficulties in registering voters. While the IEC expressed hope that the elections would be held in four months as required by law,²⁶⁹ the parliamentary elections remain unscheduled.

FIGURE 3.38

PRINCIPAL LANGUAGE SPOKEN IN GHAZNI PROVINCE (AT THE SETTLEMENT LEVEL) WITH RESOLUTE SUPPORT DISTRICT-CONTROL ASSESSMENT (AS OF OCTOBER 2018)



Note: Adapted from 2012 Afghan Geodesy and Cartography Head Office (AGCHO) shapefile with 399 districts. Adjustments, some approximate, were made to data for districts that were whole in AGCHO's 399-district set, but split in RS' 407-district set. See R.L. Helms, District Lookup Tool, <https://arcgis.is/1b0jGv> accessed 10/14/2018, for differences amongst district sets. This 407-district set was used to present 6/2013 USAID Measuring Impacts of Stabilization Initiatives (MISTI) "Settlements (villages, towns, cities)" dataset of settlement-level principal language spoken. SIGAR used ArcGIS Pro 2.3 for this analysis and all layers were project to UTM 42N. As of 2019, RS no longer assesses district control. Principal language spoken is not same as ethnicity. However, ethnic Hazaras generally speak Dari or Hazaragi (a dialect of Dari) and ethnic Pashtuns speak Pashto. Source: MISTI, Afghanistan: Settlements (villages, towns, cities) dataset, 6/2013; RS, AAG, response to SIGAR data call, 12/20/2018.

GOVERNANCE

WHO'S WHO OF PRESIDENTIAL CANDIDATES

The IEC has approved 18 candidates to run in the September 2019 presidential election. If no candidate receives more than 50% of the vote, the election will move to a second round on November 23, 2019.²⁷⁰ Each candidate has a randomly assigned position on the ballot and a candidate-selected symbol and photograph to help illiterate voters.²⁷¹ According to Afghanistan's election law, each candidate had to gather support of 100,000 voters in at least 20 provinces to register.²⁷² The ECC vetted and cleared all 18 candidates, reporting that there were no complaints made against any them.²⁷³

CANDIDATES FOR THE 2019 PRESIDENTIAL ELECTION



Rahmatullah Nabil

Amniyat wa Adalat
(Security and Justice)
Former chief, National
Directorate of Security



Sayed Noorullah Jalili

Director of a road-construction company



Dr. Faramarz Tamana

Tadbir wa Tawse'a
(Prudence and Development)
Head of the Centre for Strategic Studies
of the Ministry of Foreign Affairs



**Shaida
Mohammad Abdali**

Musharekat wa Taghir
(Participation and Change)
Former Ambassador to India



Ahmad Wali Masood

Wefaq-e Melli (National Accord)
Former Ambassador to
the United Kingdom



Noor Rahman Lewal

Masuliat wa Adalat
(Responsibility and Justice)
Founder and owner of
a software company



**Mohammad
Shahab Hakimi**

Solh, Qanuniat wa Refah
(Peace, Lawfulness and Welfare)
Director of the Mine Detection Centre



**Mohammad
Ashraf Ghani**

Dawlat-sazan (State-builders)
Incumbent President of Afghanistan



Dr. Abdullah Abdullah

Subat wa Hamgerayi
(Stability and Integration)
Current Chief Executive of Afghanistan



**Mohammad
Hakim Torsan**

Amal mekonem, sho'ar
na medehem
(We act, we do not chant
slogans)
Former intelligence official during the
communist government



Gulbuddin Hekmatyar

Solh wa Adalat-e Islami
(Peace and Islamic Justice)
Former leader of Hezb-e Islami insurgent
group; reconciled with the Afghan govern-
ment in 2016



Abdul Latif Pedram

Azadi wa Adalat
(Freedom and Justice)
Leader of a political party



Noorulhaq Uloomi

Mardomsalari, Enkeshaf
wa Tawazun
(Democracy [People's Power],
Development and Balance)
Former minister of interior



**Haji Mohammad
Ibrahim Alokazi**

Mubareza bar zed Zulm wa Be-
adalati (Fight against
Oppression and Injustice)
Leader of a political coalition



**Prof. Dr. Ghulam
Farooq Nejrabi**

Leader of a political party



Enayatullah Hafiz

Khademin-e Mellat
(Servants of the Nation)
Unsuccessful candidate for province
council and lower house of parliament



**Mohammad Hanif
Atmar**

Solh wa Etedal (Peace and
Moderation)

Former national security adviser
and government minister



Dr. Zalmay Rasool

Wahdat, Shafafiat wa Etedal
(Unity, Transparency and
Moderation)

Former national security adviser
and government minister

Source: Afghanistan Analysts Network, "Afghanistan's 2019 elections (2): Who are running to become the next president?" 2/11/2019; IEC, "Bulletin #11," 5/15/2019; IEC, "final-presidential-candidateslist.pdf," n.d.

U.S. Funding Support to Elections

The U.S. government has provided financial support to the Afghan elections in 2018 and planned elections in 2019 through a grant of up to nearly \$79 million to the United Nations Development Programme (UNDP). Through this grant, UNDP provides support to Afghanistan’s electoral management bodies, the IEC and the ECC.²⁷⁴

As shown in Table 3.18, USAID had three active elections-related programs this quarter, the largest of which is support to the UNDP.²⁷⁵

On August 8, 2018, USAID signed a three-year, \$14 million cooperative agreement with the Consortium for Elections and Political Process Strengthening (CEPPS)—representing the International Foundation for Electoral Systems, the International Republican Institute, and the National Democratic Institute—to support domestic Afghan election observation of the 2018 parliamentary elections, the 2019 presidential elections, and to promote longer-term electoral reforms.²⁷⁶

TABLE 3.18

USAID ELECTION-RELATED PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Electoral Support Activity (ESA)	5/20/2015	12/31/2019	\$78,995,000	\$29,462,122
Strengthening Civic Engagement in Elections in Afghanistan Activity (SCEEA)	8/9/2018	8/8/2021	14,000,000	4,178,899
Global Elections and Political Transitions Program	1/1/2018	12/30/2018	222,445	222,445

Source: USAID, response to SIGAR data call, 7/11/2019.

MUTUAL ACCOUNTABILITY

Afghanistan Compact

In August 2017, the U.S. and Afghan governments announced the launch of the “Afghanistan Compact.”²⁷⁷ The Afghanistan Compact is an Afghan-led initiative designed to demonstrate the government’s commitment to reforms. The Afghan government appears to face no direct financial consequences if it fails to meet the Afghanistan Compact reform commitments. Instead, the principal motivation for the Afghan government officials tasked with achieving the Compact benchmarks appears to be avoiding embarrassment, State said.²⁷⁸

According to State, this quarter, the Attorney General’s Office (AGO) met several Compact benchmarks, including successfully prosecuting former Herat governor and head of the IEC Ahmad Yusuf Nooristani (for further details of this case, see page 128).²⁷⁹ Further, the AGO indicted for fraud all 12 election commissioners who oversaw the October 2018 parliamentary election.²⁸⁰ The AGO also continued its investigation of the individuals

named in the October 2015 Farooqi Report on fuel-related corruption that uncovered collusion, price fixing, and bribery related to bids for fuel contracts totaling nearly \$1 billion. However, this case remains stalled because, according to State, it lacks support from President Ghani's office.²⁸¹

The AGO made progress on a Compact benchmark when it investigated sexual-abuse allegations against the former president of the Afghan Football Federation (AFF), Keramuudin Karim, and his associates. The AGO issued an arrest warrant against Karim a day after the International Federation of Association Football (FIFA) imposed a lifetime ban and a \$1 million fine on Karim following its investigation into physical and sexual abuse of women players.²⁸²

State reported some progress with the Supreme Court obtaining equipment to record trials at its specialized judicial centers. However, the Supreme Court has not started using this equipment. The Supreme Court also committed to publish all judicial opinions and hired consultants to share the work of the judiciary with the media.²⁸³

After several high-level meetings, the Afghan government resolved an issue that saw international humanitarian assistance caught in Afghan customs. It also committed more than \$10 million to assist displaced persons and returnees.²⁸⁴

According to State, the Afghan government self-reports its progress in meeting the Compact benchmarks. When possible, the U.S. Embassy may try to follow up and verify these reports.²⁸⁵

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

Summary of Assistance Agreements

At the Brussels Conference in October 2016, the United States and other international participants confirmed their intention to provide \$15.2 billion between 2017 and 2020 in support of Afghanistan's development priorities.²⁸⁶ At the November 2018 Geneva Conference on Afghanistan, international donors reaffirmed their intention 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 2024.²⁸⁷

According to the World Bank, the planned 2020 expiration of major donor pledges means that the future trajectory of foreign grant assistance is highly uncertain.²⁸⁸ However, the World Bank believes that if a growing proportion of donor funds are delivered **on-budget**, the current donor commitments should be sufficient to fund the existing levels of service delivery as well as some additional infrastructure investments.²⁸⁹

In several conferences after the 2010 Kabul Conference, the United States and other international donors supported an increase to 50% in the

On-budget assistance: encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and included in the budget approved by the parliament and managed by the Afghan treasury system. On-budget assistance is primarily delivered either bilaterally from a donor to Afghan government entities, or through multidonor trust funds. (DOD prefers the term "direct contributions" when referring to Afghanistan Security Forces Fund (ASFF) monies executed via Afghan government contracts or Afghan spending on personnel.)

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

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2014, p. 130; Ministry of Finance, "Aid Management Policy for Transition and Beyond," 12/10/2012, p. 8; State, response to SIGAR vetting, 1/14/2016; DOD, OSD-P response to SIGAR vetting, 1/15/2018.

SIGAR's Concern with On-Budget Assistance

As the United States reduces its military and civilian presence in Afghanistan, U.S. agencies will likely provide a greater proportion of their foreign aid as on-budget assistance. If more U.S. reconstruction funds are provided directly to the Afghan government on-budget, SIGAR believes strong accountability measures and internal controls must be in place, as well as oversight of those measures and controls. Likewise, if more U.S. and other donor on-budget assistance is provided through international trust funds such as the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF), the UN Development Programme's Law and Order Trust Fund for Afghanistan (LOTFA), and Asian Development Bank's Afghanistan Infrastructure Trust Fund, enhanced accountability measures and internal controls by the Afghan government must be in place, as well as oversight of those measures and controls by the international organizations and the donor community. As Inspector General John F. Sopko has said, "If those conditions and that will to protect that money are lacking, and assistance is provided anyway, we at SIGAR believe you may as well take all of that cash and set it ablaze in Massoud Circle for all the help it will do to the Afghans or to us."

SIGAR has found that the World Bank and UN have had serious problems monitoring the on-budget funds they disburse. Further, U.S. agencies have shown very little inclination to monitor what the funds' financial agents are doing. For example, a 2017 SIGAR investigation uncovered corruption with Afghan-based contractors and the award process of the on-budget, USAID-funded, Ghazni-Kandahar Five Substations Project run by the Afghan national power utility, Da Afghanistan Breshna Sherkat (DABS), worth nearly \$135 million. As a result, in 2018, USAID deobligated all on-budget support to DABS for future and planned energy projects not yet awarded, worth nearly \$400 million.

Additionally, SIGAR found that despite steps taken to improve monitoring and accounting of ARTF funds since 2011, continuing limitations on and lack of transparency into the World Bank and Afghan government's monitoring and accounting of ARTF funds put billions of dollars at risk. In 2013, SIGAR found that despite 13 years and after more than \$1 billion in U.S. assistance, the multilateral LOTFA, which pays Afghan National Police (ANP) salaries and helps build the capacity of the Ministry of Interior, could provide no assurance that personnel and payroll data were accurate.

To protect U.S. taxpayer funds and eliminate payments for nonexistent "ghost" soldiers and police, United States Forces-Afghanistan has since implemented the Afghan Personnel and Pay System to better integrate personnel data with compensation and payroll data, and to calculate payroll amounts. Still, as of June 2019, only about 73.6% of ANP personnel have been matched to an authorized position and met the requirements to be paid.

If U.S. agencies choose to provide more on-budget assistance, this aid should be conditioned on an independent and context-specific finding that adequate monitoring mechanisms and internal controls are in place for the Afghan ministry or multilateral trust fund in question. SIGAR has found that Afghanistan's programming environment presents unique challenges that strain the normal processes of foreign assistance. SIGAR urges Congress to consider these unique challenges for monitoring and managing foreign assistance in Afghanistan, particularly if these funds are provided on-budget.

Source: SIGAR, *2019 High Risk List*, SIGAR 19-25-HRL, 3/28/2019, pp. 53-54; John Sopko, "Remarks on 2019 SIGAR High-Risk List" (speech, Center for Strategic and International Studies, Washington, DC, 3/28/2019).

GOVERNANCE

TABLE 3.19

USAID ON-BUDGET PROGRAMS					
Project/Trust Fund Title	Afghan Government On-Budget Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Bilateral Government-to-Government Projects					
Textbook Printing and Distribution	Ministry of Education	9/15/2017	12/31/2019	\$75,000,000	\$0
Multi-Donor Trust Funds					
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	3/31/2012	7/31/2019	1,900,000,000	2,155,686,333
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	3/7/2013	3/6/2023	153,670,184	153,670,184

Note: *USAID had a previous award to the ARTF that concluded in March 2012 and totaled \$1,371,991,195 in disbursements. Cumulative disbursements from all ARTF awards is currently \$3,527,677,528.

Source: USAID, response to SIGAR data call, 7/11/2019.

proportion of civilian development aid delivered on-budget through the Afghan government or multidonor trust funds to improve governance, cut costs, and align development efforts with Afghan priorities.²⁹⁰ According to USAID, by the time of the November 2018 Geneva Conference, the whole donor community’s thinking on on-budget commitments and specific targets had “matured.” As a result, USAID and other donors committed at the conference to “review options to continue channeling on-budget development assistance as appropriate.”²⁹¹ (During the conference, however, the Afghan government unsuccessfully proposed that donors commitment to delivering 60% of aid on-budget.²⁹²) USAID told SIGAR in December 2018, and again in March 2019, that it does not commit to a target of a specific percentage of funds to be used for on-budget programming.²⁹³

As shown in Table 3.19, USAID’s active, direct bilateral-assistance programs have a total estimated cost of \$75 million. USAID also expects to contribute \$2.7 billion to the Afghanistan Reconstruction Trust Fund (ARTF) from 2012 through 2020 in addition to \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank (2002–2011). USAID has disbursed \$154 million to the Afghanistan Infrastructure Trust Fund (AITF).²⁹⁴

On July 11, 2018, participants in the NATO Brussels Summit committed to extend “financial sustainment of the Afghan forces through 2024.” The public declaration did not specify an amount of money or targets for the on-budget share of assistance.²⁹⁵

Civilian On-Budget Assistance

According to the World Bank, Afghan government domestic revenues finance only 46% of its civilian expenditures.²⁹⁶

USAID has provided on-budget civilian assistance in two ways: bilaterally to Afghan government entities, and through contributions to two multidonor trust funds, the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF) and the Asian Development Bank-administered Afghanistan Infrastructure Trust Fund (AITF).²⁹⁷ According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.²⁹⁸

The ARTF provides funds to the Afghan government's operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.²⁹⁹ The AITF coordinates donor assistance for infrastructure projects.³⁰⁰

As of March 2019, the United States remains the largest cumulative donor to the ARTF (30.8% of actual, as distinct from pledged, contributions paid in); the next-largest donor is the United Kingdom (16.8% of actual contributions).³⁰¹

The ARTF recurrent-cost window supports operating costs, such as Afghan government non-security salaries. As of March 2019, the ARTF recurrent-cost window has cumulatively provided the Afghan government approximately \$2.6 billion for wages, \$600 million for operations and maintenance costs, \$1.1 billion in incentive program funds, and \$762 million in ad hoc payments since 2002.³⁰²

ARTF Incentive Reforms for 2019 Finalized

In 2018, the Afghan government, World Bank, and ARTF donors agreed to restructure the recurrent-cost window to make provision of funds contingent upon policy reforms and fiscal stability-related results. Within the recurrent-cost window, there were two instruments: (1) the Incentive Program Development Policy Grant (IP DPG), a policy-based budget support program; and (2) the Fiscal Stability Facility (FSF), a results-based, recurrent-cost financing program. However, in March 2019, ARTF donors agreed to merge these two programs for 2019.³⁰³

The World Bank reports that the United States is the only ARTF donor explicitly preferring that a portion of its funds should be spent for the IP DPG, having provided \$210 million as of March 2019.³⁰⁴ (While other donors may not express a similar preference for their funds to be spend on the IP DPG, USAID says they still help fund the IP DPG as the contributions of all ARTF donors can be used to support the recurrent-cost window.³⁰⁵) USAID started using the IP DPG after its own mechanism for providing reform-based financial incentives, the New Development Partnership (NDP) program, ended. Through NDP, USAID agreed to provide \$20 million through the ARTF recurrent-cost window for each development result the

Afghan government achieved. Between 2015 and 2017, USAID disbursed \$380 million before formally ending NDP in July 2018.³⁰⁶

The 2019 IP DPG consists of 11 reform-based tranches. The first tranche of \$100 million comes from non-ARTF World Bank monies. The remaining 10 tranches are each worth \$30 million in ARTF funds tied to Afghan government achievement of specific conditions. The Afghan government receives these funds if the conditions are met before November 15, 2019. Tranches are penalized 10% per month if conditions are not met by the deadline.³⁰⁷

Table 3.20 on the following pages lists the 2019 reforms and a summary of the World Bank's justification for each reform.

On-Budget Assistance to the ANDSF

Approximately 70% of total U.S. on-budget assistance goes toward the requirements of the Afghan security forces.³⁰⁸ According to a recent World Bank estimate, Afghan government security expenditures—including **off-budget** security costs—were equal to 29% of gross domestic product (GDP) in 2018. The average low-income country spends 3% of GDP on security-related costs, according to the Bank.³⁰⁹

DOD provides on-budget assistance to the Afghan government through direct contributions from the Afghanistan Security Forces Fund (ASFF) to the Afghan government to fund a portion of Ministry of Defense (MOD) and Ministry of Interior (MOI) requirements, and through ASFF contributions to the multidonor Law and Order Trust Fund for Afghanistan (LOTFA).³¹⁰

According to DOD, most of the ASFF appropriation is not on-budget because it is spent on equipment, supplies, and services for the Afghan security forces using DOD contracts.³¹¹ UNDP administers LOTFA primarily to fund Afghan National Police salaries and incentives.³¹² The Combined Security Transition Command-Afghanistan (CSTC-A) provides direct-contribution funding to the Ministry of Finance (MOF), which allots it incrementally to the MOD and MOI.³¹³

For Afghan fiscal year (FY) 1398 (December 2018–December 2019), CSTC-A plans to provide the Afghan government up to the equivalent of \$707.5 million to support the MOD and \$137.3 million to support the MOI.³¹⁴

As of May 25, CSTC-A had provided the Afghan government the equivalent of \$267.2 million to support the MOD for FY 1398. Almost all of these funds (90%) paid for ministry salaries.³¹⁵ Additionally, as of May 25, CSTC-A had provided the equivalent of \$110.6 million to support the MOI. Of these funds, none were delivered via the LOTFA.³¹⁶

CSTC-A has Not Assessed MOD or MOI Compliance with Commitment Letters

For the past two quarters, CSTC-A reported to SIGAR that it did not assess the MOD or MOI in meeting the conditions outlined in the 1397/1398 commitment

GOVERNANCE

TABLE 3.20

WORLD BANK'S 2019 ARTF INCENTIVE PROGRAM REFORMS, INDICATORS, AND JUSTIFICATIONS			
Policy Area	Indicator	Baseline (as of 2018)	Target (end of 2019)
Develop a regulatory framework for e-money and digital payments	Proportion of customs duties (as a share of total payments by volume throughout the fiscal year) transferred to Da Afghanistan Bank (central bank) via electronic payment from commercial banks	2%	60%
	Average monthly number of transactions through the Afghanistan Payment System (APS)	3,534	100,000
Support implementation of the Civil Servants Law	Proportion of total civil servant appointments (2018–2020) made in compliance with the new competitive recruitment processes	0%	80%
	Proportion of female civil servants in total and at Senior Management Group level (Director General (Grade 1) and Director (Grade 2) positions)	22% (all grades) 6% (grades 1 and 2)	26% (all grades) 9% (grades 1 and 2)
Support private-sector development through improved access to credit	Credit-registry coverage as a proportion of adult population (15–64)	1.3%	2.0%
	Proportion of women included on the credit register	2.3%	4.0%
Reduce the cost and time requirements to access electricity	Time taken to acquire an electricity connection for commercial customers	114 days	80 days
	Cost of acquiring an electricity connection for commercial customers	2,448% of income per capita	1,500% of income per capita
	Number of international power-purchase agreements reviewed by dedicated multi-disciplinary team in the national electric utility (DABS)	0	3
Improve land administration	Number of municipal districts in which an administrative land system is operating	0	1
Improve management of water resources	Responsibility for the design, construction, and management of irrigation canals for agriculture from the source to the farm is allocated to Ministry of Agriculture, Irrigation, and Livestock (MAIL)	No	Yes
Improve public investment management	Proportion of new projects of over \$7.5 million approved for implementation in the discretionary development budget that have undergone economic and gender analysis	0% (2019 budget)	50% (2020 budget)
Improve tax administration	Proportion of active Large Taxpayer Office (LTO) filing firms utilizing fast-track filing	9.7%	60%
	Number of cases submitted for ruling by the Tax Dispute Resolution Board	0	10
Improve tax policy	Approve Value-Added Tax (VAT) business processes and release communications materials based on regulations, including procedures for exemptions	No	Yes
Improve the quality of public expenditure	The budget is developed through application of the new Operations and Maintenance (O&M) norms for four pilot ministries (as reflected in budget working papers)	No (2019 budget)	Yes (2020 budget)
Strengthen transparency and improve accountability and quality of cash management	Number of downloads of new-revenue performance reports	0	500
	Proportion of treasury salary payments made within 10 days of submission of monthly claims by line ministries	100%	100%

Note: The World Bank has linked provision of up to \$400 million of support to the Afghan government's budget to achievement of these targets.

*Unless otherwise noted, these are the justifications offered by the World Bank in its proposal to ARTF donors.

GOVERNANCE

Background and Justification*

Improving access to e-money and digital payments could improve access to financial services. The APS currently has limited impact as the number of e-money and digital payment providers connected to APS has not reached a critical mass.

Most large customs and tax payments are currently made in cash, posing security and financial integrity risks such as opportunities for corruption. (In 2017, SIGAR found that less than 1% of all custom duty collections were being collected electronically as of December 2016, despite a USAID program that sought over four years to increase the amount collected to 75% by November 2017).

Civil service capacity is weakened by poor recruitment processes that remain convoluted and vulnerable to political interference.

Women remain under-represented in the civil service. (According to the Afghan government in April 2019, the government already reached the goal, with women accounting for 27% of civil servants at all grades).

Only 5% of firms have access to a line of credit. Access to credit is constrained by limited coverage of the public credit registry managed by Da Afghanistan Bank (the central bank). The registry connects 15 commercial banks, four microfinance institutions, and the Ministry of Finance's revenue's department.

The high cost of accessing electricity is a key constraint to economic growth and investment. Electricity is extremely unreliable and the fee schedule is not transparent.

DABS, the national electric utility, relies heavily on imported electricity under international supply contracts that have not been subject to thorough economic assessment or regular review, and often contain unfavorable terms.

There is low formal land registration in Afghanistan, with only 30% of urban properties and 10% of rural properties formally registered. It takes 250 days to register a property in Afghanistan, well above the South Asian average of 114 days. (In 2017, SIGAR reported that USAID had spent \$96.7 million from 2004 through 2014 to reform Afghanistan's land administration system.) Afghanistan is currently developing a centralized administrative system including a land registration database.

The existing Water Law does not provide clarity on the roles and responsibilities of Ministry of Energy and Water (MEW) and MAIL. This lack of clarity has undermined the expansion of the irrigation network, impacting agricultural production and productivity. The Afghan cabinet has approved and submitted to parliament a revised Water Law that clarifies the roles of MEW and MAIL.

Project selection under existing budget systems is inadequate. The Afghan government-managed discretionary development budget (approximately \$700 million in 2018) lacks robust alignment with policy priorities and adequate project appraisals. Political concerns have historically driven discretionary project selection.

The Afghan government is introducing a hybrid "Fast Track Filing" system with all but the final submission step performed electronically. Increased use of electronic systems will reduce compliance costs for taxpayers, reduce administrative costs for revenue department, and reduce opportunities for petty corruption.

Taxpayers in Afghanistan have limited options when attempting to resolve tax disputes. Many in the business community perceive the revenue department as biased, while cases are also often subject to delay and petty corruption. The 2015 Tax Administration Law called for the establishment of a tax dispute resolution board. This board will exist outside of the revenue department.

Afghanistan is currently heavily reliant on customs revenues, which account for around 19% of total revenues. Customs revenues are expected to decline following Afghanistan's accession to the World Trade Organization in 2016. Afghanistan also currently levies a business tax which is a significant constraint to private sector development. To replace both the business tax and revenues lost from declines in tariff rates, the Afghan government plans to implement a 10% VAT by the end of 2020.

Afghanistan faces major challenges in ensuring adequate and efficient O&M expenditures. Pressure on available resources for O&M has dramatically increased. In late 2018, the Afghan government approved a new O&M policy that includes costs schedules for budgeting, a national asset registry, and detailed codes for budgeting and monitoring O&M expenditures.

Elections in Afghanistan, scheduled for 2019, have historically been associated with deteriorations in revenue performance and governance, posing important fiscal and macroeconomic risks. The Afghan government is now seeking to ensure full transparency in revenue performance and expenditure management decision-making. This is expected to both improve accountability on policymakers to citizens and the international community. It should also ensure that development partners have full and up-to-date information on short-term developments impacting the revenue and cash position in order to inform any international donor response to fiscal disruptions. Data on revenue performance is not currently published throughout the year. (Every quarter since July 2017, SIGAR has reported Afghan government revenue figures after the Afghan government stopped its monthly public reporting.)

Source: World Bank, 2019 *Incentive Program Development Policy Operation (P168446): Program Document*, 5/23/2019, pp. 4, 19, 20–31; Ministry of Finance, *Geneva Conference on Afghanistan: 2019 First Quarter Report*, 4/2019, p. 9.

letters. CSTC-A is able to issue fines and penalties if CSTC-A determines that the MOD or MOI have not complied with the terms of these commitment letters. However, CSTC-A did not issue financial penalties this quarter.³¹⁷

CSTC-A says it is reviewing over 1,300 “tasks” it previously used to monitor the progress of the Afghan security forces. Once CSTC-A completes this review, it plans to deploy a new assessment instrument that will inform its conditionality approach.³¹⁸

CSTC-A reported no instances of withholding funds for noncompliance with the commitment letters. The command issued, but did not ultimately implement, the threat to withhold over \$90 million from the MOI’s future budget disbursements after the MOI failed to meet deadlines for retiring personnel under Afghanistan’s Inherent Law that lowers mandatory retirement ages, time-in-service maximums, and time-in-grade limits. CSTC-A and the MOI agreed to delay imposing these penalties; CSTC-A reported that all the delayed retirements have now occurred.³¹⁹

NATIONAL GOVERNANCE

President Ghani inaugurated the first new parliament since 2011 (minus representatives from Kabul and Ghazni Provinces) on April 26, 2019.³²⁰ The elections took place in October 2018, but the Afghan election-management bodies did not finalize the results for Kabul Province until May 14, more than six months later. The parliamentarians from Kabul Province were sworn in on May 15.³²¹

State reports that a dispute over the selection of the new speaker of the lower house and other administrative positions has prevented parliament from passing any legislation since it reconvened.³²²

Parliament’s recent internal dysfunction may coincide with a broader marginalization of the institution vis a vis the executive branch. For example, in 2018, President Ghani issued 34 legislative acts by decree under emergency powers, while both houses of parliament only passed 14 laws.³²³ In another example of the legislative branch’s weakness, the UN reported also this quarter that the Afghan government, effective October 2018, suspended the salaries of parliamentarians who failed to declare their assets per the terms of the anticorruption law that President Ghani enacted by presidential legislative decree.³²⁴ (According to the UN, the salary suspension was followed by a “remarkable” increase in asset declarations by parliamentarians, showing the importance of political will for anticorruption reforms.³²⁵) For 2018, at least, the executive branch appears to have taken the lead in developing the laws it then executes.



A member of the USAID-supported Afghan Civic Engagement Program (ACEP) delivers election-related information. (U.S. Embassy photo)

Civil Society and Media

As shown in Table 3.21, USAID funds programs to support broader human and institutional capacity building of civil-society organizations and the media.

TABLE 3.21

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Afghan Civic Engagement Program (ACEP)	12/4/2013	12/4/2019	\$79,120,000	\$74,347,180
Rasana (Media)	3/29/2017	3/28/2020	9,000,000	5,577,135

Source: USAID, response to SIGAR data call, 7/11/2019.

The Afghan Civic Engagement Program’s (ACEP) goal is to promote civil-society and media engagement that enables Afghan citizens to influence policy, monitor government accountability, and serve as advocates for political reform. Starting in June 2018, ACEP’s goals included expanding civic and voter education and engagement for the scheduled parliamentary and presidential elections.³²⁶ In its first five years, ACEP awarded \$9.2 million in grants to local institutions and civil-society organizations (CSO). Its current portfolio includes an additional \$2.1 million in grants.³²⁷

Much of ACEP’s work is in the form of trainings to civil society members. Below are illustrative examples of two recent ACEP-sponsored trainings:

- ACEP provided women-focused training to 90 people on political participation in elections. The training covered identity issues,

gender division of labor, equality and equity concepts, and gender mainstreaming. One participant was quoted describing how it was the first time he learned of the differing needs, challenges, and aspirations of men, women, boys, girls, transgender, minorities, differently abled, and marginalized sections of the societies. According to ACEP, participants developed action plans to integrate these lessons into their public outreach activities.³²⁸

- In Kunar Province, an ACEP-supported CSO provided women’s-rights awareness training to 140 individuals. One female participant was quoted saying that the training would help her and others to raise their voices for their rights. A male participant said he appreciated that young men and women sat together for the training and “now we can easily create awareness among our families and communities.”³²⁹

On May 8, the Taliban attacked the Kabul office of the ACEP implementing partner, Counterpart International. The Taliban killed four Afghan Public Protection Force guards, but all Counterpart staff were safe. According to Counterpart, this was the first attack of its kind against the organization in its 14 years working in Afghanistan.³³⁰ Reuters said the Taliban’s spokesperson accused Counterpart of promoting “Western culture,” including gender mixing.³³¹

USAID’s \$9 million Rasana program provides support to women journalists and women-run or women-owned media organizations. The program has four program areas: (1) support and training for women journalists, (2) investigative journalism initiatives, (3) advocacy and training for the protection of journalists, and (4) expanding the outreach of media through small grants for content production in underserved areas.³³²

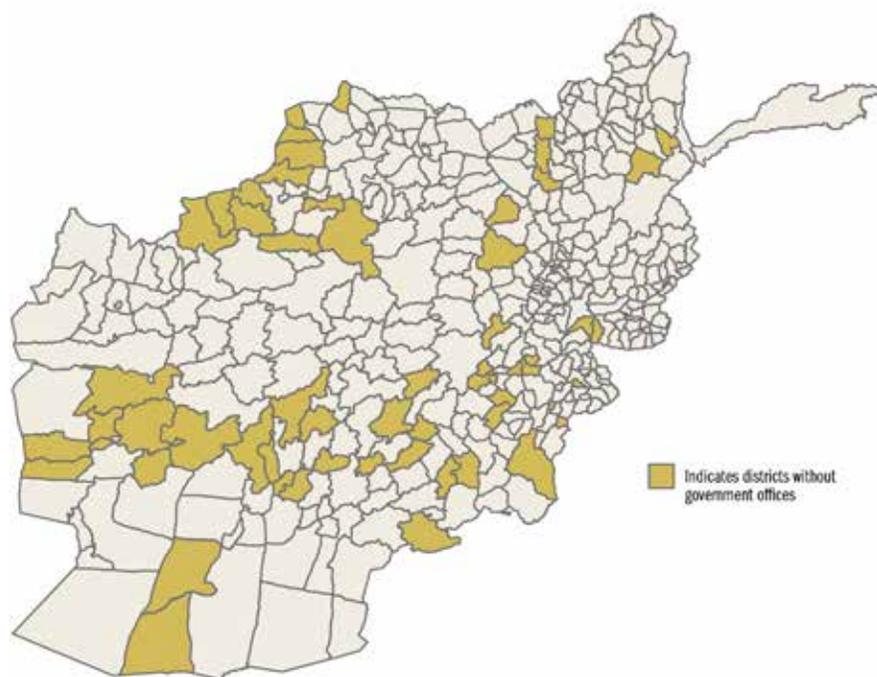
Rasana supports women-run and women-owned media organizations to produce three to five minute-long women-focused radio programs. Between January and March 2019, Rasana-supported outlets produced 188 such radio packages. This quarter, Rasana attributed Kunduz municipality’s promise to open a women-only market to one Rasana-supported radio broadcast.³³³

SUBNATIONAL GOVERNANCE

This quarter, the Afghan news organization TOLONews conducted an investigation on the presence of Afghan government institutions at the district level. In June, TOLONews interviewed local officials, members of parliament and provincial councils, and, in some cases, visited selected districts. TOLONews found that in 64 out of 364 official and 11 unofficial districts, the Afghan government’s civil offices either were working outside the district (for example, a district administrator worked out of a location such as the province capital) or were no longer functional. Figure 3.39 shows the districts TOLONews reported with no Afghan government civil offices.

FIGURE 3.39

MEDIA REPORT: DISTRICTS WITHOUT AFGHAN CIVIL GOVERNMENT OFFICES



Note: This district map was adapted from the 5/29/2016 United Nations Office for the Coordination of Humanitarian Affairs (OCHA) "Afghanistan administrative level 0-2 and UNAMA region boundary polygons, lines, and points" shapefile that included 399 districts. SIGAR used ArcGIS Pro 2.3 for this analysis and all layers were project to UTM 42N. Because of changing district boundaries, the following districts are not exact matches for the TOLONews list: Qala-e-Kah District, Farah Province; Shindand District, Herat Province; Khan Abad District, Kunduz Province; and Gomal District, Paktika Province.

Source: SIGAR, email communications with TOLONews, 7/2/2019, 7/3/2019.

According to TOLONews, the Independent Directorate of Local Governance (IDLG) confirmed that in approximately 20 of these districts, the Afghan government had no government presence (civil and security) at all.³³⁴ SIGAR has not independently verified this information but the latter findings do conform to other information provided to SIGAR.

Provincial and Municipal Programs

USAID has two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.22 on the following page summarizes total program costs and disbursements to date.

GOVERNANCE

TABLE 3.22

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2019	\$72,000,000	\$54,489,243
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	48,000,000	37,167,536
Citizens' Charter Afghanistan Project (CCAP)*	3/31/2012	7/31/2019	TBD	34,314,589

Note: *This includes USAID contributions to ARTF with an expressed preference for the Citizens' Charter Afghanistan Project.

Source: USAID, response to SIGAR data call, 7/11/2019.

Initiative to Strengthen Local Administrations

The \$48 million ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement, leading to services that more closely respond to all citizens' needs in health, education, security, justice, and urban services.³³⁵

This quarter, ISLA assisted the IDLG in establishing a Regional Development Authority (RDA) and developing strategic guidelines. At the request of IDLG, ISLA examined regional bodies in the United States, Pakistan, Colombia, and the Philippines as comparative models. The Afghan government specifically cited these countries in a May 2018 subnational governance policy that placed responsibility for the design, planning, implementation, and monitoring of development projects at a new regional level between the national and province levels.³³⁶ In April 2019, ISLA drafted an outline for the IDLG's regional strategic development planning guideline.³³⁷

According to USAID, ISLA saw improvement in a core problem: the poor integration of provincial priorities into Afghanistan's national budget plans.³³⁸ For the Afghan fiscal year (FY) 1398 (December 2018–December 2019), ISLA found that 14.2% of community-proposed provincial development-plan (PDP) projects from 16 ISLA-supported provinces found their way into the national budget plan. This was an increase from the previous budget, when the Afghan government adopted only 11% of PDP projects.³³⁹ However, it is unclear whether such a minor increase will change the reported perceptions that Afghan ministry programming often bears little resemblance to the PDPs developed the previous year after extensive planning and budgeting work. According to a USAID-commissioned assessment of the state of subnational governance before the latest Afghan budget, PDPs have had a limited impact on sectoral programming and budgeting by central ministries.³⁴⁰

Strong Hubs for Afghan Hope and Resilience

The objective of the \$72 million SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. SHAHAR partners with municipalities to, among other things, deliver capacity-building for outreach and citizen consultation, improved revenue forecasting and generation, and budget formulation and execution.³⁴¹

Four SHAHAR-supported municipalities (Mazar-e Sharif, Jalalabad, Kandahar, and Herat) reported a 61% reduction in fixed-revenue collection for the first quarter of this year (compared to the first quarter of the prior year). According to SHAHAR, the Ministry of Finance began collecting a fee that was a significant source of municipal revenues.³⁴² USAID said it had no additional information regarding this fee or the MOF's motives in collecting it themselves.³⁴³ Despite this loss of fixed revenues, however, municipalities registered increased overall year-on-year revenues for the first quarter with a 25% increase for northern municipalities, 160% increase for eastern municipalities, 35% increase for southern municipalities, and 43% increase for western municipalities.³⁴⁴

Citizen's Charter Afghanistan Project

In October 2018, USAID began explicitly contributing a portion of its ARTF funds to the Citizen's Charter Afghanistan Project (CCAP) for the first time since the program began in 2016. In October, USAID requested that \$34 million of its \$300 million contribution to the World Bank's ARTF be spent on CCAP.³⁴⁵

According to the Afghan government, CCAP is the centerpiece of the government's national inclusive development strategy for rural and urban areas. As of November 1, 2018, the Afghan government reported that CCAP had been rolled out in 10,000 communities (700 urban and 9,300 rural) in all 34 provinces. CCAP works through Community Development Councils (CDC) to implement community projects. CCAP defines a suite of minimum basic services for each community covering health, education, and a choice of infrastructure investments (such as road access, electricity, or small-scale irrigation for rural communities).³⁴⁶

SERVICE DELIVERY IN TALIBAN-CONTROLLED OR INFLUENCED AREAS

The Taliban have not ruled Afghanistan since 2001, but they still exert a heavy influence on the Afghan government's delivery of public services in many parts of the country. The Taliban seldom provide services themselves, but they reportedly can co-opt, modify, or choose to facilitate or hinder Afghan government services.

These observations—troubling given the Afghan government's need to improve perceptions of its legitimacy and effectiveness—emerge from studies conducted in the past two years by the Afghanistan Analysts Network (AAN), the United States Institute of Peace (USIP), the Overseas Development Institute (ODI), and the World Bank. Although SIGAR has not independently verified these studies, they highlight a rarely acknowledged aspect of service delivery in Afghanistan: bargains with insurgents are often a necessary compromise when operating in areas they control or influence. The ODI study described the situation in 2018:³⁴⁷

Aid agencies, the [Afghan] government and the international community seem worryingly unaware of [the growing Taliban efforts to control and influence service delivery], deeply unprepared and reluctant to engage with the Taliban, despite their growing influence on the ground, including over aid and government programmes.

These studies have largely sought to describe the Taliban's role in service delivery rather than examine its political consequences. However, some analysts argue that the Taliban's approach is part of a larger governing strategy. According to the scholar Antonio Giustozzi, some Taliban leaders seem to believe involvement in service delivery can be a source of political legitimacy for them. Since the group has few resources to dedicate to providing services themselves, it is more efficient, according to Giustozzi, for the movement to "hijack" Afghan government-provided services.³⁴⁸

Since December 2018, AAN and USIP have issued a series of case studies on life in Taliban-controlled or influenced districts. This research relied on semi-structured interviews with key informants from districts under varying levels of insurgent influence.³⁴⁹ As shown in Table 3.23, there was a pattern to the Taliban's activities across districts. The Taliban were reported to monitor schools, prohibit some school subjects such as science, promote others such as Islamic studies, restrict polio campaigns from going door-to-door but instead to operate from the village mosque, and run commissions that would register nongovernmental service providers.

As one USIP author summarized, service delivery in Taliban-controlled and -influenced areas is a "hybrid of state- and nongovernmental organization-provided services, operating according to Taliban rules."³⁵⁰ The Taliban have been both disrupters and advocates or facilitators of services. For example, the Taliban regularly threaten cell phone providers to stop service

QUARTERLY HIGHLIGHT

TABLE 3.23

TALIBAN ROLES IN SERVICE DELIVERY		Andar District, Ghazni Province	Hukumat-e Nad Ali District, Helmand Province	Obeh District, Herat Province	Dasht-e Archi District, Kunduz Province	Achin District, Nangarhar Province*
	Role					
Education	Supervise/monitor schools	X	X	X	X	X
	Censor school books/subjects	X	X	X	X	X
	Involved in selecting teachers/monitoring teacher performance	X		X	X	X
Health	Health facilities agree to treat Taliban fighters	X	X	X	X	X
	Monitor health centers	X			X	X
	Post guards at health facilities	X				
	Involved in health staffing		X			
	Restrict or influence vaccinations	X	X	X		X
Revenue collection	Tax businesses/population	X	X	X	X	X
	Tax service providers	X	X	X	X	X
Communications	Restrict cell phone services	X	X	X	X	X
	Restrict television and/or radio (though often ignored)		X	X	X	X
Justice	Operate Taliban courts	X	X	X	X	X
Administration	Appoint resident shadow governor	X		X	X	
	Service-related shadow directors or registration of service providers	X	X	X	X	X
	Organize locals for small projects	X				X

Note: *According to the Afghanistan Analysts Network, the Islamic State-Khorasan (IS-K) is presently the principal antigovernment armed group in this district and the Afghan government mostly controls the district. This graphic summarizes the Taliban's approach to service delivery during their time of control between 2009 and 2015 rather than IS-K's uniformly opposed approach to state service delivery. For example, IS-K is reported to have run its own health clinic during but were opposed to state-funded health services.

Source: Afghanistan Analysts Network, "One Land, Two Rules (1): Service delivery in insurgent-affected areas, an Introduction," 12/6/2018; Afghanistan Analysts Network, "One Land, Two Rules (2): Delivering public services in insurgency-affected Obeh district of Herat province," 12/9/2018; Afghanistan Analysts Network, "One Land, Two Rules (3): Delivering public services in insurgency-affected Dasht-e Archi district in Kunduz province," 2/26/2019; Afghanistan Analysts Network, "One Land, Two Rules (4): Delivering public services in embattled Achin district in Nangarhar province," 3/25/2019; Afghanistan Analysts Network, "One Land, Two Rules (6): Delivering public services in insurgency-affected Nad Ali district of Helmand province," 6/2/2019; Afghanistan Analysts Network, "One Land, Two Rules (7): Delivering public services in insurgency-affected Andar district in Ghazni province," 6/13/2019.

at night. Conversely, the Taliban have threatened to attack Afghan government electrical infrastructure to force the government to provide electricity to villages under their control.³⁵¹

In multiple districts, the Taliban reportedly co-opted government services, taxing service providers, monitoring services, and presenting candidates for government jobs. These actions by the Taliban's "shadow state" are parallel to, but in many ways parasitically dependent on, the formal Afghan government. In some cases, the Taliban appeared to advance community interests. For example, respondents in Andar District in Ghazni Province reported that the Taliban removed nonexistent or "ghost" teachers from the Afghan government's roster.³⁵² In other cases, the Taliban reportedly benefited from corruption. In Nad Ali District, Helmand Province, respondents said the Taliban collected ghost-teacher salaries.³⁵³

The UK's ODI and the World Bank published research in 2017 and 2018, respectively, showing that development programming can continue (in

some cases, rather successfully) in Taliban-controlled or -influenced areas through bargains with insurgents. ODI, relying on interviews with 162 individuals, reported that the Taliban co-opted government- and aid agency-provided goods and services in areas under their control. The report says that Afghan government service delivery ministries have struck deals with local Taliban and that most provincial or district-level government health and education officials interviewed for the report said they were in direct contact with their Taliban counterparts.³⁵⁴

Similarly, an Afghan government official interviewed for the recent AAN/USIP study of Dasht-e Archi District, Kunduz Province described how the responsibilities for school monitoring were divided between the government and the Taliban, depending on which group controlled the areas in which the school resided.³⁵⁵

The World Bank wrote that where the Taliban was relatively reliant upon local support, agreements with local elites emerged to support delivery of government-funded health and education services. The World Bank found that after launching attacks on schools in 2006–2008, the group has since changed to attempting to influence state schools through local-level negotiations with Ministry of Education officials. Some Taliban were thus bargaining about co-opting rather than closing schools.³⁵⁶

While the AAN/USIP, ODI, and World Bank studies offered similar descriptions of Taliban involvement in service delivery, only the ODI study drew strong conclusions on the consequences for Taliban governance. The World Bank demurred on a critical question, writing that their study did not address “the question of whether or how service delivery may contribute to, or undermine, state-building, peace-building, or conditions of fragility,” as they saw improving the delivery of services as a worthy goal in its own right.³⁵⁷ However, ODI argued that the bargains around service delivery were indicative of a coherent Taliban governing strategy. According to ODI, the Taliban’s involvement in service delivery allows the group to exert influence beyond the areas under its direct control in furtherance of its goal to impose its rule.³⁵⁸

RULE OF LAW AND ANTICORRUPTION

According to the UN, Afghan courts are functioning in 232 out of 378 districts with 24 district primary courts operating in neighboring districts and 116 primary courts operating in the provincial capitals. No courts are operating in 146 districts.³⁵⁹ The Attorney General’s Office (AGO) is present in 283 districts and the Ministry of Justice’s legal services department is present in 336 districts.³⁶⁰

Summary of Rule of Law and Anticorruption Programs

As shown in Table 3.24, the United States has a number of active rule-of-law and anticorruption programs.

TABLE 3.24

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/18/2016	4/17/2021	\$68,163,468	\$23,587,962
Afghanistan’s Measure for Accountability and Transparency (AMANAT)	8/23/2017	8/22/2022	31,986,588	4,371,065
Corrections System Support Program (OASIS CSSP) Option Year 1*	6/1/2018	5/31/2020	12,131,642	9,556,662
Justice Sector Support Program OASIS Contract*	8/28/2017	2/28/2022	23,424,669	15,882,368
Continuing Professional Development Support (CPDS)*	2/6/2018	4/6/2020	7,938,401	7,938,401
Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)	5/19/2015	8/31/2020	4,600,000	2,000,000

Note: *Disbursements as of 6/20/2019.

Source: State, INL, response to SIGAR data call, 6/20/2019; USAID, response to SIGAR data call, 7/11/2019.

In April 2016, USAID launched the \$68 million Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program. ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector, (2) strengthen the linkages between the formal and traditional justice sectors, and (3) increase citizen demand for quality legal services.³⁶¹ ADALAT collaborates with the Ministry of Justice (MOJ) Department of the Huquq (“rights”). Huquq offices provide citizens the opportunity to settle civil cases within the formal system before beginning a court case.³⁶² According to ADALAT, the Afghan government is replacing half of the Huquq professional staff (approximately 400 persons) since they did not have the required academic degrees.³⁶³ This quarter, the UN Secretary-General said the MOJ failed to finalize its required anticorruption-related reforms of the Huquq and the Department of Government Cases (*Qaza-e-Dawlat*), and failed to develop a law codifying relationship between the formal and the informal justice sectors.³⁶⁴

USAID restricts public availability of certain performance data.

This quarter, USAID provided SIGAR with copies of program performance reports submitted by one of its contractors. USAID stamped these documents “SENSITIVE BUT UNCLASSIFIED, FOR OFFICIAL SIGAR USE ONLY” as the documents were being prepared for transmission to SIGAR. USAID has not explained how any of the information contained in these reports is “sensitive” or why it should be withheld from the public. SIGAR will pursue this issue with USAID.

In August 2017, USAID awarded the Afghanistan’s Measure for Accountability and Transparency (AMANAT) contract to support the Afghan government’s efforts to reduce and prevent corruption in government public services.³⁶⁵ According to USAID, AMANAT supports select Afghan government institutions with technical assistance to plan for and implement recommended procedural reforms.³⁶⁶ This quarter, USAID declared the AMANAT’s implementing-partner performance reporting to be sensitive but unclassified and, therefore, not usable as a source for this public report. USAID did not offer a justification for this restriction or offer any alternative source to report on AMANAT’s efforts during the quarter.³⁶⁷

USAID has a cooperation arrangement with the UK’s Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID funds the MEC’s monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.³⁶⁸

State’s Justice Sector Support Program (JSSP) is the largest rule-of-law program in Afghanistan. JSSP was established in 2005 to provide capacity-building support to the Afghan justice system through training, mentoring, and advisory services. The current JSSP contract began in August 2017 and has an estimated cost of \$23 million. The previous JSSP contract, which began in 2010, cost \$280 million. JSSP provides technical assistance to Afghan justice-sector institutions through (1) building the capacity of justice institutions to be professional, transparent, and accountable; (2) assisting the development of statutes that are clearly drafted, constitutional, and the product of effective, consultative drafting processes; and (3) supporting the case-management system so that Afghan justice institutions work in a harmonized and interlinked manner and resolve cases in a transparent and legally sufficient manner.³⁶⁹

JSSP advises various Afghan government offices on the Case Management System (CMS). CMS is an online database that tracks the status of criminal cases in Afghanistan, across all criminal justice institutions, from the moment a case is initiated to the end of confinement.³⁷⁰ As of May 31, 2019, the CMS had recorded 467,527 criminal cases and 87,604 civil cases.³⁷¹

In February 2018, State launched the \$8 million Continuing Professional Development Support (CPDS) program. According to State, CPDS will respond to an urgent need by the Afghan government to train legal professionals on the newly revised penal code and build the organizational capacity of the nascent professional training departments of Afghan legal institutions.³⁷²

Anticorruption

In May, the UN reported that while the Afghan government has created new anticorruption institutions and adopted laws and strategies, the results have



SIGAR attendees at the Fifth Annual European Union Anti-Corruption Conference on July 10, 2019. (Afghan government photo)

not materialized quickly enough.³⁷³ The UN cited the October 2018 parliamentary elections as an example of legal and process reforms failing to prevent severe levels of corruption in practice.³⁷⁴

According to the UN, one of the major reforms contained in the September 2018 anticorruption law was the intention to create an independent anticorruption commission. However, seven months after the law was enacted by a presidential legislative decree, no such commission exists.³⁷⁵

In cases involving prominent figures, the UN says the Afghan criminal-justice system “looks like a system promoting impunity.” According to the UN, there are numerous incidents when the police failed to make arrests and the AGO failed to issue charges. Further, suspects have been released prior to trial and orders to not leave the country were not enforced. Despite there being legal and procedural grounds for these choices, the UN says the cumulative effects are limited execution of Anti-Corruption Justice Center arrests, limited enforcement of sentences in high-level cases, and fewer indictments against high-ranking officials.³⁷⁶

Anti-Corruption Justice Center

In May 2016, President Ghani announced the establishment of a specialized anticorruption court, the Anti-Corruption Justice Center (ACJC). At the ACJC, elements of the Major Crimes Task Force (MCTF) investigators, AGO prosecutors, and judges work to combat serious corruption. The ACJC’s jurisdiction covers major corruption cases committed in any province involving senior officials (up to the deputy minister), generals, and colonels, or cases involving substantial monetary losses. Substantial losses are

The Department of Justice provided no assessment of corruption in Afghanistan.

SIGAR regularly conveys the Department of Justice’s (DOJ) views on the corruption situation in Afghanistan. This quarter, however, SIGAR cannot report those views because DOJ, for the first time, marked the primary data source as “sensitive but unclassified.” Further, DOJ provided no responses to SIGAR’s direct questions for its assessment of the Afghan government’s anticorruption institutions. Previously, DOJ reported that it observed increased vigor on the part of Afghan government anticorruption bodies following SIGAR’s publishing of DOJ’s critiques. SIGAR will pursue this issue with DOJ.

SIGAR AUDIT

As directed by the Consolidated Appropriations Act, 2018, SIGAR will submit an updated assessment of the Afghan government’s implementation of its national anticorruption strategy to Congress this year that includes an examination of whether the Afghan government is making progress toward achieving its anticorruption objectives. The Afghan government has recently provided information concerning their activities to implement this strategy that SIGAR staff is translating and reviewing as part of this assessment.

defined as a minimum of five million afghani—approximately \$73,000—in cases of bribes, money laundering, selling of historical or cultural relics, illegal mining, and appropriation of Afghan government property; or a minimum of 10 million afghani—approximately \$146,000—in cases of embezzlement.³⁷⁷

This quarter, the ACJC convicted two high-profile defendants in absentia. The primary court convicted Ahmad Yusuf Nooristani—a member of the upper house of parliament and a former governor of Herat Province—of illegal ownership of money. According to DOD, the illegal ownership of money is a crime akin to embezzlement and is committed when a “public official takes the ownership of state money, securities, financial documents, goods, or other government properties or damages or destroys the said items.” When Nooristani was Governor of Herat Province, he unlawfully demanded approximately \$13,000 from the chairman of Herat’s Mili Bus Enterprise. While Nooristani claimed he later lawfully distributed the money, he did not. He is the first parliamentarian prosecuted at the ACJC. The primary court sentenced Nooristani to one year and one month imprisonment and fined him the approximate equivalent of \$13,000.³⁷⁸

In the second case, the primary court convicted for abuse of authority Major General Ahmad Zia Yaftali and nine others who had mismanaged the Dawood Military Hospital between 2005 and 2010, when \$150 million worth of medical supplies were pilfered.³⁷⁹ The ACJC sentenced each defendant to six months’ confinement and collectively fined them the approximate equivalent of \$220,800. According to DOJ, the corruption at the military hospital caused “horrendously inhumane conditions that were described as ‘Auschwitz-like.’”³⁸⁰

Following up on a corruption case that State highlighted in a previous quarterly report, the ACJC appeals court this quarter acquitted the former Minister of Communications and Information Technology, Abdul Razaq Wahidi. According to DOJ, Wahidi was suspended from his post on January 2, 2017, based on allegations of nepotism, overpayments, illegally contracted workers, embezzlement, and misappropriation of tax revenue. He had been found guilty in absentia by the ACJC primary court and imprisoned in April 2019 for a three-year prison sentence.³⁸¹

Personnel attached to the ACJC continue to face threats. This quarter, two AGO prosecutors attached to the ACJC were attacked on the way to work. One of the prosecutors was killed in the attack.³⁸²

Afghan Government Recovers Less than 1% Of ACJC-issued Financial Penalties and Struggles to Execute Warrants and Summonses

As shown in Table 3.25 below, less than 1% of the financial penalties the ACJC primary court has imposed on convicted criminals has been deposited in the AGO bank account.³⁸³

TABLE 3.25

STATUS OF ANTI-CORRUPTION JUSTICE CENTER PRIMARY COURT-ISSUED FINANCIAL PENALTIES		
ACJC-issued financial penalties^a	Approximate value of financial penalties^b	Amount fully recovered^c
2,321,626,267 afghani	\$30,150,990	0.31%
153,140,821 USD	153,140,821	0.18
299,500 Pakistani rupees	2,045	100
3,090,000,000 Iranian rials	73,392	0
6,701,000 Saudi riyals	1,786,933	0
100,000 United Arab Emirates dirhams	27,229	0
15,000 euros	16,855	0
Total	\$185,198,267	0.2%

Note: ^a Includes orders for cash fines, restitution, compensation, and confiscation.

^b Conversions of currencies to approximate U.S. dollar values based on the average of the average monthly exchange rates for April, May, and June 2019.

^c This is the amount of the penalties that has been enforced, recovered, and deposited into the Attorney General Office's bank account.

Source: Islamic Republic of Afghanistan, Attorney General's Office, Office of Database Management, "Primary Court's Financial Order" and "Financial Orders Enforced, Recovered and Deposited into AGO's Account," 5/2019.

To date, the ACJC's primary court has convicted 10 deputy ministers (two from security ministries and eight from civilian ministries), 16 general officers (one lieutenant general, seven major generals, and eight brigadier generals), one governor, four members of province councils (including two chairs), and two mayors.³⁸⁴

According to the UN, the ACJC significantly increased its output in the first half of 2019 compared to the decline recorded in the latter half of 2018. By May 20, the ACJC primary court had issued judgments in 57 cases involving 223 defendants, the appeals court had decided 52 cases involving 173 defendants, and the Supreme Court had issued 36 judgments involving 117 accused in appeals against the decisions of the ACJC primary and appeals courts.

Despite the increased judicial output, the UN said Afghan law enforcement agencies have been unable to execute ACJC arrest warrants and summons. As shown in Table 3.26 on the following page, most warrants were resolved when suspects voluntarily surrendered.³⁸⁵

Per the International Monetary Fund's extended credit facility arrangement, the Afghan government is required to publish ACJC-related data on prosecutions and convictions. According to the UN, the AGO has published statistics and a chart on ACJC decisions with names of defendants and the sanctions on the AGO's website, demonstrating its attempt to meet this benchmark. However, the ACJC did not establish a consistently functioning website, and its judges argued the publication of full decisions was not possible under Afghan law.³⁸⁶

TABLE 3.26

STATUS OF ANTI-CORRUPTION JUSTICE CENTER-RELATED LAW ENFORCEMENT ACTIONS					
Type	Number pending (as of April 2019)	Executed (as of June 14, 2019)	Suspect voluntarily surrendered	Executed by force	Persons tried and serving their sentence
Arrest Warrants	94	17	11	6	1
Summons	161	44	-	-	-

Source: UN, *The situation in Afghanistan and its Implications for International Peace and Security*, report of the Secretary-General, 6/14/2019, pp. 10–11; United Nations Assistance Mission in Afghanistan, *Afghanistan's Fight against Corruption: Groundwork for Peace and Prosperity*, 5/1/2019, p. 55.

Afghanistan Security Forces

According to CSTC-A, powerbrokers vying for political power and profit help drive corruption in the Afghan security forces. The Afghan government has weak oversight of units and their commanders in peripheral areas. CSTC-A predicts corruption will remain a problem at least through the presidential election season.³⁸⁷

CSTC-A believes that partnering with the new ministers of interior and defense has been helpful in driving increased countercorruption efforts.³⁸⁸ CSTC-A said the insistence and assistance of CSTC-A leaders and countercorruption advisors led to an MOI investigation of the commander of the regional logistics center in Nangarhar Province and an MOD investigation into fuel corruption in northern Afghanistan.³⁸⁹

Among the MOD and MOI elements tasked with reducing corruption, CSTC-A singled out the MOI Criminal Investigative Directorate (MOI CID) for critique this quarter. According to CSTC-A, the MOI CID has undertaken no investigations or other actions to counter corruption. CSTC-A believes that MOI CID leadership participates in, rather than disrupts, corruption.³⁹⁰

CSTC-A's critique is particularly noteworthy since MOI CID recently received additional personnel when the Anti-Corruption Unit (ACU) was transferred from the MOI Inspector General (MOI IG) to the MOI CID. Last quarter, CSTC-A said this transfer caused the MOI IG to lose critical anticorruption capabilities to prepare and conduct the monthly meetings, collect asset declarations, and administer the ministerial internal-control program.³⁹¹ This quarter, however, CSTC-A said that the loss of 33 of its personnel has not significantly altered MOI IG's work.³⁹²

CSTC-A reported that the MOD has empowered its criminal-investigative directorate (MOD CID) by nearly doubling its personnel strength and removing the layers of leadership between it and the defense minister. According to CSTC-A, under the previous arrangement, corrupt actors could intervene to stop investigations. Now, the MOD CID, as well as the MOD Inspector General, reports directly to the minister.³⁹³ Additional reforms include nominating new MOD judges and reviving the former practice of nonjudicial punishments for minor military infractions.³⁹⁴



U.S. Ambassador to Afghanistan John R. Bass and Afghan officials observe World Refugee Day on June 20. (U.S. Embassy photo)

The Major Crimes Task Force (MCTF) is an MOI unit chartered to investigate corruption by senior government officials and organized criminal networks, and high-profile kidnappings committed throughout Afghanistan.³⁹⁵ According to CSTC-A, the majority of MCTF personnel appear to be passionate about investigations and the organization has reasonable latitude in its operations. CSTC-A says that the expectation by other Afghan organizations that the MCTF serve arrest warrants negatively affects the MCTF.³⁹⁶ According to DOD, the MCTF director has said that other Afghan government agencies (particularly the police) should be able to assist with warrant execution. In the past, the MCTF has executed warrants related to their own cases with their own investigators. The MCTF only has 291 personnel and is not staffed or equipped to be assigned multiple warrants from other agencies, DOD says.³⁹⁷

REFUGEES AND INTERNAL DISPLACEMENT

According to the World Bank, the more than two million migrants who have returned since 2015 and the 1.7 million internally displaced persons represent both a risk and an opportunity to the Afghan economy. Returnees are generally better educated and could provide a boost to productivity and growth if successfully integrated, the Bank says. However, the concentration of refugee returnees and the displaced persons in urban areas risks overwhelming public services and generating large humanitarian needs.³⁹⁸

State, however, disagrees with the idea that returnees are better educated, calling it a common misconception. State, citing United Nations High Commissioner for Refugees (UNHCR) data, said that only 19% of Pakistan-based returnee children attended school there. Despite this, State agreed

GOVERNANCE

that it would be beneficial to use returnees' talents and productivity and integrate them into the economy.³⁹⁹

Refugees are persons who are outside their country of origin for reasons of feared persecution, conflict, generalized violence, or other circumstances that have seriously disturbed public order and, as a result, require international protection. According to the UNHCR, refugees have the right to safe asylum and should receive at least the same rights and basic help as any other foreigner who is a legal resident.

Migrants are persons who change his or her country of usual residence, irrespective of the reason for migration or legal status. According to the UN, there is no formal legal definition of an international migrant.

Source: United Nations, "Refugees and Migrants: Definitions," 2019; UNHCR, "Protecting Refugees: questions and answers," 2/2002.

Afghan Refugees

As of June 29, 2019, the UNHCR reported that 2,969 refugees have voluntarily returned to Afghanistan in 2019.⁴⁰⁰ The majority (2,165) of these refugee returns were from Iran. Far fewer refugees have returned to Afghanistan this year than the high in October 2016.⁴⁰¹

Undocumented Afghan Migrant Returnees

As of June 22, the International Organization of Migration (IOM) reported that 214,217 undocumented Afghans returned from Iran and 10,720 undocumented Afghan migrants returned from Pakistan in 2019. So far, 224,937 undocumented Afghans have returned in 2019. For 2019, IOM is projecting over 570,000 returnees from Iran (due to Iran's ongoing economic challenges) and a minimum of 50,000 returns from Pakistan. Additionally, IOM says more than 1,000,000 Afghans may face deportation from Pakistan in 2019.⁴⁰²

Conflict-induced Internal Displacement

There has been less conflict-induced internal displacement this year than in 2018. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), as of June 16, conflicts in 2019 had induced 150,888 people to flee their homes. The office recorded 172,387 displaced persons in the same period last year.⁴⁰³

TABLE 3.27

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Promote: Women in the Economy	7/1/2015	6/30/2020	\$71,571,543	\$48,669,632
Promote: Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	39,790,892
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	31,944,022
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	19,302,261
Promote: Rolling Baseline and End-line Survey	2/21/2017	10/20/2020	7,577,638	4,746,529
Combating Human Trafficking in Afghanistan	1/11/2016	8/31/2019	7,098,717	6,526,279
Gender Based Violence (GBV)	7/9/2015	7/8/2020	6,667,272	6,667,272
Countering Trafficking in Persons (CTIP) II - Empowerment and Advocacy to Prevent Trafficking	1/10/2018	1/9/2020	1,483,950	929,950
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data call, 7/11/2019.

GENDER

In July 2013, then-USAID Administrator Rajiv Shah described the Promote partnership in a public speech as “the largest investment USAID has ever made to advance women in development.”⁴⁰⁴ According to USAID, Promote aims to strengthen women’s participation in civil society, boost female participation in the economy, increase the number of women in decision-making positions within the Afghan government, and help women gain business and management skills.⁴⁰⁵

USAID has committed \$280 million to Promote.⁴⁰⁶ Table 3.27 show the current Promote programs.

As of June 20, 2019, USAID said that of the 65,216 total Promote beneficiaries, 19,244 Promote beneficiaries have been hired. Of these, 1,455 have been employed by the Afghan government and 9,447 have secured permanent employment in the private sector. There are also 8,342 Promote beneficiaries holding private sector internships.⁴⁰⁷

Recently, four Promote-supported activists participated in a roundtable discussion with U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad on peace. USAID cited this meeting as an example of Promote’s strategic effect.⁴⁰⁸

As of March 31, USAID’s third-party monitor for the Promote programs has interviewed 49,161 beneficiaries to establish a baseline for establishing program effects.⁴⁰⁹ Table 3.28 shows the demographic profile of the Promote beneficiaries.

TABLE 3.28

PROFILE OF PROMOTE BENEFICIARIES (BY PROJECT)					
Project Title	Average Age	Percent married	Average monthly household income	Percent employed	Number of persons interviewed
Promote: Women in the Economy	24	21%	\$239	17%	14,975
Promote: Women’s Leadership Development	22	8	236	4	19,901
Promote: Women in Government	25	19	343	5	2,244
Promote: Women’s Rights Groups and Coalitions	29	46	361	46	975
Comparison group	22	15	206	7	11,069

Source: RSI Consulting, *Promote: Rolling Baseline and Endline Contract FY’19 Quarter 2 Report: January – March 2019, 5/13/2019*, pp. 10, 12.

ECONOMIC AND SOCIAL CONTENTS

Key Issues and Events	135
U.S. Support for Economic and Social Development: Theory, Objectives, and Funding	136
Economic Profile	137
Quarterly Highlight: In Response to SIGAR Concerns, USAID Changes Merchandise Export Figures on its Public Website	141
Quarterly Highlight: Afghani Depreciates Against the U.S. Dollar	147
Banking and Finance	148
Economic Growth	149
Agriculture	151
Quarterly Highlight: Extractives Sector Update: Despite New Mining Contracts, Little Overall Progress	152
Infrastructure and Essential Services	155
Education	158
Health	163

ECONOMIC AND SOCIAL DEVELOPMENT

KEY ISSUES AND EVENTS

The United States is working with other donors to develop a post-peace-settlement economic plan for Afghanistan, Acting Assistant Secretary of State for South and Central Asian Affairs Alice Wells said in a June 2019 hearing on U.S. interests in South Asia before the House Foreign Affairs Subcommittee on Asia, the Pacific, and Nonproliferation.⁴¹⁰ That draft plan emerged from the November 2018 donor conference on Afghanistan in Geneva, Switzerland. A joint communiqué released at the conclusion of the conference stressed the importance of developing and implementing a specific action plan of economic initiatives to advance the return of Afghan financial capital to the country, increase Afghan and foreign investment, create jobs, and enhance regional economic integration following a potential peace agreement.⁴¹¹ The plan had not been finalized when this report went to press.⁴¹² According to an analysis published in March 2019 by the United States Institute for Peace, “An abrupt stoppage or sudden steep decline in aid would ... result in macroeconomic instability, fiscal and state collapse, and an end to prospects for peace.”⁴¹³

The Afghan government’s domestic revenues continued to increase at a healthy pace this quarter, as they have since 2014, according to the International Monetary Fund (IMF).⁴¹⁴ SIGAR analysis showed that Afghanistan’s **sustainable domestic revenues** grew by 9.5%, year-on-year, over the first five months of Fiscal Year (FY) 1398 (December 22, 2018–May 21, 2019), compared to the first five months of FY 1397 (December 22, 2017–May 21, 2018).⁴¹⁵ Expenditures, meanwhile, increased by 23.2% year-on-year, over the first five months of FY 1398.⁴¹⁶ While this is a large increase, expenditure growth has slowed as the fiscal year has progressed.⁴¹⁷ The Afghan government and the IMF agree that the main fiscal risks in 2019 relate to possible revenue shortfalls due to political tensions and the presidential elections scheduled for September 28, 2019.⁴¹⁸ Donors cover more than 70% of all public expenditures and Afghanistan is likely to remain heavily dependent on that support for the foreseeable future.⁴¹⁹

In a macroeconomic appraisal of Afghanistan released this quarter, the IMF said that Afghanistan’s economy grew by 2.7% in 2018 (in real terms), with stronger than expected industrial sector performance (driven by construction and increased domestic production of steel and

Sustainable Domestic Revenues:

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

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

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

cement) outweighing a drag on agriculture due to a prolonged drought.⁴²⁰ A November 2018 IMF report had projected 2.3% growth in 2018.⁴²¹ Higher than previously expected growth notwithstanding, the IMF noted Afghanistan's short-term economic outlook was subject to significant downside risks, including continued violence and political instability.⁴²² In sharp contrast to the IMF, the World Bank estimated that Afghanistan's economy grew by just 1.8% in 2018.⁴²³ While World Bank and IMF GDP-growth figures often differ slightly, they are typically more or less equivalent.⁴²⁴ Although the reasons for the difference in 2018 were unclear, the Bank said the combination of the severe drought and heightened uncertainty (surrounding the level and duration of international security assistance and ongoing peace negotiations with the Taliban, among other factors) weighed down output in 2018.⁴²⁵

U.S. SUPPORT FOR ECONOMIC AND SOCIAL DEVELOPMENT: THEORY, OBJECTIVES, AND FUNDING

The United States continues to emphasize the importance of economic development in its policy planning for Afghanistan. The U.S. government's current Integrated Country Strategy (ICS) for Afghanistan states that U.S. efforts in Afghanistan—including the fundamental objective of preventing further attacks by terrorists on the U.S. homeland—cannot be sustained without a growing licit Afghan economy.⁴²⁶ One goal of the U.S. mission in Afghanistan, therefore, is to create economic prosperity in Afghanistan by advancing private-sector-led export growth and job creation, and by bolstering social gains in health, education, and women's empowerment.⁴²⁷

This goal, as well as helping make the Afghan government more stable and accountable, links the ICS to USAID's Country Development Cooperation Strategy (CDCS) for Afghanistan.⁴²⁸ The CDCS, which postulates that accelerating economic growth will help expand the Afghan government's revenue base, contribute to stability, and create the conditions necessary for peace, defines how the agency plans to approach its development efforts in Afghanistan through 2023.⁴²⁹

The three **Development Objectives** of the CDCS are:

- accelerate private-sector-driven, export-led economic growth
- advance social gains in health, education, and gender equality
- increase the Afghan government's accountability to its citizens

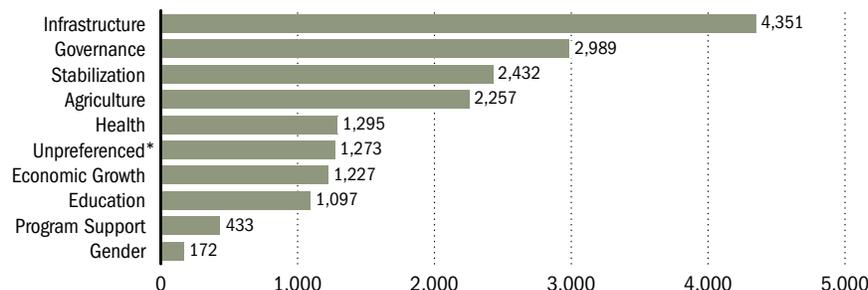
Without a peace agreement, it may be difficult for the U.S. government to make as much progress as desired toward these goals. While the emphasis and intensity of specific policies and programs have changed over the past 17 years, USAID's core belief and theory of change—that a growing economy contributes to stability and security—has remained constant.⁴³⁰ But experts do not agree on whether economic growth creates stability or vice

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

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

FIGURE 3.40

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF JULY 9, 2019
(\$ MILLIONS)



Note: USAID Mission-managed funds. Numbers are rounded. USAID gender programs managed by the agency's Office of Gender are presented as a separate category. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and programs that build health and education facilities. OFM activities (e.g. audits and pre-award assessments) included under Program Support funds. *Unpreferred funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.

Source: SIGAR analysis of USAID, response to SIGAR data call, 7/11/2019; SIGAR analysis of World Bank, ARTF, Administrator's Report on Financial Status as of April 20, 2019, 7/3/2019.

versa.⁴³¹ And SIGAR research suggests that security may be a prerequisite to development.⁴³²

As of March 31, 2019, the U.S. government has provided approximately \$34.5 billion to support governance and economic and social development in Afghanistan since 2002. Most of these funds—nearly \$20.5 billion—were appropriated to USAID's Economic Support Fund (ESF). Of this amount, \$19.2 billion has been obligated and \$16.8 billion has been disbursed.⁴³³

Figure 3.40 shows USAID assistance by sector.

ECONOMIC PROFILE

Donor plans articulated in the ICS and CDCS must grapple with the reality that Afghanistan remains poor, conflict-affected, and aid-dependent, despite sustained efforts by the United States and others to lift the country's economic prospects. Estimates of Afghanistan's real economic growth rate in 2018 ranged from 1.8% (World Bank) to 2.7% (IMF).⁴³⁴ Both the IMF and the Bank estimated 2017 growth at 2.7%.⁴³⁵ The current environment of relatively low growth contrasts sharply with the donor-driven, near double-digit rate Afghanistan experienced over the first decade of reconstruction.⁴³⁶ It also contrasts with a very high overall growth rate (7%) in South Asia, which the Bank described as "the world's fastest growing region."⁴³⁷

With the precarious security situation, heightened political uncertainty (due in part to the presidential elections slated for September 2019), and a widespread drought weighing down output in 2018, the IMF said the current growth rate remained too low to make headway in reducing poverty in the country.⁴³⁸ A broad national survey conducted by Afghanistan's statistical

Opium and Other Illicit Goods Complicate Assessments of Afghanistan's Economic Performance

Including the opium economy, GDP growth in Afghanistan can be higher or lower than that reported by the IMF and the World Bank. Reflecting the significant (approximately 90%) growth of opium production in 2017, Afghanistan's statistical authority reported that GDP growth including the opium economy in that year was 7.2%. Although final figures have not yet been published, opium will likely contribute far less to GDP growth in 2018, as high levels of supply and a widespread drought resulted in a significant decline in the income earned by opium-poppo farmers.

Including additional illicit drugs produced in Afghanistan and the service industries supporting the drugs economy would add even more value to GDP. A May 2019 paper from the Afghanistan Research and Evaluation Unit, a think tank, pointed out that marijuana was a significant summer crop in some Afghan provinces. Methamphetamine is also produced in Afghanistan.

Source: NSIA, *Afghanistan Statistical Yearbook 2017–2018*, 8/2018, p. 110; SIGAR, *Quarterly Report to the United States Congress*, 1/30/2019, pp. 150, 152; UNODC, *Afghanistan Opium Survey 2018: Cultivation and Production*, 11/2018, pp. 5, 8; Afghanistan Research and Evaluation Unit, *The Sun Cannot be Hidden by Two Fingers: Illicit Drugs and the Discussions on a Political Settlement in Afghanistan*, 5/2019, p. 3.

authority in 2016 and 2017 found that 55% of Afghans were living below the poverty line (defined as the national norm for covering the costs of basic needs, which was around \$1 per day), up from 34% in 2013–2014.⁴³⁹ The results implied that close to 16 million Afghans were living in poverty.⁴⁴⁰

Overall, the IMF said Afghanistan’s GDP was projected to rise slightly to 3% in 2019 due to the agricultural sector’s recovery from widespread drought.⁴⁴¹ This is well below the estimated 8% the Afghan economy would have to grow by annually to absorb several hundred thousand Afghans entering the labor market every year, according to a 2018 World Bank analysis.⁴⁴² And, adding that there were “significant downside risks to the baseline growth scenario,” the IMF also said political and security challenges could limit the predicted recovery.⁴⁴³ Specifically, the IMF cautioned that in the last presidential election year (2014)—which was characterized by high levels of political uncertainty, stalled reforms, and the withdrawal of international troops—Afghanistan experienced a sharp drop in both growth and domestic revenues.⁴⁴⁴

Nevertheless, the IMF said that a durable peace could raise growth prospects fundamentally by boosting private-sector confidence and supporting higher levels of investment.⁴⁴⁵ Whether such a peace is possible is not yet clear.

Fiscal Situation: Revenue Gains Continue

Afghanistan remains heavily dependent on foreign aid. SIGAR analysis of IMF data shows that the IMF does not expect the Afghan government to cover more than 50% of its expenditures from domestic revenues until 2023.⁴⁴⁶ Including both **on-budget** and **off-budget** grants, donors covered more than 70% of total public expenditures in 2018.⁴⁴⁷ Although Afghanistan’s revenue performance has been strong in recent years, the country will remain heavily reliant on donor financing for the foreseeable future.⁴⁴⁸

Even so, revenue increases have been strong since 2014, according to the IMF, which noted that despite weak economic and security conditions, revenues were close to 13.5% of GDP in 2018, nearly five percentage points higher than in 2014.⁴⁴⁹

That trend continued this quarter. SIGAR analysis showed that Afghanistan’s sustainable domestic revenues grew by 9.5%, year-on-year, over the first five months of FY 1398 (December 22, 2018–May 21, 2019), compared to the first five months of FY 1397 (December 22, 2017–May 21, 2018).⁴⁵⁰ Although aggregate domestic revenues increased by a seemingly impressive 23.2%, these gains were driven primarily by a substantial transfer (approximately AFN 9.0 billion, or \$116.8 million) from Afghanistan’s central bank in month 5 (April 22, 2019–May 22, 2019) that accounted for 59.1% of the revenue increase.⁴⁵¹

While gains in income taxes, which increased by 38.0%, accounted for 26.4% of the aggregate, year-on-year revenue increase through the first five months of FY 1398, revenues classified as “Other Revenue” (also referred to as “Miscellaneous” revenue) accounted for 28.8%.⁴⁵² According to MOF

On-budget assistance: encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and included in the budget approved by the parliament and managed by the Afghan treasury system. On-budget assistance is primarily delivered either bilaterally from a donor to Afghan government entities, or through multidonor trust funds. (DOD prefers the term “direct contributions” when referring to Afghanistan Security Forces Fund (ASFF) monies executed via Afghan government contracts or Afghan spending on personnel.)

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

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2014, p. 130; Ministry of Finance, “Aid Management Policy for Transition and Beyond,” 12/10/2012, p. 8; State, response to SIGAR vetting, 1/14/2016; DOD, OSD-P response to SIGAR vetting, 1/15/2018.

TABLE 3.29

EXPENDITURES, FIRST FIVE MONTHS, AFGHAN FISCAL YEARS 1397 AND 1398 COMPARED (IN AFGHANIS)			
Category	FY 1397	FY 1398	% Change
Wages and Salaries ^a	64,829,739,998	72,016,126,577	11.1%
Goods and Services ^b	16,074,475,633	21,769,674,189	35.4
Subsidies, Grants, and Social Benefits ^c	9,927,821,034	9,807,102,262	(1.2)
Acquisition of Assets ^d	12,038,321,143	23,159,838,800	92.4
Interest and Repayment of Loans ^e	504,271,550	560,304,205	11.1
Total	103,374,629,358	127,313,046,033	23.2%

Note:

^a Compensation of government employees.

^b Includes: (1) payments to private firms in return for goods and/or services, and (2) payments to other government units or agencies in return for services performed.

^c Includes: (1) expenditures made to entities in return for development assistance and promotional aid, or reimbursement for losses caused by equalization of commodity tariffs, price controls, and other similar purposes that are not repayable; (2) grants to other government units for which unequal value is provided in return; and (3) social assistance benefits not covered by social security.

^d Expenditures related to the purchase, improvement, or construction of assets.

^e Interest, principal payments, and fees related to government debt.

Source: SIGAR analysis of USAID-provided AFMIS data exported 7/10/2019; SIGAR analysis of USAID-provided AFMIS data exported 1/12/2019; Government of Afghanistan, MOF, *Chart of Account Guide Fiscal Year: 1397, Version 1, "Object Exp Long Des," 1/7/2018.*

officials, the “Miscellaneous” category is sometimes used as a catch-all designation for uncategorized revenues prior to the MOF’s reconciliation.⁴⁵³ As SIGAR has reported before, evaluating the drivers of revenue increases is more difficult when a large proportion of overall revenues remain unreconciled.⁴⁵⁴ SIGAR analysis shows that 8.6% of total revenues through the first five months of FY 1398 were categorized as “Other Revenue,” the majority (74.3%) of which will be reclassified at a later date.⁴⁵⁵

Expenditures increased by 23.2% year-on-year, over the first five months of the year.⁴⁵⁶ While this may appear to be a significant increase, expenditure growth has moderated significantly as the fiscal year has progressed.⁴⁵⁷ Table 3.29 shows year-on-year expenditure increases through the first five months of FY 1398. The Afghan government and the IMF agree that the main fiscal risks in 2019 relate to possible revenue shortfalls due to political tensions and the presidential elections scheduled for September 28, 2019.⁴⁵⁸

Afghanistan’s Licit Trade Deficit Remains Large Despite Initiatives to Promote Exports by Air

For years, Afghanistan has maintained a large licit merchandise trade deficit. According to the IMF, the deficit is equivalent to more than 30% of GDP.⁴⁵⁹ Although export growth has been strong in recent years (11.6% in 2018 and 27.6% in 2017), boosted by Afghan government export promotion initiatives, exports by air have been heavily subsidized. Still, the IMF expected the trade deficit to be equivalent to more than 30% of GDP through 2020.⁴⁶⁰

While one objective of USAID’s current development strategy for Afghanistan is to accelerate export-led economic growth, the IMF said that, excluding donor grants, Afghanistan’s current account deficit (the net balance of Afghanistan’s goods and services trade with other countries, transfer

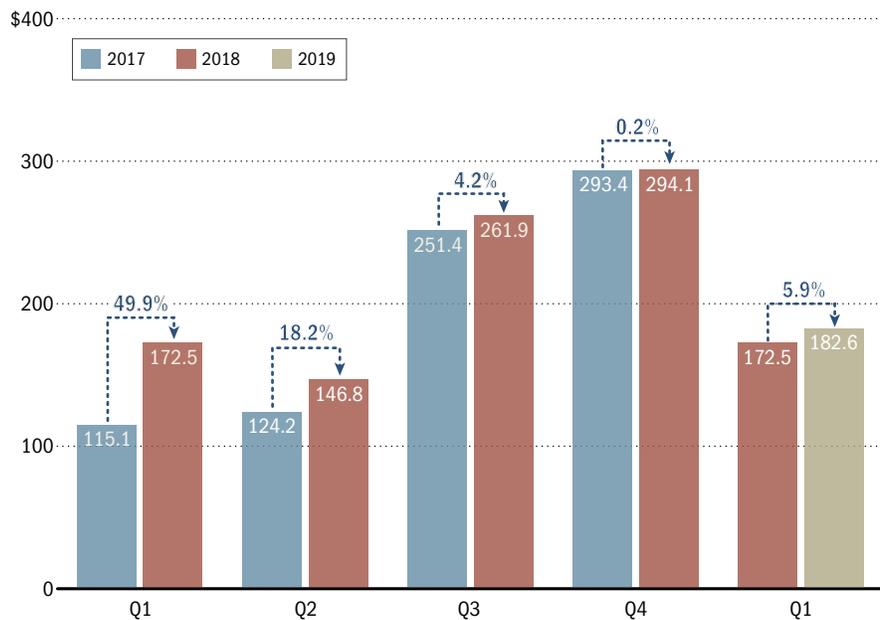
SIGAR SPECIAL PROJECT

This quarter, SIGAR released a follow-up review to its May 2015 audit on U.S. assistance to Afghanistan’s civil aviation sector. Among other objectives, U.S. assistance to the sector is intended to benefit Afghan exporters and to increase exports by air.

SIGAR found that U.S. assistance helped the Afghanistan Civil Aviation Authority (ACAA) make progress towards rectifying institutional and training shortcomings identified in SIGAR’s May 2015 audit and aided the ACAA’s development of professional staff. However, SIGAR found that while the ACAA made important strides in being able to independently carry out civil aviation operations, it has not achieved several key objectives, and remains dependent on donor assistance.

FIGURE 3.41

AFGHANISTAN'S EXPORT PERFORMANCE, 2017-2019 (\$ MILLIONS)



Source: SIGAR analysis of NSIA quarterly and annual export data, 2017-2018, accessed 6/21/2019, 3/23/2019, 12/20/2018, and 9/25/2018.

payments, and earnings on cross-border investments) “remained very large in 2018 despite . . . strong export growth partly reflecting the establishment of subsidized ‘air corridors.’”⁴⁶¹ SIGAR analysis of trade data published by Afghanistan’s statistical authority showed that year-on-year merchandise export growth reached 5.9% in the first quarter, even as the volume of exports fell, compared to the preceding quarter.⁴⁶² While import growth also appeared to slow substantially, Afghanistan’s licit trade deficit in the first quarter of 2019 was approximately \$1.6 billion and imports were nearly 10 times the value of exports.⁴⁶³ Figure 3.41 shows quarter-to-quarter export growth.

USAID said that, according to the Afghanistan Chamber of Commerce, Afghan government subsidies covered 83% of shipment costs for flights to New Delhi, India; 80% of shipment costs for flights to Mumbai, India; and 70% of shipping costs for flights to Europe.⁴⁶⁴ The World Trade Organization (of which Afghanistan is a member) prohibits export subsidies, subject to limited exceptions, because they provide an unfair competitive advantage to recipients and therefore distort market dynamics. However, exceptions are made for specified developing countries.⁴⁶⁵ While USAID claimed net gains to Afghan income as a result of the subsidies were 24% of the exported value of covered products, SIGAR has not independently verified this figure.⁴⁶⁶

IN RESPONSE TO SIGAR CONCERNS, USAID CHANGES MERCHANDISE EXPORT FIGURES ON ITS PUBLIC WEBSITE

One of USAID’s objectives under its current strategy is to accelerate export-led economic growth.⁴⁶⁷ Concerned that USAID might be overstating the extent to which Afghanistan’s exports have increased in recent years, SIGAR asked USAID why its public website reported that Afghanistan’s merchandise exports in 2018 were \$1 billion, when Afghanistan’s statistical authority valued exports of goods in 2018 at a notably lower \$875.2 million.⁴⁶⁸ USAID replied that Afghanistan’s export data was “disparate and conflicting,” but conceded that start and endpoint figures for showing Afghan export growth on USAID’s website were not fully comparable.⁴⁶⁹ In response to both a discussion with SIGAR and to a draft version of this report, USAID removed the merchandise-export figures from its public website and publicly available economic-growth fact sheet, and replaced them with the Afghanistan statistical authority’s rounded official figure of \$875 million.⁴⁷⁰

SIGAR also asked USAID why it reported that the total value of Afghanistan’s airborne exports in 2018 was more than \$500 million when the Afghanistan Customs Department (ACD) reported their value in 2018 was only \$152.2 million.⁴⁷¹ USAID said it had revalued Afghanistan’s air exports by triangulating data from several different sources.⁴⁷² USAID added that it had not revalued Afghanistan’s ground exports.⁴⁷³ SIGAR pointed out that by revaluing only Afghanistan’s airborne exports, USAID may have made it appear that exports by air were having a much larger impact on total exports than may be the case.⁴⁷⁴ After communicating with SIGAR on this issue, USAID removed its estimate of Afghanistan’s airborne exports from its public website and economic-growth fact sheet.⁴⁷⁵ USAID added it was currently defining performance indicators related to its updated strategy, including airborne export figures (implying that it had previously published a figure without first deciding how to measure it).⁴⁷⁶

The remainder of this highlight discusses the details and implications of the export figures originally reported by USAID.

Differences Between USAID’s Overall Export Figure and Official Data

Much of the trade between Afghanistan and its neighbors is carried out informally, rendering it difficult to track merchandise exports, USAID related in a discussion with SIGAR this quarter.⁴⁷⁷ But to best measure the effectiveness of USAID’s export-led growth strategy, it is critical that year-over-year comparisons of Afghanistan’s exports utilize baseline and endpoint figures derived from similar sources employing similar methodologies. If baseline and endpoint figures are not comparable, there is a risk that successes are exaggerated and failures are concealed.

SIGAR has Previously Identified USAID Data Discrepancies

In a January 2017 audit on U.S. assistance to Afghanistan’s health sector, SIGAR reported that USAID did not disclose data quality limitations related to numerous claimed achievements made in life expectancy, child and infant mortality, and maternal mortality. For example, USAID’s public documents cited a decrease from 1,600 to 327 maternal deaths per 100,000 live births between 2002 and 2010. However, upon reviewing USAID’s data, SIGAR found that the 2002 information was based on a survey conducted in only four of Afghanistan’s then-360 districts. USAID’s internal documentation acknowledged the limitations. USAID funded a new health survey in 2015. The agency draws its more recent health data from this survey.

Source: SIGAR, *Afghanistan’s Health Care Sector: USAID’s Use of Unreliable Data Presents Challenges in Assessing Program Performance and the Extent of Progress*, 1/2017, i; Government of Afghanistan, NSIA, *Afghanistan Demographic and Health Survey 2015*, 1/2017, ii; USAID, *Country Development Cooperation Strategy*, 3/31/2019, p. 36.

FIGURE 3.42

MERCHANDISE EXPORT GROWTH FROM 2016–2018: USAID VS. AFGHAN STATISTICAL AUTHORITY FIGURES



Note: The 2016 export value is for the solar year, while the 2018 export value is for the fiscal year. Although solar and fiscal-year totals are not strictly comparable, the chart illustrates the difference in percentage increase when different endpoint values are used.

Source: USAID, “Economic Growth: Afghanistan,” updated 5/30/2019, <https://www.usaid.gov/afghanistan/economic-growth>, accessed 6/20/2019; Quarterly and annual NSIA trade data, accessed 9/25/2018, 12/20/2018, and 3/23/2019; SIGAR analysis.

By presenting Afghanistan’s exports in 2018 as \$1 billion, USAID was able to claim that from 2016 to 2018, merchandise exports increased by 68% (starting from a baseline of \$596 million in 2016). Substituting the Afghanistan statistical authority’s official figure—\$875.2 million—for \$1 billion, the rate of export growth drops to 47% (starting from the same base) over that two-year period. While a growth rate of 47% over the period is still impressive, it was 21 percentage points (or 45%) lower than the 68% rate USAID claimed when using the higher number for 2018 (Figure 3.42).⁴⁷⁸

SIGAR subject-matter experts who discussed this discrepancy with USAID concluded that USAID was using inconsistent data sources when presenting year-on-year merchandise export growth on its public website. Specifically, USAID compared “direct” data to “mirror” data.⁴⁷⁹ Direct data is published by Afghanistan’s statistical authority and reflects official Afghan government figures for merchandise exports. In contrast, mirror data reflects official import volumes and values reported by Afghanistan’s trading partners.⁴⁸⁰ The effect of this comparison is to exaggerate merchandise export growth in 2016–2018, as publicly presented by USAID.⁴⁸¹

In the course of the discussion, one USAID/Office of Economic Growth (OEG) official conceded that the comparison of direct to mirror data may not represent a proper comparison and suggested that perhaps OEG should standardize the start and endpoint figures on its public website so that they are more comparable.⁴⁸² In response to SIGAR’s concerns, USAID eventually removed the merchandise export figures from its public website and publicly available economic-growth fact sheet, and replaced them with the Afghanistan statistical authority’s rounded official figure of \$875 million.⁴⁸³

Discrepancies Between USAID’s Air Export Figures and Official Data

The USAID website also stated that the total value of Afghanistan’s airborne exports in 2018 was more than \$500 million.⁴⁸⁴ However, when SIGAR asked USAID/OEG to provide disaggregated Afghanistan Customs Department (ACD) data on airborne exports, USAID reported their value in 2018 was only \$152.2 million—more than \$347.8 million (or approximately 70%) less than its public reporting.⁴⁸⁵

When asked to explain this apparent discrepancy, USAID said it had recalculated dollar-value export figures from the ACD to arrive at its estimate of \$500 million for air exports in 2018.⁴⁸⁶ Specifically, USAID said it had assessed its own unit-level market value for goods exported by air under the assumption that ACD data underreported the market value of airborne exports.⁴⁸⁷ Later, USAID said it had triangulated data from official Afghan sources, the Afghanistan Chamber of Commerce and Industries, and inbound airborne trade data from top Afghan export destinations to arrive



Afghan officials attend a ribbon-cutting ceremony to open a new cold-storage facility at Hamid Karzai International Airport that aims to boost Afghan exports. (USAID photo)

at its estimate for exports by air in 2018. SIGAR repeatedly asked for, but USAID did not provide, the quantitative basis for this estimate.⁴⁸⁸

USAID attributed underreporting of Afghanistan’s exports to “corruption at all levels.”⁴⁸⁹ If true, this implies that corruption produced a more than \$347.8 million (or approximately 70%) discrepancy between the ACD’s figure for the value of goods exported from Hamid Karzai International Airport (\$152.2 million) in 2018 and USAID’s (\$500 million).⁴⁹⁰ That is a substantial effect.

Data Discrepancies Could Hamper Evidence-Based Decision Making

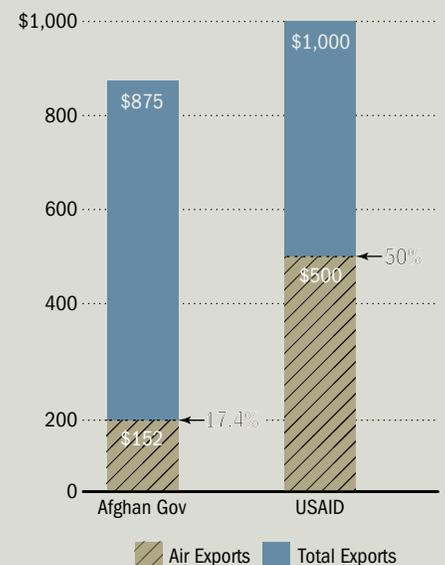
Evidence-based policymaking and strategizing require an accurate (or, in the case of Afghanistan, as accurate as possible) assessment of what “reality” is. As SIGAR pointed out in its discussion with USAID/OEG this quarter, revaluing Afghanistan’s airborne exports, but not the country’s ground exports, appears to distort that reality. Specifically, SIGAR pointed out that unvalued raw ACD data on Afghanistan’s airborne exports were only approximately 17% of total merchandise exports (\$152.2 million divided by \$875.2 million). In contrast, going by OEG’s previously published figures, airborne exports were 50% of total merchandise exports (\$500 million divided by \$1 billion).⁴⁹¹ Figure 3.43 shows this difference in export composition.

These two statements say very different things about the composition of Afghanistan’s exports—potentially precluding donors, policymakers, and others from making informed decisions about what economic interventions might be most effective. While data may not always be reliable, the potential for error or misinterpretation should be mitigated wherever possible. SIGAR is pleased that USAID made changes to its public website and economic-growth fact sheet in response to SIGAR’s concerns.

FIGURE 3.43

USAID VS. AFGHAN STATISTICAL AUTHORITY AIRBORNE EXPORT AND TOTAL MERCHANDISE EXPORT FIGURES IN 2018

(\$ MILLIONS)



Source: USAID, “Economic Growth: Afghanistan,” updated 5/30/2019, <https://www.usaid.gov/afghanistan/economic-growth>, accessed 6/20/2019; USAID, response to SIGAR data call, 3/21/2019; Quarterly and annual NSIA trade data, accessed 9/25/2018, 12/20/2018, and 3/23/2019; SIGAR analysis.

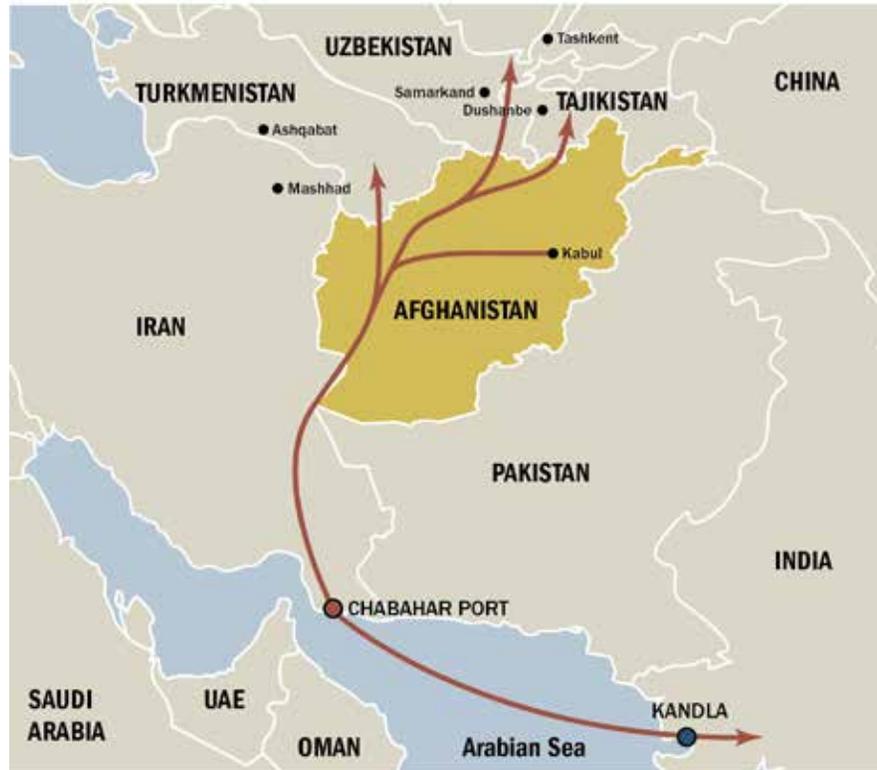
With Waiver Still in Place, Afghanistan Sends Second Round of Export Trade through Chabahar Port

Although the United States reimposed sanctions on Iran, an exception granted under the Iran Freedom and Counter-Proliferation Act of 2012 (IFCA) exempted the development of the Chabahar Port in southeastern Iran, including the construction of an associated railway, from the sanctions.⁴⁹² State said the purpose of the exception was to facilitate reconstruction assistance to, and economic development for, Afghanistan.⁴⁹³ State added that these activities were vital for the ongoing support of Afghanistan's growth and humanitarian relief.⁴⁹⁴

The U.S. announced in April 2019 that it would not issue additional Significant Reduction Exceptions (SREs) to eight importers of Iranian oil, including China, Japan, and India, whose petroleum imports from Iran had been exempted from sanctions for a six-month period beginning in November 2018. The SREs had allowed those countries to continue to

FIGURE 3.44

TRADE ROUTES THROUGH IRAN'S CHABAHR PORT



Note: Routes and locations are approximate.

Source: The Hindu, "India ships wheat to Afghanistan via Chabahar," 7/29/2017.



Trucks cross the Afghanistan-Iran border in Zaranj, Afghanistan. This crossing, 970 kilometers from Chabahar Port, is a busy trade route between Central Asia and the Middle East. (U.S. Marine Corps photo by Sgt. Mallory S. VanderSchans)

purchase oil from Iran on the condition that they reduce those imports over time.⁴⁹⁵ However, waivers allowing for the continued development of the Chabahar Port in southeastern Iran, as well as for Afghanistan's continued purchases of Iranian oil, remained in effect this quarter.⁴⁹⁶ This is because the waivers granted to Afghanistan were based on a separate exemption for reconstruction assistance and economic development (the aforementioned IFCA exemption). Afghanistan was not trading with Iran under a SRE.⁴⁹⁷

The continuing exemption for the development of the Chabahar Port allowed Afghanistan to send a second shipment of goods to India through the port this quarter: 80 tons of agricultural products, including dried fruit, figs, and shakar para (a dessert popular in western India), according to TOLONews.⁴⁹⁸ Earlier this year, Afghanistan sent its first shipment of goods through the port, consisting of 570 tons of cargo destined for Mumbai.⁴⁹⁹ Figure 3.44 shows a map of Chabahar Port and associated trade routes.

Further development of Chabahar would allow a larger proportion of Indian and Afghan trade to bypass Pakistan, with whom both countries have had an often-contentious relationship.⁵⁰⁰ In February 2019, Pakistan closed its airspace after India carried out a bombing raid over Pakistan. The raid followed an attack by a Pakistani-based militant group on a convoy in Indian-controlled Kashmir.⁵⁰¹ Pakistan is regularly criticized by Afghan media and government officials not only for political intervention in Afghan affairs and maintaining Taliban safe havens, but also for predatory economic practices, such as product dumping and imposing nontariff barriers to trade.⁵⁰²



Afghan refugee children in Iran. (EU photo)

Afghanistan Continues to Feel Secondary Effects of the Iran Sanctions

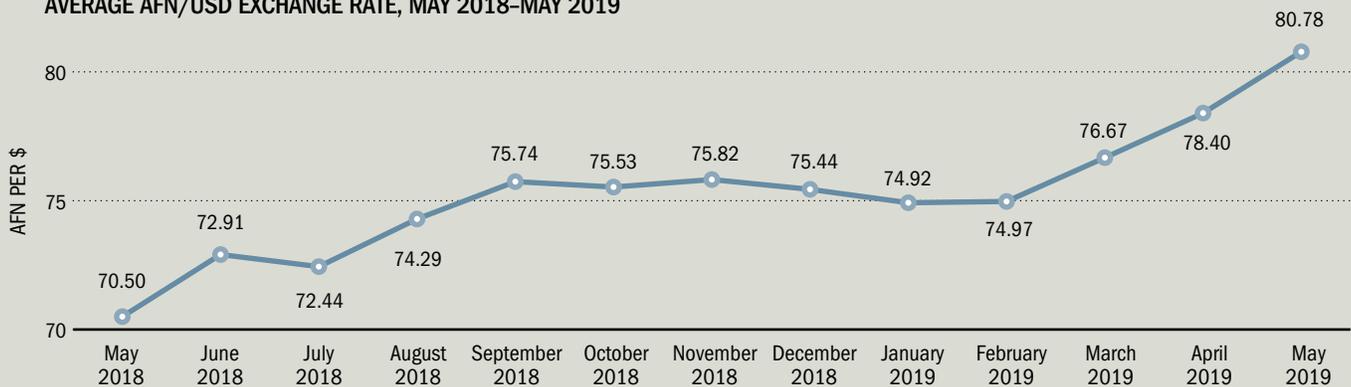
Although the continuation of the reconstruction exception for Afghanistan allowed for the country's second shipment of goods through the port, Afghanistan continued to experience the effects of U.S. sanctions on Iran this quarter. The IMF said the "continuing fallout" from the sanctions represented one significant downside risk to Afghanistan's economic growth due to ongoing impact of the sanctions on remittances and returns of Afghan migrants living in Iran.⁵⁰³ With rising inflation and unemployment in Iran, many Afghans living in Iran continue to return to Afghanistan. The sanctions resulted in substantial depreciation of the Iranian rial and lower demand for labor in the Iranian informal sector, where Afghans generally work.⁵⁰⁴

As of June 15, 2019, more than 205,000 Afghans have returned to Afghanistan from Iran since January 1, 2019, according to the UN.⁵⁰⁵ State said the total number of Afghan returnees since January 1, 2018, had exceeded 950,000, as of June 23, 2019, resulting in higher economic and social-support costs in the less-stable provinces of western Afghanistan.⁵⁰⁶ The UN projected that, due to ongoing economic conditions in Iran, the number of Afghan returnees from Iran would exceed 570,000 in 2019.⁵⁰⁷

The IMF also said that U.S. dollar outflows to Iran (the sanctions have driven demand for U.S. dollars in Iran higher) were partially responsible for substantial recent depreciation of the afghani (AFN) against the U.S. dollar (the afghani depreciated by 14.5% from an average rate of 70.5 AFN/USD in June 2018 to 80.7 AFN/USD on June 19, 2019).⁵⁰⁸ However, the IMF noted that because the afghani appreciated against regional currencies, it was "broadly stable."⁵⁰⁹

QUARTERLY HIGHLIGHT

AVERAGE AFN/USD EXCHANGE RATE, MAY 2018–MAY 2019



Note: Figure shows the average AFN/USD exchange rate for each month during the period May 2018–May 2019. The exchange rates presented are the average of average sell and buy rate. A higher AFN/USD exchange rate means the afghani is less valuable relative to the U.S. dollar.

Source: Government of Afghanistan, DAB, "Currency Hijri And Meladi Average," <http://www.dab.gov.af/Currency-Hijri-Average>, accessed 6/21/2019.

AFGHANI DEPRECIATES AGAINST THE U.S. DOLLAR

The afghani continued to depreciate relatively rapidly against the U.S. dollar this quarter, causing concern. For example, in June 2019, Pajhwok Afghan News reported that Afghan residents of western Herat Province claimed the depreciation had increased local prices of essential commodities.⁵¹⁰ Herati money exchanges were also reportedly worried.⁵¹¹ While currency depreciation can have the effect of boosting a country's exports, which become relatively less expensive, it can also increase the price of imports, with the potential for deleterious effects on net importers like Afghanistan.

The IMF attributed the recent depreciation of the afghani against the U.S. dollar in part to U.S. dollar outflows to Iran.⁵¹² According to reporting from Bloomberg, U.S. sanctions against Iran have catalyzed a "booming" cash-smuggling business, with Afghan currency traders crossing the border and using U.S. dollars to purchase rials at favorable rates from "desperate" Iranian sellers.⁵¹³ Speaking to Bloomberg, a spokesman for Afghanistan's central bank (Da Afghanistan Bank, or DAB) said the Afghan traders then sell the rials in Afghanistan for as much as 30% profit.⁵¹⁴ To counter U.S. dollar outflows, DAB increased sales of U.S. dollars to \$2.4 billion in 2018, a 23% increase over total sales in 2017.⁵¹⁵

However, a World Bank analysis released in January 2019 concluded, "In Afghanistan's case, most concerns around depreciation are not currently relevant."⁵¹⁶ Pointing out that none of Afghanistan's largest markets (Pakistan, India, China, and Iran) used the U.S. dollar as their currency, the Bank (like the IMF in its May 2019 macroeconomic appraisal of Afghanistan) emphasized that the

afghani's average exchange rate against all trade partners appreciated during 2018.⁵¹⁷ Thus, the Bank said, a lower AFN/USD exchange rate only impacted a limited proportion of Afghanistan's exports and imports.⁵¹⁸

As a result of these factors, and even though Afghanistan is a net importer, the IMF said that the recent depreciation of the afghani against the U.S. dollar had not resulted in increased prices across the economy. In fact, the IMF reported, inflation was just 0.8% in 2018, due in part to lower priced imports.⁵¹⁹ Both high dollarization in Afghanistan, with two-thirds of loans and deposits denominated in U.S. dollars, and healthy foreign exchange reserves of more than \$8.2 billion have likely further mitigated the effects of the depreciating afghani.⁵²⁰

However, although inflation was tame in 2018 as the currencies of Afghanistan's trading partners also depreciated against the U.S. dollar, inflation since March 2019 may reflect different underlying dynamics. The Bank said that, as of April 2019, nationwide food prices had increased by 5.5%, driven by rising fruit (9.7%), cereal (8.2%) and vegetable (6.2%) prices.⁵²¹ According to the Bank, the afghani has depreciated more sharply against the U.S. dollar than other regional currencies in 2019, likely contributing to these price increases. This may explain the localized inflation witnessed in Herat, as could the reported use of the Iranian rial in western Afghanistan (though State reported that use of the rial in Herat and Faryab had become less common since the currency came under stress).⁵²² Overall, while the Bank said there was little evidence to suggest that the afghani's depreciation against the U.S. dollar produced major difficulty or hardship for Afghan firms and households in 2018, the full effects of depreciation in 2019 are not yet known.⁵²³

Financial Action Task Force: an intergovernmental body that aims to combat money laundering and terrorist financing. FATF no longer lists Afghanistan as a major money-laundering jurisdiction because FATF believes Afghanistan has made “significant progress” in addressing AML/CFT deficiencies.

European Commission: the executive governing body of the European Union. The Commission proposes legislation, manages EU policies, and allocates EU funding.

Council of the European Union: a separate governing body consisting of member state ministers.

Correspondent Banking Relationship: A relationship established between two financial institutions that allows one bank to provide services—such as facilitating business transactions or wire transfers—on behalf of another. Correspondent banking relationships can provide financial institutions access to foreign markets without having to open a branch abroad.

Source: FATF, “Who We Are,” no date, <https://www.fatf-gafi.org/about/>, accessed 6/18/2019; FATF, “Outcomes of the Plenary Meeting of the FATF, Valencia, 21–23 June 2017,” 6/23/2017; EU, “European Commission,” no date, https://europa.eu/european-union/about-eu/institutions-bodies/european-commission_en, accessed 6/18/2019; EU, “Council of the European Union,” no date, https://europa.eu/european-union/about-eu/institutions-bodies/council-eu_en, accessed 6/18/2019; Investopedia, “Correspondent Bank Definition,” revised 4/20/2019, <https://www.investopedia.com/terms/c/correspondent-bank.asp>, accessed 6/18/2019.

BANKING AND FINANCE

Afghanistan’s modest financial sector consists of 12 banks. Three are state-owned and seven are private. Two are branches of foreign-owned banks.⁵²⁴ Afghanistan’s central bank, Da Afghanistan Bank (DAB), recently canceled the licenses of two foreign-owned bank branches, as SIGAR reported last quarter. One, Arian Bank, was a subsidiary of an Iranian state-owned bank, and was therefore subject to U.S. sanctions on Iran. The other, Habib Bank Ltd., committed unspecified violations of Afghan law.⁵²⁵ According to the IMF, neither of these banks played a major role in providing credit to Afghanistan’s private sector.⁵²⁶ Thus, the withdrawal of the licenses is not expected to have a substantial effect on the country’s financial sector.

This quarter, the IMF said Afghanistan’s banking sector remained vulnerable. The overall loan-to-deposit ratio in the sector stood at just 16%, though the IMF noted that the low ratio was accounted for in part by ongoing reforms designed to reduce risk exposure.⁵²⁷ While profitability remained weak, nonperforming loans decreased in 2018.⁵²⁸ According to Afghanistan’s central bank, major impediments to access to financial services include poor security and the high risk of borrower defaults.⁵²⁹

Afghanistan Still Struggling to Combat Money Laundering and Terrorist Financing

Criminal and terrorist organizations continue to take advantage of Afghanistan’s fledgling financial sector. Although the **Financial Action Task Force (FATF)** no longer lists Afghanistan as a jurisdiction with strategic anti-money-laundering/combating financing of terrorism (AML/CFT) deficiencies, State continued to list Afghanistan as a major money-laundering jurisdiction in March 2019.⁵³⁰ State said that although the Afghan government has enacted laws and regulations to combat financial crimes, it faces significant challenges in implementing and enforcing them.⁵³¹

One consequence of these implementation shortcomings is that Afghanistan still faces challenges in establishing global **correspondent-banking relationships**—a challenge the IMF underscored again this quarter.⁵³² In particular, the IMF noted that the European Union’s February 2019 decision to include Afghanistan in a list of 23 jurisdictions with strategic deficiencies in their anti-money-laundering and counter-terrorist-financing frameworks further complicated Afghanistan’s ability to establish such correspondent relationships.⁵³³ The **European Commission** must revise the list due to an objection, raised by the **Council of the European Union**, that the list was compiled in an insufficiently transparent manner.⁵³⁴ Nevertheless, the EU’s initial decision to include Afghanistan on its list of major money-laundering jurisdictions underscores the fact that implementation challenges remain and raises questions about why FATF no longer lists Afghanistan as a major money-laundering jurisdiction.⁵³⁵

Kabul Bank Theft: Progress on Cash and Asset Recoveries Slowly Progressing

Fraud and embezzlement by a handful of politically connected individuals and entities nearly led to the collapse of Kabul Bank—then the country’s largest commercial bank—in September 2010.⁵³⁶ The fallout from the scam necessitated an \$825 million bailout from the Afghan government (an amount equivalent to approximately 5–6% of the country’s GDP at the time), and was one of the largest banking catastrophes in the world, relative to GDP.⁵³⁷ Every quarter, SIGAR requests an update on Kabul Bank Receivership (KBR) efforts to recover funds stolen from the Kabul Bank. The KBR was established to manage Kabul Bank’s bad assets.⁵³⁸

According to the IMF, the Afghan government is “revitalizing” Kabul Bank asset recoveries.⁵³⁹ In a congressionally mandated report of June 2019, State celebrated recent recoveries as one success story of the Afghanistan Compact, a series of reform benchmarks established by the Afghan government in consultation with the United States in the areas of security, governance, peace and reconciliation, and economic growth.⁵⁴⁰

In line with these observations from the IMF and State, the KBR indicated the Afghan government had taken several recent measures to increase recoveries. Those include a presidential decree that allowed the government to seize collateralized property held by debtors and the reversal of approximately \$49 million of waived interest on a loan held by Khalilullah Ferozi, the former chief executive officer of Kabul Bank.⁵⁴¹ Still, total recoveries, as tallied by the KBR, fell by \$3.1 million this quarter, the result of a decision to reverse \$3.13 million of interest previously waived on one outstanding loan (the KBR counts waived interest toward recoveries).⁵⁴² Cash recoveries increased by just \$1 million from March 2019 to June 2019.⁵⁴³ Overall, 59.6% of the \$987 million loan portfolio remains unrecovered.⁵⁴⁴

ECONOMIC GROWTH

USAID’s objective to accelerate private-sector-driven, export-led growth means that the agency’s Office of Economic Growth (OEG) will play an important role in the agency’s Country Development Cooperation Strategy (CDCS).⁵⁴⁵ Within the context of the new strategy, OEG’s efforts seek to:⁵⁴⁶

- strengthen trade connections between Afghanistan and its neighbors
- increase firm-level competitiveness by supporting export-ready Afghan businesses
- raise employment levels through that firm-level support and through the creation of a more favorable enabling environment for businesses

If Afghanistan continues to endure conflict and uncertainty, it may be difficult for USAID to achieve its goal of accelerating Afghanistan’s economic

Allegations of Impropriety Surround Bankruptcy of Afghanistan Commercial Bank

According to TOLONews, the Afghanistan Commercial Bank (ACB) went bankrupt in 2018. TOLONews reported that ACB was the third private bank to declare bankruptcy since 2001 (along with the Afghanistan Development Bank and Kabul Bank). ACB’s most recent owner, Jawed Andish, alleged that former ACB shareholders and Afghan central bank officials colluded to fraudulently hand him a bank that was already struggling financially when he purchased shares in ACB in 2015.

Current central bank officials, meanwhile, claimed ACB had engaged in numerous violations of Afghan banking laws, including, according to TOLONews, the “disappearance of at least \$700,000” from the bank’s Mazar-e Sharif branch. SIGAR has not independently verified any of these allegations.

Source: TOLONews, “How Afghanistan Commercial Bank Went Bankrupt,” 6/18/2019.

TABLE 3.30

USAID ACTIVE ECONOMIC-GROWTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Multi-dimensional Legal Economic Reform Assistance (MELRA)	2/7/2018	2/6/2023	\$19,990,260	\$2,888,674
Extractive Technical Assistance by USGS	1/1/2018	12/31/2022	18,226,206	3,717,297
Afghanistan Investment Climate Reform Program	3/27/2015	3/26/2020	13,300,000	6,131,266
INVEST	9/28/2017	9/27/2020	15,000,000	2,736,175
Commercial Law Development Program	3/1/2014	9/30/2019	13,000,000	9,829,569
Carpet and Jewelry Value Chains	2/1/2019	3/31/2023	9,941,606	330,710
Goldozi Project	4/5/2018	4/4/2022	9,718,763	1,583,644
Livelihood Advancement for Marginalized Population (LAMP)	8/1/2018	7/31/2022	9,491,153	330,172
Establishing Kabul Carpet Export Center (KCEC)	6/6/2018	6/5/2021	9,416,507	2,709,000
Recycling Plant Value Chain in Northern Afghanistan	6/5/2019	6/4/2023	7,250,000	0
Trade Show Support (TSS) Activity	6/7/2018	12/6/2020	6,921,728	2,873,810
Development Credit Authority (DCA) with Ghazanfar Bank	9/1/2018	8/30/2025	2,163,000	0
Afghanistan International Bank Guarantee Agreement	9/27/2012	9/27/2020	2,000,000	520,800
Development Credit Authority (DCA) with FINCA, OXUS, and First Microfinance Banks	9/25/2014	9/24/2020	1,958,000	0
Afghanistan Loan Portfolio Guarantee	9/27/2017	9/26/2023	665,820	732
Total			\$139,043,043	\$33,651,849

Source: USAID, response to SIGAR data call, 7/11/2019.

growth rate. On the other hand, the IMF said that, if effected, a durable peace could boost private-sector confidence and investment.⁵⁴⁷ USAID has cumulatively disbursed over \$1.2 billion for economic-growth programs in Afghanistan.⁵⁴⁸ USAID's active economic-growth programs have a total estimated cost of \$139 million and can be found in Table 3.30.

Kabul Carpet Export Center Project Experiences Delay in Meeting Revenue Target

Initiated in June 2017, USAID's Afghanistan Jobs Creation Program (AJCP) has two goals: to generate revenue and sustainable jobs by supporting Afghanistan's value-chain development, and to support trade promotion and facilitate Afghan businesses in increasing exports.⁵⁴⁹ The program intends to fund multiple awards—with the value of individual grants ranging from \$2 million to \$10 million—to be implemented within the next five years. The shared funding ceiling for all projects is \$96 million.⁵⁵⁰

One AJCP award is intended to establish the Kabul Carpet Export Center (KCEC). The \$9.4 million KCEC seeks to address obstacles to Afghanistan's

carpet exports by increasing access to capital for the purchase of wool, improving packaging and export processing, and connecting Afghanistan's carpet industry to global markets.⁵⁵¹ This quarter, KCEC's implementing partner, Impact Carpets Associates LLC, reported it had completed the project milestone of registering 10 international buyers and 10 Afghan sellers.⁵⁵²

However, Impact Carpets reported the KCEC team had facilitated exports of just 104 square meters (equivalent to an area of less than 36 by 36 feet square) of carpet during the three-month reporting period (January 1, 2019–March 31, 2019).⁵⁵³ The team also reported that KCEC would be delayed in achieving the goal of earning at least 80% of projected fees for the project's first year of implementation.⁵⁵⁴ USAID's intent is that KCEC become financially sustainable via the collection of a 7% service fee in exchange for facilitating transactions for Afghan exporters.⁵⁵⁵ Impact Carpets attributed the anticipated delay in meeting Year 1 revenue goals to a longer-than-expected process to agree upon carpet samples from prospective buyers and a lack of interest from Afghan manufacturers for KCEC financing, on the basis that the loans offered violated Islamic banking principles.⁵⁵⁶ Despite these setbacks, Impact Carpets claimed it expected to meet its fee-revenue milestone in the current quarter.⁵⁵⁷

AGRICULTURE

The agricultural sector employs approximately 40% of Afghans overall and more than half of the rural labor force, according to the World Bank. Historically, agriculture has been the base of Afghanistan's licit, formal economy, making substantial contributions to Afghanistan's licit economic growth. However, its share of the overall economy has declined since the 2001 intervention in Afghanistan due to growth in Afghanistan's service sector.⁵⁵⁸

In addition to licit agricultural activity supported by international donors, illicit opium-poppy cultivation thrives in Afghanistan. Opium-poppy cultivation provided employment for as many as 507,000 Afghans in 2018, making the industry one of the country's largest employers, according to a May 2019 paper from the Afghanistan Research and Evaluation Unit (AREU).⁵⁵⁹

Since 2002, USAID has disbursed more than \$2.2 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy for opium production.⁵⁶⁰ USAID's active agriculture programs have a total estimated cost of \$444 million and can be found in Table 3.31 on page 154. The Counternarcotics section of this report provides updates for many of these programs.

EXTRACTIVES SECTOR UPDATE: DESPITE NEW MINING CONTRACTS, LITTLE OVERALL PROGRESS

In the fall of 2018, the Afghan government signed three major, previously stalled mining contracts, ending a four-and-a-half-year period during which the government signed no contracts, and reviving perennial hopes of raising substantial revenue from the country's abundant mineral and hydrocarbon reserves.⁵⁶¹ These three contracts, valued at a combined \$320 million according to State, included two copper mines—one in Herat Province and the other in Balkh and Sar-e Pul Provinces—and one gold mine in Badakhshan Province.⁵⁶²

More recently, Acting Minister of Mines and Petroleum Nargis Nehan announced 43 additional tenders in mid-April 2019 while attending a conference in Dubai.⁵⁶³ Nehan commented, “Overall we have seen there is interest because everybody knows about the mineral resources of the country and they’re interested to invest, it’s just that since they haven’t seen any deals in the sector for four and half years, it will take us some time to build trust and show them action and then we’re hoping they’ll come forward with their proposals.”⁵⁶⁴

Over the course of the 17-year-long reconstruction effort, the extractives sector has periodically been touted as a possible path for Afghanistan—which has extensive deposits of copper, iron, sulfur, talc, chromium, salt, gold, and lithium, among other minerals—to wean itself from foreign donor support.⁵⁶⁵ The U.S. government has estimated that Afghanistan has more than \$1 trillion in untapped natural resource reserves, provided those reserves can be extracted profitably.⁵⁶⁶

But while the new developments may prove to be positive, previous spurts of optimism about Afghanistan's extractives sector have not come to fruition. For example, in December 2011, former MOMP Minister Wahidullah Shahrani declared that by 2024 mining would contribute between 42% and 45% of Afghanistan's GDP.⁵⁶⁷ However, in 2017, mining contributed less than 1% of Afghanistan's \$21.4 billion GDP.⁵⁶⁸ Moreover, the Afghan government recorded just \$31 million in mining revenues in 2017, according to USAID.⁵⁶⁹ In contrast, the Taliban may generate as much as \$200–300 million annually from unregulated mining, according to a 2017



The Embassy of Afghanistan in Washington, DC, hosted a signing ceremony for the Balkh Copper and Badakhshan Gold mines, October 5, 2018. (Embassy of Afghanistan, Washington, DC photo)

report from the United States Institute of Peace (though estimates vary).⁵⁷⁰

Many obstacles to the development of Afghanistan's extractives sector remain, including ongoing security issues, inadequate infrastructure, and declining global commodity prices, according to the Afghan government.⁵⁷¹ Commenting on prospects for the sector in a 2017 interview with *Foreign Policy*, U.S. Secretary of Commerce Wilbur Ross said, “I used to be in the mining business—in iron ore and coal—and it's not an easy activity ... there are myriad questions that have to be answered for the project to come to fruition.”⁵⁷² Echoing Secretary Ross, former USAID Administrator for the Office of Afghanistan and Pakistan Affairs Greg Huger said in November 2017, that U.S. efforts to develop Afghanistan's extractives sector, “really weren't very successful.”⁵⁷³ More recently, in January 2019, Afghanistan was suspended from the Extractives Industries Transparency Initiative, an

international standard designed to ensure transparency in the extractives sector.⁵⁷⁴

Nevertheless, the consensus among both donors and the Afghan government is that catalyzing the extractives sector remains essential for Afghanistan's economic development (Figure 3.45 shows mineral deposits identified for development by the U.S. government). Afghan President Ashraf Ghani said in September 2017, "The economic development and prosperity of Afghanistan depends on its mining sector, which will enable Afghanistan to pay its military expenditure and achieve self-reliance."⁵⁷⁵ In May 2019, the IMF said that further development of Afghanistan's natural-resource

sector "remain[s] essential for domestic revenue mobilization over the medium term."⁵⁷⁶ According to the World Bank, Afghanistan's medium-term economic growth will depend in part on the realization of Afghanistan's extractives-industry potential.⁵⁷⁷

The new mining contracts have raised higher hopes for the sector than in recent years and it is possible that extractives could play a vital role in Afghanistan's economic development sometime in the future. But for the time being, experience suggests more modest expectations. It is unlikely that natural resources will represent an economic game-changer for Afghanistan any time soon.

FIGURE 3.45

IDENTIFYING MINERAL DEPOSITS FOR DEVELOPMENT



TABLE 3.31

USAID ACTIVE AGRICULTURE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Strengthening Watershed and Irrigation Management (SWIM)	12/7/2016	12/6/2021	\$87,905,437	\$18,285,440
Regional Agriculture Development Program (RADP North)	5/21/2014	5/20/2019	78,429,714	71,719,485
Commercial Horticulture and Agriculture Marketing Program (CHAMP)	2/1/2010	12/31/2019	71,292,850	64,384,275
Afghan Value Chains-Livestock Activity	6/9/2018	6/8/2021	55,672,170	6,515,164
Afghanistan Value Chains-High Value Crops	8/2/2018	8/1/2023	54,958,860	4,593,975
RADP East (Regional Agriculture Development Program-East)	7/21/2016	7/20/2021	28,126,111	13,055,016
Grain Research and Innovation (GRAIN)	3/13/2017	9/30/2022	19,500,000	9,039,483
Promoting Value Chain-West	9/20/2017	9/19/2020	19,000,000	9,264,411
ACE II (Agriculture Credit Enhancement II)	6/23/2015	6/30/2019	18,234,849	17,480,253
Catalyzing Afghan Agricultural Innovation	5/28/2018	5/27/2023	8,000,000	1,288,558
SERVIR	9/14/2015	9/30/2020	3,100,000	1,558,556
Total			\$444,219,991	\$217,184,615

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds.

Source: USAID, response to SIGAR data call, 7/11/2019.

Floods Continue as Impact of Drought Lingers

In June 2019, the UN said that over the last several months, precipitation levels in Afghanistan had been high but erratic.⁵⁷⁸ Noting the widespread unavailability of seeds due to the lingering impact of a significant drought, the UN added that the main harvest (which was expected in May and June 2019) was likely to reveal significant shortfalls of staple crops.⁵⁷⁹

In addition to the probable shortage of essential crops, Afghanistan continued to experience serious flooding this quarter. Radio Free Europe/Radio Liberty (RFE/RL) reported that flooding over a two-day period in late May 2019 had killed at least 24 people and injured 11 others.⁵⁸⁰ The wave of floods affected six of the country's 34 provinces, including Kabul, according to the Ministry for Disaster Management and Humanitarian Affairs.⁵⁸¹ RFE/RL said floods had killed approximately 150 Afghans this year, as of late May 2019.⁵⁸²

According to the UN, more than 265,000 Afghans in 17 provinces were affected by the seasonal flooding, which damaged or destroyed more than 35,000 houses in March and April.⁵⁸³ The western provinces of Farah and Badghis and the southern province of Kandahar have been the most affected areas.⁵⁸⁴ USAID reported that although the floods had slowed work on four canal rehabilitation sites, they had generally had little to no effect on the agency's agriculture programs.⁵⁸⁵

INFRASTRUCTURE AND ESSENTIAL SERVICES

The United States has provided reconstruction funds to build roads and bridges, construct and improve health and education facilities, and increase the electricity supply in Afghanistan since 2002.⁵⁸⁶ This section addresses key developments in U.S. efforts to improve the government's ability to deliver these essential services, focusing specifically on ongoing projects intended to increase access to electricity in Afghanistan.

Affordable, Reliable Electricity Remains Key Development Challenge

According to USAID, lack of access to reliable and affordable electricity remains a fundamental constraint on economic growth in Afghanistan.⁵⁸⁷ Approximately 31% of Afghans have access to grid-based electricity, according to the most recent comprehensive survey by Afghanistan's statistical authority.⁵⁸⁸

While nearly 98% of Afghans report having access to some form of electricity, according to the same survey, the majority of rural Afghans use distributed solar-power systems rather than connections to an electric grid for their energy needs.⁵⁸⁹ However, according to USAID, these systems lack the capacity and availability required to be the primary source of power for commercial enterprises, implying that current levels of available electricity are insufficient to bolster economic growth in rural areas.⁵⁹⁰

Many barriers persist to expanding electricity access. USAID said those challenges include Afghanistan's near-complete (80%) dependence on electricity imports, weak sector governance, a poorly functioning national utility, insufficient supply to meet growing demand, insufficient transmission and distribution networks, and insecurity (particularly with respect to crossfire incidents).⁵⁹¹

U.S. Power-Sector Assistance has been Focused on Expanding the National Power Grid

The U.S. government's current work in the Afghan power sector consists primarily of large-scale infrastructure projects. Expanding and linking "islanded" (unconnected) power grids has been a top priority. Both USAID and DOD have been working to connect Afghanistan's North East Power System (NEPS) with its southeastern counterpart, the South East Power System (SEPS).⁵⁹² USAID is funding the construction of a 470-kilometer transmission line that, when complete, will connect the two networks.⁵⁹³ USAID is also expanding the SEPS network.⁵⁹⁴

DOD and USAID's power-infrastructure projects are funded through the Afghanistan Infrastructure Fund (AIF), with monies appropriated by Congress in Fiscal Years (FYs) 2011–2014. USAID is also using the Economic Support Fund to cover some project costs.⁵⁹⁵ No additional AIF monies have been appropriated since FY 2014.⁵⁹⁶ However, up to \$50 million of Title IX

In addition to power-infrastructure projects funded by AIF, DOD is connecting Afghan National Defense and Security Force bases to regional electricity networks.

SIGAR SPECIAL PROJECT

This quarter, SIGAR released the results of a review of the U.S. Army Corps of Engineers' (USACE's) vetting of potential NEPS contractors in accordance with the Federal Acquisition Regulation (FAR) and DOD policy. SIGAR found that USACE awarded one contract to a contractor that falsely claimed prior experience he didn't have. USACE awarded a second contract to an individual who was proposed for debarment. SIGAR concluded that USACE's failure to properly vet these contractors put the NEPS contracts at risk of waste and may have contributed to the significant delays, and safety and reliability problems SIGAR identified in subsequent audits and inspections of NEPS projects.

Overseas Contingency Operations (OCO) funds appropriated in later acts may be used to complete these projects.⁵⁹⁷ Both DOD's and USAID's power-infrastructure projects have faced substantial delays over the years.⁵⁹⁸

DOD Power-Infrastructure Projects Mostly Complete

DOD has completed the majority of its power-infrastructure projects. Only two remain. The first is a two-part project to construct substations and a transmission line from Sangin to Lashkar Gah in Afghanistan's restive Helmand Province (this component of the project remains ongoing) and to improve three substations in SEPS (this component of the project is now complete). The second ongoing project will construct transmission lines from Paktiya Province to Khost Province. Approximately \$187.4 million has been obligated for those two projects, of which \$172.9 million has been disbursed. In total, \$601.0 million has been obligated for DOD's AIF-funded power infrastructure projects (including \$141.7 million for "bridging solution" for power in Kandahar City that concluded in September 2015), with \$578.9 million disbursed.⁵⁹⁹

Five USAID Power-Infrastructure Projects Remain Ongoing; Challenges in the Construction of Transmission Line from Ghazni to Kandahar Continue

USAID currently has five ongoing power-infrastructure projects. Those projects include the construction of:⁶⁰⁰

- the Salang substation, located near a strategic pass between Baghlan and Parwan Provinces
- a 10 megawatt solar-power plant near Kandahar City in southern Afghanistan
- a transmission line between Ghazni and Kandahar Provinces
- substations along the transmission line from Ghazni to Kandahar
- transmission lines and substations in SEPS

All five projects are delayed.⁶⁰¹ Although precise completion dates for several of the projects are not yet known, USAID said it expected the projects to be complete by late 2022.⁶⁰² Cumulatively, USAID has disbursed more than \$1.5 billion in Economic Support Funds since 2002 to build power plants, substations, and transmission lines, and to provide technical assistance in the power sector.⁶⁰³ USAID's active power-infrastructure projects have a total estimated cost of \$309 million and are presented in Table 3.32.

In a report submitted to USAID in June 2019, USAID quality-assurance contractor Tetra Tech said that, as of May 27, 2019, construction activities on the \$113.2 million transmission line from Ghazni to Kandahar had been halted at 157 locations because Afghanistan's national utility, Da Afghanistan Breshna Sherkat (DABS), had allowed construction to



Transmission-line towers constructed by USAID between Arghandi and Ghazni. (USAID photo)

commence on privately owned land before compensating landowners.⁶⁰⁴ Tetra Tech also noted that poor weather conditions during the winter had delayed construction progress at three of five sections along the transmission line’s route and that, as of May 27, 2019, 128 construction deficiencies identified by Tetra Tech had not been corrected.⁶⁰⁵ According to USAID, 5% of the total contract value is withheld from the contractor until all deficiencies noted in the final inspection are resolved.⁶⁰⁶

Additionally, according to Tetra Tech, project contractor KEC International Limited is experiencing financial distress due to the combination of its slow progress, its inability to resolve construction deficiencies, and DABS’ nonpayment of some invoices for a separate but related USAID project involving the construction of a transmission line from Arghandi to Ghazni.⁶⁰⁷ According to Tetra Tech, DABS is withholding payment on the

TABLE 3.32

USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Contributions to the Afghanistan Infrastructure Trust Fund (AITF)	3/7/2013	3/6/2023	\$153,670,184	\$153,670,184
Engineering Support Program	7/23/2016	1/22/2020	125,000,000	63,895,494
Kandahar Solar Project	2/23/2017	8/25/2019	10,000,000	5,000,000
Design and Acquisition of SEPS Completion and NEPS-SEPS Connector	3/7/2018	6/27/2022	20,151,240	1,441,496
Power Sector Governance and Management Assessment	1/12/2019	3/2/2019	567,330	567,330
Total			\$309,388,754	\$224,574,504

Source: USAID, response to SIGAR data call, 7/11/2019.

“Education is under fire in Afghanistan. The senseless attacks on schools; the killing, injury and abduction of teachers; and the threats against education are destroying the hopes and dreams of an entire generation of children.”

–UNICEF Executive Director
Henrietta Fore

Source: UNICEF, “Afghanistan sees three-fold increase in attacks on schools in one year – UNICEF,” 5/28/2019.

invoices until it has issued a contract amendment related to demining.⁶⁰⁸ Tetra Tech said KEC International’s financial distress could lead to further project delays due to lack of funding for the procurement of materials and the potential inability to pay subcontractors.⁶⁰⁹

EDUCATION

Before the U.S.-led military intervention in 2001, several decades of conflict had decimated Afghanistan’s education system. Since then, donors have generally highlighted Afghanistan’s progress in the education sector as a significant success story.⁶¹⁰ But poor data quality makes it difficult to ascertain the extent of that success. Figures for the number of children and youth in school vary widely.⁶¹¹ Afghanistan’s Ministry of Education (MOE) counts students who have been absent for up to three years as enrolled because, it says, they might return to school, which limits the usefulness of Afghan government data to determine attendance rates.⁶¹²

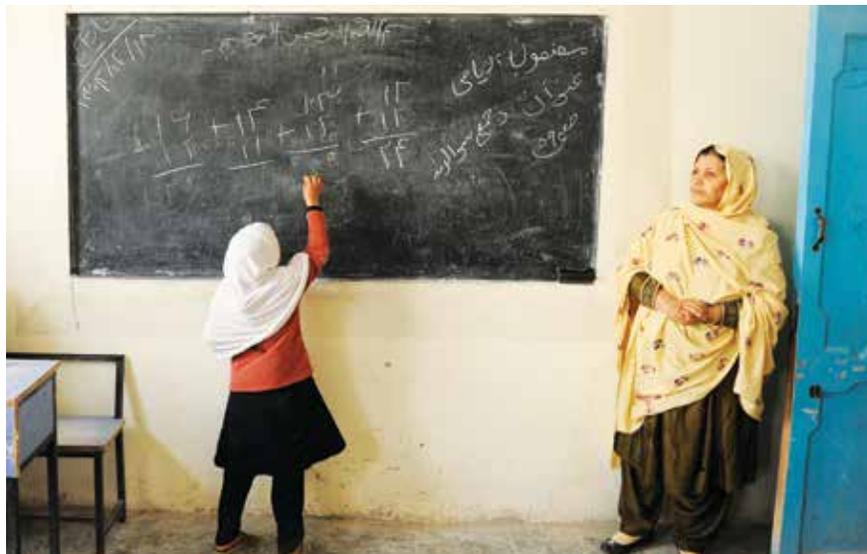
Numerous challenges plague the education sector. They include insecurity, shortages of school buildings and textbooks, rural access issues, poor data reliability, and the alleged appointment of teachers on the basis of cronyism and bribery.⁶¹³

USAID, which aims to improve access to and quality of education in Afghanistan, as well as build capacity at the MOE, has disbursed nearly \$1.1 billion for education programs in Afghanistan, as of July 9, 2019. USAID’s education programs aim to increase access to education, as well

TABLE 3.33

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Afghanistan University Support and Workforce Development Program	1/1/2014	9/30/2019	\$93,158,698	\$89,969,355
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	77,402,457	77,402,457
Textbook Printing and Distribution II	9/15/2017	12/31/2019	75,000,000	0
Support to the American University of Afghanistan (AUAF)	8/1/2013	11/29/2019	72,181,844	65,846,792
Afghans Read Program (ARP)	4/4/2016	4/3/2021	69,547,810	33,921,175
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	34,450,173
Let Girls Learn Initiative and Girls' Education Challenge Programme (GEC)	6/29/2016	6/28/2021	25,000,000	15,000,000
Capacity Building Activity at the Ministry of Education	2/1/2017	1/31/2022	23,212,618	11,758,699
Afghanistan's Global Partnership for Education	10/11/2012	9/30/2019	15,785,770	14,296,222
Financial and Business Management Activity with AUAF	7/5/2017	3/4/2020	4,384,058	2,726,430
PROMOTE Scholarships PAPA	3/4/2015	3/3/2020	1,247,522	1,247,522
Total			\$501,756,697	\$346,618,824

Source: USAID, response to SIGAR data call, 7/11/2019.



A young girl solves a math problem at her school in Kandahar. (Global Partnership for Education photo)

as to improve the quality and relevance of, and to bolster the management capacity of Afghanistan’s education system.⁶¹⁴ The agency’s active education programs have a total estimated cost of \$502 million and can be found in Table 3.33.

Attacks Against Schools Tripled in 2018 and Continue at a High Rate

This quarter, the United Nations Children’s Fund (UNICEF) reported that the number of attacks against schools in Afghanistan tripled in 2018, compared to the number of attacks in 2017.⁶¹⁵ UNICEF said that more than 1,000 Afghan schools were closed at the end of 2018 due to the ongoing conflict.⁶¹⁶ Consequently, the report said approximately 500,000 children “were denied their right to education.”⁶¹⁷

Attacks on schools, UNICEF said, increased from 68 in 2017 to 192 in 2018—the first increase since 2015.⁶¹⁸ UNICEF attributed the rise in school attacks in part to the use of schools as polling and voter registration centers for Afghanistan’s parliamentary elections held in 2018.⁶¹⁹ The Taliban targeted schools used as polling centers during those elections, according to the UN.⁶²⁰ High levels of school closures have continued in 2019. In May, Afghanistan’s Ministry of Education told the *New York Times* that approximately 400 schools had been closed over the last several months for “security reasons.”⁶²¹

Delivery of Education Services in Taliban-Controlled Areas: Nad Ali District

A June 2019 report from the Afghanistan Analysts Network (AAN) explored service delivery in Nad Ali District in Helmand Province. According to AAN, the majority of Nad Ali was captured by the Taliban in 2016, but service delivery remained funded by the Afghan government and non-governmental organizations. It is likely that some of the funding provided by the Afghan government for education in Nad Ali actually comes from donors via the World Bank-administered Afghanistan Reconstruction Trust Fund.

AAN said that although the Taliban did not close schools when they captured most of the district in 2016, the group did impose a series of restrictions on education. For example, the Taliban required male teachers to wear turbans and grow their beards long. The Taliban also staffed schools with teachers from among their own ranks for religious-education classes funded by the Afghan government (and likely also by donors). Using a Taliban-approved curriculum, these Taliban-picked teachers taught students for one hour prior to the start of “regular” school.

Following what AAN described as “local traditions,” the Taliban allowed girls to study through grades 4, 5, or 6, depending on the location. Similarly, girls were generally only allowed to study through the end of primary school in government-controlled areas of Nad Ali. AAN described the relationship between the Taliban and the Afghan government in Nad Ali District as “pragmatic,” with government monitors allowed to access schools with prior coordination with the insurgents.

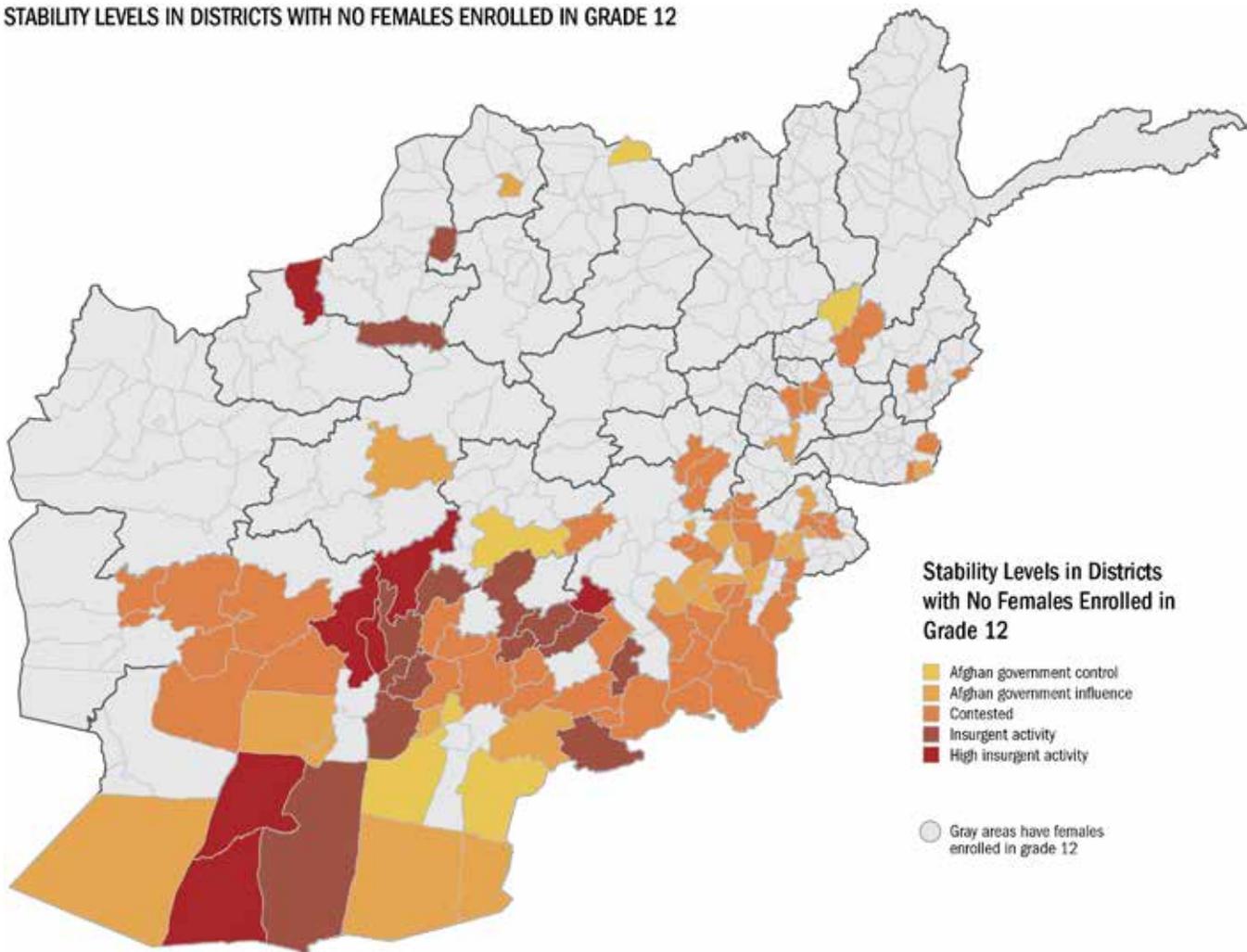
Source: AAN, “One Land, Two Rules (6): Delivering public services in insurgency-affected Nad Ali district of Helmand province,” 6/2/2019; SIGAR, communications with MOF officials, 12/4/2017; SIGAR analysis of USAID-provided AFMIS data exported 4/8/2019.

Girls' Education Limited in Many Areas

Nearly 2.6 million girls are out of school, according to a comprehensive survey published by Afghanistan's statistical authority in August 2018.⁶²² This quarter, Radio Free Europe/Radio Liberty (RFE/RL) reported that not a single girl had graduated from high school in most districts of southern Afghanistan's restive Helmand Province.⁶²³ Afghan officials in Helmand Province told RFE/RL that provincial capital Lashkar Gah and neighboring Greshk District, were the only two districts in which girls had graduated from high school in the province since 2001.⁶²⁴ Helmand Province has a total of 13 districts.⁶²⁵

FIGURE 3.46

STABILITY LEVELS IN DISTRICTS WITH NO FEMALES ENROLLED IN GRADE 12

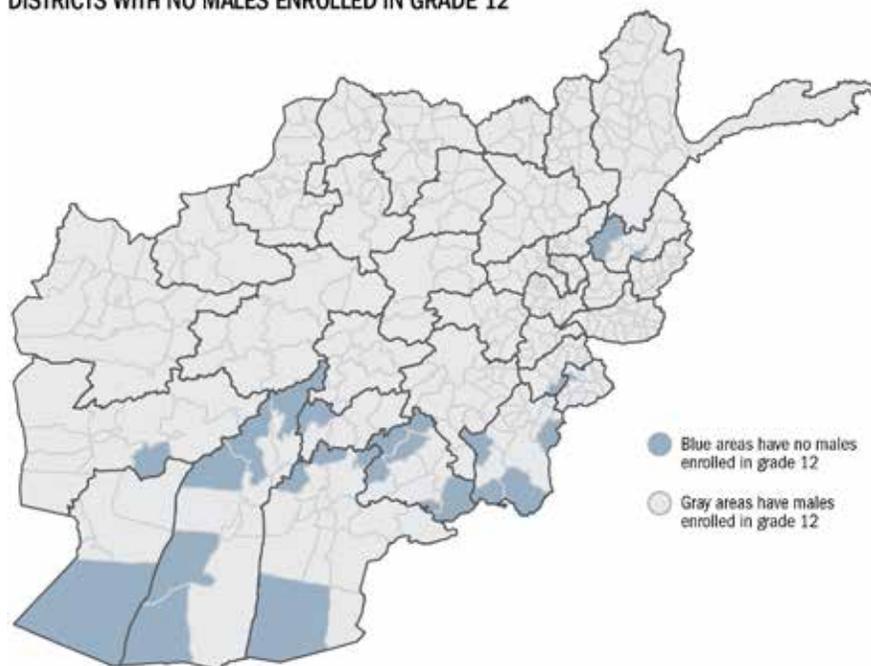


Note: District-stability data as of October 22, 2018. District map adapted from 2012 Afghan Geodesy and Cartography Office (AGCHO) shapefile with 399 districts. Afghan Ministry of Education student enrollment data for 2018 exported from the Education Management Information System (EMIS) on 6/20/2019 with 424 districts. Enrollment data from some districts was combined in order to reconcile the EMIS district list, Resolute Support's list of 407 districts, and the AGCHO's list of 399 districts. Some districts are excluded from the analysis due to reconciliation of district boundaries. Enrollment for certain districts may thus be understated, but this does not affect the fundamental results of the analysis. The EMIS system did not have 2018 enrollment data for four districts. In those cases, enrollment data from the most recent prior year available were used.

Source: SIGAR analysis of Afghan government EMIS data exported 6/20/2019.

FIGURE 3.47

DISTRICTS WITH NO MALES ENROLLED IN GRADE 12



Note: See note for corresponding map.

Source: SIGAR analysis of Afghan government EMIS data exported 6/20/2019.

SIGAR analysis of Afghan government education enrollment data confirms that, in 2018, no girls were enrolled in grade 12 in 85% of districts in Helmand Province.⁶²⁶ Girls' education lags behind across much of southern Afghanistan. In Zabul Province, 91% of districts did not have a single female enrolled in grade 12 in 2018. In Kandahar, the figure was 87%.⁶²⁷ All seven provinces where no females were enrolled in at least 50% of districts were located in Afghanistan's South or Southeast regions (Table 3.34).⁶²⁸ In May 2018, the *New York Times* reported that two attacks on girls' schools occurred in Farah, a province in southwestern Afghanistan where females were not enrolled in grade 12 in 45% of districts, putting nearly 1,700 girls out of school indefinitely.⁶²⁹

Figure 3.46 shows districts in which there are no girls enrolled in grade 12. For contrast, Figure 3.47 shows districts in which there are no boys enrolled in grade 12.

TABLE 3.34

PROVINCES WITH THE HIGHEST PROPORTION OF DISTRICTS WITHOUT A FEMALE IN GRADE 12

Province	Proportion	Region
Zabul	91%	South
Kandahar	87	South
Helmand	85	South
Paktika	72	Southeast
Uruzgan	71	South
Nimroz	50	South
Paktiya	50	Southeast
Farah	45	West
Ghazni	44	Southeast
Khost	38	Southeast

Source: SIGAR analysis of Afghan government EMIS data exported 6/20/2019; Government of Afghanistan, *A Roadmap for Subnational Reform: Citizen-Centered Governance*, 7/2018, p. 5.

Risks to On-Budget Funds Remain High

SIGAR has discovered, investigated, and audited several troubling instances of waste, fraud, and abuse of U.S. funds provided on-budget to Afghanistan. For example, in 2013 Afghanistan's Ministry of Defense (MOD) awarded a fuel-procurement contract valued at nearly \$1 billion. A SIGAR investigation subsequently found that the winning contractors had colluded to rig their bids above previously competitive price levels, and that there was evidence of attempted bribery.

Source: SIGAR, 2019 *High-Risk List*, 3/28/2019, pp. 51–52.

USAID Textbook Procurement Runs into Snag

On November 7, 2017, USAID announced that it would provide \$75 million to Afghanistan's Ministry of Education to cover the costs of printing and distributing 135 million textbooks and teacher guides for all public schools in Afghanistan serving students in grades 1–12. USAID said this latest effort was a follow-on to its \$26.9 million Textbook I Printing and Distribution Project, which ran from 2011 to 2017.⁶³⁰

USAID added that procuring and distributing the textbooks would help ensure increased access to, and improve the quality of, basic education in Afghanistan.⁶³¹ However, a USAID report issued in February 2017 that examined lessons learned on the agency's programming in the education sector said "textbooks production and distribution has been another area of recurrent problems in the education sector."⁶³² The report noted that the Ministry of Education (MOE) has in the past inadequately planned for textbook needs, which resulted in "emergency procurements." The report also said the MOE lacks a reliable distribution plan, which produced inefficiencies in textbook delivery, including delays and shortages.⁶³³ To mitigate recurrence of such issues, USAID said two agency representatives on the Ministry of Education's textbook-oversight committee will directly review procurements and provide oversight for selection of printing contractors.⁶³⁴

Last quarter, USAID informed SIGAR this on-budget project had been delayed.⁶³⁵ This quarter, in response to a request from SIGAR to clarify why the project had been delayed, USAID said that, while the international procurement of the first 37 million textbooks started in late January 2018, that procurement failed due to document falsification by the selected bidder.⁶³⁶ Specifically, it was USAID's understanding that the first-ranked bidder submitted a forged certificate from the Indian state of Uttar Pradesh confirming that the bidder had completed work similar to the specifications under the MOE's textbook-solicitation specifications.⁶³⁷

Consequently, the MOE and Afghanistan's National Procurement Authority (NPA), a centralized procurement body housed within the Administrative Office of the President that aims to root out corruption, canceled the solicitation.⁶³⁸ USAID reported that the Afghan government's process to cancel the first international solicitation and publicize a second solicitation "took a significant amount of time."⁶³⁹ USAID added that local procurement and printing of 12.2 million textbooks was complete and said a third-party monitor had verified that the technical specifications of the locally procured textbooks met MOE standards.⁶⁴⁰ The agency expected that the MOE would soon make the decision to distribute these textbooks.⁶⁴¹

HEALTH

Since 2001, Afghanistan's health outcomes have improved.⁶⁴² However, serious data limitations complicate a precise evaluation of the extent of those improvements.⁶⁴³

Specifically, Afghanistan has made progress in key health indicators concerning maternal and child health, health service delivery, and nutrition, among other measures, despite increasing insecurity since 2005. For example, the Bank said that Afghanistan benefited from a significant reduction in the under-five mortality rate, which fell from 97 per 1,000 live births in 2010 to 55 per 1,000 live births in 2015.⁶⁴⁴ Even with this progress, however, Afghanistan's health outcomes remain worse than most countries'; according to the CIA World Factbook, Afghanistan also has the lowest life expectancy (52.1 years) in the world.⁶⁴⁵

USAID's on- and off-budget assistance to Afghanistan's health sector totaled nearly \$1.3 billion as of July 9, 2019.⁶⁴⁶ USAID's active health programs have a total estimated cost of \$284 million, and are listed in Table 3.35 on page 165.

USAID's HEMAYAT Project Continues Efforts to Lower Rates of Pregnancy-Related Deaths and Child Mortality

USAID's Helping Mothers and Children Thrive (HEMAYAT) program aims to increase access to and use of family-planning and maternal, neonatal, and child health services. A second goal is to strengthen referral systems to hospitals at the provincial level. HEMAYAT was initiated to address high child-mortality rates and pregnancy-related deaths for mothers in Afghanistan.⁶⁴⁷

This quarter, USAID provided an update on HEMAYAT's activities through May 2019.⁶⁴⁸ Thus far, by providing training and necessary equipment to sole practitioners, HEMAYAT has established 25 midwife houses in Balkh, Herat, and Kandahar Provinces.⁶⁴⁹ In February 2019, HEMAYAT also posted multiple family-planning messages to a mobile reproductive-health service addressing misconceptions regarding reproductive care. Among the posts were messages explaining what HEMAYAT characterizes as high-impact interventions, such as the application of **Chlorhexidine** (CHX) immediately following childbirth.⁶⁵⁰ HEMAYAT implementers reported that, as of December 2018, 70,030 calls had been placed to the family-planning menu of the mobile service, with 60,586 callers listening to complete family-planning messages.⁶⁵¹ Among other activities, in January–March 2019, CHX was administered to 48,800 newborn children and 59,198 newborns were breastfed within one hour of birth.⁶⁵²

USAID said the only significant implementation challenge currently faced by HEMAYAT was the fluid security situation.⁶⁵³ USAID added that one sustainability challenge for HEMAYAT was insufficient oversight and responsiveness from Afghanistan's Ministry of Public Health and the World

Delivery of Health Services in Taliban-Controlled Areas: Nad Ali District

In its exploration of service delivery in Nad Ali District in Helmand Province (which is mostly Taliban-controlled), AAN discussed the delivery of health services in addition to education. AAN found that while health services were available, they were generally substandard. According to AAN, not only were there no female doctors or nurses (although there are a handful of midwives), but the Taliban also demanded priority treatment for their own injured and sick. While the insurgents granted access to vaccination campaigns, vaccination personnel were required to administer vaccines from local mosques. AAN said this resulted in lower coverage.

That the Taliban appear to benefit directly from Afghan government-funded health provision raises questions about USAID's belief that continuing to improve health services will help achieve stability.

Source: AAN, "One Land, Two Rules (6): Delivering public services in insurgency-affected Nad Ali district of Helmand province," 6/2/2019; USAID, OAPA, Grant Agreement 306-AA-18, 9/6/2018, p. 11.

Chlorhexidine is an antiseptic antibacterial agent that kills or prevents the growth of bacteria. As part of a solution or gel, it is applied topically to the skin before a surgery or injection, after an injury, or onto a newborn after birth in order to prevent infection resulting from the severing of the umbilical cord. Chlorhexidine has been proven to prevent 15 percent of newborn deaths.

Source: Mayo Clinic, "Chlorhexidine (Topical Application Route)," <http://www.mayoclinic.org/drugs-supplements/chlorhexidine-topical-application-route/description/drg-20070874>, accessed 9/30/17; USAID, OHN, Fact Sheet, "HEMAYAT: Helping Mothers And Children Thrive," 9/1/2018.

Endemic: refers to the constant presence and/or usual prevalence of a disease or infectious agent in a population within a geographic area.

Source: CDC, *Principles of Epidemiology in Public Health Practice, Third Edition An Introduction to Applied Epidemiology and Biostatistics*, “Lesson 1: Introduction to Epidemiology,” <https://www.cdc.gov/ophss/csels/dsepd/ss1978/lesson1/section11.html>, accessed 10/16/2018.

Risks to Effective Polio Vaccination

According to Afghanistan’s Ministry of Public Health, the greatest risk to polio vaccination is the Taliban’s ban on house-to-house vaccinations in major areas of southern Afghanistan. USAID/Afghanistan’s Office of Health and Nutrition shares this view.

Source: Government of Afghanistan, MOPH, National Emergency Operation Center, *Framework for change: fast-track to zero polio cases*, 10/27/2018, p. 2; USAID, OHN, response to SIGAR data call, 6/20/2019.

Bank’s Sehatmandi project (the World Bank’s flagship healthcare program in Afghanistan), which has led to shortages of critical healthcare commodities such as contraceptives and misoprostol (a medication used to induce labor or manage miscarriage, among other purposes).⁶⁵⁴ USAID said that, although HEMAYAT does not fund such commodities, the project helps mobilize resources from other partners to fill gaps as they emerge.⁶⁵⁵

Polio: Eight Cases in 2019

Afghanistan is one of only three countries in the world in which polio remains **endemic**, along with Pakistan and Nigeria.⁶⁵⁶ Afghanistan and Pakistan share a 1,500-mile border and large-scale population movements between the two countries increase the risk of cross-border transmission. A fatwa issued by the Pakistani Taliban targeting polio workers complicates vaccination outreach.⁶⁵⁷

Although they sometimes enter into access agreements, the Afghan Taliban at times also disrupt vaccination efforts. Recent reporting from the Afghanistan Analysts Network indicates that the Taliban’s central leadership implemented a ban on polio vaccination in four provinces (Helmand, Uruzgan, Kandahar, and Ghazni) in 2018, claiming that vaccinators in these provinces were found collecting intelligence on local Taliban leaders.⁶⁵⁸ In other cases, such as in Kunduz Province’s Dasht-e Archi District, a ban was imposed locally rather than centrally (but for similar reasons).⁶⁵⁹ Yet, because the Taliban do not uniformly oppose vaccination efforts, a compromise was reportedly struck in Dasht-e Archi that allowed vaccinators to continue their campaign.⁶⁶⁰

As of June 24, eight new cases of polio had been reported in Afghanistan in 2019.⁶⁶¹ Thus far, the rate of new cases in 2019 is approximately the same as in 2018, when 21 cases were reported—substantially higher than the 13–14 cases seen in 2016 and in 2017.⁶⁶² In June 2018, the UN reported that although a nationwide vaccination campaign targeting 9.9 million children in 29 provinces had been initiated in April 2019, approximately 450,000 children remained inaccessible due to vaccination bans in central, eastern, and southern Afghanistan.⁶⁶³

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.35

USAID ACTIVE HEALTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/9/2019
Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)	5/11/2016	5/10/2021	\$75,503,848	\$26,263,871
Helping Mothers and Children Thrive (HEMAYAT)	1/7/2015	1/06/2020	60,000,000	53,252,693
Disease Early Warning System Plus (DEWS Plus)	7/1/2014	6/30/2022	54,288,615	28,988,615
Health Sector Resiliency (HSR)	9/28/2015	9/27/2020	27,634,654	17,704,775
Medicines, Technologies and Pharmaceuticals Services (MTaPS)	9/20/2018	9/20/2023	20,000,000	266,335
Challenge Tuberculosis	1/1/2015	9/29/2019	16,886,357	13,889,395
Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea	7/21/2015	7/20/2020	13,000,000	13,000,000
Sustaining Health Outcomes through the Private Sector (SHOPS) Plus	10/11/2015	9/30/2020	12,500,000	9,034,693
Central Contraceptive Procurement (CCP)	4/20/2015	4/19/2020	2,343,773	256,227
Global Health Supply Chain Quality Assurance (GHSC-QA)	1/2/2015	12/31/2019	1,500,000	1,182,308
Global Health Supply Chain Management (GHSCM-PSM)	4/20/2015	4/19/2020	176,568	176,568
4 Children	9/15/2014	9/16/2019	20,000	20,000
Total			\$283,853,815	\$164,035,480

Source: USAID, response to SIGAR data call, 7/11/2019.

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

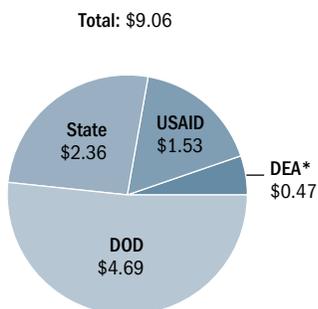
According to the UNODC, Afghanistan is the second-largest global provider of cannabis resin, which is used to make hashish. Of the cannabis-resin seizures worldwide, 2013–2017, 20% originated from Afghanistan.⁶⁶⁹

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



Source: UNODC, *World Drug Report, Booklet 1: Executive Summary*, 6/2019, pp. 15–16; UNODC, *World Drug Report, Booklet 3: Depressants*, 6/2019, pp. 39–43.

The “Balkan route” supplies Western and Central Europe. The “southern route” funnels opiates through Pakistan or Iran by sea to the Gulf region, Africa, and South Asia. The “northern route” runs through neighboring Central Asian states, the Russian Federation, and countries of the Commonwealth of Independent States.

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

