

# 3 RECONSTRUCTION UPDATE



# RECONSTRUCTION UPDATE CONTENTS

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Workers at Zainullah Ironsmiths make doors, wheelbarrows, axes, and other steel products.  
(UNDP Afghanistan photo by Omer Sadaat)



## 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 SUSPENDED

- President Donald J. Trump suspended U.S.-Taliban peace negotiations on September 7, 2019.
- Prior to the suspension, there had been nine rounds of talks between U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad and the insurgent group.
- At the conclusion of the last round of talks on August 31, Ambassador Khalilzad had described the situation as being “at the threshold of an agreement.”

### PRESIDENTIAL ELECTIONS HELD

- Afghanistan held its fourth presidential election on September 28, 2019.
- Based on initial turnout results from 79% of the polling centers, the Independent Election Commission (IEC) said that only 2.2 million of 9.67 million registered Afghans voted.
- President Ghani attributed the low turnout to the failure of Afghanistan’s unity government to implement reforms and improve the living situation of Afghans.
- Results had not been announced at the time this report was published.

### HEAVY FIGHTING RESULTS IN HIGH CIVILIAN AND COMBAT CASUALTIES

- The elite Afghan Special Security Forces conducted more operations against the Taliban and other insurgents in January–September 2019 than in all of 2018.
- U.S. and Coalition air missions released more munitions in Afghanistan in September 2019 than in any month since October 2010.
- The Taliban increased both its overall and “effective” (casualty-producing) attacks against the ANDSF and Coalition this quarter.
- Both Resolute Support (RS) and the United Nations Assistance Mission in Afghanistan (UNAMA) recorded significant increases in civilian casualties this summer compared to last summer.

### THE AFGHAN ECONOMY CONTRACTS

- Afghanistan’s gross domestic product contracted by 0.2% in 2018, including opium-poppy cultivation, according to the country’s statistical authority.
- Afghan government revenues grew by just 3.2% over the first eight months of FY 1398 (December 22, 2018–December 21, 2019), year-on-year.
- An additional \$5.2 billion in economic and social development funds may be required to sustain a potential Afghan political settlement, the World Bank said in a draft plan.

### OPIUM-POPPY CULTIVATION DECLINES

- Afghanistan opium-poppy cultivation declined 20% between 2017 and 2018, largely as a result of a drought, but was still at the second-highest level since the UN Office on Drugs and Crime began tracking in 1994.
- The country is also dealing with a growing methamphetamine-production problem.

### U.S. RECONSTRUCTION FUNDING AS OF SEPTEMBER 30, 2019

- Cumulative appropriations for reconstruction and related activities in Afghanistan since FY 2002 totaled approximately \$132.6 billion.
- \$114.2 billion, or 86%, was appropriated to the nine largest active reconstruction funds.
- Of the amount appropriated to the nine largest active funds since FY 2002, approximately \$6.58 billion remained to be disbursed.
- The Department of Defense reported in its latest “Cost of War Report,” dated June 30, 2019, that cumulative obligations for Afghanistan including warfighting had reached \$764.5 billion. The cost of Afghanistan reconstruction equaled 16% of this amount at that date.

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## 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 September 30, 2019, the United States had appropriated approximately \$132.55 billion for reconstruction and related activities in Afghanistan since FY 2002. Total Afghanistan reconstruction funding has been allocated as follows:

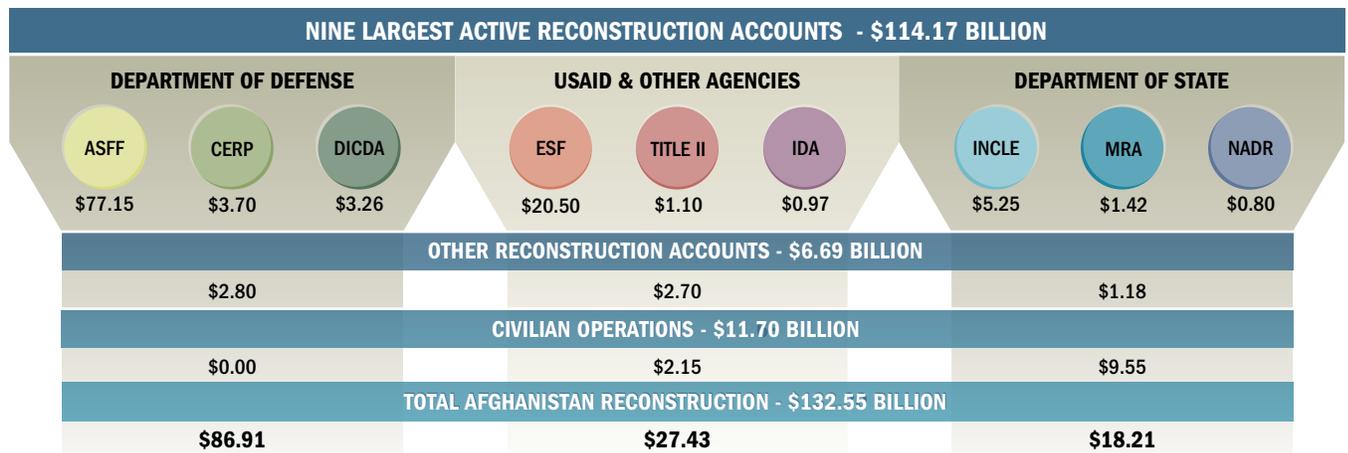
- \$82.55 billion for security (including \$4.57 billion for counternarcotics initiatives)
- \$34.46 billion for governance and development (including \$4.37 billion for counternarcotics initiatives)
- \$3.85 billion for humanitarian aid
- \$11.70 billion for civilian operations

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

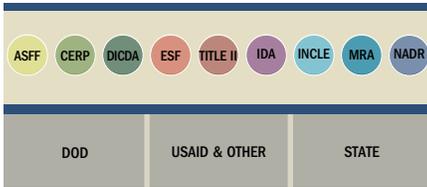
### U.S. APPROPRIATIONS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS (\$ BILLIONS)



Note: Numbers have been rounded.

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

# STATUS OF FUNDS



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.

## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

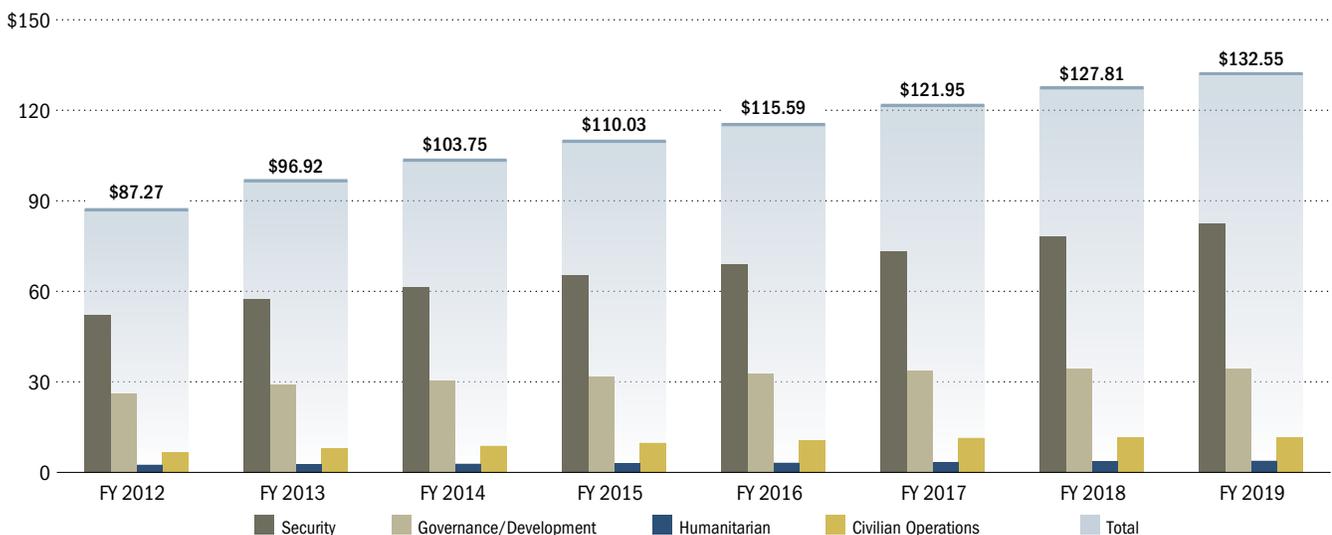
The amount provided to the nine largest active U.S. funds represents more than 86.1% (nearly \$114.17 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, over 92.9% (nearly \$106.11 billion) has been obligated, and nearly 89.2% (nearly \$101.80 billion) has been disbursed. An estimated \$5.80 billion of the amount appropriated for these funds has expired and will therefore not be disbursed.

As of September 30, 2019, cumulative appropriations for reconstruction and related activities in Afghanistan totaled approximately \$132.55 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction and related funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.94 billion of these funds support counternarcotics initiatives that crosscut the security (\$4.57 billion) and governance and development (\$4.37 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

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. The President subsequently signed the Consolidated Appropriations Act for Fiscal Year 2019 into law on February 15, 2019. The joint resolution

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY AS OF SEPTEMBER 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

includes the Department of State, Foreign Operations, and 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, State, and the Office of Management and Budget 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 more than \$15.32 billion in on-budget assistance to the government of Afghanistan. This includes about \$9.97 billion provided 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 (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

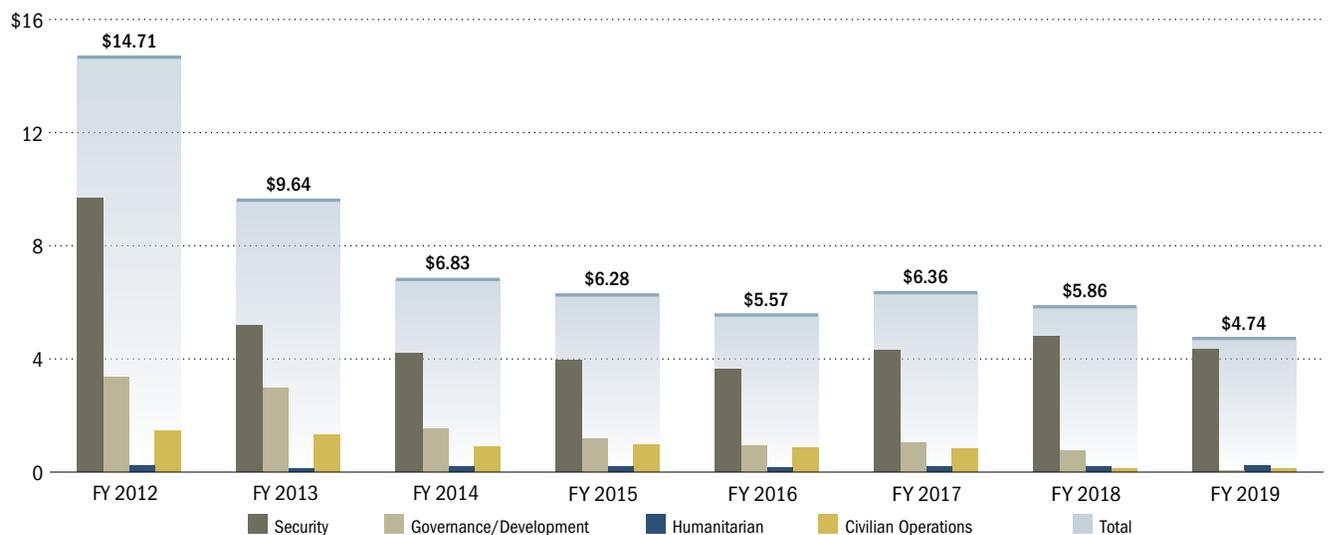
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Disbursements	
<b>Total On-Budget Assistance</b>	<b>\$15,323.04</b>
<b>Government-to-Government</b>	<b>9,971.65</b>
DOD	9,140.93
USAID	745.54
State	85.19
<b>Multilateral Trust Funds</b>	<b>5,351.39</b>
ARTF	3,527.68
LOTFA	1,670.04
AITF	153.67

Note: Numbers have been rounded.

Sources: USAID, response to SIGAR data call, 10/17/2019; State, response to SIGAR data call, 10/18/2018; DOD, response to SIGAR data call, 10/18/2019 and 10/19/2018; World Bank, ARTF: Administrator’s Report on Financial Status as of July 22, 2019 (end of 7th month of FY 1398), accessed 10/4/2019; UNDP LOTFA Receipts 2002–2019 Updated October 10, 2019, response to SIGAR data call, 10/13/2019.

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

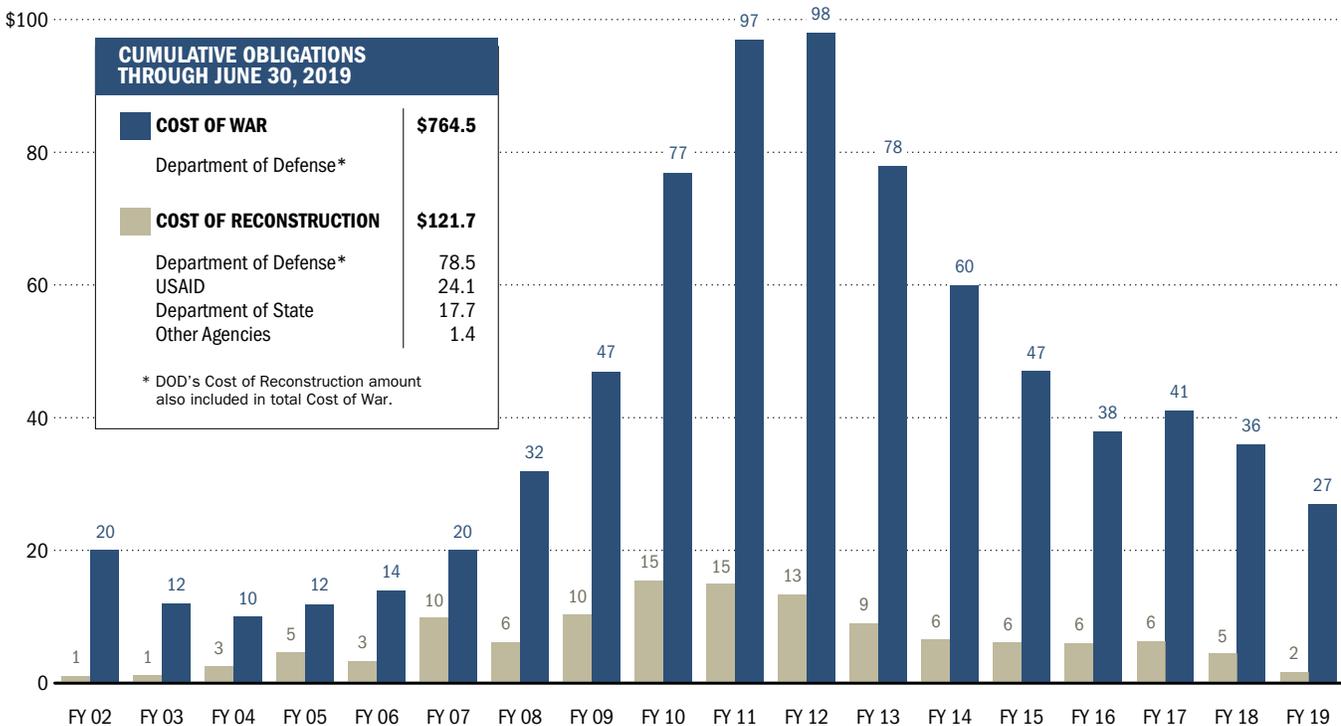
## U.S. COST OF WAR AND RECONSTRUCTION IN AFGHANISTAN

Reconstruction costs for Afghanistan equal about 16% of all funds obligated by the Department of Defense for Afghanistan since 2001. DOD reported in its “Cost of War Report” as of June 30, 2019, that it had obligated \$764.5 billion for Operation Enduring Freedom and Operation Freedom’s Sentinel in Afghanistan, including the cost of maintaining U.S. troops in Afghanistan. (By comparison, the report gave the cost of Iraq operations as \$769.0 billion.)<sup>34</sup>

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 \$121.7 billion at that date. Note that the DOD contribution to the reconstruction of Afghanistan is contained in both the \$764.5 billion Cost of War and \$121.7 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 Q3 (\$ BILLIONS)



Note: Numbers have been rounded. Cumulative obligations through June 30, 2019, differ markedly from cumulative appropriations through September 30, 2019, as presented elsewhere in the Status of Funds section, because the former figures do not include unobligated appropriations and DOD Cost of War reporting lags by one quarter.

Source: DOD, Cost of War Monthly Report, Total War-related Obligations by Year Incurred, data as of June 30, 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, 7/30/2019. Obligation data shown against year funds appropriated.

# STATUS OF FUNDS

## AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated more than \$132.55 billion for reconstruction and related activities in Afghanistan. Of this amount, nearly \$114.17 billion (86.1%) was appropriated to the nine largest active reconstruction accounts, as shown in Table 3.2.

As of September 30, 2019, approximately \$6.58 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

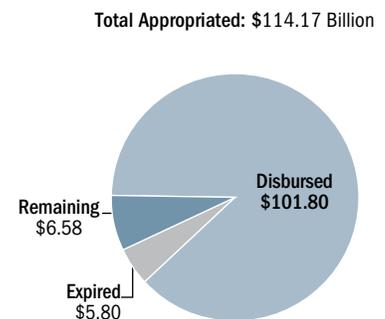
<b>CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2019 (\$ BILLIONS)</b>				
	<b>Appropriated</b>	<b>Obligated</b>	<b>Disbursed</b>	<b>Remaining</b>
Afghanistan Security Forces Fund (ASFF)	\$77.15	\$71.75	\$70.90	\$3.16
Economic Support Fund (ESF)	20.50	19.60	17.02	2.58
International Narcotics Control and Law Enforcement (INCLE)	5.25	5.09	4.42	0.63
Commander's Emergency Response Program (CERP)	3.70	2.29	2.29	0.00
Drug Interdiction and Counter-Drug Activities (DICDA)	3.26	3.26	3.25	0.01
Migration and Refugee Assistance (MRA)	1.42	1.42	1.40	0.02
Public Law 480 Title II Emergency (Title II)	1.10	1.10	1.10	0.00
International Disaster Assistance (IDA)	0.97	0.94	0.77	0.18
Non-Proliferation, Antiterrorism, Demining, and Related (NADR)	0.80	0.67	0.67	0.00
<b>Total Nine Largest Accounts</b>	<b>114.17</b>	<b>106.11</b>	<b>101.80</b>	<b>6.58</b>
Other Reconstruction Funds	6.69			
Civilian Operations	11.70			
<b>Total</b>	<b>\$132.55</b>			

Note: Numbers have been rounded. The amount remaining reflects the total disbursement potential of the nine largest active reconstruction accounts after deducting approximately \$5.80 billion that has expired. Expired funds equal the amount appropriated but not obligated after the period of availability for obligation has ended and thereafter includes amounts deobligated and canceled. The amount remaining for potential disbursement for Other Reconstruction Funds equals approximately \$1.10 billion; for Civilian Operations the amount can not be determined but likely equals less than one-half of the most recent annual appropriation.

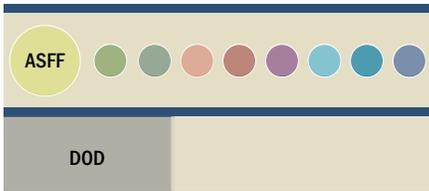
Source: SIGAR analysis of appropriation laws and obligation and disbursement data provided by DOD, State and USAID, 10/19/2019.

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.<sup>35</sup> The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan (CSTC-A).<sup>36</sup> 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.<sup>37</sup>

The Department of Defense Appropriations Act, 2019, enacted on September 28, 2018, provided 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 DOD through Reprogramming Action FY 19-02 RA on May 10, 2019, as shown below in Figure 3.6.<sup>38</sup> As of September 30, 2019, cumulative appropriations for ASFF stood at \$77.15 billion, with \$71.75 billion in funding having been obligated, and \$70.90 billion having been disbursed, as shown in Figure 3.7. DOD reported that cumulative obligations increased by nearly \$1.24 billion during the quarter ending September 30, 2019, and that cumulative disbursements increased by nearly \$1.31 billion.<sup>39</sup>

FIGURE 3.6

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

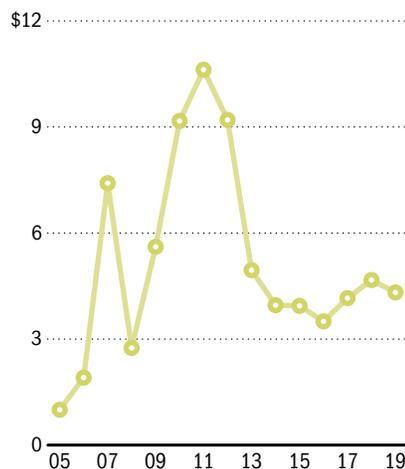
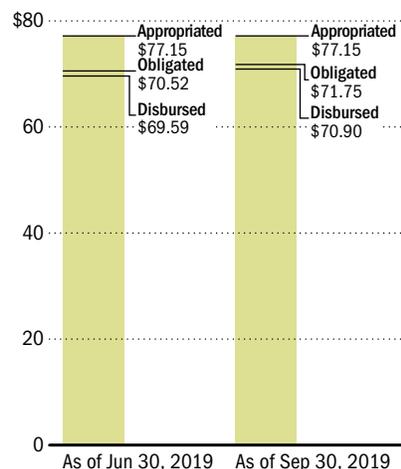


FIGURE 3.7

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 September 2019," 10/18/2019; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2019," 7/18/2019; 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.

## 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.<sup>40</sup> 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.<sup>41</sup>

As of September 30, 2019, DOD had disbursed nearly \$69.22 billion from the ASFF appropriations for FY 2005 through FY 2018. Of this amount, more than \$47.43 billion was disbursed for the ANA, and more than \$21.40 billion was disbursed for the ANP.

As shown in Figure 3.8, the largest portion of the funds disbursed for the ANA—more than \$23.44 billion—supported ANA troop and equipment sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$9.55 billion—also supported sustainment of ANP forces, as shown in Figure 3.9.<sup>42</sup>

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

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

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

FIGURE 3.8

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

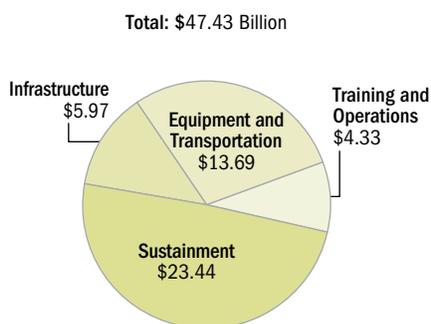
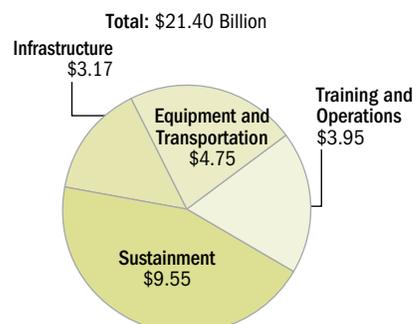


FIGURE 3.9

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



Note: Numbers have been rounded. Excludes the ASFF FY 2019 appropriation, which is presented by four Budget Activity Groups, consisting of the ANA, ANP, AAF, and ASSF.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2019," 10/18/2019.

# STATUS OF FUNDS

## New ASFF Budget Activity Groups for FY 2019

DOD revised its budgeting framework for ASFF beginning with its ASFF budget request for FY 2019, submitted to Congress in February 2018, and through 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 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 consists of the ANA, ANP, AAF, and ASSF BAGs.

Table 3.4 on the opposite page compares the ASFF FY 2020 budget request that was submitted by DOD to Congress in March 2019 with the ASFF FY 2019 budget that was revised through Financial and Activity Plan 19-2 (FAP 19-2) in June 2019. This budget revision reduced the original ASFF FY 2019 appropriation of \$4.92 billion by \$604.00 million pursuant to DOD Reprogramming Action 19-02 RA, notified to Congress in May 2019, and further realigned \$48.6 million in funds between the Equipment and Training SAGs within the budget for the ASSF. Table 3.3 below presents the obligation and disbursement activity for the ASFF FY 2019 appropriation by its four BAGs, which as previously mentioned differs from the reporting of ASFF FY 2005 to FY 2018 by its two BAGs.

TABLE 3.3

<b>ASFF FY 2019 BUDGET, OBLIGATIONS, AND DISBURSEMENTS THROUGH SEPTEMBER 30, 2019</b> (\$ MILLIONS)			
<b>Budget Activity Groups</b>	<b>Revised Budget (FAP 19-2)</b>	<b>Obligations</b>	<b>Disbursements</b>
Afghan National Army	\$1,360.99	\$670.05	\$470.43
Afghan National Police	609.06	295.68	189.49
Afghan Air Force	1,656.36	723.65	674.89
Afghan Special Security Forces	689.58	320.27	313.95
<b>Total</b>	<b>\$4,316.00</b>	<b>\$2,009.65</b>	<b>\$1,648.75</b>

Note: Numbers have been rounded. Disbursements total excludes undistributed disbursements of \$30.89 million.

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 September 2019, 10/18/2019.

## NATO ANA Trust Fund

The NATF has contributed more than \$1.57 billion to ASFF for specific projects funded by donor nations, and ASFF has returned more than \$382.22 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.<sup>43</sup> These amounts are not reflected in the U.S. government-funded ASFF obligation and disbursement numbers presented in Figures 3.6 and 3.7.

# STATUS OF FUNDS

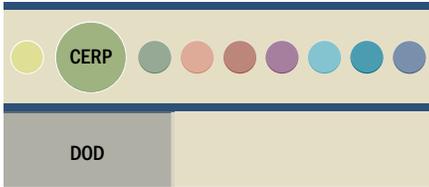
TABLE 3.4

<b>ASFF FY 2019 REVISED BUDGET (FAP 19-2) AND FY 2020 BUDGET REQUEST</b>		
(\$ MILLIONS)		
	<b>FY 2019 Revised Budget (FAP 19-2)</b>	<b>FY 2020 Budget Request</b>
<b>Afghanistan Security Forces Fund, Total</b>	<b>\$4,316.00</b>	<b>\$4,803.98</b>
<b>Afghan National Army, Total</b>	<b>1,360.99</b>	<b>1,589.66</b>
Sustainment, Total	1,023.99	1,313.05
Personnel	423.16	539.84
Ammunition	64.88	93.93
Communications & Intelligence	157.00	116.55
Petroleum, Oil, and Lubricants	109.97	170.90
All Other	268.97	391.81
Infrastructure, Total	136.63	37.15
Equipment and Transportation, Total	56.47	120.87
Training and Operations, Total	143.90	118.59
<b>Afghan National Police, Total</b>	<b>609.06</b>	<b>660.36</b>
Sustainment, Total	425.38	422.81
Petroleum, Oil, and Lubricants	76.88	88.77
All Other	348.50	334.03
Infrastructure, Total	16.85	2.36
Equipment and Transportation, Total	7.95	127.08
Training and Operations, Total	158.87	108.11
<b>Afghan Air Force, Total</b>	<b>1,656.36</b>	<b>1,825.52</b>
Sustainment, Total	842.13	893.83
Personnel	12.14	31.45
Ammunition	71.68	95.81
Petroleum, Oil, and Lubricants	19.98	26.54
Aircraft Contracted Support	724.29	716.91
All Other	14.04	23.13
Infrastructure, Total	24.85	8.61
Equipment and Transportation, Total	531.46	566.97
Aircraft	523.70	561.37
Other Equipment and Tools	7.75	5.60
Training and Operations, Total	257.92	356.11
<b>Afghan Special Security Forces, Total</b>	<b>689.58</b>	<b>728.45</b>
Sustainment, Total	376.61	437.91
Aircraft Sustainment	177.19	134.39
Personnel	63.23	115.56
All Other	136.18	187.96
Infrastructure, Total	41.59	21.13
Equipment and Transportation, Total	69.37	153.81
Training and Operations, Total	202.02	115.60

Note: 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; Fiscal Year 2019, Afghanistan Security Forces Fund (ASFF), Line Item Detail, last modified 6/21/2019; Department of Defense Budget, Fiscal Year 2020, Justification for FY 2020 Overseas Contingency Operations, Afghanistan Security Forces Fund, 3/2019.

# 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.<sup>44</sup> CERP-funded projects may not exceed \$2 million each.<sup>45</sup>

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; nearly \$1.12 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 June 30, 2019, and September 30, 2019, as shown in Figure 3.11.<sup>46</sup>

FIGURE 3.10

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

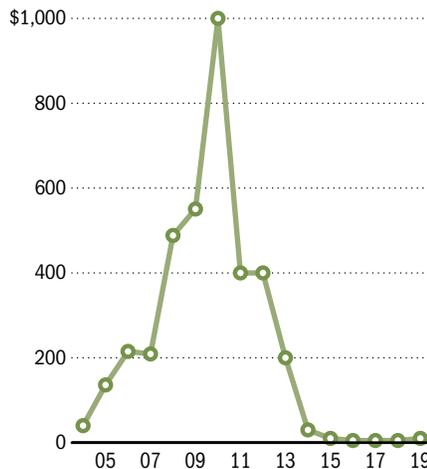
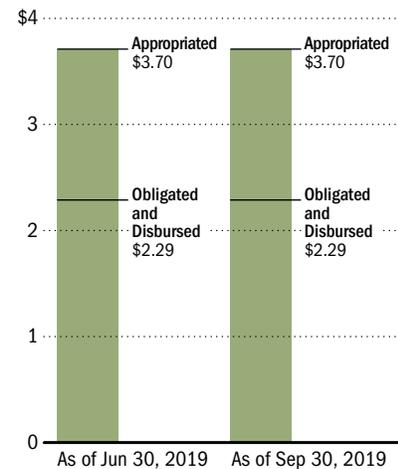


FIGURE 3.11

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



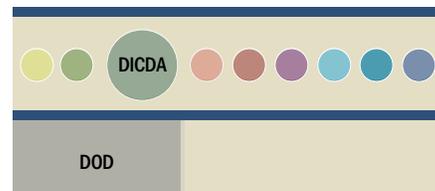
Note: Numbers have been rounded. Data may include interagency transfers. Analysis includes data from a draft DOD financial report because the final version had not been completed when this report went to press.

Source: DOD, response to SIGAR data call, 10/17/2019 and 7/15/2019; 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 counterterrorism operations in country.<sup>47</sup>

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, but withdrew \$122.18 million of these funds in the quarter ending September 30, 2019, which resulted in a net amount transferred of \$10.18 million for FY 2019.<sup>48</sup> Figure 3.12 shows DICDA appropriations by fiscal year, and Figure 3.13 provides a cumulative comparison of amounts appropriated and transferred from the CD CTA.<sup>49</sup>



### 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)

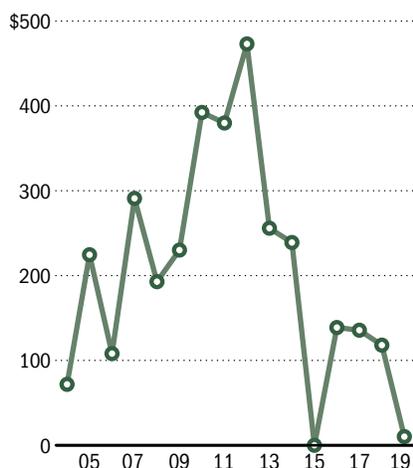
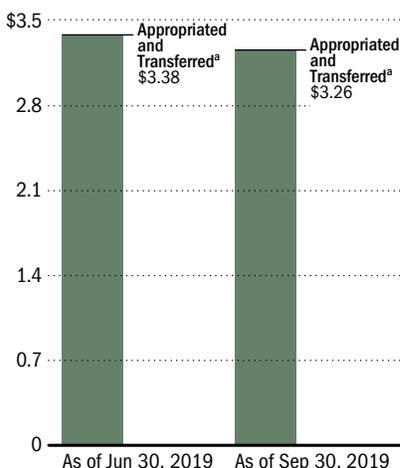


FIGURE 3.13

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

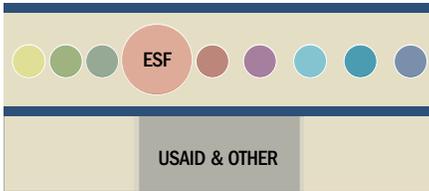


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DICDA due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DICDA.

<sup>a</sup> DOD reprograms all DICDA funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data call, 10/9/2019 and 7/9/2019; 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.<sup>50</sup>

The ESF was allocated \$500.00 million for Afghanistan for FY 2018 through the Section 653(a) consultation process between Congress and the Department of State concluding in the quarter ending September 30, 2018. 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 more than \$19.60 billion had been obligated and nearly \$17.02 billion had been disbursed as of September 30, 2019.<sup>51</sup> Figure 3.14 shows ESF appropriations by fiscal year, and Figure 3.15 shows cumulative appropriations, obligations, and disbursements as of June 30, 2019, and September 30, 2019.

FIGURE 3.14

ESF APPROPRIATIONS BY FISCAL YEAR  
(\$ BILLIONS)

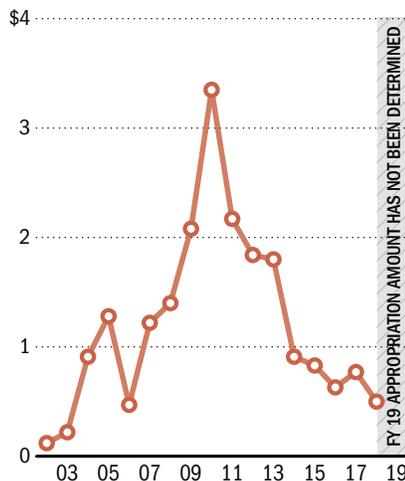
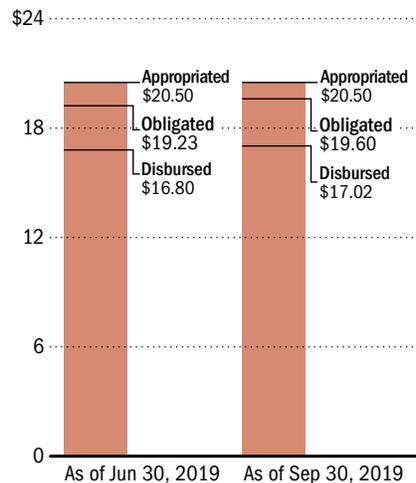


FIGURE 3.15

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.

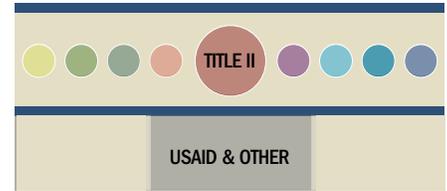
Source: USAID, response to SIGAR data call, 10/16/2019, 7/11/2019, and 10/15/2018; State, response to SIGAR data call, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

## 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.<sup>52</sup>

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.<sup>53</sup>

The Office of Food for Peace reports that it 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 obligated nearly \$101.15 million in IDA funds in FY 2019.<sup>54</sup> Figure 3.17 indicates that nearly \$1.10 billion in Title II funds have been appropriated and transferred to Afghanistan programs from 2002 through September 30, 2019, and Figure 3.16 presents annual appropriations over this period.<sup>55</sup>



### TITLE II FUNDS TERMINOLOGY

**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)

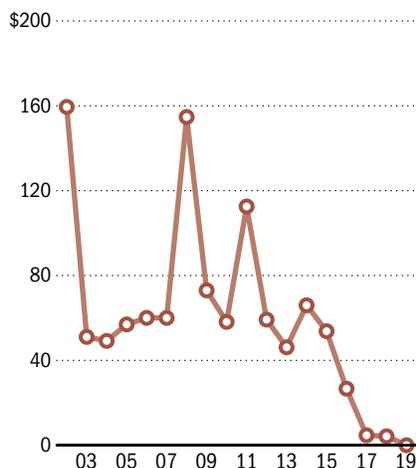
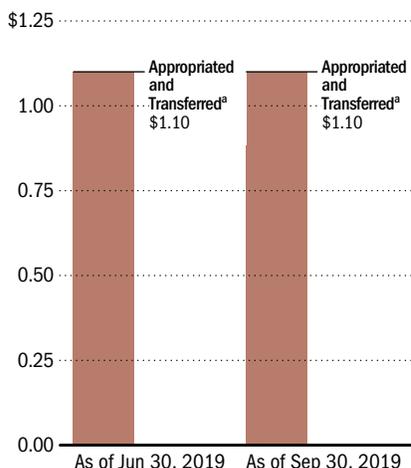


FIGURE 3.17

**TITLE II FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)

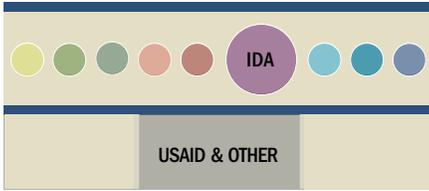


Note: Numbers have been rounded. No FY 2019 appropriations have yet occurred.

<sup>a</sup> 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, 10/17/2019 and 7/18/2019.

# 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.<sup>56</sup> 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.<sup>57</sup>

USAID reported that nearly \$973.83 million in IDA funds had been allocated to Afghanistan from 2002 through September 30, 2019, with obligations of more than \$943.36 million and disbursements of more than \$765.49 million reported as of that date. Separately, OFDA reported that nearly \$518.11 million in IDA funds had been awarded to programs in Afghanistan from 2002 through September 30, 2019, with more than \$50.88 million obligated in FY 2019.<sup>58</sup> Figure 3.18 presents annual appropriations of IDA funds to Afghanistan. Figure 3.19 presents cumulative appropriations, obligations, and disbursements.<sup>59</sup>

FIGURE 3.18

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

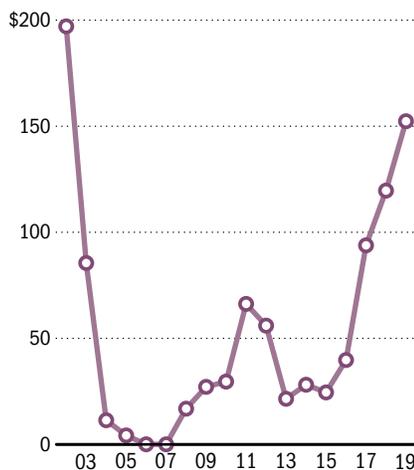
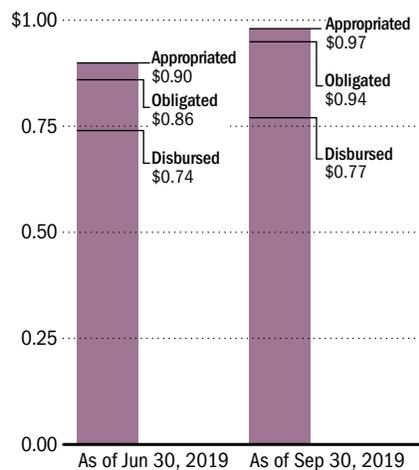


FIGURE 3.19

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



Note: Numbers have been rounded. Data may include interagency transfers.  
Source: USAID, response to SIGAR data call, 10/16/2019 and 7/11/2019.

## 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.<sup>60</sup>

The INCLE account was allocated \$160.00 million for Afghanistan for FY 2018 through the Section 653(a) consultation process between Congress and the Department of State concluding in the quarter ending September 30, 2018. 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 \$5.09 billion has been obligated and more than \$4.42 billion has been disbursed as of September 30, 2019. Figure 3.20 shows INCLE appropriations by fiscal year, and Figure 3.21 shows cumulative appropriations, obligations, and disbursements as of June 30, 2019, and September 30, 2019.<sup>61</sup>



### INCLE 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)

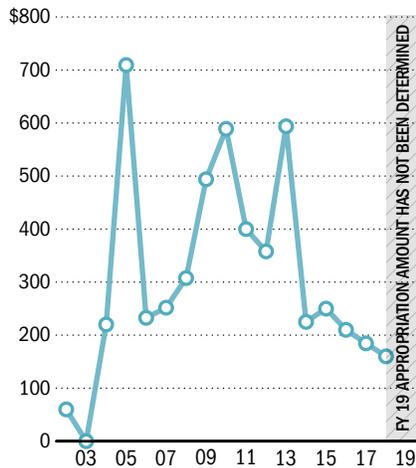
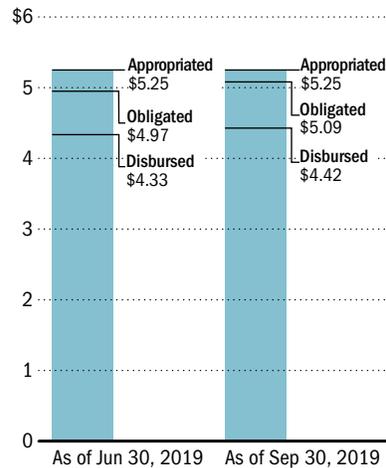


FIGURE 3.21

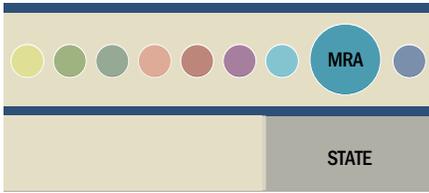
**INCLE FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)



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

Source: State, response to SIGAR data call, 10/10/19 and 7/11/2019.

# 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.<sup>62</sup>

The MRA allocation for Afghan refugees, internally displaced persons, and returnees was nearly \$77.19 million for FY 2018 and nearly \$85.40 for FY 2019. Cumulative appropriations since 2002 totaled more \$1.42 billion as of September 30, 2019, with cumulative obligations and disbursements reaching nearly \$1.42 billion and nearly \$1.40 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 June 30, 2019, and September 30, 2019.<sup>63</sup>

FIGURE 3.22

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

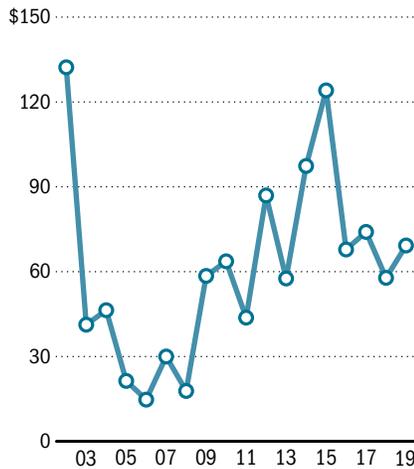
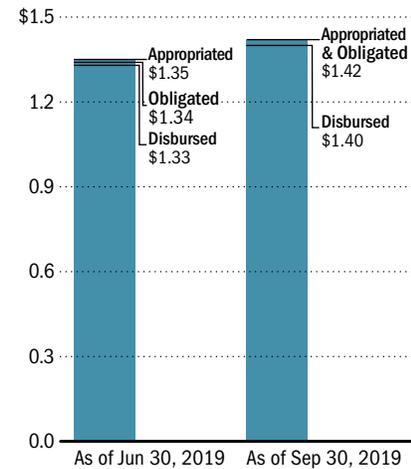


FIGURE 3.23

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

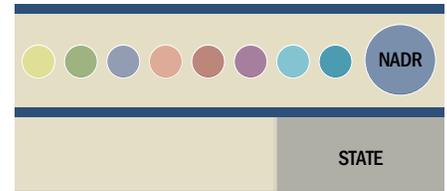


Note: Numbers have been rounded. Data may include interagency transfers.  
Source: State, response to SIGAR data call, 10/16/2019 and 7/12/2019.

## 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.<sup>64</sup> 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).<sup>65</sup>

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.<sup>66</sup> 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 June 30, 2019, and also September 30, 2019.<sup>67</sup>



### 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)

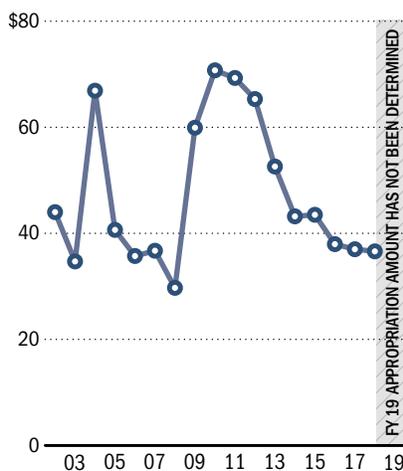
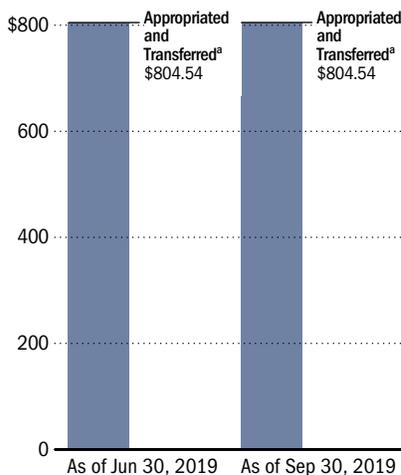


FIGURE 3.25

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



Note: Numbers have been rounded.

<sup>a</sup> 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.

# STATUS OF FUNDS

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

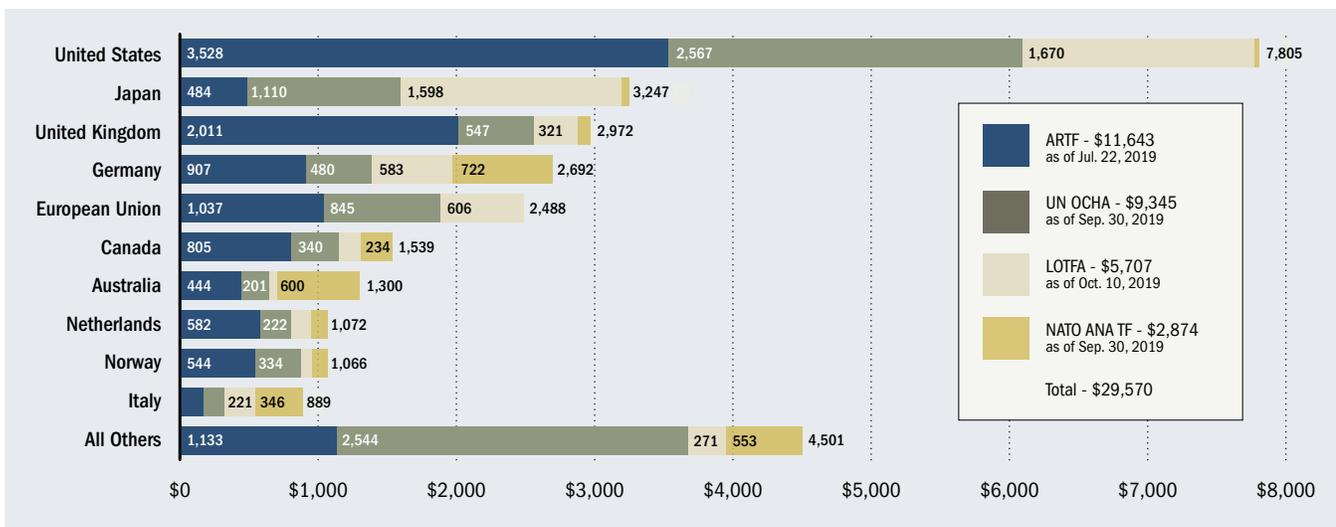
The international community provides significant funding to support Afghanistan relief and reconstruction efforts. A large share of the international funding is administered through multilateral trust funds. The four main multilateral trust funds are the World Bank-managed Afghanistan Reconstruction 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 emergency appeals and annual or multi-year humanitarian response plans 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 July 22, 2019, the World Bank reported that 34 donors had paid in more

FIGURE 3.26

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



Note: Amounts under \$200 million are not labeled. The chart does not include the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF), which had disbursed \$275 million to projects as of March 31, 2019 through contributions from its development partners the NATO ANA Trust Fund, Germany, Japan, the United Kingdom, and the United States.

Source: World Bank, ARTF: Administrator's Report on Financial Status as of July 22, 2019 (end of 7th month of FY 1398) at [www.artf.af](http://www.artf.af), accessed 10/4/2019; UN OCHA, Financial Tracking Service at <https://fts.unocha.org>, accessed 9/30/2019; UNDP, LOTFA Receipts 2002–2019 and LOTFA MPTF Receipts 2002–2019, updated through 10/10/2019, in response to SIGAR data call 10/13/2019; NATO, Afghan National Army (ANA) Trust Fund, Status of Contributions Made as of 30 September 2019, in response to SIGAR data call 10/10/2019; ADB, AITF Development Partners and Commitments to AITF as of 31 March 2019, in response to SIGAR data call 7/23/2019.

# STATUS OF FUNDS

than \$11.64 billion.<sup>68</sup> Figure 3.26 shows the five largest donors over this period as the United States, the UK, the European Union, Germany, and Canada. Figure 3.27 shows that these five sources 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.<sup>69</sup> The RC Window is used to assist the Afghan government with recurrent costs such as civil servants’ salaries.<sup>70</sup> To ensure that the RC Window receives adequate funding, donors to the ARTF may not “preference” (earmark) more than half of their annual contributions.<sup>71</sup> As of July 22, 2019, according to the World Bank, nearly \$5.05 billion of ARTF funds had been disbursed to the Afghan government through the RC Window.

The Investment Window supports development programs. As of July 22, 2019, according to the World Bank, nearly \$5.59 billion had been committed through the Investment Window, and more than \$4.67 billion had been disbursed. The Bank reported 36 active projects with a combined commitment value of more than \$2.54 billion, of which nearly \$1.63 billion had been disbursed.<sup>72</sup>

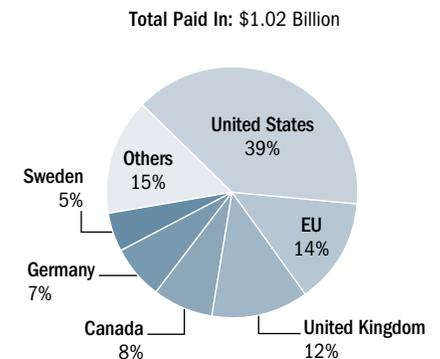
## Contributions to UN OCHA-Coordinated Humanitarian Assistance Programs

The UN’s Office for the Coordination of Humanitarian Affairs (OCHA) leads emergency appeals and annual or multi-year humanitarian response plans for Afghanistan, and provides timely reporting of humanitarian assistance provided by donors to facilitate funding of targeted needs. Donors have contributed nearly \$9.35 billion to humanitarian-assistance organizations from 2002 through September 30, 2019, as reported by OCHA. OCHA-led annual humanitarian response plans and emergency appeals for Afghanistan accounted for nearly \$6.28 billion, or 67.2%, 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 \$534.13 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.<sup>73</sup>

FIGURE 3.27

**ARTF CONTRIBUTIONS BY DONOR, AFGHAN FY 1397 (PERCENT)**

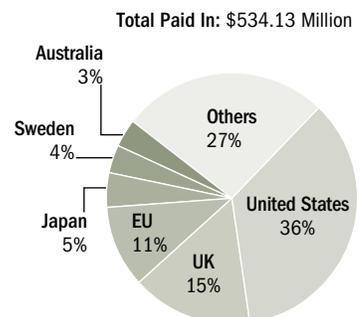


Note: Percentages may not add to 100% due to rounding. “Others” includes 10 donors.

Source: World Bank, ARTF: Administrator’s Report on Financial Status as of July 22, 2019 (end of 7th month of FY 1398) at [www.artf.af](http://www.artf.af), accessed 10/4/2019.

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 23 national governments and 12 other entities.

Source: UN OCHA, Financial Tracking Service at <https://fts.unocha.org>, accessed 9/30/2019.

# 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 SEPTEMBER 30, 2019 (\$ MILLIONS)**

<b>United Nations Organizations</b>	<b>Receipts</b>
World Food Programme (WFP)	\$2,975.24
United Nations High Commissioner for Refugees (UNHCR)	1,183.70
United Nations Children's Fund (UNICEF)	474.15
United Nations Mine Action Service (UNMAS)	333.34
International Organization for Migration (UN IOM)	254.39
Food and Agricultural Organization (UN FAO)	196.80
Office for the Coordination of Humanitarian Affairs (UN OCHA)	139.73
World Health Organization (WHO)	106.04
<b>Nongovernmental Organizations</b>	
International Committee of the Red Cross	707.79
Norwegian Refugee Council	167.14
HALO Trust	111.03
Save the Children	91.33
<b>All Other and Unallocated</b>	<b>2,604.68</b>
<b>Total Humanitarian Assistance Reported by OCHA</b>	<b>\$9,345.36</b>

Source: UN OCHA, Financial Tracking Service at <https://fts.unocha.org>, accessed 9/30/2019.

## 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).<sup>74</sup> 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 concluded on June 30, 2018.

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

# STATUS OF FUNDS

has expanded its mission beyond managing 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; donations of more than \$85.07 million have been received from six donors, led by Canada, Denmark, the UNDP, and the UK (but without financial participation from the United States).<sup>75</sup>

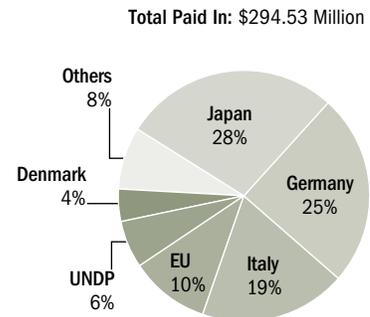
Donors have paid in nearly \$5.71 billion to the two LOTFA funds from 2002 through October 10, 2019. Figure 3.26 shows the fund's two largest donors on a cumulative basis have been the United States and Japan. Figure 3.29 shows the largest donors to the LOTFA in 2018. Annual contributions to LOTFA have been halved since 2016, from nearly \$565.02 million to nearly \$294.53 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 \$0.95 million in 2019.<sup>76</sup>

## 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).<sup>77</sup> The Fund has received contributions from 29 NATO members, including the United States, and from six other Coalition partners totaling more than \$2.87 billion through September 30, 2019.<sup>78</sup> Figure 3.26 shows Germany, Australia, and Italy as the three largest contributors to the fund. The United States made its first contribution in FY 2018 to support two projects under an existing procurement contract.<sup>79</sup>

FIGURE 3.29

### LOTFA CONTRIBUTIONS BY DONOR, CALENDAR YEAR 2018 (PERCENT)



Note: Numbers have been rounded. "Others" includes the United States and seven other countries that made contributions to the two LOTFA funds.

Source: UNDP, LOTFA Receipts 2002–2019 and LOTFA MPTF Receipts 2002–2019, updated October 10, 2019, in response to SIGAR data call, 10/13/2019.

# SECURITY CONTENTS

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## SECURITY

### KEY ISSUES AND EVENTS

This quarter saw heavy fighting among all parties to the Afghan conflict, as President Donald J. Trump called off peace negotiations with the Taliban after the insurgents claimed an attack that killed a U.S. soldier on September 5, and as the Afghan government carried out its late-September presidential election.<sup>80</sup>

United States Forces-Afghanistan (USFOR-A) told SIGAR this quarter that Afghan National Defense and Security Forces (ANDSF) efforts to secure the Afghan presidential election on September 28 resulted “in less violence than expected” and emphasized that the ANDSF’s provision of security enabled the election to go forward. However, Taliban efforts to violently subvert the election resulted in low voter turnout, and over 1,000 polling places were reportedly closed due to security concerns.<sup>81</sup> The Taliban targeted election facilities and candidates’ political rallies in several fatal attacks.<sup>82</sup> The insurgents also attacked key transportation, telecommunications, and power infrastructure to impede election preparations and civilian participation.<sup>83</sup>

This quarter’s security activity caused civilian casualties to spike. The United Nations Assistance Mission in Afghanistan (UNAMA) reported a record high number of civilian casualties from July through September (4,313), representing a 42% increase compared to the same period in 2018. Resolute Support (RS) also reported a 39% increase in civilian casualties from June–September 2019, compared to the same period in 2018. Both UNAMA and RS said the increase in civilian casualties was due to a high number of terrorist and insurgent attacks prior to the presidential elections that included the use of improvised explosive devices.<sup>84</sup>

Operations by all the parties to the conflict this quarter also led to high combat casualties. According to RS, the NATO command in Afghanistan, from June 1 through August 31, 2019, ANDSF total casualties increased by approximately 5% when compared to the same period last year.<sup>85</sup> Additionally, according to the Department of Defense (DOD), seven American service members were killed in action (KIA) in Afghanistan from July 16 to October 16, bringing the 2019 total to 17 KIA and 124 wounded in action, the highest annual number of U.S. combat casualties in Afghanistan in the last five years.<sup>86</sup>



**Secretary of Defense** Mark Esper meets with President Ashraf Ghani in Kabul in October. (DOD photo)

FIGURE 3.30



Note: Fatalities are estimates and only include the number of the opposing party (or civilians when indicated) killed.

Source: ACLED, South Asia 2016–Present dataset, 7/17/2019–10/12/2019, available online at <https://www.acleddata.com/>; SIGAR, analysis of ACLED data, 10/2019; New York Times, “Afghan Village of 70 Families Faces Ruin With Mosque Massacre,” 10/19/2019.

For a list of this quarter’s major high-casualty incidents, see Figure 3.30.

Insurgent casualties have also reportedly been high. Secretary of State Michael Pompeo stated that U.S. and Afghan operations inflicted 1,000 insurgent casualties from August 28 to September 8, and President Ashraf Ghani reported 2,000 from September 6 to 13.<sup>87</sup> However, SIGAR cannot verify these figures nor provide a reliable number for insurgent casualties inflicted over the quarter. USFOR-A said an increase in Afghan Special Security Forces (ASSF) ground operations and U.S. air strikes heightened insurgent casualties this quarter.<sup>88</sup>

According to NATO Special Operations Component Command-Afghanistan (NSOCC-A), the 2,531 ground operations conducted by ASSF from January–September 2019 have already outpaced the total for all of 2018 (2,365).<sup>89</sup> Additionally, U.S. Air Forces Central Command (AFCENT) reported that September 2019 saw more munitions released (948) during U.S. and Coalition air missions than in any month since October 2010. The numbers of munitions released January through September 2019 (5,431) increased by 4% compared to the same period last year.<sup>90</sup>

The Combined Security Transition Command-Afghanistan (CSTC-A) continued to report on changes to ANDSF personnel strength as it supports the Afghan Ministry of Defense (MOD) and Ministry of Interior (MOI) transition to using the Afghan Personnel and Pay System (APPS) to better manage, generate payroll for, and account for ANDSF personnel. According to CSTC-A, as of July 28, 2019, there were 162,415 personnel in the Afghan National Army (ANA) and 91,435 in the Afghan National Police (ANP), for a total 253,850 ANDSF personnel in APPS. These figures reflect 18,454 fewer ANA and 161 fewer ANP than the assigned strength numbers reported to SIGAR last quarter.<sup>91</sup> CSTC-A said this decrease in strength reflects the number ANDSF personnel biometrically enrolled and eligible for pay in APPS and that “changes in personnel eligible for pay from one quarter to another do not directly translate to a change in actual ... strength of the ANDSF.” The APPS-based reporting of ANDSF strength will continue to change as the MOD, MOI, and CSTC-A work to correct and complete key personnel data in APPS.<sup>92</sup> For more information about ANDSF strength and APPS changes this quarter, see pages 77–82.

## ANDSF Data Classified or Not Publicly Releasable

USFOR-A continued to classify or otherwise restrict from public release the following types of data, due to Afghan government classification guidelines or other restrictions (mostly since October 2017):<sup>93</sup>

- most 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

- some Special Mission Wing (SMW) information, including the number and type of airframes in the SMW inventory, the number of pilots and aircrew, and the operational readiness (and associated benchmarks) of SMW airframes
- 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 information USFOR-A classified or restricted from public release.

## U.S. Reconstruction Funding for Security

As of September 30, 2019, the U.S. Congress had appropriated nearly \$82.55 billion to help the Afghan government provide 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 52), nearly \$2.01 billion had been obligated and nearly \$1.65 billion disbursed as of September 30, 2019.<sup>94</sup>

In 2005, Congress established the ASFF to build, equip, train, and sustain the ANDSF, which comprises all forces under the MOD and 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 ALP falls under the authority of the MOI, but is not included in the authorized ANDSF force level that donor nations have agreed to fund; only the United States and Afghanistan fund the ALP. 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 Tables 3.3 and 3.4 on pages 52–53.<sup>95</sup>

ASFF funds are obligated by either CSTC-A or the Defense Security Cooperation Agency. Funds that CSTC-A provides to the Afghan government to manage (on-budget) are provided directly to the Ministry of Finance. The Ministry of Finance then transfers those funds to the MOD and MOI based on submitted funding requests.<sup>96</sup>

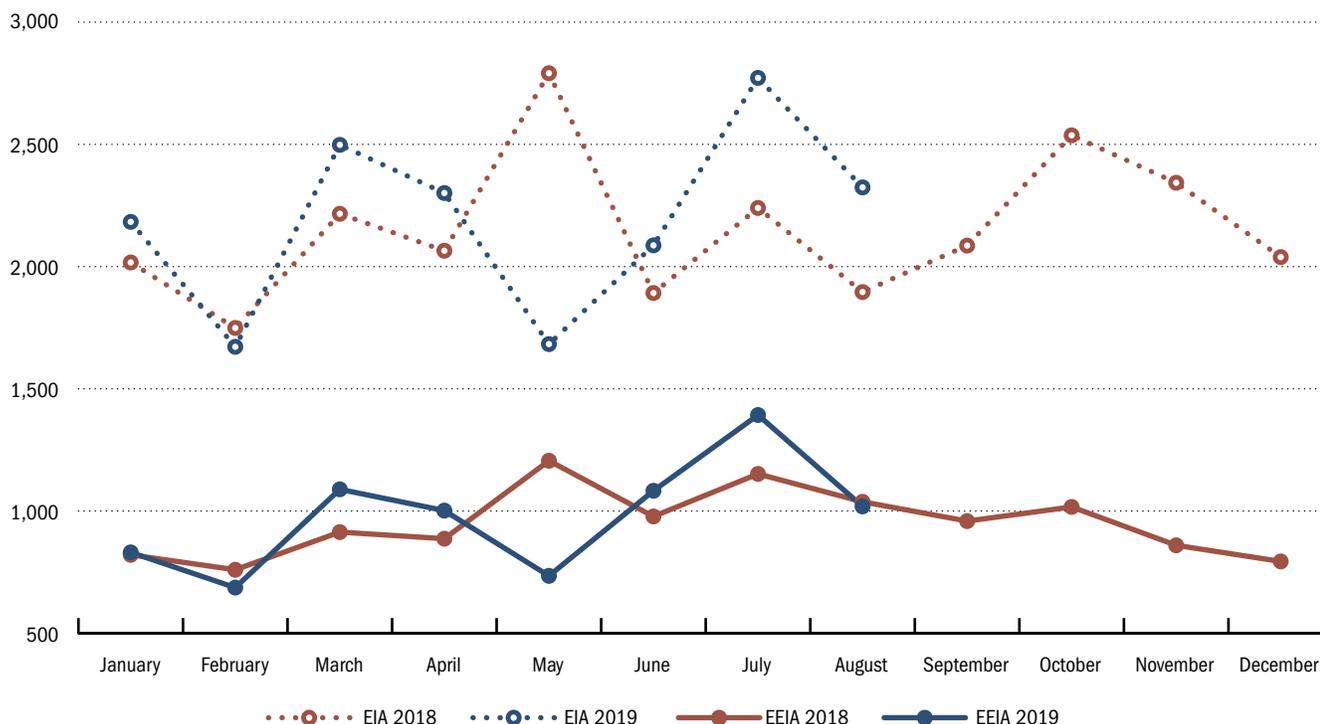
Unlike with the ANA, a significant share of ANP personnel costs is paid through the United Nations Development Programme's multidonor Law and Order Trust Fund for Afghanistan (LOTFA), to which the United States has historically been, but is no longer, the largest contributor.<sup>97</sup> A discussion of on-budget (Afghan-managed) and off-budget (U.S.-managed) expenditures of ASFF is found on pages 115–117.

## Security-Incident Data

Every quarter, SIGAR tracks and analyzes security-incident data from different sources to provide a robust account of the security situation

# SECURITY

FIGURE 3.31  
COMPARING 2018 AND 2019 RS-REPORTED ENEMY-INITIATED ATTACKS



Note: RS provided the caveat that a small proportion of EIA and EEIA are not included in these totals due to a lag in Afghan operational reporting.  
Source: RS, response to SIGAR data call 9/19/2019.

in Afghanistan and activity between the parties to the conflict. This data shows trends including where security-related activity is concentrated in the country and at what levels it is occurring over certain periods of time.

Each type of incident data has advantages and limitations: RS-reported enemy-initiated attack data is the only remaining unclassified data from an official source tracking security trends in Afghanistan. It is unclassified only at the provincial level and does not include U.S. and Coalition-initiated attacks on the enemy. Open-source 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 parties to the conflict, but depends almost entirely on media reporting of political and security-related incidents. For consistency with RS's enemy-initiated attacks data, SIGAR presents its analysis of ACLED's data at the provincial level and during RS's reporting period.

## Enemy-Initiated Attacks

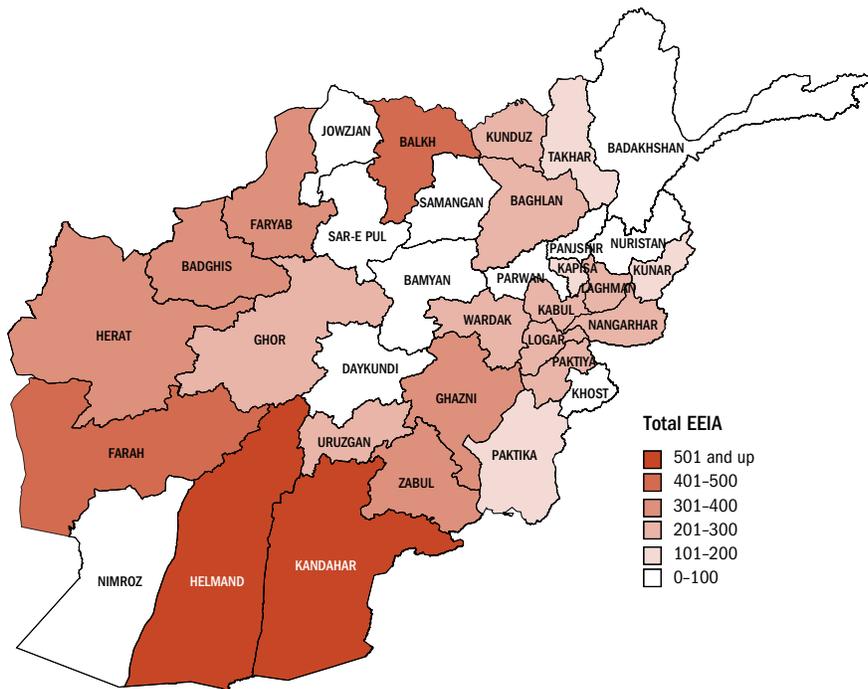
This quarter's **enemy-initiated attacks (EIA)** data show that enemy violence in Afghanistan increased this summer compared to last summer.

**Enemy-initiated attacks (EIA):** are "all attacks (direct fire, indirect fire, surface-to-air fire, IED, and mine explosions, etc.) initiated by insurgents that the ANDSF and RS consider to be [significant activities] (SIGACTs)."

Source: RS, response to SIGAR vetting, 4/12/2019.

FIGURE 3.32

## RS-REPORTED EFFECTIVE ENEMY-INITIATED ATTACKS IN 2019



Note: The date range of the data is January 1–August 31, 2019. The total EEIA for that period was 7,839. RS provided the caveat that a small proportion of EEIA are not included in this total due to a lag in Afghan operational reporting.

Source: RS, response to SIGAR data call, 10/3/2019; SIGAR analysis of RS-provided data, 10/2019.

RS reported 7,183 EIA this quarter (June 1–August 31, 2019), with most attacks occurring in the south, west, and northwest of the country. Seen in Figure 3.31, this period’s figures reflect a 19% increase compared to the same period in 2018, and an 11% increase from the preceding three months (March 1–May 31, 2019).<sup>98</sup>

Roughly half of the 3,495 EIA this quarter (49% from June 1–August 31) were considered “effective” **enemy-initiated attacks (EEIA)** that resulted in ANDSF, Coalition, or civilian casualties. Enemy attacks have been more effective this quarter than they were during the preceding months of this year (42% effective from January–May 2019). EEIAs this quarter increased by 10% compared to the same period in 2018 and by 24% compared to last quarter (March 1–May 31, 2019).<sup>99</sup>

The geographic distribution so far this year shows that most EEIA occurred in the south as well as the north and west. As seen in Figure 3.32, Helmand Province had the most EEIA (1,056), followed by Kandahar (533), Farah (449), Balkh (401), and Herat (395) Provinces.<sup>100</sup> The most common methods of EEIA in 2019 have been direct fire (76%), followed by IED explosions (17%), and indirect fire (5%), and mine strikes (2%). This is in

### Effective enemy-initiated attacks (EEIA):

enemy-initiated attacks that result in combat-related ANDSF, Coalition force, or civilian casualties and are reported as SIGACTs. Effective enemy-initiated attacks are a subset of all reported enemy-initiated attacks.

Source: RS, response to SIGAR vetting, 4/12/2019.

line with trends reported last quarter and last year. RS provided the caveat that a small proportion of EIA and EEIA are not included in the reported totals due to a lag in Afghan operational reporting.<sup>101</sup>

## What is ACLED?

The Armed Conflict Location & Event Data Project (ACLED) is “a disaggregated conflict collection, analysis, and crisis-mapping project” funded by the State Department. The project collects the dates, actors, types of violence, locations, and fatalities of all political violence, protest, and select nonviolent, politically important incidents across several regions, as reported from open, secondary sources. ACLED aims 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),” 4/2019, pp. 6–7, accessed online on 4/22/2019, available at <https://www.acleddata.com>.

## ACLED-Recorded Incidents

ACLED-recorded 4,005 political-violence and protest incidents this quarter (June 1–August 31, 2019), a 61% increase compared to the same period last year, with incidents concentrated in southern and eastern Afghanistan.<sup>102</sup> The data show that this significant year-on-year change was mainly driven by an increase in the number of battles recorded this quarter: 2,530 versus 1,579 recorded during June–August 2018. ACLED defines a battle as “a violent interaction between two politically organized armed groups at a particular time and location,” such as armed clashes or the government or non-state actors taking territory. Battles can occur between armed and organized state, non-state, and external groups, or in any such combination.<sup>103</sup>

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, 63%; explosions/remote violence, 32%; violence against civilians, 3%). Comparatively, violent activity made up 93% of the recorded incidents during the same period last year.<sup>104</sup>

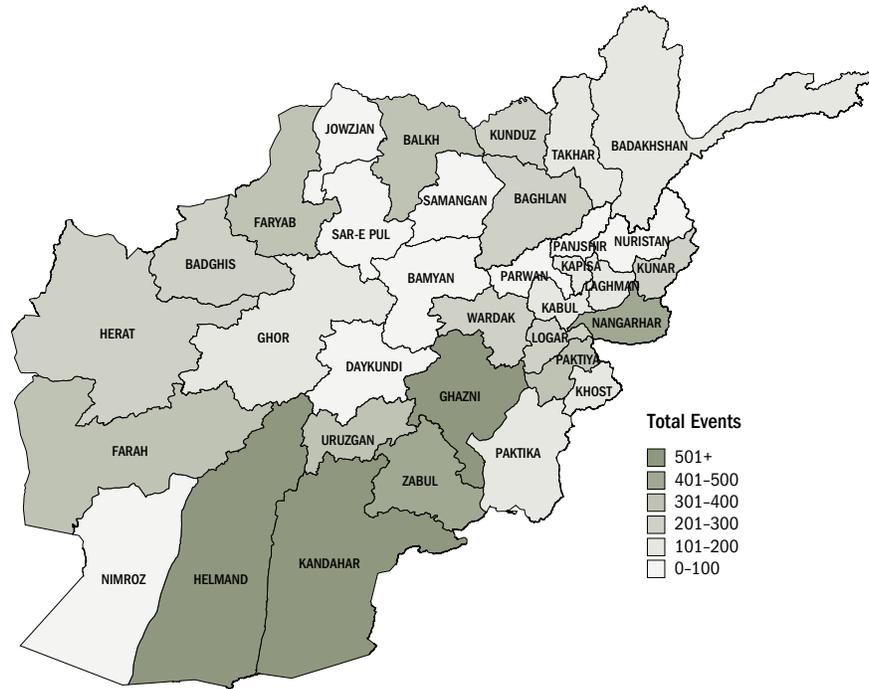
The geographical distribution of ACLED-recorded incidents thus far in 2019 shows the provinces with the most incidents shifted slightly compared to the same period in 2018. As shown in Figure 3.33, in 2019 (through August 31), Helmand Province has had the most incidents (935), followed by Kandahar (773), Ghazni (770), Nangarhar (465), and Zabul (434); the same period last year saw Nangarhar with the most incidents (853), then Ghazni (536), Helmand (447), Uruzgan (329), and Faryab (275). RS’s enemy-initiated attacks and ACLED’s incident data align in that they show Helmand and Kandahar as having the most EEIA and incidents, respectively, from January through August 2019.<sup>105</sup>

## Civilian Casualties

SIGAR analyzes Afghan civilian-casualty data from two different sources, UNAMA and RS. These organizations use different methodologies to collect civilian-casualty data, with the result that RS consistently reports fewer civilian casualties than UNAMA. However, comparing both sources, including the overall increase or decrease of civilian casualties, the breakdown of casualties by type, and the breakdown of casualties by party attribution, can provide helpful insights into civilian-casualty trends over similar reporting periods.

FIGURE 3.33

## ACLED-RECORDED INCIDENTS IN 2019



Note: The date range of the data is January 1–August 31, 2019. The total incidents for that period was 8,527.  
 Source: Armed Conflict Location & Event Data Project (ACLED), South Asia 2016 Present dataset, 1/1/2019–8/31/2019, available online at <https://www.acleddata.com>; SIGAR, analysis of ACLED data, 10/2019.

### UNAMA: Civilian Casualties

UNAMA documented a higher number of civilian casualties in Afghanistan from July 1 through September 30, 2019, than in any quarter since documentation began in 2009. In July, UNAMA documented the highest number of civilian casualties that the Mission has ever recorded in a single month. The 4,313 civilian casualties that UNAMA reported during this period represent a 42% increase compared to the same period in 2018. The casualties included 1,174 deaths and 3,139 injuries.<sup>106</sup>

UNAMA’s civilian-casualty data this quarter reflects the high level of violence surrounding the September 28 presidential election, particularly from Taliban attacks targeting election-related sites and activities. However, the higher level of overall civilian casualties this year was not solely due to election-related violence. UNAMA found that civilian casualties were “significantly lower” during this year’s election compared to the 2018 parliamentary elections, but higher than on the polling days for the first and second round of the presidential election in 2014.<sup>107</sup>

Election-related violence this year caused 458 civilian casualties (85 deaths and 373 injuries), including 277 civilian casualties (28 deaths

### UNAMA Collection Methodology

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

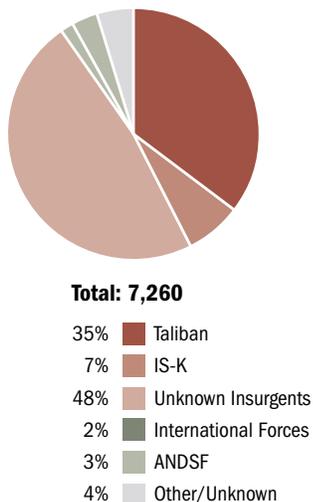
Source: UNAMA, Protection of Civilians in Armed Conflict, 3/6/2018, i-ii; 1/2010, p. 35; 2/11/2009, pp. 4–5; and 8/2015, p. 4.

**Election-related violence:** UNAMA defines “election-related violence” as “incidents of the armed conflict in which the target of the attacks are individuals engaged in or objects related to election processes.” The civilian casualties they attribute to election-related violence were collected from the beginning of the “top-up” voter registration period on June 8 through September 30, 2019, two days after polling day. These casualties were verified according to UNAMA’s usual civilian casualty methodology, which requires a minimum of three different, independent source types.

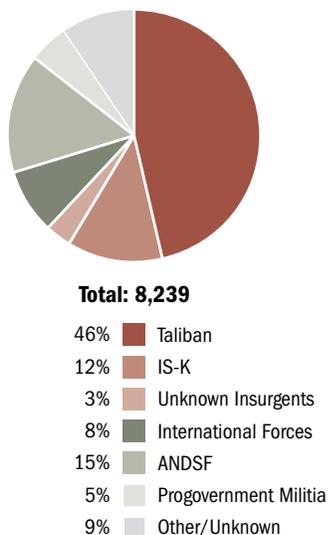
Source: UNAMA, Afghanistan Protection of Civilians in Armed Conflict Special Report: 2019 Election-Related Violence, 10/2019, p. 2.

FIGURE 3.34

## RS CIVILIAN CASUALTIES BY PARTY ATTRIBUTION



## UNAMA CIVILIAN CASUALTIES BY PARTY ATTRIBUTION



Note: Data is from January 1 through September 30, 2019. Casualties include dead and wounded. "Other/unknown" for UNAMA data includes civilian casualties resulting from crossfire. "Progovernment militia" includes casualties attributed to unknown and multiple progovernment forces. "Unknown insurgent" includes casualties attributed to undetermined antigovernment elements. "Other/unknown" for RS data civilian casualties caused by undetermined elements, local militia, and the Pakistani military.

Source: RS, response to SIGAR data call, 10/3/2019 and 6/21/2019; RS, response to SIGAR vetting, 7/12/2019; UNAMA, Quarterly Report on the Protection of Civilians in Armed Conflict: 1 January through 30 September 2019, 10/17/2019, p. 12; SIGAR, analysis of UNAMA and RS-provided data, 10/2019.

and 249 injured) on polling day. UNAMA reported its particular concern that over one-third of all civilian casualties on polling day in 2019 were children. They attributed to the Taliban more than 80% of total civilian casualties of election-related violence in 2019, and 95% of civilian casualties from violence on polling day.<sup>108</sup>

UNAMA attributed the majority of this year's overall civilian casualties from January 1 through September 30 to antigovernment elements (62%, or 5,117 casualties). There was a notable increase in casualties attributed to the Taliban as opposed to other groups. UNAMA attributed 3,823 civilian casualties (46% of the total) to the Taliban in the first nine months of 2019, an increase of 31% from the same period in 2018. However, comparing just this reporting period (July, August, and September) to the same period in 2018, civilian casualties attributed to the Taliban more than tripled.<sup>109</sup>

The significant increase in civilian casualties this quarter was attributed to suicide and non-suicide IED attacks by antigovernment elements, primarily the Taliban. During the months of July, August, and September, UNAMA documented an alarming 72% increase in civilian casualties caused by IEDs compared to the same period in 2018.<sup>110</sup>

## RS Civilian Casualties Data

RS said Afghanistan experienced 4,554 civilian casualties, a 39% increase in the number of civilian casualties from June 1 through September 30, 2019, compared to the same period last year, reversing the decline reported earlier this year.<sup>111</sup> Like UNAMA, RS said the increase in civilian casualties was due to a high number of terrorist and insurgent attacks prior to the presidential elections that included the use of improvised-explosive-devices (IEDs).<sup>112</sup>

RS reported that the majority of the civilian casualties from June through September have been caused by IEDs (60%), followed by direct fire (21%), and indirect fire (9%), compared to trends for the preceding months of 2019 that showed the causes as IEDs (43%), direct fire (25%), and indirect fire (13%).<sup>113</sup>

This quarter's figures bring RS-reported civilian casualties in 2019 (January 1–September 30) to 7,260. This reflects a 6% increase compared to civilian casualties incurred during the same period in 2018.<sup>114</sup> According to RS, July and September were the most violent months so far this year, which saw 1,437 and 1,292 civilian casualties, respectively.<sup>115</sup> This quarter's figures shifted the provinces with the highest civilian casualties this year when adjusted for population. Table 3.6 shows that Zabul, Logar, and Nangarhar have been the most dangerous for civilians thus far in 2019 (last quarter it was Helmand, Nuristan, and Nangarhar).<sup>116</sup>

RS attributed about 91% of the casualties from January 1 through September 30 to antigovernment elements (48% to unknown insurgents, 35.5% to the Taliban, and 7% to IS-K). Only 5% were attributed to

TABLE 3.6

## RS-REPORTED CIVILIAN CASUALTIES: JANUARY–SEPTEMBER 2019

Province	Population	Total Casualties	Casualties Per Thousand	Province	Population	Total Casualties	Casualties Per Thousand
Zabul	374,440	221	0.59	Ghor	845,018	159	0.19
Logar	481,271	222	0.46	Parwan	817,955	140	0.17
Nangarhar	1,864,582	762	0.41	Herat	2,326,261	395	0.17
Laghman	552,694	205	0.37	Wardak	729,983	103	0.14
Kunar	551,469	181	0.33	Badghis	607,825	81	0.13
Farah	620,552	186	0.30	Sar-e Pul	690,566	85	0.12
Kapisa	540,051	155	0.29	Paktika	532,953	65	0.12
Paktiya	677,465	193	0.28	Takhar	1,208,745	118	0.10
Helmand	1,112,152	313	0.28	Balkh	1,633,048	151	0.09
Kandahar	1,512,293	417	0.28	Nimroz	202,488	16	0.08
Khost	704,149	187	0.27	Samangan	475,655	37	0.08
Kabul	5,452,652	1435	0.26	Jowzjan	656,187	51	0.08
Ghazni	1,507,262	393	0.26	Daykundi	561,651	27	0.05
Baghlan	1,120,511	284	0.25	Badakhshan	1,165,960	25	0.02
Kunduz	1,237,001	283	0.23	Panjshir	187,856	4	0.02
Nuristan	173,222	38	0.22	Bamyan	549,243	5	0.01
Faryab	1,226,475	240	0.20	<b>Total</b>	<b>33,329,050</b>	<b>7,260</b>	<b>Average 0.22</b>
Uruzgan	429,415	83	0.19				

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, 10/3/2019 and 12/20/2018; SIGAR, analysis of RS-provided data, 10/2019.

progovernment forces (2% to Coalition forces and 3% to the ANDSF) and 4% to other or unknown forces. As seen in Figure 3.34, while both UNAMA and RS attribute the majority of this year’s civilian casualties to antigovernment elements, they disagree on the proportion of casualties attributed to progovernment elements.<sup>117</sup>

USFOR-A commented this quarter: “Preventing civilian casualties remains a top priority for U.S. forces. USFOR-A takes extraordinary measures to reduce and mitigate civilian casualties. USFOR-A recognizes and respects its moral, ethical, and professional imperative to reduce and mitigate these casualties, consistent with the law of war. USFOR-A uses reports of civilian casualties to determine if and how such losses of life could have been averted and to evaluate and improve upon its ability to protect civilians in the future.”<sup>118</sup>

### 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.

## UNITED STATES FORCES-AFGHANISTAN

### U.S. Force Manning

According to DOD, as of October 23, 2019, there are approximately 13,000 U.S. forces in Afghanistan “supporting complementary missions to train, advise, and assist Afghan forces under the NATO Resolute Support Mission and to conduct counterterrorism operations.” DOD said that around 8,500 of those personnel serve under the RS mission.<sup>119</sup> The 13,000 assigned-strength number reflects a 1,000-person decrease from the 14,000 number cited for over a year. This change was reported after RS commander General Austin Scott Miller stated on October 21 that “unbeknownst to the public, as part of our [force] optimization over the last year ... we’ve reduced our authorized strength by 2,000 here.”<sup>120</sup> The exact authorized strength of U.S. forces in Afghanistan remains classified. DOD said “While the number of U.S. forces in Afghanistan fluctuates regularly due to troop rotations and conditions on the ground, there have been no changes to DOD’s mission or to our commitment to our security partnership with the Government of Afghanistan.”<sup>121</sup>

Secretary of Defense Mark Esper said on October 19 that any larger troop withdrawal would be “conditions based” and that he is “confident that we can go down to 8,600 [troops] without affecting our [counterterrorism] operations.” When asked whether DOD would draw troop levels down to 8,600 with or without a peace deal, Secretary Esper said, “I don’t want to get ahead of the diplomats on that front. I’m just saying I know what we can go down to and feel confident based on reports I’ve gotten from the commander on the ground.”<sup>122</sup>

### U.S. and Coalition Forces Casualties and Insider Attacks

According to DOD, seven U.S. military personnel were killed in action (KIA) and 64 were wounded in action (WIA), and one service member died in non-hostile circumstances in Afghanistan this reporting period (July 16, 2019–October 16, 2019). As of October 16, 2019, a total of 80 U.S. military personnel have died in Afghanistan (60 were KIA and 20 died in non-hostile circumstances) and 491 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, 2,429 U.S. military personnel have died (1,906 were KIA and 523 died in non-hostile circumstances) and 20,638 have been WIA.<sup>123</sup>

USFOR-A reported two confirmed insider attacks in which ANDSF personnel attacked U.S. and Coalition forces this quarter (June 1–August 31, 2019) that resulted in two military casualties. That brings this year’s total to three attacks that have resulted in four casualties. This is two more attacks and one more casualty compared to January 1–August 26, 2018. This year’s attacks and casualties are still fewer than the six insider attacks

that occurred during roughly the same period in 2017, in which there were 13 casualties.<sup>124</sup>

## AFGHAN NATIONAL DEFENSE AND SECURITY FORCES

### ANDSF Force Manning

#### ANDSF Personnel Strength

According to CSTC-A, as of July 28, 2019, there were 162,415 MOD and 91,435 MOI personnel, for a total ANDSF assigned strength of 253,850 personnel reported in the Afghan Personnel and Pay System (APPS). This does not include roughly 18,000 Afghan Local Police (ALP). This quarter's figures reflect a decrease of 18,615 reported personnel (18,454 fewer MOD and 161 fewer MOI) than the 272,465 APPS-derived ANDSF assigned strength reported for May 28, 2019 (also not including the ALP).<sup>125</sup>

Because this quarter's strength reflects the number of ANDSF personnel biometrically enrolled that also have other information in APPS required for pay, CSTC-A said the quarter-to-quarter decrease "do[es] not directly translate to a change in actual ... strength of the ANDSF."<sup>126</sup>

The decrease this quarter specifically was due to an MOD *shura* (conference) that involved a data-cleansing effort to improve the accuracy of MOD personnel (ANA, AAF, and ANA special forces) data in APPS. The *shura*

#### Assigned vs. Authorized Strength

Assigned strength is the reported number of personnel serving in a force, whereas authorized strength indicates the number of personnel authorized to serve in a force. MOD strength figures mainly include the ANA, Afghan Air Force (AAF), Afghan Border Force (ABF), Afghan National Civil Order Force (ANCOF), and ANA special forces. MOI strength figures include the ANP and ANP special forces.

APPS is the computerized personnel and payroll system from which CSTC-A now draws ANDSF assigned-strength numbers. It is designed to more accurately manage, generate payroll information, and account for ANDSF personnel. Since December 2018, DOD has reported APPS-based strength numbers to Congress in its semiannual report on *Enhancing Security and Stability in Afghanistan*. CSTC-A informed SIGAR last quarter that they switched to reporting the ANDSF's assigned strength as the number of personnel biometrically enrolled that also have other information in APPS required for pay rather than the number of personnel reported on-hand by ANDSF components, as it had done previously.

Since June 2019, only those ANDSF personnel who have the following requirements are counted toward the ANDSF assigned-strength figure:

- biometric enrollment (fingerprints, iris, and face scans stored separate from APPS in the Afghan biometric system)
- assignment to an authorized position in APPS
- other identifying data in their APPS records (biometric number, name, father's name, grandfather's name, ID card number, date of birth, and actual rank).

As CSTC-A, MOD, and MOI work to improve the accuracy of the ANDSF personnel records in APPS to ensure all active personnel have complete APPS records and all inactive and nonexistent personnel records are removed from APPS, assigned-strength numbers will not reflect the actual size of the force.

Source: DOD, DoD Instruction (DoDI) 1120.11, 3/17/2015, pp. 11–12; DOD, *Enhancing Security and Stability in Afghanistan*, 6/2019, p. 33; OUSD-P response to SIGAR vetting, 10/17/2019; CSTC-A, response to SIGAR data call, 9/18/2019 and 6/21/2019; DOD OIG, "Audit of the Planning and Implementation of the Afghan Personnel and Pay System," i-ii; CSTC-A, response to SIGAR data call, 6/21/2019 and response to SIGAR vetting, 10/17/2019; CSTC-A, response to SIGAR vetting, 10/10/2019.

led to processing a backlog 25,000 personnel actions such as removing personnel killed or wounded in action, personnel absent without leave, or retirements. CSTC-A reports that the process of updating and validating the records in APPS will continue, and that an APPS shura to improve the accuracy of MOI personnel is ongoing.<sup>127</sup> As a result of the recent data-cleansing efforts, CSTC-A says they are confident that “the number of personnel reported in APPS is the most accurate it has ever been.”<sup>128</sup> More information about APPS and this quarter’s shuras are available in the following section.

According to CSTC-A, the ANDSF’s total authorized strength is 351,729, a slight change from the long-reported 352,000 (due to the implementation of a new MOD tashkil on July 1, 2019). The Ministry of Interior Affairs authorized force level includes an additional 30,000 ALP funded only by the United States and the Afghan government.<sup>129</sup> Table 3.7 shows this quarter’s ANDSF assigned strength at 72% (roughly 98,000 personnel short) of its authorized strength.<sup>130</sup>

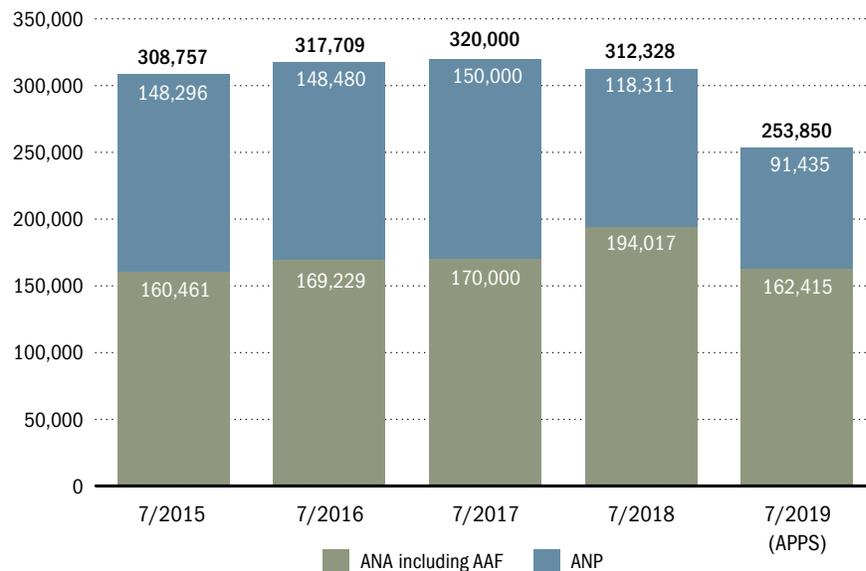
Seen in Figure 3.35, ANDSF personnel strength numbers sourced from APPS are lower than the Afghan-provided strength data previously reported, which is significant because assigned-strength numbers help inform CSTC-A’s decision-making on how much money to provide to the Afghan government for ANDSF salary and incentive payments.<sup>131</sup> CSTC-A said last quarter 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’ (non-existent) personnel, because it is not known why the Afghan reported numbers are higher” than those reported from APPS.<sup>132</sup> This quarter’s APPS-sourced assigned strength (not including the ALP) reflects 58,478 fewer personnel than what was reported using the old reporting method during the same period in 2018, and roughly 70,000 fewer compared to the same period in 2017.<sup>133</sup> CSTC-A has been gradually transitioning to using APPS-based strength numbers to inform funding decisions on salary and incentive payments.<sup>134</sup>

DOD said in December 2018 that “it will likely take several more months to complete enrollment into the APPS system, and the true overall size of the ANDSF is likely to fall between the Afghan-reported numbers and the numbers accounted for in APPS.” DOD said this quarter that “APPS is a major shift in the ministries’ traditional way of managing pay and personnel, and challenges are expected. APPS will take time to mature, but the current assigned-strength reporting from APPS represents another step towards improved accountability of personnel and is a reflection of continued efforts by the MOD and MOI to implement APPS.”<sup>135</sup>

In light of SIGAR’s longstanding concern over this issue, we look forward to working with CSTC-A over the coming months to fully understand the ramifications of the new force-strength numbers for past and future expenditures.

FIGURE 3.35

## ANDSF ASSIGNED STRENGTH SINCE 2015



Note: Quarterly reports of assigned-strength data usually reflect a three-month reporting lag. This quarter's data is as of July 28, 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. 2017 figures were rounded because exact figures for ANDSF strength were classified for that period. 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 in early 2018, 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 the number reported on-hand by the ANDSF to reporting from the Afghan Personnel and Pay System (APPS). The strength numbers reported here should not be viewed as exact.

Source: CSTC-A response to SIGAR data call, 9/18/2019; SIGAR, Quarterly Report to the United States Congress, 10/30/2013, 10/30/2014, 10/30/2015, 10/30/2016, 10/30/2017, and 10/30/2018; SIGAR, analysis of CSTC-A-provided data, 10/2019.

TABLE 3.7

ANDSF ASSIGNED AND AUTHORIZED STRENGTH					
ANDSF Component	Authorized Strength	Assigned Strength	% of Target Authorization	Difference Between	
				Assigned and Authorized	Difference
ANA including AAF	227,103	162,415	71.5%	(64,688)	(28.5%)
ANP	124,626	91,435	73.4%	(33,191)	(26.6%)
<b>ANDSF Total without Civilians</b>	<b>351,729</b>	<b>253,850</b>	<b>72.2%</b>	<b>(97,879)</b>	<b>(27.8%)</b>

Note: Data is as of July 28, 2019. ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police. CSTC-A notes that the 253,850 assigned personnel number provided represents those individuals who are biometrically enrolled that also have other information in APPS required for pay. There are additional personnel who are biometrically enrolled in the Afghan Personnel and Pay System (APPS), however, they are not yet assigned to an authorized position and are therefore not included in the assigned strength number. Therefore, the ANDSF is closer to their authorized strength than is reflected by the current assigned strength number. As the ANDSF continue to assign all personnel against authorized positions, the difference between assigned strength and authorized strength will decrease.

Source: CSTC-A, response to SIGAR data call 9/19/2019 and response to SIGAR vetting, 10/10/2019 and 10/28/2019; SIGAR, analysis of CSTC-A-provided data, 10/2019.



**Inspector General Sopko** and SIGAR staff meet with ANA officers. (SIGAR photo)

## ANDSF Personnel Accountability

CSTC-A had planned for APPS to be fully implemented by MOD in July 2018 and MOI in November 2018. However, this quarter the Department of Defense’s Office of the Inspector General (DOD OIG) completed an audit which found that neither ministry was using APPS as intended to generate payroll data (as of April 2019), and CSTC-A had paid \$26.2 million for a system that “does not accomplish [its] stated objective of reducing the risk of inaccurate personnel records or fraudulent payments through the use of automated controls.” DOD OIG said APPS failed to reduce the risk of inaccurate records and fraudulent payments because there is no link between the two systems to validate the authenticity of the biometric number recorded in APPS. Therefore the system still relies on manual input of the biometric identification numbers and the same manually intensive human-resource and payroll processes that the system was designed to streamline. This ultimately means that DOD cannot have definitive assurance that each APPS personnel record reflects an actual ANDSF employee and is still at risk of funding payroll based on fraudulent personnel records.<sup>136</sup>

CSTC-A told SIGAR this quarter that it has begun addressing the concerns presented in the DOD OIG audit, and in partnership with the MOD and MOI have “made monumental progress towards deploying APPS for use in areas such as generating payroll data, providing personnel reporting, and ensuring personnel actions such as promotions, assignments, and retirements can be better managed” by the responsible MOD and MOI offices. CSTC-A also reported that as of July 2019, MOD began generating payroll data using APPS. There were a number of issues identified in this first attempt and MOD has been given three months to address them. CSTC-A

said this quarter that MOI does not currently use APPS for payroll, and it continues to work with MOI and UNDP to transition MOI to using APPS for payroll.<sup>137</sup>

As of September 1 2019, MOD, MOI, and CSTC-A continue to undertake three efforts to ensure accurate ANDSF 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) physically accounting for personnel through personnel asset inventories (PAI) and personnel asset audits (PAA).<sup>138</sup>

This quarter, CSTC-A reported that MOD and MOI were conducting two extended APPS shuras (conferences) aimed at cleansing existing and slotting records in APPS rather than conducting PAIs to physically account for personnel. CSTC-A said the primary purpose of the shuras was to establish validated MOD and MOI APPS data baselines that could assist future force planning.<sup>139</sup>

The MOD shura (June 10–July 3, 2019) resulted in 2,919 **Inherent Law** retirements, 25,214 records unslotted due to attrition (KIA, AWOL, DFR, or separation status), and 805 individuals assigned out of the active reserves. CSTC-A stressed that “while there is still progress to be made in updating and validating the ANA records in APPS, the current ANA APPS baseline is the most accurate it has ever been.”<sup>140</sup>

The MOI shura began July 27 and is expected to end on October 31, 2019. It is being conducted in four groups due to the large number of provincial police headquarters (PHQs). As of September 1, the shura has resulted in 310 Inherent Law retirements, 1,281 scheduled reassignments, and 1,301 completed promotion processes in APPS. The new MOI tashkil will take effect on or about October 31, so a key objective of the shura is to ensure that individuals not assigned against an authorized position in the new tashkil are scheduled for reassignment prior to this date. As with the MOD, CSTC-A says that the MOI APPS shura will provide ANP leadership with the most accurate APPS baseline that they have had to date in order to provide a foundation on which the ANP can schedule promotions, assignments, and retirements that can all be validated.<sup>141</sup>

With regard to physically accounting for ANDSF personnel, CSTC-A reiterated that the continued issuance of ID cards to ANDSF personnel will remain the primary way of physically accounting for personnel. The cards have chips that link to biometric record numbers. The biometric data itself (iris, face, and fingerprint scans) are kept separate from APPS in the Afghan biometric system. The cards are valid for three years, at which point they can be reissued in-person.<sup>142</sup> In addition, CSTC-A’s APPS Program Management Office has recently conducted several physical spot checks and personnel-accountability audits (PAAs) to verify whether all soldiers and officers entered into APPS were present at each location. CSTC-A reported that this quarter’s PAAs occurred at units within the ANA’s 201st,

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**Inherent Law:** a law that lowers mandatory retirement ages, time-in-service maximums (e.g., 40 years for generals), and time-in-grade limits (e.g., 8 years for generals). This effort opens senior leadership positions for merit-based promotions of the next generation of ANDSF leaders.

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



**U.S. advisors** hold a key leader engagement with senior ANA officers in Laghman Province. (U.S. Army photo)

203rd, and 205th Corps, the Afghan National Police Academy, and the General Command of Police Special Units (GCPSU).<sup>143</sup>

The results show that the ANP PAAs resulted in the enrollment of 771 previously unenrolled ANP personnel into APPS, but the ANA PAA results showed that at best 10%, and at worst 60%, of the personnel reported to exist in those ANA units were not present for duty at the time of the audit. CSTC-A noted that “not present” can mean a number of things, including absent without leave, dropped from rolls, killed in action, wounded, transferred, separated from the force, retired, out on mission, assigned temporary duty elsewhere, or on leave.<sup>144</sup> CSTC-A said continuing to conduct PAAs will be “determined on a case-by-case basis depending on internal staffing levels and force-protection statuses.” CSTC-A also said it will look at alternative methods to assess the validity of APPS enrollments instead of performing high-security-risk PAAs.<sup>145</sup>

**Attrition:** unplanned and planned total losses, including losses resulting from personnel dropped from the rolls, killed in action, separated from the force, and other losses (disappearance/captured, disability, death (not in action), retirement, exempted (e.g., absence without leave, permanent medical issue, or transferred to another part of the force) losses.

## ANDSF Attrition – Some Data Classified

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

According to CSTC-A, ANA monthly attrition rates this quarter averaged approximately 2.8%, a slight increase from, but largely in line with the 2.6% recorded over the previous quarter.<sup>146</sup> ANP monthly attrition rates this quarter averaged approximately 3%, a slight increase from the 2.4% recorded over the previous quarter.<sup>147</sup> These percentages account for pure attrition alone—unadjusted for new recruits or returnees—and not the net decrease in force strength. CSTC-A reported that attrition figures are calculated by taking an average of monthly ANA and ANP attrition rates over the last three months.

Source: DOD, Enhancing Security and Stability in Afghanistan, 6/2019, p. 40.

## WHY ANDSF NUMBERS MATTER: SIGAR'S WORK ON STRENGTH AND SALARY PAYMENTS

SIGAR has for years raised concerns regarding the processes for collecting and verifying the accuracy of ANDSF personnel and payroll data. As Inspector General John F. Sopko testified in 2015, this data informs DOD's decision-making on funding for hundreds of millions of dollars of salary and incentive payments for the ANDSF. Those concerns also extend to the Afghan government's capacity to manage and account for these funds, which are provided through direct assistance and multi-donor trust funds. After SIGAR's Research and Analysis Directorate (RAD) raised questions regarding the accuracy of ANDSF strength numbers, SIGAR issued its first audit report on ANDSF personnel and payroll systems in 2011, followed by two more audits in 2015. These reports found that despite many years and several billion dollars spent on salary assistance, there was still no assurance that the ANDSF data informing funding levels was accurate.

After those and other oversight agencies' reports determined that Afghan personnel and payroll systems in place created opportunities for corruption—including the creation of and payment to ghost soldiers—in early 2016, CSTC-A began to develop APPS to address these deficiencies. RAD has in the intervening years tracked ANDSF strength numbers and CSTC-A's gradual implementation of APPS. Recent SIGAR work continues to find issues with the system that signal it may still be vulnerable to the fraud and corruption APPS was intended to prevent.

As of October 2019, SIGAR's Investigations Directorate found:

- Government officials within the MOD and MOI, and at various provincial police headquarters throughout Afghanistan, fraudulently created payroll records to receive payments to nonexistent ANDSF personnel.
- Several hundred personnel records in WEPS (the UN's system for paying ANP), and potentially in APPS, may have been tampered with and require further investigation for being linked to ghost personnel.
- Some MOD and MOI personnel records created in APPS before November 2018 relied on data entry through the previous human resource system—the Afghan Human Resource Information Management System (AHRIMS)—and WEPS. SIGAR found that these prior records may still reflect fraudulent police and soldier data.
- According to SIGAR sources, Afghan government auditors responsible for oversight of MOI funding and documentation have been negligent in their assigned duties and have resisted when follow-up audits were attempted.

SIGAR is coordinating with CSTC-A to continue to analyze APPS and WEPS (though a transition to APPS for MOI payroll is possible) to identify vulnerabilities in the systems and management practices that puts U.S. funds at risk of waste, fraud, or abuse. Part of the focus will be to build on DOD OIG's 2019 audit finding that the lack of system interfaces between APPS and the Afghan biometric and financial systems may allow for fraud in APPS personnel records.

SIGAR Investigators are identifying Afghan-led auditing entities and mechanisms for increasing oversight and are expanding SIGAR's criminal intelligence-collection efforts by strengthening partnerships with Afghanistan's regulatory entities and with Afghan and U.S. law-enforcement agencies. SIGAR's investigative efforts and support to Afghan anticorruption institutions have also enabled Afghan prosecutors to identify and arrest several individuals receiving fraudulent salary payments for departed or nonexistent ANDSF personnel. SIGAR will continue to collaborate with the Afghan government to remove corrupt actors or enablers within the ANDSF while they are being investigated.

Source: SIGAR, Written Statement of John F. Sopko Before the Subcommittee on National Security, Committee on Oversight and Government Reform U.S. House of Representatives, "Why ANSF Numbers Matter: Inaccurate and Unreliable Data, and Limited Oversight of On-Budget Assistance Put Millions of U.S. Taxpayer Dollars at Risk," 4/29/2015, pp. 2-3; SIGAR, Quarterly Report to the United States Congress, 1/30/2011, p. 53; SIGAR, Audit-11-10, Despite Improvements in MOI's Personnel Systems, Additional Actions Are Needed to Completely Verify ANP Payroll Costs and Workforce Strength, 4/25/2011, Executive Summary; SIGAR, Audit 15-54-AR, Afghan National Army: Millions of Dollars At Risk Due to Minimal Oversight of Personnel and Payroll Data, 4/23/2015, Executive Summary and p. 9; SIGAR, Audit 15-26-AR, Afghan National Police: More than \$300 Million in Annual, U.S.-funded Salary Payments Is Based on Partially Verified or Reconciled Data, 1/7/2015, Executive Summary and p. 6; DOD OIG, Audit of the Planning for and Implementation of the Afghan Personnel and Pay System, 8/15/2019, i; SIGAR, Investigations Directorate, memorandum and correspondence, 10/6/2019 and 10/19/2019.

CSTC-A noted this figure was calculated from Afghan-owned and -reported data provided by the MOD and MOI and is not independently verified.<sup>148</sup>

## **ANDSF Casualties**

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.

RS provided a general, unclassified assessment of ANDSF casualties this quarter. From June 1 through August 31, 2019, there was an approximately 5% increase in ANDSF total casualties when compared to the same period last year. RS also said that about 60% of ANDSF casualties during this period occurred in defensive operations and 40% in offensive operations.<sup>149</sup>

## **ANDSF Insider Attacks**

According to USFOR-A, the ANDSF experienced 30 insider attacks from June 1 through August 31, 2019—nearly double the number reported last quarter (from February 20 through May 31, 2019)—that resulted in 87 ANDSF casualties. That brings the total for this year to 49 attacks, resulting in 167 casualties. While there have been three fewer attacks this year compared to the same period last year, there were 56 more ANDSF casualties. There have been five more attacks and 30 more casualties than roughly the same period in 2017.<sup>150</sup>

## **ANDSF Performance – Most Data Classified**

USFOR-A continued to classify most assessments of ANDSF performance at the request of the Afghan government.<sup>151</sup> 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.

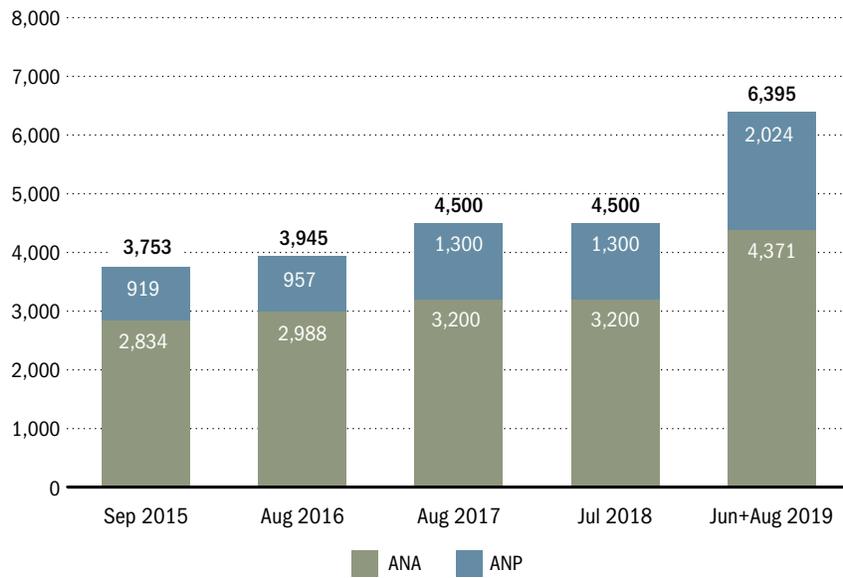
## **Women in the ANDSF**

According to the RS Gender Advisor Office, this quarter the ANDSF had 6,395 female personnel, an increase of 933 women since last quarter and about 1,900 women compared to roughly the same period in 2018. The increase since last quarter includes 721 women in the ANP and 212 in the ANA.<sup>152</sup> The vast majority of ANDSF female personnel (4,371) are in the ANP, including 165 women in the General Command of Police Special Units (GCPSU). There are 2,024 female personnel in the ANA, including 110 in the AAF and 20 in the ASSF.<sup>153</sup>

Noncommissioned officers (NCOs) continued to account for the greatest number of females in the ANDSF (2,032), followed by soldiers and police (1,726), commissioned officers (1,485), and civilians (999). Currently 153 female cadets are serving at the Afghan National Army Officer Academy (74), the National Military Academy of Afghanistan (32), and the Kabul

FIGURE 3.36

## ANDSF WOMEN STRENGTH SINCE 2015



Note: Quarterly reports of female assigned-strength data usually reflect a reporting lag; the data here were provided to SIGAR in the fourth quarter of the years above. This quarter's ANA data is as of June 2019 and the ANP data is as of August 2019. The 2017 and 2018 numbers are rounded because exact numbers remain classified. ANA = Afghan National Army; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. All ANA numbers include Afghan Air Force women. ANA and ANP numbers include Afghan Special Security Forces (ASSF) women serving under both forces.

Source: CSTC-A response to SIGAR data call, 9/19/2019; SIGAR, Quarterly Reports to the United States Congress, 10/30/2015, 10/30/2016, 10/30/2017, and 10/30/2018; SIGAR, analysis of CSTC-A-provided data, 10/2019.

Military Training Center (47).<sup>154</sup> For a historical record of ANDSF female strength since 2015, see Figure 3.36.

This quarter, the RS Gender Advisor Office told SIGAR that MOD is currently in the process of executing its Sexual Harassment and Assault Prevent Policy (SHAPP) Implementation Plan that was signed in March 2019. The SHAPP outlines a harassment and assault complaint-reporting process and has specific language about creating an inclusive environment for women in the ANA. As part of the plan, the MOD will conduct a training workshop for victim advocates, commanders, and supervisors by the end of 2019. Attendees will then be required to provide the training they received to ANDSF personnel throughout the various levels of the organization.<sup>155</sup>

Additionally, under a new MOI Gender Policy signed in April 2019, a recently appointed MOI director of human rights, women's affairs, and children has begun planning for a nationwide awareness training program (similar to MOD's) on guidance and procedures for handling sexual harassment and sexual assault. MOI's gender policy is broad, and the initial implementation will focus on the training program and the development of a more specific sexual harassment-prevention policy. MOI also issued

guidelines about use of ANDSF facilities designated for women this quarter. They require female ANDSF personnel to have access to safe, secure, and private facilities, and prohibit the misuse of female facilities by male ANDSF personnel.<sup>156</sup>

RS gender advisors commented that restrictive “cultural norms” surrounding women’s participation in the workplace (particularly in non-traditional roles such as the security forces), and the tacit acceptance of sexual harassment of women in some areas of the country, mean it will take time to implement the new ANDSF policies. In the meantime, advisors continue to train and advise both Afghan security ministries on the importance of addressing sexual harassment and assault of ANDSF women. They added that “every success along the way, no matter how small, is a step in the right direction.”<sup>157</sup>

## ANDSF Medical Personnel and Health Care

Consistent shortages of staff, reassignment to non-medical fields, retention difficulties, and lack of required training are enduring challenges for ANDSF medical professionals. As of July 31, 2019, there were 891 physicians and 2,840 other medical staff (nurses, medics, dental, radiology, laboratory technicians, etc.) serving in the ANDSF. Medical staff vacancies remain an issue for the ANDSF, with 16% of required doctors (174 positions) and 26% of other medical staff (972 positions) remaining unfilled. However, the number of medical personnel has increased since January, with 10 more doctors and an additional 371 other medical personnel reported this quarter.<sup>158</sup>

Additionally, CSTC-A reported medical-supply delivery delays and other complications in its medical logistics arrangements with the NATO Supply Procurement Authority (NSPA). The Afghan government’s inability to supplement NATO’s medical-procurement activities further exacerbates this challenge. CSTC-A said delays in the delivery of medical supplies continue to adversely affect the ANDSF medical system.<sup>159</sup> The total cost of CSTC-A-procured medical items for the ANDSF from January 1 through July 31, 2019, was \$35.6 million, an increase from \$29.5 million SIGAR last reported in January 2019. These funds were used to purchase medic bags, first-aid kits, and a variety of basic medications, among other items.<sup>160</sup>

CSTC-A also reported some improvements over the last several months, particularly in the management of preventive medicine, casualty evacuation, and point-of-injury care. Routine casualty-evacuation times have dropped significantly, from 1–1.5 days to 8–12 hours. ANDSF response-time standards are now meeting Coalition standards. The ANA is revising its national curriculum for point-of-injury care with the help of advisors with the aim of updating its national training manual by the end of 2019. The new training manual is also being designed for seamless integration into the ANP system.<sup>161</sup>



An Afghan commando stands beside a mobile strike force vehicle. (RS photo)

## 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.<sup>162</sup> 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 September 30, 2019, the United States had obligated nearly \$47.7 billion and disbursed more than \$47.4 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.<sup>163</sup>

### ANA Sustainment

As of September 30, 2019, the United States had obligated \$23.7 billion and disbursed \$23.4 billion of ASFF from FY 2005 through FY 2018 appropriations for ANA, AAF, and some ASSF sustainment.<sup>164</sup> For more information about what these costs include and the amount U.S. funds appropriated for ANA sustainment in FY 2019, see pages 51–52 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

**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 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.

# SECURITY

TABLE 3.8

<b>MAJOR EQUIPMENT PROVIDED TO THE ANA, JUNE 1–AUGUST 15, 2019</b>				
<b>Equipment Type</b>	<b>Equipment Description</b>	<b>Units Issued in Quarter</b>	<b>Unit Cost</b>	<b>Total Cost</b>
Aircraft	UH-60 Helicopter	6	\$10,295,000	\$61,770,000
Aircraft	MD-530 Helicopter	7	6,301,000	44,107,000
Vehicle	M1151 HMMWV (Humvee)	156	237,094	36,986,664
Vehicle	M1152 HMMWV (Humvee)	49	237,094	11,617,606
Ammunition	60mm Mortar Cartridge (M768)	27,648	313	8,653,824
Ammunition	.50 Caliber Ball Cartridge	2,688,000	3.20	8,601,600
Ammunition	High-Explosive Rocket (2.75")	4,320	890	3,844,800
Weapon	M2 Machine Gun (12.7 mm)	250	12,685	3,171,250
OCIE	Field Pack Frame	18,886	148	2,795,128
Weapon	M9 Semi-Automatic Pistol (9 mm)	3,023	636	1,922,628
<b>Total</b>				<b>\$183,470,500</b>

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.

Source: CSTC-A, response to SIGAR data call, 9/18/2019 and response to SIGAR vetting, 10/10/2019.

(December 2018–August 2019) was about \$438.7 million. This includes \$427 million for ANA sustainment, \$3.7 million for AAF sustainment, and \$7.9 million for ANA Special Operations Corps (ANASOC) sustainment. The U.S. contribution to the MOD sustainment is almost entirely for salaries and incentive pay (\$398 million, of which \$147 million is incentive pay).<sup>165</sup>

Roughly \$40.7 million was spent on nonpayroll sustainment requirements for the ANA, the costliest of which were office equipment and computers (\$6 million), energy-generating equipment (\$5.6 million), and domestic travel (\$4.4 million).<sup>166</sup>

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, the same amount reported last quarter.<sup>167</sup>

## ANA Equipment and Transportation

As of September 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.<sup>168</sup>

Seen in Table 3.8, CSTC-A reported that the highest-cost items of equipment provided to the ANA, AAF, and ANASOC this quarter (June 1 through August 31, 2019) included six UH-60 helicopters (\$61.8 million), 205 HMMWVs (two variants) valued at a total of \$48.6 million, and seven MD-530 helicopters (\$44.1 million).<sup>169</sup>

TABLE 3.9

<b>HMMWVS PROVIDED TO THE ANDSF IN 2019</b>									
	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>Total</b>
ANA	175	297	298	238	0	0	156	49	<b>1,213</b>
ANP	78	166	127	40	0	24	179	147	<b>761</b>
<b>Monthly Total</b>	<b>253</b>	<b>463</b>	<b>425</b>	<b>278</b>	<b>0</b>	<b>24</b>	<b>335</b>	<b>196</b>	<b>1,974</b>

Note: August numbers are only through August 15, 2019. ANA = Afghan National Army; ANP = Afghan National Police.

Source: CSTC-A, response to SIGAR data call 9/18/2019 and response to SIGAR vetting, 10/10/2019; OUSD-P, response to SIGAR vetting, 10/4/2019.

DOD said that several hundred HMMWVs provided to the ANDSF this quarter represent “the tail end of a roughly three-year surge of HMMWV buys (totaling about 6,000) that were made to implement the 2016 vehicle strategy.” DOD said about one-fourth of the HMMWVs provided were refurbished U.S. Army vehicles; the rest were new purchases. See Table 3.9 for the total number of HMMWVs provided to the ANDSF in 2019.<sup>170</sup>

## 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.<sup>171</sup> 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 and disbursed \$6.0 billion of ASFF from FY 2005 through FY 2018 appropriations for ANA, AAF, and some ASSF infrastructure projects as of September 30, 2019.<sup>172</sup>

This quarter, CSTC-A continued to report 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 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.<sup>173</sup>

As of August 12, 2019, the United States completed 474 ANA, AAF, and ANASOC infrastructure projects in Afghanistan at a total cost of \$5.4 billion. CSTC-A reported that four projects were completed this quarter, costing roughly \$15 million. Another 31 projects (\$234.8 million total cost) were ongoing, three projects were awarded (\$49.5 million), and 39 projects (\$491.7 million) were being planned.<sup>174</sup>

The projects above include one ongoing \$2.6 million project, a women’s training center at MOD headquarters in Kabul (funded by the NATO ANA Trust Fund), and a completed women’s and pediatric health clinic at Kabul National Military Hospital (\$8.5 million).<sup>175</sup>

# SECURITY

TABLE 3.10

<b>HIGHEST-COST ANA INFRASTRUCTURE PROJECTS</b>				
<b>Project Description</b>	<b>Project Location</b>	<b>Agency / Contractor</b>	<b>Estimated Cost</b>	<b>Estimated Completion Date</b>
<b>Awarded Projects</b>				
ANA Parwan Prison Modular Detainee Housing Unit	Parwan Province	USACE/ACI	\$41,972,977	4/15/2022
AAF Aviation Enhancement, Kandahar Airfield Life Support Area, Phase II	Kandahar, Kandahar Province	USACE/Omran Holding Group	6,513,623	12/15/2020
General Support Kandak, Central Darulaman	Kabul, Kabul Province	USACE/State Women's Corp.	971,211	10/8/2020
<b>Ongoing Projects</b>				
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
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
<b>Completed Projects</b>				
Pediatrics, Obstetrics, and Gynecology Clinic at Kabul National Military Hospital	Kabul, Kabul Province	NSPA/Makro Mechanics	8,500,000	6/15/2019
ANA TAAC Air Joint Airfield Demo/New Structure	Kabul, Kabul Province	USACE/Assistant Consultants	2,896,365	5/30/2019
ANA Kabul National Military Hospital Entry-Control Points	Kabul, Kabul Province	USACE/MVL	2,471,106	6/8/2019
<b>Planned Projects</b>				
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
5th Special Operations Kandak Relocation	Mazar-e Sharif, Balkh Province	N/A	2,800,000	N/A

Note: The reporting period for this data is May 16–August 12, 2019.

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

Source: CSTC-A, response to SIGAR data call, 9/18/2019 and response to SIGAR vetting, 10/10/2019.

See Table 3.10 on the following page for descriptions and information about the highest-value awarded, ongoing, completed, and planned infrastructure projects this quarter.

## ANA Training and Operations

As of September 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.<sup>176</sup>

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



**An Afghan Air Force** UH-60 Blackhawk piloted by an Afghan and an American pilot. (U.S. Air Force photo)

## AFGHAN AIR FORCE

### U.S. Funding

As of August 31, 2019, the United States had appropriated approximately \$7.9 billion to support and develop the AAF (including the SMW) from FY 2010 to FY 2019. This amount decreased by \$328.4 million compared to what SIGAR reported last quarter due to DOD's recent decision that fitting and funding the AAF's future force will require less than originally submitted for DOD's FY 2019 funding justification to Congress. Nearly \$1.7 billion of the \$7.9 billion were funds appropriated for FY 2019, a \$71.9 million decrease compared to what SIGAR reported last quarter.<sup>177</sup> The AAF appropriation of U.S. funds in FY 2019 (adjusted for DOD's change to funds authorized) was more than any other ANDSF force element; its allocation was \$295.4 million more than the funds for ANA ground forces.<sup>178</sup>

As in previous years, a large portion of the AAF's FY 2019 funds has been designated for AAF sustainment costs (\$842.1 million, or 51%). 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, and Mi-17 helicopters; A-29, C-208, and AC-208 fixed-wing aircraft; and C-130 transport aircraft. DOD allocated \$531.5 million (32%) of the AAF's FY 2019 funds for equipment and transportation costs.<sup>179</sup>

Nearly \$5.5 billion had been obligated for the AAF and SMW from FY 2010 through August 31 of FY 2019. About \$1 billion of those funds were obligated in FY 2018, and \$661.8 million has been obligated thus far in FY 2019. A substantial portion of these funds (\$2.5 billion) has been obligated for AAF sustainment, which accounts for 46% of obligated funds, followed by equipment and aircraft (\$1.8 billion) at 31%.<sup>180</sup>

## ONGOING SIGAR AUDIT OF THE AAF

SIGAR's audit will evaluate the extent to which DOD and the Afghan Ministry of Defense have identified the challenges associated with creating a professional, credible, and sustainable AAF and Special Mission Wing (SMW) and have taken steps to address these challenges.

### Aircraft Inventory and Status

The AAF's current in-country inventory, as of October 1, 2019, includes 183 aircraft (158 of which are operational).<sup>181</sup>

TAAC-Air reported that the AAF received three A-29 aircraft this quarter that were transferred from Moody Air Force Base, where they were being used for training. Two UH-60s and seven MD-530 were also delivered to Afghanistan this quarter. Several aircraft were deemed unusable this quarter: three Mi-17s (out of service until overhauled) and one C-208 (taken out of service for maintenance training). TAAC-Air said the United States has purchased and is preparing to field five more MD-530s and five UH-60s before the end of 2019.<sup>182</sup> SIGAR asked TAAC-Air about the anticipated end-state for the AAF's air fleet this quarter, which is also reported in Table 3.11. When asked about the continued decrease in the number of Mi-17s in the AAF's inventory, TAAC-Air clarified this quarter that the plan is to continue maintaining the AAF's aging Mi-17 fleet through 2021. As the aircraft need to go into overhaul maintenance, they will be transferred to the SMW and taken off the AAF's aircraft inventory.<sup>183</sup>

### AAF Operations and Readiness

The AAF increased flight hours for four of its six airframes (not yet including the AC-208); it is also noted that readiness decreased for all of its airframes this quarter compared to last quarter. TAAC-Air said this was due to due to increased advisor security concerns this quarter and RS restricting AAF advising efforts. The consequent reduction in the presence of contractors who provide aircraft maintenance and repair broken aircraft lead to longer aircraft down time.<sup>184</sup> According to TAAC-Air, the AAF's average monthly flight hours this quarter (July 1 through September 30, 2019) increased by about 19% compared to the last reporting period (April 1 through June 30, 2019). The AAF flew 11,737 hours from July 1 through September 30, 2019, an average of roughly 3,912 hours per month.<sup>185</sup>

This quarter for the first time, the AAF flew more hours on its MD-530 helicopters than any other airframe in its inventory, surpassing the Mi-17. The AAF has a history of overusing its oldest and most familiar aircraft, the Russian-made Mi-17. The MD-530 is one of the aircraft in its inventory intended to help transition away from the Mi-17s. The MD-530 flew an average of 1,049 hours per month, followed by the Mi-17 (953 hours), and the C-208 (760 hours).<sup>186</sup> Of all the AAF's airframes, only the Mi-17 continued

TABLE 3.11

AFGHAN AVIATION SUMMARY, AS OF OCTOBER 2019							
Aircraft	Usable	Total	End State	Assigned Pilots	Assigned Other Aircrew	Authorized Pilots	Authorized Other Aircrew
A-29	15	15	25	10	16	17	16
Mi-17	23	47	0	69	0	74	0
UH-60	40	40	34	46	24	84	24
MD-530	44	44	55	41	28	44	28
C-130	3	3	4	11	9	14	9
C-208	23	24	23	23	39	30	39
AC-208	10	10	10	12	4	16	4
<b>Total</b>	<b>158</b>	<b>183</b>	<b>151</b>	<b>212</b>	<b>120</b>	<b>279</b>	<b>120</b>

Note: Only fully mission-qualified pilots and aircrew are listed in the assigned pilots and aircrew categories of this table. Some personnel assigned but unable to fly at this time, mainly due to medical reasons, are also included in the assigned pilots and aircrew figures. "Pilots" now include command pilots, copilots, navigators, and instructor pilots. "Other Aircrew" include loadmasters, aerial gunners, air-technology coordinators, equipment technicians, and others, and vary by airframe. These figures do not include the aircraft or personnel for the Special Mission Wing, which are classified. One C-208 in the total is listed because it is used for maintenance training purposes, but it is not tasked for operations.

Source: TAAC-Air, response to SIGAR data call, 9/18/2019 and response to DOD OIG data call, 10/5/2019; TAAC-Air, response to SIGAR vetting, 10/15/2019; SIGAR, analysis of TAAC-Air-provided data, 10/2019.

to exceed its recommended flight hours this quarter. The Mi-17's average of 953 hours per month far surpassed its recommended flying time of 575 hours per month.<sup>187</sup> As in the past, the AAF's flight-hours data include all hours flown by all aircraft, whether for operations, maintenance, training, or navigation.<sup>188</sup>

All of the AAF's airframes saw decreases in their readiness since last quarter, which TAAC-Air tracks using **mission-capable (MC) rates**. Three of six airframes failed to meet their MC benchmarks this quarter (the MD-530, C-208, and A-29), two more than last quarter. This is the third consecutive quarter the MD-530 has failed to meet its readiness benchmark: the airframe has a 75% MC benchmark and its average MC rate this quarter fell to 61.3%. The C-208 had an average MC rate of 71.4% against a 75% benchmark, and the A-29 a 69% average against a 75% benchmark. The other three airframes (Mi-17, C-130, and UH-60) exceeded their MC benchmarks.<sup>189</sup>

As of September 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), the same as last quarter. By contrast, the AAF is able to perform most of the routine maintenance required for its Mi-17s (85%, with contractors completing the rest).<sup>190</sup>

## AAF Manning

TAAC-Air continued to provide information on the number of fully mission-qualified aircrew and pilots the AAF has for each of its airframes, as shown in Table 3.11. As of October 1, 2019, the AAF had 212 pilots, instructor pilots, and copilots, 76% of its authorized strength of 279. TAAC-Air also

**Mission-capable (MC) rates:** Mission-capable rates reflect the readiness of each airframe. MC rates are calculated by taking the number of fully mission capable (available for tasking) aircraft divided by the total of aircraft for that airframe (both fully mission capable and non-mission capable).

Source: TAAC-Air, response to SIGAR vetting, 10/15/2019.

reported that it currently has 120 “other aircrew,” including loadmasters, aerial gunners, and other personnel, 100% of its authorized strength for other aircrew.<sup>191</sup>

## 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 Special Mission Wing (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 roughly \$2.4 billion for the SMW from FY 2012 through FY 2019 (through August 31, 2019) from the ASFF and the DOD-Counternarcotics Fund (DOD-CN). The total obligated funds (\$2.4 billion) includes \$182.1 million spent on the SMW in FY 2018 and \$69.5 million thus far in FY 2019. Last quarter, SIGAR reported that U.S. spending on the SMW was somewhat higher (\$2.5 billion) and was on track to increase substantially in FY 2019; however this was due to an error in NSOCC-A’s reporting on SMW funding. NSOCC-A now expects expenditures in FY 2019 to be similar to FY 2018.<sup>192</sup> A substantial portion of the funding obligated since FY 2012 was for SMW sustainment (\$1.2 billion), which accounts for 49.4% of obligated funds, followed by equipment and aircraft (\$991.1 million) at 41.4%.<sup>193</sup>

### SMW Operations

The SMW is an AAF component whose mission is to support the ASSF with counterterrorism and counternarcotics operations. About 90% of SMW operations are focused on counterterrorism (the same as last quarter), with only one operation this quarter in support of a “counternexus” (counterterrorism and counternarcotics) mission, none solely supporting counternarcotics missions, and about 9% of operations characterized as “general support” or “misuse.”<sup>194</sup>

In recent quarters, NSOCC-A said the SMW continues to be tasked by the ANA and ANP to support conventional ground forces, a possible misuse of the special-purpose force. Non-core-mission tasking had declined, but NSOCC-A reported this quarter that as a result of political pressure ahead of the September 28 presidential election, the formal tasking process had been frequently circumvented by high-level MOD officials. NSOCC-A said the amount of SMW misuse and general-support missions have directly undermined its ability to conduct counternarcotics missions. Because SMW conducts decisive support operations that require precision, increased skill, and unique capabilities not found in the regular Afghan Air Force

(AAF), demand for SMW support remains high across the ANDSF. The SMW receives many mission taskings that are better tailored for the AAF, but fall to the Special Mission Wing due to Afghan leadership's confidence in the unit.<sup>195</sup>

NSOCC-A said this quarter that assessing financial penalties against MOD for SMW misuse has had a limited effect in discouraging inappropriate SMW missions. Therefore, NSOCC-A's leadership continues to advise MOD on appropriate use of the SMW.<sup>196</sup>

Despite the recent resurgence of SMW misuse, the SMW continues to successfully support ASSF and develop a number of capabilities. For example, during a July 1 high-profile attack in Kabul, SMW aircraft unilaterally utilized their fast-rope insertion and exfiltration system to deploy police commandos onto a rooftop near the attack location. Additionally, the SMW has been conducting more medical evacuations using their Mi-17 aircraft. The SMW medical section has trained with Critical Response Unit (CRU) 222 medics to initiate a collaborative medical evacuation process. Medical trauma treatment begins on the ground with CRU 222 medics, then is handed off to SMW flight medics, who continue treatment aboard the aircraft. SMW flight medics have also been teaching other SMW personnel first aid to improve casualty treatment.<sup>197</sup>

## AFGHAN NATIONAL POLICE

As of September 30, 2019, the United States had obligated nearly \$21.7 billion and disbursed more than \$21.4 billion of ASFF funds from FY 2005 through FY 2018 appropriations to build, train, equip, and sustain the ANP and some ASSF. These force elements comprised the ANP budget activity group (BAG) for reporting purposes through FY 2018 appropriation.<sup>198</sup>

### ANP Sustainment

As of September 30, 2019, the United States had obligated approximately \$9.7 billion and disbursed approximately \$9.5 billion of ASFF from FY 2005 through FY 2018 appropriations for ANP and some ASSF **sustainment**.<sup>199</sup> For more information about what these costs include and the amount U.S. funds appropriated for ANP sustainment in FY 2019, see pages 52–53 of this report.

Unlike the ANA, a significant share of ANP personnel costs (including ANP salaries) are paid through the United Nations Development Programme's multidonor Law and Order Trust Fund for Afghanistan (LOTFA).<sup>200</sup> 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–August 31, 2019) was \$135.8 million. The vast majority of these funds was the \$102.7 million U.S. contribution for ANP sustainment (\$99.5 million for ANP goods and services, \$2.2 million for

**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.

salaries and incentives, and about \$1 million for assets such as facilities). Most of the other \$33 million was for Afghan Local Police (ALP) and GCPSU salaries.<sup>201</sup>

The total amount reported for MOI elements' sustainment this quarter represents a \$70.3 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 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.<sup>202</sup>

The \$102.5 million spent on goods and services sustainment for MOI elements thus far in FY 1398 reflects an increase of about \$86 million compared to roughly the same period in Afghan FY 1397 (through August 17, 2018). CSTC-A increased the funds it provided to the ANP to spend on goods and services sustainment this year because they said the ANP improved the execution of its procurement process due to targeted CSTC-A advising efforts. The ANP has improved their ability to award on-budget contracts and process payments to vendors in a timely manner.<sup>203</sup> The costliest goods and services contributing to this increase are contract carryovers from the previous fiscal year (\$38.6 million), domestic fuel (\$14.5 million), and the Delegated Authority Fund (\$14.4 million).<sup>204</sup> CSTC-A said the Delegated Authority Fund is a small allotment of funding made available the ANP for emergency or emerging requirements without going through the longer approval process.<sup>205</sup>

CSTC-A said this quarter that the total estimated funding required for MOI elements' base salaries, bonuses, and incentives for Afghan FY 1398 is \$56.3 million (which includes ALP salaries only), the same as last quarter.<sup>206</sup> For more information about what these costs generally include and the amount U.S. funds appropriated for ANP sustainment in FY 2019, see page 53 of this report.

## ANP Equipment and Transportation

As of September 30, 2019, the United States had obligated and disbursed approximately \$4.8 billion and disbursed approximately \$4.7 billion of ASFF from FY 2005 through FY 2018 appropriations for ANP equipment and transportation costs.<sup>207</sup>

Seen in Table 3.12, CSTC-A reported that the highest-cost items of equipment provided to the ANP this quarter (June 1 through August 31, 2019) included 350 HMMWVs (two variants) valued at a total of about \$83 million, radio systems (\$3.5 million), and about 64,000 grenades (\$2.2 million).<sup>208</sup>

## 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.<sup>209</sup> The

TABLE 3.12

<b>MAJOR EQUIPMENT PROVIDED TO THE ANP, JUNE 1–AUGUST 15, 2019</b>				
<b>Equipment Type</b>	<b>Equipment Description</b>	<b>Units Issued in Quarter</b>	<b>Unit Cost</b>	<b>Total Cost</b>
Vehicle	M1152 HMMWV (Humvee)	224	\$237,094	\$53,109,056
Vehicle	M1151 HMMWV (Humvee)	126	237,094	29,873,844
Communications	Base Station/Receiver for Portable Radios	289	12,030	3,476,670
Ammunition	40mm Grenade (Bounding VOG-25P)*	64,480	34.95	2,218,626
Weapon	M2 Machine Gun (12.7mm)	150	12,685	1,902,750
Vehicle	Medium Tactical Vehicle Truck	8	150,814	1,206,512
Weapon	M4 Rifle (5.56mm)	1,000	1,137	1,137,440
Ammunition	7.62mm x 54mm Cartridge*	880,000	0.71	642,800
Ammunition	12.7mm x 108mm Ball Cartridge*	168,000	3.82	641,760
Ammunition	Ground Illumination Signal (M195)	7,536	60	452,160
<b>Total Cost of Equipment</b>			<b>\$94,661,618</b>	

Note: \* = non-NATO standard equipment. 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, 9/18/2019 and response to SIGAR vetting, 10/10/2019.

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 September 30, 2019.<sup>210</sup>

This quarter, CSTC-A continued to report 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.<sup>211</sup>

As of August 12, 2019, the United States completed 780 ANP infrastructure projects in Afghanistan valued at roughly \$3 billion. CSTC-A reported that five projects were completed this quarter, costing \$7.2 million. Another 10 projects (valued at \$119 million) were ongoing and 14 projects (valued at \$78.8 million) were being planned.<sup>212</sup> See Table 3.13 on the following page for descriptions and information about the highest-value awarded, ongoing, completed, and planned infrastructure projects.

Included in these projects are eight projects designated for ANP women, valued at a total of about \$67.3 million, comprising three ongoing projects (\$60.1 million), and five recently completed projects (\$7.2 million). As noted

## The ANP's Non-NATO-Standard Weapons

Over the last few quarters, CSTC-A reported it was providing the ANP with some non-NATO weapons and ammunition. There have been reports of complications due to the ANP having a mix of NATO and non-NATO-standard weapons, including problems with the lack of interchangeability of weapons and ammunition during joint ANA-ANP operations.

This quarter, CSTC-A said the ANP still possesses a large stock of non-NATO weapons. While CSTC-A had initially planned to gradually transition the ANP to NATO-standard weapons, the MOI and ANP expressed reservations and preferred to retain their current weapon systems. According to CSTC-A, a transition to NATO weapons would take until FY 2022 and would "incur an initial capital expense" of about \$95 million to purchase 78,000 M4 rifles.

CSTC-A reported the following advantages for transitioning to NATO weapons:

- fewer types of ammunition to manage or procure
- weapons interchangeability with ANA
- fewer repair parts for weapons in the supply system
- ability to purchase all repair parts through NATO-approved vendors

CSTC-A continues to advise MOI to transition to NATO standard weapon sets, but said the decision ultimately rests with the Afghan government.

Source: New York Times, "Taliban Kill More Than 200 Afghan Defenders on 4 Fronts: 'A Catastrophe'," 8/12/2018; CSTC-A, response to SIGAR data call, 9/18/2019 and 6/21/2019; CSTC-A, response to DODIG data call, 10/12/2019; CSTC-A, response to SIGAR vetting, 10/10/2019.

# SECURITY

TABLE 3.13

<b>HIGHEST-COST ANP INFRASTRUCTURE PROJECTS</b>				
<b>Project Description</b>	<b>Project Location</b>	<b>Agency/Contractor</b>	<b>Estimated Cost</b>	<b>Estimated Completion Date</b>
<b>Ongoing Projects</b>				
ANP Kabul Surveillance System Camera and Security Upgrade and Expansion	Kabul, Kabul Province	USACE/Xator Corporation	\$32,992,327.00	5/1/2021
WPP Police Town, Phase II*	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	32,831,000.00	5/23/2021
WPP Police Town, Phase I*	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	23,646,225.00	11/21/2020
<b>Completed Projects</b>				
Kabul Police Academy Phase II	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	6,411,165.00	6/29/2019
Family Response Unit Police District 17	Kabul, Kabul Province	USACE/Assist Consultants	219,912.00	8/12/2019
Family Response Unit Police District 4	Kabul, Kabul Province	USACE/Assist Consultants	214,711.00	8/12/2019
<b>Planned Projects</b>				
WPP Police Town, Phase III	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	35,000,000.00	6/30/2021
WPP Police Town, Phase IV	Kabul, Kabul Province	USACE/Macro Vantage Levant DMCC	31,000,000.00	8/30/2021

Note: The reporting period for this data is May 16–August 12, 2019.  
 \*Funded by the multilateral NATO ANA Trust Fund (not U.S. ASFF funds).

Source: CSTC-A, response to SIGAR data call, 9/18/2019 and response to SIGAR vetting, 10/10/2019.

in the table, the highest-cost projects are being funded by international donors to the NATO ANA Trust Fund.<sup>213</sup>

## ANP Training and Operations

As of September 30, 2019, the United States had obligated \$4.1 billion and disbursed \$3.9 billion of ASFF from FY 2005 through FY 2018 appropriations for ANP and some ASSF training and operations.<sup>214</sup>

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.

## 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, DOD funds the ALP, including its personnel and other costs. Funding for the ALP’s personnel costs is provided directly to the Afghan government. Although the ALP is overseen by the MOI, its personnel are not counted toward the ANDSF’s authorized end strength.<sup>215</sup> 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.<sup>216</sup>

NSOCC-A reported that according to the ALP Staff Directorate, the ALP had roughly 28,000 guardians on hand as of July 17, 2019, roughly 23,500 of whom were fully trained, the same as last quarter.<sup>217</sup> The ALP continues its efforts to enroll personnel into APPS and to transition ALP salary payments to an electronic funds-transfer process. According to NSOCC-A, as of August 4, 2019, about 74% of ALP personnel reported to be on-hand have been slotted into APPS, with 67% meeting the minimum data-entry requirements in APPS to be paid. Both figures reflect slight improvements from last quarter.<sup>218</sup>

SIGAR inquired this quarter about ALP attrition trends. NSOCC-A continued to note that it is unable to maintain consistent situational awareness of ALP operations outside of the capital region, making it difficult to determine ALP attrition for reasons other than casualties. The ALP Staff Directorate reported to NSOCC-A that from October 1, 2018, through July 16, 2019, approximately 21 ALP personnel were killed in action per week on average.<sup>219</sup>

## REMOVING UNEXPLODED ORDNANCE

According to the United Nations, Afghanistan is riddled with landmines and explosive remnants of war (ERW) such as live shells and bombs.<sup>220</sup> Although contamination originates from legacy mines laid before 2001, the cause of most casualties today are mines and other ERW dating from after the arrival of international forces.<sup>221</sup>

In recent years, increased casualties have been reported from ordnance exploding in areas formerly used as firing ranges by Coalition forces.<sup>222</sup> From a low of 36 per month in 2012, casualties from mines and ERW 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.<sup>223</sup>

The Department of State's Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PM/WRA) manages the conventional weapons destruction program in Afghanistan. Since FY 2002, State has provided \$391.1 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). As of June 30, 2019, PM/WRA has obligated \$11.1 million in FY 2018 funds.<sup>224</sup>

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.<sup>225</sup> 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

# SECURITY

TABLE 3.14

DEMINEING PROGRAM PERFORMANCE METRICS, FISCAL YEARS 2010–2019						
Fiscal Year	Minefields Cleared (m <sup>2</sup> )	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared	Estimated Contaminated Area Remaining (m <sup>2</sup> ) <sup>a</sup>
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 <sup>b</sup>	9,476,017	1,927	25,147	161,218	N/A	662,700,000
<b>Total</b>	<b>271,461,480</b>	<b>77,540</b>	<b>1,975,979</b>	<b>6,265,623</b>	<b>83,620,528</b>	

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 (m<sup>2</sup>) to an acre.

<sup>a</sup> 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.

<sup>b</sup> Partial fiscal year results (10/1/2018–6/30/2019).

Source: PM/WRA, response to SIGAR data call, 9/23/2019.

(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.<sup>226</sup>

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).<sup>227</sup> From 1997 through June 30, 2019, State-funded implementing partners have cleared more than 271.5 million square meters of land (104 square miles, or 1.7 times the land area of the District of Columbia) 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 3.14 shows conventional weapons destruction figures, FY 2010–2019.<sup>228</sup>

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 619.3 square kilometers (239.1 square miles) of contaminated minefields and battlefields. As of June 30, the total known contaminated area was 662.7 square kilometers (255.9 square miles) in 3,847 hazard areas. PM/WRA defines a minefield as the area contaminated by landmines; a contaminated area can include both landmines and other ERW.<sup>229</sup>

USAID's Conflict Mitigation Assistance for Civilians (COMAC) is a \$40 million, five-year, nationwide program that began in March 2018. It 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:<sup>230</sup>

- military operations involving the U.S., Coalition, or ANDSF against insurgents, criminals, terrorists, or illegal armed groups
- 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 includes referrals for health care and livelihood service providers, and economic reintegration for families impacted by loss or injury.<sup>231</sup> During the second fiscal quarter, COMAC launched its online incident case-management system through which assistance packages are distributed. The incident-management system includes biometric registration capabilities to identify beneficiaries.<sup>232</sup> Between April and June 2019, COMAC distributed over 1,700 assistance packages to eligible families.<sup>233</sup>

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## GOVERNANCE

### KEY ISSUES AND EVENTS

President Donald J. Trump suspended U.S.-Taliban peace negotiations this quarter after nine rounds of talks between U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad and the insurgent group.<sup>234</sup>

The U.S. government and the Taliban had concluded the most recent round of peace talks in Doha, Qatar, on August 31, 2019. Ambassador Khalilzad described the situation then as being “at the threshold of an agreement.”<sup>235</sup> However, on September 7, President Trump announced that after the Taliban admitted to an attack in Kabul that killed a U.S. soldier, he canceled previously unannounced, separate secret meetings he had planned to hold with the Taliban and President Ashraf Ghani at Camp David in Maryland.<sup>236</sup> Two days later, President Trump reiterated to reporters that the talks were over, saying, “as far as I’m concerned, they’re dead.”<sup>237</sup> Still, on September 25, President Trump told the UN General Assembly that “we will never stop working to make peace [in Afghanistan] a reality.”<sup>238</sup> On October 3, the Taliban and the Pakistan government called for the resumption of the peace process.<sup>239</sup>

On September 28, Afghanistan held its fourth presidential election. According to initial turnout results from 79% of the polling centers, the Independent Election Commission (IEC) said only 2.2 million of the 9.67 million registered Afghans voted.<sup>240</sup> President Ghani attributed the low turnout to the failure of Afghanistan’s unity government to implement reforms and improve the living situation of Afghans.<sup>241</sup> According to the IEC, preliminary election results were not due until October 19 (they missed this target), and the final results are set to be announced on November 7. Nonetheless, both the Ghani campaign and rival Chief Executive Abdullah Abdullah predicted victory soon after the balloting closed.<sup>242</sup> If no candidate receives more than 50% of the vote, the IEC will likely hold a second vote on or about November 23, depending on the resolution of any electoral complaints.<sup>243</sup>

This quarter, the Combined Security Transition Command-Afghanistan (CSTC-A) told SIGAR in a written response to a data call that it would be counterproductive to impose any conditions-based financial penalties on the Afghan Ministry of Defense (MOD) and Ministry of Interior Affairs (MOI) as a means to drive positive behavior change. However, CSTC-A

commander Lieutenant General James E. Rainey and his senior staff subsequently clarified in a meeting with Inspector General Sopko in Kabul that CSTC-A was still utilizing conditionality, but through an incentive-based approach rather than through commitment letters.<sup>244</sup>

## **U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE**

As of September 30, 2019, the United States had provided nearly \$34.5 billion to support governance and economic development in Afghanistan. Most of this funding, nearly \$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).<sup>245</sup>

## **RECONCILIATION AND REINTEGRATION**

### **U.S.-Taliban Talks Suspended**

After nine rounds of negotiations, President Trump announced the suspension of U.S. peace talks with the Taliban on September 7. According to State, the U.S. government is reviewing options for moving ahead.<sup>246</sup>

President Trump said the Camp David talks were canceled after the Taliban admitted to an attack in Kabul that killed a U.S. soldier, which he interpreted as an attempt to gain leverage in the negotiations.<sup>247</sup> As Secretary Pompeo described it, the Taliban “overreached” and failed to live up to a series of commitments they had made. However, Secretary Pompeo acknowledged that the United States also sought to pressure the Taliban while “fighting and talking,” claiming that over 1,000 Taliban had been killed in 10 days.<sup>248</sup>

A week prior to the suspension, U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad described the talks as being “at the threshold of an agreement.”<sup>249</sup> Secretary of State Michael R. Pompeo elaborated, saying the Taliban told U.S. negotiators that it would publicly and permanently break with al-Qaeda and that the Taliban would meet in Oslo, Norway, to begin reconciliation talks with fellow Afghans.<sup>250</sup> The U.S.-Taliban talks had not included official representation from the elected government in Kabul.<sup>251</sup>

Reacting to the canceled meeting at Camp David, President Ghani said he had not expected more than a symbolic meeting where the Taliban and the Afghan government would formally commit to a political solution and ending the violence.<sup>252</sup>

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

## Proposals for Post-Peace Foreign Assistance

Recently, the World Bank and the U.S. and Afghan governments have publicly offered their views on the possible role of foreign assistance in a post-peace Afghanistan. While all three institutions agree that foreign assistance should continue, each emphasized a different rationale. For example, the World Bank described its proposed post-settlement suite of programs as “signaling change” that peace delivers a short-term, noticeable improvement in living standards, increasing the chance of sustaining peace.<sup>253</sup> Acting U.S. Assistant Secretary of State for South and Central Asia Alice G. Wells said post-peace foreign assistance could provide the international community with “substantial amount of leverage” over the Taliban.<sup>254</sup> Meanwhile, the Afghan government says “economic reintegration of ex-combatants and other parties is critical to maintaining peace.”<sup>255</sup>

This quarter, the World Bank publicly released its draft proposal for a package of post-settlement economic support to Afghanistan. The World Bank developed the proposal in response to the November 2018 Geneva Conference that called on the international community to develop a specific action plan for a program of economic initiatives related to the socio-economic requirements for peace.<sup>256</sup> The World Bank estimates that it would cost around \$5.2 billion in “new and additional public financing [...] none of which has so far been programmed” to fund the full set of its proposed initiatives through 2024.<sup>257</sup> (In comments to SIGAR, USAID criticized SIGAR’s description of the World Bank’s estimated funding requirements as requiring “new” donor funding as “extremely misleading” because “we [USAID] understand that this [\$5.2 billion] funding is not additive, but rather already existing resources.”<sup>258</sup>) The Bank says the best method to achieve immediate impact would be to use existing implementation mechanisms/programs.<sup>259</sup> (For more detail on the proposed suite of programs, see page 135 of this report.)

Nearly 60% of the additional \$5.2 billion proposed by the World Bank would go towards bolstering existing initiatives such as expanding Citizen’s Charter, the Afghan government’s flagship program to build state legitimacy and end fragmentation, and extending access to health and education to more geographical areas, including formerly insecure areas.<sup>260</sup> Despite the Afghan government’s concern about the economic reintegration of ex-combatants and other parties, the Bank specifically notes that its proposed suite of programs does not include disarming or demobilizing former combatants. Instead, it says its proposal will benefit former combatants indirectly through “expanding broad opportunities” for all Afghans.<sup>261</sup>

State has not publicly specified the particular suite of foreign assistance programs it envisages in a post-peace Afghanistan. But it has reportedly led an interagency effort to plan for potential post-settlement economic assistance and has contemplated how foreign aid could enable the United States to support stabilization and self-reliance and continue influencing

a post-peace Afghanistan. USAID told SIGAR that the U.S. government participated in developing the World Bank's draft proposal and believes the World Bank proposal reflects its potential post-political settlement programs.<sup>262</sup> According to State, a joint statement issued at a July intra-Afghan dialogue event in Doha speaks to the Taliban's interest in the continuation of foreign assistance. According to this statement, participants—including senior Taliban officials—called for “support and assistance from donor countries post peace agreement based on the new cooperation and relations.”<sup>263</sup> Further, as Ambassador Wells told the members of the House Foreign Affairs Committee in September, the Taliban say they want to be a legitimate part of the international community and have “learned lessons from the isolation that Afghanistan experienced under [their] rule in the late 1990s and early 2000s.” According to Ambassador Wells, the Taliban's desire for foreign investment and assistance would give the U.S. substantial leverage in a post-peace Afghanistan.<sup>264</sup>

In a July 2019 presentation to donors, the Afghan government offered an ambitious four-year program intended to “saturate” 120 target districts with services to create institutional and community resiliency and reconciliation following a peace agreement.<sup>265</sup> The Afghan government's proposal includes:

- Increase the coverage of Citizen's Charter to an additional 120 districts beyond the 123 rural districts and four major cities that constitute the first phase of Citizen's Charter (Phase I is planned to run from 2017 to 2021).<sup>266</sup> One goal would be to deliver short-term jobs in all target districts to rebuild and maintain critical infrastructure.<sup>267</sup> The proposed beneficiaries would include all ex-combatants (regardless of affiliation), internally displaced persons, and returnees.<sup>268</sup>
- Establish mobile courts/units to deliver “swift and fair” dispute resolution, provide information, and implement government administrative functions (such as issuing government documents).<sup>269</sup>
- Develop a body within the first year of a peace program to adjudicate property rights by determining the evidence of claims, establishing linkages between informal and formal justice systems, enforcing decisions, and providing compensation and restitution.<sup>270</sup>

According to the Afghan government, this proposed “day-after peace program” could form the basis of concrete commitments negotiated within a peace agreement.<sup>271</sup> However, while the Afghan government did not propose a budget for this program, it does observe that “overpromising and under achieving can significantly undermine state legitimacy and threaten to further destabilise the country.”<sup>272</sup>

## U.S. Support to Peace and Reconciliation

On July 27, President Ghani signed a decree dissolving the High Peace Council (HPC) Executive Secretariat, the operational arm of the HPC established by former President Hamid Karzai in 2010 to negotiate with elements of the Taliban. According to State, this action was not unexpected given the HPC's poor results. Two days later, the U.S. and other donors decided to end the United Nations Development Programme's (UNDP's) support to the HPC. For over 20 months, UNDP had provided support to the HPC through a series of temporary projects. The total amount of U.S. funds allocated for HPC support since September 2017 was \$10.1 million. State said it may be able to recover some of the unspent funds.<sup>273</sup>

Prior to the dissolution of the HPC, the Afghan government created the Ministry of Peace Affairs in June 2019. In August, the U.S. Embassy told the new Minister of Peace Affairs that previous assistance to the HPC would not be available for the ministry.<sup>274</sup>

This quarter, USAID's Office of Transition Initiatives (OTI) told SIGAR that it is exploring a program to support the Afghan peace process. While the scope of the program is still under development, OTI anticipates it will include analytical work to better understand needs and dynamics in areas where there would be a reduction in violence. These efforts would include communications and education regarding a peace agreement, potential small-scale community trust-building activities, and possible support to the Afghan government's Citizens' Charter program.<sup>275</sup> According to USAID, OTI is tasked with providing fast, flexible, short-term assistance to take advantage of windows of opportunity to build democracy and peace.<sup>276</sup> Since 2001, OTI has opened and closed two transition-programming phases in Afghanistan: 2002–2005 and again 2009–2016.<sup>277</sup>

## PRESIDENTIAL ELECTIONS

On September 28, Afghanistan held its fourth presidential election. Of the approximately 9.67 million registered voters, at least 2.2 million voted according to an IEC statement made on September 29.<sup>278</sup>

The day before the election, the IEC announced that they would count votes only from biometrically registered and photographed voters.<sup>279</sup> According to the Afghanistan Analysts Network, the IEC refused to allow women to vote if they refused to have their photograph taken as part of the biometric verification as an anti-fraud measure after elections in 2009 and 2014 ended in disputes over rampant ballot stuffing. However, according to Reuters, prior to the election, 18 Afghan women's-rights groups wrote the IEC that the measure would stop many women from voting because they believed it was un-Islamic or culturally inappropriate to allow themselves to be photographed by men.<sup>280</sup>



**President Ashraf Ghani** having his picture taken by Independent Election Commission staff on election day. (Afghan government photo)

Days before the election, Secretary of State Michael R. Pompeo appeared to express frustration with the Afghan government, writing on September 18 that the United States had “called repeatedly for the Afghan government and electoral institutions to make preparations for a credible and transparent presidential election.” He warned all parties, including the Taliban, against any attempt to intimidate, coerce, or buy voters as this would be “an attack on democracy.”<sup>281</sup> The following day, Secretary Pompeo announced what was reported as \$160 million in cuts and changes to some U.S. assistance to Afghanistan in response to concerns about corruption. When asked what message he was sending President Ghani in his announcement regarding reductions and/or changes to certain U.S. foreign assistance to Afghanistan, the Secretary responded that the United States desired free and fair elections in Afghanistan.<sup>282</sup>

According to the UN Secretary-General, there were persistent indications prior to the election that Afghan government resources were being improperly used for electioneering purposes. On August 1, the Electoral Complaints Commission (ECC) issued a written warning to both President Ghani and Chief Executive Abdullah for violating electoral campaign regulations, including by using Afghan government facilities and financial resources for campaign purposes. In its warning, the ECC cited the use of government vehicles and government equipment in campaign activities, as well as the participation of high-ranking government officials at electoral gatherings.<sup>283</sup>

Days before the election, the Taliban said that it was directing its fighters to neutralize the election “by making use of everything at their disposal.” The Taliban warned Afghans to stay home.<sup>284</sup>

According to the UN, the level of election-related violence remained relatively low in the months leading up to the September 28 election. The UN documented 100 election-related incidents with civilian casualties on election day. The UN’s preliminary figures indicated that 458 civilian casualties (85 deaths and 373 injured) were caused by attacks targeting the electoral process. Of these casualties, 277 civilian casualties (28 deaths and 249 injured) occurred on election day. Overall, civilian casualties figures were significantly lower in 2019 as compared to the October 2018 parliamentary elections, the UN said. However, civilian casualty levels were higher than the April and June 2014 presidential election days.<sup>285</sup>

It is unclear which specific factors (such as threats of violence, changes to biometric voter verification, or a general pessimism) drove the low turnout. A recent Gallup poll found that Afghans in 2018 rated their lives more poorly than in any other country based on the pollster’s decade of tracking the measure. Meanwhile, in 2018 a record-high portion (41%) of its sample of approximately 1,000 Afghans interviewed said they would leave Afghanistan if they could.<sup>286</sup>

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

## U.S. Funding Support to Elections

The U.S. government provided financial support to Afghan parliamentary and presidential elections in 2018 and 2019 through a grant of up to nearly \$79 million to the UNDP. Through this grant, UNDP provides support to Afghanistan’s electoral management bodies, the IEC and the ECC.<sup>287</sup>

The Afghan government estimated that the presidential elections would cost \$149 million, with the Afghan government committing \$90 million and donors providing the remaining \$59 million through the UNDP.<sup>288</sup>

As shown in Table 3.15, USAID had three active elections-related programs this quarter, the largest of which is support to the UNDP.<sup>289</sup>

On August 8, 2018, USAID signed a three-year, \$14 million cooperative agreement with the Consortium for Elections and Political Process

TABLE 3.15

USAID ELECTION-RELATED PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Electoral Support Activity (ESA)	5/20/2015	12/31/2019	\$78,995,000	\$59,935,457
Strengthening Civic Engagement in Elections in Afghanistan Activity (SCEEA)	8/9/2018	8/8/2021	18,253,000	6,039,886

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

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.<sup>290</sup>

## MUTUAL ACCOUNTABILITY

### Afghanistan Compact

This quarter State said there were no updates on the Afghan government's progress in meeting the Afghanistan Compact's benchmarks because the Afghan government and the U.S. Embassy had suspended their periodic Compact meetings until after the election.<sup>291</sup>

The U.S. and Afghan governments announced the launch of the Afghanistan Compact in 2017.<sup>292</sup> The 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.<sup>293</sup>

### Civilian Assistance Review Between Afghan and U.S. Governments

In August 2019, the U.S. and Afghan governments finished a joint review of U.S. government civilian assistance to Afghanistan that began in May. According to State, the joint review focused on strategic results, alignment with Afghan government development priorities, and identification of challenges and successes.<sup>294</sup> State said this review recommended an adjustment in the number of U.S.-supported projects. Further, the remaining activities should be focused on (1) supporting the Afghan peace process and preserving the flexibility to support implementation of an eventual peace settlement; (2) preserving state stability, including through support for democratic governance, in order to guard against conditions that would enable terrorist safe havens; and (3) assisting the transition to Afghan self-reliance by supporting private sector growth and civil society support for core functions customarily provided by government.

State anticipates that some existing programs will come to an end based on their intended period of performance. For instance, State said there are plans to completely phase out road construction, and (as has been the case for the last few years) the U.S. government will not underwrite any new major infrastructure.<sup>295</sup>

While USAID told SIGAR that the Ministry of Finance had no comments on USAID's summary report finalizing the civilian-assistance review,<sup>296</sup> in an interview days before the election, President Ghani said "USAID is one of the incompetent donors." He complained that "from each American dollar, the people of Afghanistan don't get more than 10 cents of it."<sup>297</sup> This statement prompted the U.S. Ambassador to Afghanistan, John Bass, to respond that he was disappointed that President Ghani overlooked the "excellent work of USAID" in Afghanistan.<sup>298</sup>

For more background on the U.S.-Afghan discussions on foreign assistance, see the classified addendum of this report.

## 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.<sup>299</sup> 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 through 2024.<sup>300</sup>

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.<sup>301</sup> However, the World Bank believes that if a growing proportion of donor funds is delivered **on-budget**, the current donor commitments should be sufficient to fund existing levels of service delivery as well as some additional infrastructure investments.<sup>302</sup>

In several conferences after the 2010 Kabul Conference, the United States and other international donors supported an increase to 50% in the proportion of civilian development aid delivered on-budget through the Afghan government or multidonor trust funds to improve governance, cut costs, and align development efforts with Afghan priorities.<sup>303</sup> USAID later updated its position, saying in December 2018 that it does not target or commit to specific percentage of funds to be used for on-budget programming.<sup>304</sup>

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.<sup>305</sup>

At the November 2018 Geneva Conference on Afghanistan, the Afghan government proposed that donors commit to delivering 60% of aid

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**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.)

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

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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.

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**Inspector General John F. Sopko**, seated next to National Procurement Authority Director Alham Omar Hotaki (left) and acting Finance Minister Mohammad Humayon Qayoumi, attends a meeting of the National Procurement Commission chaired by President Ghani. (Afghan government photo)

on-budget.<sup>306</sup> However, international donors committed only to continue channeling aid on-budget “as appropriate” with no specific target.<sup>307</sup>

In his September 19 statement on transparency and anticorruption, Secretary Pompeo highlighted a lack of transparency surrounding procurement decisions by the Afghan government’s National Procurement Authority (NPA) as an area of great cause for concern.<sup>308</sup> The NPA reviews proposed contracts, and recommends approval, disapproval, or other action to the National Procurement Commission (NPC), whose members are President Ghani, Chief Executive Abdullah, the second vice president, and the ministers of finance, economy, and justice. President Ghani chairs the NPC.<sup>309</sup> By singling out the NPA for critique and by noting its plans to direct \$100 million in funds for a large energy-infrastructure project from on-budget to an off-budget mechanism, State told SIGAR it is signaling a greater level of scrutiny and calling on the Afghan government to take corruption more seriously.<sup>310</sup> Further, State appears to be raising broader concerns for the future of civilian on-budget assistance.

As shown in Table 3.16 on the following page, 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

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TABLE 3.16

USAID ON-BUDGET PROGRAMS					
Project/Trust Fund Title	Afghan Government On-Budget Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
<b>Bilateral Government-to-Government Projects</b>					
Textbook Printing and Distribution	Ministry of Education	9/15/2017	12/31/2019	\$75,000,000	\$0
<b>Multi-Donor Trust Funds</b>					
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	3/31/2012	6/30/2020	2,700,000,000	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, 10/17/2019.

\$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank (2002–2011). USAID has disbursed \$154 million to the Afghanistan Infrastructure Trust Fund (AITF).<sup>311</sup>

## Civilian On-Budget Assistance

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).<sup>312</sup> According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.<sup>313</sup>

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.<sup>314</sup> The AITF coordinates donor assistance for infrastructure projects.<sup>315</sup>

As of July 2019, the United States remains the largest cumulative donor to the ARTF (30.3% of actual, as distinct from pledged, contributions paid in); the next-largest donor is the United Kingdom (17.3% of pledged contributions paid in).<sup>316</sup>

## ARTF Recurrent-Cost Window

The ARTF recurrent-cost window supports operating costs, such as Afghan government non-security salaries and operation and maintenance expenses. The recurrent-cost window is also the vehicle for channeling reform-based incentive funds, such as the Incentive Program Development Policy Grant (IP DPG).<sup>317</sup>

As of July 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.<sup>318</sup>

In July 2019, the World Bank's contracted monitoring agent for the recurrent-cost window submitted its review of the Afghan fiscal year (FY) 1397 (December 2017–December 2018). The Afghan government submitted \$1.3 billion in expenditures for the year, but the monitoring agent verified only \$922 million (71.9%) as eligible for reimbursement. The three most frequent types of ineligibility found by the monitoring agent were noncompliance with procurement procedures (22.7%), military-related payments (16.5%), and invalid expenditures (15.1%).<sup>319</sup>

## **U.S. “Withholds” \$60 Million in Not-Yet-Due ARTF Incentive Funds**

In 2018, the Afghan government, World Bank, and ARTF donors agreed to restructure the recurrent-cost window to make the provision of funds contingent upon policy reforms and fiscal stability-related results through the 2019 Incentive Program Development Policy Grant (IP DPG).<sup>320</sup>

The United States is the only ARTF donor to have specified that the World Bank should dedicate a portion of its contributions to the IP DPG, having provided \$210 million for that purpose as of July 2019.<sup>321</sup>

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, with disbursement tied to the Afghan government's achievement of specific conditions before November 15, 2019. Tranches are penalized 10% per month if conditions are not met by the deadline.<sup>322</sup>

On September 19, State issued a statement on accountability and anticorruption in Afghanistan that announced, among other items, the withholding of \$60 million in planned U.S. assistance. According to State, the withholding was due to the Afghan government's failure to meet unspecified benchmarks for transparency and accountability in public financial management.<sup>323</sup>

Upon further inquiry, USAID informed SIGAR that the Afghan government had failed to meet two IP DPG public financial management-related benchmarks. These benchmarks require the Afghan government to (1) publish fortnightly revenue reports on its website and (2) publish the minutes of the cash-management committee meetings.<sup>324</sup> However, as these benchmarks are not due until November 2019, USAID may still provide the World Bank with the full \$60 million for transfer to the Afghan government if the Afghan government meets the deadline. As of September 26, USAID reported to SIGAR that the Afghan government had already met six IP DPG benchmarks and was on track to meet the remaining seven benchmarks (including the two public financial management-related benchmarks).<sup>325</sup>

USAID officials told SIGAR the announced withholding of the IP DPG funds was intended to send a message to the Afghan government about the importance of ensuring transparency and accountability in their financial management.<sup>326</sup>

## **ARTF Fiduciary Review Finds Weaknesses in Ministry of Education's Internal Controls**

In July, the World Bank briefed the ARTF Strategy Group, including nine ARTF donors, on the results of an education fiduciary review. According to the World Bank, the review began in December 2017, after allegations were made about possible corruption cases in the education sector and problems in the fiduciary arrangements of the Education Quality Improvement Program (EQUIP II) project.<sup>327</sup> (EQUIP II was an ARTF-funded project that ran from 2008 to 2017 that aimed to increase equitable access to quality basic education.<sup>328</sup>) According to the World Bank, SIGAR's recommendations were one of the factors that motivated the in-depth review.<sup>329</sup>

The World Bank-hired consultants reviewed a sample of \$156.5 million out of the total \$418 million in EQUIP II transactions. The World Bank validated the draft consultant report and identified the following control weaknesses: inadequate documentation (totaling \$21.9 million, representing 14% of the sample); noncompliance with rules and regulations (\$2.2 million, 1% of the sample); and potential fraud (\$37.2 million, 24% of the sample).<sup>330</sup>

According to USAID, as of September 26, the review has prompted the World Bank to request the Afghan government to reimburse it \$2.2 million. The remaining EQUIP II questioned-costs balance is being further investigated. SIGAR and USAID OIG are collaborating in this investigation.<sup>331</sup>

## **On-Budget Assistance to the ANDSF**

Approximately 70% of total U.S. on-budget assistance goes toward the requirements of the Afghan security forces.<sup>332</sup> According to a recent World Bank estimate, Afghan government security expenditures—including **off-budget** security costs—were equivalent to 29% of gross domestic product (GDP) in 2018. By contrast, the average low-income country spends 3% of GDP on security-related costs, according to the Bank.<sup>333</sup>

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).<sup>334</sup>

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.<sup>335</sup> UNDP administers LOTFA primarily to fund Afghan National Police salaries and incentives.<sup>336</sup> 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.<sup>337</sup>

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.<sup>338</sup>

As of August 31, CSTC-A had provided the Afghan government the equivalent of \$415.9 million to support the MOD for FY 1398. Almost all of these funds (91%) paid for salaries.<sup>339</sup> Additionally, as of August 31, CSTC-A had provided the equivalent of \$128.7 million to support the MOI. Of these funds, none were delivered via the LOTFA.<sup>340</sup>

CSTC-A has moved away from the LOTFA in the past few years. In 2016, for example, the United States contributed \$114.40 million to LOTFA, but only \$1.04 million in 2018.<sup>341</sup> According to CSTC-A, their reduced LOTFA contributions allow other donors (such as those that are prohibited from providing funds directly to the Afghan government) to contribute to the MOI costs through the UNDP-administered fund. Despite the significant reduction in contributions, CSTC-A believes the 2019 LOTFA donations are sufficient to meet the Afghan police salary requirements.<sup>342</sup>

## **CSTC-A No Longer Believes Conditions-based Financial Penalties are Effective**

CSTC-A said this quarter that it would be counterproductive to impose financial penalties on the MOD and MOI for failing to meet conditions. However, CSTC-A commander Lieutenant General James E. Rainey and his senior staff subsequently clarified in a meeting with Inspector General Sopko in Kabul that CSTC-A was still utilizing conditionality, but through an incentive-based approach rather than through commitment letters.<sup>343</sup>

For the past three quarters, CSTC-A reported to SIGAR that it did not assess the MOD or MOI as meeting (or not meeting) the conditions outlined in the commitment letters for Afghan years 1397/1398. CSTC-A is able to issue fines and penalties if it determines that the MOD or MOI have not complied with the terms of these commitment letters. However, CSTC-A did not issue any financial penalties for those three quarters.<sup>344</sup>

Previously, CSTC-A viewed the commitment-letter conditions as a means to drive behavior change in the MOD and MOI by ensuring these institutions complied with various Afghan legal regulations, the Afghanistan Compact, and the U.S.-Afghanistan Strategic Partnership Agreement. The first commitment letters were implemented in 2014. As the commander of CSTC-A at that time, Major General Todd Semonite, told SIGAR, this was a reaction to his observation that “in 2013, we had no conditions” for on-budget funds to support the MOD and MOI. CSTC-A would apply financial and nonfinancial penalties (levers) when it observed noncompliance with commitment-letter conditions.<sup>345</sup> One example of a nonfinancial lever included withholding

fuel allocations. According to CSTC-A in the past, exercising these levers improved Afghan reporting and added rigor to certain Afghan procedures.<sup>346</sup>

In lieu of applying conditions-based financial levers, CSTC-A said it currently “leverages” multiple assessment tools to track Afghan security force progress. In conjunction with the Advisor Network, CSTC-A reportedly uses the Afghan security forces’ “Top 10 Challenges/ Opportunities.” According to CSTC-A, these alternative assessments guide their train, advise, and assist efforts and include metrics for corruption cases, contract completion, and Afghan security-force casualties from checkpoint operations. CSTC-A said the new tool is still being evaluated and awaits final approval.<sup>347</sup>

## NATIONAL GOVERNANCE

### Civil Society and Media

As shown in Table 3.17, USAID funds programs to support broader human and institutional capacity building of civil-society organizations and the media.

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.<sup>348</sup> 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.<sup>349</sup>

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.<sup>350</sup>

Rasana supports women-run and women-owned media organizations to produce three to five minute-long women-focused radio programs.<sup>351</sup> Between April and June 2019, these organizations broadcast 226 radio stories, including a campaign encouraging the use of reusable tote bags

TABLE 3.17

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Afghan Civic Engagement Program (ACEP)	12/4/2013	12/4/2019	\$79,120,000	\$76,927,077
Rasana (Media)	3/29/2017	3/28/2020	9,000,000	6,268,335

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

# GOVERNANCE

to improve the environment in Jowzjan Province; the female karate team in Takhar Province; financial problems created by the increasing sums for dowries in Helmand and Takhar Provinces; a bicycle-riding contest for young women in Balkh Province; and the role of women in peace talks.<sup>352</sup>

## SUBNATIONAL GOVERNANCE

Afghanistan’s National Security Advisor Hamdullah Mohib said this quarter that the Afghan government has classified 60 of Afghanistan’s 400 districts as “high” threat districts. According to Mohib, the Afghan government is present and provides services in all but 10 of these high-threat districts. Further, he clarified that these districts are not a facing a high threat of collapse. Instead, the Taliban are able to easily launch attacks or hinder road transport in these districts. According to Mohib, an additional 90 districts are medium or low threat.<sup>353</sup>

### Provincial and Municipal Programs

USAID has two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR). Table 3.18 summarizes total program costs and disbursements to date.

### Initiative to Strengthen Local Administrations

The \$48 million ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement, leading to services that more closely respond to all citizens’ needs in health, education, security, justice, and urban services.<sup>354</sup>

According to USAID, ISLA saw improvement in a core problem: the poor integration of provincial priorities into Afghanistan’s national budget plans.<sup>355</sup> For the Afghan fiscal year (FY) 1398 (December 2018–December

TABLE 3.18

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	5/29/2020	\$72,000,000	\$57,054,252
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	7/30/2020	48,000,000	39,478,616
Citizens’ Charter Afghanistan Project (CCAP)*	3/31/2012	6/30/2020	N/A	34,314,589

Note: \*This includes USAID contributions to ARTF with an express preference for the Citizens’ Charter Afghanistan Project.

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

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.<sup>356</sup> Despite these improvements, ISLA failed to meet its target for this indicator for the third year in a row. For FY 1398, the target was 24.2% of PDP projects being included in the national budget.<sup>357</sup> ISLA does not appear to track whether the projects included in the budget are actually implemented.

## 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.<sup>358</sup>

As of July, 14 SHAHAR-supported municipalities reported a 20% reduction in total revenues collected for Afghan fiscal year (FY) 1398 (December 2018–December 2019) (compared to the same period of time in the prior year). According to SHAHAR, the Ministry of Finance began collecting a fee that was a significant source of municipal revenues. Without the MOF fees, these municipalities would have registered an 18% revenue increase year-on-year.<sup>359</sup>

## 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. USAID requested that \$34 million of its \$300 million contribution to the World Bank's ARTF be spent on CCAP.<sup>360</sup> Both the World Bank and Afghan government have proposed expanding CCAP in the event of peace.<sup>361</sup>

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) and seeks to provide them.<sup>362</sup>

## RULE OF LAW AND ANTICORRUPTION

### Summary of Rule of Law and Anticorruption Programs

As shown in Table 3.19, the United States supports a number of active rule-of-law and anticorruption programs in Afghanistan.

### Support to the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)

On September 19, State announced that the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) is “incapable of being a partner in the international effort to build a better future for the Afghan people.” As a result, State said the United States would stop providing funding to the MEC by the end of 2019.<sup>363</sup> USAID decided to end its funding to the MEC in December 2019 after concluding that the challenges faced by the MEC would not be overcome. Further, USAID said it saw no evidence of the Afghan government institutionalizing the MEC despite commitments to do so.<sup>364</sup>

The MEC was established in 2011 to monitor and evaluate the Afghan government’s progress fighting internal corruption.<sup>365</sup> Since 2015, USAID has had a cooperation arrangement with the UK’s Department for International Development to fund the MEC. USAID funds the MEC’s monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.<sup>366</sup>

State and USAID did not say why the United States had changed its position on the MEC. In 2016, USAID described the MEC as a “key actor” in the fight against corruption and that USAID funding was critical for continuity of MEC’s operations. Further, USAID then said that the MEC’s ministry-wide vulnerability to corruption assessments play an integral role in ensuring critical vulnerabilities to corruption are identified and mitigated.<sup>367</sup>

TABLE 3.19

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/18/2016	4/17/2021	\$68,163,468	\$26,138,276
Afghanistan's Measure for Accountability and Transparency (AMANAT)	8/23/2017	8/22/2022	31,986,588	5,284,446
Corrections System Support Program (OASIS CSSP) Option Year 2*	6/1/2019	5/31/2022	13,713,301	1,501,320
Justice Sector Support Program OASIS Contract*	8/28/2017	8/28/2022	27,772,896	17,287,391
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	2,400,000

Note: \*Disbursements as of 9/18/2019.

Source: State, INL, response to SIGAR data call, 9/18/2019; USAID, response to SIGAR data call, 10/17/2019.

Moreover, as discussed below, USAID's own anticorruption program drew upon MEC work in its own assessments this quarter. USAID provided SIGAR a letter documenting their reasons for not funding the MEC beyond December 2019.<sup>368</sup>

## **Afghanistan's Measure for Accountability and Transparency (AMANAT)**

In August 2017, USAID awarded the contract for Afghanistan's Measure for Accountability and Transparency (AMANAT) program to support the Afghan government's efforts to reduce and prevent corruption in government public services.<sup>369</sup> According to USAID, AMANAT supports select Afghan government institutions with technical assistance to plan for and implement recommended procedural reforms.<sup>370</sup>

This quarter, AMANAT finalized a number of political-economy assessments of several Afghan government ministries, some of which drew upon the MEC's previous reporting on corruption. For example, in its review of the Ministry of Education (MOE), AMANAT reported that corruption is rampant in every aspect of the education sector including teacher recruitment, procurement, school construction, publication and distribution of textbooks, and certification of degrees. AMANAT's support for this statement was the MEC's 2017 vulnerability-to-corruption assessment of the MOE.<sup>371</sup> While AMANAT reported that their own interviewees for the political-economy analysis felt the MEC's 2017 report did not consider the feasibility of its proposed reforms and underreported the ministry's efforts to combat corruption, AMANAT said every ministry official said the report created serious pressures to implement the recommendations and propelled a number of anticorruption measures.<sup>372</sup>

Similarly, in its assessment of the Ministry of Public Health, AMANAT wrote that corruption is evident in every aspect of the public-health sector, including petty bribes paid to access health care, recruitment, procurement, distribution of health service delivery contracts, pharmaceutical imports and quality control, drug and vaccine delivery, oversight of private health care providers, and health care specialist accreditation. Again, the source for this statement is a previous MEC report.<sup>373</sup> Further, AMANAT acknowledges that its own report is not definitive or representative of the views of all ministry staff and suggests the reader consult the MEC's reporting or ministry self-assessments.<sup>374</sup>

## **Assistance for the Development of Afghan Legal Access and Transparency (ADALAT)**

In April 2016, USAID launched the \$68 million Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program. ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector, (2) strengthen the linkages between the formal and

traditional justice sectors, and (3) increase “citizen demand for quality legal services.”<sup>375</sup> 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.<sup>376</sup> ADALAT’s efforts to increase demand for quality legal services includes providing grants to (1) civil-society organizations to promote legal awareness and legal rights, and (2) private universities to prepare future “practical problem-solvers” within formal and traditional dispute resolution institutions.<sup>377</sup>

## Justice Sector Support Program (JSSP)

State’s Justice Sector Support Program is the largest rule-of-law program in Afghanistan. JSSP was established in 2005 to provide capacity-building support to the Afghan justice system through training, mentoring, and advisory services. The current JSSP contract began in August 2017 and has an estimated cost of \$23 million. The previous JSSP contract, which began in 2010, cost \$280 million. JSSP provides technical assistance to Afghan justice-sector institutions to: (1) build the capacity of justice institutions to be professional, transparent, and accountable; (2) assist the development of statutes that are clearly drafted, constitutional, and the product of effective, consultative drafting processes; and (3) support the case-management system so that Afghan justice institutions work in a harmonized and interlinked manner and resolve cases in a transparent and legally sufficient manner.<sup>378</sup>

JSSP advises various Afghan government offices on the U.S.-funded 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.<sup>379</sup> As of August 31, 2019, the CMS had recorded 482,215 criminal cases and 92,993 civil cases.<sup>380</sup>

As part of its support to legislative capacity building, JSSP assisted the Ministry of Women’s Affairs (MOWA) in reviewing women’s inheritance rights contained in the Law on Elimination of Violence Against Women (LEVAW). According to JSSP, some MOWA participants argued that the inheritance provision in the law discriminates against women. For example, a wife with children is entitled to one-eighth of the property of her husband upon his death (whereas a husband is entitled to one-fourth of the wife’s property). If the marriage did not produce children, the wife is entitled to one-fourth of the property (whereas a husband is entitled to half). A daughter will receive half the share a son would. The MOWA chair of the meeting rejected the proposal to revise the law, saying the contested provisions are based on Sharia law and cannot be changed.<sup>381</sup> (According to Article Three of the 2004 Afghan constitution, “No law shall contravene the tenets and provisions of the holy religion of Islam in Afghanistan.”<sup>382</sup>)

## SIGAR AUDIT

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

## **Continuing Professional Development Support (CPDS)**

In February 2018, State launched the \$8 million Continuing Professional Development Support (CPDS) program. According to State, CPDS responds to an urgent need by the Afghan government to train legal professionals on the newly revised penal code and build the organizational capacity of the nascent professional training departments of Afghan legal institutions.<sup>383</sup>

According to the most recent reporting, CPDS has developed a data-collection tool to measure the change in work-place behavior of graduates from CPDS-funded training courses. CPDS evaluators are visiting participants at their place of work in 11 provinces, interviewing and observing participants (and speaking to supervisors when available), and evaluating documents in case files using the data collection tool. According to CPDS, case file documents should demonstrate whether prosecutors, defense counsel, and judges are applying key concepts and knowledge learned during the training courses.<sup>384</sup> SIGAR plans to report on the findings of this assessment in the future.

## **Corrections System Support Program (CSSP)**

State's Corrections System Support Program (CSSP) provides mentoring and advising support, training assistance, leadership capacity-building initiatives, infrastructure assistance and nationwide case management for correctional facilities.<sup>385</sup>

This quarter, State highlighted the adoption of the electronic CMS by the Panjshir provincial prison as a successful pilot project. According to State, they have worked since 2014 to implement CMS throughout the Afghan prison system.<sup>386</sup>

CSSP recently finalized an assessment of their Afghan government counterpart entities in the General Directorate of Prisons and Detention Centers (GDPDC).<sup>387</sup> According to the assessment, a number of their GDPDC counterparts continue to face difficulties in their core functions despite CSSP assistance. For example, the court communications office—which is responsible for maintaining all data and records related to incarcerated individuals—reportedly continues to be unable to complete basic tasks related to CMS data entry and system usage. In CSSP's assessment, this is due to a lack of commitment by GDPDC leadership as evidenced by the lack of performance accountability, constant staff rotation, and the assigning of staff who do not have the necessary skills to use the CMS. Further, CSSP reported that the office does not rely on information extracted from CMS to generate reports despite having migrated to the electronic CMS in 2016.<sup>388</sup>



**IG Sopko**, center; the Czech ambassador, Petr Stepanek, on the IG's left; and Pierre Mayaudon, ambassador of the European Union, on the IG's right; attend monthly working session of European mission heads in Kabul on anticorruption initiatives. (SIGAR Photo)

## Anticorruption

This quarter, DOJ told SIGAR that recent events indicate the Afghan government has improved its commitment and capacity to prosecute major crime and public corruption cases. When asked for an assessment of the Afghan government's political will to pursue major crimes and corruption cases, DOJ responded that it "has no opinion on political will."<sup>389</sup> However, DOJ does offer an assessment of the Afghan government's political will in its quarterly reporting to State.<sup>390</sup> For DOJ's staff observations in their report to State, including perspectives on the Afghan government's political will to pursue major crimes and corruption cases, see the classified addendum of this report.

On August 15, President Ghani's office ordered the release of the imprisoned former Kabul Bank chief executive Khalilullah Ferozi. He was placed on house-arrest status, purportedly due to a severe diabetic condition, DOJ said. Ferozi was previously released from prison in 2015 under what DOJ described as "questionable circumstances," until press coverage prompted his return to prison. Presidential candidate and former intelligence director Rahmatullah Nabil claimed in a tweet that Ferozi's release was in exchange for a \$30 million campaign contribution. A Ghani spokesman challenged Nabil to produce evidence.<sup>391</sup>

## 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,



**Inspector General John Sopko** meets with President Ashraf Ghani to discuss anticorruption issues. (Afghan government photo)

AGO prosecutors, and judges work to combat serious corruption. The ACJC’s jurisdiction covers major corruption cases in any province involving senior officials (up to the deputy minister), generals, and colonels, or cases involving substantial monetary losses. Substantial losses are 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.<sup>392</sup>

This quarter, the ACJC took the following actions:

- Convicted three members of the Paktika provincial council of using false documents. All three were found guilty, sentenced to 14 months’ confinement, and fined the approximate equivalent of between \$23,800 and \$29,400.<sup>393</sup>
- Convicted the former chairs of the IEC and ECC, along with eight election commissioners, with illegally changing the recorded vote count during the October 2018 parliamentary election. The court sentenced each of the defendants to five years’ imprisonment.<sup>394</sup>
- Convicted six employees of the Ministry of Refugees and Repatriation to two years’ imprisonment for crimes associated with approximately \$451,000 in procurements.<sup>395</sup>

This quarter, the Supreme Court reduced the sentence of Major General Ahmad Zia Yaftali from six to three months’ imprisonment. In May 2019, the ACJC appellate court had convicted for abuse of authority Yaftali and nine others who had mismanaged the Dawood Military Hospital between 2005 and 2010, when \$150 million worth of medical supplies were pilfered. However, CSTC-A reported that Yaftali openly attended parliamentary

meetings as a member while he appealed his conviction. The ACJC had 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." Yaftali's codefendants also had their sentences reduced to three months.<sup>396</sup>

### **Afghan Government Recovers Less than 1% of ACJC-issued Financial Penalties**

As shown in Table 3.20, less than 1% of the financial penalties the ACJC primary court has imposed on convicted criminals have been collected and deposited in the AGO bank account.<sup>397</sup>

As of August 27, the ACJC's primary court 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, seven members of province councils (including two chairs), and two mayors.<sup>398</sup>

### **Afghanistan Security Forces**

According to CSTC-A, the largest area of corruption (in monetary terms) in the Afghan security forces are fuel-related theft and contract fraud. CSTC-A has also observed contract fraud and theft of other commodities, including food, clothing, equipment, ammunition, medical supplies, and spare parts. These schemes occur below the level of the more heavily overseen national- and operational-level logistics centers, CSTC-A says.<sup>399</sup>

CSTC-A believes that its collaboration with the new ministers of interior and defense has been helpful in driving increased countercorruption efforts. According to CSTC-A, these ministers have shown personal interest in removing corrupt actors. Further, CSTC-A has observed "aggressive" prosecutions of MOD personnel in Helmand Province, something CSTC-A cites as evidence of increased Afghan government reforms.<sup>400</sup>

Among the MOD and MOI elements tasked with reducing corruption, CSTC-A highlighted the work of the MOD Inspector General (MOD IG) for uncovering issues at the Kabul Military Training Center. Specifically, the MOD IG concluded that five of the training center's leaders should be removed for alleged illegal and corrupt acts.<sup>401</sup>

Despite this, CSTC-A believes the MOD IG and the MOI Inspector General (MOI IG) do not take the initiative to conduct inspections and accurately report unfavorable findings in their reports. Further, CSTC-A believes the ministers of defense and interior are slow to act on the reports that are completed and often ignore substantiated findings. CSTC-A told SIGAR that more directive and aggressive ministers of defense and interior would result in more effective inspectors general.<sup>402</sup> According to CSTC-A, there is no contradiction in the ministers of defense and interior being assessed

TABLE 3.20

<b>STATUS OF ANTI-CORRUPTION JUSTICE CENTER PRIMARY COURT-ISSUED FINANCIAL PENALTIES, AS OF AUGUST 27, 2019</b>		
<b>ACJC-Issued Financial Penalties<sup>a</sup></b>	<b>Approximate Value of Financial Penalties<sup>b</sup></b>	<b>Amount Fully Recovered<sup>c</sup></b>
2,345,042,567 afghani	\$30,455,098	0.34%
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
<b>Total</b>	<b>\$185,198,267</b>	<b>0.21%</b>

Note:

<sup>a</sup> Includes orders for cash fines, restitution, compensation, and confiscation.

<sup>b</sup> 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.

<sup>c</sup> 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," 8/2019.

as "highly focused on the removal of corrupt actors" and yet slow to act on MOD IG and MOI IG reports.

CSTC-A views the removal of corrupt actors by the ministers as a sign of progress in the face of a "long-standing culturally acceptable norm." However, CSTC-A attributes the ministers' failure to act in a timely manner on MOD IG and MOI IG reports to their view that inspectors general are "a concept that goes against traditional Afghan culture," leading to insufficient cohesion between the inspectors general and their parent ministries. CSTC-A hopes that as the MOD IG and MOI IG begin to report substantial findings, their relationship with the ministers of defense and interior will improve, and they will become more effective.<sup>403</sup>

CSTC-A attributed the following MOD and MOI actions to its train, advise, and assist efforts for anti- and counter-corruption:<sup>404</sup>

- an MOD investigation into contaminated aviation fuel in Mazar-e Sharif
- the MOI's decision to replace 27 of 34 provincial chiefs of police with "trusted officers"
- the MOI's inclusion of anticorruption lessons (such as ethics, rule of law, and methods for identifying corruption) in training classes for new province and deputy province chiefs of police, criminal investigative directorate personnel, and urban police officers
- MOI's publication of a gender policy which promotes equality between male and female officers although it is unclear how this relates to anti- or counter-corruption
- an MOI order for a complete inventory of all province and district equipment

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.<sup>405</sup> According to CSTC-A, the MCTF is making steady progress towards improving its effectiveness. However, CSTC-A reports that the MCTF lacks the technical equipment and systems necessary to conduct proper investigations.<sup>406</sup>

According to CSTC-A, the MCTF struggles with its political will as some personnel put their personal interest before that of the organizations. Despite these internal challenges, CSTC-A believes that the MCTF has consistently demonstrated the political will to resist undue influence. CSTC-A also said the MCTF no longer reports directly to the interior minister, reversing a December 2018 presidential decree that CSTC-A then saw as helping the MCTF resist outside influence.<sup>407</sup>

## REFUGEES AND INTERNAL DISPLACEMENT

According to State, starting in the summer of 2018, the Afghan Customs Department, an arm of the Ministry of Finance, began impounding humanitarian imported goods for nonpayment of customs duties, citing a discrepancy between Afghan tax laws and laws on nongovernmental organization. The U.S. government responded by creating a Compact benchmark to pressure the Afghan government to release all impounded goods and to resolve the discrepancy to ensure an efficient process for clearing humanitarian assistance at the border without the Afghan government imposing fees.<sup>408</sup>

While this issue was resolved and all obstructed goods were eventually released, State said that the Afghan government intervention caused a six-month delay for critical emergency humanitarian assistance, including medical supplies for trauma care and demining equipment.<sup>409</sup>

### Afghan Refugees

As of June 29, 2019, the UNHCR reported that 6,133 refugees have voluntarily returned to Afghanistan in 2019. The majority (4,497) of these refugee returns were from Pakistan.<sup>410</sup>

### Undocumented Afghan Migrant Returnees

As of September 21, the International Organization of Migration (IOM) reported that 332,641 undocumented Afghans returned from Iran and 16,229 undocumented Afghan migrants returned from Pakistan in 2019.<sup>411</sup>

### Conflict-induced Internal Displacement

Conflict-induced internal displacement numbers this year are similar to 2018. According to the UN Office for the Coordination of Humanitarian

**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.

# GOVERNANCE

Affairs (OCHA), as of September 22, conflicts in 2019 had induced 294,298 Afghans to flee their homes. The office recorded 294,548 displaced Afghans in the same period last year.<sup>412</sup>

## WOMEN'S ADVANCEMENT

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.”<sup>413</sup> 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.<sup>414</sup>

USAID has committed \$280 million to Promote.<sup>415</sup> Table 3.21 shows the current Promote programs.

As of June 30 (the latest data available), USAID said that of the 68,622 total Promote beneficiaries, 21,523 Promote beneficiaries have been hired. Of these, 1,490 have been employed by the Afghan government and 10,913 have secured permanent employment in the private sector. There are also 9,120 Promote beneficiaries holding private-sector internships.<sup>416</sup>

The three Afghan government entities with the largest number of Women in Government (WIG) beneficiary employees (as of June 2019) included the IEC (with 106 WIG beneficiaries employed), the Ministry of Education (with 62 employed), and the Ministry of Public Health (with 30 employed). In total, WIG beneficiaries constitute 614 of the 1,490 Promote beneficiaries to secure employment with the Afghan government.<sup>417</sup>

TABLE 3.21

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Promote: Women in the Economy	7/1/2015	6/30/2020	\$71,571,543	\$52,533,869
Promote: Women’s Leadership Development	9/23/2014	9/22/2019	41,959,377	40,873,539
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	34,095,624
Promote: Women’s Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	20,400,893
Promote: Rolling Baseline and End-line Survey	2/21/2017	10/20/2020	7,577,638	5,231,232
Combating Human Trafficking in Afghanistan	1/11/2016	8/31/2020	7,098,717	6,944,820
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	1,113,950
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

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

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## ECONOMIC AND SOCIAL DEVELOPMENT

### KEY ISSUES AND EVENTS

An additional \$5.2 billion in economic development funds may be required to consolidate and sustain a future Afghan political settlement, the World Bank said in a draft plan released this quarter.<sup>418</sup> The additional funds would finance expanding existing programs and implementing new projects for five years following a peace agreement.<sup>419</sup> The Bank's plan is consistent with SIGAR's *2019 High-Risk List*, which emphasized that peace would not be cost-free.<sup>420</sup> For more on the Bank's draft plan, see pages 135–137.

The U.S. government returned \$81.4 million to the U.S. Treasury that was intended for a large power-infrastructure project, USAID informed SIGAR this quarter.<sup>421</sup> Secretary of State Michael R. Pompeo initially said that up to \$100 million would be returned in a September 19, 2019, statement that cited Afghan government corruption and financial mismanagement as the cause.<sup>422</sup> While the press widely characterized this as a new development, SIGAR reported in April 2018 that these funds were likely to expire.<sup>423</sup> The power project, which aims to expand the Afghan electric grid, will still be implemented, but off-budget (with procurement and implementation managed by the United States, not by Afghan officials).<sup>424</sup>

Secretary Pompeo also announced that \$60 million in planned assistance to the Afghanistan Reconstruction Trust Fund (ARTF) would be withheld (but not returned to the U.S. Treasury) due to the Afghan government's failure to meet unspecified reform benchmarks for transparency and accountability in public financial management.<sup>425</sup> USAID later clarified that the benchmarks, which were not yet due at the time of the Secretary's statement, require the Afghan government to publicly publish revenue data and cash management decisions made by the MOF.<sup>426</sup> The Secretary took specific issue with Afghanistan's National Procurement Authority—the secretariat of the National Procurement Commission (NPC), a centralized government procurement body consisting of President Ashraf Ghani and his cabinet officials.<sup>427</sup> No further details were provided in the Secretary's statement.<sup>428</sup> USAID has told SIGAR that the NPC may suffer from corruption.<sup>429</sup> However, it has not provided SIGAR with evidence for this claim.<sup>430</sup>

Including opium-poppy cultivation, Afghanistan's economy contracted by 0.2% in 2018, according to Afghanistan's National Statistics and Information Authority (NSIA).<sup>431</sup> A 20% decline in opium-poppy cultivation appeared to

account for the hit to growth.<sup>432</sup> The NSIA said the economy grew by 2.7% in 2018, excluding opium-poppy.<sup>433</sup> Other sources' estimates for Afghanistan's 2018 GDP growth vary (p. 133).

The Afghan government's revenue growth through the first eight months of Fiscal Year 1398 (December 22, 2018, to December 21, 2019) slowed to just 3.2%, year-on-year, SIGAR analysis of Afghan government-provided data showed this quarter.<sup>434</sup> The slower pace represented a departure from recent trends: revenues grew by 14% from 2017–2018.<sup>435</sup> Expenditures, meanwhile, rose by 11.1%, outpacing revenue growth.<sup>436</sup>

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

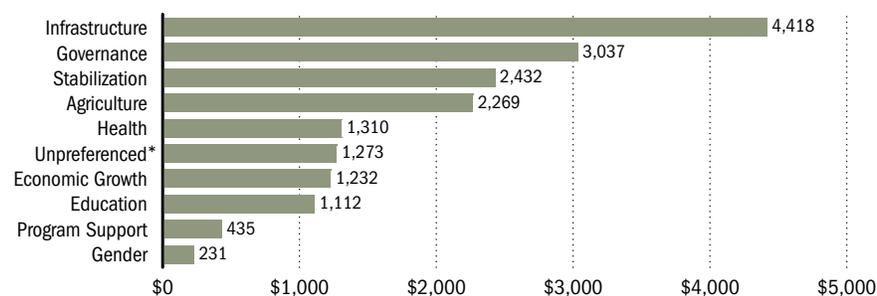
The United States continues to emphasize the importance of economic development in its policy planning for Afghanistan. The U.S. government's current Integrated Country Strategy (ICS) for Afghanistan states that efforts to prevent further terrorist attacks on the U.S. homeland cannot be sustained without a growing licit Afghan economy.<sup>437</sup> Economic prosperity in Afghanistan, the ICS states, depends upon the ability to advance private-sector-led export growth and job creation, and to bolster gains in health, education, and women's empowerment.<sup>438</sup>

The ICS is linked to USAID's Country Development Cooperation Strategy (CDCS) for Afghanistan.<sup>439</sup> The objectives of the CDCS are to:<sup>440</sup>

- 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

FIGURE 3.37

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF OCTOBER 8, 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, 10/8/2019; SIGAR analysis of World Bank, ARTF, Administrator's Report on Financial Status as of July 22, 2019, 9/3/2019.

It may be difficult for the U.S. government to make as much progress as desired toward these goals. Licit economic growth remains low and poverty is increasing.<sup>441</sup> Some social-development indicators are stagnating.<sup>442</sup> The proportion of Afghans who perceive corruption as a major issue in Afghanistan, meanwhile, has actually increased modestly since 2006.<sup>443</sup>

As of September 30, 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, \$19.6 billion has been obligated and \$17.0 billion has been disbursed.<sup>444</sup> Figure 3.37 shows USAID assistance by sector.

## ECONOMIC PROFILE

Despite extraordinary donor efforts since 2002 to raise Afghanistan’s long-term growth prospects, the country remains poor, conflict-affected, and heavily aid-dependent. The probability that these circumstances will change in the near- or mid-term appears very low: poverty is likely to have become more widespread, civilian deaths reached a record high in 2018, and donor grants continue to finance approximately 75% of total public expenditures, the World Bank said.<sup>445</sup>

Estimates of Afghanistan’s real GDP growth rate for 2018 varied widely (see Table 3.22), but all pointed to a relatively stagnant economic picture.<sup>446</sup> The most recently released estimate indicated Afghanistan’s licit economy may have grown by just 1.8% in 2018.<sup>447</sup> This rate contrasts with a very high overall growth rate (7%) in South Asia, which the Bank described as “the world’s fastest growing region.”<sup>448</sup>

TABLE 3.22

### ESTIMATES OF AFGHANISTAN’S ECONOMIC GROWTH RATE IN 2018 VARY WIDELY

Growth Rate	Source	Date Published	Poppy Cultivation Included?
(0.2%)	NSIA	6/10/2019	Yes
1.0	World Bank	4/2/2019	No
1.8	World Bank	7/21/2019	No
2.7	NSIA	3/2019	No
2.7	IMF	6/7/2019	No

Note: For undated documents, document properties were used to establish a publication date. The publication date for the NSIA’s licit (2.7%) estimate for growth in 2018 is based on information presented on page 2 of the World Bank’s July 2019 Afghanistan Development Update.

Source: World Bank, “Afghanistan Overview,” 4/2/2019, <https://www.worldbank.org/en/country/afghanistan/overview>, accessed 9/18/2019; NSIA, “Growth-Rate-of-GDP” 6/10/2019; World Bank, Afghanistan Development Update: Building Confidence Amid Uncertainty, 7/2019, p. 2; NSIA, “Economic Growth [sic],” no date, <https://nsia.gov.af/home>, accessed 9/17/2019; IMF, Fifth Review under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria, 5/15/2019, p. 5; SIGAR, communications with NSIA officials, 10/17/2019 and 10/16/2019.

### Assessments of Afghanistan’s Economic Performance are Incomplete without Accounting for Narcotics

GDP growth figures that account for the opium economy can be higher or lower than those 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%. Afghanistan’s licit GDP growth rate in 2017, by contrast, was 2.7%, according to the World Bank and IMF.

Opium contributed far less to GDP growth in 2018: high levels of supply from the previous year caused prices to fall, while a widespread drought disrupted agricultural production throughout the country. Accounting for opium-poppy cultivation, Afghanistan’s economy contracted by 0.2% in 2018, the NSIA said. That figure differs substantially from the NSIA’s licit growth rate figure of 2.7%. Unlike the NSIA, neither the IMF nor the World Bank attempt to account for the narcotics economy in their GDP growth estimates.

Source: NSIA, Afghanistan Statistical Yearbook 2017–2018, 8/2018, p. 110; World Bank, Afghanistan Development Update: Building Confidence Amid Uncertainty, 7/2019, p. 18; IMF, Fifth Review under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria, 5/15/2019, p. 24; 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; NSIA, “Growth-Rate-of-GDP” 6/10/2019; NSIA, “Economic Growth [sic],” no date, <https://nsia.gov.af/home>, accessed 9/17/2019; SIGAR, Quarterly Report to the United States Congress, 4/30/2019, p. 151.



**A vendor selling dried fruits** and nuts meets with an Afghan exporter at the USAID-supported Passage to Prosperity Trade and Investment Show in September 2019. USAID believes that increasing exports will boost Afghanistan’s GDP growth. (USAID photo)

The end of a severe drought rendered growth prospects for 2019 more favorable, according to both the World Bank (which projected 2.5% growth for 2019) and the International Monetary Fund (IMF, which projected 3% growth).<sup>449</sup> With population growth outstripping licit economic growth, per-capita GDP was expected to decline from \$513 in 2018 to \$485 in 2019.<sup>450</sup> Large numbers of returnees, particularly from Iran, could exacerbate the projected decline in per-capita incomes.<sup>451</sup>

“Substantial downside risks,” including violence and political instability, could dampen the short-term outlook, according to the Bank.<sup>452</sup> While the IMF projected that growth would rise to 5% by 2023, that projection assumed no significant deterioration in security, continued Afghan government reforms, and sustained aid inflows.<sup>453</sup> These assumptions may prove to be invalid, as Table 3.23 shows.

TABLE 3.23

## ASSUMPTIONS UNDERLYING IMF PROJECTIONS FOR HIGHER ECONOMIC GROWTH AND POTENTIAL COMPLICATIONS

Assumption	Potential Complication
No significant deterioration in security.	Violence may increase in the wake of suspended peace talks.
The Afghan government continues to implement reforms.	Reforms stalled in the previous presidential election year, according to the IMF.
Aid flows are sustained.	Donor grants are expected to decline over the next several years.

Source: IMF, Fifth Review under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria, 5/15/2019, p. 8; New York Times, “Trump Declares Afghan Peace Talks With Taliban ‘Dead,’” 9/9/2019; Military Times, “Top US general for NATO expects violence will rise before Afghans vote on new president,” 9/16/2019; World Bank, Post-Settlement Economic Initiatives to Support Peace and Inclusive Growth in Afghanistan, Version 2.5, 3/26/2019, ii.

## SUSTAINING A POLITICAL SETTLEMENT COULD COST BILLIONS

An additional \$5.2 billion in economic development funds may be required to consolidate and sustain a peace settlement, the World Bank said in a draft plan released this quarter.<sup>454</sup> This estimate considers a substantial expansion of existing programs, as well as the introduction of new projects over a five-year period following the signing of a peace agreement.<sup>455</sup> Costs would increase over that time period from approximately \$500 million in the year an agreement is reached to approximately \$1 billion in the third year of implementation.<sup>456</sup>

The 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 a package of economic initiatives that could be implemented after a political settlement was reached.<sup>457</sup> The Bank's plan follows SIGAR's *2019 High-Risk List*, which emphasized that peace would not be cost-free.<sup>458</sup>

### Whether the Plan's Primary Purpose is to Stimulate Growth or Reduce Poverty is Unclear

The purpose of the package, the communiqué said, is to advance the return of Afghan financial capital to the country, increase investment, create jobs, and enhance regional economic integration.<sup>459</sup> Some initiatives in the plan could directly contribute to these objectives, such as a proposed \$48 million project to further develop Afghan agribusinesses by establishing food processing hubs, and a separate project that would scale up financial services for small and medium enterprises.<sup>460</sup>

However, the primary goal of other initiatives described in the draft plan, like a \$250 million to \$300 million cash-transfer scheme that would target up to a million vulnerable households, seems more akin to poverty relief than to investment facilitation or job creation (though cash could theoretically catalyze the growth of household wealth and therefore provide an indirect path).<sup>461</sup> Among high-priority initiatives, direct cash-transfer schemes could constitute 29% of costs.<sup>462</sup> Figure 3.38 on the following page presents a breakdown of high-priority initiatives by sector.

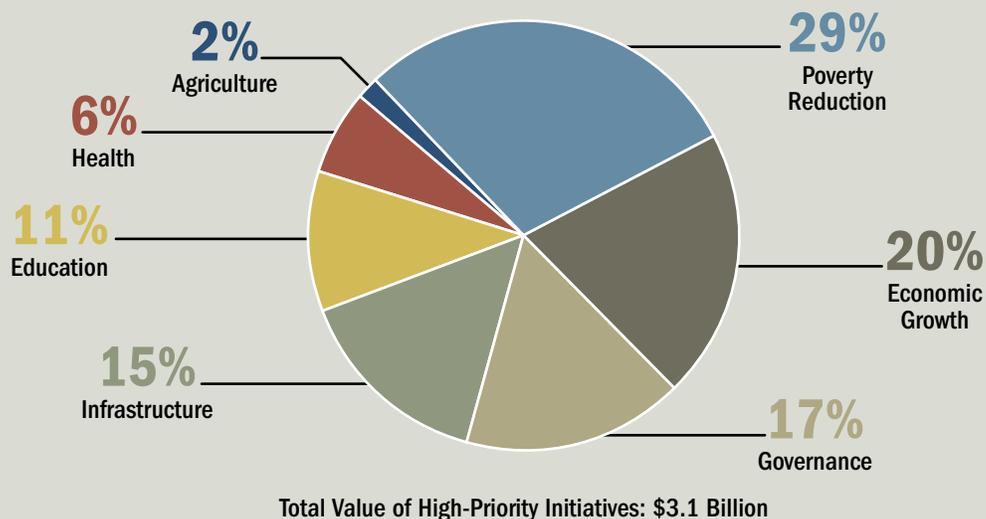
### Many Proposed Projects Harken Back to Old Ideas

Claiming “there is no need to reinvent the wheel,” the draft plan does not contemplate a serious departure from past programming.<sup>463</sup> Numerous large projects currently being implemented would be significantly expanded.<sup>464</sup>

The size of the Bank's flagship education project—Education Quality Reform in Afghanistan—would more than double, requiring an additional \$330 million in funding to improve 6,000 schools and provide basic education to an additional one million students.<sup>465</sup> And the centerpiece of the plan—a scale-up of the Bank's \$628 million Citizens' Charter project, a governance-focused initiative that aims to improve the delivery of core infrastructure and social services to local communities—would, if fully implemented under the plan, nearly triple in size, potentially requiring more than \$1 billion in additional funding.<sup>466</sup>

FIGURE 3.38

FUNDING SHARES OF HIGH-PRIORITY INITIATIVES IN THE WORLD BANK'S DRAFT POST-PEACE ECONOMIC PLAN



Note: In cases where the anticipated cost of projects is expressed as an annual amount in the Bank's draft plan, the implementation period is assumed to be six years, unless otherwise specified by the Bank.

Source: SIGAR analysis of Post-Settlement Economic Initiatives to Support Peace and Inclusive Growth in Afghanistan, Version 2.5, 3/26/2019.

Moreover, certain projects not currently being implemented by the Bank (and therefore nominally “new”) are reminiscent of previous donor efforts. For example, a proposed \$100 million regional trade-facilitation program that would support trade deals, improve infrastructure at border-crossing points, and introduce procedural reforms (among other activities) appears very similar to USAID’s \$78 million Afghanistan Trade and Revenue (ATAR) project. ATAR, which concluded in 2017, supported trade and transit agreements, attempted to implement electronic payment infrastructure, and aimed to streamline customs procedures.<sup>467</sup> A SIGAR Special Project found ATAR did not achieve tangible results related to the implementation of the e-payment system, which accounted for less than 1% of custom duties collected at the time the report was published in August 2017.<sup>468</sup>

## Donors Must Carefully Weigh How to Commit Funds

No initiatives proposed in the draft plan are currently funded.<sup>469</sup> Financing could come from either increases in development grants or from the reprioritization of existing initiatives (the latter of which would reduce the amount of additional financing required to fund the package).<sup>470</sup> Acknowledging that the future of grant support was highly uncertain, the Bank’s analysis assumes a steady decline in donor support over the next five years.<sup>471</sup>

Yet, unless donors are willing to tolerate the risk of state collapse, they will likely have to continue providing the Afghan government with significant financial support and avoid a sudden disruption or abrupt halt of aid.<sup>472</sup> Should a peace settlement eventually emerge, donors will have to decide how much funding to commit and what projects to support.

## The Afghan Government is Attempting to Advance its Own Post-Peace Development Agenda

Afghanistan's Ministry of Finance (MOF) is circulating its own post-peace economic and social development plan—the Afghanistan Self-Reliance Accelerator Package (ASAP). ASAP imagines an initial \$8.6 billion investment, funded by loans from private-sector lenders, in agriculture, electricity transmission, and urban housing and commercial properties.

It is unclear whether implementing ASAP is feasible given the Afghan government's limited capacity to manage debt and its commitment to avoid taking on higher-interest loans (the government's current, limited amount of debt carries very low interest rates). Overall, donors have demonstrated little enthusiasm for ASAP.

Source: Government of Afghanistan, MOF, The Afghanistan Self-Reliance Accelerator Package (ASAP), 7/2019, pp. 1–2; IMF, Fifth Review under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria, 5/15/2019, pp. 10, 14, 17, 36, 53.

When that time comes, they would do well to mitigate known risks by posing the seven key questions originally presented by SIGAR in its January 2013 *Quarterly Report to the United States Congress* to help guide decision makers as they consider how best to use remaining reconstruction funds.<sup>473</sup>

- Does the project or program make a clear and identifiable contribution to our national interests or strategic objectives?
- Do the Afghans want it and need it?
- Has it been coordinated with other U.S. implementing agencies, with the Afghan government, and with other international donors?
- Do security conditions permit effective implementation and oversight?
- Does it have adequate safeguards to detect, deter, and mitigate corruption?
- Do the Afghans have the financial resources, technical capacity, and political will to sustain it?
- Have implementing agencies established meaningful, measurable metrics for determining successful project outcomes?

## Even after a Peace Settlement, Many Challenges Will Remain and Oversight Will be Key

A potential political settlement will not immediately eliminate many of the fundamental obstacles to achieving U.S. objectives in Afghanistan. Gains from U.S. reconstruction investment are likely to continue to face multiple threats: the possibility of continued insecurity, endemic corruption, weak Afghan institutions, and the insidious impact of the narcotics trade.<sup>474</sup>

But amid the slew of uncertainties, SIGAR in its *2019 High-Risk List* identified one fact that lies at least somewhat within donors' control: the continuing need for oversight to ensure that taxpayer funds are spent efficiently and effectively. Should reductions in foreign personnel occur without accompanying improvement in Afghanistan's governance, even the best-laid post-peace plans may go awry.<sup>475</sup> Similarly, failure to ensure proper documentation of expenditures or to put in place other anticorruption control measures, would raise the risk of waste, fraud, and abuse—particularly if the proportion of on-budget grants increases, as the Bank's plan projects.<sup>476</sup>

But if donors take seriously their responsibility to carefully prioritize post-peace initiatives, implement proper control measures, and most importantly, avoid the temptation to spend too much, too fast, they will increase the probability that an eventual future settlement will succeed.

**Sustainable Domestic Revenues:**

According to Afghanistan 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. Sustainable revenues contrast with one-off revenues, which are nonrecurring and arise from one-time transfers of funds, such as central bank profits, to the Afghan government.

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

**SIGAR SPECIAL PROJECT**

A SIGAR Special Project released in July 2019 found that the Afghanistan Civil Aviation Authority (ACAA) had raised overflight fees from \$400 in early 2015 to \$700 in late 2017 (a 75% increase) and helped promote an increase in overflights from 81,326 in 2016 to 95,257 in 2018 (a 17% increase). The result was an 89% increase in overflight revenues from approximately \$56 million in 2015 to approximately \$106 million in 2018. However, the closure of Pakistani airspace for approximately five months in 2019 appears to have significantly decreased overflight fee revenues this year.

Source: SIGAR, Afghanistan's Civilian Aviation: Capacity Has Improved But Challenges Remain, Including Reliance on Donor Support for Operations, 7/2019, p. 10.

**Fiscal Situation: Revenue Gains Begin to Slow**

Afghanistan's **sustainable domestic revenues** grew by just 3.2% over the first eight months of FY 1398 (December 22, 2018, to December 21, 2019), year-on-year, SIGAR analysis of Afghan government accounting data showed.<sup>477</sup> As SIGAR emphasized in its *2019 High-Risk List*, strengthening Afghanistan's fiscal capacity will be key to sustaining the infrastructure and institutions that will be vital to economic growth as the Afghan government is asked to assume a more prominent role in its own development in the coming years.<sup>478</sup> Slowing revenue growth is therefore a significant concern.

Lower growth through month 8 was driven primarily by a 9.8% decrease in administrative fees, which fell by AFN 1.8 billion (\$23.8 million).<sup>479</sup> The Afghan government earns administrative fees in exchange for certain services it provides, such as issuing national identity cards and visas.<sup>480</sup> A 51.8% drop in overflight revenues accounted for the majority of the overall decline in the administrative fees category. Overflight revenues, earned when commercial aircraft transit through Afghan airspace, decreased by AFN 1.5 billion (\$20.1 million) during the period.<sup>481</sup> Pakistan closed its airspace from February 27, 2019, to July 16, 2019, which likely contributed to the decline.<sup>482</sup>

A second and more significant factor driving lower revenue growth was a sharp drop in "Other Revenue," a catchall category for revenues not listed elsewhere in the MOF's chart of accounts.<sup>483</sup> Within this category, revenues that had not yet been classified fell by AFN 3.4 billion (\$44.4 million), or 73%.<sup>484</sup> According to MOF officials, these unclassified revenues are later reconciled and recategorized.<sup>485</sup>

Figure 3.39 compares monthly sustainable domestic revenue collection from FY 1397 (December 22, 2017, to December 21, 2018) with monthly revenue collection from FY 1398. While aggregate revenues grew by 11.4% over the first eight months of the year, the increase was driven by a large (AFN 9.0 billion, or \$116.8 million) transfer of central bank profits rather than revenue categories generally considered to be more sustainable (see the next sub-section for more).<sup>486</sup>

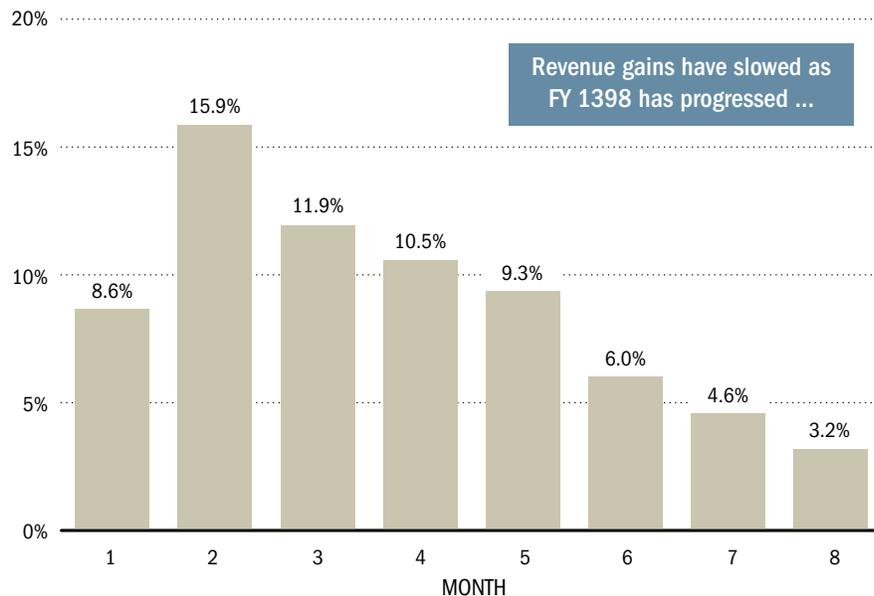
Outpacing sustainable (but not aggregate) domestic revenues, expenditures grew by 11.1%.<sup>487</sup> Spending through the first four months of FY 1398 was considerably higher than in FY 1397, but the pace of expenditure growth has since slowed significantly.<sup>488</sup> Month-to-month, year-on-year expenditures decreased in three of four months from April 22, 2019, to August 22, 2019.<sup>489</sup> Figure 3.40 shows cumulative spending increases by month through month 8.

**Depreciation of the Afghani and One-Off Central Bank Transfer May Be Distorting the Revenue Growth Picture for 2019**

After adjustments accounting for the depreciation of the afghani (AFN) against the U.S. dollar and a one-time central bank transfer, there was "little

FIGURE 3.39

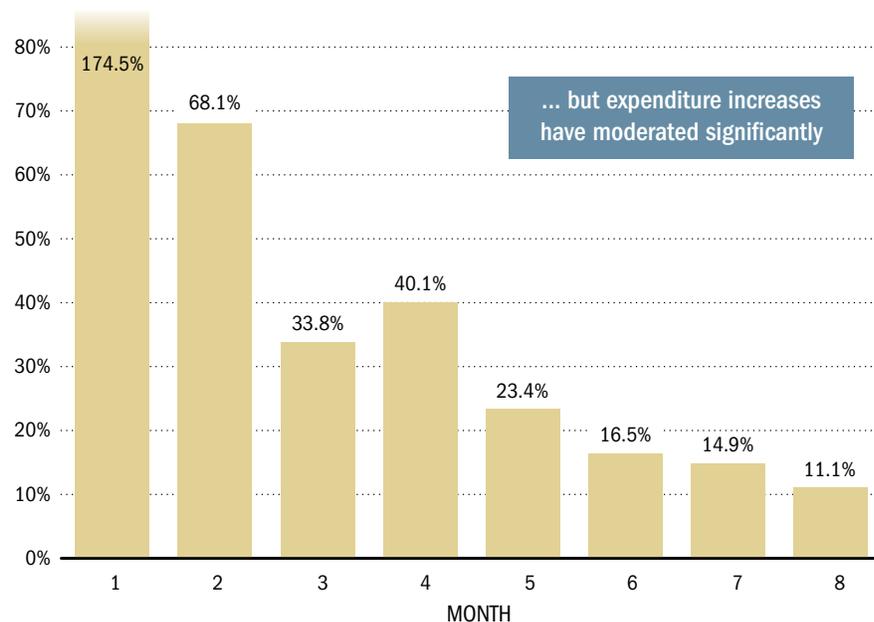
## CUMULATIVE SUSTAINABLE REVENUE GAINS (FY 1397-1398)



Source: SIGAR analysis of MOF-provided AFMIS data exported 10/8/2019; SIGAR analysis of USAID-provided AFMIS data exported 1/12/2019.

FIGURE 3.40

## CUMULATIVE EXPENDITURE INCREASES (FY 1397-1398)



Source: SIGAR analysis of MOF-provided AFMIS data exported 10/7/2019; SIGAR analysis of USAID-provided AFMIS data exported 1/12/2019.

### Afghan Government May Miss its FY 1398 Revenue Target

Given slowing revenue growth, the Afghan government may have difficulty meeting the AFN 188 billion (\$2.4 billion) sustainable domestic revenue target established by its FY 1398 budget. At its current rate of collection, revenues would fall short of the target by AFN 19.3 billion (\$250.9 million). While the government did collect more than 40% of its FY 1397 revenues in the final four months of the year, uncertainty surrounding the outcome of the September 2019 Afghan presidential election could adversely affect collections through the remainder of FY 1398. Data from month 8 of FY 1398, as well as preliminary figures from month 9, appear to show that sustainable domestic revenues are contracting.

SIGAR analysis of MOF-provided AFMIS data exported 10/8/2019; SIGAR analysis of USAID-provided AFMIS data exported 1/12/2019; IMF, Fifth Review under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria, 5/15/2019, pp. 8-9.

## Domestic Revenue Mobilization

**(DRM):** The generation of government revenue from domestic resources. Among other measures, DRM involves the implementation of sustainable tax reforms and addressing governance issues, such as corruption, that undermine those reforms.

Source: European Commission, "Domestic Resource Mobilisation," no date, [https://ec.europa.eu/europeaid/policies/financing-development/domestic-resource-mobilisation\\_en](https://ec.europa.eu/europeaid/policies/financing-development/domestic-resource-mobilisation_en), accessed 9/21/2019.

## Slowing Revenue Growth Casts a Shadow

Donors and commentators have considered Afghanistan's strong revenue growth over the last several years to be a significant success story. Domestic revenues reached a record high of \$2.6 billion in 2018, the World Bank said in a July 2019 macroeconomic update. That figure was equivalent to 13.4% of licit GDP, well above the 8.5% level of 2014, according to the IMF.

Yet both the Bank and the IMF warn that revenue growth could moderate in 2019 due to the exhaustion of revenue potential squeezed from an amnesty scheme for overdue taxes and an expected hit to customs receipts due to weakened governance and increased political instability. While the Afghan government's cash reserves (more than \$1.0 billion as of June 2019, according to a former World Bank economist and a former MOF official) are reportedly strong, slowing revenue growth presents sustainability challenges for the Afghan government at a time when donor grants are expected to decline.

Source: USIP "Afghan Government Revenue, Critical for Peace, Grows in 2019," 8/15/2019; World Bank, Afghanistan Development Update: Building Confidence Amid Uncertainty, 7/2019, ii-iii, p. 25; IMF, Fifth Review under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria, 5/15/2019, pp. 9, 39; World Bank, Post-Settlement Economic Initiatives to Support Peace and Inclusive Growth in Afghanistan, Version 2.5, 3/26/2019, ii.

or no" underlying growth in Afghan government revenues in first half of 2019, a former World Bank economist and a former Ministry of Finance (MOF) official wrote this quarter.<sup>490</sup> While the former officials described revenue growth in nominal afghani terms as "robust" over the first six months of the year, they noted that the 9% depreciation of the afghani between the first half of 2018 and the first half of 2019 artificially inflated customs receipts and produced a profit transfer from the central bank that was attributable to gains from foreign-exchange transactions and asset valuations.<sup>491</sup>

Accounting for currency depreciation by converting customs receipts denominated in afghani to U.S. dollars and subtracting the one-time AFN 8.9 billion (~\$117.0 million) transfer of central bank profits from total revenues, the former officials said, effectively negated underlying growth.<sup>492</sup> In their view, revenue growth in the first half of 2019 was the result of an "extraneous, one-time" event (currency depreciation) rather than the **domestic revenue mobilization** efforts of the Afghan government.<sup>493</sup> While SIGAR has not independently evaluated this narrative, it dovetails with the World Bank's July 2019 warning that prospects for revenue mobilization appeared weaker than in the past.<sup>494</sup>

## Slowing Export Growth Raises Questions about USAID's Strategy

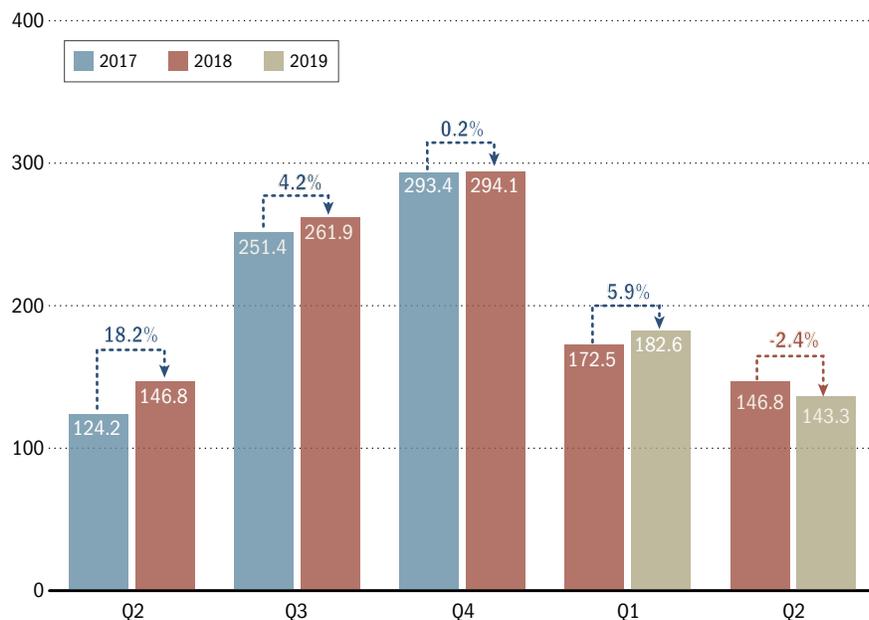
One of the pillars of USAID's current strategy for Afghanistan is to accelerate merchandise export growth.<sup>495</sup> But export growth has decelerated in 2019, SIGAR analysis of Afghan trade data shows.<sup>496</sup> In fact, exports contracted by 2.4% from the second quarter of 2018 to the second quarter of 2019 (Figure 3.41 shows Afghanistan quarter-to-quarter, year-on-year, export growth.).<sup>497</sup> While USAID pointed out that the closure of Pakistani airspace from February 27, 2019, to July 16, 2019, may have had exogenous, adverse effects on Afghan exports to India, the contraction occurred despite generous subsidies (up to 83% of air freight costs) provided by the Afghan government for goods exported by air.<sup>498</sup> Moreover, as SIGAR pointed out last quarter, air exports contribute less to Afghanistan's export performance (as reflected in the official Afghan figures traditionally analyzed by SIGAR) than USAID has previously suggested.<sup>499</sup>

As USAID was developing its current strategy in December 2017, the agency told SIGAR it expected to "bridge [Afghanistan's] massive trade deficit" over "the next three to five years."<sup>500</sup> Current data show that is highly unlikely to happen: the World Bank expected the trade deficit would be equivalent to 36.4% of GDP in 2019, an increase over 2018.<sup>501</sup> The Bank expected the deficit to be equivalent to 32.3% of GDP by 2022, essentially unchanged from the time at which USAID made this statement to SIGAR.<sup>502</sup>

It is also unlikely Afghanistan's trade situation will improve any time soon. The country's landlocked geography (which significantly raises the costs of trade, relative to countries with direct access to commercial sea routes), low

FIGURE 3.41

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



Source: SIGAR analysis of NSIA quarterly and annual export data, 2017-2018, accessed 9/22/2019, 6/21/2019, 3/23/2019, 12/20/2018, and 9/25/2018.

levels of infrastructure and institutional capacity, and persistent, decades-long conflict have stunted trade expansion. For Afghanistan, high energy costs and limited access to electricity and finance also pose major challenges.<sup>503</sup>

## Additional U.S. Sanctions on Iran Announced as Afghanistan Continues to Feel Secondary Effects

Approximately 571,000 Afghans were expected to return to Afghanistan from Iran in 2019, State told SIGAR in September, as President Donald J. Trump announced new sanctions on Iran's central bank and sovereign wealth fund.<sup>504</sup> The additional sanctions target what Treasury Secretary Steven T. Mnuchin described as "the last remaining source of funds" for Iran's government.<sup>505</sup> They follow previous rounds of sanctions on Iran's oil industry and financial institutions, and the designation of the Islamic Revolutionary Guard Corps as a Foreign Terrorist Organization.<sup>506</sup> While it was not yet clear what the tangible repercussions of the new sanctions might be for Iran (and by implication for Afghanistan), much of the damage to Iran's economy may have already occurred: the Iranian rial has stabilized somewhat from its free fall of the first half of 2018, State said.<sup>507</sup>

### Exports to India Increase Despite Closure of Pakistani Airspace

USAID said that Pakistan's decision to close its airspace earlier this year due to clashes with India "undermined the air corridor with India and impeded air exports." However, SIGAR analysis of official Afghan government trade data shows that merchandise exports from Afghanistan to India increased by a robust 17.4% in the first two quarters of 2019, compared to the first two quarters of 2018—even as overall exports increased by just 2.1% over the same time period.

Source: USAID, OEG, response to SIGAR vetting, 10/10/2019; SIGAR analysis of quarterly NSIA trade data, accessed 3/23/2019, 6/21/2019, and 9/22/2019.

Still, State reported that Afghanistan continued to feel the secondary effects of the sanctions, including an uptick in the return of unaccompanied minors and single women, approximately 45,600 of whom have returned to Afghanistan from Iran since 2018.<sup>508</sup> Many of these vulnerable returnees face severe sexual and other physical abuse in detention centers before crossing the border, State said.<sup>509</sup> The confluence of the ongoing conflict, a severe drought in 2018, and the influx of more than 950,000 returnees since January 2018 has burdened western Afghanistan with heavy economic and social costs.<sup>510</sup> Current humanitarian-response measures provide scant relief: due to limited funding, the United Nations' International Organization for Migration, an intergovernmental entity that aims to alleviate the negative effects of large-scale migration, assisted just 4% of Afghans who returned from Iran in 2018, said State.<sup>511</sup>

## BANKING AND FINANCE

Reflecting high levels of uncertainty around Afghanistan's presidential election, the future of security assistance funding, and a possible settlement between the U.S. and the Taliban, credit to the private sector declined by four percentage points in 2018, the World Bank said.<sup>512</sup> With levels of credit equal to just 12.8% of total bank assets, excess liquidity among banks remained high, reaching 63% of total assets.<sup>513</sup> While Afghanistan's central bank has taken steps to increase the supply of credit, such as expanding the list of eligible collateral, it has not yet been enough to reduce "massive" amounts of excess reserves, the Bank said.<sup>514</sup> Foreign-exchange-denominated loans are decreasing due to the substantial depreciation of the afghani against the U.S. dollar, suggesting that capital flight may be occurring amid declining confidence in the banking sector, the Bank added.<sup>515</sup>

Overall, Afghanistan's still-nascent financial sector, which consists of just 12 banks (three state-owned, seven private, and two foreign-owned), remains weak and underdeveloped.<sup>516</sup> Just 15% of Afghan adults have an account at a bank or **mobile money provider**.<sup>517</sup> Informal financial services continue to flourish in Afghanistan, Afghanistan's central bank said this quarter, and many Afghans still use the **hawala** system to transfer funds.<sup>518</sup>

## Treasury Technical Assistance to Afghan Banking Sector Ends

The U.S. Treasury Department's interagency agreement with USAID to support Afghanistan's public financial-management systems and oversight of its financial sector concluded this quarter.<sup>519</sup> The assistance, which began in March 2015, ended with a series of five training sessions in Dubai for Afghan central bank staff covering subjects ranging from corporate governance to internal auditing.<sup>520</sup> Earlier assistance under the agreement focused on effective fiscal budgeting and on building capacity to combat financial crimes, among other topics.<sup>521</sup>

**Mobile money providers** allow account holders to store and transfer funds through a mobile phone.

**Hawala:** A centuries-old broker system based on trust, found throughout South Asia, the Arab world, and parts of Africa, Europe, and the Americas. It allows customers and brokers (called hawaladars) to transfer money or value without physically moving it, often in areas of the world where banks and other formal institutions have little or no presence.

There is no clear division between hawala networks and the formal financial system: many hawalas use the formal banking sector for day-to-day operations and to settle balances with other hawalas both domestically and abroad.

Source: World Bank, The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution, 5/2/2018, p. 1; State, INL, International Narcotics Control Strategy Report Volume II Money Laundering, 3/2019, pp. 11, 36.

Treasury's penultimate training session addressed **correspondent banking relationships**.<sup>522</sup> Afghanistan is considered a high-risk jurisdiction for such relationships because poor implementation and poor enforcement of the country's anti-money-laundering/combating financing of terrorism (AML/CFT) laws leave its financial system vulnerable to abuse.<sup>523</sup> Although the **Financial Action Task Force** no longer lists Afghanistan as a jurisdiction with strategic AML/CFT deficiencies, the European Union does: Afghanistan was included in a February 2019 EU list of high-risk third-party countries.<sup>524</sup> The State Department also continues to list Afghanistan as a major money-laundering jurisdiction.<sup>525</sup>

## Architect of Afghanistan's Most Notorious Banking Scandal Gets Early Release from Prison

Khalilullah Ferozi, the former chief executive officer of Kabul Bank, which nearly collapsed in 2010 after almost \$1 billion was stolen by a group of politically connected executives and shareholders, was released from prison this quarter.<sup>526</sup> Ferozi, who was transferred to house arrest purportedly due to a severe diabetic condition, is considered one of the chief perpetrators of a fraud and money-laundering scheme that severely stressed the Afghan financial system and led to an \$825 million bailout from the Afghan government (an amount equivalent to approximately 5–6% of the country's GDP at the time).<sup>527</sup> Ferozi's chief partner in the theft, former Kabul Bank Chairman Sher Khan Farnood, died last summer while serving a sentence at Bagram Prison.<sup>528</sup>

Ferozi's release was quickly followed by criticism from prominent quarters: U.S. Ambassador to Afghanistan John R. Bass said on Twitter that he was "disturbed" by the news, emphasizing that it "call[ed] into question the government's commitment to combating corruption and making [the] best use of donors' support."<sup>529</sup> Casting an unverified allegation at his political rival, President Ghani, Afghan presidential candidate and former head of the National Directorate of Security Rahmatullah Nabil accused Ferozi of contributing \$30 million to Ghani's reelection campaign in return for his release.<sup>530</sup> Quick to respond, presidential spokesman Sediq Sediqqi characterized Nabil's accusation as "misleading," with "no truth in it."<sup>531</sup> Sediqqi said Ferozi had been placed "under severe house arrest."<sup>532</sup> The Afghan government told State that, under this arrangement, Ferozi would be allowed visitors, but could only leave his home to receive medical treatment.<sup>533</sup>

This is not the first time Ferozi, who is serving a 10-year sentence, has benefitted from a lenient interpretation of "detention."<sup>534</sup> Under former Afghan President Hamid Karzai, Ferozi frequently patronized Kabul's upscale restaurants while meeting with friends and former business partners under the pretense of attempting to recover their money so that they could repay stolen funds, according to the Afghanistan Analysts Network.<sup>535</sup> In 2011, Ferozi sat down with a reporter from the Guardian over "shisha

### **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.

### **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.

Source: Investopedia, "Correspondent Bank Definition," revised 4/20/2019, <https://www.investopedia.com/terms/c/correspondent-bank.asp>, accessed 6/18/2019; FATF, "Who We Are," n.d., <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.

and several plates of rice and kebab” while he was nominally under house arrest.<sup>536</sup> In 2015, without prior announcement, Ferozi showed up as an apparent guest of honor at a stone-laying ceremony for a real-estate project ostensibly conceived as a means of repaying his debt.<sup>537</sup> The project, which quickly devolved into scandal, was hastily canceled.<sup>538</sup>

It is not yet clear what impact Ferozi’s latest detention arrangement will have on recovering the funds he stole.<sup>539</sup> Ferozi entered into an agreement with the Kabul Bank Receivership (KBR), which was established to manage the bank’s bad assets, that requires him to repay 50% (\$68.6 million) of the funds he stole (\$137.2 million, which does not include accumulated interest valued at \$59.4 million) within six months from the date of his transfer to house arrest.<sup>540</sup> Since the Afghan government announced that Kabul Bank would be put into receivership in April 2011, Ferozi has paid back \$14.5 million in cash, meaning that, per the terms of the agreement, he would have to repay an additional \$54.1 million within the required six-month timeframe.<sup>541</sup> No cash has been recovered from Ferozi in the last year, the KBR told SIGAR, although some of his collateralized property will be transferred to the Afghan government.<sup>542</sup> Overall, 59.6% (approximately \$588.2 million) of the \$987 million loan portfolio remained unrecovered, as of September 20, 2019.<sup>543</sup>

## ECONOMIC GROWTH

USAID’s objective to accelerate private-sector-driven, export-led growth means that the agency’s Office of Economic Growth (OEG) could play an important role in the agency’s Country Development Cooperation Strategy (CDCS).<sup>544</sup> In support of that strategy, OEG’s efforts seek to:<sup>545</sup>

- 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

Conflict and uncertainty, however, may prevent USAID from achieving its goal of accelerating Afghanistan’s economic growth rate. With peace talks on hold, violence levels have increased as the U.S. and Taliban seek leverage over one another.<sup>546</sup> Uncertainty, meanwhile, runs high: investment confidence has deteriorated amid anxiety over the future international security presence, presidential elections, and (now-suspended) peace negotiations.<sup>547</sup> A SIGAR lessons-learned report on private-sector development and economic growth found that it is not realistic to expect robust and sustainable economic growth in an insecure and uncertain environment.<sup>548</sup>

USAID’s active economic-growth programs have a total estimated cost of \$139 million and can be found in Table 3.24.

TABLE 3.24

<b>USAID ACTIVE ECONOMIC-GROWTH PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 10/8/2019</b>
Multi-Dimensional Legal Economic Reform Assistance (MELRA)	2/7/2018	2/6/2023	\$19,990,260	\$3,371,197
Extractive Technical Assistance by USGS	1/1/2018	12/31/2022	18,226,206	4,640,492
INVEST	9/28/2017	9/27/2020	15,000,000	3,991,565
Afghanistan Investment Climate Reform Program	3/27/2015	3/26/2020	13,300,000	6,131,266
Commercial Law Development Program	3/1/2014	9/30/2019	13,000,000	10,213,725
Carpet and Jewelry Value Chains	2/1/2019	3/31/2023	9,941,606	982,488
Goldozi Project	4/5/2018	4/4/2022	9,718,763	2,292,579
Livelihood Advancement for Marginalized Population (LAMP)	8/1/2018	7/31/2022	9,491,153	569,468
Establishing Kabul Carpet Export Center (KCEC)	6/6/2018	6/5/2021	9,416,507	3,203,000
Recycling Plant Value Chain in Northern Afghanistan	6/5/2019	6/4/2023	7,250,000	110,819
Trade Show Support (TSS) Activity	6/7/2018	12/6/2020	6,921,728	4,295,508
Development Credit Authority (DCA) with Ghazanfar Bank	9/1/2018	8/30/2025	2,163,000	40,015
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	142,100
Afghanistan Loan Portfolio Guarantee	9/27/2017	9/26/2023	665,820	732
<b>Total</b>			<b>\$139,043,043</b>	<b>\$40,505,755</b>

Source: USAID, response to SIGAR data call, 10/8/2019.

## Commerce Department Tries to Help Bring Afghanistan Back into Compliance with Extractives Transparency Standards

The U.S. Department of Commerce (DOC) is trying to help bring Afghanistan back into line with global extractives-sector transparency standards, officials from the DOC's Commercial Law and Development Program (CLDP) said this quarter.<sup>549</sup> Afghanistan made inadequate progress toward meeting those standards, which are promulgated by the Extractives Industries Transparency Initiative (EITI), an international body that aims to increase transparency in the natural-resources sector. Afghanistan was suspended from the EITI in January 2019.<sup>550</sup>

CLDP, which provides technical assistance in commercial law to the governments and private sectors of developing countries, agreed to sponsor the attendance of Afghan representatives at EITI-organized training workshops in 2020.<sup>551</sup> The sponsorship will be provided through USAID's Multi-Dimensional Economic Legal Reform Assistance Program (MELRA), implemented by CLDP.<sup>552</sup> MELRA is a \$20 million project that provides high-level policy and legal advice in areas deemed essential for fostering

### Many Donors Do Not Hold Themselves to EITI Standards

The U.S. withdrew from the EITI as an implementing country in 2017, citing conflict with U.S. laws. However, the U.S. still supports the initiative and believes that Afghanistan will benefit from embracing EITI standards. As USAID said, "Afghanistan is in desperate need of transparency in all sectors, especially the mining sector."

Several other donors supporting reforms in the Afghan extractives sector are also non-EITI-implementing countries, including Australia, New Zealand, and Canada.

Source: USAID, OEG, response to SIGAR vetting, 10/10/2019; U.S. Department of the Interior, Office of Natural Resources Revenue, Letter to Mr. Fredrik Reinfeldt, Chair, Extractive Industries Transparency Initiative Board, 11/2/2017, pp. 1-2.

economic growth, including information communications technology, mining, and trade.<sup>553</sup>

EITI standards aim to reduce corruption by requiring implementing countries to reconcile revenue data from mining.<sup>554</sup> Such reconciliation, which attempts to uncover discrepancies between taxes and royalties paid by firms and revenues collected by governments, is believed to reduce corruption.<sup>555</sup> The U.S. withdrew from the EITI as an implementing country in 2017 because U.S. laws conflicted with EITI standards (meaning those laws allowed U.S. companies to be less transparent than those in EITI-compliant countries).<sup>556</sup> Although the Afghan government had reportedly committed to bring Afghanistan back into EITI compliance by the summer of 2019, it remained suspended as of September 25, 2019.<sup>557</sup>

## AGRICULTURE

Afghanistan remains heavily reliant on the agricultural sector, which employs approximately 40% of its total labor force and is expected to contribute nearly one-fifth of the country's GDP in 2019 (excluding opium-poppy cultivation), according to the World Bank.<sup>558</sup> Historically, agriculture has been the base of Afghanistan's licit, formal economy, making substantial contributions to Afghanistan's licit economic growth. However, its significance to growth has diminished somewhat since the U.S.-led intervention in 2001.<sup>559</sup> Due to anticipated recovery from a severe drought in 2018, the Bank expected licit agriculture to contribute approximately 0.84 percentage points (out of 2.5 percentage points) of GDP growth in 2019.<sup>560</sup>

In addition to licit agricultural activity supported by international donors, illicit opium-poppy cultivation thrives in Afghanistan. As many as 507,000 Afghans worked in opium-poppy cultivation in 2018, making the illegal industry one of the country's largest employers (larger than the Afghan National Defense and Security Forces), a May 2019 paper from the Afghanistan Research and Evaluation Unit said.<sup>561</sup>

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.<sup>562</sup> USAID's active agriculture programs have a total estimated cost of \$444 million and can be found in Table 3.25. The Counternarcotics section of this report provides updates for many of these programs.

## USAID's SWIM Project Lags on Several Performance Indicators

USAID's \$87.9 million Strengthening Watershed and Irrigation Management (SWIM) project was behind on several key performance indicators, the latest quarterly report from project implementer AECOM International Development said.<sup>563</sup> A five-year project that began in December 2016, SWIM aims to improve agricultural water use, resource management, and regulations.<sup>564</sup>

# ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.25

<b>USAID ACTIVE AGRICULTURE PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 10/8/2019</b>
Strengthening Watershed and Irrigation Management (SWIM)	12/7/2016	12/6/2021	\$87,905,437	\$19,839,817
Regional Agriculture Development Program (RADP North)	5/21/2014	5/20/2019	78,429,714	72,107,745
Commercial Horticulture and Agriculture Marketing Program (CHAMP)	2/1/2010	12/31/2019	71,292,850	67,079,806
Afghanistan Value Chains-Livestock Activity	6/9/2018	6/8/2021	55,672,170	8,429,409
Afghanistan Value Chains-High Value Crops	8/2/2018	8/1/2023	54,958,860	6,441,571
Regional Agriculture Development Program- East (RADP East)	7/21/2016	7/20/2021	28,126,111	14,260,267
Grain Research and Innovation (GRAIN)	3/13/2017	9/30/2022	19,500,000	9,150,000
Promoting Value Chain-West	9/20/2017	9/19/2020	19,000,000	10,877,945
ACE II (Agriculture Credit Enhancement II)	6/23/2015	6/30/2019	18,234,849	17,906,171
Catalyzing Afghan Agricultural Innovation	5/28/2018	5/27/2023	8,000,000	1,614,315
SERVIR	9/14/2015	9/30/2020	3,100,000	1,877,059
<b>Total</b>			<b>\$444,219,991</b>	<b>\$229,584,104</b>

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

Source: USAID, response to SIGAR data call, 10/8/2019.

AECOM's report, which covered activities from April through June 2019, showed that AECOM had informed zero people about appropriate water and natural resource management during the quarter, compared to a target of 2,125 people.<sup>565</sup> USAID said the target was missed because the Afghan government took longer than expected to provide input on a concept note for planned outreach.<sup>566</sup> USAID added that the concept note was finally approved and that 5,300 people had been trained on sustainable natural-resource management, as of October 10, 2019.<sup>567</sup> However, this number was still below the third-year project target of 8,500 people.<sup>568</sup>

The report also showed that AECOM had failed to restore a single hectare of upland watershed, compared to a target of 3,741 hectares.<sup>569</sup> The 3,741 hectares are covered by two separate watersheds in Jowzjan Province.<sup>570</sup> USAID said that restoration of this land was delayed because AECOM had submitted watershed-management plans that were insufficiently detailed and that required new tables of contents.<sup>571</sup> Implementation of this aspect of the project will now commence in early 2020.<sup>572</sup> Consequently, the year-three target for this indicator is now zero and has been transferred to year four.<sup>573</sup>

A third quarterly target missed by AECOM was the number of hectares under new or improved irrigation or drainage service as a result of U.S. government assistance. The goal for the quarter was 9,108 hectares; the result was zero.<sup>574</sup>

A combination of factors appears to account for these missed targets. AECOM said that flooding, labor shortages (for both low-skilled laborers and engineers), cold weather and heavy windstorms, and security challenges impacted the rehabilitation of several canals.<sup>575</sup> The implementer also said that a major training course, scheduled to conclude in March 2019, had been delayed and that a new trainer for the course had not yet been hired.<sup>576</sup> That training was eventually completed in September 2019, six months behind schedule.<sup>577</sup> In more positive developments, AECOM said it had created approximately 60 full-time-equivalent (FTE) jobs, compared to a quarterly target of 20 FTE jobs.<sup>578</sup>

In response to a draft version of this report, USAID said it had taken several actions to ensure AECOM met its annual targets. Those actions include a requirement for monthly construction-progress reports and a revised quality-assurance plan.<sup>579</sup>

## INFRASTRUCTURE AND ESSENTIAL SERVICES

The U.S. has provided funds to build roads and bridges, construct and improve health and education facilities, and increase the electricity supply in Afghanistan since 2002.<sup>580</sup> USAID alone has disbursed more than \$4.4 billion for infrastructure projects.<sup>581</sup>

While funding levels for infrastructure have decreased in recent years as the U.S. has moved away from large capital projects like road construction, and although the U.S. does not plan to bilaterally underwrite any new major infrastructure moving forward, several high-dollar projects are still being implemented.<sup>582</sup> This section focuses specifically on remaining power-infrastructure projects.

### Access to Electricity Remains a Stubborn Development Challenge

Lack of access to reliable and affordable electricity fundamentally constrains economic growth in Afghanistan, USAID said in a comprehensive February 2018 assessment of Afghanistan's energy sector.<sup>583</sup> Although nearly 98% of Afghans report having access to some form of electricity, just 31% have access to grid-based electricity, according to Afghanistan's statistical authority.<sup>584</sup>

The majority of rural Afghans use distributed solar-power systems rather than connections to an electric grid for their energy needs.<sup>585</sup> However, these systems lack the capacity and availability required to be the primary source of power for commercial enterprises, USAID said, implying that current levels of available electricity are not sufficient to bolster economic growth in rural areas.<sup>586</sup>

Many barriers to expanding electricity access persist. USAID said the set of challenges includes Afghanistan's near-complete (80%) dependence on

electricity imports (which reduces its bargaining power to negotiate favorable power-purchase rates), insecurity (particularly with respect to crossfire incidents), a poorly functioning national utility (Da Afghanistan Breshna Sherkat, or DABS), insufficient transmission and distribution networks, and weak sector governance.<sup>587</sup>

## **Growing the National Power Grid Has Been a Major Emphasis of U.S. Economic Development Efforts**

Expanding and connecting Afghanistan’s “islanded” power grids has been a top U.S. development priority. Remaining work in the Afghan power sector therefore consists primarily of large-scale infrastructure projects. 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).<sup>588</sup> USAID is funding the construction of a 470-kilometer transmission line that, when complete, will connect the two networks.<sup>589</sup> USAID is also working to expand the SEPS network.<sup>590</sup>

Afghanistan Infrastructure Fund (AIF) monies appropriated by Congress in Fiscal Years (FYs) 2011–2014 fund DOD and USAID power-infrastructure projects. The Economic Support Fund also covers some USAID project costs.<sup>591</sup> No additional AIF funds have been appropriated since FY 2014.<sup>592</sup> However, up to \$50 million of Title IX Overseas Contingency Operations (OCO) funds appropriated in later acts may be used to complete these projects.<sup>593</sup> Both DOD and USAID projects have faced substantial delays over the years.<sup>594</sup>

## **DOD’s Power-Infrastructure Projects are Complete**

DOD reported that it had completed the last of its power-infrastructure projects this quarter. The final project involved the construction of substations and a transmission line from Sangin to Lashkar Gah in Afghanistan’s restive Helmand Province and the improvement of three substations in SEPS. The transmission line was turned over to the Afghan government in late September 2019, DOD said. Approximately \$65.4 million has been obligated for this project, of which \$55.2 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 \$583.1 million disbursed.<sup>595</sup> Figure 3.42 on the following page shows the current status of U.S. funded power-infrastructure projects.

## **Five USAID Power-Infrastructure Projects Remain Ongoing; All are Delayed**

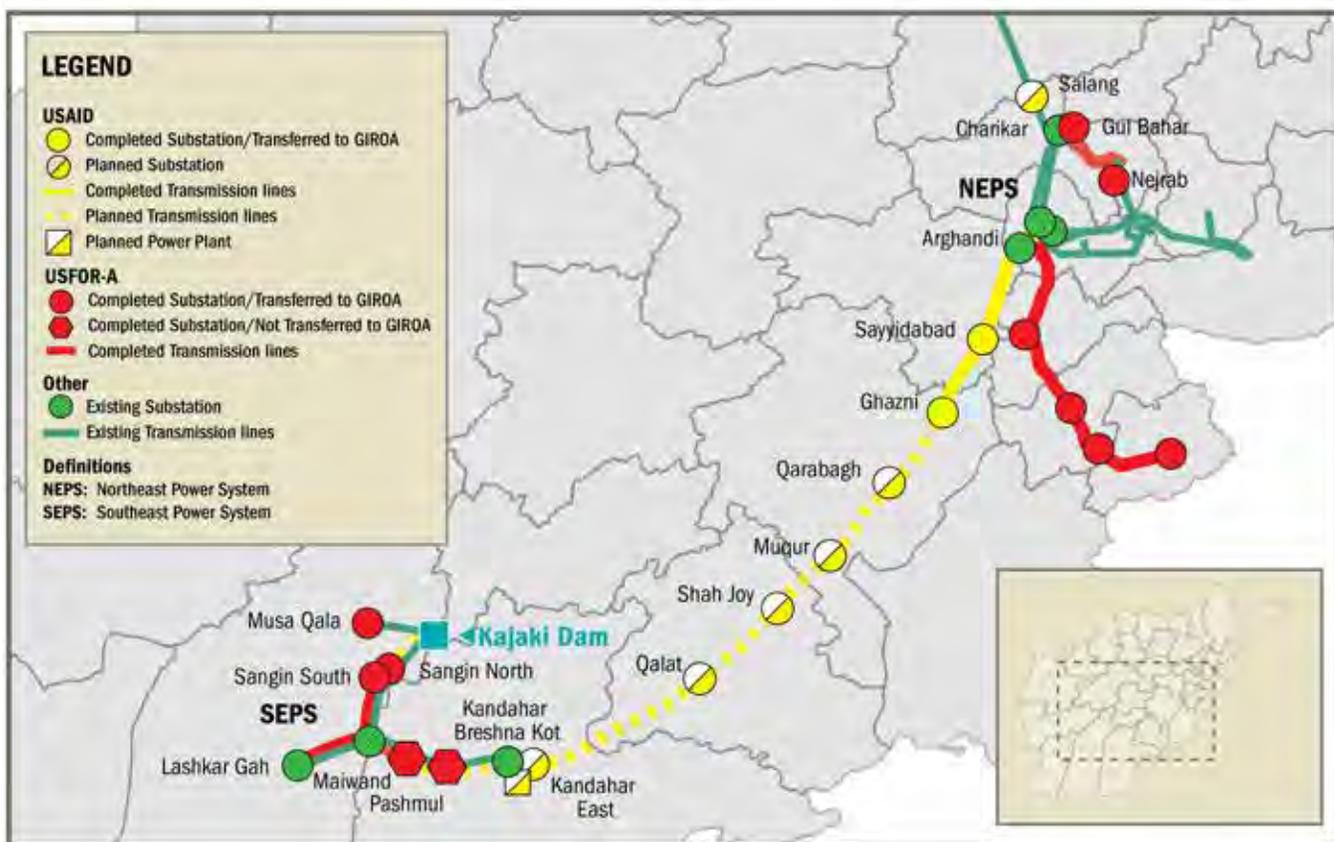
USAID currently has five ongoing power-infrastructure projects. Those projects include the construction of:<sup>596</sup>

### **SIGAR AUDIT**

The U.S. Army Corps of Engineers (USACE) used qualified local-national personnel to monitor its construction projects in Afghanistan and is taking steps to improve contractor reporting, a SIGAR audit released this quarter found. USACE was responsible for implementation of DOD’s power-infrastructure projects.

FIGURE 3.42

## STATUS OF U.S.-FUNDED POWER-INFRASTRUCTURE PROJECTS: NEPS & SEPS



Note: Map is illustrative and does not depict every feature of Afghanistan's energy infrastructure.

Source: Afghan Energy Information Center, Afghanistan Energy Map, "Afghanistan Current & Future Power System up to Year 2032 (1410)," n.d., <http://aeic.af/en/ppi>, accessed 10/9/2019; USFOR-A, JENG, "Afghanistan Infrastructure Fund Program FY 11 through FY 14," 9/20/2019; USAID, OI, response to SIGAR data call, 9/18/2019; SIGAR, Supplement to October 2018 Quarterly Report to Congress: Power Infrastructure Map, "U.S.-Funded Power-Infrastructure Projects: Current Status, as of September 2018," 10/30/2018; SIGAR, communications with DOD official, 10/9/2019.

- the Salang substation (completion date: January 2, 2020), located near a strategic pass between Baghlan and Parwan Provinces
- a 10 megawatt solar-power plant near Kandahar City in southern Afghanistan (completion date: December 29, 2019, an additional three-month delay since last quarter)
- a transmission line between Ghazni and Kandahar Provinces (completion date: December 2020)
- substations along the transmission line from Ghazni to Kandahar (completion date: July 30, 2023, approximately six months later than reported last quarter)

- transmission lines and substations in SEPS (completion date: July 30, 2023, approximately six months later than previously reported)

All five projects are delayed.<sup>597</sup> 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.<sup>598</sup> USAID’s active energy projects have a total estimated cost of \$788 million and are presented in Table 3.26.

### USAID Awards Contract to Construct Substations from Ghazni to Kandahar and Complete SEPS

After long delay, USAID awarded a \$159.8 million contract for five substations between Ghazni and Kandahar and a 114-kilometer transmission line, with new or improved substations, that will complete the SEPS system, the agency informed SIGAR this quarter.<sup>599</sup> Contracts for the projects—known as the NEPS-SEPS Connector Substations and SEPS Completion, both of which were originally to be completed on-budget—were initially awarded by the Afghan government in January 2015 and August 2016.<sup>600</sup>

Both of these prior contracts failed amidst allegations of corruption and mismanagement at DABS.<sup>601</sup> Consequently, in October 2017, USAID paused all on-budget energy construction projects and conducted an assessment of its energy-sector program and the Afghan government’s ability to perform under the on-budget model. The result of the assessment led USAID to cancel \$400 million of on-budget (Afghan-managed) funds designated for DABS energy projects and reallocate them through off-budget (U.S.-managed) mechanisms. As a result of the delays caused by failed Afghan government contracts, approximately \$81.4 million in AIF funding will cancel at the end of September and

### SIGAR AUDIT

A SIGAR audit released in September 2019 found that USAID’s Power Transmission Expansion and Connectivity (PTEC) project was behind schedule and faced possible sustainability challenges. PTEC’s main objective is to connect Kabul’s and Kandahar’s respective power grids by building new transmission lines and substations.

TABLE 3.26

USAID ACTIVE ENERGY PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Power Transmission Expansion and Connectivity (PTEC)	1/1/2013	12/31/2023	\$316,713,724	\$245,553,052
SEPS Completion and NEPS-SEPS Connector Substations	7/3/2019	7/30/2023	159,794,733	0
Contributions to the Afghanistan Infrastructure Trust Fund (AIF)	3/7/2013	3/6/2023	153,670,184	153,670,184
Engineering Support Program	7/23/2016	1/22/2020	125,000,000	66,094,199
Design and Acquisition of SEPS Completion and NEPS-SEPS Connector	3/7/2018	6/27/2022	20,151,240	2,098,988
Kandahar Solar Project	2/23/2017	12/29/2019	10,000,000	9,000,000
Spare parts for Tarakhil Power Plant	8/14/2019	11/13/2019	2,136,850	0
Power Sector Governance and Management Assessment	1/12/2019	3/2/2019	567,330	567,330
<b>Total</b>			<b>\$788,034,061</b>	<b>\$476,983,754</b>

Source: USAID, response to SIGAR data call, 10/8/2019.

return to the U.S. Treasury.<sup>602</sup> Secretary of State Pompeo referred to these funds in his statement of September 19, 2019, which overstated the number.<sup>603</sup> USAID reported that all canceled AIF funds would be replaced by Economic Support Fund monies in order to complete the project.<sup>604</sup>

The cancellation of these AIF funds was anticipated in early 2018 and is therefore not a new or unexpected development.<sup>605</sup> However, USAID reported that, in addition to the return of these monies to the U.S. Treasury, project costs were lower than anticipated, resulting in an estimated \$100 million cost savings to the U.S. Government.<sup>606</sup>

## SIGAR SPECIAL PROJECT

A SIGAR review of USAID's five-year, \$69.5 million Afghan Children Read (ACR) project found that textbooks distributed through ACR were received and used by schools. However, the review also found problems with the printing, distribution and warehousing of textbooks—including the warehousing of more than 150,000 books, many of which may not be distributed.

## EDUCATION

Decades of conflict had decimated Afghanistan's education system prior to the U.S.-led military intervention in 2001. Since then, donors have generally highlighted Afghanistan's progress in the education sector as a significant achievement.<sup>607</sup> However, poor data quality makes it difficult to ascertain the extent of that success, although more children are in school than under the Taliban regime, when girls were forbidden to attend. For example, figures for the number of children and youth in school vary widely.<sup>608</sup> Afghan government enrollment data cannot be used to determine attendance rates directly because Afghanistan's Ministry of Education (MOE) counts students who have been absent for up to three years as enrolled under the premise that they may return to school.<sup>609</sup>

The education sector is beset by numerous challenges. They include shortages of school buildings and textbooks, rural access issues, poor data reliability, insecurity, and the alleged appointment of teachers on the basis of cronyism and bribery.<sup>610</sup>

USAID, which aims to improve access to and quality of education in Afghanistan, as well as build capacity at the MOE, has disbursed more than \$1.1 billion for education programs in Afghanistan, as of October 8, 2019.<sup>611</sup> USAID's education programs aim to increase access to education, as well as to improve the quality and relevance of, and to bolster the management capacity of Afghanistan's education system.<sup>612</sup> The agency's active education programs have a total estimated cost of \$520 million and can be found in Table 3.27.

## Review of Flagship World Bank Education Program Points to Possible Corruption

A fiduciary review of the World Bank's \$418 million second Education Quality Improvement Project (EQUIP II) revealed significant weaknesses in the MOE's record-keeping practices and identified several instances of potential procurement fraud that warrant further investigation, the Bank said in a brief shared with SIGAR this quarter.<sup>613</sup> Out of a sample of \$156.5 million project expenditures, \$21.9 million (14.0%) lacked adequate

documentation, \$2.2 million (1.4%) did not comply with World Bank procedures, and \$37.2 million (23.8%) in procurement contracts were identified as potentially fraudulent.<sup>614</sup> The possibly fraudulent contracts involved a local nongovernmental organization that was supposed to provide teacher training services.<sup>615</sup> The expenditures for which there was inadequate documentation all related to salary payments made to teacher trainers.<sup>616</sup>

The sample of examined expenditures represented 37.4% of the total project cost and the total amount of potentially compromised expenditures was 39.2% of the sample.<sup>617</sup> Although the Bank emphasized that the results could not be extrapolated to all project expenditures because sample expenditures were not randomly selected, the Bank noted that if expenditures for the entire project had been inadequately documented at the same rate, the total amount of compromised funds would be approximately \$165.0 million.<sup>618</sup>

The objective of EQUIP II was to increase equitable access to education, especially for girls, through school grants, teacher training, and institutional capacity building.<sup>619</sup> The review, which covered the project's entire nine-year implementation period (January 2008 to December 2017) was prompted in part by a 2018 SIGAR audit of the Bank's Afghanistan Reconstruction Trust Fund.<sup>620</sup>

## SIGAR SPECIAL PROJECT

This quarter, SIGAR released a report summarizing its findings from site visits to 171 schools across 10 provinces in Afghanistan. The visits were conducted between October 2015 and October 2018. SIGAR found that while 168 of the 171 schools (98.3%) were open and in generally usable condition, some of the schools had structural issues that could pose risks to the school's students and staff.

TABLE 3.27

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 10/8/2019
Afghanistan University Support and Workforce Development Program	1/1/2014	9/30/2019	\$93,158,698	\$91,864,195
Support to the American University of Afghanistan (AUAF)	8/1/2013	5/31/2020	90,681,844	70,375,170
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
Afghan Children Read (ACR) Program	4/4/2016	4/3/2021	69,547,810	38,616,504
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	35,150,406
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	13,691,418
Afghanistan's Global Partnership for Education	10/11/2012	9/30/2019	15,785,770	15,167,871
Financial and Business Management Activity with AUAF	7/5/2017	3/4/2020	4,384,058	3,056,720
PROMOTE Scholarships PAPA	3/4/2015	3/3/2020	1,247,522	1,247,522
<b>Total</b>			<b>\$520,256,697</b>	<b>\$361,572,263</b>

Source: USAID, response to SIGAR data call, 10/8/2019.

### Education Service Delivery in Taliban-Controlled Areas

The Taliban periodically disrupt the education system in Afghanistan. In September 2019, the insurgent group reportedly forced dozens of schools in Logar Province to close, according to provincial officials. The closures, which the Taliban said would end once the presidential election was held, were in response to newly established government checkpoints. Afghanistan also suffered from a wave of school attacks in 2018, when schools were used as voter registration and polling centers for parliamentary elections, according to the United Nations.

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

Source: 1TVnews, “Taliban Force Schools In Central Afghan District To Close,” 9/21/2019; UNICEF, “Afghanistan sees three-fold increase in attacks on schools in one year,” 5/28/2019; Overseas Development Institute, *Life under the Taliban shadow government*, 6/2018, pp. 5, 12, 14, 32.

## More than Half of Graduates Apparently Still Unemployed as USWDP Project Comes to an End

Fewer than half the graduates of universities supported by USAID’s \$93.2 million University Support and Workforce Development Program (USWDP) were employed, a survey commissioned by project implementer Family Health International (FHI) 360 suggested.<sup>621</sup> While FHI 360 cautioned that the survey results allowed for inferences only rather than definitive judgements, this figure was well below the end-project target of 75%.<sup>622</sup> USAID’s nearly six-year USWDP project, which concluded in September 2019, assisted the Ministry of Higher Education (MOHE) and 11 public universities to support the establishment of higher education programs that were deemed most relevant to the Afghan job market, and linked universities to potential employers.<sup>623</sup>

Because one of USWDP’s goals was to assist the MOHE with implementing programs that ensure employment opportunities for students, one of the project’s more notable performance indicators attempts to track the number of individuals with new or better employment as a result of the project.<sup>624</sup> In USWDP’s latest quarterly report, which covered activities conducted from April through June 2019, implementers acknowledged that tracking this indicator represents a “formidable task” in a place like Afghanistan. The implementers added, “USWDP cannot provide the exact number of people who have better employment opportunities.”<sup>625</sup>

While this indicator was not yet available in the latest report, a similar survey conducted one year ago suggested that graduates were *less* likely to be employed than their non-USWDP counterparts.<sup>626</sup> However, the same survey indicated that the employment gap between the two groups narrowed over time and that, among those respondents who were employed, USWDP graduates generally had higher salaries.<sup>627</sup>

## USAID Commits Additional Funds to AUAF, Linking Financial Controls to Further Support

USAID increased the total estimated cost of its current support to the American University of Afghanistan (AUAF) from \$72.2 million to \$90.7 million (an increase of \$18.5 million), the agency informed SIGAR this quarter.<sup>628</sup> USAID also obligated an additional \$6.7 million and extended the timeframe of its assistance from November 30, 2019, to May 31, 2020.<sup>629</sup> AUAF has faced substantial scrutiny for mismanaging donor money: a joint investigation between SIGAR and USAID’s Office of Inspector General (OIG) concluded that AUAF could not account for more than \$63 million of U.S. government funds. The problems were so severe that SIGAR and USAID OIG brought them to the attention of USAID Administrator Mark Green in July 2018.<sup>630</sup>

As a result of this work, additional USAID funds provided to AUAF this quarter come with tighter financial controls and additional oversight

measures, including no further programmatic or physical expansions of AUAF programs or “centers” and, at USAID’s discretion, the addition of a USAID representative or USAID designee on AUAF’s board of trustees.<sup>631</sup> The tighter controls were imposed as part of a contract modification that codified an administrative agreement between AUAF and the USAID suspension and debarment official. That agreement incorporated many of the concerns raised with Administrator Green by SIGAR and USAID OIG.<sup>632</sup>

According to its website, AUAF is “Afghanistan’s only nationally accredited, private, not-for-profit, nonpartisan and coeducational university.”<sup>633</sup> Since its first assistance agreement with AUAF commenced in 2008, USAID’s support for the university has exceeded \$100 million.<sup>634</sup>

## HEALTH

While data limitations preclude a precise evaluation of the extent of improvement, Afghanistan appears to have made progress in key health indicators since 2001.<sup>635</sup> For example, the Bank said that Afghanistan’s under-five mortality rate fell from 97 per 1,000 live births in 2010 to 55 per 1,000 live births in 2015.<sup>636</sup> Even with this progress, however, Afghanistan’s health outcomes remain worse than most countries’: according to the *CIA World Factbook*, Afghanistan has the lowest life expectancy (52.1 years) in the world.<sup>637</sup>

While USAID believes that “healthy people and health[y] communities are the bedrock of a peaceful and stable nation” (suggesting that making people healthier can produce security), insecurity has risen even as key health indicators have ticked up, the World Bank said in 2018.<sup>638</sup> USAID has also asserted that continuing to improve health outcomes will help achieve stability by bolstering Afghans’ confidence in the government’s capacity to deliver services.<sup>639</sup> However, there is reason to doubt this theory of change. Although unverified by SIGAR, some reports indicate that the Taliban coopt Afghan government health services delivered in areas under their control, thereby potentially legitimizing their own capacity and authority, not the Afghan government’s.<sup>640</sup> Despite the dislocation from security outcomes, improving health conditions remains a key pillar of USAID’s programming in Afghanistan.<sup>641</sup>

U.S. on- and off-budget assistance to Afghanistan’s health sector totaled more than \$1.3 billion as of October 8, 2019.<sup>642</sup> USAID’s active health programs have a total estimated cost of \$284 million, and are listed in Table 3.28 on the following page.

### USAID’s IHSAN Project Continues Efforts to Improve Basic Hygiene, Sanitation, and Nutrition

USAID’s \$75.5 million Initiative for Hygiene, Sanitation, and Nutrition (IHSAN) project printed thousands of documents, sent 500,000 text



**Children wash their hands** while taking a break from classes at an Afghan school. (USAID photo)

TABLE 3.28

<b>USAID ACTIVE HEALTH PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 10/8/2019</b>
Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)	5/11/2016	5/10/2021	\$75,503,848	\$33,065,219
Helping Mothers and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	56,795,155
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	19,563,246
Medicines, Technologies and Pharmaceuticals Services (MTaPS)	9/20/2018	9/20/2023	20,000,000	30,335
Challenge Tuberculosis	1/1/2015	9/29/2019	16,886,357	13,889,395
Enhancing Community Access & Utilization of Zinc and ORS for the 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	9,596,443
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	1,348,802
TB Data, Impact Assessment and Communications Hub (TB DIAH)	9/24/2018	9/24/2023	600,000	0
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
<b>Total</b>			<b>\$284,453,815</b>	<b>\$176,730,007</b>

Source: USAID, response to SIGAR data call, 10/8/2019.

messages, and upgraded or constructed more than 53,000 latrines over the course of its latest reporting period (April to June, 2019), implementer FHI 360 said.<sup>643</sup> Additionally, 1,311 communities were declared open-defecation free.<sup>644</sup> Implemented over a five-year period (2016 to 2021), IHSAN aims to assist the Afghan government, civil society organizations, and the private sector to implement and scale hygiene and nutrition interventions in order to improve the health of women and young children.<sup>645</sup>

Amidst these activities, implementer FHI 360 said that poor security continued to adversely affect implementation at several project sites.<sup>646</sup> FHI 360 reported that a drone strike conducted in Farah Province in May had destroyed a field office of a subcontractor, killing two members of the subcontractor's staff.<sup>647</sup> Other teams in Farah were disrupted by unspecified additional security incidents.<sup>648</sup> FHI 360 added that operations in insurgent strongholds continued to face temporary delays that are typically resolved by the intervention of community elders.<sup>649</sup>

In January 2019, USAID told SIGAR that it had issued a corrective notice to FHI 360 due to FHI 360's poor performance and its failure to achieve the majority of essential nutrition and water, sanitation, and hygiene (WASH) indicators in fiscal years 2017 and 2018.<sup>650</sup> This quarter, SIGAR followed up

with USAID to see how FHI 360 was performing in response to the notice. USAID said FHI 360 was on track to meet these performance indicators in 2019.<sup>651</sup>

## Polio: 16 Cases in 2019

As of September 23, 16 new cases of polio had been reported in Afghanistan in 2019.<sup>652</sup> 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 cases seen in 2016 and 14 more in 2017.<sup>653</sup> USAID has obligated \$36.6 million for polio-related programs since 2003, of which \$32.5 million has been disbursed.<sup>654</sup>

Afghanistan is one of only three countries in the world in which polio remains **endemic**, along with Pakistan and Nigeria.<sup>655</sup> Afghanistan and Pakistan share a 1,500-mile border and large-scale population movements between the two countries increase cross-border transmission risk. Complicating vaccination outreach, the Pakistani Taliban have issued by a fatwa targeting polio workers.<sup>656</sup>

Although the Afghan Taliban have reportedly voiced strong support for polio vaccinations over the past decade, they too at times disrupt vaccination efforts.<sup>657</sup> Claiming that vaccinators were collecting intelligence on local Taliban leaders, the group's central leadership implemented a ban on polio vaccination in Helmand, Uruzgan, Kandahar, and Ghazni Provinces in 2018, reporting from the Afghanistan Analysts Network indicates.<sup>658</sup>

Similarly, the Taliban instituted a ban on polio vaccinations carried out by the International Committee of the Red Cross (ICRC) and the World Health Organization (WHO) in April 2019, citing unspecified “suspicious activities” on the part of vaccinators.<sup>659</sup> After clarifying their conditions—which reportedly included securing the Taliban's permission before hiring vaccination workers and carrying out vaccinations only in health centers—the Taliban lifted its ban on the ICRC on September 15, 2019, and on the WHO on September 25, 2019.<sup>660</sup> While it was unclear whether the WHO and ICRC had agreed to all of these conditions, Schaerer Juan-Pedro, the head of the ICRC delegation in Afghanistan, said ICRC and the Taliban had reached a “common understanding” regarding ICRC's work.<sup>661</sup> Meanwhile, Richard Peeperkorn, the WHO's Afghanistan representative, said the WHO would “with partners, . . . start health facility-based campaigns in the previously banned areas.”<sup>662</sup>

Although the WHO welcomed the Taliban's announcement, it remained concerned that “more children [had] become vulnerable to poliovirus,” and that, as a result of the previous ban, “we will see more Afghan children paralyzed.”<sup>663</sup>

### 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.

**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.

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### 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.<sup>664</sup> 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.<sup>665</sup>

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.<sup>666</sup>

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.<sup>667</sup>

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

### U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

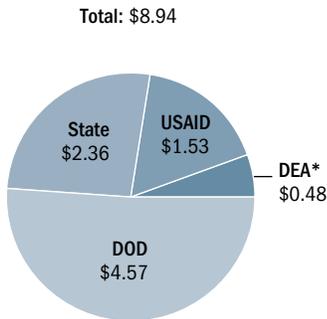
As of September 30, 2019, the United States has appropriated \$8.94 billion for counternarcotics (CN) efforts in Afghanistan since FY 2002. Congress appropriated most of the CN funds for Afghanistan through the Department of Defense's Drug Interdiction and Counter-Drug Activities (DICDA) account (\$3.26 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.<sup>669</sup>

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

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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).<sup>670</sup>

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.<sup>671</sup> The committee issued a transition plan that is making its way through the Afghan government approval process.<sup>672</sup> According to the State Department, the latest version of the transition plan is under review by the office of the Afghan president.<sup>673</sup> However, President Ghani issued another decree in July 2019 terminating the integration of MCN's responsibilities into other Afghan ministries.<sup>674</sup> 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.<sup>675</sup> 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.<sup>676</sup>

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.<sup>677</sup> 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.<sup>678</sup> Specialized units include the Sensitive Investigative Unit (SIU), the National Interdiction Unit (NIU), and the UK-supported Intelligence and Investigation Unit (IIU).<sup>679</sup>

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.<sup>680</sup> The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat.<sup>681</sup>

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

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NIU investigations.<sup>683</sup> Another SIU component has four officers responsible for administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.<sup>684</sup> 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.<sup>685</sup> The Afghan Uniform Police and Afghan Border Police (ABP) also participate in counternarcotics activities.<sup>686</sup> The ABP collaborate closely with the counternarcotics elements of the Anti-Crime Police and Ministry of Finance, national and international intelligence agencies, as well as border police of neighboring states.<sup>687</sup>

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

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.<sup>690</sup> The misuse of the SMW is an ongoing problem, as SIGAR has reported in previous quarterly reports.<sup>691</sup>

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.<sup>692</sup> Salary supplements are used to attract and retain the most qualified and highly trained officers to the specialized units.

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

## 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.<sup>694</sup> 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.<sup>695</sup>

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.<sup>696</sup>

TABLE 3.29

INTERDICTION RESULTS, FISCAL YEARS 2010–2019											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 <sup>1</sup>	TOTAL
Number of Operations	263	624	669	518	333	270	190	157	194	130	<b>3,348</b>
Detainees	484	862	535	386	442	394	301	152	274	160	<b>3,990</b>
Hashish seized (kg)	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,327	42,842	144,476	<b>1,010,440</b>
Heroin seized (kg)	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,975	3,242	3,203	<b>43,171</b>
Morphine seized (kg)	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	10,127	1,746	<b>179,141</b>
Opium seized (kg)	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	23,180	12,566	<b>396,716</b>
Precursor chemicals seized (kg)	20,397	122,150	130,846	36,250	53,184	234,981	42,314	89,878	22,863	81,182	<b>834,045</b>
Methamphetamine <sup>2</sup> (kg)	N/A	50	N/A	N/A	N/A	N/A	9	30	86	602	<b>777</b>
Amphetamine (kg)	N/A	N/A	N/A	N/A	N/A	N/A	17	N/A	N/A	1,990	<b>2,007</b>

Note: The significant difference in precursor chemicals total seizures between 2014 and 2015 is due to a 12/22/2014 seizure of 135,000 kg of precursor chemicals.

<sup>1</sup> Results for period 10/1/2018–9/18/2019.

<sup>2</sup> 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.

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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.<sup>697</sup>

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.<sup>698</sup> According to UNAMA, the drug production facilities targeted by USFOR-A were owned and operated by criminal groups linked to international drug-trafficking networks.<sup>699</sup> SIGAR has previously raised the issue of risks to civilians from aerial bombing campaigns.<sup>700</sup>

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.<sup>701</sup>

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.<sup>702</sup> 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.<sup>703</sup> Some lab owners in Afghanistan say they have reduced their methamphetamine production costs by half using the ephedra bush.<sup>704</sup> 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.<sup>705</sup>

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.<sup>706</sup> In Ghor Province, an adult can harvest up to 45 kg (99 lbs) a day earning approximately \$30 daily during the harvest season.<sup>707</sup> 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.<sup>708</sup>

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.<sup>709</sup> 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.<sup>710</sup> 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.<sup>711</sup>

The opium economy took a downturn in 2018.<sup>712</sup> Mansfield reports that the kilogram price has fallen from \$700 to \$250 in a year.<sup>713</sup> 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.<sup>714</sup> Still, new labs are appearing and numerous trucks are transporting opium and other products to opium labs in Bakwa.<sup>715</sup> The rise in methamphetamine seizures and drug use are worrying given Afghanistan's already high drug addiction rate and dependence on the opium economy.<sup>716</sup> The UN plans to conduct satellite and ground surveys of the opium crop similar to those done for opium poppy.<sup>717</sup>



**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.<sup>718</sup> This year, the dissolution of the MCN coincided with the eradication-planning period. Consequently, minimal eradication planning took place for 2019.<sup>719</sup> 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.<sup>720</sup> INL has disbursed \$6.9 million since 2008.<sup>721</sup> 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.<sup>722</sup>

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.<sup>723</sup> Since 2008, on average, annual eradication efforts resulted in eradicating only 2% of the total yearly opium-poppy cultivation.<sup>724</sup>

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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.<sup>725</sup> 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.<sup>726</sup> GPI projects included schools, roads, bridges, irrigation structures, health clinics, and drug-treatment centers.<sup>727</sup> No new GPI projects have been approved since April 30, 2016.<sup>728</sup>

According to INL, the program was deemed “ineffectual at curbing opium cultivation” in those provinces receiving awards. MCN’s inability to adequately manage the program was also a factor in INL’s phasing it out. INL has spent \$127 million over the life of the program.<sup>729</sup> 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.<sup>730</sup> The INL-funded 2015 Afghanistan National Drug Use Survey conservatively estimated that roughly 11% of the

population would test positive for one or more drugs, including 5.3% of the urban population and 13% of the rural population.<sup>731</sup> According to UNODC, the global prevalence of drug use for populations aged 15 to 64 was 0.71% in 2017.<sup>732</sup> 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.<sup>733</sup> 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.<sup>734</sup>

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.<sup>735</sup> 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.<sup>736</sup> 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.<sup>737</sup> Since 2015, INL has transitioned 27 DTCs to the Afghan government and 21 additional centers will transition in 2021.<sup>738</sup> INL is completing the transition plan to include the modifications from a December 2018 bilateral workshop with the **Colombo Plan** held in Jakarta<sup>739</sup> 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.<sup>740</sup> At the September meeting, the financial aspects of the transition plan were finalized.<sup>741</sup>

INL has gradually reduced funding to DTCs since 2015.<sup>742</sup> 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.<sup>743</sup> 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.<sup>744</sup>

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.<sup>745</sup> Forty-four of the residential treatment centers offer homebased services, with six providing services to adult females.<sup>746</sup> 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.<sup>747</sup> According to INL, the demand for treatment and prevention services far exceeds the capacity of the centers, most of which have extensive waiting lists for new patients.<sup>748</sup>

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

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**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.

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

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.<sup>749</sup> 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.<sup>750</sup> 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.<sup>751</sup>

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.<sup>752</sup> 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.<sup>753</sup>

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

## 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.<sup>755</sup> 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.<sup>756</sup>

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.<sup>757</sup> 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.

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TABLE 3.30

<b>ALTERNATIVE LIVELIHOOD PROGRAMS</b>					
<b>Project Title</b>	<b>U.S. Implementing Agency</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 10/8/2019</b>
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
<b>Total</b>				<b>\$295,547,281</b>	<b>\$173,586,288</b>

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.<sup>758</sup>

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.<sup>759</sup> 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.<sup>760</sup>

## 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).<sup>761</sup>

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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.<sup>762</sup> 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)."<sup>763</sup> INL is amending its alternative development projects and extending CBARD until April 2022 with no budget increase.<sup>764</sup> 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.<sup>765</sup> 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
<b>TOTAL</b>				<b>\$46,497,290</b>

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.<sup>766</sup>

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.<sup>767</sup> 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).<sup>768</sup>

## 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.<sup>769</sup>

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.<sup>770</sup> The most significant changes are extending the CBARD program through April 2022 and substituting the “access to finance” component with “market linkages.”<sup>771</sup>

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).<sup>772</sup>

## 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.<sup>773</sup> 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.<sup>774</sup>

Of the 11 performance indicators, CHAMP has met and exceeded all but the following four indicators during the third quarter of fiscal year 2019.<sup>775</sup>

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**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.

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

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- 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.<sup>776</sup> 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.<sup>777</sup>

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.<sup>778</sup>

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.<sup>779</sup>

## Afghanistan Value Chains Programs

The Afghanistan Value Chains programs cover the regions previously targeted by three now-inactive Regional Agricultural Development Programs (RADP).<sup>780</sup> 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.<sup>781</sup> The Afghanistan Value Chains (AVC) programs similarly plan activities along high-value crops and livestock value chains.<sup>782</sup> 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.<sup>783</sup> 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.<sup>784</sup>

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.<sup>785</sup> 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	
<b>Total</b>				<b>\$110,631,030</b>	<b>\$14,870,980</b>	

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

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.<sup>786</sup>

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%.<sup>787</sup> 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.<sup>788</sup> 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.<sup>789</sup> 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.<sup>790</sup> 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.<sup>791</sup>

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.<sup>792</sup>

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.<sup>793</sup>

### **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.<sup>794</sup> PVC-W aims to promote “inclusive growth” and create jobs in the

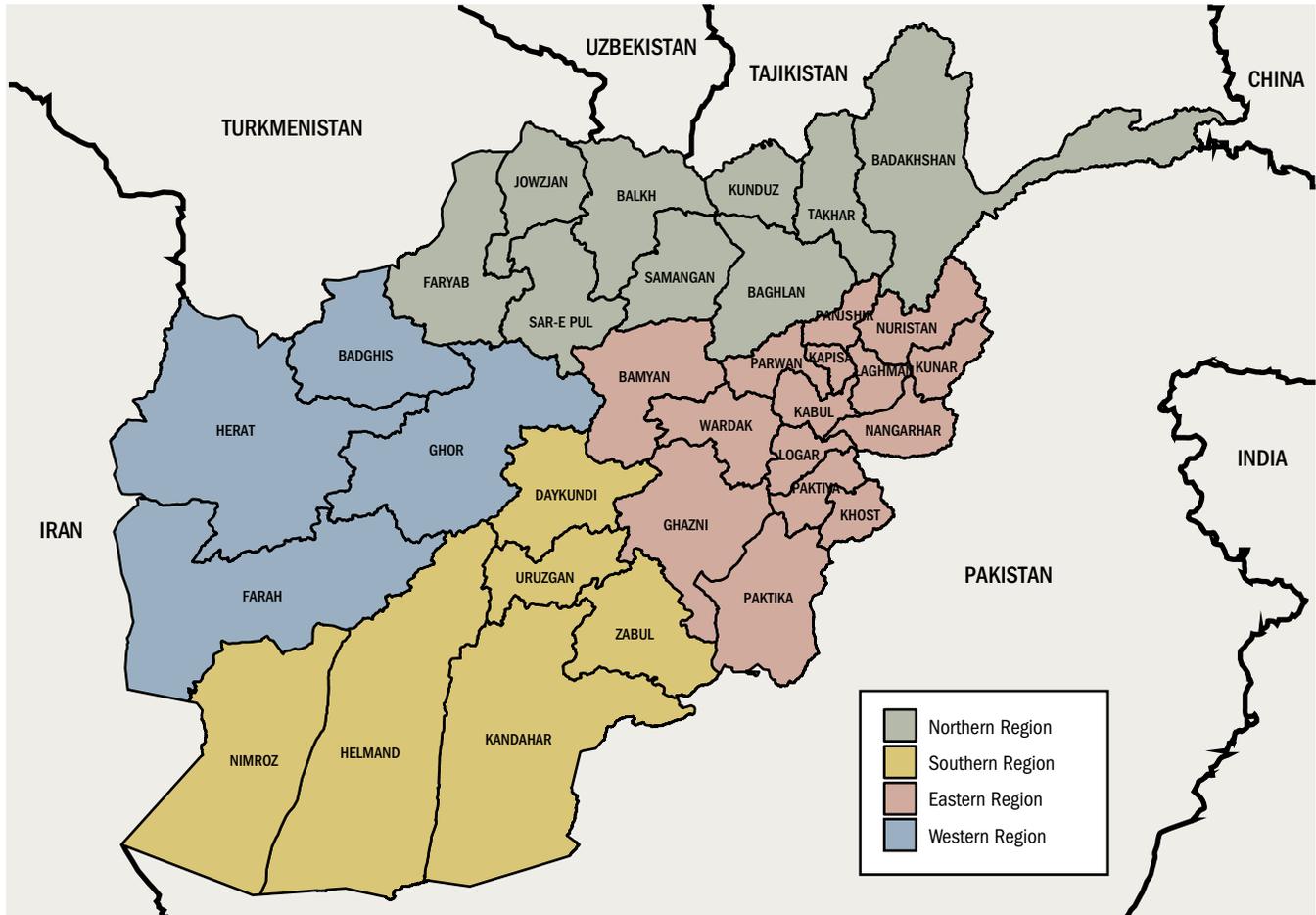
The **deal note** is a strategy co-designed with the anchor firm. It specifies activities and investments carried out by both parties: the project and anchor firm. Deal notes also outline the type of interventions and include a budget specific to the co-investment agreement.

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

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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:<sup>795</sup>

- 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%).<sup>796</sup>

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.<sup>797</sup>

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.<sup>798</sup>

## **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.<sup>799</sup>

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.<sup>800</sup> 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.<sup>801</sup>

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.<sup>802</sup> 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.<sup>803</sup>

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TABLE 3.33

<b>USAID REGIONAL AGRICULTURAL DEVELOPMENT PROGRAM (RADP)</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 10/8/2019</b>
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
<b>Total</b>			<b>\$283,599,335</b>	<b>\$221,237,979</b>

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.<sup>804</sup>

