

COUNTERNARCOTICS CONTENTS

Key Issues and Events	159
U.S. Reconstruction Funding for Counternarcotics	159
Treatment and Prevention	166
Alternative Development	168

COUNTERNARCOTICS

KEY ISSUES AND EVENTS

Although Afghanistan's area under opium-poppy cultivation fell by 20% in 2018, it remained at the second-highest level since the United Nations Office on Drugs and Crime (UNODC) began monitoring it in 1994.⁶⁶⁴ Reduced precipitation during the 2017–2018 wet season caused the decline, which resulted in lower income for farmers. According to UNODC, the Afghan opiate economy fell by two-thirds between 2017 and 2018, but still accounted for 6 to 11% of the country's GDP and exceeded the value of the country's official (licit) exports of goods and services.⁶⁶⁵

Afghan law enforcement also faces a growing methamphetamine production problem. Afghan drug producers likely learned how to manufacture methamphetamine from Iran, where methamphetamine production has been a problem for law enforcement and health professionals since the mid-2000s.⁶⁶⁶

According to Afghan government officials, the Ministry of Interior Affairs (MOI) will review and prepare the country's new counternarcotics plan now that the Ministry of Counter Narcotics (MCN) is being dissolved.⁶⁶⁷

As of September 30, 2019, total U.S. appropriations for counternarcotics activities in Afghanistan were \$8.94 billion.⁶⁶⁸

U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

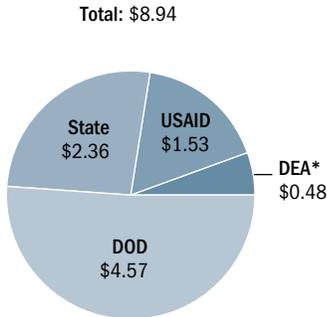
As of September 30, 2019, the United States has appropriated \$8.94 billion for counternarcotics (CN) efforts in Afghanistan since FY 2002. Congress appropriated most of the CN funds for Afghanistan through the Department of Defense's Drug Interdiction and Counter-Drug Activities (DICDA) account (\$3.26 billion), the Afghanistan Security Forces Fund (ASFF) (\$1.31 billion), the Economic Support Fund (\$1.46 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account (\$2.36 billion). CN cumulative funding amounts are lower this quarter due to a decrease in DICDA funding for the Special Mission Wing and a reduction in INCLE allocations, but not obligations, for counternarcotics and aviation funding.⁶⁶⁹

ASFF is primarily used to develop the Afghan National Army and Police, including the Counter Narcotics Police of Afghanistan (CNPA) and the

COUNTERNARCOTICS

FIGURE 3.43

COUNTERNARCOTICS APPROPRIATIONS BY AGENCY, AS OF SEPTEMBER 30, 2019 (\$ BILLIONS)



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

Source: SIGAR, Quarterly Report to the United States Congress, 9/30/2019, Appendix B.

Special Mission Wing (SMW), which support the counternarcotics efforts of the Ministries of Defense (MOD) and Interior Affairs (MOI).⁶⁷⁰

As shown in Figure 3.43, DOD is the largest contributor, in support of CN efforts followed by INL.

THE SIREN CALL OF OPIUM POPPIES

Opium-poppy cultivation has become a crucial element in the livelihood of many Afghans. Significantly, more Afghans engage in cultivation, work in poppy fields, or are involved in the illicit drug trade, than the total estimated personnel strength of the Afghan National Defense and Security Forces (ANDSF).

Poppies can grow on low-quality land and thrive in harsh climates. However, its cultivation is labor intensive, costly, and requires workers with specialized skills. According to responses to the annual UNODC survey, Afghan farmers in 2018 employed the equivalent of roughly 190,700 full-time workers to help them weed and harvest opium-poppy, but that number is probably higher as the figure does not include family members engaged in such activities. In 2018, the combined wages for opium-poppy labor amounted to \$270 million or 44% of the farmers' income from opium over the year.

Among the most vital workers in this process are the "lancers" who cut the seedpods of mature poppies and collect the gum that oozes out, according to UNODC. The 2018 survey was the first time the MCN/UNODC surveyed lancers to understand the extent of their reliance on poppy cultivation, and their impact on the wider economy.

On average, lancers reported working for 15 days and harvesting opium for two farmers over the course of the season. They reported an average daily wage of \$12 in 2018, equivalent to \$170 per season.

In contrast, farmers gave a lower estimate of the salaries they offered lancers, at \$7.70 per day, which did not include payments in opium reported by some 20% of lancers. Nonetheless, UNODC says even this lower estimate is almost double the wages for other farming-related jobs, and substantially more than those of construction workers, who can expect to be paid \$4.80 per day. According to the UN, 80% of Afghans live on less than \$1.25 per day.

Approximately 16% of farmers reported that they also worked as lancers to earn extra money. Lancers, like poppy farmers and other workers, tend to use their opium income to buy food, settle debts, and pay medical bills. Few invest in property, education, or other activities that could offer alternatives to poppy cultivation.

UNODC says reducing opium production in Afghanistan will require more than the rural development and counternarcotics policies that donors and the Afghan government have implemented to date. Most of the demand for opiates comes from other countries and most of the profit from the trade flows beyond Afghanistan's borders. According to UNODC, this problem requires a concerted international effort targeting both supply in Afghanistan and demand in countries of destination.

Source: UNODC, Afghanistan Opium Survey 2018: Challenges to Sustainable Development, Peace and Security, 7/2019, pp. 3-4, 7.

Ministry of Counter Narcotics Dissolution Update

President Ashraf Ghani issued a presidential decree in January 2019 dissolving the Ministry of Counter Narcotics (MCN) and establishing a committee to oversee the transition of the MCN's duties.⁶⁷¹ The committee issued a transition plan that is making its way through the Afghan government approval process.⁶⁷² According to the State Department, the latest version of the transition plan is under review by the office of the Afghan president.⁶⁷³ However, President Ghani issued another decree in July 2019 terminating the integration of MCN's responsibilities into other Afghan ministries.⁶⁷⁴ SIGAR is seeking further clarification on the current status of the MCN transition.

Afghan government officials informed SIGAR that the Ministry of Interior Affairs (MOI) will now review and prepare the country's updated counternarcotics plan since the MCN has been dissolved.⁶⁷⁵ Another presidential decree in June 2019 transferred the MCN's facilities to the Attorney General's (AGO) office and Afghan officials say the main challenge after the transition of the MCN's responsibilities will be this transfer of infrastructure and equipment to the AGO.⁶⁷⁶

Also, the annual opium surveys previously conducted by the MCN and UNODC will henceforth be done in partnership with another Afghan government entity: the Afghanistan National Statistics and Information Authority (NSIA), which along with UNODC, is conducting the opium survey of the 2019–2020 season.⁶⁷⁷ More information on the transition is available in SIGAR's July 2019 *Quarterly Report to the United States Congress* on page 168.

Afghan Counter Narcotics Police Organization and Funding

Funded by the State Department's Bureau of International Narcotics and Law Enforcement Affairs, the Counter Narcotics Police of Afghanistan (CNPA) leads Afghan law-enforcement personnel in counternarcotics efforts. The CNPA, authorized at 2,632 personnel, are located in all 34 provinces and comprise regular police as well as specialized units.⁶⁷⁸ Specialized units include the Sensitive Investigative Unit (SIU), the National Interdiction Unit (NIU), and the UK-supported Intelligence and Investigation Unit (IIU).⁶⁷⁹

The NIU conducts interdiction operations and seizures, serves arrest warrants, and executes search warrants in high-threat environments. The NIU receives mentoring from DEA and U.S. Special Operations Forces.⁶⁸⁰ The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat.⁶⁸¹

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.⁶⁸² The Technical Investigative Unit (TIU) consists of 100 staff who collect and analyze evidence in support of SIU/

COUNTERNARCOTICS

NIU investigations.⁶⁸³ Another SIU component has four officers responsible for administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.⁶⁸⁴ 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.⁶⁸⁵ The Afghan Uniform Police and Afghan Border Police (ABP) also participate in counternarcotics activities.⁶⁸⁶ 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.⁶⁸⁷

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.⁶⁸⁸ Since its establishment in 2012, the SMW has been used to conduct counterterrorism and counternarcotics missions. In recent years, counterterrorism missions have dominated.⁶⁸⁹

This quarter, DOD reported that due to political pressure ahead of the presidential election, high-level Ministry of Defense (MOD) officials frequently circumvented the tasking process set up for the SMW and misused SMW assets for tasks unrelated to their core mission of fighting terrorism and narcotics production. The SMW received many taskings better suited to the Afghan Air Force. DOD said that penalties assessed to the MOD had minimal effect on curbing the problem and the misuse of these assets undermined the SMW's ability to conduct counternarcotics missions.⁶⁹⁰ The misuse of the SMW is an ongoing problem, as SIGAR has reported in previous quarterly reports.⁶⁹¹

More information on the SMW is available in the Security section on pp. 94–95.

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, \$9.56 million in other interagency agreement support, and \$825,000 per year for NIU salary supplements. SIU salary supplements are funded separately by DEA, which disbursed \$126,124 in FY 2019.⁶⁹² Salary supplements are used to attract and retain the most qualified and highly trained officers to the specialized units.

COUNTERNARCOTICS

Supplements are provided to all NIU officers, from police officers to unit commanders based on rank.⁶⁹³

Interdiction Results

Between June 27 and September 18, 2019, DOD reported 27 operations resulting in 160 detentions and seizures of 877 kilograms (kg) (1,929 lbs) of opium, 565 kg (1,243 lbs) of heroin, 500 kg of hashish (1,100 lbs), 31,419 kg (69,122 lbs) of chemicals, and 318 kg (700 lbs) of methamphetamine by Afghan security forces.⁶⁹⁴ Table 3.29 contains interdiction results provided by DOD.

DOD said security remains poor, hindering the access of government forces in areas where the drug trade is concentrated, particularly in southern regions of the country where the majority of opium is grown, and where drug products are transported, processed, and sold.⁶⁹⁵

The United Nations reported that law-enforcement authorities conducted a total of 773 counternarcotics operations between June 1 and July 30, 2019, leading to seizures of 600 kg (1,320 lbs) of heroin; 5,000 kg (11,000 lbs) of morphine; 23,130 kg (50,886 lbs) of opium; 4,040 kg (8,888 lbs) of hashish; 13,900 tablets of methamphetamine; 111,500 kg (245,300 lbs) of solid precursor chemicals; 75,250 liters of liquid precursor chemicals; and 72,420 kg (159,324 lbs) of poppy seeds. In total, 56 laboratories (55 heroin and one methamphetamine) were dismantled and four drug stockpiles were destroyed. The operations led to the arrest of 879 suspects and related seizures of 120 vehicles, 61 weapons, and four radios. Seven CNPA officers were killed and eight were wounded while carrying out their law-enforcement operations.⁶⁹⁶

TABLE 3.29

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	130	3,348
Detainees	484	862	535	386	442	394	301	152	274	160	3,990
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	3,242	3,203	43,171
Morphine seized (kg)	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	10,127	1,746	179,141
Opium seized (kg)	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	23,180	12,566	396,716
Precursor chemicals seized (kg)	20,397	122,150	130,846	36,250	53,184	234,981	42,314	89,878	22,863	81,182	834,045
Methamphetamine ² (kg)	N/A	50	N/A	N/A	N/A	N/A	9	30	86	602	777
Amphetamine (kg)	N/A	N/A	N/A	N/A	N/A	N/A	17	N/A	N/A	1,990	2,007

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 10/1/2018–9/18/2019.

² In crystal or powder form.

Source: DOD(CN), response to SIGAR data call, 7/29/2015, 7/20/2017, 9/24/2018, 9/20/2019, and 9/26/2019.

COUNTERNARCOTICS

This quarter UNAMA released the results of a four-month investigation of a series of USFOR-A airstrikes in May 2019 on methamphetamine labs in Farah and Nimroz Provinces. UNAMA concluded that 39 civilian casualties occurred during that operation, 17 of whom were working in the drug labs. This was the first time UNAMA had received reports of so high a number of civilian casualties resulting from airstrikes on reported drug labs. UNAMA also received “reliable and credible,” but yet-to-be verified reports of an additional 37 casualties from these airstrikes, the majority being women and children.⁶⁹⁷

USFOR-A disputed the findings, saying it disagreed with the characterization of the individuals present in the facilities as civilians. USFOR-A said it considered them to be Taliban combatants.⁶⁹⁸ According to UNAMA, the drug production facilities targeted by USFOR-A were owned and operated by criminal groups linked to international drug-trafficking networks.⁶⁹⁹ SIGAR has previously raised the issue of risks to civilians from aerial bombing campaigns.⁷⁰⁰

Despite the strong performance of Afghan specialized units and their improved capabilities over the years, the number of seizures and arrests they have conducted have had minimal impact on the country’s opium-poppy cultivation and production. For example, cumulative opium seizures since the start of the reconstruction effort in 2002 are equivalent to approximately 8% of the country’s 6,400 metric tons of opium production for the single year of 2018, as reported by UNODC.⁷⁰¹

Afghan law-enforcement forces also face a growing methamphetamine production problem. Afghan workers who apparently learned how to produce methamphetamine in Iran have now brought the process home. Unlike Iran, however, Afghan producers have been able to lower their costs by using the common ephedra bush, a natural local plant known as *oman* that grows in the mountains of Wardak, Ghor, Helmand, Uruzgan, and Ghazni Provinces.⁷⁰² Before discovering that *oman* was useful to produce methamphetamine, producers used decongestants in syrup or tablet form imported from Pakistan and Iran as their source of pseudoephedrine.⁷⁰³ Some lab owners in Afghanistan say they have reduced their methamphetamine production costs by half using the ephedra bush.⁷⁰⁴ Cooks extract 12 kg (26.5 lbs) of ephedrine from 450 kg (992 lbs) of *oman*; from 12 kg (26.5 lbs) of ephedrine, they can produce 8 kg (17.6 lbs) of methamphetamine.⁷⁰⁵

The *oman* crop is dried, threshed, packed and transported on trucks to be processed into *sheesha* or “glass”-like shards later to be crushed, smoked, or injected.⁷⁰⁶ In Ghor Province, an adult can harvest up to 45 kg (99 lbs) a day earning approximately \$30 daily during the harvest season.⁷⁰⁷ A typical harvester in Taywara District in Ghor Province reportedly works 30 to 40 days over the harvest season, alongside up to 12 people from the same village. Harvesting up to 45 kg (99 lbs) a day, one village could harvest as much as 22 MT (48,502 lbs) of *oman* per year, enough to produce 390 kg (860 lbs) of meth.⁷⁰⁸

Traders conduct their business in the mountain foothills purchasing anywhere from 100 to 300 kg (220.5 to 661.4 lbs) of fresh opium daily.⁷⁰⁹ According to research by David Mansfield, an expert on the Afghanistan drug trade, in Taywara in Ghor where the opium trade is flourishing, the Taliban tax \$0.07 per kg. The crop is worth \$3.20 per kg once it reaches the Farah Province district center of Bakwa. Insurgents can earn as much as \$1,000 per truck when the tax is levied on a 15 MT (33,069 lbs) load in Bakwa.⁷¹⁰ Mansfield's research shows that Afghan authorities also participate in the trade, demanding \$100–\$150 per truck along its journey through Farah and Nimroz. A driver taking a load from Taywara to Bakwa can earn \$1,125 to \$1,150.⁷¹¹

The opium economy took a downturn in 2018.⁷¹² Mansfield reports that the kilogram price has fallen from \$700 to \$250 in a year.⁷¹³ Raids by Afghan authorities on the Bakwa bazaar may have had an impact, but those involved in the trade blame economic problems in Iran and the devaluation of its currency.⁷¹⁴ Still, new labs are appearing and numerous trucks are transporting opium and other products to opium labs in Bakwa.⁷¹⁵ The rise in methamphetamine seizures and drug use are worrying given Afghanistan's already high drug addiction rate and dependence on the opium economy.⁷¹⁶ The UN plans to conduct satellite and ground surveys of the opium crop similar to those done for opium poppy.⁷¹⁷



A field of opium-poppy plants in Marjah, Afghanistan. (U.S. Marine Corps photo by Sgt. Michael P. Snody)

Eradication Results

Governor-Led Eradication

Under the Governor-Led Eradication (GLE) program that began in 2005, INL reimbursed provincial governors \$250 toward the eradication costs of every UNODC-verified hectare of eradicated poppy.⁷¹⁸ This year, the dissolution of the MCN coincided with the eradication-planning period. Consequently, minimal eradication planning took place for 2019.⁷¹⁹ UNODC reported the eradication of 406 hectares during 2018, a 46% decrease from 2017. No eradication took place in Helmand, the highest poppy-cultivating province, between 2016 and 2018.⁷²⁰ INL has disbursed \$6.9 million since 2008.⁷²¹ INL informed SIGAR that a new Afghan administration will address eradication once the function has been reassigned. The new Afghan administration will also need to establish a new opium-poppy eradication agreement with the United States since the most recent agreement from 2015 was with the now defunct MCN.⁷²²

As Figure 3.44 illustrates on the following page, eradication efforts have had minimal impact on curbing opium-poppy cultivation. According to INL, eradication results had been declining prior to the announcement of the MCN's elimination. The Afghan government has struggled to perform eradication due to the security challenges in poppy-growing areas.⁷²³ Since 2008, on average, annual eradication efforts resulted in eradicating only 2% of the total yearly opium-poppy cultivation.⁷²⁴

COUNTERNARCOTICS

FIGURE 3.44
AFGHAN OPIUM-POPPY CULTIVATION, ERADICATION, AND PRODUCTION SINCE 2008



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

Good Performers Initiative

The Good Performers Initiative (GPI) has ended with the transfer of its last two projects—an irrigation intake in Balkh Province and a school construction in Parwan Province—to the Afghan government on June 30, 2019.⁷²⁵ The Good Performers Initiative 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.⁷²⁶ GPI projects included schools, roads, bridges, irrigation structures, health clinics, and drug-treatment centers.⁷²⁷ No new GPI projects have been approved since April 30, 2016.⁷²⁸

According to INL, the program was deemed “ineffectual at curbing opium cultivation” in those provinces receiving awards. MCN’s inability to adequately manage the program was also a factor in INL’s phasing it out. INL has spent \$127 million over the life of the program.⁷²⁹ Additional information on the program is available in SIGAR’s July 2019 *Quarterly Report to the United States Congress* on pages 175–176.

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.⁷³⁰ 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.⁷³¹ According to UNODC, the global prevalence of drug use for populations aged 15 to 64 was 0.71% in 2017.⁷³² 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.⁷³³ 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.⁷³⁴

According to INL, the MCN's dissolution will have little impact on drug-demand-reduction programs since the Ministry of Public Health (MOPH) is currently responsible for implementing drug-demand-reduction policy.⁷³⁵ The Afghan government has not determined whether any policy or coordination role regarding drug treatment previously carried by the MCN will transfer to the Ministry of Interior Affairs.⁷³⁶ The United States and the Afghan government are finalizing a plan to transfer some U.S.-funded drug-treatment centers (DTCs) to the Afghan government.⁷³⁷ Since 2015, INL has transitioned 27 DTCs to the Afghan government and 21 additional centers will transition in 2021.⁷³⁸ INL is completing the transition plan to include the modifications from a December 2018 bilateral workshop with the **Colombo Plan** held in Jakarta⁷³⁹ and any updates from the September 2019 Stakeholders Meeting held in Dubai with representatives from various Afghan government ministries, NGOs, the Colombo Plan, and the UNODC.⁷⁴⁰ At the September meeting, the financial aspects of the transition plan were finalized.⁷⁴¹

INL has gradually reduced funding to DTCs since 2015.⁷⁴² The MOPH is confident that it can manage the transition of the treatment centers, provided it receives sufficient funding from its own government and the international community.⁷⁴³ 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, 2020.⁷⁴⁴

Most patients at the 86 drug-treatment centers currently supported by INL are adult males. Of the 86 facilities, 67 are inpatient centers and 19 are outpatient; 24 are dedicated to women, adolescents, and children and are operated by NGOs.⁷⁴⁵ Forty-four of the residential treatment centers offer homebased services, with six providing services to adult females.⁷⁴⁶ INL 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.⁷⁴⁷ 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.⁷⁴⁸

The Colombo Plan Drug Advisory Programme (DAP) implements a program providing scholarships and fellowships to Afghan students at Asian

The 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.

University for Women (AUW). The program's aim was to develop a successful MCN to advance counternarcotics priorities and promote gender integration within the Afghan government.⁷⁴⁹ Though a presidential decree dissolved the MCN in January, the ministry continues to function since other ministries have not yet completely taken over its responsibilities and the AUW fellowship program there continues.⁷⁵⁰ DAP established agreements with the MOPH, MOI, and Ministry of Agriculture, Irrigation and Livestock (MAIL) during the second 2019 calendar quarter to implement a women's leadership-fellowship project. DAP assumes these new partnerships will improve the retention of female employees in Afghan government entities.⁷⁵¹

The \$2 million program has five new fellows who began internships in July 2019. Four of the previous AUW fellows with internships at the MCN resigned at the end of June 2019.⁷⁵² Since the fellowship's inception in 2017, six fellows have completed the program successfully: five are working for various international NGOs and private companies; one is pursuing an advanced academic degree.⁷⁵³

INL has obligated and disbursed approximately \$159.7 million to the Colombo Plan since 2008 for drug-demand-reduction programs in Afghanistan.⁷⁵⁴

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.⁷⁵⁵ The U.S.-funded programs listed in Table 3.30 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.⁷⁵⁶

From April to June 2019, the project's main activities centered on monitoring and evaluation visits, distribution of inputs such as poultry, greenhouses and orchards, and support for market linkages.⁷⁵⁷ The implementer established 10 greenhouses, 61 hectares of new fruit orchards, and constructed 1,350 poultry farms. Over 800 hectares of land were brought under licit cultivation generating \$1.2 million in income. The greenhouses

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.

COUNTERNARCOTICS

TABLE 3.30

ALTERNATIVE LIVELIHOOD PROGRAMS					
Project Title	U.S. Implementing Agency	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Commercial Horticulture and Agricultural Marketing Program (CHAMP)	USAID	2/1/2010	12/31/2019	\$71,292,850	\$67,079,806
Afghanistan Value Chain-Livestock (AVC-L)	USAID	6/9/2018	6/8/2021	55,672,170	8,429,409
Afghanistan Value Chain-High Value Crops (AVC-HVC)	USAID	8/2/2018	8/1/2023	54,958,860	6,441,571
Regional Agricultural Development Program-East (RADP-E)	USAID	7/21/2016	7/20/2021	28,126,111	14,260,267
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	10,877,945
Total				\$295,547,281	\$173,586,288

Source: State, INL, response to SIGAR data call, 3/20/2019; USAID, response to SIGAR data call, 10/17/2019.

produced 356 metric tons (784,846 lbs) of fresh vegetables; the poultry and dairy farms produced 4.5 million eggs and over 1,800 metric tons (3,968,321 lbs) of milk with a combined value of \$1 million.⁷⁵⁸

Monitoring visits took place in Nimroz, Uruzgan, and Wardak Provinces during April and May 2019. The team confirmed that recommendations from the previous monitoring mission were implemented.⁷⁵⁹ To address the impact of the 2017–2018 drought, and protect against future ones, the project is promoting crops requiring low water in Jowzjan, Samangan, and Takhar Provinces. These drought-tolerant plants were harvested during the July–August 2019 season. The project also provided water conservation training in Helmand and Uruzgan Provinces, and established irrigation structures in Nimroz Province, as well as canals and dams in the provinces of Paktika, Takhar, and Jowzjan.⁷⁶⁰

Community-Based Agriculture and Rural Development

The Community-Based Agriculture and Rural Development (CBARD) program works 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. Projects aim to develop and strengthen community-based agribusiness infrastructure, such as irrigation, transportation, and storage facilities. CBARD is funded by the State Department and implemented by the United Nations Development Programme (UNDP).⁷⁶¹

COUNTERNARCOTICS

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 INL informed SIGAR this quarter that the preliminary analysis for CBARD’s mid-term evaluation suggests that the project is succeeding, as “there has been a (larger) reduction on opium poppy cultivation in the villages receiving INL funded project interventions (“treatment” villages) compared to the villages not receiving the interventions (“control” villages).”⁷⁶³ INL is amending its alternative development projects and extending CBARD until April 2022 with no budget increase.⁷⁶⁴ However, SIGAR’s lessons-learned report on counternarcotics found that interventions such as CBARD to reduce poppy cultivation with conditionality agreements failed to have a lasting impact on poppy cultivation.⁷⁶⁵ Information about the CBARD projects is available in Table 3.31.

Community-Based Agriculture and Rural Development-East

TABLE 3.31

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.

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 expects 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.⁷⁶⁶

From April to June 2019, 345 farmers were trained on post-harvest techniques, and equipment was distributed for cultivation and processing of vegetables into pickles, jams, and other products enabling participating households to earn an average of AFN 10,000 (\$130) per month in extra income.⁷⁶⁷ CBARD-E also completed construction on 170 new commercial greenhouses expected to earn farmers an average of AFN 758,250

(\$9,847) annually beginning the second year. Since January 2019, vegetables grown in these greenhouses have earned farmers a total income of AFN 841,736 (\$10,931).⁷⁶⁸

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 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.⁷⁶⁹

The CBARD-W project also completed a mid-term evaluation in 2019, which prompted changes in implementation approaches, project activities, and scope. These updates are nearly finalized and awaiting approval by the State Department.⁷⁷⁰ The most significant changes are extending the CBARD program through April 2022 and substituting the “access to finance” component with “market linkages.”⁷⁷¹

Between April and June, CBARD-W completed construction of 33 commercial greenhouses, 27 **micro-greenhouses**, six raisin houses, and 10 cold storage units occupying a total of 11.79 ha (about 29 acres) of land. Farmers are expected to earn an average of AFN 758,250 (\$9,847) annually from the greenhouses beyond their second year. Since January 2019, vegetables grown in these greenhouses have earned farmers a total income of AFN 5,079,680 (\$65,970).⁷⁷²

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, the United Arab Emirates, and Kazakhstan to boost Afghan agricultural exports.⁷⁷³ In June, CHAMP hosted the “Made in Afghanistan: Nature’s Best” Exhibition in Mumbai, India. CHAMP coordinated the event in partnership with the MAIL, the Afghan Chamber of Commerce and Industry, and the USAID-funded Regional Agricultural Development Project East, Promoting Value Chains-West, and Afghanistan Value Chains-High Value Crops and Afghanistan Value Chains-Livestock projects. The event resulted in over \$123 million in signed and potential deals for Afghan agribusinesses.⁷⁷⁴

Of the 11 performance indicators, CHAMP has met and exceeded all but the following four indicators during the third quarter of fiscal year 2019.⁷⁷⁵

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 to produce seedlings for commercial greenhouses.

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

COUNTERNARCOTICS

- Though the project did not meet its quarterly target of 1,209 households who have benefited by agriculture and alternative development in targeted areas, CHAMP exceeded the target by nearly 2,100 households in the first quarter of fiscal year 2019. The project met its 100 households target the previous quarter.
- The project failed to support any agriculture-related enterprises with interventions.
- For two consecutive quarters, the project failed to link any micro, small, and medium enterprises to large firms (the quarterly target is two firms).
- The project did not report results for the indicator “percentage of female participants in USG-assisted programs designed to increase access to economic resources (assets, credit, income, or employment).” The annual target for this indicator is 38% and the program reported an 11% target for the first fiscal quarter.

CHAMP exceeded its quarterly 2,330 MT target of agricultural commodities exports by nearly 400 MT (881,849 lbs). CHAMP reports that it consistently meets its exports target. The cumulative target for FY 2019 is 17,230 MT (nearly 38 million pounds) in agricultural exports and CHAMP has exported 23,101 MT (50.9 million lbs) as of June 30, 2019. CHAMP has been successful in promoting Afghan agricultural products and supporting their export to international markets.⁷⁷⁶ The project has also exceeded its target for job creation for the past three fiscal quarters: as of June 30, 2019, there were 910 full-time equivalent positions created, well above the FY 2019 annual target of 581 positions.⁷⁷⁷

According to USAID, the absence of business linkages between the small to medium and large firms stems from the lack of awareness of its importance, limited access to credit, and the absence of proper business development services. CHAMP has worked with these firms to fill the gap by facilitating business-to-business linkages between farmers, between small firms and large agribusinesses, and also linking large agribusinesses with international markets. The implementer provided trainings to agribusiness firms on business development services such as accounting, record keeping, and invoicing. USAID said all these efforts help the agribusinesses improve their business operations, expand linkages, and boost their sales. According to USAID, the trade offices in India, the United Arab Emirates, and Kazakhstan play a crucial role in connecting the large businesses with the international market.⁷⁷⁸

To address access to credit limitations, the program has linked firms with financial institutions and the Agriculture Development Fund (ADF). CHAMP has launched a short-term loan for exporters with the ADF called “Short-Term Wakala Financing.” (*Wakala* is a contract term used in Islamic

finance.) This product provides seasonal loans to exporters to expand their export sales.⁷⁷⁹

Afghanistan Value Chains Programs

The Afghanistan Value Chains programs cover the regions previously targeted by three now-inactive Regional Agricultural Development Programs (RADP).⁷⁸⁰ The objective of RADP, discussed on pages 176–177, was to help Afghan farmers achieve sustainable economic growth. RADP projects focused on strengthening farmers’ productivity in wheat, high-value crops, and livestock. Using a value-chain approach, these projects worked with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains.⁷⁸¹ The Afghanistan Value Chains (AVC) programs similarly plan activities along high-value crops and livestock value chains.⁷⁸² Table 3.32, 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.⁷⁸³ The project targets “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.⁷⁸⁴

During the third fiscal quarter, AVC-HVC established partnerships with 45 agribusiness firms. The project supported 12 companies (including five women-owned) to participate in two exhibitions: the China Nuts and Roasted Seeds Industry Exhibition and the Mumbai “Made in Afghanistan: Nature’s Best” Exhibition. According to USAID, this resulted in \$60.6 million worth of export contracts: \$29.5 million in potential deals with Chinese firms and \$31.2 million from the Mumbai trade mission. Of the total deals signed in Mumbai, \$17.8 million are confirmed.⁷⁸⁵ The project has met or exceeded some of its performance indicators but is failing on others.

TABLE 3.32

AFGHANISTAN VALUE-CHAINS (AVC) PROGRAM						
Project Title	Implementing Agency	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019	
Afghanistan Value Chain-Livestock (AVC-L)	USAID	6/9/2018	6/8/2021	\$55,672,170	\$8,429,409	
Afghanistan Value Chain-High Value Crops (AVC-HVC)	USAID	8/2/2018	8/1/2023	54,958,860	6,441,571	
Total				\$110,631,030	\$14,870,980	

Source: USAID, response to SIGAR data call, 10/17/2019.

COUNTERNARCOTICS

For instance, the target for “facilitating investment advisory services for anchor firms” is \$7 million but only \$1.4 million had been recorded by July 30, 2019. AVC-HVC is coordinating with the ADF to expedite disbursements and requested an extension for this target, approved by USAID, to October 30, 2019.⁷⁸⁶

The project implementer reported that it has been unusually successful at integrating women and youth in project activities and exceeded its FY 2019 target. The project has achieved 25.5% female participation in its programs, above the FY 2019 target of 20%.⁷⁸⁷ During the April to June period, 106 women participated in several business-to-business events resulting in linkages among women-owned anchor firms, women producers, and other businesses.⁷⁸⁸ Women-owned companies that participated in the Mumbai exhibition signed \$6.5 million in deals for fresh and dried fruit, and spices, of which \$1.9 million has been confirmed.⁷⁸⁹ Figure 3.45 shows the provinces where project activities are being implemented.

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.⁷⁹⁰ The AVC-L contract includes a two-year option that would bring its total five-year cost to \$55.7 million should USAID decide to exercise the option.⁷⁹¹

During the third FY 2019 quarter, AVC-L submitted 26 new **deal notes** with anchor firms to USAID. AVC-L facilitated the participation of four livestock anchor firms at international trade shows that secured more than \$3.4 million in direct sales and confirmed potential deals. AVC-L linked several livestock agribusinesses with financial institutions and referred loan applications of \$6.4 million to the ADF, out of which six loan applications valued at \$2.8 million were approved; a \$128,750 loan was disbursed to two anchor firms. Several livestock agribusinesses secured deals worth over \$51,000 for their honey and fresh milk products.⁷⁹²

USAID introduced quarterly outcome indicators in the program’s periodic performance reports out of concern the implementing partner might not achieve its targets (only annual targets were necessary). The implementer is seeking a time extension for meeting deliverables after discussions with USAID. According to the implementer, the difficult business-operating environment and credit access affect the timetable for achieving targets and increasing sales.⁷⁹³

Promoting Value Chains–Western Afghanistan

The UN’s Food and Agriculture Organization (FAO) implements USAID’s \$19 million Promoting Value Chains-Western Afghanistan (PVC-W) program.⁷⁹⁴ PVC-W aims to promote “inclusive growth” and create jobs in the

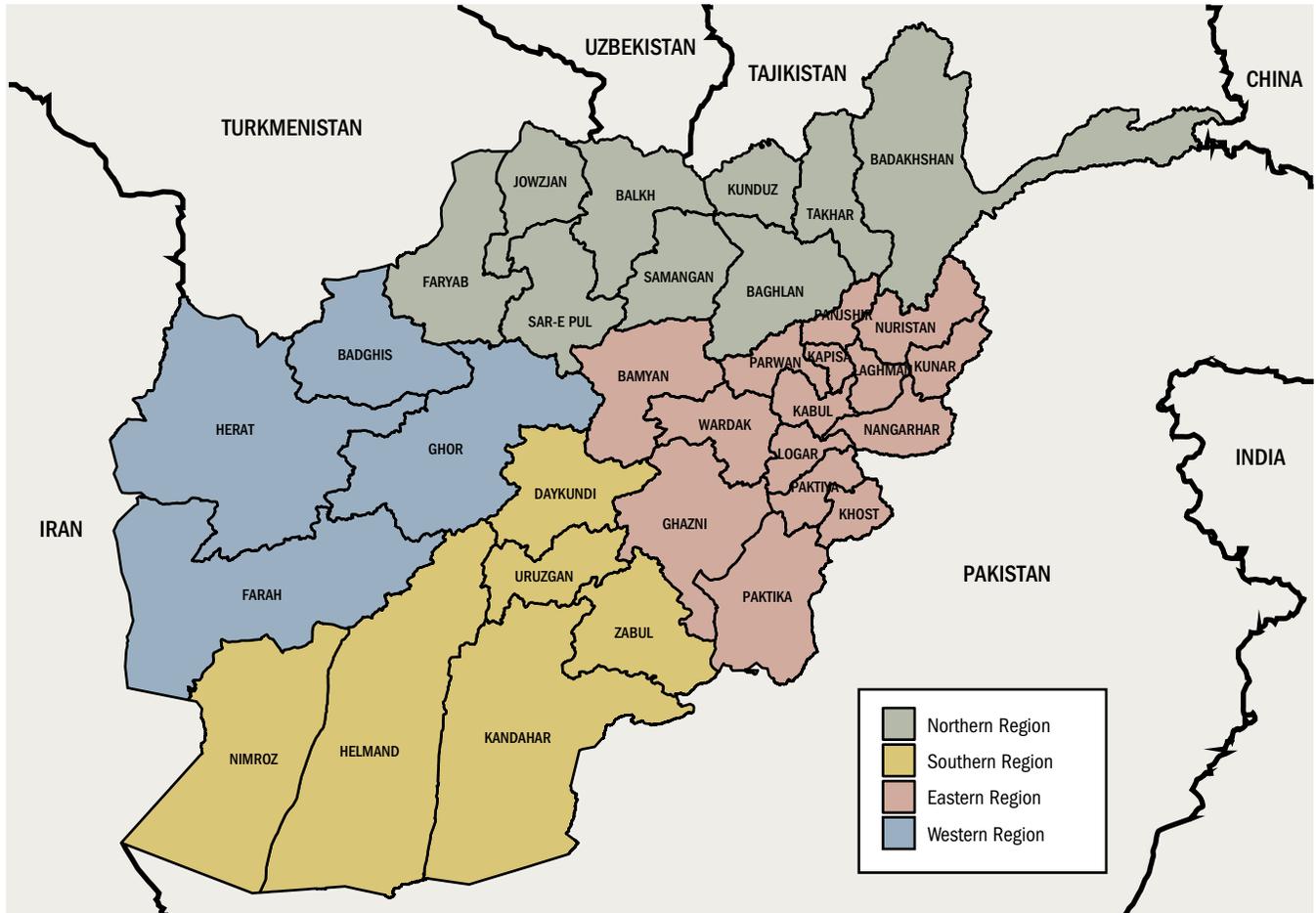
The **deal note** is a strategy co-designed with the anchor firm. It specifies activities and investments carried out by both parties: the project and anchor firm. Deal notes also outline the type of interventions and include a budget specific to the co-investment agreement.

Source: USAID, Afghanistan Value Chains–Livestock, Quarterly Performance Report, April-June 2019, 7/30/2019, p. 4.

COUNTERNARCOTICS

FIGURE 3.45

GEOGRAPHIC COVERAGE OF USAID AFGHANISTAN VALUE CHAINS HIGH-VALUE CROPS PROGRAM



Source: USAID, response to SIGAR data call, 9/18/2019.

agriculture sector by strengthening the capabilities of producers and private enterprises in:⁷⁹⁵

- 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

Of the 12 performance indicators, the project met or exceeded all three semiannual indicators for the period October 1, 2018, to March 31, 2019. For instance, 15 private agribusinesses fulfilled quality and hygiene standards certifications. Of the five quarterly indicators (quarterly period ending March 31, 2019), the project exceeded one indicator (109%) but not the

remaining four. Nonetheless, the project is close to meeting the quarterly target of full-time equivalent jobs created (84%).⁷⁹⁶

More information on PVC-W is available in SIGAR's July 30, 2019, *Quarterly Report to the United States Congress* on page 189.

Regional Agricultural Development Program

USAID's Regional Agricultural Development Program (RADP), initiated in 2013 in the country's southern region, is intended 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.⁷⁹⁷

As shown in Table 3.33, USAID funding for all RADP programs, targeting various regions of the country, amounts to approximately \$283.6 million and USAID has spent \$221.2 million as of October 8, 2019.⁷⁹⁸

Regional Agricultural Development Program—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 2021.⁷⁹⁹

During the third fiscal quarter, RADP-East exceeded quarterly targets in 17 indicator results. The implementer reported nearly 18,200 households with an estimated 140,000 members benefiting from project interventions; the project affected 746,000 Afghans living mainly in rural areas.⁸⁰⁰ RADP-East also managed a portfolio of 32 active grants, having launched 15 new grants during the quarter. As of June 30, 2019, RADP-East has awarded 61 grants since the beginning of the project with a combined value of nearly \$3 million: 25 grants have been completed and 36 are either active or about to start.⁸⁰¹

During the quarter, RADP-East also designed and hosted nine business-to-farmer and six business-to-business events linking suppliers, farmers, and food processors, resulting in 111 signed contracts valued at \$300,000.⁸⁰² According to the implementer, uncertainty about the outcome of the Afghan peace process and continuing violence are having a negative impact on the country's business climate. Businesses become more risk-averse and favor savings over expansion plans. Project partners and beneficiaries perceive long-term planning and investments, particularly in rural areas, as precarious without any guarantee of stability or continuity.⁸⁰³

COUNTERNARCOTICS

TABLE 3.33

USAID REGIONAL AGRICULTURAL DEVELOPMENT PROGRAM (RADP)				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
RADP-South*	10/7/2013	11/20/2017	\$111,414,339	\$108,475,771
RADP-North*	5/21/2014	5/20/2019	78,429,714	72,107,745
RADP-West*	8/10/2014	10/25/2016	65,629,170	26,394,196
RADP-East	7/21/2016	7/20/2021	28,126,111	14,260,267
Total			\$283,599,335	\$221,237,979

Note: * Denotes concluded programs

Source: USAID, response to SIGAR data call, 10/17/2019.

USAID informed SIGAR that it has no plans to make strategic adjustments in the event that the U.S.-Taliban or intra-Afghan peace talks affect the business climate. However, RADP-East has identified additional districts in the provinces where they work that could be included in the event of a change in the operating environment.⁸⁰⁴

