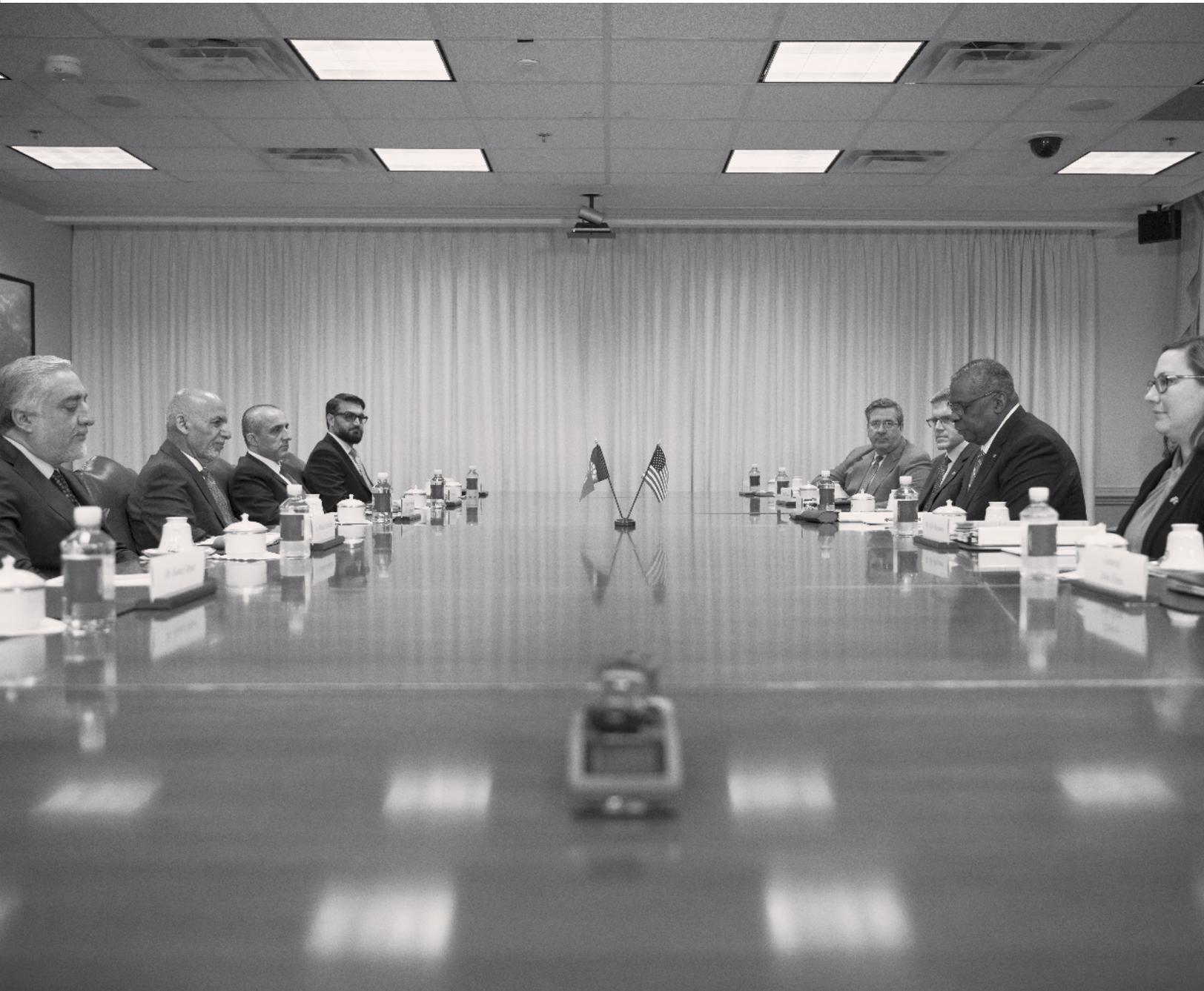


2 RECONSTRUCTION UPDATE



RECONSTRUCTION UPDATE CONTENTS

Reconstruction in Brief	23
Status of Funds	25
Security	49
Governance	83
Economic and Social Development	111

Photo on previous page

Secretary of Defense Lloyd J. Austin III, second from right, meets with President Ashraf Ghani, second from left, and High Council for National Reconciliation Chairman Abdullah Abdullah, left, at the Pentagon in late June 2021. (DOD photo by Sgt. Taryn Escott, USMC)



RECONSTRUCTION IN BRIEF

Section 2 of this quarterly report summarizes the key events of the reporting period as well as the programs and projects concerning Afghanistan reconstruction across four areas: Funding, Security, Governance, and Economic and Social Development

U.S. AND COALITION FORCES WITHDRAW AS THE AFGHAN GOVERNMENT FACES A SECURITY CRISIS

- NATO's Resolute Support Mission significantly reduced its presence in Afghanistan as U.S. and international forces withdrew.
- General Austin Scott Miller, NATO Resolute Support Mission and U.S. Forces-Afghanistan (USFOR-A) commander, transferred responsibility of USFOR-A to CENTCOM commander General Kenneth F. McKenzie on July 12, 2021.
- Combined Security Transition Command-Afghanistan's mission to train, advise, and assist the Afghan forces ended and transitioned to providing "over-the-horizon" security assistance as the new Defense Security Cooperation Management Office-Afghanistan.
- The Taliban launched an offensive against the Afghan National Defense and Security Forces, overrunning numerous district centers, but continued to avoid attacking U.S. and Coalition forces.

BIDEN COMMITS TO CONTINUED ASSISTANCE

- President Biden committed to "maintaining significant humanitarian and development assistance" to Afghanistan following the U.S. and Coalition troop withdrawal.
- The Taliban seized a string of key border crossings with the potential to deny the Afghan government significant customs revenue.
- Afghanistan has struggled with a third wave of the COVID-19 pandemic as infection rates skyrocketed by around 2,400%.
- The Afghan government's domestic revenues have increased by 22.6% over the first six months of the current fiscal year versus the same period of the previous year, but remain below pre-pandemic levels.

PEACE TALKS REMAIN STALLED

- Talks between the Afghan government and the Taliban remained stalled this quarter.
- Three-day ceasefires declared by the Afghan government and Taliban for the Eid al-Fitr religious holiday failed to have an enduring effect.

2020 INCREASE IN OPIUM-POPPY CULTIVATION

- UNODC reports a 37% increase in 2020 opium-poppo cultivation over 2019.
- The southwestern region, to include Helmand and Kandahar Provinces, accounted for the largest portion of national cultivation.

U.S. RECONSTRUCTION FUNDING

- Cumulative appropriations for reconstruction and related activities in Afghanistan since FY 2002 rose to \$144.98 billion in the quarter.
- Of the \$120.32 billion (83% of total) appropriated to the eight largest active reconstruction funds, about \$6.68 billion remained for possible disbursement.
- DOD's latest *Cost of War Report*, dated March 31, 2021, said its cumulative obligations for Afghanistan, including U.S. warfighting and reconstruction, had reached \$837.3 billion. Cumulative Afghanistan reconstruction and related obligations reported by State, USAID, and other civilian agencies reached \$49.6 billion.
- The Costs of War Project at Brown University's Watson Institute estimated Afghanistan war costs at \$2.26 trillion, far in excess of DOD's estimate. The Costs of War Project includes DOD and civilian agency costs in Afghanistan and Pakistan, a portion of DOD costs since 9/11 above a baseline amount, veterans' medical and disability costs, and interest costs on war-related borrowing.

STATUS OF FUNDS CONTENTS

U.S. Reconstruction Funding for Afghanistan	26
U.S. Cost of War and Reconstruction in Afghanistan	28
Afghanistan Reconstruction Funding Pipeline	29
Afghanistan Security Forces Fund	30
Commanders' Emergency Response Program	34
Drug Interdiction and Counter-Drug Activities	35
Economic Support Fund	36
International Disaster Assistance	37
International Narcotics Control and Law Enforcement	38
Migration and Refugee Assistance	39
Nonproliferation, Antiterrorism, Demining, and Related Programs	40
International Reconstruction Funding for Afghanistan	41

STATUS OF FUNDS

STATUS OF FUNDS

In accord with SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2021, the United States government had appropriated or otherwise made available approximately \$144.98 billion in funds for reconstruction and related activities in Afghanistan since FY 2002. Total Afghanistan reconstruction funding has been allocated as follows:

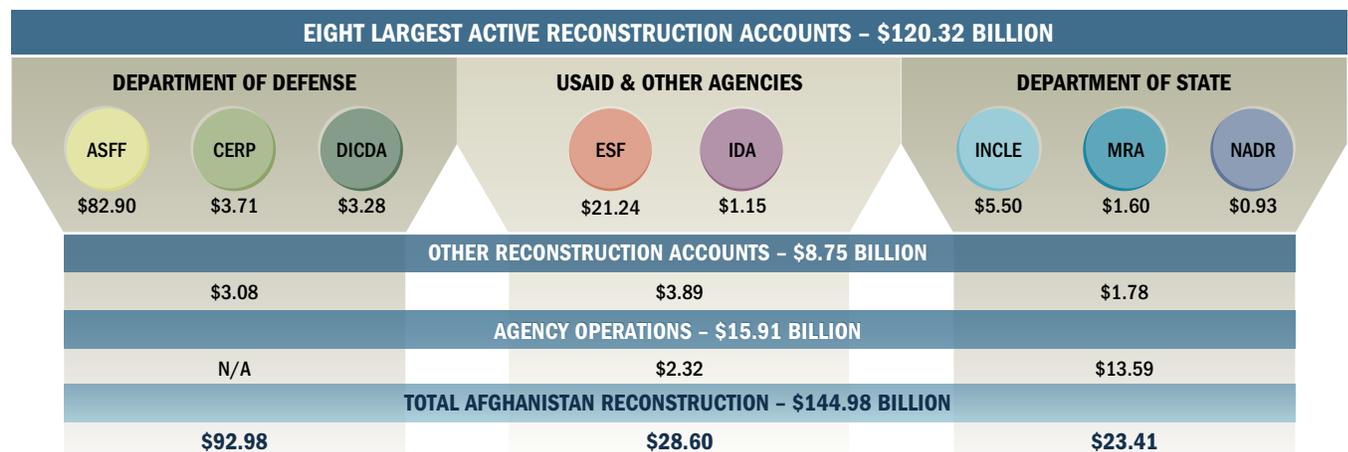
- \$88.61 billion for security (including \$4.60 billion for counternarcotics initiatives)
- \$36.29 billion for governance and development (including \$4.37 billion for counternarcotics initiatives)
- \$4.18 billion for humanitarian aid
- \$15.91 billion for agency operations

Figure 2.1 shows the eight largest active U.S. funds that contribute to these efforts. SIGAR previously reported on the nine largest active funds, but one of these funds, the Public Law 480 Title II account, is no longer used to provide food aid to Afghanistan, so has been removed from this section of SIGAR’s reporting.

ASFF: Afghanistan Security Forces Fund
CERP: Commanders’ Emergency Response Program
DICDA: Drug Interdiction and Counter-Drug Activities
ESF: Economic Support Fund
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 2.1

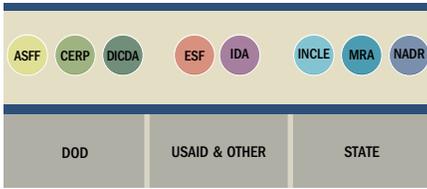
U.S. APPROPRIATIONS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS (\$ BILLIONS)



Note: Numbers have been rounded.

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

STATUS OF FUNDS



U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

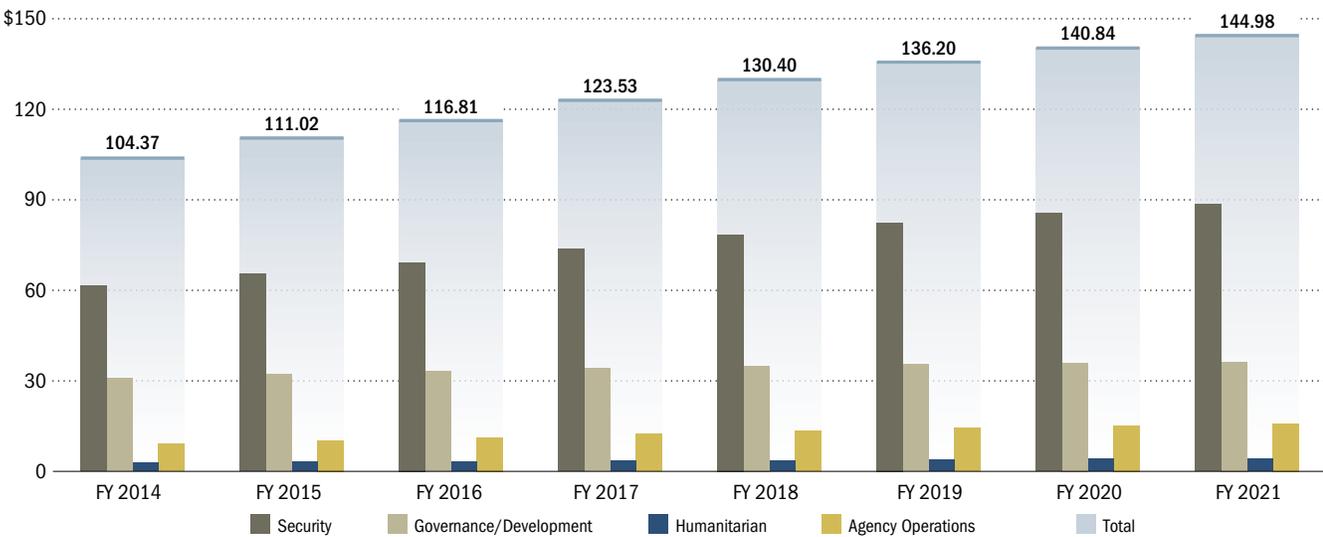
As of June 30, 2021, cumulative appropriations for reconstruction and related activities in Afghanistan totaled approximately \$144.98 billion, as shown in Figure 2.2. This total comprises four major categories of reconstruction and related funding: security, governance and development, humanitarian, and agency operations. Approximately \$8.97 billion of these funds support counternarcotics initiatives that crosscut the categories of security (\$4.60 billion) and governance and development (\$4.37 billion). For complete information regarding U.S. appropriations, see Appendix B.

The amount provided to the eight largest active U.S. funds represents nearly 83.0% (nearly \$120.32 billion) of total reconstruction assistance to Afghanistan since FY 2002. Of this amount, more than 91.8% (nearly \$110.46 billion) has been obligated, and more than 89.1% (more than \$107.22 billion) has been disbursed. An estimated \$6.41 billion of the amount appropriated for these funds has expired and will therefore not be disbursed.

President Donald J. Trump signed the Consolidated Appropriations Act, 2021 (H.R. 133) into law on December 27, 2020, providing appropriations for all agencies active in Afghanistan, including the Departments of Defense, State, and Justice; the U.S. Agency for International Development; the U.S. Agency for Global Media; the U.S. International Development Finance Corporation; and SIGAR. Three appropriations were specifically targeted for Afghanistan, consisting of the Afghanistan Security Forces Fund (ASFF), the Commanders' Emergency Response Program (CERP), and the SIGAR appropriation, together totaling \$3.10 billion. In the quarter ending June 30, 2021, State and Congress agreed through the Section 653(a)

FIGURE 2.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY AS OF JUNE 30, 2021 (\$ 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

process to allocate FY 2021 appropriated foreign assistance funding to specific countries and accounts, including \$282.50 million to Afghanistan for five accounts, principally the Economic Support Fund (ESF) and International Narcotics Control and Law Enforcement (INCLE) account. These two actions, combined with \$0.76 billion from other Congressional and agency actions, make up the FY 2021 appropriations of \$4.14 billion through June 30, 2021, as shown in Figure 2.3. Additional funds will become available for Afghanistan reconstruction during the next quarter of FY 2021.

Since 2002, the United States has provided nearly \$17.28 billion in on-budget assistance to the government of Afghanistan. This includes nearly \$11.31 billion provided to Afghan government ministries and institutions, and nearly \$5.97 billion to three multilateral trust funds—the World Bank-managed Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme-managed Law and Order Trust Fund for Afghanistan (LOTFA), and the Asian Development Bank-managed Afghanistan Infrastructure Trust Fund (AITF). Table 2.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds, and Table 2.6 on page 46 shows the increasing share of U.S. civilian sector assistance being provided to multilateral institutions.

TABLE 2.1

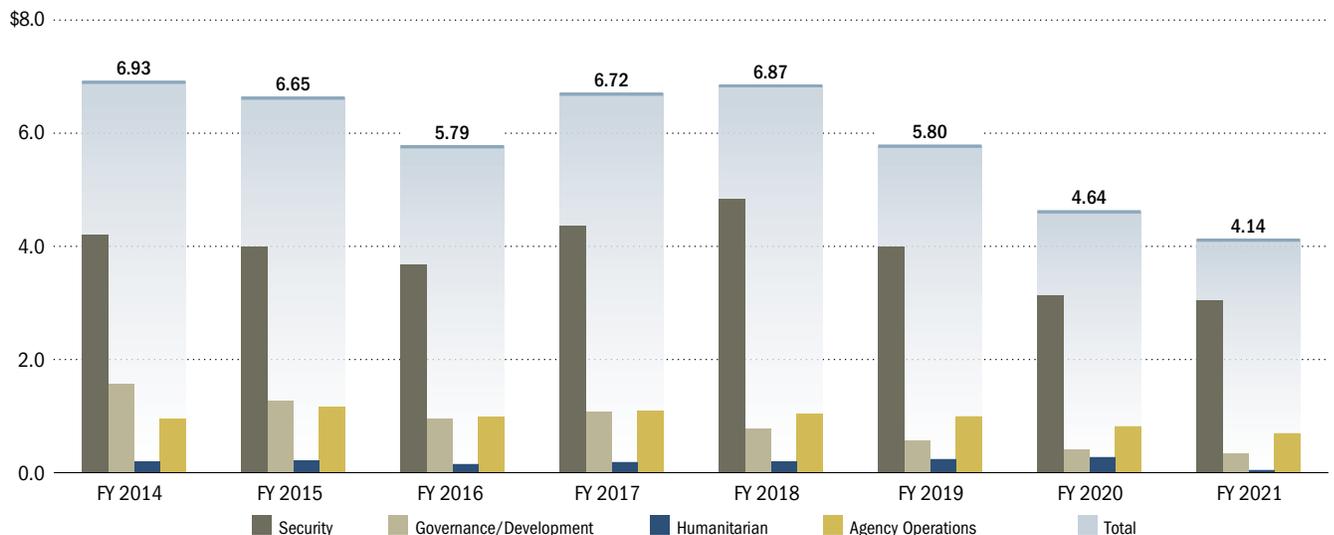
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN SINCE 2002 (\$ MILLIONS)	
	Disbursements
Total On-Budget Assistance	\$17,275.44
Government-to-Government	11,309.66
DOD	10,447.68
USAID	776.79
State	85.19
Multilateral Trust Funds	5,965.77
ARTF	4,127.68
LOTFA	1,684.42
AITF	153.67

Note: Numbers have been rounded.

Source: USAID, response to SIGAR data call, 7/14/2021; State, response to SIGAR data call, 10/18/2018; DOD, response to SIGAR data call, 7/23/2021; World Bank, ARTF: Administrator's Report on Financial Status as of April 20, 2021 (end of 4th month of FY 1400), accessed 7/10/2021; UNDP, LOTFA Receipts 2002–2021 (Combined Bilateral and MPTF), updated 6/30/2021, in response to SIGAR data call, 7/8/2021.

FIGURE 2.3

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

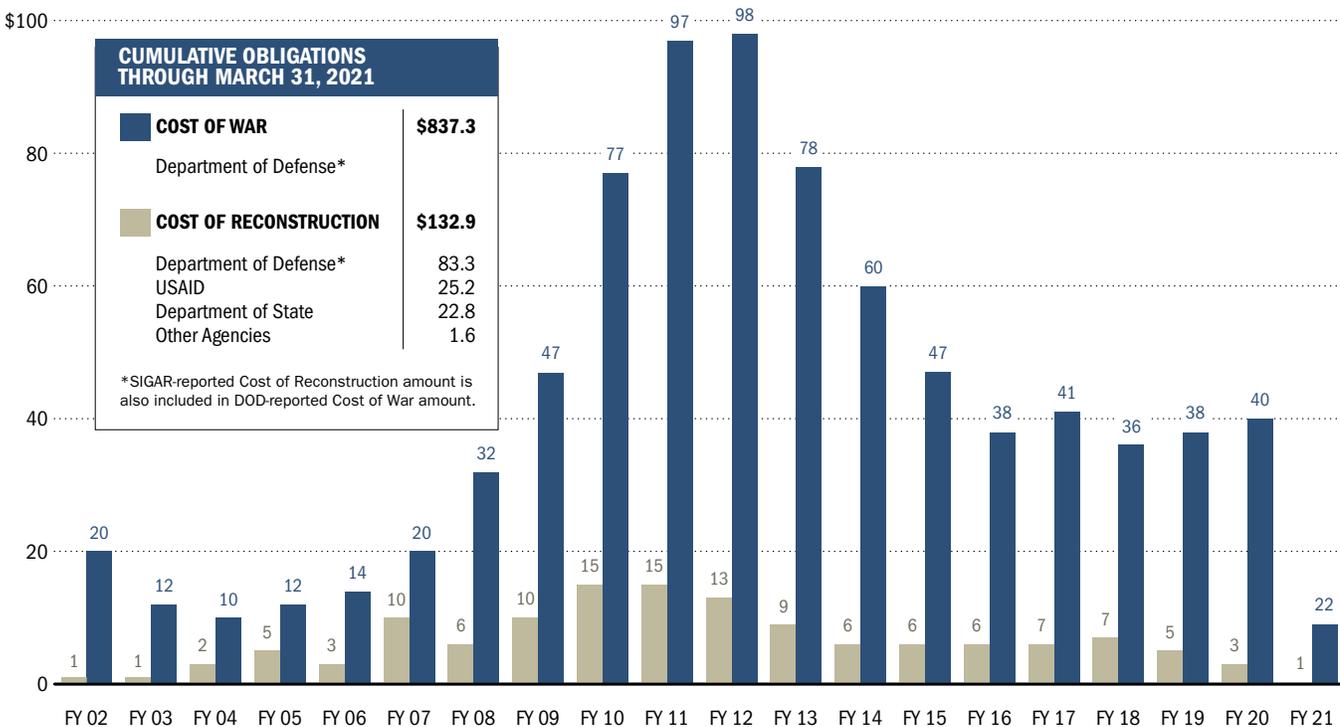
DOD's latest *Cost of War Report*, dated March 31, 2021, said its cumulative obligations for Operation Enduring Freedom and Operation Freedom's Sentinel in Afghanistan, including U.S. warfighting and reconstruction, had reached \$837.3 billion.¹ DOD and SIGAR jointly provide oversight for security-related reconstruction funding amounting to \$83.3 billion of this amount. State, USAID, and other civilian agencies report cumulative obligations of \$49.6 billion for Afghanistan reconstruction, which when added to the DOD amount results in \$132.9 billion obligated for Afghanistan reconstruction through that date, as shown in Figure 2.4. These reconstruction costs equal approximately 16% of all funds obligated by DOD for Afghanistan since 2001.

Costs of War Project Sees Higher Costs than DOD

A nongovernmental estimate of U.S. costs for the 20-year war in Afghanistan is more than double DOD's calculation.

FIGURE 2.4

AFGHANISTAN COST OF WAR AND RECONSTRUCTION, ANNUAL AND CUMULATIVE OBLIGATIONS FY 2002 TO FY 2021 Q2 (\$ BILLIONS)



Note: Numbers have been rounded. Cumulative obligations reported by DOD for the Cost of War through March 31, 2021, differ markedly from cumulative appropriations through June 30, 2021, 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 March 31, 2021. Obligation data shown against year funds obligated. SIGAR analysis of annual obligation of reconstruction accounts as presented in SIGAR, Quarterly Report to the United States Congress, 4/30/2021. Obligation data shown against year funds appropriated.

STATUS OF FUNDS

The Costs of War Project sponsored by the Watson Institute at Brown University recently issued *U.S. Costs to Date for the War in Afghanistan, 2001–2021*, putting total costs at \$2.26 trillion.²

The Watson Institute’s independently produced report builds on DOD’s \$933 billion Overseas Contingency Operations (OCO) budgets and State’s \$59 billion OCO budgets for Afghanistan and Pakistan. Unlike the DOD *Cost of War Report*, the Watson report adds what it considers to be Afghanistan-related costs of \$433 billion above DOD baseline costs, \$296 billion in medical and disability costs for veterans, and \$530 billion in interest costs on related Treasury borrowing.

SIGAR takes no position on the reasonableness on the Watson report’s assumptions or the accuracy of its calculations.

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated more than \$144.98 billion for reconstruction and related activities in Afghanistan, of which nearly \$120.32 billion was appropriated to the eight largest active reconstruction accounts. As of June 30, 2021, approximately \$6.68 billion of the amount appropriated to the eight largest active reconstruction funds remained for possible disbursement, as shown in Table 2.2 and Figure 2.5.

TABLE 2.2

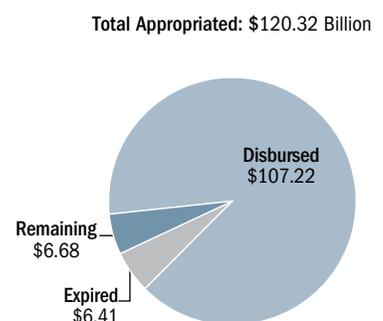
CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, DISBURSED, AND REMAINING FY 2002 TO JUNE 30, 2021 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$82.90	\$76.19	\$75.20	\$4.01
Economic Support Fund (ESF)	21.24	20.03	18.34	2.02
International Narcotics Control and Law Enforcement (INCLE)	5.50	5.16	4.69	0.57
Commanders’ Emergency Response Program (CERP)	3.71	2.29	2.29	0.00
Drug Interdiction and Counter-Drug Activities (DICDA)	3.28	3.28	3.28	0.00
Migration and Refugee Assistance (MRA)	1.60	1.60	1.56	0.03
International Disaster Assistance (IDA)	1.15	1.12	1.06	0.06
Non-Proliferation, Antiterrorism, Demining, and Related (NADR)	0.93	0.79	0.79	0.00
Total Eight Largest Active Accounts	120.32	110.46	107.22	6.68
Other Reconstruction Funds	8.75			
Agency Operations	15.91			
Total	\$144.98			

Note: Numbers have been rounded. The amount remaining reflects the total disbursement potential of the eight largest active reconstruction accounts after deducting approximately \$6.41 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 is less than \$50 million; for Agency Operations the amount can not be determined from the data provided by the agencies but is most often less than the most recent annual appropriation.

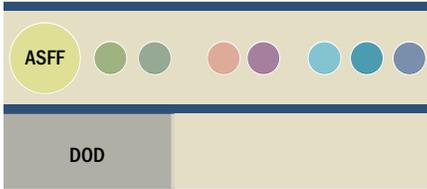
Source: SIGAR analysis of appropriation laws and obligation and disbursement data provided by DOD, State, and USAID, 7/19/2021.

FIGURE 2.5

STATUS OF APPROPRIATED FUNDS, EIGHT LARGEST ACTIVE ACCOUNTS AS OF JUNE 30, 2021 (\$ BILLIONS)



STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Rescission: Legislation enacted by Congress that cancels the availability of budget authority previously enacted before the authority would otherwise expire.

Reprogramming: Shifting funds within an appropriation or fund to use them for purposes other than those contemplated at the time of appropriation.

Source: GAO, Glossary of Terms Used in the Federal Budget Process, 9/2005.

AFGHANISTAN SECURITY FORCES FUND

Congress has 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. The primary organization responsible for building the ANDSF has been the Combined Security Transition Command-Afghanistan (CSTC-A); this quarter CSTC-A transitioned to the Qatar-based Defense Security Cooperation Management Office-Afghanistan (DSCMO-A).

President Donald J. Trump signed the Consolidated Appropriations Act, 2021, into law on December 27, 2020, which under Division C-Department of Defense Appropriations Act, 2021, provided an appropriation of \$3.05 billion for ASFF FY 2021 and a **rescission** of \$1.10 billion for ASFF FY 2020. This funding decrease for ASFF FY 2020 reduced the original appropriation from \$4.20 billion to an adjusted appropriation of \$3.10 billion, as shown in Figure 2.6.³

As of June 30, 2021, cumulative appropriations for ASFF stood at nearly \$82.90 billion, with more than \$76.19 billion having been obligated, and more than \$75.20 billion disbursed, as shown in Figure 2.7. DOD reported that cumulative obligations increased by nearly \$900.29 million during the quarter ending June 30, 2021, and that cumulative disbursements increased by nearly \$778.15 million.⁴

FIGURE 2.6

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

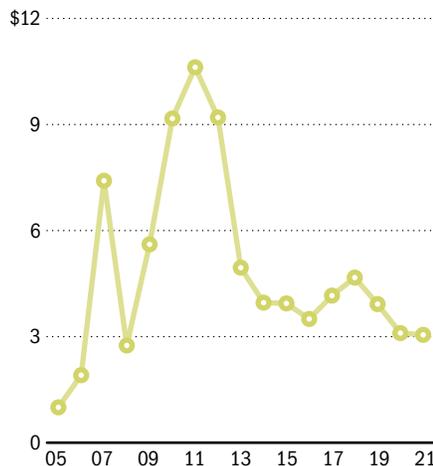
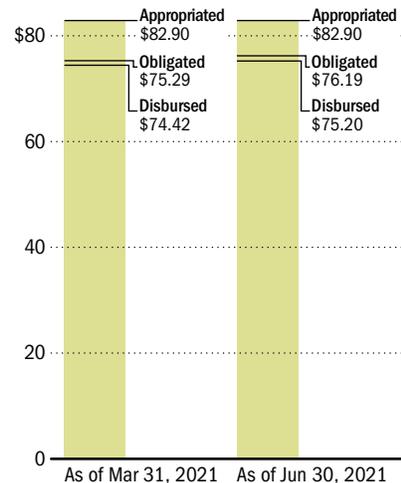


FIGURE 2.7

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



Note: Numbers have been rounded. Data reflects reprogramming actions and rescissions. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, \$178 million from FY 2013 ASFF, and \$604 million from FY 2019 ASFF to fund other DOD requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflect the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, \$150 million from FY 2016 in Pub. L. No. 115-31, \$396 million from FY 2019 in Pub. L. No. 116-93, and \$1.10 billion from FY 2020 in Pub. L. No. 116-260.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2021," 7/16/2021; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2021," 4/16/2021; Pub. L. Nos. 116-260, 116-93, 115-141, 115-31, 114-113, 113-235, 113-76, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

STATUS OF FUNDS

ASFF Budget Categories

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), and Related Activities (primarily Detainee Operations).

DOD revised its budgeting and reporting framework for ASFF beginning with its ASFF budget request for FY 2019, submitted to Congress in February 2018, and with its reporting beginning on October 1, 2018. The new framework restructures the ANA and ANP 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 ASFF FY 2019 appropriation, the ANDSF consists of the ANA, ANP, AAF, and ASSF BAGs. As shown in Figure 2.8, ASFF disbursements for the new AAF and ASSF BAGs, amounting to \$1.78 billion and \$0.88 billion, respectively, over the FY 2019 to FY 2021 period through June 30, 2021, together account for \$2.67 billion or 47% of total disbursements of \$5.73 billion over this period.

Funds for each BAG are further allocated to four **subactivity groups (SAGs)**: Sustainment, Infrastructure, Equipment and Transportation, and Training and Operations. As shown in Figure 2.9, ASFF disbursements of \$37.69 billion for ANDSF Sustainment constituted 50% of total cumulative ASFF expenditures of \$74.68 billion through June 30, 2021.

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 2.8

ASFF DISBURSEMENTS BY BUDGET ACTIVITY GROUP, OLD (FY 2005 TO FY 2018) AND NEW (FY 2019 TO FY 2021 Q3) (\$ BILLIONS)

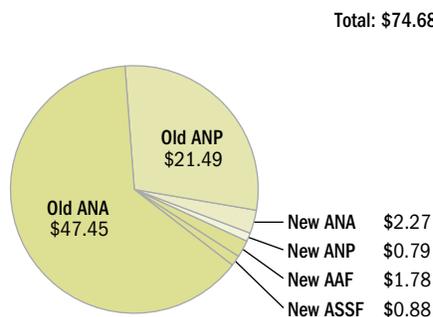
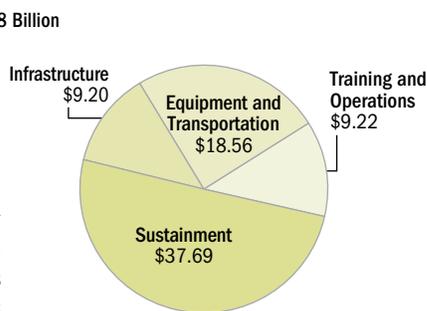


FIGURE 2.9

ASFF DISBURSEMENTS BY SUBACTIVITY GROUP FY 2005 TO FY 2021 Q3 (\$ BILLIONS)



Note: Numbers have been rounded. ASFF Disbursements by Budget Activity Group and Subactivity Group both exclude disbursements for Related Activities and undistributed disbursements, amounting to \$0.53 billion, that are included in total ASFF disbursements of \$75.20 billion as presented in Figure 2.7.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2021," 7/16/2021.

STATUS OF FUNDS

Financial and Activity Plan: DOD notification to Congress of its plan for obligating the ASFF appropriation, as well as updates to that plan involving any proposed new projects or transfer of funds between budget subactivity groups in excess of \$20 million, as required by the annual DOD appropriation act.

Source: DOD, response to SIGAR data call, 1/23/2020.

ASFF Budgeting Requirements

The annual DOD appropriation act sets forth a number of ASFF budgeting requirements. Prior to the obligation of newly appropriated funds for ASFF, a **Financial and Activity Plan (FAP)** with details of proposed obligations must be approved by the DOD Afghanistan Resources Oversight Council (AROC), concurred by the Department of State, and notified to the Congressional defense committees. Thereafter, 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. In addition, the DOD is required to notify Congress prior to obligating funds for any new projects or transfer of funds between budget subactivity groups in excess of \$20 million.⁵

The DOD's execution of its spending plans for the ASFF FY 2020 and ASFF FY 2021 appropriations based on FAP 20-3 and FAP 21-1, notified to Congress in the quarter ending March 31, 2021, is presented below in Table 2.3. The details of DOD's budgets for the ASFF FY 2020 and ASFF FY 2021 appropriations, and for the President's Budget Request for the ASFF FY 2022 appropriation, are presented on the opposite page in Table 2.4.

TABLE 2.3

ASFF FY 2020 AND ASFF FY 2021 BUDGET EXECUTION THROUGH JUNE 30, 2021 (\$ MILLIONS)						
Budget Activity Groups	ASFF FY 2020			ASFF FY 2021		
	Budget (FAP 20-3)	Obligations	Disbursements	Budget (FAP 21-1)	Obligations	Disbursements
Afghan National Army	\$1,257.18	\$902.96	\$739.96	\$994.15	\$158.42	\$137.14
Afghan National Police	439.25	312.32	260.29	448.38	45.62	13.67
Afghan Air Force	988.83	943.37	840.96	818.05	293.87	59.13
Afghan Spec. Sec. Forces	414.73	293.96	242.32	787.03	177.77	43.37
Total	\$3,099.98	\$2,452.62	\$2,083.52	\$3,047.61	\$675.67	\$253.30

Note: Numbers have been rounded. The ASFF FY 2020 budget reflects the \$1.10 billion rescinded from the account in the Department of Defense Appropriation Act, 2021, enacted on December 27, 2020. Totals exclude undistributed obligations and disbursements.

Source: DOD, AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2021, 7/16/2021; and Afghanistan Security Forces Fund (ASFF), Financial and Activity Plan, Fiscal Year 2020, 20-3, March 2021, and Afghanistan Security Forces Fund (ASFF), Financial and Activity Plan, Fiscal Year 2021, 21-1, January 2021, 4/8/2021.

NATO ANA Trust Fund

The NATO-managed Afghan National Army (ANA) Trust Fund (NATF) has contributed nearly \$1.70 billion to ASFF for specific projects funded by donor nations through June 30, 2021; ASFF has returned nearly \$456.94 million of these funds following the cancellation or completion of these projects. DOD has disbursed more than \$1.16 billion of NATF-contributed funds through ASFF through June 30, 2021.⁶ These amounts are not reflected in the U.S. government-funded ASFF obligation and disbursement numbers presented in Figures 2.6 and 2.7 on page 30.

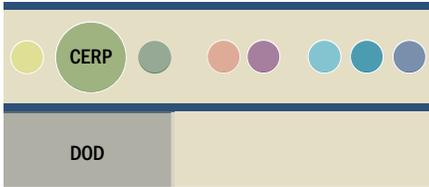
STATUS OF FUNDS

TABLE 2.4

ASFF FY 2020 BUDGET, ASFF FY 2021 BUDGET, AND ASFF FY 2022 PRESIDENT'S BUDGET REQUEST (\$ MILLIONS)			
	ASFF FY 2020 Budget (FAP 20-3, March 2021)	ASFF FY 2021 Budget (FAP 21-1, January 2021)	ASFF FY 2022 President's Budget Request (May 2021)
Afghanistan Security Forces Fund, Total	\$3,099.98	\$3,047.61	\$3,327.83
Afghan National Army, Total	1,257.18	994.15	1,110.23
Sustainment, Total	1,132.53	963.57	1,053.67
Personnel	413.93	561.69	539.82
Ammunition	93.69	46.12	52.15
Communications and Intelligence	121.94	70.40	99.58
Petroleum, Oil, and Lubricants	146.24	76.59	146.59
All Other	356.73	208.77	215.54
Infrastructure, Total	37.91	0.22	1.82
Equipment and Transportation, Total	52.88	4.70	22.91
Training and Operations, Total	33.86	25.66	31.84
Afghan National Police, Total	439.25	448.38	517.33
Sustainment, Total	384.40	392.98	440.63
Petroleum, Oil, and Lubricants	80.00	57.05	109.32
All Other	304.40	335.93	331.30
Infrastructure, Total	6.13	448.00	0.00
Equipment and Transportation, Total	13.44	28.03	38.55
Training and Operations, Total	35.27	26.92	38.15
Afghan Air Force, Total	988.83	818.05	758.34
Sustainment, Total	555.86	537.76	562.06
Personnel	19.70	41.56	30.83
Ammunition	46.63	65.80	45.56
Petroleum, Oil, and Lubricants	48.23	37.83	29.60
Aircraft Contracted Support	425.77	370.00	422.77
All Other	15.53	22.59	33.30
Infrastructure, Total	3.44	0.00	0.00
Equipment and Transportation, Total	56.28	45.98	26.60
Aircraft	50.84	40.00	21.40
Other Equipment and Tools	5.44	5.98	5.20
Training and Operations, Total	373.25	234.30	169.68
Afghan Special Security Forces, Total	414.73	787.03	941.93
Sustainment, Total	305.68	597.90	685.18
Aircraft Sustainment	159.52	260.14	247.58
Personnel	68.61	132.30	130.54
All Other	77.55	205.46	307.06
Infrastructure, Total	9.91	1.53	0.00
Equipment and Transportation, Total	71.98	18.69	78.98
Training and Operations, Total	27.15	168.91	177.77

Source: DOD, ASFF FAP 20-3 and ASFF FAP 21-1, response to SIGAR data call, 4/8/2021; ASFF FY 2022 President's Budget Request, response to SIGAR data call, 7/7/2021.

STATUS OF FUNDS



CERP FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

COMMANDERS' EMERGENCY RESPONSE PROGRAM

The Commanders' Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent, small-scale, 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 restricted to small projects whose cost may not exceed \$500,000.⁷

The Department of Defense Appropriations Act, 2021, decreased the annual appropriation for CERP from \$5.00 million in FY 2020 to \$2.00 million in FY 2021, bringing total cumulative funding to more than \$3.71 billion. House Report 116-453 accompanying the Appropriations Act states that "the Committee believes that after nearly two decades the time has come to wind down this program [CERP]. The Committee directs the Secretary of Defense to transition activities to the Afghanistan Security Forces and other agencies of the United States government, as appropriate, and to phase out this program during fiscal year 2021."⁸

Notably, CERP annual appropriations had equaled or exceeded \$400.00 million per year during the FY 2008–FY 2012 period, as shown in Figure 2.10, and nearly \$1.12 billion in appropriations from this period were realigned to other Operation and Maintenance, Army account requirements, or expired without being disbursed. DOD reported that CERP cumulative appropriations, obligations, and disbursements stood at approximately \$3.71 billion, \$2.29 billion, and \$2.29 billion, respectively, at June 30, 2021, as shown in Figure 2.11.⁹

FIGURE 2.10

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

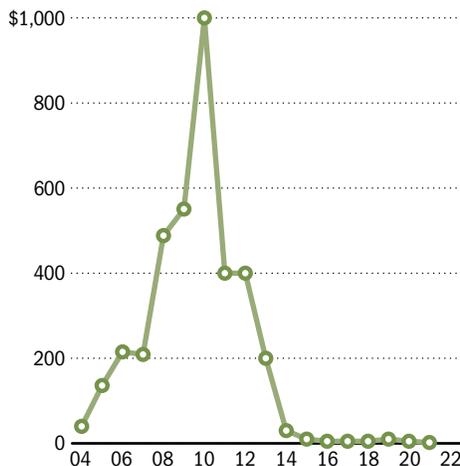
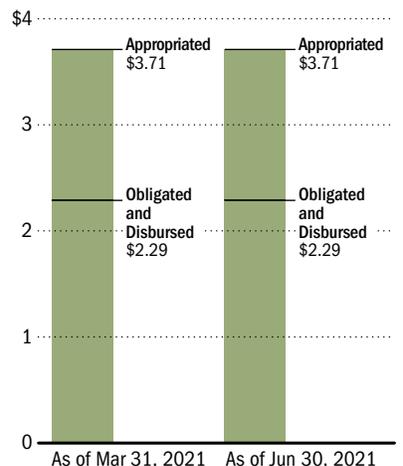


FIGURE 2.11

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

Source: DOD, response to SIGAR data call, 7/19/2021 and 4/19/2021; 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, and 112-10.

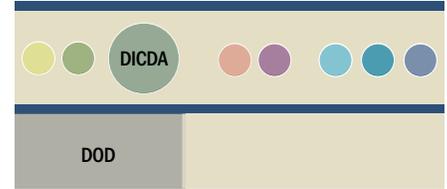
STATUS OF FUNDS

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The Drug Interdiction and Counter-Drug Activities (DICDA), Defense appropriation provided funding for efforts intended to stabilize Afghanistan by combating the drug trade and related activities. The DOD Counterdrug group allocated this funding to support the Counternarcotics Police of Afghanistan units (mentored by the DEA and U.S. Army Special Forces) who investigate high-value targets and conduct drug-interdiction operations. Funding was 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 supporting in-country counterdrug activity.¹⁰

The DOD Counterdrug group allocated modest amounts of funding to Afghanistan programs in recent years as the number of counterdrug missions performed by the SMW decreased, falling from \$118.01 million in FY 2018 to \$10.18 million in FY 2019 and \$24.30 million in FY 2020.

The Department of Defense Appropriations Act, 2021, provided no DICDA Overseas Contingency Operations (OCO) funding for FY 2021, a departure from historical practice and a decrease of \$153.00 million from the FY 2020 enacted level. The DOD Counterdrug group has no plans to fund activities in Afghanistan in FY 2021, and the appropriation for FY 2021 stands at zero, as shown in Figure 2.12.¹¹ Cumulative amounts appropriated and transferred from the Central Transfer Account remain unchanged between September 30, 2020, and June 30, 2021, at \$3.28 billion, as shown in Figure 2.13.¹²



DICDA FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

FIGURE 2.12

DICDA APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

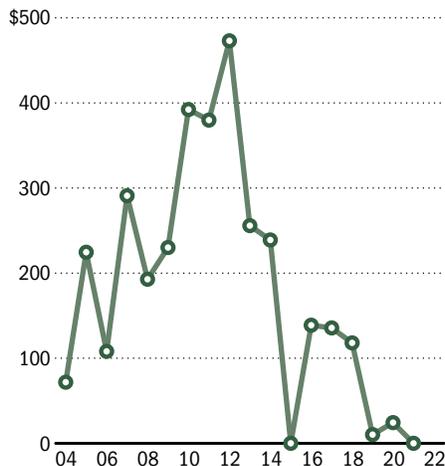
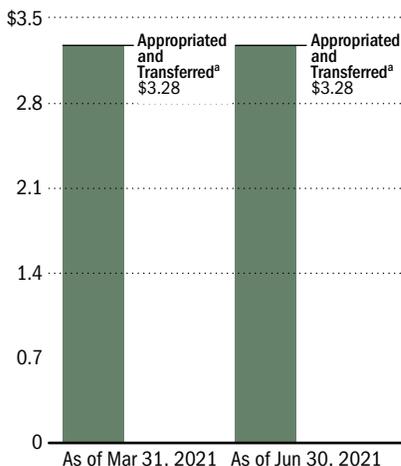


FIGURE 2.13

DICDA FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

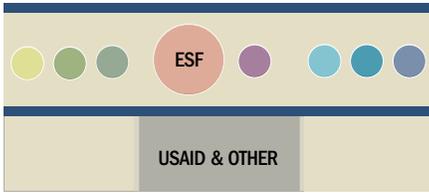


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DICDA and \$122.18 million out of FY 2019 DICDA due to requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DICDA.

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

Source: DOD, response to SIGAR data call, 7/9/2021 and 4/9/2021; OSD Comptroller, 15-23 PA: Omnibus 15 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, and independent legal systems for a more transparent and accountable government.¹³

The ESF was allocated \$136.45 million for Afghanistan for FY 2021 through the Section 653(a) consultation process that was concluded between State and the U.S. Congress in the quarter ending June 30, 2021. This allocation represents a 32% decrease from the \$200.00 million that was allocated through the Section 653(a) process for FY 2020, which itself represented a 43% decrease from the \$350.00 million that was allocated in FY 2019, as shown in Figure 2.14 below. While these annual declines in allocations appear steep, actual disbursements from ESF have remained above allocated levels in recent years, as shown in Table 2.6 on page 46 due to the utilization of relatively high levels of undisbursed balances from prior-year appropriations. Also of note, the President’s Budget Request for FY 2022 for foreign assistance appropriations includes \$250.00 million allocated to ESF for Afghanistan.¹⁴ Cumulative appropriations for the ESF now stand at nearly \$21.24 billion, of which nearly \$20.03 billion had been obligated but only slightly more than \$18.34 billion had been disbursed as of June 30, 2021, as shown in Figure 2.15 below.¹⁵

FIGURE 2.14

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)

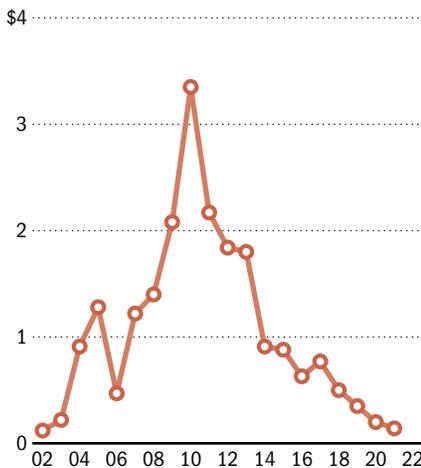
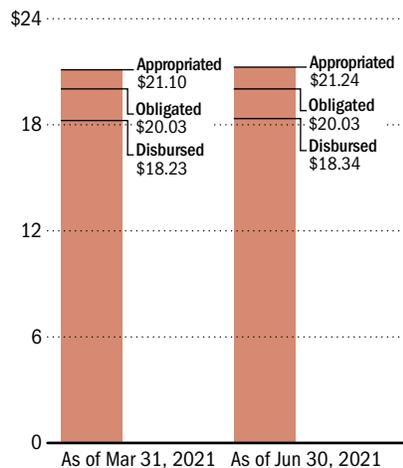


FIGURE 2.15

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

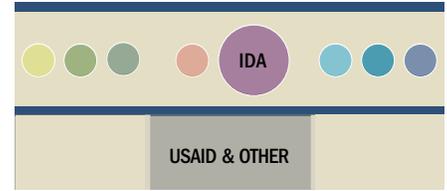
Source: USAID, response to SIGAR data call, 7/14/2021 and 4/13/2021; State, response to SIGAR data call, 7/2/2021, 7/13/2020, 1/3/2020, 10/5/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

STATUS OF FUNDS

INTERNATIONAL DISASTER ASSISTANCE

USAID’s Bureau of Humanitarian Assistance (BHA), created through the combination of its Offices of U.S. Foreign Disaster Assistance (OFDA) and Food for Peace (FFP) in June 2020, administers International Disaster Assistance (IDA) funds. BHA is responsible for leading and coordinating the U.S. government response to disasters overseas, and obligates funding for emergency food-assistance projects when there is an identified need and local authorities lack the capacity to respond. BHA works closely with international partners such as the United Nations Children’s Fund (UNICEF), the UN’s World Food Programme (WFP), and the UN’s World Health Organization (WHO) to deliver goods and services to assist conflict- and disaster-affected populations in Afghanistan.¹⁶

USAID reported more than \$1.15 billion in IDA funds had been allocated to Afghanistan from 2002 through June 30, 2021, with obligations of nearly \$1.12 billion and disbursements of more than \$1.01 billion reported as of that date. USAID obligated nearly \$177.84 million in IDA funds in FY 2020, the highest level of IDA obligations that it has recorded in Afghanistan.¹⁷ Figure 2.16 presents annual appropriations of IDA funds to Afghanistan. Figure 2.17 presents cumulative appropriations, obligations, and disbursements.



IDA FUNDS TERMINOLOGY

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

FIGURE 2.16

IDA APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

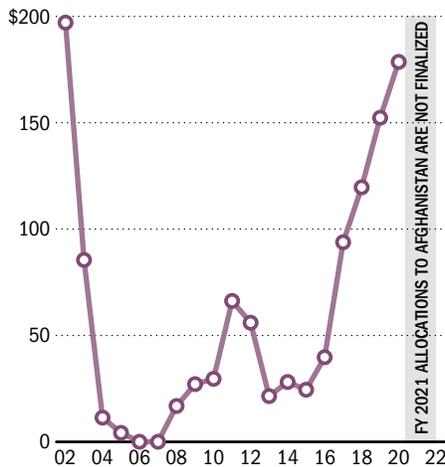
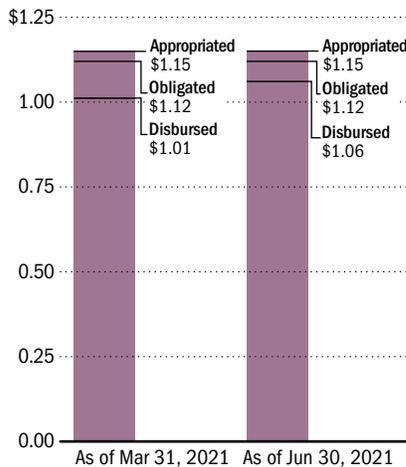


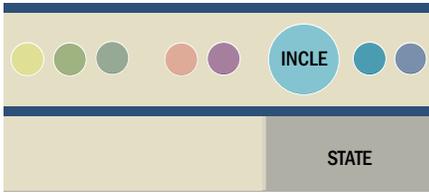
FIGURE 2.17

IDA FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include interagency transfers.
Source: USAID, response to SIGAR data call, 7/14/2021 and 4/13/2021.

STATUS OF FUNDS



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.¹⁸

The INCLE account was allocated \$82.20 million for Afghanistan for FY 2021 through the Section 653(a) consultation process that was concluded between State and the U.S. Congress in the quarter ending June 30, 2021. This allocation represents a 7% decrease from the \$88.00 million that was allocated through the Section 653(a) process for FY 2020, which itself was relatively flat from the \$87.80 million that was allocated in FY 2019, as shown in Figure 2.18 below.¹⁹ Actual disbursements from INCLE have remained at or above allocated levels in recent years, as shown in Table 2.6 on page 46, due to the utilization of relatively high levels of undisbursed balances from prior-year appropriations. Cumulative funding for INCLE stands at more than \$5.50 billion, of which more than \$5.16 billion has been obligated and more than \$4.69 billion has been disbursed as of June 30, 2021, as shown in Figure 2.19.²⁰

INCLE FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

FIGURE 2.18

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

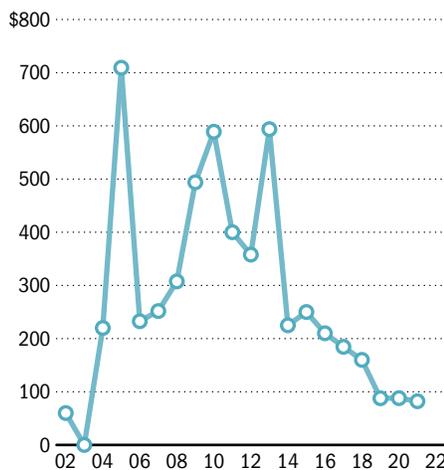
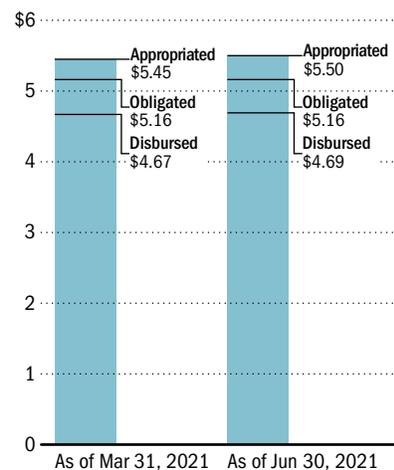


FIGURE 2.19

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

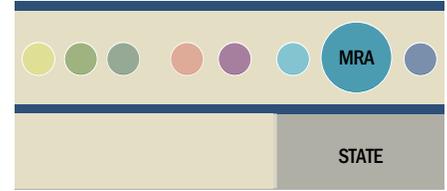
Source: State, response to SIGAR data call, 7/9/2021, 7/2/2021, and 4/19/2021.

STATUS OF FUNDS

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.²¹

The MRA allocation for Afghan refugees, internally displaced persons, and returnees has increased for the past two fiscal years, rising from nearly \$77.19 million in FY 2018 to more than \$86.69 million in FY 2019 and nearly \$100.53 million in FY 2020, as shown in Figure 2.20. Allocations for the nine months of FY 2021 ending June 30, 2021, have reached \$51.80 million, with supplemental obligations of \$19.00 million provided from the American Rescue Plan Act, 2021. Cumulative appropriations since FY 2002 have totaled more than \$1.60 billion through June 30, 2021, with cumulative obligations and disbursements reaching nearly \$1.60 billion and more than \$1.56 billion, respectively, on that date, as shown in Figure 2.21.²²



MRA FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

FIGURE 2.20

MRA APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

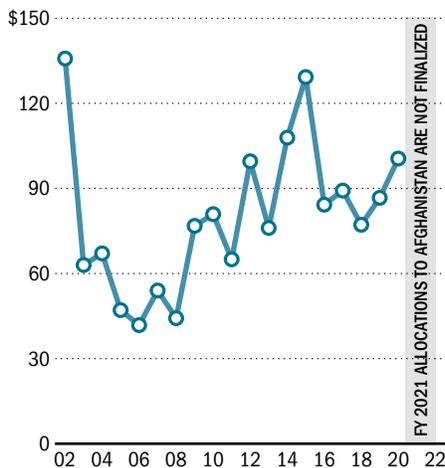
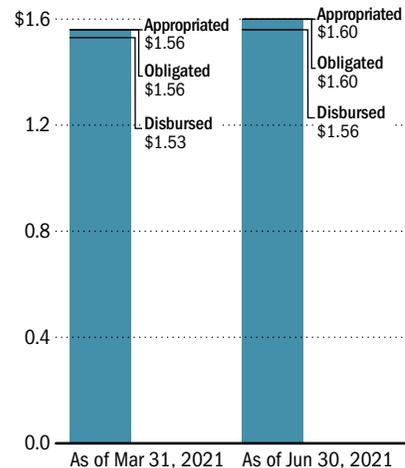


FIGURE 2.21

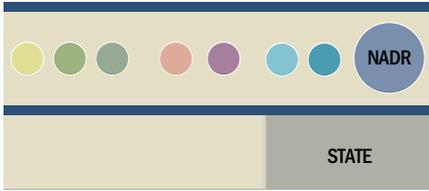
MRA FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include interagency transfers. MRA balances include funds provided from the Emergency Refugee and Migration Assistance (ERMA) Fund of \$25.00 million in FY 2002 and \$0.20 million in FY 2009 (obligated and disbursed), and funds from the American Rescue Plan Act, 2021, appropriated to supplement MRA funds, of \$19.00 million obligated and \$14.10 million disbursed through June 30, 2021. All other MRA balances shown have been allocated from the annual Migration and Refugee Assistance appropriation.

Source: State, response to SIGAR data call, 7/13/2021, 7/9/2021, and 4/9/2021.

STATUS OF FUNDS



NADR FUNDS TERMINOLOGY

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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.²³ 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). The Office of Foreign Assistance Resources makes allocated funding available to relevant bureaus and offices that obligate and disburse these funds.²⁴

The NADR account was allocated \$45.80 million for Afghanistan for FY 2021 through the Section 653(a) consultation process that was concluded among State and the U.S. Congress in the quarter ending June 30, 2021. This allocation represents an increase of 19% from the \$38.50 million that was allocated through the Section 653(a) process for FY 2020, which itself was relatively flat from the \$38.30 million that was allocated in FY 2019, as shown in Figure 2.22. Figure 2.23 shows that the cumulative total of NADR funds appropriated and transferred rose from \$881.34 million at March 31, 2021, to \$927.14 million at June 30, 2021.²⁵

FIGURE 2.22

NADR APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

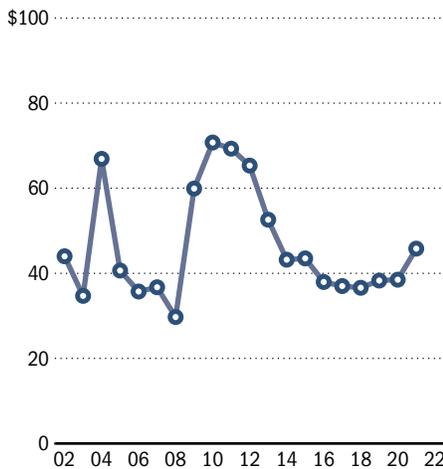
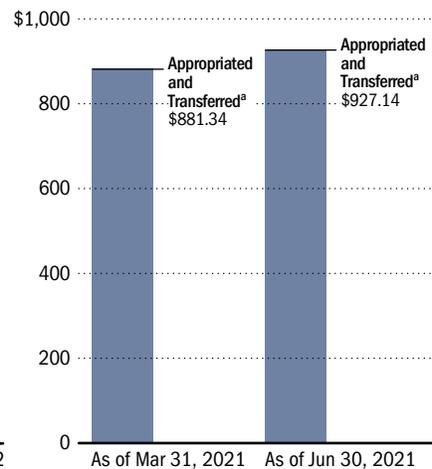


FIGURE 2.23

NADR FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded.

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

Source: State, response to SIGAR data call, 7/2/2021, 7/13/2020, 1/3/2020, and 10/5/2018.

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

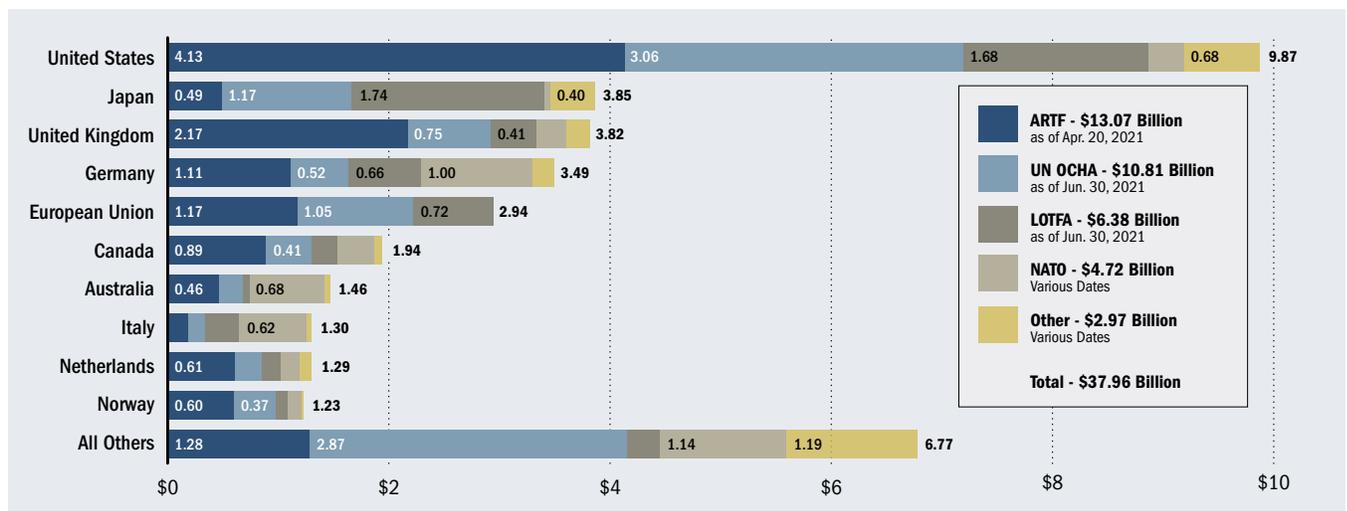
The international community provides significant funding to support Afghanistan relief and reconstruction efforts through multilateral institutions. These institutions include multilateral trust funds; United Nations and nongovernmental humanitarian assistance organizations; two multilateral development finance institutions, the World Bank Group and the Asian Development Bank (ADB); two special purpose United Nations organizations: the UN Assistance Mission in Afghanistan (UNAMA) and the UN Development Programme (UNDP); and the NATO Resolute Support Mission.

The four main multilateral trust funds are the World Bank-managed Afghanistan Reconstruction Trust Fund (ARTF), the UNDP-managed Law and Order Trust Fund for Afghanistan (LOTFA), the NATO-managed Afghan National Army (ANA) Trust Fund (NATF), and the ADB-managed Afghanistan Infrastructure Trust Fund (AITF).

These four multilateral trust funds, as well as the humanitarian assistance organizations reported by the UN’s Office for the Coordination of Humanitarian Affairs (UN OCHA), the NATO Resolute Support Mission, and UNAMA all report donor or member contributions for their Afghanistan programs, as shown in Figure 2.24.

FIGURE 2.24

CUMULATIVE CONTRIBUTIONS BY 10 LARGEST DONORS AND OTHERS TO MULTILATERAL INSTITUTIONS IN AFGHANISTAN (ARTF, UN OCHA-REPORTED PROGRAMS, LOTFA, NATO ANATF, NATO RSM, UNAMA, AND AITF) SINCE 2002 (\$ BILLIONS)



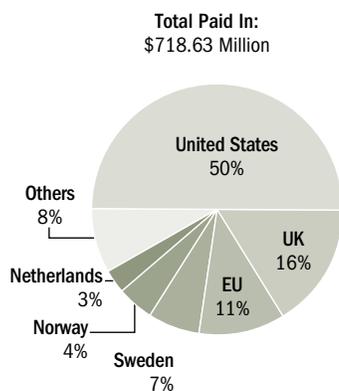
Note: Amounts under \$350 million are not labeled. Numbers may not add due to rounding. “NATO” consists of NATO ANA Trust Fund contributions of \$3.45 billion through May 31, 2021 and NATO member assessments for Resolute Support Mission costs of \$1.27 billion for 2015–2019 (2020 and 2021 remain unaudited). “Other” consists of UN member assessments for UNAMA costs of \$2.38 billion for 2007–2020, and AITF contributions of \$0.59 billion at 12/31/2020.

Source: World Bank, ARTF: Administrator’s Report on Financial Status as of April 20, 2021 (end of 4th month of FY 1400) at www.artf.af, accessed 7/10/2021; UN OCHA, Financial Tracking Service at <https://fts.unocha.org>, accessed 6/30/2021; UNDP, LOTFA Receipts 2002–2021, 6/30/2021, response to SIGAR data call, 7/8/2021; NATO, Afghan National Army (ANA) Trust Fund, Status of Contributions Made as of 31 May 2021, at www.nato.int, accessed 7/10/2021; NATO, IBAN Audits of Allied Command Operations and Cost Share Arrangements for Military Budgets, at www.nato.int and web.archive.org/web/20150910123523/http://www.nato.int, accessed 7/16/2021; ADB, AITF 2020 Annual Report, response to SIGAR data call, 5/26/2021; State, UNAMA approved budgets and notified funding plans, in response to SIGAR data calls, 2/19/2021 and 7/13/2020; UN, Country Assessments, at www.un.org/en/ga/contributions/scale, accessed 10/9/2020.

STATUS OF FUNDS

FIGURE 2.25

ARTF CONTRIBUTIONS BY DONOR, AFGHAN FY 1399 (PERCENT)



Note: Percentages may not add to 100% due to rounding. "Others" includes nine national government donors.

Source: World Bank, ARTF: Administrator's Report on Financial Status as of April 20, 2021 (end of 4th month of FY 1400) at www.artf.af, accessed 7/10/2021.

Cumulative contributions to these seven organizations since 2002 have amounted to \$37.96 billion, with the United States contributing \$9.87 billion of this amount. The World Bank and the ADB are funded through general member assessments that cannot be readily identified as allocated to Afghanistan. These two institutions have collectively made financial commitments of \$12.1 billion to Afghanistan since 2002, as discussed in the sections that follow.

Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan government's operational and development budgets comes through the ARTF. From 2002 to April 20, 2021, the World Bank reported that 34 donors had paid in more than \$13.07 billion. Figure 2.24 shows the three largest donors over this period as the United States, the United Kingdom, and the European Union. Figure 2.25 shows that these three were also the largest donors to the ARTF for Afghan FY 1399 (December 21, 2019–December 20, 2020). The ARTF received paid in contributions of \$718.63 million in Afghan FY 1399, which represents an 8% decrease from the \$780.38 million it received in Afghan FY 1398.²⁶

Contributions to the ARTF are divided into two funding channels, the Recurrent Cost (RC) Window and the Investment Window. As of April 20, 2021, according to the World Bank, more than \$6.05 billion of ARTF funds had been disbursed to the Afghan government through the RC Window, including the Recurrent and Capital Cost Component, to assist with recurrent costs such as civil servants' salaries.²⁷ To ensure that the RC Window receives adequate funding, donors to the ARTF may not "prefer" (earmark) more than half of their annual contributions.²⁸

The Investment Window supports development programs. As of April 20, 2021, according to the World Bank, more than \$6.19 billion had been committed through the Investment Window, and nearly \$5.20 billion had been disbursed. The Bank reported 32 active projects with a combined commitment value of more than \$2.51 billion, of which more than \$1.52 billion had been disbursed.²⁹

Contributions to UN OCHA-Coordinated Humanitarian Assistance Programs

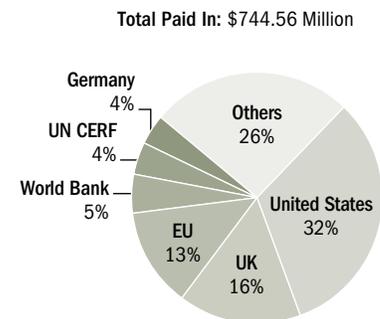
The UN's Office for the Coordination of Humanitarian Affairs (OCHA) leads emergency appeals and annual or multiyear humanitarian-response plans for Afghanistan, and provides timely reporting of humanitarian assistance provided by donors to facilitate funding of targeted needs. Donors have contributed more than \$10.81 billion to humanitarian-assistance organizations from 2002 through June 30, 2021, as reported by OCHA. OCHA-led annual humanitarian-response plans and emergency appeals for Afghanistan accounted for more than \$7.15 billion, or 66.1% of these contributions. The United States, Japan, and the European Union have been the largest contributors to humanitarian assistance organizations in Afghanistan since

STATUS OF FUNDS

2002, as shown in Figure 2.24; while the United States, United Kingdom, and the European Union were the largest contributors in 2020, when the international community contributed \$744.56 million to these organizations, as shown in Figure 2.26. The UN World Food Programme (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 2.5.³⁰

FIGURE 2.26

UN OCHA-COORDINATED CONTRIBUTIONS BY DONOR, CALENDAR YEAR 2020 (PERCENT)



Note: Percentages may not add to 100% due to rounding. “Others” includes 23 national governments and 14 other entities. UN CERF refers to the UN’s Central Emergency Response Fund.

Source: UN OCHA, Financial Tracking Service at <https://fts.unocha.org>, accessed 6/30/2021.

TABLE 2.5

LARGEST RECIPIENTS OF HUMANITARIAN ASSISTANCE FOR AFGHANISTAN UN OFFICE FOR THE COORDINATION OF HUMANITARIAN AFFAIRS (OCHA) CUMULATIVE RECEIPTS, 2002 TO JUNE 30, 2021 (\$ MILLIONS)	
Largest Recipients	Receipts
United Nations Organizations	
World Food Programme (WFP)	\$3,285.65
United Nations High Commissioner for Refugees (UNHCR)	1,260.31
United Nations Children’s Fund (UNICEF)	587.02
United Nations Mine Action Service (UNMAS)	337.22
International Organization for Migration (IOM)	285.89
Food and Agricultural Organization (FAO)	252.49
Office for the Coordination of Humanitarian Affairs (UN OCHA)	148.21
World Health Organization (WHO)	159.06
Nongovernmental Organizations	
International Committee of the Red Cross	796.60
Norwegian Refugee Council	201.24
HALO Trust	119.16
Save the Children	116.58
ACTED (formerly Agency for Technical Cooperation and Development)	102.77
All Other and Unallocated	3,162.10
Total Humanitarian Assistance Reported by OCHA	\$10,814.30

Note: Numbers may not add due to rounding.

Source: UN OCHA, Financial Tracking Service at <https://fts.unocha.org>, accessed 6/30/2021.

Contributions to the Law and Order Trust Fund for Afghanistan

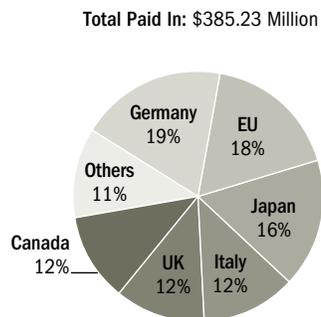
The UNDP had historically administered the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).³¹ Beginning in 2015, UNDP divided LOTFA support between two projects: Support to Payroll Management (SPM) and MOI and Police Development (MPD).

The SPM project has aimed to develop the capacity of the Afghan government to independently manage all nonfiduciary aspects of its payroll

STATUS OF FUNDS

FIGURE 2.27

LOTFA CONTRIBUTIONS BY DONOR, CALENDAR YEAR 2020 (PERCENT)



Note: Numbers may not add due to rounding. "Others" includes the United States, 10 other countries, and the UNDP that made contributions to the two LOTFA funds.

Source: UNDP, LOTFA Receipts 2002–2021 (Combined Bilateral and MPTF), updated 6/30/2021, in response to SIGAR data call, 7/8/2021.

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 has expanded its mission beyond the management of the SPM project to include the entire justice chain (police, courts, and corrections), and thereby cover all security and justice institutions, with an increased focus on anticorruption. A new multilateral trust fund, the LOTFA Multi-Partner Trust Fund (MPTF), was launched to fund this expanded mission alongside the original LOTFA.³²

Donors have paid in nearly \$6.38 billion to the two LOTFA funds from 2002 through June 30, 2021. The new LOTFA MPTF has raised nearly \$362.72 million, with the UK and Canada its largest donors. Figure 2.24 shows the two LOTFA funds' largest donors to have been the United States and Japan on a cumulative basis. Figure 2.27 shows the largest donors to the two LOTFA funds in 2020. The United States has significantly reduced its support to LOTFA since 2018, with annual contributions ranging between \$0.95 million and \$8.84 million for the original LOTFA and no funds for the LOTFA MPTF.³³

Contributions to the NATO Resolute Support Mission

NATO members are assessed annual contributions for the NATO Civil Budget, Military Budget, and Security Investment Program based on audited program costs and agreed annual cost-sharing formulas. The NATO Military Budget includes Allied Command Operations (ACO) whose largest cost component is the NATO Resolute Support Mission (RSM) in Afghanistan. NATO has assessed member contributions of \$1.27 billion for costs of the Resolute Support Mission from 2015, the first year of the mission, through 2019, the most recent year for which ACO audited statements detailing RSM costs have been made publicly available. The United States share of commonly funded budgets has ranged from 22.20% to 22.14% over the 2015 to 2019 period, resulting in contributions of \$281.87 million. Figure 2.24 shows the United States, Germany, and the United Kingdom as the largest contributors to the costs of the NATO Resolute Support Mission.³⁴

Although all international troops operating under the aegis of RSM are to withdraw from Afghanistan in 2021, NATO has indicated that RSM will enter a "new chapter" there, focusing on financial support and out-of-country training to Afghan security forces, a diplomatic presence in Kabul, and funding for operation of Hamid Karzai International Airport.³⁵

Contributions to the NATO ANA Trust Fund

The NATO-managed Afghan National Army (ANA) Trust Fund (NATF) supports the Afghan National Army and other elements of the Afghan National

Defense and Security Forces through procurements by the Afghanistan Security Forces Fund (ASFF) and the NATO Support and Procurement Agency (NSPA).³⁶ The Fund has received contributions from 25 of the 30 current NATO members, including the United States, and from 12 other Coalition partners totaling nearly \$3.45 billion through May 31, 2021.³⁷ Figure 2.24 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.³⁸

World Bank Group in Afghanistan

The World Bank's International Development Association (IDA) has committed nearly \$5.3 billion for development, emergency reconstruction projects, and eight budget support operations in Afghanistan from 2002 through February 3, 2021. This support consists of over \$4.8 billion in grants and \$436 million in no-interest loans known as "credits." The Bank, as of February 3, 2021, has 12 active IDA-only projects (\$940 million) and 15 active projects jointly funded with the ARTF with a combined commitment value of nearly \$1.2 billion from IDA.

In addition, the International Finance Corporation (IFC) maintains a committed portfolio valued at over \$300 million and its Multilateral Investment Guarantee Agency (MIGA) has a gross exposure exceeding \$116 million on projects in Afghanistan.³⁹

The United States is the World Bank Group's largest shareholder, with ownership stakes of 10–25% of shares in the IDA, IBRD, MIGA, and IFC.⁴⁰

Asian Development Bank in Afghanistan

The Asian Development Bank (ADB) has committed over \$6.41 billion for 168 development projects and technical-assistance programs in Afghanistan from 2002 through June 2021. This support has consisted of \$5.43 billion in grants (of which the Asian Development Fund, or ADF, provided \$4.33 billion, and the ADB provided \$1.10 billion in co-financing), \$0.872 billion in concessional loans, and \$111.2 million in technical assistance. ADB has provided \$2.67 billion for 20 key road projects, \$2.12 billion to support energy infrastructure, and \$1.08 billion for irrigation and agricultural infrastructure projects, and \$190 million for the health and PSM sectors. The United States and Japan are the largest shareholders of the ADB, with each country holding 15.57% of total shares.⁴¹

The ADB manages the Afghanistan Infrastructure Trust Fund (AITF), a multidonor platform that provides on-budget financing for technical assistance and investment, principally in the transport, energy, and water management sectors. The AITF has received contributions of \$590.54 million from the NATO ANA Trust Fund, Canada, Germany, Japan, the United Kingdom, and the United States, and had disbursed \$331.05 million through December 31, 2020.⁴²

STATUS OF FUNDS

United Nations Assistance Mission in Afghanistan

The United Nations Assistance Mission in Afghanistan (UNAMA) is a political UN mission established at the request of the government of Afghanistan. UNAMA maintains its headquarters in Kabul and an extensive field presence across Afghanistan, and is organized around its development and political affairs pillars. The Department of State has notified the U.S. Congress of its annual plan to fund UNAMA along with other UN political missions based on mission budgets since FY 2008. The U.S. contribution to UNAMA, based on its fixed 22.0% share of UN budgets and funded through the Contribution to International Organizations (CIO) account, has totaled \$523.45 million from FY 2008 through FY 2021. Other UN member governments have funded the remainder of UNAMA's budget of \$2.38 billion over this period.⁴³

Share of U.S. Civilian Assistance Provided to Multilateral Institutions

The United States provides significant financial support to the numerous multilateral institutions that are active in the civilian sector in Afghanistan. As the international donor community, including the United States, has reduced its physical presence in Afghanistan, the relative importance of these multilateral institutions compared to donors' assistance missions in Afghanistan has increased. The share of U.S. civilian assistance provided to multilateral institutions can be seen in Table 2.6 to have increased in recent years, with over 50% of its assistance disbursed in 2018 and 2020 from the

TABLE 2.6

SHARE OF U.S. CIVILIAN ASSISTANCE PROVIDED TO MULTILATERAL INSTITUTIONS, 2014–2020 (\$ MILLIONS)							
	2014	2015	2016	2017	2018	2019	2020
U.S. Contributions to Civilian Sector Multilateral Institutions							
Afghanistan Reconstruction Trust Fund (ARTF)	\$433.47	\$275.95	\$261.03	\$185.40	\$400.00	\$240.00	\$360.00
UN OCHA-Reported Programs (UN OCHA)	171.17	168.51	149.72	113.52	190.90	212.44	240.63
UN Assistance Mission in Afghanistan (UNAMA) and AITF	43.17	41.79	49.35	80.98	36.12	32.72	30.28
Total	\$647.81	\$486.25	\$460.10	\$379.90	\$627.02	\$485.16	\$630.91
Disbursements from the Principal U.S. Civilian Sector Assistance Accounts							
Economic Support Fund (ESF)	\$986.37	\$1,234.07	\$1,091.06	\$878.51	\$555.49	\$1,118.59	\$631.20
International Narcotics Control and Law Enforcement (INCLE)	443.89	310.15	265.28	232.94	147.07	196.76	148.27
International Disaster Assistance (IDA) and Title II	88.65	79.94	63.81	49.88	102.09	100.32	170.43
Migration and Refugee Assistance (MRA)	94.54	96.95	90.35	119.20	82.97	84.47	96.89
Non-Proliferation, Antiterrorism, Demining & Related (NADR)	43.20	43.50	37.96	37.00	35.60	38.30	38.50
Contributions to International Organizations (CIO)	43.17	41.79	41.35	40.31	36.12	32.72	30.28
Total	\$1,699.82	\$1,806.40	\$1,589.81	\$1,357.84	\$959.34	\$1,571.16	\$1,115.57
U.S. Civilian Assistance Provided to Multilateral Institutions/ Total Disbursements from U.S. Civilian Assistance Accounts	38.1%	26.9%	28.9%	28.0%	65.4%	30.9%	56.6%

Note: Numbers may not add due to rounding. Calendar year reporting is used for UN OCHA, UNAMA, AITF, ESF, IDA, MRA, and CIO; Afghan fiscal year reporting is used for ARTF; and U.S. fiscal year reporting is used for Title II and NADR. The Principal U.S. Civilian Sector Assistance Accounts presented above exclude DOD civilian sector accounts (CERP, AIF, and TFBSO) and a group of civilian agency accounts that were active in the FY 2014 to FY 2020 period (JMET, DA, GHP CCC, USAID-Other, HRDF, ECE, DFC, USAGM, DEA, and TI) but whose combined annual disbursements only approximate \$50.00 million per year. (See Appendix B to this report for additional information.)

Source: SIGAR analysis of the SIGAR Quarterly Report to the United States Congress, 1/30/2021, 1/30/2020, 1/30/2019, 1/30/2018, 1/30/2017, 1/30/2016, 1/30/2015, 1/30/2014, and 1/30/2013.

STATUS OF FUNDS

principal civilian-sector assistance accounts being provided to the principal civilian-sector multilateral institutions covered in Figure 2.24. Table 2.7 provides additional details on the sources of U.S. funding for the multilateral assistance programs and organizations active in Afghanistan.

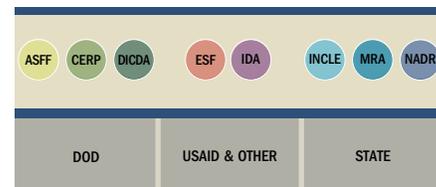


TABLE 2.7

SOURCES OF U.S. FUNDING FOR MULTILATERAL ASSISTANCE PROGRAMS AND ORGANIZATIONS IN AFGHANISTAN

Multilateral Assistance Programs and Organizations	Sources of U.S. Funding
Afghanistan Reconstruction Trust Fund (ARTF)	ESF
Law and Order Trust Fund for Afghanistan (LOTFA)	ASFF and INCLE
Afghan National Army (ANA) Trust Fund (NATF)	ASFF
Afghanistan Infrastructure Trust Fund (AITF)	ESF
UN OCHA Coordinated Programs	
UN World Food Programme (WFP)	IDA and Title II
UN High Commissioner for Refugees (UNHCR)	MRA
UN Children's Fund (UNICEF)	GHP, IDA, MRA, and Title II
UN Mine Action Service (UNMAS)	ESF and NADR
International Organization for Migration (IOM)	ESF, IDA, and MRA
UN Food and Agriculture Organization (FAO)	ESF and IDA
UN OCHA and its Afghanistan Humanitarian Fund	IDA
UN World Health Organization (WHO)	GHP, ESF, and IDA
Nongovernmental Organizations (NGOs) ^a	ESF, IDA, MRA, and NADR
NATO Resolute Support Mission (RSM)	Army O&M ^b
The Asia Foundation (TAF)	SFOPS TAF ^b , ESF, and INCLE
UN Development Programme (UNDP)	ESF and INCLE
UN Assistance Mission in Afghanistan (UNAMA)	CIO ^b
World Bank Group (IBRD, IDA, IFC, and MIGA)	Treasury IP ^b
Asian Development Bank (ADB and ADF)	Treasury IP ^b

^a State and USAID have requested that SIGAR not disclose the names of NGOs with whom they contract in Afghanistan, and have cited various authorities that underlie their requests. State has cited OMB Bulletin 12-01, Collection of U.S. Foreign Assistance Data (2012), which provides an exemption to federal agency foreign assistance reporting requirements "when public disclosure is likely to jeopardize the personal safety of U.S. personnel or recipients of U.S. resources." USAID has cited the Federal Funding Accountability and Transparency Act (FFATA) of 2006, (Pub. L. No. 109-282), which provides a waiver to federal agency contractor and grantee reporting requirements when necessary "to avoid jeopardizing the personal safety of the applicant or recipient's staff or clients." The so-called FFATA "masking waiver" is not available for Public International Organizations (PIOs). Both State and USAID provide "branding waivers" to NGOs with whom they contract in Afghanistan.

^b The Army O&M, SFOPS TAF, CIO, and Treasury IP accounts provide funding to organizations that are active in Afghanistan. All other accounts provide programmatic funding to organizations that are active in Afghanistan.

Note: Army O&M refers to the Support of Other Nations subaccount in the Operation & Maintenance, Army account in the Department of Defense appropriation; SFOPS TAF refers to The Asia Foundation account in the Department of State, Foreign Operations, and Related Programs (SFOPS) appropriation; and Treasury IP refers to the International Programs account in the Department of the Treasury appropriation.

Source: DOD, response to SIGAR data call, 1/18/2019; State, responses to SIGAR data call, 7/14/2021, 1/13/2021, 4/17/2020, 4/9/2020, and 8/21/2019; Department of Defense, FY 2022 President's Budget, Exhibit O-1, at <https://comptroller.defense.gov>, accessed 7/17/2021; SFOPS Congressional Budget Justification, FY 2021, at www.state.gov/cj, accessed 1/15/2021; Treasury, response to SIGAR data call, 4/20/2020; UNDP, response to SIGAR data call, 4/5/2020; USAID, response to SIGAR data calls, 1/10/2021, 4/3/2020, and 1/13/2020; and USAID, Afghanistan-Complex Emergency Fact Sheet #4 FY 2017 at www.usaid.gov, accessed 4/9/2020.

SECURITY CONTENTS

Key Issues & Events	49
Tracking District Control	54
Who Controls Afghanistan's Districts?	55
United States Forces-Afghanistan	59
Afghan National Defense And Security Forces	63
Afghan National Army	66
Afghan Air Force	70
Afghan Special Security Forces	75
Afghan National Police	76
Deadly Attack Hinders Mine Clearing Efforts	80

SECURITY

KEY ISSUES & EVENTS

NATO's Resolute Support Mission significantly reduced its presence in Afghanistan as U.S. and international forces withdrew.

General Austin Scott Miller, NATO Resolute Support Mission and U.S. Forces-Afghanistan (USFOR-A) commander, transferred responsibility of USFOR-A to CENTCOM commander General Kenneth F. McKenzie on July 12, 2021.

Combined Security Transition Command-Afghanistan's mission to train, advise, and assist the Afghan forces ended and transitioned to providing "over-the-horizon" security assistance as the new Defense Security Cooperation Management Office-Afghanistan.

The Taliban launched an offensive against the Afghan National Defense and Security Forces, overrunning numerous district centers and several border crossings, but avoided attacking U.S. and Coalition forces.

Formal Withdrawal of U.S. Forces to be Complete by the End of August

In accordance with President Joseph R. Biden's April 14 announcement that U.S. troops will withdraw from Afghanistan by September 11, 2021, U.S. Central Command (CENTCOM) formally began its military draw-down from Afghanistan on May 1, 2021, in what officials described as "a safe and orderly way."⁴⁴ The drawdown includes redeploying U.S. troops, turning facilities over to the Afghan National Defense and Security Forces (ANDSF), **retrograding** equipment, and either giving excess equipment to the ANDSF or turning it over to DOD's Defense Logistics Agency (DLA).⁴⁵

General Austin Scott Miller, NATO Resolute Support Mission and U.S. Forces-Afghanistan (USFOR-A) commander, transferred responsibility of USFOR-A to CENTCOM commander General Kenneth F. McKenzie in a small ceremony on July 12, 2021, in Kabul.⁴⁶ All U.S. troops except those assigned to duty at the U.S. Embassy compound in Kabul will leave Afghanistan by the end of August.⁴⁷

Secretary of Defense Lloyd J. Austin III established U.S. Forces Afghanistan Forward to be led by Navy Rear Admiral Peter Vasely, who

Retrograde: The movement of non-unit equipment and materiel from a forward location to a reset (replenishment, repair, or recapitalization) program or to another directed area of operations to replenish unit stocks, or to satisfy stock requirements.

Source: DOD Dictionary of Military and Associated Terms, 1/2021, p. 187.

Over-The-Horizon (OTH): An “over-the-horizon amphibious operation” is “an operation launched from beyond visual and radar range of the shoreline.” In the Afghanistan context, DOD also uses the term to refer to U.S. capabilities located outside Afghanistan.

Source: DOD Dictionary of Military and Associated Terms, 1/2021, p. 164; OUSD-P, response to SIGAR vetting, 7/16/2021.

will remain in Kabul. Supporting U.S. Forces Afghanistan Forward from Qatar will be the new Defense Security Cooperation Management Office-Afghanistan (DSCMO-A), led by Army Brigadier General Curtis Buzzard. DSCMO-A will be responsible for providing security assistance to the ANDSF, including **over-the-horizon (OTH)** aircraft-maintenance support to sustain ANDSF combat operations against the Taliban.⁴⁸

Coalition Forces Withdraw from Afghanistan Along with U.S. Forces

NATO Resolute Support (RS) informed SIGAR this quarter that Coalition forces have been reducing their footprint in Afghanistan in concert with U.S. forces.⁴⁹ As of June 12, 2021, some U.S. capabilities shifted to an “over-the-horizon location.”⁵⁰ Other Coalition forces also withdrew, with Germany and Italy ending their Afghanistan missions in the last week of June, the United Kingdom announcing the end of their mission July 8, and Australia announcing on July 11 that their last personnel had left Afghanistan “in recent weeks.” At least 16 smaller contingents reportedly withdrew earlier in June or May.⁵¹

Combined Security Transition Command-Afghanistan (CSTC-A) Ends, Transitions to Defense Security Cooperation Management Office-Afghanistan (DSCMO-A)

CSTC-A, the command that executed much of the mission to train, advise, and assist (TAA) the Afghan forces, officially ended on July 12, 2021, when General Miller transferred responsibility to General McKenzie.⁵² CSTC-A transitioned to the Defense Security Cooperation Management Office-Afghanistan (DSCMO-A), based in Qatar.⁵³ In early May, RS ended its TAA missions with Afghan forces at the corps and provincial chief of police levels and CSTC-A significantly reduced TAA staffing at the Ministries of Defense and Interior. This included the dissolution of the regional Train, Advise, and Assist Commands (TAACs) at the corps and provincial chief of police levels the first week of May and closure of both the Ministerial Advisory Group-Defense (MAG-D) and Ministerial Advisory Group-Interior (MAG-I) the last week of May.⁵⁴ Before its dissolution, CSTC-A’s main focus this quarter was the safe withdrawal of personnel from Afghanistan.⁵⁵ Accordingly, Resolute Support advised SIGAR that, with reduced staffing and a focus on the withdrawal process, they had limited capacity to respond to several of SIGAR’s questions for this report.⁵⁶ For more information on what reconstruction data is no longer available, see page 61.

The Taliban Overrun Numerous District Capitals, but Avoid Attacks on U.S. and Coalition Forces

After U.S. and Coalition forces officially began drawing down in May, the Taliban launched an offensive, overrunning numerous ANDSF checkpoints, bases, and district centers. For more on the deteriorating security situation and district control, see pages 54–55.

In some districts ANDSF forces put up some level of resistance and conducted a tactical (fighting) retreat, while in others they surrendered or fled in disorder.⁵⁷ According to news reports, about 1,600 ANDSF personnel fled into neighboring Tajikistan in July to avoid Taliban advances in Badakhshan Province.⁵⁸ In other instances, local elders reportedly mediated truces that allowed the ANDSF defenders to leave, abandoning their U.S.-supplied equipment, which the Taliban then displayed on social media as propaganda to tout its victories.⁵⁹ The Taliban have not yet taken any of Afghanistan's 34 provincial capitals, but several were reportedly surrounded.⁶⁰

Particularly concerning was the speed and ease with which the Taliban seemingly wrested control of districts in Afghanistan's northern provinces, once a bastion of anti-Taliban sentiment. The deteriorating situation caused the commander of the NATO Resolute Support Mission, General Miller, to tell reporters on June 29 that "a civil war path is visualizable."⁶¹ Miller added in a later interview, "We should be concerned. The loss of terrain and the rapidity of that loss of terrain has to be concerning."⁶²

Acting Assistant Secretary of Defense for Indo-Pacific Affairs David F. Helvey testified on May 5, 2021, before the Senate Armed Services Committee (SASC) that since the U.S.-Taliban agreement was signed on February 29, 2020, the Taliban "did comply with their agreement not to conduct attacks against the U.S. or Coalition forces ... with some very minor exceptions."⁶³

More detailed information on the security situation in Afghanistan can be found in SIGAR's classified supplement to this report.

Senior U.S. Officials Explain the New Defense Relationship with Afghan Security Forces

Testifying before the SASC on May 5, Acting Assistant Secretary of Defense Helvey said, "We will continue funding key capabilities such as the Afghan Air Force and Special Mission Wing, we will continue paying salaries for Afghan security forces, and we will continue delivering certain military supplies, and we are developing the mechanisms to provide appropriate oversight for the use of these funds most of which will continue to be executed through DOD contracts."⁶⁴

On June 17, Secretary of Defense Austin testified to the Senate Appropriations Committee, "We will now transition to a new bilateral relationship with our Afghan partners ... but one that will not require a U.S. footprint larger than what's necessary to protect our diplomats."⁶⁵ Chairman

“The plan right now would be to make a seamless transition from what we have currently in Afghanistan to other locations that would be able to meet our overarching objectives of ensuring that Afghanistan doesn’t become a safe haven for terrorists that would attack the U.S. or our allies.”

— *Brig. Gen. Matthew G. Trollingier*

Source: Brig. Gen. Matthew G. Trollingier, Deputy Director of Political and Military Affairs, J5, in testimony before the Senate Armed Services Committee, 5/20/2021.

of the Joint Chiefs of Staff General Mark Milley added, “It’s the president’s intent to keep an embassy open, to keep our security forces around the embassy and to continue to work with the Afghan government to continue to fund the Afghan security forces and to keep that situation from devolving into the worst case and that’s what we’re planning on and that’s what we’re working toward. There are not guarantees in any of this.”⁶⁶

How the ANDSF, Especially the Afghan Air Force, Will Function Without U.S. Soldier and Contractor Support Remains Unclear

U.S. military contractors are also being withdrawn from Afghanistan, as stipulated in the February 29, 2020, U.S.-Taliban agreement.⁶⁷ These contractors provide an array of functions, including logistics, maintenance, and training support for ANDSF ground vehicles and aircraft; security; base support; and transportation services.⁶⁸ Their loss could significantly impact ANDSF sustainability, in particular their ability to maintain aircraft and vehicles. Secretary Austin said in a June 23, 2021, House Armed Services Committee hearing that “Some of the [aircraft] maintenance is taking place in ... one of the Gulf countries, one of our partners ... and we may be able to contract other types of capabilities going forward. That’s still a work in progress.”⁶⁹ For more information on contractors in Afghanistan, see page 61.

Turkey Tentatively Agrees to Continue Securing Hamid Karzai International Airport After U.S. Forces Depart

Turkish President Tayyip Erdogan announced on July 9, 2021, that Turkey and the United States had agreed on the scope of how to secure Kabul’s Hamid Karzai International Airport (HKIA) after U.S. forces withdraw, though details remain to be finalized.⁷⁰ Turkey currently provides security at HKIA, an essential transport facility for the diplomatic missions that will remain in Afghanistan. A Taliban spokesman said that “If foreign forces want to retain a military presence here in the name of airport security, Afghans will not allow it and will view them as invaders, be it Turkey or any other country.”⁷¹

More information on the challenge of transferring control of Afghanistan’s airports can be found on pages 117–121 and in SIGAR’s classified supplement to this quarterly report.

Ministers of Defense and Interior Replaced

On June 19, 2021, Afghan President Ashraf Ghani announced that he was replacing his ministers of defense and of interior. Ghani named General Bismillah Khan Mohammadi as his new defense minister, replacing Asadullah Khalid. Khalid had been in the position since 2018, but required ongoing treatment for injuries suffered in a 2012 suicide bombing. Mohammadi is no stranger to the position, having previously served

as Minister of Defense as well as Minister of the Interior and Army chief of staff.⁷² Ghani named General Abdul Sattar Mirzakwal as the new interior minister. Both men will serve in an acting role until the Afghan parliament approves their appointments.⁷³

U.S. Reconstruction Funding for Security

As of June 30, 2021, the U.S. Congress had appropriated nearly \$88.61 billion to help the Afghan government provide security in Afghanistan. This accounts for 61% of all U.S. reconstruction funding for Afghanistan since fiscal year (FY) 2002. Of the nearly \$3.1 billion appropriated for the Afghanistan Security Forces Fund (ASFF) in FY 2020, over \$2.4 billion had been obligated and more than \$2.1 billion disbursed, as of June 30, 2021. About \$675.6 million of FY 2021 ASFF has been obligated and \$247.4 million disbursed, as of June 30, 2021.⁷⁴

Congress established the ASFF in 2005 to build, equip, train, and sustain the ANDSF, which comprises all forces under the Ministry of Defense (MOD) and Ministry of Interior (MOI). A significant portion of ASFF money is used for Afghan Air Force (AAF) aircraft maintenance, and for ANA, AAF, and Afghan Special Security Forces (ASSF) salaries. The rest of ASFF is used for fuel, ammunition, vehicle, facility and equipment maintenance, and various communications and intelligence infrastructure. Detailed ASFF budget breakdowns are presented in Table 2.4 on page 33.⁷⁵

Going forward, ASFF monies will be obligated by either the DSCMO-A or the Defense Security Cooperation Agency (ASFF obligations remain the same for DSCMO-A as for CSTC-A).⁷⁶ Funds that DSCMO-A provides to the Afghan government to manage (on-budget) now go directly to the Ministry of Finance, which then transfers them to the MOD and MOI based on submitted funding requests.⁷⁷ While the United States funds most ANA salaries, a significant share of Afghan National Police (ANP) personnel costs is paid by international donors through the United Nations Development Programme’s multidonor Law and Order Trust Fund for Afghanistan (LOTFA).⁷⁸ The United States has significantly reduced its support to LOTFA since 2018, with annual contributions ranging between \$0.95 million and \$8.84 million.⁷⁹ A discussion of on-budget (Afghan-managed) and off-budget (U.S.-managed) expenditures of ASFF is found on page 90.

The Taliban Overrun Dozens of District Centers and Seize Multiple Border Crossings

This quarter, a Taliban offensive that began slowly in May accelerated in June and early July. On June 22, 2021, Deborah Lyons, the United Nations Secretary-General’s Special Representative for Afghanistan, reported that “more than 50” districts had fallen to the Taliban “since the beginning of May.”⁸⁰ A day later, General Milley testified before the House Armed Services Committee (HASC) that “There’s 81 district centers ... underneath



SIGAR

Special Inspector General for Afghanistan Reconstruction

TRACKING DISTRICT CONTROL

SIGAR tracked Afghan government population, district, and territorial control from November 2015 until October 2018, using unclassified data provided by Resolute Support. In March, 2019, Resolute Support notified SIGAR that it no longer produced its district-level stability assessment of Afghan government and insurgent control and influence, claiming they were “of limited decision-making value to the [RS] Commander.” The last time SIGAR published district control assessments was for its January 2019 *Quarterly Report to the United States Congress*. RS reported then that as of October 2018, of Afghanistan’s then-407 districts, 50 were under insurgent control or influence (12 controlled, 38 influenced).

In the conference report for the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Congress required DOD to include a section in their semiannual *Enhancing Security and Stability in Afghanistan* report providing a district-level stability assessment displaying insurgent control versus Afghan government control and influence of districts to include district, population, and territorial control data. The next DOD report, covering the previous six months ending June 30, had not yet been issued as this report went to press.

Whether the Afghan government or the insurgents had “control” of a district was a subjective determination based on a number of factors, such as degree of effective Afghan government local governance, security, infrastructure, economic control, and communications, that RS took into consideration (for more detail on metrics Resolute Support used to determine district, population and territorial control see the April 30, 2016, *Quarterly Report to the United States Congress*, p. 96).

Regardless of how Resolute Support once measured district control, that level of detailed, subjective analysis from on-the-ground U.S. or Coalition soldiers no longer exists. The ongoing withdrawal of U.S. and Coalition forces has left open sources such as the Afghanistan Analysts Network (AAN), the Long War Journal (LWJ), British Broadcasting Corporation (BBC), and Gandhara (Radio Free Afghanistan) to fill the void on what is happening in Afghanistan’s districts, especially those furthest from Kabul. These organizations define and determine “district control” in various ways, including press reports, government agency statements, their own reporters and contacts, and the Taliban, often through social media.

The latest CENTCOM assessments of district control are available in the classified supplement to this report.

THE NUMBER OF DISTRICTS IN AFGHANISTAN

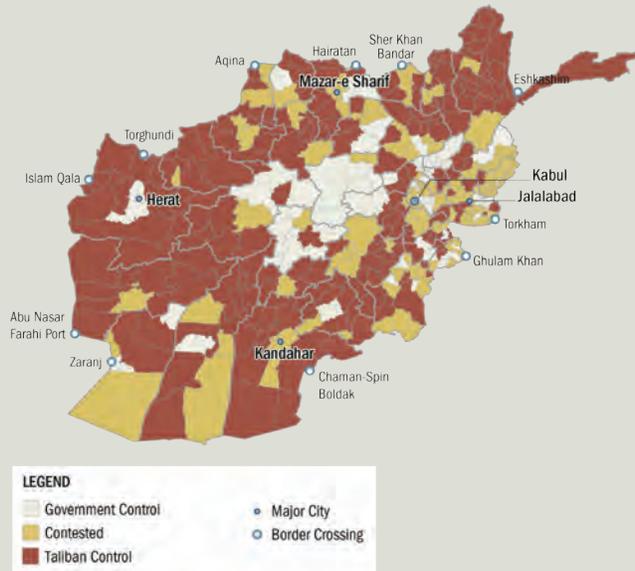
Different organizations use different figures for the number of Afghanistan districts, which have changed over time. For example, Deborah Lyons, the United Nations Secretary-General’s Special Representative for Afghanistan, reported 370, General Milley used 419 in his June 22 HASC testimony, the *Wall Street Journal* recently used 387, the Long War Journal uses 407, and other open sources use vaguer terms such as “roughly” 400. SIGAR has in the past used 407 districts (the number provided by Resolute Support), as well as 399, the number in USAID’s third-party dataset.

In 2018, Afghanistan’s Central Statistics Organization (now called the National Statistic and Information Authority) and the Independent Directorate of Local Governance compiled a joint, consolidated list of 387 districts (plus 34 provincial capitals) that it used to prepare for upcoming elections.

Source: SIGAR, *Quarterly Report to the United States Congress*, 4/30/2016 and 1/30/2019; RS, response to SIGAR data call, 3/3/2018; RS, response to SIGAR data call, 12/20/2018; U.S. Congress, “William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021,” Section 1219, 1/3/2020; USFOR-A, response to SIGAR data call, 5/15/2017; Long War Journal, “Mapping Taliban Contested and Controlled Districts in Afghanistan;” Afghanistan Analysts Network, “A Quarter of Afghanistan’s Districts Fall to Taleban amid Calls for a ‘Second Resistance,’” 7/2/2021; UNAMA, “Briefing to the United Nations Security Council by the Secretary-General’s Special Representative for Afghanistan, Ms. Deborah Lyons,” 6/22/2021; House Armed Services Committee, “House Armed Services Committee Holds Hearing on Fiscal 2022 Budget Request for the Defense Department,” transcript, 6/23/2021; *Wall Street Journal*, “Taliban Advances Test Afghan Forces’ Morale as the U.S. Leaves,” 6/20/2021; Long War Journal, “Taliban doubles number of controlled Afghan districts since May 1,” 6/29/2021; *New York Times*, “Taliban Enter Key Cities in Afghanistan’s North After Swift Offensive,” 6/20/2021; Afghanistan Analysts Network, “The Afghanistan Election Conundrum (12)_ Good news and bad news about district numbers,” 7/16/2018.

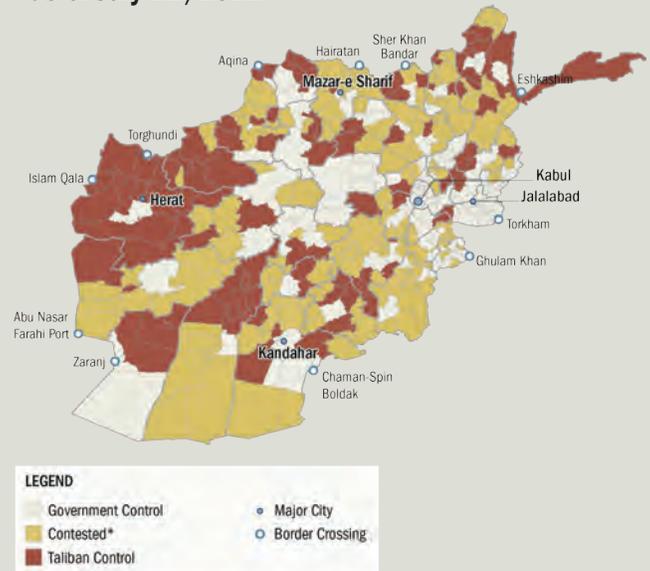
Who Controls Afghanistan's Districts?

Long War Journal, as of July 13, 2021



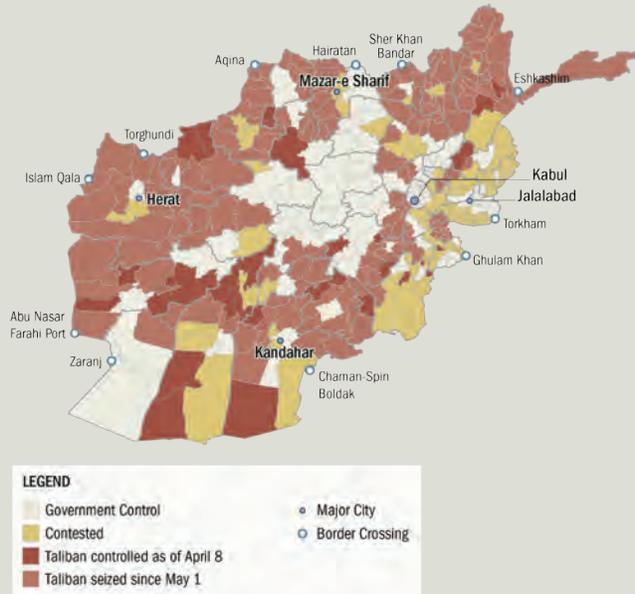
Note: the above map contains 398 of Afghanistan's 407 districts; this is the only shape file of an Afghanistan district-level map available for use at this time. Nine districts are not displayed on the map.
Source: <https://www.longwarjournal.org/mapping-taliban-control-in-afghanistan>

British Broadcasting Corporation (BBC), as of July 12, 2021



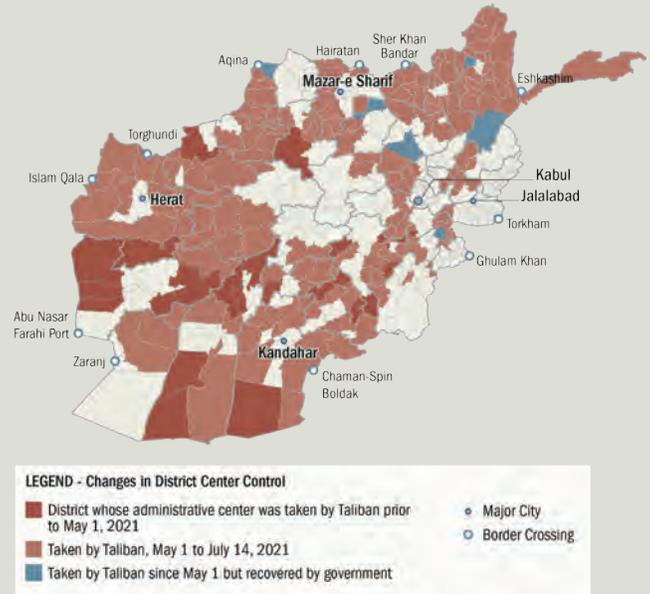
* "Contested" is where fighting is ongoing or strong Taliban presence in districts according to 2005 Afghanistan government boundaries.
Source: <https://www.bbc.com/news/world-asia-57767067>

Gandhara (Radio Free Afghanistan), as of July 15, 2021



Note: Updated July 19, 2021. The number of districts in Afghanistan has varied in recent decades and is disputed. A "controlled" district means that the government/Taliban controls a district and there is negligible Taliban/government activity. Data based on reporting by Radio Azadi correspondents in Kabul and the provinces.
Source: <https://gandhara.rferl.org/a/taliban-control-afghanistan/31360050.html>

Afghanistan Analysts Network (AAN), as of July 15, 2021



Note: Based on information compiled by Fazl Rahman Muzhary, Khadija Hussaini and Roger Helms from reports by the media, the Afghan government, the Taliban and, where needed, follow-up phone calls to local sources by members of the AAN team through July 15, 2021. Data preparation and graphics by Roger Helms using the NSIA 421 district set.
Source: <https://www.afghanistan-analysts.org/en/reports/war-and-peace/menace-negotiation-attack-the-taliban-take-more-district-centres-across-afghanistan/>

Note: SIGAR provides these maps for information only and takes no position on the accuracy, methodologies, or analysis used by their creators. These maps were recreated by SIGAR for simple map-to-map comparisons, otherwise they are reproduced from the source. Each source may have used a different number of districts so there may not be an exact district-to-district comparison between maps. For more on the methodologies used to create these maps, please see the sources.

Taliban control.”⁸¹ On July 2, the Afghanistan Analysts Network (AAN) claimed that the Taliban had captured 127 district centers, about 25% of the total, “adding to those they already controlled.”⁸²

In a July 21 press conference, General Milley updated his previous estimate of Taliban control to “about half of the 419 that are out there.” He also noted that the Taliban is putting pressure on 17 of Afghanistan’s 34 provincial capitals and the ANDSF was consolidating their forces to protect those population centers and Kabul. General Milley further added that while “strategic momentum appears to be sort of with the Taliban ... I don’t think the end game is yet written.”⁸³

The online Long War Journal (LWJ) painted an even bleaker picture of the extent and swiftness of Afghan government district losses, claiming that the Taliban controlled 157 districts on June 29, then 204 on July 9, and 221 by July 15.⁸⁴ According to LWJ, this was more than three times the number of districts the Taliban controlled on April 14, from 73 to 221, or more than half the number of total districts in Afghanistan (see page 55).⁸⁵ The numbers fluctuate as government forces have retaken some districts.⁸⁶

In addition to capturing districts, the Taliban have taken at least six international border crossings and hold long stretches of highways throughout the country, according to the AAN. This not only denies the Afghan government significant revenue from taxes on international trade, but also provides far more opportunities for the Taliban to raise their own revenue by taxing traders and extorting travelers at checkpoints.⁸⁷ For more information on the potential revenue impact from the loss of border crossings, see page 131 and the classified supplement to this report.

The Afghan government still holds Kabul and all 34 provincial capitals, though many appear threatened.⁸⁸

Both the Taliban and the ANDSF report inflicting significant casualties on each other.⁸⁹ In one incident, 23 Afghan special forces soldiers were surrounded and killed in northern Faryab Province on June 16. Among the dead was Colonel Sohrab Azimi, a renowned field commander who was mourned across Afghanistan.⁹⁰ On June 29, the Afghan government claimed they had killed over 6,000 Taliban fighters and wounded another 3,485 in the past month.⁹¹

Violence Trends

Some Violence Trend Data Unavailable as Resolute Support Mission Withdraws

SIGAR analyzes different types of data to obtain a better understanding of the violence trends in Afghanistan. These data sources, when available, include RS-provided data on enemy-initiated attacks against the ANDSF, RS, and UNAMA-provided data on civilian casualties, and USFOR-A data on ANDSF casualties and insider attacks.

Security-Incident Data

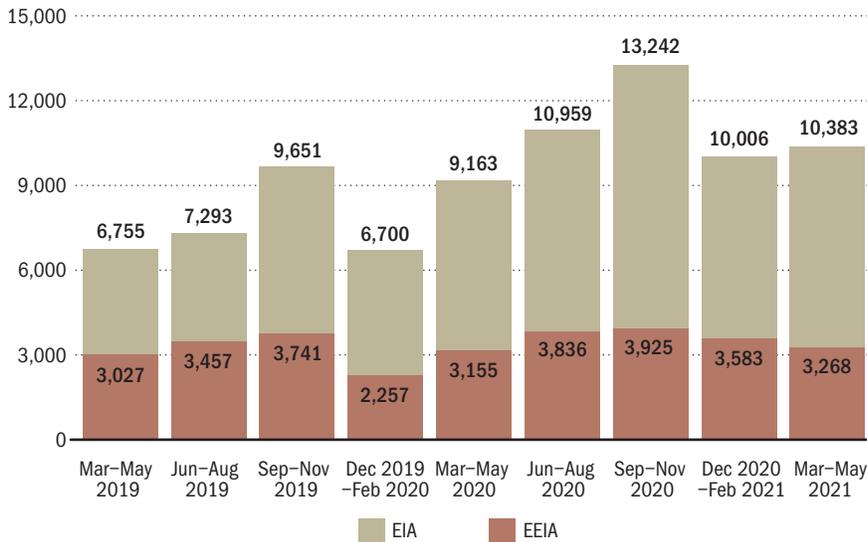
For the first time since December 2019, CSTC-A reported for public release some details of enemy-initiated attacks (EIAs) and effective enemy-initiated attacks (EEIAs). CSTC-A cautioned that they cannot confirm the accuracy and completeness of the data for it is based on Afghan operational reporting and there is often a time lag from the event to the report. CSTC-A believed that the data “can be used to substantiate broad inferences and trends over time.” RS-reported enemy-initiated attack data does not include U.S. and Coalition-initiated attacks on the enemy.

USFOR-A notified SIGAR that the last date for security-incident data that they could provide is May 31, 2021, as the database used for tracking such information ended in conjunction with the Resolute Support Mission. DOD noted they are “exploring options” for the continued reporting of this data.

Source: CSTC-A, response to SIGAR data call, 6/10/2021; CSTC-A, response to SIGAR data call, 6/10/2021; OUSD-P, response to SIGAR vetting, 7/16/2021.

FIGURE 2.28

ENEMY-INITIATED ATTACKS BY QUARTER FROM MARCH 2019–MAY 2021



Note: EIA = Enemy-Initiated Attacks. EEIA = Effective Enemy-Initiated Attacks, referring to a subset of enemy-initiated attacks that produced casualties.

Source: RS, response to SIGAR data call 4/1/2021 and 6/12/2021; SIGAR, analysis of RS-provided data, 7/2021.

This quarter, RS informed SIGAR that due to the drawdown, especially the end of the train, advise, and assist missions, several key elements of violence trend data were incomplete and will no longer be available. In addition, unclassified information about ANDSF casualty trends may not be available.⁹² For details on what information may no longer be available, see the callout box on page 61.

Enemy Attacks Increased Significantly Since the U.S.-Taliban Agreement of February 2020

Despite continued calls from U.S. officials for the Taliban to reduce its levels of violence in line with their commitments in the U.S.-Taliban agreement, USFOR-A’s **enemy-initiated attacks (EIA)** data the past three months (March–May 2021) show that the Taliban have not done so.⁹³ Figure 2.28 shows that each three-month period since the February 29, 2020, U.S.-Taliban agreement has had significantly more EIAs than their corresponding quarters the previous year.⁹⁴ Figure 2.29 on the following page shows the dramatic increase in enemy-initiated attacks last quarter (January–March 2021), especially when compared to previous first quarters. USFOR-A believed that ANDSF reporting of EIAs and **effective enemy-initiated attacks (EEIA)** decreased this quarter due to the train, advise, and assist missions ending; the data ended altogether on May 31, 2021.⁹⁵

Enemy-initiated attacks (EIA): All attacks (direct fire, surface to air fire, IED, and mine explosions, etc.) initiated by insurgents that the ANDSF and RC consider to be [significant activities] (SIGACTs).⁹⁶

Effective enemy-initiated attacks (EEIA): A subset of enemy-initiated attacks that result in ANDSF, Coalition, or civilian casualties.

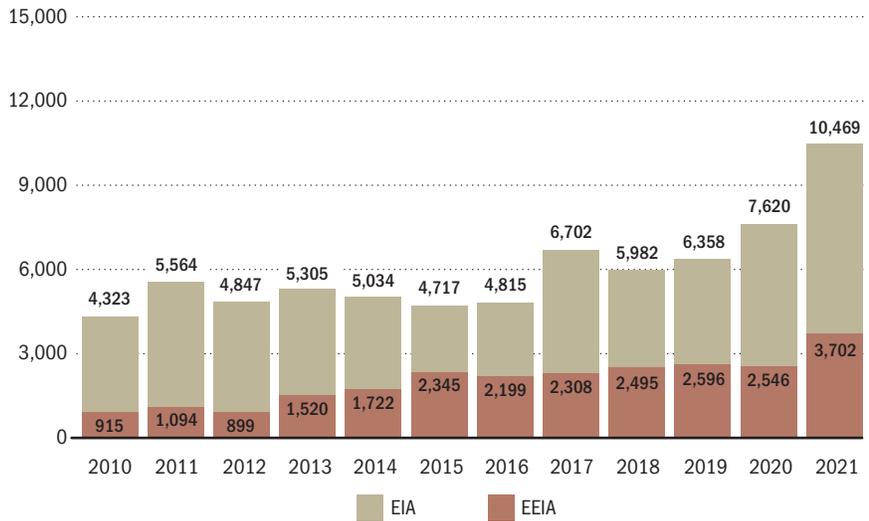
Source: CSTC-A, response to SIGAR vetting, 4/12/2019.

RS reported that due to the end of the Resolute Support Mission, the Casualty Mitigation Team retrograded and the remaining military personnel in Afghanistan will not be able to support the tracking and collection of civilian casualty data. Therefore, RS was able to provide final civilian casualty data for only April and May 2021.

Source: RS, response to SIGAR data call, 6/16/2021.

FIGURE 2.29

FIRST-QUARTER ENEMY-INITIATED ATTACKS SINCE 2010

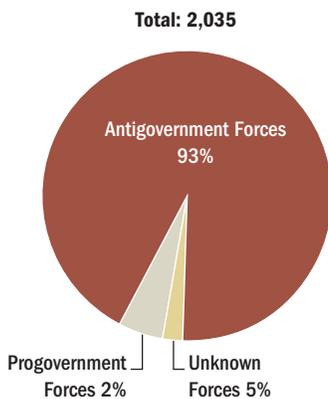


Note: EIA = Enemy-Initiated Attacks. EEIA = Effective Enemy-Initiated Attacks, referring to a subset of enemy-initiated attacks that produced casualties.

Source: RS, response to SIGAR data call 4/1/2021 and 6/10/2021; SIGAR, analysis of RS-provided data, 7/2021.

FIGURE 2.30

RS CIVILIAN CASUALTIES BY PARTY ATTRIBUTION, APRIL–MAY 2021



Note: These data cover the period April 1–May 31, 2021. Casualties include dead and wounded. Antigovernment forces here include the Taliban, IS-K, the Haqqani Network, and Unknown Insurgents; progovernment forces include the ANDSF and Coalition forces; and unknown forces include the RS “Other/Unknown” category of civilian casualties caused by undetermined elements, local militia, and the Pakistani military.

Source: RS, response to SIGAR data call, 6/16/2021; SIGAR, analysis of RS-provided data, 7/2021.

Civilian Casualties Intensify

RS Reports Increasing Civilian Casualties in 2021

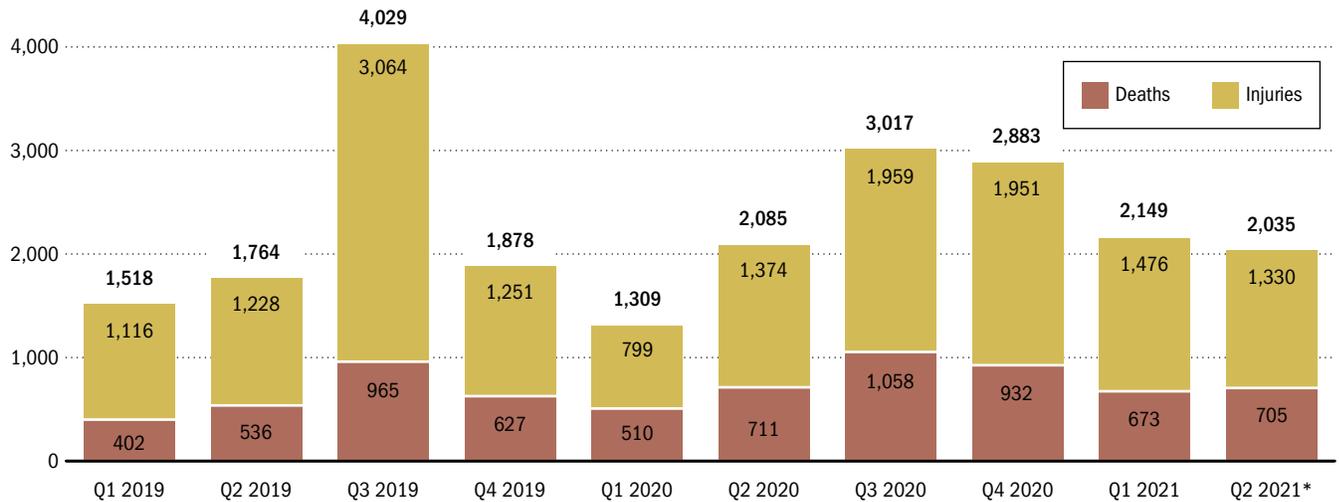
Civilian casualties continued to rise this quarter, including deadly urban attacks. In one of the worst incidents, on May 8, 2021, a car-bomb exploded along with two other blasts, killing 85 and wounding 275 students at Sayed-ul-Shuhada High School, a predominantly Shia girls school in Kabul.⁹⁶ While no group claimed responsibility—the Taliban disavowed any involvement—U.S. officials believe that IS-K carried out the attack.⁹⁷

RS reported 2,035 civilian casualties in April and May 2021, which included 705 deaths and 1,330 injuries. This total is nearly as high as the three months from January through March 2021 (2,149).⁹⁸ According to RS, the top two causes of civilian casualties were improvised explosive devices and direct fire (e.g., rifle or machine-gun fire).⁹⁹ As seen in Figure 2.31, these civilian casualties were nearly as high as the entire three month period last year (April–June 2020).¹⁰⁰

RS attributed about 93% of this quarter’s civilian casualties to antigovernment forces (40% to the Taliban, 38% to unknown insurgents, 14% to IS-K, and less than 1% to the Haqqani Network), as seen in Figure 2.30. About 2% were attributed to progovernment forces (2% to ANDSF), and about 5% to other or unknown forces. These percentages are roughly similar to long-term trends reported by RS.¹⁰¹

FIGURE 2.31

RS-REPORTED CIVILIAN CASUALTIES BY QUARTER



*Q2 2021 data includes ONLY April 1–May 31, 2021.

Note: Figures for last quarter have been updated by RS this quarter.

Source: RS, response to SIGAR data call, 1/7/2020, 10/7/2019, 1/6/2021, 4/6/2021, and 6/16/2021; SIGAR, analysis of RS-provided data, 7/2021.

UNITED STATES FORCES-AFGHANISTAN

Oversight and Advising Capabilities and Limitations During the Drawdown

At the end of the drawdown an estimated 650 U.S. troops will remain to assist with security at U.S. Embassy Kabul.¹⁰² This is down from 2,500 last quarter.¹⁰³ Figure 2.32 on the following page shows the American troop levels in Afghanistan from 2002–2021.

Retrograde Process Mostly Complete by Early July

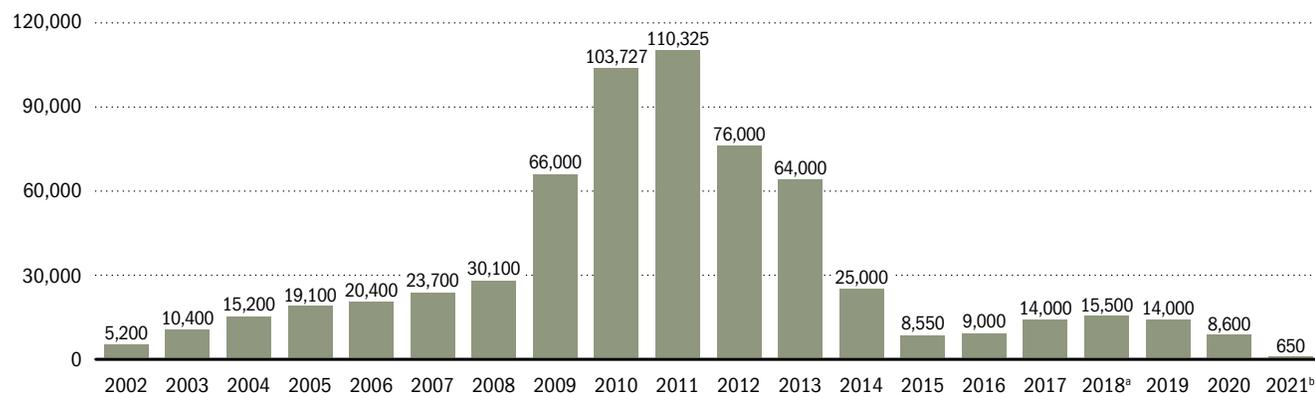
CENTCOM estimated it had completed more than half of the retrograde process by June 14, and more than 90% by July 5. This process included 984 C-17 transport aircraft loads out of Afghanistan, more than 17,000 pieces of equipment turned over to DLA for disposition, and 10 facilities, including Bagram Airfield, handed over to Afghanistan’s Ministry of Defense.¹⁰⁴

Included in the retrograde are thousands of vehicles and other equipment, including over 400 pieces of rolling stock and more than 6,600 pieces of non-rolling stock. The two most expensive retrograded items were 14 air-defense artillery pieces valued at more than \$144 million, and five “Enhanced Sentinel FMTVs (Family of Medium Tactical Vehicles)” valued at more than \$16 million.¹⁰⁵

SECURITY

FIGURE 2.32

U.S. TROOP LEVELS IN AFGHANISTAN, 2002-2021



^a Projected for 2018 based on public statements of NATO Secretary General Jens Stoltenberg. According to USFOR-A, the publicly releasable U.S. troop level, as of March 1, 2018, remains 14,000.

^b On January 15, 2021, the number of U.S. troops in Afghanistan was 2,500; 650 is projected for the end of the drawdown.

Source: CRS, Troop Levels in the Afghan and Iraq Wars, FY2002–FY2012, 7/2/2009; DOD, Report on Progress toward Security and Stability in Afghanistan, 10/2009, p. 18; SIGAR, Quarterly Report to the United States Congress, 10/30/2010, p. 73; 7/30/2011, p. 71; 10/30/2012, p. 95; 10/30/2013, p. 87; 10/30/2014, p. 91; 10/30/2015, p. 92; OSD-P, response to SIGAR data call, 6/30/2016 and 12/27/2016; USFOR-A, response to SIGAR data call, 9/10/2017, 11/27/2017, and 3/1/2018; Reuters, “Despite NATO Pledge to Increase Afghan Support, Troop Shortfall Remains: U.S.,” 11/9/2017; DOD, Enhancing Security and Stability in Afghanistan, 6/2019; DOD Enhancing Security and Stability in Afghanistan, 6/2020, p. 1; DOD, Statement by Acting Defense Secretary Christopher Miller on Force Levels in Afghanistan, 1/15/2021; Associated Press, “US to keep about 650 troops in Afghanistan after withdrawal,” 6/24/2021.

“Over-The-Horizon” Support to ANDSF Similar to COVID-19-Restricted Support

Security assistance to Afghanistan is now conducted “over-the-horizon” from Qatar by the Defense Security Cooperation Management Office-Afghanistan (DSCMO-A). Resolute Support cautioned that “OTH does not equal over-the-shoulder” oversight, and acknowledged that the reduced presence of U.S. forces in Afghanistan will constrain DSCMO-A’s capacity to monitor ANDSF use of ASFF funds and procured materials. DSCMO-A now provides security assistance through videoconference meetings at both the senior-leader level and at the directorate and branch levels “to ensure sustained pay, maintenance, logistics, and Foreign Military Sales (FMS) support,” much as they did the past year under COVID-19 restrictions. In addition, DSCMO-A said they will mitigate misuse of ASFF funds through end-use monitoring (EUM) of critical equipment, using local national contractors as the “on-ground eyes and ears for the U.S. government,” and remote monitoring of pay and logistics databases.¹⁰⁶ DSCMO-A explained that the local national contractors “send pictures and write-ups as deliverables to enable the projects to stay on schedule.” This was also standard procedure before the retrograde.¹⁰⁷

Over-the-horizon DSCMO-A support has some advantages despite the elimination of face-to-face contact with their Afghan counterparts, according to Resolute Support. RS claimed that in some cases they provide “the

DOD Unable to Provide Some Information This Quarter

The Office of the Undersecretary of Defense for Policy (OUSD-P) and CSTC-A advised SIGAR this quarter that, because of the drawdown of U.S. and Coalition forces in Afghanistan, they were unable to supply much of the reconstruction-related data usually provided for SIGAR quarterly reports. CSTC-A explained that many of their sources for this information were no longer in Afghanistan. For example, train, advise, and assist missions in Afghanistan at both the corps level and below as well as at the ministerial level ended in early May. Specifically, DOD said they could not provide information this quarter about:

- ANDSF and ministerial operational performance
- Afghan ground-vehicle maintenance efforts
- the impact of COVID-19 on ANDSF recruitment and attrition

DOD provided incomplete data for key security metrics such as EIA/EEIA data (ended May 31, 2021, though they noted they are “exploring options” for the continued reporting of this data). In other cases, answers to questions such as what assets DOD will maintain in Afghanistan and details of how counterterrorism will be conducted over-the-horizon were still considered “predecisional” and therefore not provided to SIGAR in time for this report. More details on these issues are found in the classified supplement to this report.

Source: OUSD-P and CSTC-A response to SIGAR data call, 5/19/2021; DOD OIG Pre-conference spreadsheet with DOD responses, 5/27/2021; CSTC-A, response to SIGAR data call, 6/12/2021; OUSD-P response to SIGAR vetting, 7/16/2021.

exact same level of support to the ANDSF from over-the-horizon that was provided while in Afghanistan.”¹⁰⁸ For example, DSCMO-A Human Resources Management continues with the same scheduled meetings over the same communications platforms they used in Afghanistan, and still maintains system configuration control, management, and oversight of the Afghan Personnel and Pay System (APPS). RS claimed that some advantages of over-the-horizon support include a longer personnel transition time (seven to 10 days, as opposed to two to three days) between incumbent and replacement due to the elimination of transit time into Afghanistan, better connectivity with contacts in the continental United States, and potentially more personnel continuity due to longer tours of duty.¹⁰⁹

DOD Contractor Personnel

As of early June 2021, there were 7,795 DOD contractor personnel supporting agency operations in Afghanistan. This includes 2,656 U.S. citizens, 2,491 third-country nationals, and 2,648 Afghan nationals.¹¹⁰ The contractor count last quarter was 16,832 (6,147 U.S., 6,399 third-country nationals, and 4,286 Afghans).¹¹¹ This represents a decrease of 9,037 total contractors (about 54%), including 3,491 U.S. contractors (about 57%) from the previous quarter. However, DOD noted that since the numbers were taken from a census in early June, they “have since decreased due to ongoing redeployment and related drawdown activities in accordance with the President’s direction.”¹¹²

U.S. and Coalition Forces Casualties and Insider Attacks

There were no additional U.S. or Coalition casualties this quarter. From October 7, 2001, through July 19, 2021, 1,897 U.S. military personnel were killed in action in Afghanistan. Another 415 died as a result of non-hostile causes. A total of 20,666 military personnel have been wounded in action.¹¹³

From April 1, 2021, through June 30, 2021, there were no insider attacks against U.S. and Coalition military personnel.¹¹⁴

A NEW SIGAR LESSONS-LEARNED REPORT EXPLORES THE CORE CHALLENGE OF PROPERLY ASSESSING RECONSTRUCTION'S EFFECTIVENESS

This quarter, SIGAR's Lessons Learned Program issued a report on the monitoring and evaluation (M&E) of contracting. The report's most important finding is that, as implemented, M&E created the risk of "doing the wrong thing perfectly": Programs could be deemed "successful" regardless of whether they had achieved or contributed to broader, more important goals—including, most prominently, a stable Afghanistan.

With the ANDSF struggling to check the Taliban's ongoing offensive, the current situation in Afghanistan makes this lessons-learned report especially relevant. A central theme of the report is the tendency for M&E to be overoptimistic—that is, to favor good news over data suggesting a lack of progress. For years, U.S. taxpayers were told that, although circumstances were difficult, success was achievable.

Optimistic assertions of progress have not been limited to the overall campaign. A similar pattern is evident in assessments of ANDSF effectiveness. In 2011, General David Petraeus stated, "Investments in leader development, literacy, marksmanship and institutions have yielded significant dividends. In fact, in the hard fighting west of Kandahar in late 2010, Afghan forces comprised some 60% of the overall force and they fought with skill and courage." In 2015, General John Campbell said that the ANDSF had "proven themselves to be increasingly capable," that they had "grown and matured in less than a decade into a modern, professional force," and, further, that they had "proven that they can and will take the tactical fight from here." Similarly, in 2017, General John Nicholson stated that Afghan security forces had "prevailed in combat against an externally enabled enemy," and that the ANDSF's "ability to face simultaneity and complexity on the battlefield signals growth in capability." More recently, on July 11, 2021, Pentagon press secretary John Kirby said that the ANDSF "have much more capacity than they've ever had before, much more capability," and asserted, "they know how to defend their country."

Over the years, however, other data points (or the lack thereof) recommended greater skepticism. SIGAR has expressed serious concerns about the corrosive effects of corruption within the ANDSF (including the existence of ghost soldiers and police); the questionable accuracy of data on the actual strength of the force; the inability of assessment methodologies to account for the influence on combat readiness of intangible factors such as the will to fight; the shaky sustainability of the ANDSF given its dependencies on advanced equipment and the initial lack of focus on ministerial-level capabilities; and the discontinuation of critical data, such as assessments of district control, that could be used to help measure the ANDSF's performance in recent years.

More than \$88 billion has been appropriated to support Afghanistan's security sector. The question of whether that money was well spent will ultimately be answered by the outcome of the fighting on the ground, perhaps the purest M&E exercise.

Source: General David Petraeus, "The Situation in Afghanistan," testimony before the Senate Committee on Armed Services, 112th Cong., 3/15/2011, p. 16, Congressional Quarterly transcripts; General John F. Campbell, "Operation Freedom's Sentinel and our continued security investment in Afghanistan," 10/5/2015, p. 1; General John W. Nicholson, written statement before the Senate Committee on Armed Services, 115th Cong., 2/9/2017, p. 1; Pentagon Press Secretary John Kirby, interview with Chris Wallace, "Fox News Sunday," 7/11/2021; SIGAR, Corruption in Conflict: Lessons from the U.S. Experience in Afghanistan, SIGAR 16-58-LL, 9/2016, p. 10; Sinclair Broadcast Group, "Full Measure": Ghost soldiers," 4/23/2017; SIGAR, Despite Improvements in MOI's Personnel Systems, Additional Actions Are Needed to Completely Verify ANP Payroll Costs and Workforce Strength, SIGAR 11-10-AR, 4/25/2011, ii; SIGAR, Quarterly Report to the United States Congress, 7/30/2020, p. 3; SIGAR, Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan, SIGAR 17-62-LL, 9/2017, pp. 168-170; John F. Sopko, "Special Inspector General for Afghanistan Reconstruction's 2019 High-Risk List," testimony before the House Oversight and Reform Subcommittee on National Security Hearing, 4/3/2019; John Sopko, "House Foreign Affairs Committee Holds Hearing on Lessons Learned in Afghanistan," testimony before the House Foreign Affairs Committee, Congressional Quarterly transcripts, 1/15/2020.

AFGHAN NATIONAL DEFENSE AND SECURITY FORCES

ANDSF Strength

As of April 29, 2021, CSTC-A reported 300,699 ANDSF personnel (182,071 MOD and 118,628 MOI) biometrically enrolled and eligible for pay in the Afghan Personnel and Pay System (APPS). There are an additional 7,066 civilians (3,015 MOD and 4,051 MOI).¹¹⁵ Figure 2.33 shows that ANDSF total strength decreased slightly (2.3%) this quarter compared to last quarter, but included some 12,281 personnel (4.3%) more than a year ago.

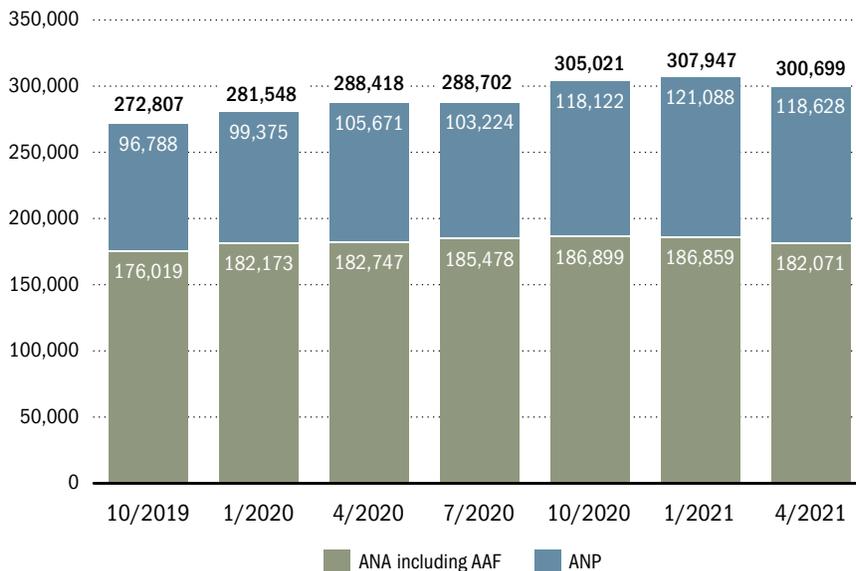
These ANDSF strength figures include 6,312 female personnel enrolled in APPS as of May 29, 2021. This reflects an increase of 270 female personnel since February 25, 2021. The majority of ANDSF women continue to serve in the Afghan National Police (ANP, 4,253 personnel), with the other 1,913 in the Afghan National Army (ANA), and 146 in the Afghan Air Force (AAF). These numbers include 419 civilians as well as 29 female cadets at the Afghan National Military Academy and 42 female cadets at the Afghan National Army Officer Academy.¹¹⁶



ANA soldiers prepare for a vehicle patrol. (CENTCOM photo)

FIGURE 2.33

REPORTED ANDSF ASSIGNED STRENGTH FROM APPS



Note: This quarter's data is as of April 29, 2021. The "as of" date of the data each quarter is between the 25th and 31st of the indicated month. APPS = Afghan Personnel and Pay System; ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. No civilians are included in the strength numbers.

Source: CSTC-A response to SIGAR data call, 6/12/2021, 3/17/2021, 12/16/2020, 9/22/2020, 6/18/2020, 3/17/2020, and 12/19/2019; SIGAR, analysis of CSTC-A-provided data, 7/2021.

ANDSF personnel strength reported for this quarter does not reflect the loss of personnel to casualties, surrender, capture, or fleeing to other countries that occurred during the Taliban offensive from May through July.

Popular Uprising and People's Mobilization Forces

As the security situation in Afghanistan's northern provinces deteriorated, some district leaders began mobilizing their own local forces to evict the Taliban. Despite government promises to provide training and include them in Afghan army organizations, there were fears that local power brokers and warlords would form their own militias loyal to them, as occurred in Afghanistan's civil war in the 1990s.¹¹⁷

ONGOING SIGAR AUDIT

An ongoing SIGAR audit is reviewing DOD's efforts to ensure the accuracy of APPS records and the accountability for funds provided to the MOD. This audit will determine the extent to which DOD, since the beginning of FY 2019, has ensured (1) the accuracy and completeness of data used in APPS, and (2) the funds it provides to the Afghan government to pay MOD salaries are disbursed to intended recipients.

Afghan Personnel and Pay System

CSTC-A developed the computerized personnel and payroll system, APPS, to reduce opportunities for corruption and fraud—such as fake personnel records that corrupt actors used to pocket salaries for “ghost” police—and to create better accountability, transparency, and auditability in ANDSF payroll processes. The United States initially spent \$35.8 million on the development contract for APPS in 2016. An additional \$29 million has been spent since 2019, when a sustainment contract for the system began. This brings the total amount spent on APPS to \$64.8 million as of June 1, 2021.¹¹⁸

DSCMO-A continues its efforts to transition to the Afghan government some of the roles and responsibilities for management of APPS. CSTC-A told SIGAR that Afghan government “ownership of APPS” means the ANDSF are responsible for operating APPS, including program management and funding the contract. The ANDSF can have “full ownership” of APPS even if the U.S. continues to fund the program from ASFF and/or LOTFA (APPS sustainment is expected to cost roughly \$9.6 million per year).¹¹⁹

After the U.S. troop withdrawal is complete, CSTC-A said DSCMO-A will remain in regular contact with the MOD and MOI program offices. DSCMO-A will also continue to maintain “configuration control” of APPS, meaning that all requests from ANA or ANP units will pass through the DSCMO-A Human Resources Management Program Manager for quality checks before flowing to the MOD or MOI APPS program management offices.¹²⁰

While retrograding, CSTC-A could no longer monitor many details about the phased transfer of APPS management to the Afghan MOD and MOI, but CSTC-A told SIGAR that the ANDSF took several significant steps this quarter in their long march toward this goal. These included:

- On May 12, 2021, APPS began connecting to the Afghan Automated Biometric Information System (AABIS), a separate database that holds ANDSF biometric information, as a requirement for pay. CSTC-A believes that this will be a significant step in the effort to

reduce fraud and corruption in the ANDSF personnel system, such as “ghost” police.¹²¹

- An additional measure to reduce fraud and corruption, connecting APPS to the Afghanistan Financial Management Information System (AFMIS)—the country’s government-wide accounting system—remains on track to be completed for the MOD in September 2021.¹²²
- As of June 23, 2021, the MOD has 15 military and three civilian personnel hired and actively employed to manage APPS. The MOI has its APPS program manager and a small team of subject matter experts onboard while it waits approval for the remaining 25 civilian personnel.¹²³
- As of May 29, 2021, 97% of MOD personnel were biometrically enrolled and validated, up slightly from 96% last quarter.¹²⁴
- The MOI made significant progress biometrically enrolling its personnel. As of June 12, 2021, 116,755 MOI personnel have been biometrically verified, an increase of more than 8,400 in the first two weeks of June and 97.8% of total MOI personnel, up from 90% last quarter.¹²⁵

For more details on the APPS transition including the biometric and validation process, see SIGAR’s April 30, 2021, *Quarterly Report to the United States Congress*.

ANDSF Attrition – Some Data Classified

USFOR-A continued to classify detailed ANDSF attrition information this quarter because the Afghan government classifies it.¹²⁶ SIGAR’s questions about ANDSF attrition can be found in Appendix E.

This quarter, CSTC-A reported that overall ANA monthly attrition averaged about 3% in February–April 2021, and that ANP’s attrition increased from 2.5% to 3.5%.¹²⁷

ANDSF Casualties

SIGAR asked USFOR-A to provide an unclassified description of the data’s trends. USFOR-A said “ANA KIAs reported in APPS have shown an upward trend, especially during the month of June. ANP KIAs [have] also trended upward, but not as notably as the ANA.”¹²⁸

Detailed information on ANDSF casualties can be found in SIGAR’s classified supplement to this quarterly report.

ANDSF Insider Attacks

USFOR-A reported at least 26 insider attacks against the ANDSF from April 1, 2021, through June 30, 2021. These attacks resulted in at least 81 ANDSF personnel killed and 37 wounded. USFOR-A added, however, that “due to ongoing retrograde operations,” the number of insider attacks that their analysts were tracking against the ANDSF was incomplete.¹²⁹



Afghan soldiers overlook a village. (CENTCOM photo)

AFGHAN NATIONAL ARMY

U.S. Funding

As of June 30, 2021, the United States had obligated more than \$2.5 billion and disbursed nearly \$2.27 billion of ASFF appropriated from FY 2019 through FY 2021 to build, train, equip, and sustain the ANA. Also, as of June 30, 2021, the United States had finished obligating and nearly finished disbursing roughly \$47.5 billion of ASFF appropriations from FY 2005 through FY 2018 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 for reporting purposes through the 2018 appropriation.¹³⁰

ANA Sustainment

As of June 30, 2021, the United States had obligated more than \$2.3 billion and disbursed roughly \$2.15 billion of ASFF appropriations from FY 2019 through FY 2021 for ANA sustainment. Also, as of June 30, 2021, the United States had finished obligating \$23.6 billion and nearly finished disbursing roughly \$23.5 billion from FY 2005 through FY 2018 ASFF appropriations for ANA, AAF, and some ASSF sustainment. These costs include salary and incentive pay, fuel, transportation services, and equipment-maintenance costs, including aircraft, and other expenses.¹³¹

For Afghan fiscal year (FY) 1400 (December 2020–December 2021), DSCMO-A plans to provide the Afghan government the equivalent of up to \$841.6 million to support the MOD. Of this amount, approximately \$653.0 million (78%) is for salaries.¹³² As of June 12, CSTC-A provided the Afghan government the equivalent of \$289.4 million to support the MOD for FY 1400 (December 2020–December 2021). The majority of these funds (87%) paid for salaries.¹³³

ANA Equipment and Transportation

As of June 30, 2021, the United States had obligated nearly \$34 million and disbursed more than \$20 million of ASFF appropriations from FY 2019 through FY 2021 for ANA equipment and transportation costs. Also as of June 30, 2021, the United States had finished obligating and nearly finished disbursing roughly \$13.6 billion of FY 2005 through FY 2018 ASFF appropriations for ANA, AAF, and some ASFF equipment and transportation costs.¹³⁴

Table 2.8, lists the highest-cost items of equipment provided to the ANA this quarter (April 1, 2021, to June 30, 2021), which included six A-29 light attack aircraft, valued at more than \$133 million; 174 High Mobility Multipurpose Wheeled Vehicles (HMMWVs, commonly known as “Humvees”) valued at about \$41.5 million; and 9,696 2.75 inch high-explosive rockets valued at roughly \$18.4 million.¹³⁵

TABLE 2.8

MAJOR EQUIPMENT ITEMS PROVIDED TO ANA				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost	Total Cost
Aircraft	A-29 light attack aircraft	6	\$22,252,120.00	\$133,512,720
Vehicle	M1151 HMMWV	174	238,500.00	41,499,000
Ammunition	2.75 inch rockets	99,696	1,906.00	18,480,479
Ammunition	40mm high-explosive rounds	60,840	75.00	4,563,000
Uniform	Shirts, various sizes	88,709	41.00	3,597,150
Ammunition	.50 caliber cartridges	884,880	3.20	2,703,616
Parts	Hydraulic vehicle transmissions	304	7,697.00	2,339,584
Parts	Diesel engines	84	37,443.00	3,145,233
Ammunition	7.62 mm cartridges	2,015,600	0.75	1,511,700
Ammunition	5.56 blank training cartridges	4,723,248	0.22	1,039,115
Total				\$212,391,597

Note: The above list reflects only the 10 highest-value equipment provided to the ANA this quarter (April 30–June 30, 2021). The “unit costs” listed reflect the average costs paid for items procured under multiple Foreign Military Sales cases.

Source: CSTC-A, response to SIGAR data call, 6/12/2021.

ANA Infrastructure

As of June 30, 2021, the United States had obligated more than \$48 million and disbursed about \$15 million of ASFF appropriations from FY 2019 through FY 2021 for ANA infrastructure projects. Also as of June 30, 2021, the United States had finished obligating and nearly finished disbursing roughly \$6 billion from FY 2005 through FY 2018 ASFF appropriations for ANA, AAF, and some ASFF infrastructure projects.¹³⁶

This quarter U.S. Forces-Afghanistan transferred a total of 4,836 unique **real property items** from 10 locations in Afghanistan valued at roughly \$805 million to the Afghan MOD. These items included:¹³⁷

- Contingency Location New Antonik was turned over to MOD on May 4, 2021: 42 unique real-property items valued at \$3,246,526
- New Camp Brown/Kandahar Airfield was turned over to the MOD on May 11, 2021: 2,832 unique real-property items valued at \$130,188,595
- Camp Morehead was turned over to MOD on May 12, 2021: 132 unique real-property items valued at \$1,318,756
- New Kabul Complex was turned over to MOD on May 28, 2021: 75 unique real-property items valued at \$52,463,004
- Blockhouse was turned over to MOD on May 28, 2021: 25 unique real-property items valued at \$1,750,012
- Camp Stevenson was turned over to the MOD on June 1, 2021: 34 unique real-property items valued at \$9,784,497
- Camp Dwyer was turned over to the MOD on June 15, 2021: 120 unique real-property items values at \$38,588,407

Real property items: Includes one or more of the following: a building, structure, utility system, pavement, and/or underlying land.

Source: CSTC-A, response to SIGAR vetting, 4/8/2021.

- Camp Lincoln (Camp Marmal) was turned over to the MOD on June 29, 2021: 10 unique real-property items valued at \$1,698,087
- Camp Arena was turned over to the MOD on 28 June, 2021: Six unique real-property items valued at \$322,341
- Bagram Airfield was turned over to the MOD on July 1, 2021: 1,558 unique real-property items valued at \$565,840,912

In addition, Resolute Support headquarters (RSHQ) was handed over to the Afghan government on June 6, 2021. It was then handed over to U.S. Embassy Kabul on the same day. RSHQ was valued at \$4.2 million.¹³⁸

As of June 12, 2021, CSTC-A was managing five ongoing, DOD-funded ANA infrastructure projects costing roughly \$22.7 million in total. In addition, CSTC-A completed two projects totaling \$3.3 million and was planning two projects costing an estimated \$5.7 million. No DOD-funded ANA infrastructure projects were descoped or terminated this quarter.¹³⁹

The two projects completed this quarter were a roughly \$1.8 million Special Mission Wing (SMW) “Ramp6S Supporting Structures” and a \$1.5 million ANA Special Operations Corps (ANASOC) building renovation and construction in Kabul.¹⁴⁰

Of the ongoing and planned projects, the costliest include an ongoing electrical-grid connection project for the ANA in Baghlan Province (about \$9.5 million), one phase of an ongoing SMW facilities-expansion plan for its airbase at Hamid Karzai International Airport in Kabul (\$5.6 million), and a planned electrical-grid connection project for the ANA in Parwan Province (costing roughly \$8.5 million, of which the U.S. ASFF contribution is \$5.2 million with the rest pledged by another donor nation).¹⁴¹

Four of the five ongoing infrastructure projects for MOD elements are slated for completion after September 2021, when U.S. forces plan to complete their withdrawal from Afghanistan.¹⁴² As for continued oversight of construction projects after the U.S. withdrawal, DSCMO-A confirmed the same plan that CSTC-A said in January:

We are keenly aware of the need to provide proper oversight of projects and protect taxpayer dollars. Therefore, in order to meet our fiscal oversight responsibilities CSTC-A and USACE have established construction verification and quality assurance contracts with local national engineers. These contractors conduct regular and reoccurring site visits and provide detailed photographic and written reports back to us. This allows CSTC-A and USACE to effectively oversee construction completion regardless of U.S. or Coalition troop levels.¹⁴³

CSTC-A reported that the estimated annual facilities-sustainment costs funded by the United States for all ANA facility-sustainment requirements remain \$108.8 million, as in the previous two quarters. Of this, \$74.7 million is provided directly to the Afghan government and \$34.1 million is spent by DSCMO-A for the Afghan government.¹⁴⁴

ANA Training and Operations

As of June 30, 2021, the United States had obligated over \$104 million and disbursed nearly \$84 million of ASFF appropriations from FY 2019 through FY 2021 for ANA training and operations. Also as of June 30, 2021, the United States had finished obligating and nearly finished disbursing about \$4.3 billion from FY 2005 through FY 2018 for ANA, AAF, some ASSF, and MOD training and operations.¹⁴⁵

According to CSTC-A, ASFF funds currently pay for a number of high-cost, mission-critical training programs for MOD force elements. The costliest is a roughly \$110 million training program for the ASSF, supporting NSOCC-A-partnered units as they further develop critical operational and institutionalized special operations training and build sufficient capacity. This is followed by a nearly \$80 million contract to train entry-level AAF and SMW aircraft maintainers, and another roughly \$80 million entry-level rotary and fixed-wing pilot training contract for the AAF and SMW.¹⁴⁶

Shown in Table 2.9, just the 10 most costly U.S.-funded contracts to train ANA, AAF, and ANASOC personnel could total roughly \$517 million by the time the current contracts' terms end. Seven of the 10 are scheduled to run into the late summer or early fall of 2021; the other three end in 2022.¹⁴⁷

SIGAR EVALUATION REPORT ISSUED: U.S.-FUNDED CAPITAL ASSETS IN AFGHANISTAN

A February 2021 SIGAR evaluation determined that the U.S. government spent more than \$2.4 billion on capital assets that were unused or abandoned, were not used for their intended purposes, had deteriorated, or were destroyed.

TABLE 2.9

TRAINING CONTRACTS FOR MOD ELEMENTS	
Contract	Base/Current Period of Performance
ASSF Training Program	Base: 10/1/2019-9/1/2020 Current OY1: 9/1/2020-9/30/2021
Initial Entry Rotary Wing and Initial Entry Fixed Wing Outside Continental United States AAF Pilot Training	Current Base: 4/1/2020-10/31/2022
AAF Aviation Maintenance Development Center	Base: 4/15/2019-4/14/2020 Current OY1: 4/15/2020-9/30/2021 (No-cost extension due to COVID-19 delays)
ASSF Training Support Services	Base: 4/15/2019-4/14/2020 Current OY1: 4/15/2020-9/30/2021
National Maintenance Strategy-Ground Vehicle Services (ANA/AAF/ASSF)	Base: 5/23/2017-5/23/2018 Current OY3: 9/1/2020-8/31/2021
Operations Support Squadron Advisors	Base: 7/1/2019-4/30/2020 Current OY2: 10/1/2020-9/30/2021
A-29 Pilot and Maintenance Training (AAF)	Base: 10/1/2019-9/30/2020 Current OY1: 10/1/2020-9/30/2021
C-208 Contractor Logistics Support and Maintenance Training (AAF)	Base: 5/20/2017-1/31/2018 Current OY3: 2/1/2020-1/31/2022
A-29 Lead-In High Power Turbo Propeller Pilot Training (AAF)	Current Base: 8/15/2020-8/14/2021
AAF English Language Training	Base: 7/1/2019-6/30/2020 Current OY1: 8/15/2020-8/14/2021

Note: The above list reflects only the 10 highest-value training contracts supporting MOD force elements. The case/contract value dollar amounts were not approved for public release this quarter. ASSF = Afghan Special Security Forces, AAF = Afghan Air Force, ANA = Afghan National Army.

Source: CSTC-A, response to SIGAR data call, 7/17/2021.

DOD noted that many contracts are already executed outside Afghanistan, so contract oversight will continue as it was before the U.S. withdrawal began. For those contracts executed in Afghanistan, a small DSCMO-A element will remain co-located with U.S. Embassy Kabul and monitor the contracts through interactions with the MOD and MOI.¹⁴⁸

AFGHAN AIR FORCE

U.S. Funding

As of June 30, 2021, the United States had obligated nearly \$2.13 billion and disbursed about \$1.78 billion of ASFF appropriated from FY 2019 through FY 2021 to build, train, equip, and sustain the AAF. The authorized ASFF funds for the AAF from FY 2019 through FY 2021 total approximately \$2.8 billion.¹⁴⁹

As in most previous years, sustainment remains the costliest funding category for the AAF (59% of FY 2020, and 69% of FY 2019 obligated funds), followed by training (35% and 24% respectively), equipment and transportation (7% and 5%), and infrastructure (1% of both fiscal years' funds). AAF sustainment and equipment costs primarily include contractor-provided maintenance; major and minor repairs and aircraft upgrades; and procurement of parts, supplies, and training equipment for the AAF's in-country inventory of seven air platforms: UH-60, MD-530, and Mi-17 helicopters; A-29, C-130, C-208, and AC-208 fixed-wing aircraft.¹⁵⁰

TABLE 2.10

AAF AVIATION SUMMARY AS OF JUNE 30, 2021					
Aircraft	Authorized	Total Inventory	Usable / In-Country	Authorized Aircrews	Assigned Aircrews
Fixed Wing					
A-29	26	23	23	38	18
AC-208	10	10	10	15	15
C-208	24	23	23	28	15
C-130	4	4	3	5	5
Rotary Wing					
Mi-17	n/a	56	32	—	—
MD-530	60	50	43	58	34
UH-60	53	45	33	49	28
Total	177	211	167	193	115

Note: The AAF is phasing out its Russian-made Mi-17s. FY 2022 is the last year DOD will seek sustainment funding for the Mi-17s. Some will remain in the fleet to provide operational capability until the UH-60 capability matures and the transition to CH-47s is completed. TAAC-Air did not provide data for Mi-17 aircrews because it does not provide train, advise, and assist support for the AAF's Mi-17s.

Source: TAAC-Air, response to SIGAR data call, 7/15/2021 and response to SIGAR vetting, 4/16/2021; OUSD-R response to SIGAR vetting, 7/22/2021; SIGAR, analysis of TAAC-Air-provided data, 7/2021.

AAF Inventory and Aircrew

Inventory and Status

As of June 30, 2021, the AAF had 167 available aircraft among the 211 aircraft in its **total inventory**. As Table 2.10 shows, three of seven of the AAF's airframes had fully usable aircraft inventories this quarter (A-29, AC-208, and C-208).¹⁵¹

In addition to the AAF's current fleet in Afghanistan, 37 UH-60s previously purchased for the AAF are currently held in strategic reserve in the United States. Secretary Austin told Afghan President Ghani that DOD will begin to provide these aircraft to the AAF. He added that three UH-60's would be delivered by July 23, 2021, but no further details are publicly available. Four MD-530s have been purchased to replace battle damaged aircraft. The timeline for their delivery to the AAF has yet to be determined.¹⁵²

Afghan Air Force Still Lacking Qualified Aircrew

DSCMO-A reported no changes this quarter to the number of authorized AAF aircrews, but several changes to assigned aircrews from last quarter. These changes included three fewer A-29 crews (from 21 to 18), two more AC-208 crews (13 to 15), and 16 less C-208 crews (from 31 to 15), and two more C-130 crews (from three to five).¹⁵³

As TAAC-Air did last quarter, this quarter DSCMO-A provided data on qualified and trained aircrew by position and airframe (instructor pilots, copilots, mission system operators, etc.). As seen in Table 2.11, only 15 of 42 total positions were filled with qualified personnel, as of June 30, 2021, a decrease of three from last quarter. Only the C-130 had more than half of its aircrew positions filled (four of seven) with the required number of qualified personnel. The C-208 and MD-530 fared worst, with only one of five positions filled with the required number of qualified personnel.¹⁵⁴

OUSD-P explained why so many aircrew positions lacked qualified personnel:

After the initial break in training caused by COVID, training was further slowed by COVID-related delays in obtaining student visas and quarantine requirements at the training locations. Students who returned to Afghanistan after completing initial training and aircraft qualification training were not able to fly with contracted or T10 instructors due to COVID restrictions, which caused a "bubble" of aircraft-qualified pilots who are still waiting to complete mission qualification training.¹⁵⁵

DSCMO-A plans to shift contracted pilot and maintainer training that was previously provided in Afghanistan to third-country locations and will supplement other pilot and maintenance training that is already provided in third countries. Training challenges include finding suitable live-fire

Total inventory: The number of aircraft either usable or in long-term maintenance (either at a third country location or in the United States). It does not include aircraft that were destroyed and have not yet been replaced.

Usable aircraft: Aircraft in the AAF's inventory that are located in Afghanistan and are either operational and available for tasking or are in short-term maintenance.

Authorized: The total number of aircraft approved for the force.

Source: TAAC-Air, response to SIGAR vetting, 4/16/2021.

TABLE 2.11

AIRCREW POSITIONS FILLED WITH QUALIFIED PERSONNEL, AS OF JUNE 2021		
Aircraft	Number of Aircrew Positions	Aircrew Positions Filled with Qualified Personnel
Fixed Wing		
A-29	4	2
AC-208	7	2
C-208	5	1
C-130	7	4
Rotary Wing		
Mi-17	6	3
MD-530	5	1
UH-60	8	2
Total	42	15

Note: These figures represent the number of positions (not personnel) that constitute an aircrew for each airframe vs. how many of those positions are filled with the required number of qualified personnel.

Source: TAAC-Air, response to SIGAR data call, 7/15/2021; SIGAR, analysis of TAAC-Air-provided data, 7/2021.

locations for some Afghan aircraft and ensuring that training at these various locations is accomplished to standard.¹⁵⁶

Another worrisome development concerning AAF aircrew was a media report that the Taliban is deliberately targeting Afghan pilots. According to Reuters, at least seven Afghan pilots have been assassinated off-base in recent months.¹⁵⁷

AAF Operations and Readiness

Afghan Air Force Readiness Dips in June

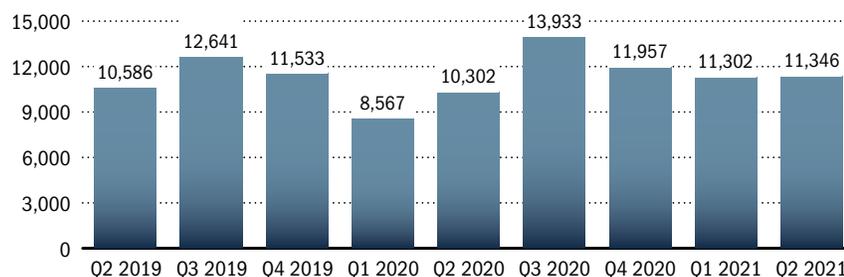
Five of the seven airframes experienced decreases in readiness the last month of the quarter (June). This coincided with the Taliban offensive and the withdrawal of U.S. and Coalition forces, including aircraft-maintenance contractors. The combined effect of the two appeared to reduce aircraft readiness rates. The AC-208 fleet, for example, had maintained a 93% readiness rate in April and May, but dropped to 63% in June; the UH-60 fleet was at 77% in April and May, but dropped to 39% in June.¹⁵⁸

The AAF's flight hours this quarter (April–June) were slightly higher than seasonal norms, but almost identical to last quarter's flight hours and lower than the third and fourth quarters of 2020, as shown in Figure 2.34.¹⁵⁹

Two of seven AAF airframes flew more than their recommended flight hours this quarter (one fewer than last quarter). Three of seven airframes met their readiness benchmarks this quarter compared to four last quarter (January–March 2021). The four airframes that failed to meet readiness benchmarks were the A-29, C-208, MD-530, and UH-60.¹⁶⁰

FIGURE 2.34

AAF FLIGHT HOURS BY QUARTER SINCE 2019



Note: Flight hours have been rounded to the nearest hour.

Source: TAAC-Air, response to SIGAR data call 7/15/2021; SIGAR, analysis of RS-provided data, 7/2021

Aircraft Overtaxed and Crews Overtasked

According to Training Advisory Assistance Command-Air (TAAC-Air) all aircraft platforms are overtaxed due to increased requests for close air support, intelligence, surveillance, reconnaissance missions, and aerial resupply now that the ANDSF largely lacks U.S. air support. All airframes are flying at least 25% over their recommended scheduled-maintenance intervals. This is exacerbating supply-chain issues and delaying scheduled maintenance and battle-damage repair. Meanwhile “crews remain overtasked due to the security situation in Afghanistan and the OPSTEMPO has only increased,” according to TAAC-Air.¹⁶¹ The Afghan government claimed on June 29, 2021, that the AAF carried out 491 attacks on Taliban positions in the past month.¹⁶²

The UH-60 fleet of helicopters provided by the United States is meeting the operational needs of the AAF. However, accidents, battle damage, the withdrawal of U.S. and contractor logistics support (CLS) personnel, and the resultant consolidation of CLS in Kabul as the main maintenance hub for almost all aircraft repair is damaging the health of the UH-60 fleet. With reduced personnel due to the withdrawal of contractors as well as the increased operational tempo, UH-60 CLS has temporarily shifted from training and mentoring the AAF to aircraft maintenance in an attempt to improve aircraft availability.¹⁶³

In one positive development, after the contractors began withdrawing and those that remained focused on mentorship versus maintenance, the AAF signed for equipment and supplies, accepted responsibility of the various equipment accounts, and increased work and class attendance. This resulted in “a delay in [reaching] the dire predicted aircraft availability rates,” according to TAAC-Air.¹⁶⁴

TAAC-Air will transition to the Aviation Division (AD) within DSCMO-A. The AD will be the requirements owner for all aviation-related equipment, supplies, maintenance, and training in support of both the AAF and Special Missions Wing, including aviation CLS and contract training programs.¹⁶⁵

Qualified Afghan Maintainers Even More Critical with the Loss of U.S. Maintenance Contractors

As SIGAR highlighted in its *2021 High-Risk List* and as IG Sopko testified to Congress on March 16, 2021, building a qualified maintainer cadre is critical for the AAF’s ability to independently maintain its own aircraft and work toward eventually no longer requiring costly U.S.-funded contractor logistic support for aircraft maintenance. TAAC-Air assessed in January 2021 that without continued contractor support, none of the AAF’s airframes can be sustained as combat effective for more than a few months, depending on the stock of equipment parts in-country, the maintenance capability on each airframe, and the timing of contractor support withdrawal.¹⁶⁶

SECURITY

According to AAF data provided by DSCMO-A, three of seven AAF airframes (C-208, AC-208, and Mi-17s) have enough qualified maintainers at all three levels of certification (Level 3, basic maintenance duties, through Level 1, the most advanced maintenance duties) required to maintain their aircraft, as seen in Table 2.12. Some of the progress the AAF made filling its ranks with qualified mechanics appeared to slip this quarter, with the A-29 losing required mechanics at all three levels of certification.¹⁶⁷

Afghan mechanics will be forced to perform with far fewer maintenance contractors, who not only provided training and mentorship, but also could repair aircraft in emergencies. As Table 2.12 shows, the number of contracted mechanics dropped dramatically this quarter. Not including Mi-17 maintenance contractors, the number of aircraft maintenance contractors went from 409 in April 2021 to 101 in June 2021.¹⁶⁸

In addition to virtual training and maintenance meetings, DSCMO-A DA is also establishing a third-country supply depot to control parts flow and fly aircraft parts to Afghanistan as required. Afghan aircraft requiring depot-level and battle damage repairs are transported to maintenance facilities outside Afghanistan. On June 29, Afghan media reported that 25 helicopters are out of country for repair.¹⁶⁹

TABLE 2.12

PERCENTAGE OF QUALIFIED AAF MAINTAINERS REQUIRED, PLUS CONTRACTED MAINTAINERS					
Aircraft	Maintainer Level 3	Maintainer Level 2	Maintainer Level 1	Contracted Maintainers April 2021	Contracted Maintainers June 2021
Fixed Wing					
A-29	58%	45%	88%	39	3
AC-208	233%	120%	125%	41	12
C-208	190%	151%	286%		
C-130	28%	0%	33%	25	4
Rotary Wing					
Mi-17	781%	372%	579%	n/a	66
MD-530	84%	56%	110%	106	26
UH-60	90%	0%	0%	198	56
Total				409	101*

* Total does not include 66 Mi-17 contractors to allow an accurate quarter-to-quarter comparison. Note: Data is as of June 2021. Percentages are the percent of positions filled with the required number of qualified maintainers at each level of maintenance qualification. Maintainer levels with percentages over 100% have an excess number of qualified maintainers versus the number required.

Source: TAAC-Air, response to SIGAR data call, 7/15/2021.

AFGHAN SPECIAL SECURITY FORCES

The Afghan Special Security Forces (ASSF) are the ANDSF's primary offensive forces. The ASSF include a number of elements, such as the ANA Special Operations Corps (ANASOC), the General Command Police Special Units (GCPSU), and the Special Mission Wing (SMW). SIGAR tracks ASSF operations data because DOD has said the ASSF's growing size and capabilities are important both for the ANDSF's overall performance and for the United States to increase the effectiveness and efficiency of its over-the-horizon counterterrorism efforts.¹⁷⁰

U.S. Funding

As of June 30, 2021, the United States had obligated roughly \$1.15 billion and disbursed nearly \$885 million of ASSF appropriated from FY 2019 through FY 2021 to build, train, equip, and sustain the ASSF.¹⁷¹

ASSF Operations

Like the rest of Resolute Support, NATO's Special Operations Component Command-Afghanistan (NSOCC-A) also retrograded and closed their bases; NSOCC-A transitioned to over-the-horizon support at the end of June 2021.¹⁷² Additionally, NSOCC-A claimed they "repositioned forces for over-the-horizon operations in anticipation of orders to monitor and disrupt al-Qaeda and Islamic State-Khorasan operations originating from Afghanistan."¹⁷³

According to NSOCC-A, most ANA corps refuse to execute missions without ANASOC support. When ANASOC forces arrive, they are misused to perform tasks intended for conventional forces such as route clearance, checkpoint security, and quick-reaction force. NSOCC-A reported that misuse of the SMW also increased significantly this quarter compared to both last quarter and a year ago. NSOCC-A cautioned, however, that "it is difficult to assess [ASSF] 'misuse' in an environment where the [Afghan government] is fighting for its existence."¹⁷⁴

Despite the increasing misuse of the ASSF, NSOCC-A added that the "ASSF quickly became largely independent as a result of our retrograde." For example, the integration of Afghan Air Force and ground force planning for the ASSF continues to improve. Areas needing improvement include the repetitive use of flight routes and helicopter landing zones and the need to improve communication between ground units and the SMW.¹⁷⁵

In a press conference on June 29, an Afghan special operations corps commander claimed his unit's activity had increased 30% following the start of the withdrawal two months ago.¹⁷⁶

"It is difficult to assess [ASSF] 'misuse' in an environment where the [Afghan government] is fighting for its existence."

Source: NSOCC-A, response to SIGAR data call, 6/8/2021.

Special Mission Wing Integrates UH-60 “Black Hawk” Helicopters into Operations

NSOCC-A told SIGAR this quarter that the Special Mission Wing (SMW), which conducts special-operations aviation missions and provides capabilities not found in the AAF, has begun integrating UH-60 aircraft into their operations, now that their first UH-60-rated crew and Level-3 mechanics (basic maintenance duties) have been certified. Integration of the UH-60s reduces the need to overwork the older Mi-17 aircraft still in the AAF inventory. However, the SMW can field no more than one UH-60 per night for helicopter missions.¹⁷⁷

Also, because of the withdrawal, “the SMW has begun to transition from contract logistics support maintenance at each squadron location to a centralized hub-and-spoke maintenance posture” centered in Kabul.¹⁷⁸ NSOCC-A explained that from now on aircraft from around the country will be flown or transported to HKIA for maintenance. Should an aircraft be unable to move, an Afghan team of mechanics will go to the location and repair the aircraft for a one-time flight to HKIA for further repair. Contractor logistic support provides both on-site maintenance support and over-the-horizon maintenance support to the SMW. In addition, DSCMO-A claimed to be standing up out-of-country locations to conduct major maintenance and overhauls.¹⁷⁹

More information on the ASSF, including updates about ASSF components and their performance this quarter, the number of operational aircraft and the number of authorized and assigned aircraft maintainers in the Special Mission Wing, is available in the SIGAR’s classified supplement to this quarterly report.

AFGHAN NATIONAL POLICE

U.S. Funding

As of June 30, 2021, the United States had obligated nearly \$900 million and disbursed more than \$794 million of ASFF appropriated from FY 2019 through FY 2021 to build, train, equip, and sustain the ANP.¹⁸⁰ As of June 30, 2021, the United States had obligated \$21.7 billion and disbursed nearly \$21.5 billion of ASFF appropriated from FY 2005 through FY 2018 to build, train, equip, and sustain ANP elements, including police special forces. These force elements constituted the ANP budget activity group for reporting purposes through the FY 2018 appropriation.¹⁸¹

ANP Sustainment

As of June 30, 2021, the United States had obligated more than \$756.3 million and disbursed more than \$671.4 million of ASFF appropriations from FY 2019 through FY 2021 for ANP sustainment. As of June 30, 2021, the United States had finished obligating and disbursing about \$9.6 billion from

FY 2005 through FY 2018 ASFF appropriations to sustain ANP elements, including police special forces.¹⁸² Unlike the ANA, a significant share of ANP personnel costs (including ANP salaries) is paid by international donors through the United Nations Development Programme’s (UNDP) multidonor Law and Order Trust Fund for Afghanistan (LOTFA).¹⁸³

To support the MOI, CSTC-A planned to provide up to \$174.4 million in FY 1400. Of these funds, approximately \$6.9 million (4%) was for salaries, with the remaining funds for purchase of goods, services, or assets.¹⁸⁴ As of June 12, DOD had disbursed \$9.5 million directly to the Afghan government to support MOI for FY 1400.¹⁸⁵

ANP Equipment and Transportation

As of June 30, 2021, the United States had obligated more than \$3.7 million and disbursed about \$3.5 million of ASFF appropriations from FY 2019 through FY 2021 for ANP equipment and transportation costs. As of June 30, 2021, the United States had finished obligating and disbursing about \$4.8 billion from FY 2005 through FY 2018 ASFF appropriations for ANP elements, including police special forces, equipment and transportation costs.¹⁸⁶

Although CSTC-A has moved away from new procurements of major equipment and systems, items already procured are still being delivered to the ANP.¹⁸⁷ Table 2.13, lists the highest-cost items of equipment provided to the ANP this quarter (March 1, 2021, through May 31, 2021). Of these items, the costliest was the delivery of over 11 million 7.62 mm cartridges (\$8.5 million total). Additionally, the costliest defense article transferred from USFOR-A equipment to the ANP via foreign military sales from stock were 374 pistols (\$97,079).¹⁸⁸

TABLE 2.13

MAJOR EQUIPMENT PROVIDED TO ANP				
Equipment Type	Equipment Description	Units Issued in Quarter	Average Unit Cost	Total Cost
Ammunition	7.62 mm cartridges	11,290,310	\$0.75	\$8,467,733
Ammunition	40 mm high-explosive grenades	72,856	69.89	5,091,906
Ammunition	.50 caliber linked cartridges	384,000	3.20	1,228,800
Clothing	Trousers, various sizes	33,611	34.00	1,142,774
Clothing	Gloves, various sizes	31,000	28.75	891,250
Clothing	Shirts, various sizes	27,600	31.98	882,648
Vehicle Parts	Transmissions, hydraulic, vehicular	103	7,007.00	721,721
Vehicle Parts	Batteries	1,517	392.48	595,392
Clothing	Drawers, various sizes	53,248	2.56	136,315
Vehicle Parts	Control assemblies	157	297.03	46,634
Total Cost of Equipment				\$19,205,172

Note: The above list reflects only the 10 highest-value equipment provided to the ANP this quarter (March 1–May 31, 2021). The “unit costs” listed reflect the average costs paid for items procured under multiple Foreign Military Sales cases.

Source: CSTC-A, response to SIGAR data call, 6/16/2021.



Police checkpoint in Tang-e-Farkhar, Taloqan. (UNAMA photo)

ANP Infrastructure

As of June 30, 2021, the United States had obligated more than \$4.1 million and disbursed about \$2.3 million of ASFF appropriations from FY 2019 through FY 2021 for ANP infrastructure projects. As of June 30, 2021, the United States had obligated and disbursed about \$3.2 billion from FY 2005 through FY 2018 ASFF appropriations for infrastructure projects for ANP elements, including police special forces.¹⁸⁹

As of June 12, 2021, CSTC-A was managing one ongoing, DOD-funded ANP infrastructure project—the joint NATO ANA Trust Fund (NATF)- and ASFF-funded closed-circuit television surveillance system in Kabul (\$19 million of this funded by ASFF).¹⁹⁰ CSTC-A reported that no projects were completed, cancelled, or terminated this quarter.¹⁹¹ Ongoing projects will continue and progress will be monitored as long as the security environment permits.¹⁹²

CSTC-A continued to report this quarter that the estimated annual facilities-sustainment costs funded by the United States for all ANP facility and electrical-generator requirements is \$68.8 million. Of this, \$42.4 million will be provided directly to the Afghan government and \$26.4 million will be spent by CSTC-A for the Afghan government.¹⁹³

ANP Training and Operations

As of June 30, 2021, the United States had obligated more than \$135.6 million and disbursed about \$117.2 million of ASFF appropriations from FY 2019 through FY 2021 for ANP training and operations. As of June 30, 2021, the United States had finished obligating about \$4 billion and disbursing roughly \$3.9 billion from FY 2005 through FY 2018 ASFF appropriations for ANP elements, including police special forces, training and operations.¹⁹⁴

SIGAR RELEASES 2021 HIGH-RISK LIST; CONTINUES WORK ON “POLICE IN CONFLICT” LESSONS LEARNED REPORT

SIGAR released the *2021 High-Risk List* in March to alert legislators and policymakers of major areas of the reconstruction effort in Afghanistan at risk of waste, fraud, abuse, mismanagement, or mission failure. The *2021 High-Risk List* focuses on program areas and elements of the reconstruction effort that are: (1) essential to success; (2) at risk of significant and large-scale failure due to waste, fraud, or abuse; and (3) subject to the control or influence of the U.S. government.

One risk area is developing Afghan police. SIGAR found that after two decades of international support, Afghanistan currently has a small number of highly trained specialized police forces that have emerged under the tutelage of international advisors. At the same time, the Afghan government still lacks a police force that can legitimately enforce the rule of law on a day-to-day basis. The Afghan Uniformed Police (AUP), responsible for this civilian policing mission, are largely illiterate and poorly trained. Further, many AUP are considered abusive, predatory, and corrupt.

Additionally, SIGAR’s Lessons Learned Program (LLP) has begun briefing some of its preliminary findings from its ongoing Police in Conflict report. Most recently, in response to current political discussions on the future of U.S. and international donor assistance to the Afghan National Police, LLP staff briefed Resolute Support, U.S. Embassy Kabul, UK Embassy Kabul, and the Netherlands Embassy Kabul on SIGAR’s ongoing study identifying lessons from U.S. and international police assistance from 2001 to 2021.

This quarter, DOD provided SIGAR an update on the two current U.S.-funded ANP training contracts. One is a \$14 million contract to train the ANP to maintain its ground vehicles as part of the 2018 National Maintenance Strategy-Ground Vehicle Support contract; the current contract extends through August 31, 2021, although another year can be supported.¹⁹⁵ The other is a contract to support training MOI and MOD women in occupational skills as part of the Gender Occupational Opportunity Development Program; the roughly \$1 million contract runs until April 30, 2022.¹⁹⁶

Operations and training efforts include reducing the numbers of the most vulnerable checkpoints and reevaluating the training pipeline and training curriculum for police personnel. Specifically, MOI revised the curriculum of initial-entry police training to better align with a civil law-enforcement mission. But MOI lacks institutional training that reinforces civil law enforcement. Furthermore, beyond early training, the ANP also lacks an institutionalized leadership-development program at the district and local levels.¹⁹⁷

DEADLY ATTACK HINDERS MINE CLEARING EFFORTS

On June 8, 2021, at least 10 people were killed and 16 others wounded in an attack on the British-American HALO Trust demining charity. Islamic State-Khorasan claimed responsibility for the assault on the camp in northeastern Baghlan Province. The HALO Trust began working in Afghanistan in 1988, shortly before the Soviet withdrawal, and employs more than 2,600 local staff members.¹⁹⁸

Afghanistan is riddled with land mines and “explosive remnants of war” (ERW) such as live shells and bombs, according to the United Nations (UN).¹⁹⁹ Although contamination includes legacy mines laid before 2001, most casualties today are caused by mines and other ERW that have accumulated since 2002.²⁰⁰ In recent years, casualties have been reported from ordnance exploding in areas formerly used as firing ranges by Coalition forces. The UN Assistance Mission in Afghanistan (UNAMA) also has documented a direct correlation between civilian casualties and ERW in areas following heavy fighting.²⁰¹

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 allocated \$427 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan (an additional \$11.6 million was obligated between 1997 and 2001 before the start of the U.S. reconstruction effort). As of May 31, 2021, PM/WRA had released \$7 million in FY 2020 funds.²⁰²

State directly funds six Afghan nongovernmental organizations (NGOs), four international NGOs, and one Afghan government organization to help clear areas in Afghanistan contaminated by ERW and conventional weapons (e.g., unexploded mortar rounds), which insurgents can use to construct roadside bombs and other improvised explosive devices (IEDs).²⁰³

From 1997 through May 31, 2021, State-funded implementing partners have cleared approximately 317.2 square kilometers of land (117 square miles) and removed or destroyed nearly 8.5 million land mines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stockpiled munitions, and homemade explosives. Table 2.14 shows conventional-weapons destruction figures, FY 2011–2021.²⁰⁴

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. As of May 31, 2021, the total known contaminated area was 809.4 square kilometers (312.5 square miles) in 4,152 hazard areas. PM/WRA defines a minefield as the area contaminated by landmines; a battlefield can include land mines and other improvised explosives; and an initial hazardous area will include an indeterminate amount and type of explosive hazards.²⁰⁵

SECURITY

TABLE 2.14

DEMINEING PROGRAM PERFORMANCE, FISCAL YEARS 2011–2021					
Fiscal Year	Minefields Cleared (m²)	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Estimated Contaminated Area Remaining (m²)^a
2011	31,644,360	10,504	345,029	2,393,725	602,000,000
2012	46,783,527	11,830	344,363	1,058,760	550,000,000
2013	25,059,918	6,431	203,024	275,697	521,000,000
2014	22,071,212	12,397	287,331	346,484	511,600,000
2015	12,101,386	2,134	33,078	88,798	570,800,000
2016	27,856,346	6,493	6,289	91,563	607,600,000
2017	31,897,313	6,646	37,632	88,261	547,000,000
2018	25,233,844	5,299	30,924	158,850	558,700,000
2019	13,104,094	3,102	26,791	162,727	657,693,033
2020	23,966,967	2,879	7,197	85,250	843,517,435
2021	18,155,152	6,064	4,051	31,644	809,437,386
Total	277,874,119	73,779	1,325,709	4,781,759	

Note: AT/AP = antitank/antipersonnel ordnance. UXO = unexploded ordnance. SAA = small-arms ammunition. There are about 4,047 square meters (m²) to an acre.

^a 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. FY 2021 data covers October 1, 2020, through May 31, 2021.

Source: PM/WRA, response to SIGAR data call, 6/16/2021.

GOVERNANCE CONTENTS

Key Issues & Events	83
U.S. Reconstruction Funding for Governance	83
Peace and Reconciliation	83
U.S. Assistance to the Afghan Government Budget	86
Quarterly Highlight: Successful Service Delivery Did Not Bolster Afghan Government Legitimacy, World Bank Concludes	89
Quarterly Highlight: World Bank Programming Faces Increased Pressures From Taliban	91
Subnational Governance	92
Rule of Law and Anticorruption	94
Counternarcotics	98
Refugees and Internal Displacement	105
Women's Advancement	106
Human Rights	109

GOVERNANCE

KEY ISSUES & EVENTS

President Ashraf Ghani and Chairman of the High Council for National Reconciliation Abdullah Abdullah visited Washington, DC, to discuss enduring U.S. support for Afghanistan with President Joseph R. Biden and other senior Administration officials.

After peace talks largely stalled this quarter, a high-level delegation of Afghan government officials and politicians met with the Taliban to expedite negotiations.

The United Nations High Commissioner for Refugees said the escalating conflict in Afghanistan presents a “looming humanitarian crisis” for those displaced by the fighting.

The Afghan government reported that the Taliban has destroyed 260 government administrative buildings in 106 Taliban-held districts.

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE

As of June 30, 2021, the United States had provided nearly \$36.3 billion to support governance and economic development in Afghanistan. Most of this funding, more than \$21.2 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).²⁰⁶

PEACE AND RECONCILIATION

Senior Afghan Delegation Attempts to Revive Stalled Peace Negotiations

On June 22, the UN Secretary-General’s Special Representative for Afghanistan, Deborah Lyons, said the peace process between the Afghan government and the Taliban was stalled. “The drivers of conflict seem for now to overwhelm the reasonable and hoped-for modalities of negotiation,” Lyons said. She described the major trends in Afghanistan—including



U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad speaking with members of the Afghan government negotiating team in Doha. (Afghan government photo)

GOVERNANCE



A high-level delegation of Afghan government officials and political leaders met with the Taliban in Doha on July 17. (Afghan government photo)

The Afghan nation is in [its] 1861 moment, like President Lincoln, rallying to the defense of the republic, determined that the republic is defended. It's a choice of values—the values of an exclusionary system or an inclusionary system.

—President Ashraf Ghani

Source: White House, Remarks by President Biden and President Mohammad Ashraf Ghani of the Islamic Republic of Afghanistan Before Bilateral Meeting, 6/25/2021.

the political, security, and peace situation—as either negative or stagnant.²⁰⁷ According to one Afghan government negotiator, the Taliban lacks the “sense of urgency” of the Afghan government side to reach a political settlement.²⁰⁸

Despite the unfruitful Doha talks, Taliban and Afghan delegations met in Iran for two days, declaring that continuing the war was dangerous for the country and all efforts must be made to find a peaceful solution. The Afghan government described this meeting as “a complementary initiative” to the main talks in Doha.²⁰⁹ Further, a spokesperson for the State Ministry for Peace was quoted in Afghan media on July 10, saying there have been a couple of meetings at night between the parties in Doha “on a number of important issues.”²¹⁰

In an effort to revive the stalled Afghan peace negotiations, on July 16, a delegation of Afghan government officials and politicians, including Chairman Abdullah Abdullah, traveled to Doha for talks with the Taliban. Abdullah described the team as authoritative. This “High-Level Delegation of the Islamic Republic of Afghanistan” met with the Taliban for two days. In a joint statement, the two teams agreed to expedite the peace efforts and continue high-level talks.²¹¹

According to State, the Afghan government has not officially shared a unified peace plan with the Taliban, but made “remarkable” progress this quarter in formulating its positions on power sharing.²¹² In early May, President Ashraf Ghani blamed the Taliban for the lack of progress in the peace process, saying “a political settlement and the integration of the Taliban into society and government is the only way forward. But the ball is in their court.”²¹³ Ghani proposed that the talks could benefit from a “credible and neutral mediator,” such as the United Nations, and that a ceasefire would require international monitoring.²¹⁴

The Taliban, however, have not taken steps to address core issues of power sharing or to develop their own vision of a political settlement, State said. Instead, the Taliban reportedly engaged the Afghan government team this quarter on other issues of mutual concern, such as the treatment of detainees and roadside abductions. Further, the Taliban said that progress in prisoner releases and sanctions relief needed to be addressed adequately for peace negotiations to move forward.²¹⁵ For example, on July 15, an Afghan government negotiator described the previous months’ talks as a limited number of “informal” meetings that failed to discuss serious issues such as ending the war or a peaceful settlement for a shared future.²¹⁶

Afghanistan’s foreign minister, Mohammad Haneef Atmar, told the UN Security Council on June 22, 2021, that for nearly 10 months, the Taliban have not engaged with the Afghan government’s plan for a ceasefire, power-sharing arrangements, and early elections.²¹⁷

State attributed the pause in peace talks partially to the extensive consultations this quarter between the Doha-based Taliban Political Commission (TPC) and the Pakistan-based Taliban leadership. Toward

the latter half of May, TPC leaders returned to Doha and have reportedly claimed to be prepared to present ideas on power sharing to their Afghan government counterparts.²¹⁸

However, and especially given its recent success on the battlefield, the Taliban may simply believe they can achieve military victory—a perspective President Ghani and Abdullah, head of Afghanistan’s National Reconciliation Council, have said would be a “miscalculation.”²¹⁹ USAID-funded monitoring of Taliban public communications found the Taliban’s tone to be resoundingly triumphant in April and May following the announced withdrawal of U.S. military forces.²²⁰ According to Abdullah, the Taliban have sought to use the withdrawal of international military forces to win on the battlefield.²²¹

In comments on July 8, President Biden said a Taliban military takeover or the collapse of the Afghan government was not inevitable, pointing to continued U.S. financial assistance to Afghanistan and the disparity between the capacity of 300,000 Afghan security forces and the 75,000 estimated Taliban fighters. Further, he called on Afghan leaders to “come together” and said the “only way there’s ultimately going to be peace and security in Afghanistan is that they work out a modus vivendi [arrangement] with the Taliban.”²²²

According to State, it is unclear how the U.S. military drawdown has affected the peace process. State noted that some say the Taliban are less likely to engage meaningfully in peace talks with the full troop withdrawal imminent.²²³ For example, one Afghan government negotiator said this quarter that the “Taliban are just waiting to get everything by military force [and] waiting for the collapse of the government of Afghanistan.”²²⁴ On the other hand, the prospect of instability and a long war could motivate the two sides to try to truly reach a political settlement, State said.²²⁵

Local and National Ceasefires Have Limited Impact

The Taliban and the Afghan government each declared unilateral three-day ceasefires this quarter to coincide with the Eid al-Fitr religious holiday. According to the UN, violence decreased during the May 13–15 ceasefire.²²⁶ The reduction does not appear to have had much enduring effect: the UN reported on June 22, 2021, that the Taliban had captured 50 of the country’s 370 districts since the start of May.²²⁷

Shortly after the Eid ceasefire concluded, Reuters reported on a district-level, month-long ceasefire in Alingar District, Laghman Province. The agreement was reportedly negotiated by local elders and agreed to by Afghan government and Taliban officials.²²⁸ This bottom-up attempted ceasefire, however, fell apart the next day with a local elder blaming the Taliban for attacking Afghan security forces.²²⁹



President Joseph R. Biden meeting with President Ashraf Ghani, center, and Chairman Abdullah Abdullah at the White House on June 25. (White House photo)

SIGAR AUDIT

On September 26, 2019, the Senate Appropriations Committee issued S. Rept. 116-126, accompanying the Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2020. The report directed SIGAR to assess “the extent to which the Department of State and USAID have developed strategies and plans for the provision of continued reconstruction assistance to Afghanistan in the event of a peace agreement, including a review of any strategies and plans for monitoring and evaluating the effectiveness of such assistance and for protecting the rights of Afghan women and girls.” SIGAR initiated this work in May 2020.

We want peace from the bottom of the heart [...] but we are in a situation where we are saying peace and [the Taliban] are nearing the capital of Afghanistan.

—Chairman Abdullah Abdullah

Source: TOLOnews, “Afghanistan’s Survival in Jeopardy: Abdullah,” 6/30/2021.

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

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

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

U.S. Funding for Peace and Reconciliation

In July 2020, USAID/Afghanistan made an initial \$2.5 million available to the Office of Transition Initiatives (OTI) for its Peace Support Initiative.²³⁰ According to USAID, this short-term effort will help ensure that key stakeholders can participate in the Afghan peace negotiations, build awareness and support for the peace process among Afghans, and equip USAID and others with the tools and information to successfully promote peace at a local level.²³¹

USAID reported that while the initiative did not directly support the stalled peace talks this quarter, it did begin procuring equipment for the State Ministry for Peace to help connect the ministry’s offices and strengthen their strategic communications capacity.²³²

In 2015, USAID and the United States Institute of Peace (USIP) entered a \$16 million partnership named “Strengthening Peace Building, Conflict Resolution, and Governance in Afghanistan.”²³³ This partnership was modified in October 2019 to support new activities for the peace process.²³⁴ According to USIP, many Afghans doubt America’s commitment to ensuring a sustainable peace. To inspire local peace activities and demonstrate how average Afghan citizens can promote peace at the grassroots level as a complement to top-down peace efforts, USIP commissioned a documentary on the People’s Peace Movement (PPM). The now finalized film will be submitted to a few international film festivals.²³⁵

PPM began in March 2018 as a series of sit-ins and a hunger strike in Helmand Province that eventually led to 70 marchers demanding that both the Afghan government and Taliban implement a ceasefire. According to USIP reporting from 2018, the movement garnered significant international and domestic Afghan attention.²³⁶ USIP’s current documentary effort is meant to “revive the PPM story” and change the peace discourse at the grassroots.²³⁷

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

Summary of Assistance Agreements

Security aid makes up the vast majority of current U.S.-funded assistance to the Afghan government. Participants in the NATO Brussels Summit on July 11, 2018, had previously committed to extend “financial sustainment of the Afghan forces through 2024.” The public declaration from that meeting did not, however, specify an amount of money or targets for the on-budget share of security assistance.²³⁸

At the November 2020 Afghanistan Conference, donors pledged at least \$3.3 billion in civilian development assistance for the first year of the 2021–2024 period, with annual commitments expected to stay at the same level year-on-year.²³⁹ The resulting conference communiqué and the

GOVERNANCE

Afghanistan Partnership Framework—a set of foundational principles to underpin a peaceful and democratic Afghan society, and drive inclusive growth—included no reference to specific funding targets for the on-budget (Afghan-managed) share of civilian assistance.²⁴⁰

On June 25, 2021, President Biden met with President Ghani and High Council for National Reconciliation Chairman Abdullah in Washington, DC. President Biden promised the United States will sustain its support of Afghanistan through security assistance to the Afghan National Defense and Security Forces, development and humanitarian assistance, and diplomatic engagement in support of peace.²⁴¹

Civilian On-Budget Assistance

USAID provides 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).²⁴² 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.²⁴³ The AITF coordinates donor assistance for infrastructure projects.²⁴⁴

According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.²⁴⁵

As shown in Table 2.15, USAID’s active, direct bilateral-assistance programs have a total estimated cost of \$352 million. USAID also expects to contribute \$700 million to the ARTF from 2020 through 2025, in addition to

SIGAR AUDIT

On September 26, 2019, the Senate Appropriations Committee issued S. Rept. 116-126, accompanying the Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2020. The report directed SIGAR to assess “the internal controls of multilateral trust funds for Afghanistan reconstruction that receive U.S. contributions, to include any third-party evaluations of the internal controls of the Afghan government ministries receiving assistance from multilateral trust funds, and SIGAR is directed to report to the Committee if access to records is restricted for programs funded with U.S. contributions.” SIGAR has initiated this work and plans to issue multiple public reports in 2021, each examining a different trust fund.

TABLE 2.15

USAID ON-BUDGET PROGRAMS					
Project/Trust Fund Title	Afghan Government On-Budget Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Bilateral Government-to-Government Projects					
Power Transmission Expansion and Connectivity (PTEC)	Da Afghanistan Breshna Sherkat	1/1/2013	12/31/2023	\$316,713,724	\$272,477,914
Textbook Printing and Distribution	Ministry of Education	9/15/2017	12/31/2021	35,000,000	4,333,950
Multilateral Trust Funds					
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	9/29/2020	12/31/2025	\$700,000,000	\$55,686,333
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	3/7/2013	3/6/2023	153,670,184	153,670,184

*USAID had previous awards to the ARTF that concluded in March 2012 and totaled \$1,371,991,195 in disbursements and in September 2020 and totaled \$2,555,686,333 in disbursements. Cumulative disbursements from all ARTF awards is currently \$4,127,677,528.

Source: USAID, response to SIGAR data call, 7/14/2021.

GOVERNANCE

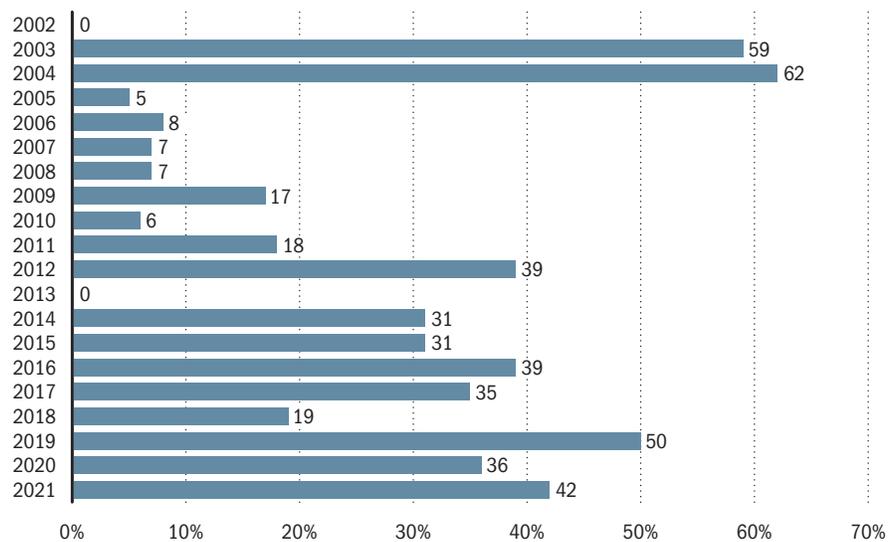
\$3.9 billion disbursed under the previous grant agreements between USAID and the World Bank (2002–2020). (USAID’s new ARTF grant of \$133 million per year is less than half the estimated total equivalent of \$300 million per year in the previous grant.)²⁴⁶

As shown in Figure 2.35, USAID’s disbursements to the ARTF are a significant percentage of its overall USAID/Afghanistan assistance portfolio.²⁴⁷

USAID has also cumulatively disbursed \$154 million to the AITF.²⁴⁸ As of September 2020, the United States was the second-largest cumulative donor to the AITF, (26% of contributions); the largest cumulative donor is the NATO Afghanistan National Army Trust Fund (34% of contributions).²⁴⁹ The last U.S. disbursement to the AITF was in April 2017.²⁵⁰

FIGURE 2.35

USAID’S YEARLY ARTF CONTRIBUTIONS (PERCENT OF TOTAL USAID DISBURSEMENTS FOR AFGHANISTAN BY YEAR)



Source: SIGAR analysis of USAID, response to SIGAR data call, 7/17/2021.

SUCCESSFUL SERVICE DELIVERY DID NOT BOLSTER AFGHAN GOVERNMENT LEGITIMACY, WORLD BANK CONCLUDES

In a recent evaluation of the ARTF’s \$5 billion in recurrent and capital costs support to Afghanistan from 2002–2018, the World Bank said the trust fund failed to achieve its objective to foster Afghan state legitimacy despite improvements in service delivery and social outcomes. According to the evaluators, Afghanistan has made little progress in building state legitimacy and conflict intensity remains at record levels.²⁵¹

The World Bank evaluators do not consider it reasonable to have expected ARTF support to have significantly impacted overall state legitimacy, but note that records from the period under review assumed a direct and unproblematic relationship between financing service delivery and increased state legitimacy.²⁵² Success in delivery of services was assumed to be sufficient to establish state legitimacy, and therefore to contribute to the broader statebuilding project.²⁵³

The evaluators called for “realism” in achieving state-building objectives through foreign assistance, starting with a clearly articulated, more sophisticated, and empirically verified intervention logic between service delivery and state-building goals.²⁵⁴ They did not elaborate on how to best implement these suggestions.

The Bank’s conclusion that service delivery does not necessarily improve state legitimacy raises important questions for donors, particularly when governmental legitimacy remains an overarching objective justifying generous outlays of foreign assistance. As USAID OIG reported in 2017, the “ultimate goal of [USAID’s on-budget commitments, principally channeled through the ARTF, was] to build up the legitimacy of the Afghan Government and diminish the insurgency.”²⁵⁵

USAID’s current Afghanistan country strategy also uncritically links service delivery to stability, asserting that all USAID efforts in Afghanistan “address key drivers of conflict that have enabled the Taliban to make gains, including corruption, unemployment, and a lack of government legitimacy.”²⁵⁶ Beyond Afghanistan, the United States continues to value governmental legitimacy as an ultimate objective for foreign assistance. For example, the 2020 interagency *United States Strategy to Prevent Conflict and Promote Stability* calls for strategic investments to anticipate and prevent violent conflict with foreign assistance meant to reinforce “inclusive, participatory, and legitimate governance.”²⁵⁷

The Afghanistan experience has challenged foundational assumptions on service delivery and state legitimacy in fragile and conflict-affected environments. In light of these findings, donors would do well to further elaborate the specific mechanisms and empirically test the limits of these assumptions in such environments. So long as donors describe their assistance as uncritically advancing recipient state legitimacy, the burden of proof rests on them.

On-Budget Assistance to the ANDSF

Approximately 70% of total U.S. on-budget assistance goes toward the requirements of the Afghan security forces.²⁵⁸

DOD provides on-budget assistance 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.²⁵⁹ For the multidonor Law and Order Trust Fund for Afghanistan (LOTFA), total U.S. contributions have decreased significantly from 2016 (\$114.4 million) and 2017 (\$26.7 million) to between \$950,000 to \$8.8 million for the years 2018 to 2021.²⁶⁰ The United Nations Development Programme (UNDP) administers LOTFA primarily to fund Afghan National Police salaries and incentives.²⁶¹

DOD provides direct-contribution funding to the MOF, which allots it incrementally to the MOD and MOI.²⁶²

For Afghan fiscal year (FY) 1400 (December 2020–December 2021), DOD plans to provide the Afghan government the equivalent of up to \$841.6 million to support the MOD. Of this amount, approximately \$653.0 million (78%) is for salaries.²⁶³ As of June 12, DOD provided the equivalent of \$289.4 million for FY 1400, most of which (87%) paid for salaries.²⁶⁴

To support the MOI, DOD plans to provide up to \$174.4 million in FY 1400. Of these funds, approximately \$6.9 million (4%) is for salaries, with the remaining funds for purchase of goods, services, or assets.²⁶⁵ As of June 12, DOD had disbursed the equivalent of \$9.5 million directly to the Afghan government to support the MOI for FY 1400.²⁶⁶ LOTFA received \$8.8 million from DOD in 2021 principally to support the dissolution of the Afghan Local Police.²⁶⁷

DOD Withholds Approximately \$13,000 for Gross Violation of Human Rights

In August 2020, DOD told the MOD that the 215th Corps in Helmand Province had violated the Leahy Laws. Federal statutes 10 U.S.C. § 362 and 22 U.S.C. § 2378d, commonly referred to as the “Leahy Laws,” generally prohibit the Departments of Defense and State from providing assistance to a unit of a foreign security force if there is credible information that the unit committed a gross violation of human rights.²⁶⁸ DOD is withholding approximately \$12,590 from the FY 1400 MOD budget pending resolution of this matter.²⁶⁹

In its 2017 Congressionally mandated report on the implementation of the Leahy Laws, SIGAR questioned whether minimal monetary withholdings constituted sufficient incentive for the Afghan government to fully comply with Afghan and international law on human rights.²⁷⁰ As SIGAR reported in 2017, DOD has previously withheld (or threatened to withhold) some of its funding when the Afghan government took insufficient efforts to investigate reports of gross violations of human rights. For example, in 2016, DOD withheld the MOI’s travel budget and recommended the withholding of general officer and senior ministerial officials’ pay until MOI provided more complete reporting on 24 reported cases of gross human rights violations.²⁷¹

WORLD BANK PROGRAMMING FACES INCREASED PRESSURES FROM TALIBAN

The Taliban and other antigovernment armed groups have escalated their demands on World Bank-funded health services in Afghanistan in recent months, World Bank officials told ARTF donors this quarter. The Taliban demands and deteriorating security caused 20% of all health facilities supported by the Bank's Sehatmandi program to close.²⁷² (Sehatmandi funds Afghan government-contracted health services in 31 provinces.²⁷³)

According to one World Bank official, the Taliban accused some Sehatmandi health care providers of failing to meet their contractual obligations to fully staff and supply health facilities, delaying payment to health workers, and not maintaining health facilities. Further, the Taliban demanded that all health facilities have surgeons and ambulances—impossible achievements, the official said. The Taliban warned that if their demands are not met, they will take action against the service providers in what they call their judicial system.²⁷⁴

In order to ensure that health-care service providers are not making payments to antigovernment elements, the World Bank tasked its ARTF third-party monitor to review service provider financial transactions in at-risk provinces.²⁷⁵

Another World Bank official told donors that Taliban demands have impacted a number of other World Bank-supported programs, including the \$280 million COVID-19 Relief Effort for Afghan Communities and Households (REACH) project, the \$628 million Citizens' Charter Afghanistan Project (CCAP), and the \$100 million Emergency Agriculture and Food Supply Project (EATS).²⁷⁶

Representatives from the Ministry of Women's Affairs implementing the \$100 million Women's Economic Empowerment Rural Development Project (WEE-RDP) told donors this quarter that armed opposition groups controlled a significant number of community council sites in Baghlan, Badakhshan, Zabul, Uruzgan, Wardak, Logar, Ghazni, Paktika, and Kunduz Provinces.²⁷⁷ Of the planned 1,293 community councils for these nine provinces, 59% have not been established because the communities are controlled by armed opposition groups. Worryingly, these proposed community council sites are not concentrated in the remote districts of these provinces. Instead, 78% of the community council sites that were under the control of armed opposition groups are located in districts containing the province capital.²⁷⁸ The armed groups prevented the free movement of female project staff and opposed the creation of female self-help groups. Efforts to negotiate a solution through local leaders have thus far failed as the armed groups do not support these women's mobilization and empowerment activities.²⁷⁹

GOVERNANCE



The Taliban recently destroyed 260 government administrative buildings, according to the Afghan government. (Afghan government photo)

SUBNATIONAL GOVERNANCE

On July 15, Afghanistan’s Independent Administrative Reform and Civil Service Commission (IARCSC) said that the Taliban had seized control of government office buildings in 29 provinces, destroying or setting fire to buildings in 106 Taliban-held districts and looting government assets in 149 districts. According to the IARCSC, 50,000 Afghan civil servants are unable to perform their duties and nearly 4,000 have been harmed or displaced.²⁸⁰

Provincial and Municipal Programs

USAID recently concluded its two subnational programs focused on provincial centers and municipalities: Initiative to Strengthen Local Administrations (ISLA), and Strong Hubs for Afghan Hope and Resilience (SHAHAR). Table 3.16 summarizes total program costs and disbursements.

TABLE 3.16

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	3/31/2021	\$73,499,999	\$73,232,987
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	3/31/2021	52,500,000	52,436,746
Citizens’ Charter Afghanistan Project (CCAP)*	3/31/2012	12/31/2025	N/A	97,110,000

*This includes USAID contributions to ARTF with an express preference for the Citizens’ Charter Afghanistan Project. Data as of 4/20/2021.

Source: USAID, response to SIGAR data call, 7/14/2021; World Bank, Administrator’s Report on Financial Status, 4/20/2021, p. 5.

Initiative to Strengthen Local Administrations

The concluded \$53 million ISLA program sought to help the Afghan government improve provincial governance through fiscal and development planning, citizen representation, and enhanced delivery of public services.²⁸¹

According to the final report, ISLA’s claimed to have created more systemic, inclusive, and evidence-based provincial planning and budget processes, as well as improved service delivery in Afghanistan.²⁸² ISLA highlighted a number of lessons learned, such as how close coordination with Afghan government ministries helped program implementation, the need for ministries to provide formal instruction and pressure on provincial entities to ensure better project implementation, and the need to continue serving as an interlocutor between government entities at the central and provincial levels.²⁸³

While ISLA-supported provinces demonstrated better budget execution and project completion compared to non-ISLA-supported provinces, the program faced a number of challenges.²⁸⁴ The project faced difficulties in aligning ISLA to Afghan government priorities, particularly as the Afghan government continually revised its subnational governance policies during

the life of the project. (For example, in May 2018, the Afghan government released its updated subnational governance policy that appeared to remove provinces from development planning.²⁸⁵) According to ISLA, while key Afghan government policy documents kept changing, ISLA remained bound to its scope of work and contract. ISLA said there was a clear disconnect between the central and provincial government entities and there was no common understanding of policies among government counterparts or even development partners. Decentralization was also slowly implemented, at times leaving provinces seeking more information, direction, and even motivation.²⁸⁶

At the provincial level, the main challenge ISLA faced was the Afghans' lack of motivation to participate in trainings, fora, and workshops unless there was monetary compensation. When multiple donor-funded projects conducted similar trainings or workshops, participants would go to events where they would get higher per diem or transportation allowance. Unless lunch was served, at town halls, people would not participate.²⁸⁷

Strong Hubs for Afghan Hope and Resilience

The objective of the \$74 million SHAHAR program was to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. SHAHAR partnered with municipalities to deliver capacity-building for outreach and citizen consultation, improve financial management, and enhance urban service delivery.²⁸⁸

One challenge SHAHAR experienced over its six and a half years of implementation was attracting and retaining qualified staff. According to SHAHAR, the Special Immigrant Visa (SIV) program for individuals employed by or on behalf of the U.S. government resulted in staff-retention difficulties for SHAHAR as Afghan personnel employed by the program left after receiving the visa. In total, 65 SIV-related resignations occurred during the program's lifetime, including those of the Kabul-based senior technical director, senior advisors, and four senior technical directors. In addition, USAID's requirement that implementing partners compensate staff in line with the Ministry of Finance's National Technical Assistance (NTA) salary scale implemented in late FY 2016 made attraction and retention even more difficult. In combination, the SIV program and the NTA requirement resulted in numerous open staff positions and multiple rounds of recruitment for positions.²⁸⁹

Citizens' Charter Afghanistan Project

In October 2018, USAID began explicitly contributing a portion of its ARTF funds (\$34 million of its \$300 million contribution) to the Citizens' Charter Afghanistan Project (CCAP). The Afghan government said CCAP, which began in 2016, is the centerpiece of its national inclusive-development strategy for rural and urban areas. CCAP works through Community

GOVERNANCE

Development Councils (CDCs) to implement community projects. CCAP defines a suite of minimum basic services for each community covering health, education, and their choice of an infrastructure investment (such as road access, electricity, or small-scale irrigation for rural communities).²⁹⁰

Both the World Bank and Afghan government have proposed expanding CCAP in the event of peace.²⁹¹ In November 2020, the World Bank proposed to donors that CCAP initiate peace pilot programs involving local conflict analyses, local-level peace dialogues, peace grants, and conflict and dispute-resolution training activities.²⁹² The Afghanistan Partnership Framework target for rolling out the CCAP peace pilot to 300 communities is 2022.²⁹³

The World Bank says the peace pilots have made considerable progress. The urban team will work in 75 communities in two of Jalalabad City's districts; the rural team will work in 304 communities in Nangarhar, Laghman, and Kunar Provinces. In addition to the regular CCAP budget to build infrastructure and strengthen local institutions, peace pilot communities will also receive a \$10,000 grant to be used for peace-related subprojects, such as sports competitions, cultural events, art competitions, and small infrastructure construction and/or repairs for community wide projects.²⁹⁴

As of March 2021, CCAP has reached 13,028 rural and urban communities (the end target was 11,750 communities) across Afghanistan, covering 13.6 million beneficiaries and with almost 50% participation of women in CDC elections.²⁹⁵

RULE OF LAW AND ANTICORRUPTION

Summary of rule-of-law and anticorruption programs

As shown in Table 2.17, the United States supports a number of active rule-of-law and anticorruption programs in Afghanistan.

TABLE 2.17

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/18/2016	4/17/2022	\$68,163,468	\$48,800,689
Afghanistan's Measure for Accountability and Transparency (AMANAT)	8/23/2017	8/22/2022	31,986,588	15,281,234
Corrections System Support Program (OASIS CSSP) Option Year 3*	6/1/2020	5/31/2021	18,021,588	10,048,581
Justice Sector Support Program OASIS Contract*	8/28/2017	8/27/2022	49,616,576	44,633,851
Transferring Professional Development Capacity (TPDC)*	8/31/2020	8/31/2023	12,500,000	12,500,000

*Disbursements as of 6/17/2021.

Source: State, INL, response to SIGAR data call, 6/17/2021; USAID, response to SIGAR data call, 7/14/2021.

Afghanistan's Measure for Accountability and Transparency (AMANAT)

In August 2017, USAID awarded a \$32 million 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.²⁹⁶ According to USAID, AMANAT supports select Afghan government institutions with technical assistance to plan for and implement recommended procedural reforms.²⁹⁷

In September 2020, the program was modified to remove certain anticorruption-related program tasks, such as conducting vulnerability-to-corruption assessments of Afghan government bodies and assisting Afghan government institutions to self-identify their corruption risks. Instead, AMANAT is now tasked with assisting the Access to Information Commission (AIC) in the implementation of the Access to Information Law.²⁹⁸ (Access to information is supposed to enable citizens to exercise their voice and to monitor and hold the government to account. Afghanistan's Access to Information Law came into effect in 2014, but has faced challenges in its implementation and enforcement.²⁹⁹) On December 14, the AMANAT program and the AIC signed a letter of agreement to facilitate capacity-building activities.³⁰⁰

AMANAT cited numerous challenges this quarter as it operated in uncertain security conditions, lack of progress of intra-Afghan peace talks, as well as targeted killings that have prevented programs from operating at their optimum capacity.³⁰¹ AMANAT continued to adjust its activities as COVID-19 variants, as well as vaccine skepticism, resulted in an increase in COVID-19 cases.³⁰² AMANAT worked on institutional development, capacity building, streamlining processes, as well as holding meetings to obtain more in-depth information about any problems regarding projects.³⁰³

While carrying out activities, AMANAT has had multiple proposed grants rejected by USAID, and was asked to provide significant justification regarding interventions for a specific activity.³⁰⁴ According to USAID, the intended purpose of the rejected grants was mainly to conduct anticorruption awareness-raising campaigns through radio messages, brochures, billboards, civic education, research surveys, and training. Although awareness raising is an element in fighting corruption, the grant proposals did not clearly explain how these interventions will reduce corruption, USAID said. AMANAT seeks more tangible outcomes and results instead of outputs; most of the rejected grants produced output-level results. Meanwhile, the lack of a mechanism to measure results was another key reason USAID rejected these grant applications.³⁰⁵

AMANAT is working with its local nongovernmental partners to improve project descriptions and reassess activities to ensure tangible outcomes resulting in sustainable impact are possible. AMANAT staff review the program description line-by-line to ensure these local partners understand

what improvements and changes need to be made to meet USAID's rigorous approval standards. These efforts are time-consuming and have slowed down the number of grants submitted to USAID for approval.³⁰⁶

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 annual cost of \$24 million. The previous JSSP contract, which began in 2010, cost \$280 million.³⁰⁷

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.³⁰⁸

JSSP advises various Afghan government offices on how to use its Case Management System (CMS). CMS is an online database that tracks the status of criminal and civil cases in Afghanistan, across all criminal justice institutions, from the moment a case is initiated to the end of a subject's confinement.³⁰⁹

This quarter, the Attorney General's Office (AGO) independently established a CMS office for the first time, including office space, furniture, equipment, and staff. JSSP will provide training and mentoring to the staff. Separately, the JSSP development team completed foundational classes necessary for Afghan staff to manage CMS technology. Plans for piloting CMS 2.0 moved forward with agreement from relevant Afghan ministries.³¹⁰

JSSP local Afghan staff members are currently working from home due to increasing COVID-19 rates in Afghanistan and on the compound where the JSSP offices are located. At least five JSSP staff members have tested positive for COVID-19.³¹¹

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."³¹² 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 potentially lengthy court case.³¹³

During the most recent reporting quarter, ADALAT continued working with numerous MOJ directorates, including the training and human resources sections.³¹⁴ However, ADALAT faced numerous challenges such as lack of coordination between MOJ directorates, slow approval of staff participation in trainings, as well as inefficient recruiting, leading to fewer staff being available to be trained.³¹⁵ Despite these challenges, ADALAT updated its Huquq Reference Manual (HRM) to accommodate certain legal and regulatory revisions. These revisions were endorsed by the minister of justice.³¹⁶ ADALAT also developed a gender-based violence (GBV) manual to carry out trainings on GBV and children's rights.³¹⁷

ADALAT canceled activities such as Afghan Women Judges Association due to changing Afghan government priorities and lack of interest, as well as the COVID-19 pandemic.³¹⁸ Other initiatives such as increasing the number of female legal aid providers was discontinued as there was no interest in including the female legal aid providers in MOJ's organizational structure.³¹⁹ ADALAT has learned a number of lessons from its program activities, such as the need to develop alternative methods of conducting training when holding in-person training was not possible due to the COVID-19 pandemic.³²⁰

Transferring Professional Development Capacity (TPDC)

In August 2020, State launched Transferring Professional Development Capacity (TPDC) program, a follow-on to their Continuing Professional Development Support (CPDS) program that ended the same month. CPDS was itself a follow-on to the 2013–2016 Justice Training Transition Program. All three programs have used the same implementing partner, the nongovernmental International Development Law Organization headquartered in Rome. The TPDC program continues efforts to build the capacity of Afghan justice institutions to provide continuing professional development to their staff, with a special emphasis on Afghanistan's revised penal code.³²¹

In April 2021, TPDC collaborated with the AGO to conduct a second training for the AGO's International Crimes Department. Additionally, TPDC is working with the Supreme Court to extend similar training to its staff and judges. IDLO also assisted the Supreme Court in finalizing its annual training plan, which will consist of 29 TPDC-assisted penal code training courses. Similarly, TPDC is working towards transitioning training of master trainers to the AGO, Supreme Court, and MOJ's professional training departments. According to State, this will allow these institutional trainers to become master trainers and enhance the institutions' capacity to independently deliver training-of-trainer courses to their Kabul-based and provincial participants.³²²

SIGAR AUDIT

S. Rept. 116-126, accompanying the Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2020 directed SIGAR to assess “the Government of Afghanistan’s implementation, resourcing, and administration of the ‘Afghanistan National Strategy for Combating Corruption,’ including whether such government is making progress toward achieving its anti-corruption objectives, addressing impunity of powerful individuals, and meeting international commitments.” SIGAR has initiated this work and anticipates issuing a public report in 2021.

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.³²³

According to State, a major accomplishment this quarter was inaugurating the first primary school in a female prison.

The school at the Kabul Female Prison and Detention Center and will provide educational and social programs for 98 children of female inmates. State will fund five female teachers for the first year, with Afghanistan’s Office of Prison Administration (OPA) committing to funding the school by April 2022.³²⁴

During the most recent quarter, State observed four prison hunger strikes, including 1,700 inmates of the Special Narcotics Prisons protesting their continued incarceration while COVID-19 cases have increased and 600 inmates of the Khost prison demanding no prisoner transfers to Pul-e Charkhi Prison, lower canteen prices, and an end to cell searches.³²⁵

As of May 31, 2021, a total of 5,330 national-security threat inmates are incarcerated in prisons run by the OPA. INL does not have access to data for such inmates incarcerated at prisons run by the National Directorate of Security.³²⁶

Anticorruption

According to DOJ, the Afghan government served 189 arrest warrants and summonses for corruption cases between April 1 and June 20, 2021. Of these, 22 corruption cases were referred to the Anti-Corruption Justice Center (ACJC).³²⁷ During this same time period, the ACJC investigated and prosecuted five generals, three members of the upper house of parliament, four mayors, and two members of provincial councils. All of these cases were high-profile, DOJ said.³²⁸

This quarter, Afghanistan’s Anti-Corruption Commission (ACC) submitted a draft anticorruption strategy (an update to the previously expired strategy from 2017) to the High Council for Rule of Law and Anti-Corruption. The draft was rejected.³²⁹

COUNTERNARCOTICS

UNODC: Major Increase in 2020 Opium-Poppy Cultivation

Afghan opium-poppy cultivation in 2020 increased by 37% over the previous year, according to the executive summary for the United Nations Office on Drugs and Crime’s (UNODC) 2020 *Afghanistan Opium Survey: Cultivation and Production* report released this quarter; the full report had still not been issued as this report went to press. The new cultivation estimate tied

GOVERNANCE

with 2014 as the third-highest level since estimates began in 1994.³³⁰ No cause for the increase was given. UNODC earlier attributed a 2019 cultivation *decline* to falling dry-opium prices, yet the 2020 increase occurred despite record-low dry-opium prices (down 13% from 2019).³³¹ There was no indication that counternarcotics policy or other efforts influenced the increase.

According to the summary, an estimated 224,000 hectares (ha; one ha is about 2.5 acres) of opium poppy were cultivated in Afghanistan during 2020, up from 163,000 ha in 2019.³³² As seen in Figure 2.36, Afghanistan's southwestern region (Helmand, Kandahar, Nimroz, Uruzgan, and Zabol Provinces) continues to dominate opium-poppy cultivation and accounted for 68% (152,935 ha) of the national total in 2020. In contrast to the southwestern region, southern Afghanistan (Ghazni, Khost, Paktika, and Paktiya Provinces) continued to have the least amount of opium-poppy cultivation with a mere 0.1% (290 ha) of the national total.³³³

Although opium-poppy cultivation increased 37% from 2019 to 2020, the value of the overall opiate economy (i.e., production, refining, and trafficking) has likely remained stable since 2018. In February 2021, UNODC attributed the opiate economy's 2018 and 2019 stability to traffickers' access to abundant stored supply and record-low farm-gate prices (the price a

UNODC Reports Major Increase in Opium-Poppy Cultivation

- ▶ UNODC reports Afghanistan's opium-poppy cultivation increased in 2020 by 37% over 2019.
- ▶ The new cultivation estimate tied with 2014 as the third-highest level since estimates began in 1994.
- ▶ The southwestern region (Helmand, Kandahar, Nimroz, Uruzgan, and Zabol Provinces) accounted for the largest portion of national cultivation (68%); the southern region (Ghazni, Khost, Paktika, and Paktiya Provinces) accounted for the least amount (0.1%).
- ▶ Despite the increase in cultivation, the overall opiate economy has remained stable since 2018.
- ▶ Drug interdiction and arrests continue to have a minimal impact on the country's opium-poppy cultivation.

Source: UNODC, "2019 Afghanistan Opium Survey: Socio-economic report," 2/2021, p. 4; UNODC, "World Drug Report 2020, booklet 1" 6/2020, p. 42; UNODC, "2020 Afghanistan Opium Survey: Cultivation and Production-Executive Summary," 4/2021, p. 4.

FIGURE 2.36

REGIONAL DISTRIBUTION OF OPIUM-POPPY CULTIVATION, 2020



Source: UNODC, Afghanistan Opium Survey 2020: Executive Summary, 5/2021, pp. 6, 9.



Afghan women and children walk through a field in Achin District, Nangarhar Province. (U.S. Army photo)

farmer can expect to receive by selling directly from his farm).³³⁴ Although the full 2020 report is needed for more detailed analysis, the 2020 season again witnessed record-low farm-gate prices and the potential opium production of 6,300 tons was close to estimates for both 2018 and 2019 (6,400 tons each).³³⁵

The UNODC, in partnership with the Afghan National Statistics and Information Authority (NSIA), released the 2020 *Afghanistan Opium Survey: Cultivation and Production report* summary in May 2021 after multiple delays. The full report is scheduled for release later in 2021.³³⁶

State INL attributed report delays to challenges that the UNODC and NSIA experienced as they jointly developed a new satellite-imagery approach to estimate 2020 opium production in the absence of field surveys.³³⁷ These challenges have now been overcome. UNODC said that representative samples of previous years' data, in which both survey and satellite data were available, were visually ranked according to the quality of the crops in the field. The method was tested by using the visual rankings to predict average yields. The visual prediction was then verified against actual survey data. This method was then applied to 2020 satellite imagery to infer estimated yields in the absence of field survey data.³³⁸

INL reported that the UNODC's current plan is to stay in Afghanistan and continue to implement INL projects, despite the retrograde of U.S. military forces and contractors.³³⁹ INL has disbursed \$24.2 million since 2006 for the annual surveys.³⁴⁰

Interdiction Results

DEA reported this quarter that the value of narcotics intercepted from April 1 through June 14, 2021, was over \$20 million.³⁴¹ In total, interdiction activities resulted in seizures of 309 kilograms (kg) (681 lbs.) of opium, 84 kg (185 lbs.) of heroin, and 2,132 kg (4,700 lbs) of methamphetamines. Additionally, 11 arrests were made and 525 kgs (1,157 lbs.) of precursor chemicals and approximately 271 kg (597 lbs.) of hashish were seized by Afghan security forces during this period.³⁴² Table 2.18 contains interdiction results provided by DOD and DEA.

DEA reported that DEA-mentored, -partnered, or -supported counter-narcotics interdiction activities by the National Interdiction Unit (NIU) and the Sensitive Investigative Unit (SIU) from April 1 through June 14, 2021, included 17 operations.³⁴³ Despite the improved capabilities of Afghan specialized units over the years, drug seizures and arrests have had minimal impact on the country's opium-poppy cultivation and production. For example, total opium seizures since FY 2008 are equivalent to approximately 8% of the country's 6,400 metric tons of opium production for the *single year* of 2019, as reported by UNODC.³⁴⁴

TABLE 2.18

INTERDICTION RESULTS, 2011–2021												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021 ²	TOTAL
Number of Operations	624	669	518	333	270	196	157	198	152	184	45	3,346
Arrests	862	535	386	442	394	301	152	274	170	263	34	3,813
Hashish seized (kg)	182,213	183,776	37,826	19,088	24,785	123,063	227,327	42,842	148,604	422,658	111,934	1,524,116
Heroin seized (kg)	10,982	3,441	2,489	3,056	2,859	3,532	1,975	3,242	3,507	585	287	35,955
Morphine seized (kg)	18,040	10,042	11,067	5,925	505	13,041	106,369	10,127	11,859	2	-	181,052
Opium seized (kg)	98,327	70,814	41,350	38,379	27,600	10,487	24,263	23,180	13,751	325	886	349,362
Precursor chemicals seized (kg)	122,150	130,846	36,250	53,184	234,981	42,314	89,878	22,863	81,182	30,849	56,075	900,572
Methamphetamine ³ (kg)	50	-	11	23	11	14	31	143	1,308	672	284	2,547

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.

- Indicates no data reported.

¹ Data covers January 1–December 8, 2020

² Data covers January 1–March 13, 2021, and from April 1–June 14, 2021

³ In crystal or powder form

Source: DEA, response to SIGAR data call, 6/16/2021.

Counternarcotics High Commission Stagnates

According to INL, no Counternarcotics High Commission (CNHC) meetings have been held or scheduled since its inaugural meeting in February 2020.³⁴⁵ The CNHC is Afghanistan's policymaking body and issues strategic directives while delegating day-to-day coordination and strategic development to the MOI.³⁴⁶ INL reported that CNHC directives remain in effect

and that ministries should provide progress reports at the next CNHC meeting (date not yet announced).³⁴⁷ One topic for discussion is the new two-year National Drug Action Plan (NDAP) to replace the one that covered 2015–2019.³⁴⁸ The NDAP still needs presidential approval. INL also said the president's office has been holding senior staff accountable for results, but provided no specific examples.³⁴⁹

CNPA Components and their Missions

INL reported that on May 20, 2021, leaders of the Counternarcotics Police of Afghanistan (CNPA) participated in a virtual International Criminal Police Organization (INTERPOL) conference on methamphetamines as a global challenge. The conference had participants from 225 countries and international organizations. CNPA director General Abdul Sami Popalzai led Afghanistan's discussion with INL-funded regional cooperation advisor, Abdul Qayyum Samer. Popalzai highlighted the rapid increase in methamphetamine production in Afghanistan and Afghanistan's need for international counternarcotics support.³⁵⁰

CNPA personnel are located in all of Afghanistan's 34 provinces and comprise regular police as well as specialized units. The CNPA's counternarcotics operations include controlling precursor chemicals, airport interdiction, operating the forensic laboratory, crop eradication, and managing mobile detection teams. CNPA also coordinates with Afghan customs to stop drug trafficking.³⁵¹ INL provides support to specialized units within the CNPA through an interagency agreement with the U.S. Drug Enforcement Administration (DEA).³⁵² INL will continue to provide support to the specialized units post-retrograde.³⁵³

CNPA specialized units consist of three major components: the U.S.-supported National Interdiction Unit (NIU), the Sensitive Investigative Unit (SIU), and the UK-supported Intelligence and Investigation Unit (IIU).³⁵⁴ Additionally, the U.S.-supported Technical Investigative Unit (TIU) provides support to the NIU and SIU components.³⁵⁵

The NIU conducts interdiction operations and seizures, serves arrest warrants, and executes search warrants in high-threat environments. The NIU receives mentoring from DEA. The NIU typically maintains forward-based personnel in Kandahar and has access to facilities in Kunduz and Herat.³⁵⁶

The SIU's mission is to identify significant drug-trafficking organizations operating in Afghanistan and dismantle them through the criminal-justice system. The SIU receives mentoring from the DEA and consists of hand-picked, thoroughly vetted personnel.³⁵⁷ The SIU also has four officers responsible for administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.³⁵⁸

The Technical Investigative Unit (TIU) is a CNPA component consisting of 100 translators who work within the Judicial Wire Intercept Program

(JWIP). The JWIP is a State-funded project to provide technical systems associated with the wiretap program and is executed by DEA through an interagency agreement with State. JWIP supports DEA operations as well as SIU and NIU investigations.³⁵⁹

Other Afghan law-enforcement elements such as the special operations General Command of Police Special Units execute high-risk arrests and operations including counterterrorism, counternarcotics, and counter-organized crime.³⁶⁰ The Afghan Uniform Police and Afghan Border Police (ABP) also participate in counternarcotics activities.³⁶¹

U.S. Training and Funding of Afghan Counternarcotics Elements

INL reported that it has made no major adjustments to its implementation or oversight of projects and continues to monitor conditions in Afghanistan to determine if changes may be necessary due to the withdrawal of U.S. military and contractor personnel.³⁶²

INL did report this quarter that one funding adjustment included ending training-facility operations and maintenance support that assisted U.S. military teams to train and mentor the NIU. Prior to May 16, 2020, U.S. Special Forces were assigned to mentor the NIU at the Camp Bishop training facility. At that time, INL funded Camp Bishop operations and maintenance but did not otherwise fund U.S. Special Forces activities. Following the military retrograde, this INL support ceased.³⁶³

INL's counternarcotics efforts continue to support the ongoing peace process between the Afghan government and the Taliban to achieve a political settlement and a permanent and comprehensive ceasefire.³⁶⁴

DEA likewise reported that it plans to maintain a long-term presence and mentoring role in Afghanistan, even after all U.S. forces are withdrawn. The only caveat DEA added was that a significant and permanent deterioration in the security situation may affect current intentions.³⁶⁵ DEA has noted that it has a long history in Afghanistan, predating September 11, 2001, and the arrival of U.S. forces, and intends to remain engaged in Afghanistan for as long as the Afghan government permits.³⁶⁶ DEA indicated that going forward, it will work with the U.S. Embassy in Kabul and relevant stakeholders on any required contingency plans to maintain its longer-term presence in the absence of U.S. military forces and contractors.³⁶⁷

Both INL and DEA noted that coordination continues within multilateral and bilateral formats, in accord with guidelines for mitigating COVID-19.³⁶⁸

INL said there have been no major changes to program funding, and estimates that it funds approximately \$21 million per year in operations and maintenance for INL programming in Afghanistan, including for the NIU and SIU.³⁶⁹ INL has disbursed \$44.2 million to DEA through an interagency agreement to support the specialized units as of February 2021.³⁷⁰

Costs directly attributable to NIU and SIU include \$6 million for two years of JWIP (not including other costs DEA and DOD may incur

in support of the wiretap system), \$9.6 million for two years of other interagency-agreement support, and \$825,000 per year for NIU salary supplements.³⁷¹ Salary supplements are used to attract and retain the most qualified and highly trained officers to join the specialized units rather than remain with the regular CNPA. A graduated scale of supplements is provided to all NIU officers, from police officers to unit commanders.³⁷²

INL said less significant funding changes this year included renewed support at a slightly reduced annual commitment of \$5.6 million to the DEA interagency agreement on April 1, 2021, down about \$600,000 from the prior level. On May 1, 2021, INL entered into a new interagency agreement with DOD to fund the \$1.4 million annual cost of JWIP linguist support. INL also reported completion of the Counternarcotics Justice Center well water project in Kabul and completion of the Regional Law Enforcement Centers' refurbishments in Herat and Kunduz.³⁷³

Eradication Update

INL reported that the Afghan government undertook eradication efforts in five provinces (including northern Jowzjan, northeastern Badakhshan, eastern Nangarhar, southern Khost, and southwestern Uruzgan), but that the UNODC has only been able to verify very small amounts eradicated in Nangarhar Province.³⁷⁴ Since 2009, INL has reimbursed the cost of UNODC-verified eradication at a flat rate of \$250 per verified hectare eradicated.³⁷⁵ INL reported that although eradication planning occurred in 2021, the effects of that planning effort are unknown. As in years past, MOI reported that flooding and insecurity negatively impacted its eradication efforts.³⁷⁶

Prior to the 2019 dissolution of the Ministry of Counter Narcotics (MCN), INL provided direct eradication assistance through the Governor-Led Eradication (GLE) program. According to INL, the MOI now manages this ongoing program, with the CNPA implementing independent Afghan eradication and GLE. Since the MCN dissolution, INL has been unable to provide funding for the GLE program because it is required to vet the CNPA's financial-control mechanisms.³⁷⁷

INL reported that its financial-management risk assessment of the MOI was recently completed, and the final report is pending. The assessment was conducted based on USAID's Public Financial Management Risk Assessment Framework.³⁷⁸ Earlier, INL reported that the INL-funded MOI financial advisor, hired in September 2020, is a key actor in the effort to improve the MOI's and, specifically, the Counternarcotics Police of Afghanistan's (CNPA), financial capacity. These developments helped initiate MOI's internal technical review and the associated INL-funded CNPA financial audit, which is required for distribution of certain types of INL counternarcotics funding.³⁷⁹

In June 2021, INL received a draft assessment report that indicated no remediation was necessary to reimburse MOI and the CNPA for eradication

in 2021. Based on this information, INL prepared a draft agreement, modeled on implementing instructions from prior years, that would permit reimbursement to the CNPA for costs associated with UNODC-verified poppy eradication.³⁸⁰

REFUGEES AND INTERNAL DISPLACEMENT

According to State, the Afghan government has limited ability to absorb returning **refugees** and **migrants**. While the government uses the Afghan Returnee Information System (ARIS) to register and collect data on returning refugees, the government does not consistently track returning migrants, State said. In addition to challenges posed by the ongoing conflict, refugee returnees and returning migrants have difficulty integrating into their communities of origin due to the high unemployment rate and a lack of sufficient services, including health services and lack of access to land.³⁸¹

Most communities are not prepared to absorb large numbers of returning refugees at one time. Therefore, State says the United Nations High Commissioner for Refugees (UNHCR) and the Afghan Ministry of Refugees and Returnees (MORR) encourage returning refugees to resettle in 40 localities identified as priority areas, where UNHCR and other donors concentrate and coordinate humanitarian and development assistance.³⁸²

For internally displaced persons, State says the Afghan government has limited to no capacity to respond to internal displacement independent of intergovernmental organizations and nongovernmental organizations.³⁸³

Afghan Refugees

As of July 1, UNHCR reported that 1,150 refugees voluntarily returned to Afghanistan in 2021. Most of the refugees returned from Iran (708) and Pakistan (400).³⁸⁴ UNHCR estimated that approximately 2.6 million Afghans were refugees in other countries in 2020.³⁸⁵

This quarter, the Pakistani government, with the assistance of UNHCR, launched the Document Renewal and Information Verification Exercise (DRIVE), a country-wide campaign in Pakistan to verify the 1.4 million registered Afghan refugees living there. Taking place in areas across Pakistan that host large numbers of Afghan refugees, DRIVE aims to provide all registered refugees in the country with a new government-issued biometric smartcard, enhance protection, enable access to critical services, and increase the accuracy of population data.³⁸⁶

Besides providing legally recognized proof of identity and identity verification, including in the banking sector, this exercise will provide an opportunity to better understand the existing needs in the refugee community. DRIVE also supports the collection of data on the educational and professional backgrounds of refugees in order to assist those who may

Refugees: 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: Persons who change their 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

decide to return to Afghanistan in the future. The new biometric Proof of Registration (POR) cards will be valid from June 2021 to June 2023.³⁸⁷

Undocumented Afghan Migrant Returnees

As of July 1, the International Organization of Migration (IOM) reported that 604,176 undocumented Afghan migrants (spontaneous returnees and deportees) returned from Iran and 6,824 undocumented from Pakistan in 2021.³⁸⁸

Conflict-Induced Internal Displacement

As of July 1, 2021, conflicts had induced 267,260 Afghans to flee their homes, according to the UN Office for the Coordination of Humanitarian Affairs (OCHA). That count of conflict-induced internally displaced persons recorded is 101% more than for the same period last year, when OCHA reported 133,200 displaced persons.³⁸⁹ According to UNHCR, the escalating conflict in Afghanistan presents a “looming humanitarian crisis.”³⁹⁰

WOMEN’S ADVANCEMENT

Presently, USAID has only one remaining Promote program, which aims to strengthen women’s participation in civil society.³⁹¹ Table 2.19 show the current Promote and women’s-focused programs.

Promote’s Musharikat (Women’s Rights Groups and Coalitions) program is focused on advancing women’s participation in the peace process, political participation, and addressing gender-based violence (GBV).³⁹² Musharikat’s Women in Peace Process Coalition (WIP), continued its activities this quarter, with popular discussion topics revolving around the power of President Biden to preserve women’s rights, the low number of women at the international peace conferences, and delays in the peace talks.³⁹³ Musharikat hopes to continue surveying members to provide insights from participants to improve programmatic activities.³⁹⁴ Along with hosting these discussions, Musharikat also hosted trainings to improve persuasion skills, installing public murals, and theatrical performances.³⁹⁵

Along with these activities, Musharikat also arranged workshops to support Afghan women rights through advocacy and lobbying, as well as working with USAID’s SHAHAR program to identify women who are

TABLE 2.19

USAID GENDER PROGRAM				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Promote: Women’s Rights Groups and Coalitions	9/2/2015	9/1/2021	\$34,534,401	\$30,104,678

Source: USAID, response to SIGAR data call, 7/14/2021.



Women in the southern province of Helmand discuss the ongoing peace negotiations between the Afghan government and the Taliban. (UNAMA Photo)

working in civil service positions to take part in programs.³⁹⁶ Musharikat also arranged negotiation workshops with trainees learning how to negotiate with the Taliban with a focus on preserving certain rights and values while showing flexibility in others, such as being ready to wear a tighter head covering and “behaving accordingly” in negotiations with the Taliban in exchange for the recognition of due rights for women.³⁹⁷

According to USAID, increased violence and threats to civil society organizations continue to negatively impact Musharikat, resulting in the cancellation and postponement of several activities. Additionally, Musharikat civil society partners have reportedly been named as potential targets in the current trend of targeted killings, causing some activists to move from Afghanistan to Europe and other countries in South Asia.³⁹⁸

Report Discusses Rural Women’s Hopes and Fears

In July, the Afghanistan Analysts Network (AAN) released a report on the hopes and fears of rural Afghan women that found varying perspectives on the security situation and what peace could mean. The researchers interviewed 23 women across 20 districts between June and November 2020 (around the start of the Afghan peace negotiations beginning in September 2020).³⁹⁹ According to AAN, many of the women said they hoped peace would result in greater freedom of movement and enable work or education. The interviewees hoped for greater peace of mind, more income and better investment opportunities, better health facilities, and a greater feeling of safety.⁴⁰⁰

Perceptions of the security situation varied and were highly localized. For example, three of the four women who lived in areas completely under Taliban control said the security situation had improved at the time of the interview due to a decrease in night raids, air strikes and drone attacks, and/or because Afghan government forces had retreated to more distant bases.⁴⁰¹ Of the three women interviewed in Ghazni Province, two said their areas suffered from violence due to ongoing skirmishes between the Afghan government and the Taliban, while the third woman said the situation had recently become much calmer since the government no longer ventured into the area.⁴⁰²

Most women interviewed said they left their homes only when it was strictly necessary, although their definition of “necessity” varied. For those who lived in insecure or conservative areas, necessity included family visits, weddings and ceremonies, and, to a lesser extent, medical reasons. Others also went out for work, shopping, or to school, although this usually depended on the security situation.⁴⁰³

When asked about their hopes for peace, the responses were similarly varied. Many of the interviewees hoped that peace would allow them to move around more freely, pursue work or education, and that the economy would improve. Others, however, said they thought things would probably stay the same or even worsen if there was peace. Several feared that an agreement could result in greater Taliban control and diminish their freedom to work, study, or leave the house. This was particularly the case for the women who had experienced a recent transfer of power to the Taliban in their area, and had the restrictions on their lives increase, as well as those with personal or family memories of the Taliban’s previous rule.⁴⁰⁴

SIGAR EVALUATION REPORT

On December 23, 2015, a bipartisan group of 93 U.S. Senators and members of the House of Representatives requested that SIGAR conduct an inquiry into the U.S. government’s experience with allegations of sexual abuse of children committed by members of the Afghan security forces, and the manner in which DOD and State implemented the Leahy laws in Afghanistan. The Leahy laws prohibit the U.S. funding of units of foreign forces that commit gross violations of human rights. SIGAR found that although DOD and State had received credible information regarding incidents of child sexual assault perpetrated by members of the Afghan security forces, the Secretary of Defense had used an exemption authority granted by statute to continue providing select training, equipment, and other assistance to some of the Afghan security-force units implicated in those incidents. Following SIGAR’s report, Congress removed the exemption authority—known as the “notwithstanding clause”—from subsequent funding provisions for the Afghanistan Security Forces Fund, through which the United States provides funding for Afghan security forces.

HUMAN RIGHTS

State Continues to Rate Afghanistan's Human-Trafficking Efforts at Worst Level

Last year, State downgraded Afghanistan's human-trafficking rating to the lowest level since State first rated the country in 2002.⁴⁰⁵ This year, State maintained this low rating, saying the Afghan government still does not fully meet the minimum standards for the elimination of trafficking and it is not making significant efforts to do so. State observed a government pattern of sexual slavery in government compounds (*bacha bazi*—a practice in which men exploit boys for social and sexual entertainment) for recruitment and for use as child soldiers.⁴⁰⁶

Despite the lack of significant efforts, the government took some notable steps to address trafficking, State reported, including prosecuting and convicting members of the security services for *bacha bazi*, removing some child soldiers from the armed forces, and indicting the chief of the Major Crimes Task Force for trafficking crimes (the highest-ranking government official to face such charges). A school headmaster was also indicted in connection with the 2019 Logar case, which included *bacha bazi*; he was the first government employee to be charged in relation to the case. The government increased antitrafficking trainings for security officials, the judiciary, and prosecutors, and finalized a national referral mechanism to increase the identification of trafficking victims and refer them to proper services.⁴⁰⁷

However, State said the government did not investigate or prosecute many high-level security officials or government employees for *bacha bazi*, despite continuing reports of complicity. The government reported limited efforts to address other trafficking crimes that were not *bacha bazi*. The government has never prosecuted any military or police officials for recruitment or use of child soldiers despite credible reporting of the practice. Authorities continued to arrest, detain, penalize, and abuse many trafficking victims, including punishing sex-trafficking victims for “moral crimes” and sexually assaulting victims who attempted to report trafficking crimes to law-enforcement officials. Due to inadequate victim protection, some non-governmental organizations would not assist trafficking victims in reporting their traffickers to law enforcement.⁴⁰⁸

ECONOMIC CONTENTS

Key Issues & Events	111
U.S. Support for Economic and Social Development: Objectives and Prospects	113
Quarterly Highlight: The Challenge of Transferring Control of Afghanistan's Airports	117
Economic Profile	122
Economic Growth	131
Agriculture	133
Infrastructure and Essential Services	136
Education	141
Health	144

ECONOMIC AND SOCIAL DEVELOPMENT



KEY ISSUES & EVENTS

President Joseph R. Biden committed to “maintaining significant humanitarian and development assistance” to Afghanistan following the U.S. and Coalition troop withdrawal.

The Taliban seized a string of key border crossings with the potential to deny the Afghan government significant customs revenue.

Afghanistan struggled with a third wave of the COVID-19 pandemic as the infection rates skyrocketed by around 2,400%.

The Afghan government’s domestic revenues increased by 22.6% over the first six months of the current fiscal year versus the same period last year, but remain below prepandemic levels.

In his April 14, 2021, announcement on the U.S. troop withdrawal, President Joseph R. Biden committed to “maintaining significant humanitarian and development assistance” to Afghanistan.⁴⁰⁹ Yet Afghanistan is experiencing compounding problems that limit the potential impact and sustainability of U.S. reconstruction programs in both the short and long term.

The increasing levels of violence pose a grave threat to the government’s social services delivery, expansion of needed infrastructure, and economic development. This year has seen attacks targeting Afghan schools and healthcare workers, most notably the May 8 bombing in front of a school in Kabul that killed at least 90 people, largely female students.⁴¹⁰ Militants also targeted Afghanistan’s energy infrastructure, including a June 1 attack against electricity pylons in northern Kabul that cut off electricity to several parts of the country.⁴¹¹

The heightened violence is playing out against the backdrop of a deadly third wave of the COVID-19 pandemic. Afghan doctors have expressed grave concern over the rapid spread of the COVID-19 Delta variant initially discovered in India, which data suggests is approximately 60% more

transmissible than other variants and about twice as likely to land patients in the hospital; many critically ill patients in Kabul had recently returned from India or had relatives who had recently returned.⁴¹²

Since Afghanistan's first confirmed case of COVID-19 in February 2020, the country's public-health sector has had limited hospital capacity and resources to treat the disease. Many Afghans reportedly continue to avoid seeking treatment when they show symptoms, deterred by poor hospital conditions, false rumors, and various cultural stigmas associated with contracting COVID-19.⁴¹³ As of July 1, 2021, the number of confirmed cases had reached 120,216, with 4,962 deaths, but a high test-positivity rate—42% as of June 30, 2021—suggests the actual spread, case numbers, and deaths are far greater.⁴¹⁴

As confirmed cases of COVID-19 spiked, President Ashraf Ghani ruled out a complete lockdown, since many Afghans rely on daily wages for subsistence. Authorities did, however, temporarily close schools, marriage halls, gyms, and swimming pools.⁴¹⁵ In late April, Afghanistan's border crossings with Iran and Pakistan were temporarily closed to pedestrian traffic, though left open to trade.⁴¹⁶

As a result of the pandemic-induced economic contraction, the World Bank estimated that Afghanistan's overall *urban* poverty level increased from 41.6% to 45.5% in 2020. Yet, according to the World Bank, overall poverty levels actually decreased from 55% to 47.1% in 2020 because the pandemic had a less significant impact on the rural economy than originally projected.⁴¹⁷

Food security in Afghanistan has also worsened, mainly as a result of drought conditions in 2021.⁴¹⁸ According to the UN Office for the Coordination of Humanitarian Affairs, food prices are already higher than normal due to COVID-19 and are likely to increase further given the dry spell's projected impact on first and second crops in 2021.⁴¹⁹ The International Federation of Red Cross and Red Crescent's Head of Delegation for Afghanistan, Necephor Mghendi, expressed his "grave fears" for the millions of Afghans "who will need humanitarian support in Afghanistan this year due to this drought-driven food crisis piled on top of the debilitating social and economic impacts of COVID-19 and the long-running conflict."⁴²⁰

Around 12.2 million Afghans, or approximately one-third of the country's estimated population, are currently facing "crisis" and "emergency" levels of food insecurity, placing it among the three countries in the world (alongside Yemen and South Sudan) with the highest proportion of food insecure people. Additionally, almost half of Afghan children under five years old are projected to face acute malnutrition this year. The number of Afghans facing food insecurity dropped from a high of 16.9 million early in 2021, in part due to the government's and international organizations' mitigation efforts to address the adverse effects of the pandemic on the country's most vulnerable populations.⁴²¹

Food Security: All people within a society at all times having "physical, social, and economic access to sufficient, safe, and nutritious food to meet daily basic needs for a productive and healthy life," without being forced to deplete household assets in order to meet minimum needs.

Source: United Nations, Press Release, "World Food Summit Concludes in Rome," 11/19/1996.



A COVID-19 patient at the Afghan-Japan Hospital in Kabul receives oxygen. As COVID-19 cases have increased in recent weeks, Afghan hospitals have faced a critical shortage of oxygen. (Asian Development Bank photo)

U.S. SUPPORT FOR ECONOMIC AND SOCIAL DEVELOPMENT: OBJECTIVES AND PROSPECTS

On April 14, President Biden announced that all U.S. troops would be withdrawn from Afghanistan by September 11, 2021.⁴²² “While we will not stay involved in Afghanistan militarily, our diplomatic and humanitarian work will continue,” he explained. “We’ll continue to support the government of Afghanistan” and will maintain “significant humanitarian and development assistance” to Afghanistan after U.S. troops leave the country.⁴²³ Ahead of President Ashraf Ghani’s and Chairman of the High Council for National Reconciliation Abdullah Abdullah’s late June visit to Washington, DC, the White House reiterated its commitment “to support the Afghan people by providing diplomatic, economic, and humanitarian assistance.”⁴²⁴

As part of this new phase of U.S. engagement with Afghanistan, Ambassador Zalmay Khalilzad stated during a May 18, 2021, House Foreign Affairs Committee hearing that “promoting economic activity, trade and development between Central Asia, Afghanistan, and South Asia” remains one of the U.S. government’s primary objectives. In that hearing, the Acting USAID Assistant Administrator for Asia, Karen Freeman, reiterated USAID’s continued support to Afghanistan.⁴²⁵

As a demonstration of the United States’ “enduring support for the Afghan people,” the Biden administration has sought increased U.S. support for Afghanistan during the first half of 2021. U.S. Secretary of State Antony Blinken announced on April 21 that the Biden administration is working with Congress to provide an additional \$300 million of civilian assistance to Afghanistan in 2021; that sum had been announced at the November 2020 international donors’ conference as potentially available at a future

date. Secretary Blinken said, “The funding will be targeted at sustaining and building on the gains of the past 20 years by improving access to essential services for Afghan citizens, promoting economic growth, fighting corruption and the narcotics trade, improving health and education service delivery, supporting women’s empowerment, enhancing conflict resolution mechanisms, and bolstering Afghan civil society and independent media.”⁴²⁶ On June 4, the State Department announced another \$266 million in humanitarian aid to Afghanistan focused on food aid, basic health care, shelter, water and sanitation, and job opportunities.⁴²⁷ For FY 2022, President Biden also requested an additional \$364 million for the State Department and USAID to be used for development assistance to Afghanistan.⁴²⁸

Even with the troop withdrawal, the U.S. government’s ultimate goal remains to help Afghanistan shift from being an assistance recipient to an enduring and self-sufficient economic partner that is able to attract foreign investment and meet its own financial needs.⁴²⁹ While the intensity and focus of U.S. reconstruction programs in Afghanistan have changed over time, the United States has consistently highlighted the importance of Afghanistan’s economic and social development to support U.S. national-security interests, the Afghan peace process, and broader political stability. According to USAID, Afghanistan has been the leading recipient of U.S. foreign assistance since 2008, receiving around 10% of the total amount of U.S. assistance (including both development and security assistance) in recent years.⁴³⁰

In February 2021, the U.S. government publicly released its updated Integrated Country Strategy (ICS) for Afghanistan. The ICS continues to stress that “[a] growing Afghan economy and job creation remain necessary predicates for stability and the development that makes it resilient.” The ICS also maintains the importance of strengthening economic prosperity through U.S. support of private sector-led export growth and job creation, and accompanying gains in health, education, and women’s empowerment, to help increase revenue generation and budget sustainability.⁴³¹

USAID’s FY 2019–2023 Country Development Cooperation Strategy (CDCS) for Afghanistan, which is part of the ICS, further outlines the need to:⁴³²

- 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

In the CDCS, USAID posits that progress in these three areas will, in turn, “increase Afghanistan’s economic viability and enable the country to become less reliant on donors”; “enable the country to become more inclusive and stable, as Afghans gain confidence in their government’s ability to achieve reforms and deliver services”; and “help improve the country’s



Secretary of State Antony Blinken meets with President Ashraf Ghani to reiterate continued U.S. support to the Afghan government, during a visit to Kabul in April 2021. (State photo)

stability and inclusivity, as Afghans' trust in their government improves and civic participation expands."⁴³³

Overall, Afghanistan's economic growth and social development, as well as the United States' ability to support it, face many uncertainties. These include the broader effects of the withdrawal of U.S. and NATO forces, the ability of U.S. agencies to implement and monitor programs and funding, the outcome of Afghan peace talks, the impact of the COVID-19 pandemic, and future levels of international assistance.

Nevertheless, USAID told SIGAR, "Currently, the planned withdrawal of U.S. troops has not impacted the implementation of [USAID] programming. We and our implementing partners remain deeply engaged in the development of the Afghan economic sector and have continued to implement interventions."⁴³⁴

In a number of ways, the direct impact of the U.S. troop withdrawal on the administration of U.S. reconstruction programs could be minimal. Given ongoing security-related challenges and COVID-19-related restrictions, the movement of U.S. government personnel throughout Afghanistan is already severely limited. Therefore, the implementation and monitoring of USAID programming depends on contracting with implementing partners and third-party monitors; and, as USAID noted to SIGAR, implementing partners are responsible for providing their own security.⁴³⁵

Regardless of the level of U.S. funding and the continued impact of COVID-19, the ability of the United States to continue carrying out reconstruction programs will still depend on the ability of its contracted implementing partners to operate in Afghanistan amid potentially further deteriorating security conditions.

In contrast to USAID's proclamations, as violence worsens in 2021, some USAID implementing partners have noted serious security incidents that have impeded project implementation and staff movements. Recently,

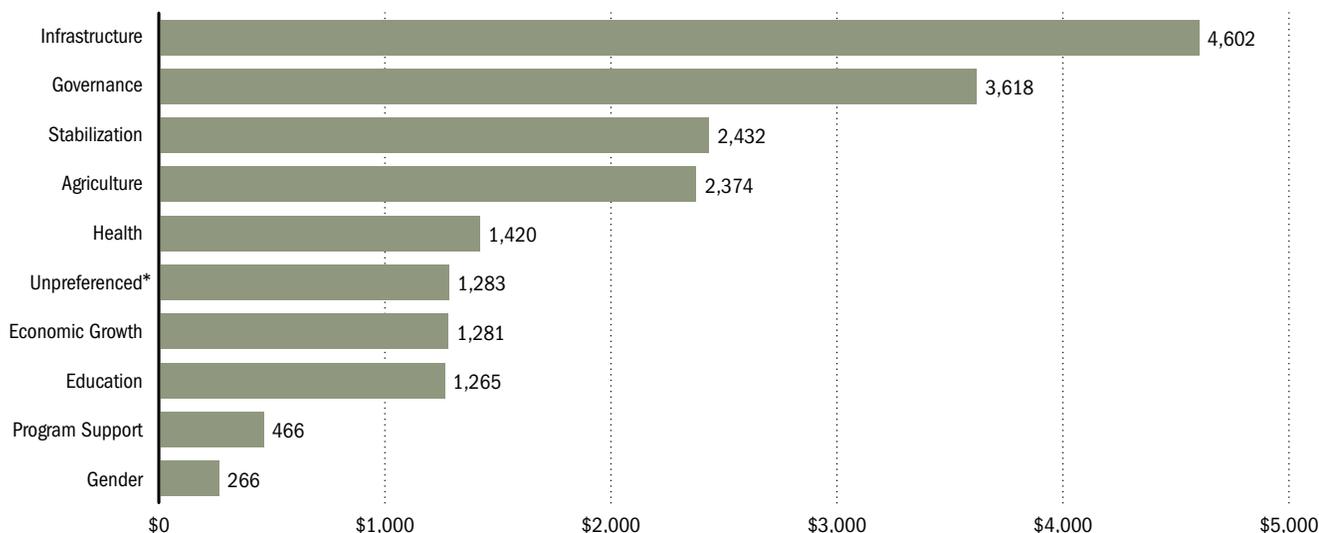
various USAID-funded project staff have been unable to freely access some implementation areas, were forced to cancel project activities, or generally limited project operations due to a variety of security-related incidents and challenges. These include threats of violence and targeted killings, explosive devices along main roads and highways, increasingly common illegal vehicle checkpoints where the Taliban have been searching for individuals associated with international organizations and the government, and large-scale attacks.⁴³⁶

Therefore, the near future of U.S. reconstruction in Afghanistan will not be threatened by the unwillingness of the United States and international partners to continue to fund and support economic and social development. They will, however, likely be impacted by insecurity and political instability, preventing contractors from effectively implementing internationally funded development projects.

As of June 30, 2021, the U.S. government has provided approximately \$36.3 billion to support governance and economic and social development in Afghanistan since 2002. Most of these funds—approximately \$21.2 billion—were appropriated to USAID’s Economic Support Fund (ESF). Of this amount, \$20 billion has been obligated and \$18.3 billion has been disbursed. Figure 2.37 shows USAID assistance by sector.

FIGURE 2.37

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF JULY 8, 2021 (\$ MILLIONS)



*Unpreferred funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.

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.

Source: SIGAR analysis of USAID, response to SIGAR data call, 7/14/2021; SIGAR analysis of World Bank, ARTF, Administrator’s Report on Financial Status as of April 20, 2021, 7/14/2021.



A Kam Air flight readies for departure beneath the control tower of the Hamid Karzai International Airport in Kabul. (NATO Resolute Support photo)

THE CHALLENGE OF TRANSFERRING CONTROL OF AFGHANISTAN'S AIRPORTS

One of the most difficult problems facing the international community after the withdrawal of most international troops is the lack of an agreement to keep Hamid Karzai International Airport (HKIA) in Kabul open. HKIA plays a particularly important role among Afghan airports by facilitating the international diplomatic presence within Kabul and international air links. A State Department spokesperson said, “We underscore that a functioning, secure airport is essential to any international diplomatic presence and will benefit Afghan travelers and the Afghan economy.”⁴³⁷

NATO has been working on a plan to turn over full responsibility for all four of Afghanistan's international airports to the Afghan government since 2020, but the plan poses risks to civil aviation and the reconstruction effort.

NATO has been transferring control of airports in Herat, Kabul, Kandahar, and Mazar-e Sharif to the Ministry of Defense, which in turn was expected to turn civilian operations over to the Afghanistan Civil Aviation Authority (ACAA). The ACAA is a government agency established in 2012 under the Civil Aviation Law to manage civil aviation activities in Afghanistan. Afghanistan's international airports have been officially under joint control of NATO and the ACAA since 2015.⁴³⁸

Kandahar airport was handed over to the ACAA on January 10, 2021. According to State, the timeline for transferring control of the remaining airports was set following President Biden's April 2021 announcement on the impending U.S. troop withdrawal from Afghanistan. In June 2021, NATO

transferred control of the airports in Mazar-e Sharif and Herat; the date of the transfer of HKIA in Kabul is still under review.⁴³⁹

Airport transfers have faced a number of financial, operational, and security challenges. As the United States continues its diplomatic engagement and development work in Afghanistan following the troop withdrawal, the country's international airports, in particular HKIA, will be vital to maintaining Kabul's international connections, allowing for diplomats and other international personnel to move into and out of the country. As U.S., NATO, and Afghan officials have stressed, an international diplomatic presence will not be possible without a secure and efficiently managed airport in Kabul.⁴⁴⁰ A properly functioning civil aviation infrastructure also can be a key driver for sustainable economic growth in Afghanistan by facilitating international trade and promoting private-sector investment in the country, while a lack of civil-aviation capability can restrict growth.

Difficulty and Delay in Bolstering Afghan Aviation Capability

Given the Afghan government's limited capacity in the early 2000s and the importance of effective airspace management for military efforts, the U.S. government provided technical assistance and financial support for the country's civil-aviation sector, disbursing over \$562 million in civil-aviation-related activities between 2002 and 2015. DOD helped to reestablish Afghanistan's airspace management and provided support for aviation-related communication, navigation, and surveillance infrastructure and operations. Their support focused on military operations, but also benefited civil aviation.⁴⁴¹

Until 2014, the U.S. Federal Aviation Administration (FAA), with financial support from State and USAID, provided direct, in-country support focused specifically on bolstering civil aviation and provided the ACAA with technical advice, training, and support for airspace operations and airport operations. Despite sustained FAA involvement, including limited air traffic control training, the ACAA did not attain satisfactory proficiency to maintain its responsibilities under the International Civil Aviation Organization. The FAA ceased direct, in-country support in 2014, but concluded a memorandum of agreement for technical assistance in 2016. However, the Afghan government made no requests for assistance until 2020.⁴⁴² While USAID has not implemented specific programs to help the ACAA assume responsibility for civil-aviation services, they have supported capacity-building at the ACAA as part of broader assistance programs, all aimed at helping the ACAA "become a better partner for Afghan businesses."⁴⁴³ USAID has provided approximately \$6.1 million since 2015 to support ACAA capacity building and strengthen air-cargo infrastructure and export processes at HKIA.⁴⁴⁴

The United States government originally intended to transfer management of Afghanistan's civil aviation to the Afghan government at the end

of 2014 with the drawdown of U.S. forces. A SIGAR civil-aviation audit in 2015 found the transfer was delayed by a year in part due to the lack of certified Afghan air traffic controllers.⁴⁴⁵ Following the delay, the Afghan government failed to award an airspace-management contract, citing high costs, which required State to fund an interim \$29.5 million DOD-managed contract through September 2015 to avoid air-service disruptions.⁴⁴⁶ SIGAR's audit further found that the Afghan government failed to use all of its overflight revenue for airspace management, despite pledging to do so, which contributed to the ACAA's inability to independently manage civil aviation operations.⁴⁴⁷

In 2015, the ACAA took over control of airspace management from the U.S. government. However, NATO's Resolute Support Mission continued to shoulder key civil-aviation responsibilities at Afghanistan's international airports, in particular the five essential aviation functions: (1) air traffic control; (2) fire, crash, and rescue; (3) safety management; (4) meteorological services; and (5) communication, navigation, and surveillance.⁴⁴⁸

In July 2019, SIGAR reported that external donor support improved ACAA operations through better training regimes that allowed the agency to conduct limited operations at the four international airports. SIGAR also observed that the ACAA remained reliant on donor support and was "not currently capable of conducting civil aviation operations without donor support, including technical, training, and financial assistance—all of which were also identified as shortfalls in our 2015 audit."⁴⁴⁹ SIGAR concluded, "Although capacity development and increased revenues appear to have put the ACAA on a path toward civilian aviation independence, the ACAA has yet to demonstrate its capacity to assume control over the five essential aviation functions."⁴⁵⁰

In 2019, the ACAA director general noted that the ACAA remained roughly two to three years away from achieving the necessary personnel, financial, and regulatory capacity to independently manage all civil-aviation responsibilities within Afghanistan.⁴⁵¹ Since then, Afghan officials have continued to express concerns over the insufficient number of trained Afghan personnel able to take over functions currently handled by NATO; COVID-19-related delays in recent NATO training of local Afghan civil-aviation staff; and the inability to manage the airports without continued international assistance.⁴⁵²

Former ACAA Director General Qasem Wafayezad recognized that the Afghan government faces a number of ongoing capacity and training issues, presenting challenges to completing this transfer.⁴⁵³ In a November 2020 interview, the director of civil aviation at Kandahar's Ahmad Shab Baba International Airport also noted that local Afghans have not been trained to run critical tasks such as air traffic control or manning the radar. He added, "Our guys are not even able to start the fire trucks. If the U.S. leaves, the

"Our guys are not even able to start the fire trucks. If the U.S. leaves, the airport will be in trouble."

Source: Stars and Stripes, "With locals untrained on key functions, US departure could mean trouble for Afghanistan's airport," 11/6/2020.

airport will be in trouble.”⁴⁵⁴ The airport was nonetheless transferred to Afghan control two months later.⁴⁵⁵

NATO training of local Afghan civil-aviation staff was delayed by COVID-19, and then canceled after determining the Afghan trainees were “not capable of being trained,” according to Kandahar Governor Hayatullah Hayat. An ACAA spokesperson, however, announced that the Afghan government would be able to take control of the international airports by May 2021, adding that “some of our foreign colleagues will still be coordinating with us in some of the sectors of the airports after the handover is finished.”⁴⁵⁶

Challenges in Transferring Control of Afghan Airports

NATO’s turnover of airport management to the ACAA during 2021 has faced challenges that have hindered airport operations. Following the transfer of the Kandahar airport on January 10, 2021, the ACAA’s limited capacity to manage the aviation functions NATO previously ran has restricted civilian operations to daylight hours. Airlines have complained that this inhibits their ability to satisfy passenger preferences for arrival and departure times.⁴⁵⁷

To support airport operations, the ACAA issued two calls for proposals for contractors to operate air traffic control and ground services at the Kandahar airport, but State informed SIGAR this quarter that the ACAA is still seeking a contractor that can effectively operate the airport within the ACAA’s budget constraints. The ACAA maintains that it has ongoing challenges with retaining sufficient qualified personnel that can manage, maintain, and operate Afghanistan’s airports.⁴⁵⁸

Questions remain, in particular, for the future of HKIA, which has been run and secured by Turkey under the auspices of NATO’s Resolute Support Mission; Turkey has around 500 troops stationed in Afghanistan.⁴⁵⁹ ACAA representatives have raised concerns about their ability to maintain the runway and equipment at HKIA unassisted, as well as their lack of mid-level managers to supervise technical staff.⁴⁶⁰ In early June 2021, the Turkish government agreed in principle to continue to run and secure HKIA. The Turkish Defense Minister stated that this is subject to certain conditions including “political, financial, and logistical support” from its NATO allies. On July 9, Turkish President Recep Tayyip Erdogan announced that the United States and Turkey had reached an agreement on the “scope” of Turkish assistance, with the details about a future Turkish role in airport operations still being discussed.⁴⁶¹ The Turkish government also said it would not send additional troops to Kabul.⁴⁶² During a visit to Turkey later that month, Afghan Foreign Minister Mohammad Haneef Atmar welcomed the Turkish and other international support for Afghanistan’s civil aviation sector.⁴⁶³

During the June 14, 2021, NATO Summit in Brussels, participants agreed to continue to provide financial support to HKIA, at least in the interim as NATO forces withdraw.⁴⁶⁴ NATO's North Atlantic Council instructed the NATO Support and Procurement Agency to continue funding existing contracts that support aviation operations at HKIA.⁴⁶⁵

In response to efforts to maintain the Turkish presence at HKIA, the Taliban announced that this would be “unacceptable” and asserted that any continued Turkish military presence will violate the U.S.-Taliban agreement of February 2020—a view shared by the Russian presidential envoy for Afghanistan, Zamir Kabulov. A Taliban spokesperson warned, “If foreign forces want to retain a military presence here in the name of airport security, Afghans will not allow it and will view them as invaders, be it Turkey or any other country.”⁴⁶⁶

Afghanistan's Civil Aviation Sector and the COVID-19 Pandemic

The airport transfers come as the ACAA and the Afghan civil-aviation sector struggle to overcome the financial losses caused by the COVID-19 pandemic. The Afghan government grounded domestic flights on April 21, 2020, and resumed them on June 17. On June 13, however, international airlines had suspended most air travel to Afghanistan due to the spread of COVID-19, following a period of gradual reduction. At the end of 2020, the revenue generated by the ACAA, largely from fees for the use of Afghan airspace and airports, declined by 28% compared to the previous year.⁴⁶⁷ In recent years, ACAA's revenue has on average made up around 4% of Afghanistan's sustainable domestic revenues.⁴⁶⁸ The ACAA's budget problems have further limited its ability to hire contractors and equipment to maintain the country's international airports.⁴⁶⁹

In late 2020, international air travel slowly restarted, with only three out of 11 carriers (Air Arabia, Emirates, and Fly Dubai) having resumed international flights by December 2020.⁴⁷⁰ As of June 2021, according to State, eight airlines were operating international flights into and out of Kabul: Pakistan International Airlines, Mahan Air, Emirates, Fly Dubai, Air Arabia, Turkish Airlines, Kam Air, and Ariana Afghan Airlines.⁴⁷¹

Afghan airlines have been banned from European Union airspace since 2010 due to safety concerns.⁴⁷² The FAA maintains that U.S. civil aviation faces a number of potential and/or indirect threats to operations in Afghan airspace, especially at low altitudes, largely due to indirect fire targeting airports and surface-to-air fire targeting aircraft operating at low altitudes, including during the arrival and departure phases of flight. The FAA also notes that civil aviation operations could be exposed to possible weaponized unmanned aircraft attacks, ground assaults on or near the airports, and the risk of insider attacks or facilitation of terrorist activity in the airports.⁴⁷³

ECONOMIC PROFILE

Afghanistan remains poor, aid-dependent, and conflict-affected, with any potential economic growth in the short term further limited by the lingering effects of the COVID-19 pandemic. Donor grants totaling at least \$8.6 billion per year (covering both security and civilian assistance) currently finance over half of the government budget. That proportion climbs to almost 80% of Afghanistan's \$11 billion in total public expenditures when off-budget (U.S.-managed) assistance is counted along with on-budget (Afghan-managed) aid.⁴⁷⁴

Increased government service provision, an economy fueled by donor funds, and artificially inflated demand produced by the large international presence rapidly improved many of Afghanistan's development outcomes until the 2014 drawdown of most international troops. After the Afghan government assumed responsibility for the fight against the Taliban insurgency, licit annual GDP growth of just under 10% dropped to low-single-digit rates.⁴⁷⁵ Since the transition to Afghan lead responsibility for security, the afghani (AFN) has depreciated against the U.S. dollar, from approximately 57 AFN to the dollar in 2014 to around 77 by the end of 2020.⁴⁷⁶

Prior to the pandemic, an estimated 55% of Afghans lived below the poverty line (defined as 2,064 afghanis per person per month or around \$1 in daily income), according to household survey data, an increase from 34% in 2008.⁴⁷⁷ While the World Bank had projected that poverty levels would rise as high as 72% during 2020 due to the socioeconomic effects of the pandemic, it now estimates that overall poverty levels actually decreased to 47.1%, as the pandemic had a less severe economic impact in rural areas than originally projected. In urban areas, however, the Bank estimated that poverty levels rose from 41.6% to 45.5% in 2020.⁴⁷⁸

Despite early projections that the effects of the pandemic would cause the Afghan economy to contract by 5% in 2020, the World Bank also estimated in April 2021 that the Afghan economy actually contracted by only 1.9% of GDP, based on preliminary data from Afghanistan's National Statistics and Information Authority (NSIA). The World Bank explains that the agricultural sector managed to grow by 5.3% as a result of favorable weather conditions and that COVID-19-related disruptions had limited impact in rural areas. On the other hand, the lockdowns and border closures severely contracted economic activity within urban and peri-urban areas in 2020, leading to contractions of 4.2% in the industrial sector and 4.8% in the service sector.⁴⁷⁹

Afghanistan has continued to receive significant levels of international assistance this quarter to mitigate the impact of the pandemic. On June 7, 2021, the International Monetary Fund (IMF) completed the first review of Afghanistan's economic reform program supported by the 42-month Extended Credit Facility arrangement approved in November 2020. The completion of this review makes \$149.4 million immediately available for



An Afghan woman gathers water in western Afghanistan. Drought conditions in 2021 are contributing to the need for increased humanitarian assistance. (Norwegian Refugee Council photo)

disbursement. These funds are intended to support Afghanistan's recovery from the pandemic, bolster economic reforms, and help catalyze donor financing.⁴⁸⁰ On June 24, the World Bank also approved a \$132 million grant to Afghanistan intended to support the country's economic recovery from the COVID-19 pandemic.⁴⁸¹

According to the UN, the number of Afghans requiring humanitarian assistance in 2021 has reached approximately half of Afghanistan's total estimated population. This figure is nearly double that of 2020, and a six-fold increase compared to four years ago.⁴⁸² In January 2021, the UN said Afghanistan's Humanitarian Response Plan for 2021 would require an additional \$1.3 billion to address the growing number of Afghans in need of humanitarian aid, including around 10 million children, stemming from a combination of ongoing conflict, drought, poverty, and COVID-19.⁴⁸³ Halfway through this year, only 23% of the required funds have been distributed.⁴⁸⁴

The need for humanitarian assistance has been heightened by the record-breaking number of Afghan migrants returning to Afghanistan. In 2020, the intergovernmental International Organization for Migration (IOM) recorded the largest return of Afghan migrants in a single year, approximately one million—almost double the count in 2019.⁴⁸⁵ Over 200,000 returned between January and March 2021, more than double the number from the same periods in 2019 and 2020.⁴⁸⁶

If the current security and political conditions hold and international support remains at the levels pledged during the 2020 Geneva Conference, the World Bank projects that Afghanistan's economy will grow by only 1% of GDP during 2021. Continued weak investor confidence and the effects of drought on the agricultural sector are hindering growth.⁴⁸⁷ Considering that

real GDP growth remains below the population growth rate, real per capita GDP is likely to decline.

In 2020, Afghanistan's Chamber of Commerce and Investment estimated that around 1,500 small-scale traders, investors, and businessmen left the country as a result of continued insecurity and corruption, accounting for at least \$1.5 billion of capital flight.⁴⁸⁸ In a number of geographic areas where the Taliban exerts some level of control, many Afghan businesses also grapple with the challenge of double taxation—paying taxes to the Afghan government and to the Taliban, who may impose higher levies than the government, further inhibiting growth.⁴⁸⁹

Even if the Afghan government controls the pandemic and successfully negotiates a peace agreement with the Taliban—perhaps the best-case scenario for Afghanistan—this will not translate immediately into sustainable licit economic growth. Many enduring barriers remain. These include widespread corruption that undermines investor confidence in the Afghan government and economy, limited skilled labor, lingering effects of near-continuous conflict over four decades, deficits in physical and institutional infrastructure, a costly trade deficit, and heavy reliance on donor support.

Following a peace agreement, Afghanistan must also reintegrate into the economy ex-combatants and potentially large numbers of Afghans returning from abroad.⁴⁹⁰ Returnees could face a weak licit labor market unable to fully absorb the large influx of laborers in the short term, potentially exacerbating already high unemployment and poverty figures.

Trade Update: Transit Trade Agreement with Pakistan Further Extended

After failing to revise the Afghanistan-Pakistan Transit Trade Agreement (APTTA), Afghanistan and Pakistan agreed to extend the existing pact for another six months. The two countries had already agreed to a temporary, three-month extension for APTTA, which originally was due to expire on February 11, 2021.⁴⁹¹ While the Pakistani government temporarily closed the border to pedestrian traffic May 5–20 due to rising COVID-19 infections, the border crossings remained open to trade under bilateral trade and transit agreements.⁴⁹²

The APTTA was originally signed between Afghanistan and Pakistan on October 28, 2010, replacing an outdated agreement from 1965. The bilateral trade agreement currently allows landlocked Afghanistan access to Pakistani sea and land transit routes for international trade, in particular exporting goods to India, one of Afghanistan's main trading partners, and allows Pakistan to use Afghan territory to move goods into Central Asia. The current agreement does not, however, allow Pakistani territory to be used for Indian exports to Afghanistan. Afghan trucks that carry Afghan goods to the Wagah border crossing between India and Pakistan are not permitted to return with Indian goods.⁴⁹³ At the end of April 2021,

Afghan exports to India dropped to near zero; Indian border officials attributed this decline to India's recent struggles with a devastating surge in COVID-19 cases.⁴⁹⁴ The key disagreement over a revised APTTA relates to Afghanistan's insistence that it be signed under international law and the World Trade Organization (WTO) framework, which Afghanistan joined in 2016. Under WTO rules, Pakistan would be required to allow the free movement of goods through its territory between India and Afghanistan. Pakistani officials have refused to agree to this point, citing security concerns amid Pakistan's enduring rivalry with India.⁴⁹⁵

Overall, trade between Pakistan and Afghanistan has recently declined. Pakistan has consistently been one of Afghanistan's primary trading partners. However, over the first nine months of the current fiscal year, Pakistani exports to Afghanistan declined by 5.5%, according to data released by the State Bank of Pakistan.⁴⁹⁶ Trade between the two countries fell by 29% during 2020 due to the pandemic-related border closures.⁴⁹⁷

Since the first phase of its operations was inaugurated in December 2017, the Chabahar Port on Iran's Arabian Coast, developed jointly with India, has been held up as a means for trade between Afghanistan and India to bypass Pakistan. It was also expected to increase landlocked Afghanistan's access to international maritime trade.⁴⁹⁸ For these reasons, the State Department exempted Chabahar and its attached railway network from U.S. economic sanctions leveled against Iran in November 2018.⁴⁹⁹

Yet, according to State, Chabahar Port has had limited impact in increasing Afghan trade even amidst the constraints on trade with and through Pakistan. Despite the exemption for Afghan trade through Chabahar, many Afghan businesses remain hesitant to use the port facilities. Afghan traders also have reported that insurance companies, banks, and other business service providers refuse to operate through the port for fear of U.S. sanctions.⁵⁰⁰

Trade with Central Asian Neighbors

While trade between Afghanistan and Pakistan has faltered, Afghanistan has worked to improve its economic connectivity with Central Asian countries. During this quarter, Afghanistan and Uzbekistan marked the opening of a trans-Afghan shipping corridor between Uzbekistan and Pakistan. On May 11, 2021, Uzbek cargo trucks reached the Torkham border crossing between Afghanistan and Pakistan after crossing Afghan territory. An initiative of the Uzbek government, the opening of this route is intended to reduce the transportation costs of Uzbek goods moving through the region.⁵⁰¹

Work also continued on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline. On April 15, 2021, Turkmenistan and Afghanistan signed a Safety Concept, an annex to the agreement which includes the development of a Safety Plan and protocol for the 816-kilometer portion of the pipeline within Afghan territory. Construction on the Asian

Development Bank-supported pipeline began in December 2015, with an estimated total cost of \$8 billion, and once complete will connect the Galkynysh gas field in Turkmenistan with India, passing through Afghanistan and Pakistan.⁵⁰²

In addition, Afghanistan began construction on a \$5 million road through the difficult mountainous terrain of the Wakhan Corridor in Badakhshan Province connecting Afghanistan and China. As of mid-June 2021, the Afghan government had constructed approximately 20% of the road, which is financed entirely by the Afghan government.⁵⁰³ Once completed, the 50-kilometer road “will be used for commerce, imports and exports as well as transit” between Afghanistan and China, according to a Public Works Ministry spokesperson who added, “China has expressed a huge interest for investment in Afghanistan, particularly in the mining sector, and this road will be good for that, too.”⁵⁰⁴

Afghanistan Maintains Large Trade Deficit

Afghanistan’s economy remains highly dependent on imports, generating a severe trade deficit that is almost entirely financed through external aid. Afghanistan’s main imports include petroleum, machinery and equipment, food items, and base metals and related articles.⁵⁰⁵ In 2019, Afghanistan imported goods totaling \$7.33 billion while exporting only \$975 million worth, according to WTO data; this produced a negative merchandise trade balance of \$6.36 billion, equivalent to 30.1% of GDP.⁵⁰⁶ In 2020, amid declining imports and exports (exports fell by 2% and imports by 5%), the negative trade balance narrowed to \$5.1 billion, equivalent to 26.7% of GDP.⁵⁰⁷

The trade deficit is in part caused by Afghanistan’s low manufacturing capacity and poor domestic infrastructure, which results in a narrow export base—largely agricultural products and carpets—to limited destination markets.⁵⁰⁸ Recognizing this challenge, the Afghan government’s National Procurement Authority signed an agreement with the Afghanistan Chamber of Commerce and Industries in January 2021 that all government departments would rely on domestically produced products, despite their being on average 25% more expensive than imports.⁵⁰⁹

Banking Update: Afghan Banking Sector Slowly Recovers from COVID-19 Restrictions

The pandemic-induced economic contraction has impacted the banking sector in a number of ways and helped induce shifts in the government’s banking policy—including substantially delaying the planned merger between the state-owned Bank-e-Millie Afghan and New Kabul Bank.⁵¹⁰

The initial economic contraction associated with the pandemic decreased the banking sector’s overall deposits and increased nonperforming loans (NPLs) while broadly leading to a reduction in the demand for credit. But Afghan banks’ small loan portfolios generally helped to minimize losses.

During the previous year, Da Afghanistan Bank (DAB), Afghanistan's central bank, took several measures to mitigate COVID-related shocks to the banking sector, including the monitoring of weaker banks, a relaxation of loan classification, a reduction in banks' operational costs, and suspension of administrative penalties and fees. As a result, the banking sector saw some modest improvements by the end of 2020 with increasing deposits.⁵¹¹

During the initial pandemic-induced economic decline, bank deposits contracted as business firms increasingly drew upon their accounts in the face of declining revenues, exacerbating the banking sector's vulnerability.⁵¹² During the first four months of 2020, total bank deposits declined by 3%.⁵¹³ But by the end of 2020, the World Bank found that bank deposits actually increased as more international grants and government expenditures fueled private-sector activities, and individuals and firms sought to reduce their cash holdings amid increasing political uncertainty and insecurity. In late 2020, bank deposits reached 292.6 billion afghanis (or 19.9% of GDP), an increase from 263.8 billion afghanis (or 18% of GDP) at the end of 2019; the loan to deposit ratio fell from 15.8% in 2019 to 13.8% in 2020.⁵¹⁴

The banking sector also faced a declining demand for credit within the private sector, driven by weak business confidence in Afghanistan's economic conditions. The World Bank estimated that credit to the private sector declined by 1.1%, reaching around 3.03% of GDP by the end of 2020.⁵¹⁵ After DAB ended the freeze on loan classification and resumed the enforcement of requirements for maintaining sufficient capital in July 2020, NPLs rose from 15.7% in 2019 to 21.9% of total loans by the end of 2020, reflecting the pandemic's impact on borrowers' debt servicing and repayment capacity. Given the fact that NPLs are a lagging indicator, the true figure is likely higher. The ensuing increase in the provisioning of NPLs and a drop in returns on overseas assets, which comprise one-third of the banking sector's assets, further weighed on profits.⁵¹⁶ The small loan portfolio of Afghanistan's banking sector, approximately 12% of bank assets, helped to limit potential losses from the pandemic-induced economic contraction. As a result of the low lending levels and lack of investment opportunities, banks' liquidity generally remained high.⁵¹⁷

The Afghan private sector's reliance on banks as a source of credit remains weak, with existing private sector credit largely directed towards the trade (41%) and services (27%) sectors.⁵¹⁸ According to the Asian Development Bank, Afghan banks only provide a line of credit to around 5% of micro, small, and medium-sized enterprises, with the remainder seeking financing largely from informal sources.⁵¹⁹ Even before the pandemic, Afghanistan's small banking sector was severely limited in its ability to finance private investment and support economic growth. With an economy heavily reliant on the informal sector—85% of Afghan adults lack access to formal financial services—DAB estimates that only 3.9% of businesses rely on banks to finance capital expenses, with only 0.8% using banks to finance

investments due to both demand and supply constraints. Those constraints include high interest rates and collateral requirements, lack of expertise, and limited access in rural areas.⁵²⁰

Fiscal Update: The Challenge of Insufficient Domestic Revenues

This quarter, Afghanistan's domestic revenues continued to rebound following a decline in the previous fiscal year due to the COVID-19-induced economic downturn, SIGAR analysis of Afghan government accounting data showed. Through the first six months of FY 1400 (December 2020–December 2021), Afghanistan's sustainable domestic revenues increased by 22.6%, year-on-year (Figure 2.38). However, domestic revenues remained 2.7% below revenue levels during the same period of FY 1398.⁵²¹

Expenditures over the first six months of FY 1400 (Figure 2.39), meanwhile, decreased overall by 5.4%.⁵²² The Ministry of Finance (MOF) informed SIGAR that the expenditure decline during the first quarter of FY 1400 was a result of delays in the Afghan parliament approving an FY 1400 national budget.⁵²³ In February 2021, following weeks of debate in which the draft budget was twice rejected, the Afghan parliament approved a 473 billion afghani (approximately \$6 billion) national budget for FY 1400, comprising some \$4 billion for the regular budget covering government operations and \$2 billion for the development budget. Only 46% of the FY 1400 budget is funded by domestic revenue sources. With the passage of the budget, expenditures are anticipated to continue to increase in the coming months.⁵²⁴

Afghanistan consistently has insufficient domestic revenues to cover government expenditures, offsetting deficits with international grants. Figure 2.40 demonstrates this trend in recent years, with **sustainable domestic revenues** covering on average only 43% of Afghan government expenditures. This problem has only worsened as domestic revenues have stagnated while government expenditures have steadily increased.⁵²⁵ Donor grants totaling \$8.5 billion per year (covering both security and civilian assistance) finance more than half the Afghan government budget and approximately 75–80% of total public expenditures (including funds not channeled through government ministries).⁵²⁶

The pandemic has aggravated the Afghan government's inability to generate sufficient domestic revenue and its heavy dependence on international assistance—long-standing challenges stemming from extreme poverty, limited capacity, persistent corruption, tax evasion, and the strength of the untaxed informal and illicit economies. Amid increasing expenditures and declining revenues during the COVID-19 pandemic, the Asian Development Bank reported that the fiscal deficit, excluding grants, increased from the equivalent of 13.9% of GDP in 2019 to 20.8% in 2020.⁵²⁷

In Afghanistan, approximately 90% of the economy is informal and, therefore, largely escapes taxation, hindering the government's financial

Sustainable Domestic Revenues:

According to Afghan Ministry of Finance officials, these are revenues such as customs, taxes, and non-tax fees. Multilateral institutions, including the World Bank and IMF, use reports of these revenues to judge the Afghan government's fiscal performance.

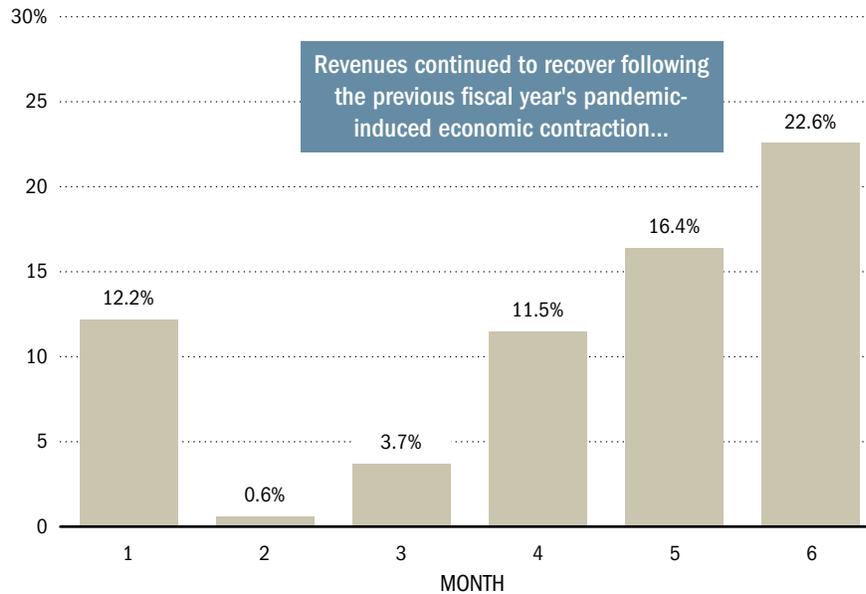
One-Off Domestic Revenues: These are nonrecurring revenues arising from one-time transfers of funds, such as central bank profits, to the Afghan government. The IMF excludes central bank transfers from its definition of domestic revenues for the purpose of monitoring Afghanistan's fiscal performance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

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

ECONOMIC AND SOCIAL DEVELOPMENT

FIGURE 2.38

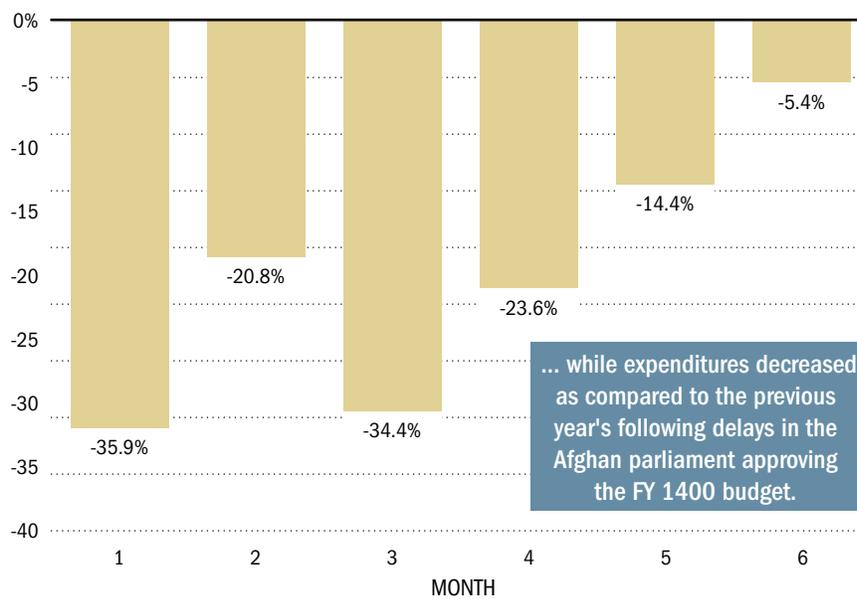
CUMULATIVE SUSTAINABLE REVENUE GAINS (FY 1399-1400) VERSUS SAME MONTH PRIOR YEAR



Source: SIGAR analysis of MOF-provided AFMIS data exported 7/12/2021 and 1/10/2021.

FIGURE 2.39

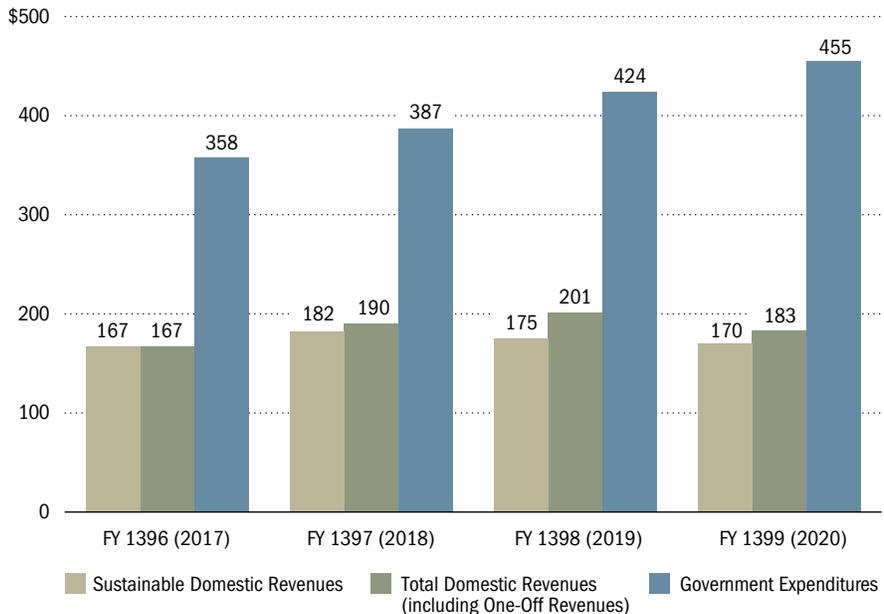
CUMULATIVE EXPENDITURE DECREASES (FY 1399-1400) VERSUS SAME MONTH PRIOR YEAR



Source: SIGAR analysis of MOF-provided AFMIS data exported 7/12/2021 and 1/10/2021.

FIGURE 2.40

AFGHAN GOVERNMENT REVENUES AND EXPENDITURES (BILLIONS OF AFGHANIS)



Source: SIGAR analysis of MOF-provided AFMIS data exported 1/10/2018, 1/12/2019, 1/6/2020, and 1/10/2021.

self-sufficiency.⁵²⁸ Members of parliament and cabinet ministers also assert that significant levels of government revenue are lost to corruption.⁵²⁹

The strength of the informal economy limits the Afghan government’s ability to benefit from the extractives sector, which Afghan officials have highlighted as potentially a significant source of revenues. A large percentage of mining activity in Afghanistan is conducted by informal or illegal small-scale operations in both government-controlled and insurgent-controlled territory, with their products smuggled out of the country.⁵³⁰ In March 2021, the Afghanistan Precious Stones Association claimed that around \$1 billion in precious stones is smuggled out of Afghanistan each year.⁵³¹

In contrast, illegal mining has increasingly become a key source of revenue for the Taliban. In areas under its control, the Taliban issues mining licenses, collects taxes and protection money from mining operations, and controls the smuggling of quarried minerals and gems abroad, in particular to Pakistan.⁵³² In late January 2021, Minister of Mines and Petroleum Mohammad Haroon Chakhansuri stated, “The Taliban are currently mining in 750 areas. This group is using the money [made from] mining against the government.”⁵³³ As a result, the formalized extractives sector has failed

to materialize as a driver of economic growth and a source of sustainable domestic revenues for the Afghan government.

For revenue derived from trade, such as customs, more than half of the total value of goods that crosses the international border flows to the informal economy. This is a substantial source of income for anti-state insurgents, other non-government groups, and corrupt officials, resulting in hundreds of millions of dollars in lost revenue for the Afghan government.⁵³⁴

As the Afghan economy has struggled to find areas of sustainable economic growth, the country has increasingly relied in recent years on remittances from Afghans working abroad, especially in neighboring Iran. By 2019, remittances accounted for the equivalent of 4.3% of Afghanistan's annual GDP, an increase from 1.2% in 2014, according to World Bank data.⁵³⁵ However, officials from the IOM estimate this figure could be as high as 15–20%, given that many remittances are sent through the informal *hawala* money-transfer system.⁵³⁶

In 2020, remittances to Afghanistan dropped by 10%, according to the World Bank.⁵³⁷ Afghans in Iran, for instance, have struggled to find work due to COVID-19 and economic sanctions, forcing many to return to Afghanistan, where they face rising levels of unemployment, poverty, and insecurity.⁵³⁸

ECONOMIC GROWTH

Under the current CDCS, USAID economic-growth programs seek to support and enhance export-led growth through direct interaction with Afghanistan's private sector, necessary for putting the country on the “road to self-reliance.”⁵³⁹ Specifically, the strategy aims to:⁵⁴⁰

- strengthen trade connections between Afghanistan and neighboring countries
- increase the competitiveness of Afghan private industry by supporting export-ready firms
- create jobs via that firm-level support and by improving the enabling environment for businesses

Even before the COVID-19 pandemic, Afghanistan's licit economic growth was too low to reduce the increasing poverty rates and improve living standards for most Afghans.⁵⁴¹ Additionally, licit export levels stagnated in 2019, despite the Afghan government's providing a majority of the transit costs for exports through subsidized air corridors to incentivize regional trade.⁵⁴² The pandemic intensified these economic challenges, adding to existing uncertainties about Afghan peace talks, deteriorating security conditions, and the level of future donor support.

USAID's active economic-growth programs have a total estimated cost of \$307 million, as shown in Table 2.20 on the following page.

The Taliban Seize Key Border Crossings

The Taliban seized six total border crossings this quarter, including four major border crossings, with the potential to deny the Afghan government significant customs revenue. On June 22, 2021, Taliban forces captured the U.S.-financed Sher Khan Bandar border crossing in Kunduz Province between Afghanistan and Tajikistan after 134 border guards and other Afghan troops fled into Tajikistan. According to a Taliban spokesperson, the Taliban have kept this crossing open to cross-border trade and have begun to collect customs revenue. In early July, Afghan officials acknowledged that the Taliban had captured the Torghundi border crossing with Turkmenistan and the Islam Qala border crossing in western Herat Province, a main gateway for trade with Iran. On July 14, there were also reports that Taliban forces seized the Spin Boldak crossing with Pakistan in Kandahar Province. This crossing is one of the busiest entry points into the country and a primary trade link between southern Afghanistan and Pakistan.

The Taliban's occupation of key border crossings could deny potentially significant levels of customs revenue to the Afghan government, further inhibiting its ability to generate sufficient domestic revenues. In FY 1399, the border crossings in Herat, Kandahar, and Kunduz Provinces generated 34.3% of the Afghan government's total customs revenues, according to Afghan government accounting data.

Source: BBC News, “Taliban capture key Afghanistan-Iran border crossing,” 7/9/2021; Reuters, “Afghan Taliban seize border crossing with Pakistan in major advance,” 7/14/2021; SIGAR analysis of MOF-provided AFMIS data exported 1/10/2021; Swiss Institute for Global Affairs, “What Recent Taliban Advances in Afghanistan Do and Do Not Mean,” 7/8/2021; Wall Street Journal, “Taliban Finds New Revenues as They Seize Afghanistan's U.S.-built Border Gateway,” 7/5/2021.

TABLE 2.20

USAID ACTIVE ECONOMIC-GROWTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Afghanistan Competitiveness of Export-Oriented Businesses Activity (ACEBA)	1/28/2020	1/27/2025	\$105,722,822	\$11,862,961
Air Export Program (AEP)	5/1/2021	4/30/2026	85,526,068	0
Multi-Dimensional Economic Legal Reform Assistance (MELRA)	2/7/2018	9/30/2024	29,990,258	9,353,137
Extractive Technical Assistance by USGS	1/1/2018	12/31/2022	18,226,206	10,067,500
INVEST*	9/28/2017	9/27/2021	15,000,000	9,910,701
Afghanistan Investment Climate Reform Program (AICR)	3/27/2015	3/26/2022	13,300,000	7,401,545
Carpet and Jewelry Value Chains	1/31/2019	4/30/2023	9,941,606	4,798,580
The Goldozi Project	4/5/2018	4/4/2022	9,718,763	5,762,818
Livelihood Advancement for Marginalized Population (LAMP)	8/1/2018	7/31/2022	9,491,153	4,996,172
Recycling Plant Value Chain in Northern Afghanistan	6/5/2019	6/4/2023	7,250,000	1,264,578
Development Credit Authority (DCA) with Ghazanfar Bank	9/1/2018	8/30/2025	2,163,000	40,015
Afghanistan Loan Portfolio Guarantee	9/27/2017	9/26/2023	665,820	732
Total			\$306,995,696	\$65,458,739

*INVEST is a USAID initiative to mobilize and support private capital investment in development markets through technical assistance, networking, and capacity building.

Source: USAID, response to SIGAR data call, 7/14/2021.

Export Processing Zone: An area established to enhance commercial and industrial exports and job creation by encouraging economic growth through investment from foreign entities, with incentives including tax exemptions and a barrier-free investing environment

Source: Thomasnet.com, "What are Export Processing Zones (EPZs)?" 12/13/2019.

USAID Seeks to Expand Afghanistan's Air Exports

USAID informed SIGAR this quarter that it is working to introduce a new Air Export Program in Afghanistan; the program is currently under procurement. Covering FYs 2021–2025, the program aims to improve air cargo policies and procedures, and to attract private investment in developing and operating export-processing areas such as **Export Processing Zones**. It also will support the modernization of Afghanistan's five key airports in Kabul, Kandahar, Mazar-e Sharif, Jalalabad, and Herat. The program's targets for its base period include:⁵⁴³

- air exports increased by at least 30%
- investment attracted for HKIA export-processing area
- at least 2,000 new jobs created as a result of program interventions
- at least three new air services agreements opened between Afghan carriers and international destinations
- World Trade Organization compliance maintained
- a Customs One-Stop-Shop implemented in one additional airport

Over the past several years, the Afghan government has taken steps to expand air exports with the ultimate goal of helping to increase private investment, address the trade deficit, and eventually wean the country off international largesse. In 2015, for instance, President Ghani established

the Afghanistan Airfields Economic Development Commission to carry out the government's plan to create Special Economic Zones (SEZs)—areas with more liberal and open investment and trade laws—at the country's airports.⁵⁴⁴ The realities of persistent insecurity and political instability, with their attendant economic effects, have slowed this effort.

Afghanistan also began an export-promotion initiative by creating government-subsidized air corridors. According to the Afghanistan Chamber of Commerce, Afghan government funds have covered around 83% of shipment costs for flights to New Delhi, India; 80% of shipment costs for flights to Mumbai, India; and 70% of shipping costs for flights to Europe.⁵⁴⁵ While trade across Afghanistan's land borders was severely limited by periodic border closures and delays due to the pandemic, the government-subsidized air corridors allowed exports sent through air cargo to remain steady or even increase. For example, exports to China increased by 78.5% in 2020 as compared to the previous year.⁵⁴⁶

The WTO, which Afghanistan joined in 2016, prohibits export subsidies as they provide an unfair competitive advantage to recipients and therefore distort market dynamics. The WTO does allow for exceptions in specified least-developed countries, including Afghanistan, but only temporarily until certain economic benchmarks are reached.⁵⁴⁷

While the purpose of the air corridor initiative has been to expand Afghanistan's air exports, it has had the effect of making export firms reliant on government subsidies to fund their transportation costs rather than facilitating the creation of a robust export market, combined with the other economic challenges which businesses face. Following delayed parliamentary approval of the FY 1400 budget and other financial difficulties, the Afghan government fell behind on air corridor subsidy payments to freight transport companies, effectively suspending the program. By mid-April, for instance, carpet exports had fallen by approximately 90%, according to participating businesses, who argued that they cannot afford to send their products abroad without the Afghan government subsidizing their transportation costs.⁵⁴⁸ As of July 8, 2021, the Afghan government had not yet resumed its air-corridor subsidy payments.⁵⁴⁹

AGRICULTURE

Licit agriculture has served as the foundation for Afghanistan's formal economy and one of its primary exports. The agricultural sector directly employs approximately 40% of the country's labor force and directly or indirectly supports an estimated 80% of the total population.⁵⁵⁰ The service sector has risen in prominence, but agriculture has been a key driver of GDP growth and developing that sector remains a priority for external donors.⁵⁵¹

In recent years, Afghan farmers and agribusinesses have struggled with the effects of nearly four decades of conflict, poor market conditions,

SIGAR CONDUCTS EVALUATION OF USAID'S GOLDOZI PROJECT

On June 8, 2021, SIGAR issued an evaluation report on USAID's Goldozi Project, a four-year, \$9.7 million project aimed to support revenue generation, job creation, and trade promotion for Afghanistan's textiles sector. SIGAR found that the Goldozi Project failed to achieve several of its targets during its first three years, including training sales agents, increasing embroiderers' incomes, and improving sales. The evaluation further noted that the COVID-19 pandemic severely curtailed the project's activities in 2020. SIGAR recommended that USAID consider withholding or delaying future funding disbursements until USAID determines whether to continue funding the Goldozi Project, potentially saving \$4.6 million in U.S. taxpayer funds.

Source: SIGAR, USAID's Goldozi Project in Afghanistan: Project Has Not Achieved Its Goals and COVID-19 Further Curtailed Project Implementation, SIGAR 21-37-IP 6/2021, ii.

the lack of cold-storage facilities for their products, and the increasing prevalence of extreme weather such as droughts and flash floods, making Afghanistan increasingly reliant on agricultural imports to meet rising domestic demand for key crops.⁵⁵²

According to the Afghan Ministry of Energy and Water, heightened temperatures combined with more frequent droughts have led to less rain and snow and to increasing evaporation of water sources. As a result, water levels in recent years have dropped by approximately 10 billion cubic meters, causing desertification and making irrigation of agricultural land even more difficult.⁵⁵³ In 2018, Afghanistan experienced a devastating drought, decreasing agricultural output by 45%. It displaced more people than fighting between security forces and the Taliban and pushed an additional two million people into food insecurity, according to the United Nations.⁵⁵⁴

USAID's current CDCS highlights these risks: "climate change-driven challenges generate deep food insecurity, especially when compounded by food transport problems from poorly maintained or flood-damaged roads and adverse conditions at border crossings." These challenges, USAID adds, have "far-reaching economic effects because Afghanistan's economy remains primarily agricultural" and "can impact the success of USAID's projects."⁵⁵⁵

Since 2002, USAID has disbursed approximately \$2.4 billion to improve licit agricultural production, increase access to both domestic and international markets, and develop income alternatives to growing poppy for opium production.⁵⁵⁶ USAID's active agriculture programs have a total estimated cost of \$296.7 million and can be found in Table 2.21. Total disbursements for State's active alternative-livelihood programs (Table 2.22)—which aim to transition opium-poppy farmers into licit agriculture—were \$109.2 million.

Drought Threatens Afghanistan's Agricultural Sector

On June 22, 2021, the Afghan government officially declared a drought.⁵⁵⁷ With less snow and rainfall through the winter months of 2020–2021, many farmers are feeling its impact. A lack of snowmelt from the Hindu Kush mountains, for instance, has led to low water levels in the Panjshir River, so that it no longer provides adequate irrigation for crops in Parwan Province. In other regions, the absence of late-winter rains has hurt the wheat harvest, driving up wheat prices in some areas by as much as one-third.⁵⁵⁸ The 2021 wheat harvest is expected to fall by as much as 31% as compared to the previous year's harvest.⁵⁵⁹ The lack of irrigation threatens to force farmers into a cycle of loans and debt to cover the costs of failed crops.⁵⁶⁰

The potential impact of drought on Afghanistan's farmers has been a concern of USAID-supported agricultural programs, which have incorporated mitigation steps. During the second quarter of FY 2021, for instance,

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 2.21

USAID ACTIVE AGRICULTURE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Strengthening Watershed and Irrigation Management (SWIM)	12/7/2016	12/6/2021	\$87,905,437	\$49,022,379
Afghanistan Value Chains–Livestock	6/9/2018	6/8/2023	55,672,170	25,761,617
Afghanistan Value Chains–High Value Crops	8/2/2018	8/1/2023	54,958,860	24,367,450
Agricultural Marketing Program (AMP)	1/28/2020	1/27/2023	30,000,000	8,215,520
Regional Agriculture Development Program-East (RADP-East)	7/21/2016	7/20/2021	28,126,111	25,545,286
Grain Research and Innovation (GRAIN)	11/8/2012	9/30/2022	19,500,000	13,559,767
USDA PAPA	9/30/2016	9/29/2021	12,567,804	961,057
Catalyzing Afghan Agricultural Innovation	5/28/2018	5/27/2023	8,000,000	3,833,620
Total			\$296,730,382	\$151,266,694

Source: USAID, response to SIGAR data call, 7/14/2021.

TABLE 2.22

STATE-INL ACTIVE ALTERNATIVE-DEVELOPMENT PROJECTS				
Project Title	Start Date	End Date	Obligated and Disbursed, Cumulative, as of 6/16/2021	
Community-Based Agriculture and Rural Development - Access to Licit Livelihoods (CBARD-ALL)	8/25/2020	5/25/2025	\$30,000,000	
Community-Based Agriculture and Alternative Development (CBARD) West	9/1/2016	4/30/2022	24,368,607	
Community-Based Agriculture and Alternative Development (CBARD) East	11/11/2017	4/30/2022	22,128,683	
Boost Alternative Development Intervention Through Licit Livelihoods (BADILL)	8/12/2016	12/30/2021	20,000,000	
Community-Based Agriculture and Alternative Development - Access to International Market (CBARD-AIM)	7/30/2019	4/30/2023	8,900,000	
Monitoring and Impact Assessment of High-Value Agricultural Based Interventions	8/30/2016	12/30/2022	3,810,530	
Total			\$109,207,820	

Source: State, INL, response to SIGAR data call, 6/16/2021.

the Agriculture Marketing Program has emphasized improved irrigation and management techniques in its farmer trainings.⁵⁶¹

Around 12.2 million Afghans, or approximately one-third of the country’s estimated population, are currently facing “crisis” and “emergency” levels of food insecurity, with drought as a contributing factor alongside poverty and the pandemic.⁵⁶² Amid high temperatures and drought conditions, there also have been reports of scarcity in drinking water in a number of areas. In Nimroz Province, civil society organizations have complained that water shortages have increased the cost of safe drinking water, making it unaffordable for many families.⁵⁶³ The worsening drought conditions and the impact on the agricultural sector could undermine the modest economic gains projected for 2021.

USAID Agricultural Program Loses Subcontractor

In the second quarter of FY 2021, the USAID-funded Regional Agricultural Development-East (RADP-East) terminated its contract with one of its subcontractors, according to the implementing partner's latest quarterly report. RADP-East works to expand the sales of agricultural goods and services in selected value chains within eight target provinces (Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul). The program provides technical services to the private sector—including farmers, agricultural processing firms, traders, and buyers—with assistance from three subcontractors.⁵⁶⁴

On February 7, the RADP-East program terminated its contract with subcontractor Relief International (RI), which managed the project's poultry value chain, after it had been suspended by USAID due to “strong indications” that the organization had breached antiterrorism legislation, donor rules, and other policies intended to guard against bribery, corruption, and terrorist financing. RI's five employees were immediately released in early February, bringing their activities to a halt. Four new short-term specialists were recruited and joined the project in April, with activities beginning again by the end of the quarter.⁵⁶⁵

INFRASTRUCTURE AND ESSENTIAL SERVICES

A major objective of U.S.-led reconstruction efforts has been to support and expand Afghanistan's physical infrastructure base, with the purpose of supporting economic development, and bolstering stability in the country and confidence in the government. Since 2002, the U.S. government has built and expanded electricity infrastructure, roads, and education and health facilities.⁵⁶⁶ USAID is still working to complete several large capital projects involving the construction of transmission lines and substations—legacy projects underpinned by the assumption that the best way to expand electricity access in Afghanistan was to build a nationwide power grid.⁵⁶⁷

By late 2020, according to data provided by Afghanistan Inter-Ministerial Commission for Energy, Afghanistan's total installed capacity for domestic power production is approximately 699 MW, versus the 2000 MW the Afghan Ministry of Water and Energy estimates the country needs. Domestic power production consists of 280.5 MW of hydroelectric power, 353.5 MW of thermal/oil plants, and 65 MW from renewable energy.⁵⁶⁸

Afghanistan's domestic energy consumption relies heavily on electricity imports from neighboring countries. To address shortfalls in domestic power production, the Afghan government spends approximately \$280 million annually to import energy associated with roughly 670 MW of electric generating capacity in neighboring Iran, Uzbekistan, Tajikistan, and Turkmenistan, according to the national power utility Da Afghanistan Breshna Sherkat (DABS).⁵⁶⁹ This makes Afghans' access to reliable

electricity vulnerable to changes (seasonal domestic demands, energy output levels, etc.) within other countries. On July 7, 2021, for instance, Iran's Energy Ministry announced it would be halting electricity exports to neighboring countries due to rising domestic power consumption amid high summer temperatures.⁵⁷⁰

Afghans' access to the power grid has increased since 2002, but only to about 30% of the population.⁵⁷¹ This limited access to reliable, grid-based power remains an obstacle to economic growth. To expand access to grid-based power, DOD and USAID have worked to connect the country's **Northeast Power System**, (NEPS) with its southeastern counterpart, the **Southeast Power System** (SEPS). An approximately 500-kilometer transmission line financed by USAID will eventually link them.⁵⁷²

However, an expansive power infrastructure remains vulnerable to persistent insecurity in many parts of the country, contributing to blackouts that undermine the reliability of Afghanistan's power production. This quarter, militants have increasingly targeted electricity pylons, causing power disruptions across the country.⁵⁷³ This is compounded by the aggregated 34% technical and commercial energy losses in transmission lines and distribution networks of the national power grid.⁵⁷⁴

In recent years, U.S. reconstruction efforts have shifted away from large capital projects like roads and transmission lines toward smaller-scale projects, including solar and wind power plants. To incentivize more private-sector investments in the energy sector, in line with the broader U.S. economic growth strategy, USAID has shared the upfront costs of constructing solar and wind power plants with independent power producers (IPPs). The profitability and commercial viability of such projects is premised on power-purchase agreements (PPA) with DABS that allow IPPs to recover their upfront costs for construction and support their ongoing operations and maintenance costs.⁵⁷⁵

With the Afghan government heavily reliant on international aid, DABS' long-term financial stability depends on either a continuation of the current level of donor assistance or on the Afghan government's ability to generate far greater domestic revenues—both areas of great uncertainty. In particular, DABS has faced lingering challenges in billing and collecting payments from its customers which have affected its cash flow.⁵⁷⁶ This problem is in part due to security issues. There have been recent reports that DABS is unable to collect payment in Taliban-controlled areas of Faryab, Kunduz, Baghlan, Helmand, Badghis, and Herat Provinces; the Taliban collected those fees. DABS's limited ability to collect payment from all of its customers contributes to rate increases.⁵⁷⁷ In late June 2021, Kabul residents complained of increasing electric bills even as service worsened with electricity available for only limited hours per day and frequent blackouts.⁵⁷⁸ The resulting rate increases inhibit many Afghans' ability to pay their electric bills, further cutting into DABS's revenue, and threatens the

NEPS: Imports electricity from Central Asia to provide power to Kabul and the communities north of Kabul.

SEPS: Draws most of its power from the Kajaki Dam and from diesel generators in Kandahar City to provide power in the Helmand and Kandahar areas.

Source: DOD, Report on Progress Toward Security and Stability in Afghanistan, 11/2013, p. 107.

SIGAR OVERSIGHT OF AFGHANISTAN'S ENERGY SECTOR

Given the U.S. government's significant investment in Afghanistan's energy sector and the importance of available, reliable power to support the overall success of the reconstruction effort, SIGAR has focused a considerable portion of its oversight portfolio on projects and programs in the sector. An ongoing SIGAR audit is examining the broad scope of U.S. investment in the Afghan energy sector since 2009, including efforts to improve generation, transmission, and distribution.

sustainability of the IPPs—which are dependent upon DABS to purchase and distribute electricity produced—and the Afghan power sector.

Some USAID Power-Infrastructure Projects Face Continuing Delays

USAID has seven ongoing power-infrastructure projects. Current USAID projects include constructing:⁵⁷⁹

- a transmission line between Ghazni and Kandahar Provinces (87.9% complete as of May 29, 2021, with an expected completion date of September 7, 2021)
- substations along the transmission line from Ghazni to Kandahar (68% complete as of April 19, 2021, with an expected completion date of July 30, 2023)
- transmission lines and substations in SEPS (41% complete as of April 19, 2021, expected completion date of July 30, 2023)
- a 25 MW wind farm in Herat Province (the notice to proceed was issued on October 28, 2020, and mobilization work began in March 2021; the contractor, 77 Construction Corporation, submitted their 95% design package to USAID for review and approval, with an expected completion date of November 7, 2022)
- a 20 MW floating solar-power plant to be constructed on the Naghlu Dam Reservoir in Kabul Province (the notice to proceed was issued on January 4, 2021; the contractor, Phelan Energy Group (PEG), submitted its design package to USAID for review and approval, with the project having an expected completion date of July 4, 2022)
- a 40 MW bifacial solar plant to be constructed in Balkh Province (this activity was awarded in July 2021; the PPA between the contractor, PEG, and DABS was signed in September 2020)
- a 25 MW sun-tracking solar plant to be constructed in Herat Province (this activity was awarded in July 2021; the PPA between the contractor, PEG, and DABS was signed in September 2020)

Three of USAID's seven active projects are delayed.⁵⁸⁰ USAID's work on SEPS evolved from a separate contract that was to be completed by November 2013—meaning it is now almost seven and a half years behind schedule.⁵⁸¹ The NEPS-SEPS connecting transmission lines and substations between Ghazni and Kandahar were to be completed by the end of 2016—meaning they are over four and a half years behind schedule.⁵⁸²

Construction on the Ghazni-to-Kandahar transmission line was halted in May 2020 as a result of the demining and reclearance contract expiring. As of May 29, 2021, construction remained halted as the demining and reclearance contract was still under procurement with DABS. According to USAID, the procurement process has been delayed by the COVID-19 pandemic.

As a result of this delay, the completion date for the transmission line was extended from December 31, 2020, to September 7, 2021.⁵⁸³

Cumulatively, USAID has disbursed approximately \$2.05 billion since 2002 to build power plants, substations, and transmission lines, and to provide technical assistance in the power sector.⁵⁸⁴ USAID’s active power-infrastructure projects have a total estimated cost of \$864.9 million and are presented in Table 2.23.

TABLE 2.23

USAID ACTIVE ENERGY PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Power Transmission Expansion and Connectivity (PTEC)	1/1/2013	12/31/2023	\$316,713,724	\$272,477,914
Design and Construct of SEPS Completion and NEPS-SEPS Connector Substations	7/3/2019	7/30/2023	175,527,284	93,415,533
Contribution to AITF (Afghanistan Infrastructure Trust Fund)	3/7/2013	3/6/2023	153,670,184	153,670,184
Engineering Support Program	7/23/2016	1/22/2022	125,000,000	99,768,283
Bifacial Solar Photovoltaic Power Plant	4/1/2021	3/31/2022	24,150,000	0
25 MW Wind Farm in Herat Province	10/22/2019	11/27/2021	22,994,029	0
Design and Acquisition of SEPS Completion and NEPS-SEPS Connector	3/7/2018	6/27/2022	20,151,240	9,668,086
20 MW Floating Solar Installation-Naghlu	1/27/2020	7/4/2022	19,630,174	3,569,975
Partnerships for Enhanced Engagement in Research (PEER) grants	7/25/2011	7/23/2021	5,440,647	5,440,647
Energy Loss Management Visualization Platform Activity	1/25/2020	1/24/2022	1,579,973	789,986
Total			\$864,857,255	\$638,800,608

Source: USAID, response to SIGAR data call, 7/14/2021.

Power Generation at Kandahar Solar Power Plant at Risk

On October 16, 2019, the 10 MW Kandahar Solar Power Plant, the first private-sector investment in Afghanistan’s renewable energy sector, began commercial operations. USAID provided \$10 million in incentive funds for Dynasty Oil & Gas Private Limited to build, own, and operate the plant. In addition, Dynasty signed a 15-year PPA with DABS, which constructed a 6.5 kilometer transmission line connecting the plant to the national power grid. USAID commended the construction of this power plant as establishing “a model approach for the Ministry of Energy and Water and DABS to successfully attract additional private sector investments in energy projects in Afghanistan.” This model is currently being applied to other USAID investments in Afghanistan’s renewable energy sector.⁵⁸⁵

While the Kandahar Solar Power Plant has been generating electricity, DABS is not using all of the electricity generated and has outstanding payments of approximately \$1.1 million owed to Dynasty. Dynasty



The USAID-supported 10 MW solar power plant in Kandahar Province. (USAID photo)

SIGAR CONDUCTS INSPECTION OF KANDAHAR SOLAR POWER PLANT

On April 5, 2021, SIGAR released an inspection report on Kandahar Solar Power Plant. Based on site visits to the power plant from August 31 to September 3, 2020, SIGAR found that the construction of the plant by Dynasty Oil & Gas Private Limited generally met the contract requirements and the plant is producing electricity. Yet, the inspection uncovered a number of problems with the plant. SIGAR found Dynasty had installed prohibited piping from Iran; some of the electrical workmanship was substandard and created a fire-safety hazard; and several maintenance issues had appeared, including nonfunctional security cameras, cracks in the boundary wall and the control building's roof, and missing mortar in the boundary wall's foundation.

Source: SIGAR, Kandahar Solar Power Plant: Project Was Generally Completed According to Contract Requirements, SIGAR 21-30-IP, 4/5/2021, iii.

representatives informed SIGAR that there have been technical difficulties and instability in the power grid preventing DABS from accepting and using all of the solar power generated, necessitating frequent plant shut downs. Between October 2019 and September 2020, the amount of electricity which was unable to be delivered exceeded 50% of all electricity generated at the plant for five of the 12 months. In December 2019, the amount of undistributed electricity peaked at 93.7% of electricity produced by the plant. In order to mitigate electricity delivery issues, DABS has procured additional reactive capacitor banks.⁵⁸⁶

However, DABS has refused to pay for all the electricity generated. DABS was unable to distribute energy from the plant due to technical problems with the grid, although the PPA stipulates that the Afghan utility must purchase all electricity regardless of whether it was distributed. DABS asserts that Dynasty was 180 days late in completing construction of the plant and bringing it online. Therefore, DABS officials believe that Dynasty owes financial damages incurred by this delay. This dispute has been referred to the Afghan courts. Until the courts settle the matter, DABS will not pay any energy invoices for electricity produced but not distributed.⁵⁸⁷

By September 2020, these outstanding payments added up to \$825,011. Combined with other delayed payments, the total amount owed to Dynasty is approximately \$1.1 million. Not only is almost half of the electricity generated wasted due to technical problems with the grid, but Dynasty officials informed SIGAR that the unpaid invoices contribute to cash-flow problems that put the viability of the solar power plant at risk.⁵⁸⁸

While the PPA and plant operations are outside of the scope of USAID's support for the Kandahar Solar Power Plant, the problems that have arisen between Dynasty and DABS threaten to undermine the sustainability of USAID's investment in Afghanistan's power infrastructure, especially with this model of financial support being used for new renewable energy projects.⁵⁸⁹

Escalating Violence Threatens Afghanistan's Power Infrastructure

According to DABS, at least 35 electricity pylons have been damaged or destroyed in explosions over the previous six months.⁵⁹⁰ In early May, Kabul was plunged into a blackout after two power pylons 30 kilometers outside of the capital city were destroyed in an explosion.⁵⁹¹ In early June, unknown assailants blew up another electricity tower in northern Kabul, cutting off the electricity to several parts of the country.⁵⁹² On June 8, DABS officials announced that an electricity tower in Herat's Kohsan City near the Iran border exploded, cutting off electricity imports from Iran to Herat Province.⁵⁹³ In late June, Kabul once again suffered severe power outages when unknown attackers destroyed a pylon in Parwan Province.⁵⁹⁴ USAID

informed SIGAR this quarter that no U.S.-funded power infrastructure has been affected by these attacks.⁵⁹⁵

The targeting of pylons and transmission lines has disrupted the electricity supply in Kabul and seven other provinces and raised concerns over the stability of both domestically produced and imported power.⁵⁹⁶ The resulting power outages continue to inflate the operational costs of many Afghan companies, which are forced to rely on generators for electricity.⁵⁹⁷

In a June 9 statement, USAID Mission Director in Afghanistan Dr. Tina Dooley-Jones stated, “Destroying infrastructure helps no one. It creates untold suffering. The Government of Afghanistan knows we all lose when the lights go out, when people cannot move from one district or province to another, or when parents cannot send their children to school because the building no longer exists.”⁵⁹⁸

EDUCATION

USAID-funded education programs aim to increase access to, and improve the quality of, both basic and higher education, while also building the management capacity of the Ministry of Education (MOE) to develop a self-sustaining national education system in the long term. The premise of USAID’s strategy is that gains in social development, including a strong education system, will help to bolster Afghan confidence in the government, improve the overall “stability and inclusivity” of the country, expand “civic participation,” and “create the conditions necessary for peace.”⁵⁹⁹

With one of the youngest populations in the world—more than 40% of the Afghan population is aged 14 or younger—developing a quality education system serves as a long-term investment in human capital for the Afghan economy and for a democratic system of government as well as individual self-reliance.

Despite donor assistance, Afghanistan has struggled to improve its education outcomes in recent years in the face of MOE’s capacity issues and continued insecurity; many students, particularly girls, remain out of school. Reports indicate that the Taliban have threatened people within areas under their control, saying girls should not attend school beyond the seventh grade, which limits their prospects.⁶⁰⁰ Since 2002, USAID has disbursed approximately \$1.3 billion for education programs, as of July 8, 2021.⁶⁰¹ The agency’s active education programs have a total estimated cost of \$183.8 million and can be found in Table 2.24 on the following page.

Afghan Schools Close Again Amid Surge in COVID-19 Cases

Due to the surging COVID-19 cases, the Ministry of Public Health (MOPH) closed all schools in 16 provinces on May 29, 2021, for the third time since the beginning of the pandemic. The MOPH conducted no contact tracing or other specific analysis to measure the relationship between schools and

“Destroying infrastructure helps no one. It creates untold suffering. The Government of Afghanistan knows we all lose when the lights go out, when people cannot move from one district or province to another, or when parents cannot send their children to school because the building no longer exists.”

—Dr. Tina Dooley-Jones, USAID Mission Director in Afghanistan

TABLE 2.24

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Advancing Higher Education for Afghanistan Development (AHEAD)	8/5/2020	8/4/2025	\$49,999,917	\$2,606,464
Strengthening Education in Afghanistan (SEA II)	5/19/2014	3/31/2022	49,828,942	43,337,905
Textbook Printing and Distribution II	9/15/2017	12/31/2021	35,000,000	4,333,950
Capacity Building Activity at the Ministry of Education	2/1/2017	1/31/2022	23,042,634	20,783,640
Technical Capacity Building for AUAF	2/1/2021	1/31/2022	18,947,149	4,177,757
Financial and Operational Capacity Building for an Afghan Higher Education Institution	4/8/2021	4/7/2022	7,000,000	24,936
Total			\$183,818,642	\$75,264,653

Source: USAID, response to SIGAR data call, 7/14/2021.

COVID-19 transmission.⁶⁰² As part of the vaccination campaign launched in February 2021, the Afghan government had included teachers on the list of professions prioritized to receive the vaccine in an effort to ensure that schools remained open and teachers stayed safe. As of June 1, 2021, 79,734 teachers had been vaccinated out of around 400,000.⁶⁰³

To reduce the spread of COVID-19, the Afghan government initially closed schools on March 14, 2020. Schools had a phased reopening from August to October 2020, but as Afghanistan faced a second wave of COVID-19, the Afghan government announced in late November 2020 that schools would once again close with final exams postponed until the following year.⁶⁰⁴

Afghan schools reopened and held their postponed exams this quarter. Beginning on February 28, 2021, grades 4–12 held their end-of-year exams and, on March 10, grade 1–3 exams were held. In some highly populated cities like Kabul, schools opened on February 28, 2021; in colder areas, the new school year began on March 23, 2021.⁶⁰⁵ Universities resumed classes on March 6, 2021. Following the reopening of schools, there were reports that many students were not observing health-care guidelines regarding wearing masks and social distancing. In late March 2021, the MOE announced it was launching an awareness program among teachers to ensure these guidelines are followed.⁶⁰⁶

Despite the MOE working to ensure students have remote access to educational material and coursework during the school closures, such efforts have been hampered by lack of electricity, electrical load shedding, and limited internet access. Only 14% of Afghans use the internet, according to World Bank data.⁶⁰⁷

In September 2020, the nongovernmental organization Save the Children found that 64% of children had no contact with teachers during the school

closures and eight in 10 children believed that they had learned little or nothing during school closures.⁶⁰⁸ Save the Children further reported that with limited access to remote-learning options, only 28.6% of enrolled students were able to access distance-learning programs through television, 13.8% through radio, and just 0.2% through the internet.⁶⁰⁹

To better understand the impact of the pandemic on the education sector, USAID's mission in Afghanistan is implementing a Loss of Learning and Associated Factors assessment to gauge the impact of COVID-19 and resulting school closures on students in Afghanistan, at a total estimated cost of \$450,000.⁶¹⁰ The assessment is being conducted by the Research Triangle Institute (RTI), which was originally scheduled to begin collecting data in Herat Province in June 2021. This has been delayed due to further COVID-related school closings. After collecting this initial data once schools reopen, RTI will present its preliminary findings. In September 2021, at the beginning of the new school year, RTI will begin collecting data in Nangarhar Province. USAID informed SIGAR that data collection is planned only for Herat and Nangarhar Provinces.⁶¹¹

The assessment will look at how severely different subgroups of children experience the impact of lost time in school and how likely those different subgroups are to return to school. The assessment will also look at the associated factors that may help or hinder students' return to school. Results will be used to formulate recommendations for the Afghan government and its developing partners to consider and adequately support student learning following the protracted disruptions caused by the global pandemic.⁶¹²

Troubled USAID Program Begins Printing Remaining Textbooks

USAID informed SIGAR this quarter that letters of credit have been issued for printing a portion of the textbooks in its Textbook Printing and Distribution II project.⁶¹³ This on-budget project with the Ministry of Education, launched in September 2017, originally planned to print and distribute 135 million textbooks to Afghan schools through three phases, at a total cost of \$75 million.⁶¹⁴ So far, a total of 12.2 million textbooks have been printed and distributed to provincial and district education departments.⁶¹⁵

However, after printing 12.2 million Dari and Pashto textbooks for primary education as part of the first phase of the project, the original contractor, Baheer Printing and Packaging in Kabul, had its contract cancelled for falsifying certification documents during the bidding process. In January 2020, the MOE and National Procurement Authority awarded new contracts to three international firms for the remaining 37 million textbooks of the first phase.⁶¹⁶ They also made the decision to limit the project to its first phase only, which, at 49.2 million textbooks total, was less than half the number originally planned, and subsequently extended the contract until December 31, 2021.⁶¹⁷ USAID informed SIGAR that it expects all remaining

Escalating Violence Targets Female Students in Kabul

In the afternoon of May 8, 2021, a series of explosions outside of Sayed ul-Shuhada High School in western Kabul killed at least 90 people and injured more than 100, many of them female students leaving class. The school hosts classes for girls in the afternoon; boys' classes are held in the morning. The attack occurred in the same neighborhood, a predominantly Hazara area, as an October 2020 suicide bombing of an education center that killed 24 people, most of them students.

The Afghan government blamed the Taliban for the attack, though the Taliban denied involvement. No group claimed responsibility. Afghan National Security Advisor Hamdullah Mohib stated, "Right now, the Taliban are not fighting us in conventional warfare. They attack us where we're weakest. Our front line are our mosques, they're our streets, they're our schools, they're our universities. Any place the Taliban can attack is a front line for us now." On May 16, parents of the victims in the attack demonstrated in Kabul, demanding that the Afghan government provide greater security for schools.

Source: Associated Press, "Victims' Families Ask Afghan Govt for School Security," 5/16/2021; CBS News, "As U.S. leaves Afghanistan, emboldened extremists lash out at the softest targets," 5/17/2021; New York Times, "Bombing Outside Afghan School Kills At Least 90, With Girls as Targets," 5/8/2021.



An Afghan classroom uses USAID-supported textbooks and teaching materials. (USAID photo)

textbooks to be printed and distributed to provincial education directorates by November 30, 2021, subject to the books meeting the technical specifications of the contract with the printers.⁶¹⁸

Teachers, students, and members of parliament have complained of the lack of textbooks in Afghan schools, a challenge which students say has hindered their ability to study. Combined with insufficient educational materials, schools also face a teacher shortage. An MOE spokesperson stated that the country's schools require at least 50,000 more teachers; there are currently around 400,000 teachers for approximately 9.7 million students.⁶¹⁹ In May 2021, the MOE announced that the government is recruiting additional temporary, contract-based teachers to address the teacher shortage.⁶²⁰

HEALTH

Since late February 2020, Afghanistan's already weak and still fledgling health system has been overwhelmed by the COVID-19 pandemic, like those of many other countries. Even before the pandemic, Afghanistan's health-care system was hampered by a lack of resources and struggled to contain outbreaks of treatable diseases due to poor access to health-care services stemming from continued insecurity, repeated population displacement, and insufficient resources. Afghanistan and Pakistan are the only two countries in the world in which polio remains endemic. In 2019, Abdullah Abdullah, then serving as Afghanistan's chief executive, said "With what we spend on a single day of war, we could build a state-of-the-art hospital." Afghans who can afford it often seek medical treatment abroad, particularly in Pakistan, India, and Turkey; Afghans spend around \$300 million a year for medical care outside the country.⁶²¹

Health-care services also continue to be affected by the escalating violence.⁶²² On May 5, a bombing targeted a minibus of health-care workers in Kabul, killing one and wounding three, and on June 15, five polio vaccinators were shot and killed in Nangarhar Province. These attacks this quarter followed a March attack against three polio vaccinators in Jalalabad.⁶²³ On June 23, militants targeted a hospital in Kunar Province, firing rockets into it; while there were no casualties in the attack, the resulting fire destroyed key medical supplies including COVID-19 and polio vaccines.⁶²⁴

During 2020, the United Nations Assistance Mission in Afghanistan (UNAMA) verified 90 attacks (71 attributed to the Taliban) which impacted health-care service delivery, both direct attacks against health-care facilities and providers and indiscriminate attacks causing incidental damage to health-care facilities and their personnel. This figure was a 20% increase from the previous year. Additionally, the Taliban continue to threaten health-care facilities and abduct health-care workers to force them to provide medical care to its fighters, provide medicines, pay special taxes, or to close down and relocate to other areas. Due to the security-related closure

of health facilities, UNAMA estimates that up to three million Afghans were deprived of essential health-care services.⁶²⁵

U.S. on- and off-budget assistance to Afghanistan’s health sector totaled more than \$1.4 billion as of July 8, 2021.⁶²⁶ USAID’s active health programs have a total estimated cost of \$305.2 million, and are listed in Table 2.25.

TABLE 2.25

USAID ACTIVE HEALTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 7/8/2021
Assistance for Families and Indigent Afghans to Thrive (AFIAT)	7/10/2020	7/9/2025	\$117,000,000	\$8,155,501
Urban Health Initiative (UHI)	10/14/2020	10/13/2025	104,000,000	5,547,051
Disease Early Warning System Plus (DEWS Plus)	7/1/2014	6/30/2022	54,288,615	34,588,615
Sustaining Health Outcomes through the Private Sector (SHOPS) Plus	10/11/2015	9/30/2021	13,025,000	12,014,261
Afghanistan Demographic and Health Survey (ADHS) Follow-On	10/9/2018	9/9/2023	10,500,000	5,548,814
Central Contraceptive Procurement (CCP)	4/20/2015	11/28/2023	3,599,998	1,599,999
Sustaining Technical and Analytic Resources (STAR)	5/1/2018	9/30/2023	2,186,357	1,100,362
TB Data, Impact Assessment and Communications Hub (TB DIAH)	9/24/2018	9/24/2023	600,000	596,946
Total			\$305,199,970	\$69,151,549

Source: USAID, response to SIGAR data call, 7/14/2021.

Afghanistan Struggles with Third Wave of the COVID-19 Pandemic

Beginning in early May 2021, COVID-19 cases in Afghanistan began to rapidly increase, triggering grave concerns that the COVID-19 Delta variant first identified in India is spreading among the population: many critically ill patients in Kabul had recently returned from India or had relatives who had recently returned.⁶²⁷ By mid-June, the infection rates had skyrocketed by approximately 2,400%, according to the International Federation of Red Cross and Red Crescent Societies.⁶²⁸ Afghan public-health officials estimated that the Delta variant is responsible for approximately 60% of new infections.⁶²⁹ As of July 1, 2021, the number of confirmed cases had reached 120,216, with 4,962 deaths. Yet, a test-positivity rate of 42% suggests the actual spread, case numbers, and deaths are far higher.⁶³⁰

Afghanistan has increased its testing capacity. By the end of March 2021, the number of public-health labs had been expanded to 23 in 19 provinces.⁶³¹ Yet testing capacity remains limited, making it difficult to determine with any accuracy the spread of COVID-19.

The capacity and management problems that have hampered the public-health sector’s ability to treat COVID-19 patients and limit the spread of the disease persist as the country experiences this deadly third wave of the

pandemic. As COVID-19 cases spiked in Kabul in early June, the two primary hospitals in the city treating patients—Afghan Japan Communicable Disease Hospital and the Muhammad Ali Jinnah Hospital—were forced to close their doors to new patients because they had run out of beds. The Ali Jinnah Hospital, for instance, only has 50 beds allocated for COVID-19 patients.⁶³²

Doctors also have warned of acute shortages of oxygen and other medical supplies for COVID-19 patients in Afghanistan's hospitals.⁶³³ Acting Minister of Public Health Wahid Majroh stated, "The third wave is as high as it is out of control. The oxygen processing equipment is not enough for today's needs."⁶³⁴ The population's access to basic health equipment has also become strained as prices have drastically increased with large quantities of available supplies reportedly diverted to the black market; by June 2021, the price of a box of face masks increased from \$1 a year ago to \$15.⁶³⁵

On June 17, the U.S. Embassy in Kabul went into an immediate lockdown amid surging cases on the embassy compound, with ICU resources at full capacity. Some 95% of the cases at the embassy are among unvaccinated or partially vaccinated individuals. The U.S. Embassy also issued a health alert urging Americans to leave Afghanistan "as soon as possible" due to the surge in COVID-19 cases and the inability of the health sector to handle the increased caseload.⁶³⁶

The U.S. government sent 100 ventilators to Afghanistan in October 2020 to treat COVID-19 patients. However, the supply of associated consumables, such as ventilation tubes and plastic attachments, included in this shipment was expected to last only until June 2021, and Afghanistan cannot procure replacement parts.⁶³⁷ USAID informed SIGAR this quarter that the requisition and purchase orders for the replacement consumables were finalized and that shipments arrived in Kabul in late June 2021.⁶³⁸ The USAID mission in Afghanistan and the Bureau of Global Health also are coordinating on installing four oxygen pressure swing adsorption (PSA) plants in hospitals in Kabul, Kandahar, Mazar-e Sharif, and Jalalabad. USAID informed SIGAR this quarter that the installation and operationalization of these PSA plants have been delayed to the second quarter of FY 2022.⁶³⁹

In total, the U.S. government has provided over \$40 million in additional direct support for Afghanistan's COVID-19 response, and has expedited \$90 million, out of which \$10 million was COVID reprogrammed funds in development assistance through the World Bank, and reoriented other reconstruction programs to deal with the effects of the pandemic. The additional funding has come from the Economic Support Fund, International Counter Narcotics and Law Enforcement, and Migration Refugee Assistance accounts.⁶⁴⁰

U.S.-Funded COVID-19 Vaccines Arrive in Kabul

On June 25, 2021, the White House announced plans to donate 3.3 million doses of the Johnson & Johnson vaccine to Afghanistan through COVAX, an international program to assist with equitable access to COVID-19 vaccines, therapeutics, and tests for developing countries. The Johnson & Johnson vaccine requires only a single shot and can be stored at normal refrigeration temperatures (35.6 to 46.4 degrees Fahrenheit). On July 9, the first 1.4 million doses arrived in Kabul.⁶⁴¹

Afghanistan's vaccination campaign kicked off at a February 23 ceremony at the presidential palace, two weeks after receiving 500,000 doses (enough for 250,000 people) of the AstraZeneca COVID-19 vaccine from the Indian government. This vaccine can be stored and transported at normal refrigeration temperatures.⁶⁴² On March 8, Afghanistan received a second shipment of 468,000 doses (enough for 234,000 people) of the AstraZeneca vaccine through COVAX; this shipment also included 470,000 syringes and 4,700 safety boxes to safely dispose of used needles.⁶⁴³ On April 20, 2021, the Asian Development Bank approved a \$50 million grant to assist the Afghan government in purchasing and transporting up to 2.6 million doses of COVID-19 vaccines, in addition to supporting the capacity of the Ministry of Public Health to implement the government's vaccination program.⁶⁴⁴

After Afghanistan used up its initial supply of vaccines in late May, China sent 700,000 doses (enough for 350,000 people) of its Sinopharm COVID-19 vaccine on June 10. The Ministry of Public Health announced that it would prioritize individuals with chronic diseases or who are over the age of 50 with comorbidities to receive the vaccine.⁶⁴⁵ Like the AstraZeneca vaccine, the Sinopharm vaccine can be stored and transported at normal refrigeration temperatures, as opposed to the deep cold storage required for some other vaccines.⁶⁴⁶ The efficacy of China's vaccines, however, especially against the Delta variant, is uncertain.⁶⁴⁷ In addition to the Chinese-provided vaccines, the Afghan government expects the World Health Organization (WHO) to deliver a further three million vaccines doses by August 2021, after supply problems led to a delay from the original promised delivery date in May.⁶⁴⁸ Foreign Minister Mohammad Haneef Atmar has also announced that Afghan health officials are in discussions with the Russian government to distribute the Russian-produced Sputnik V vaccine, despite its current lack of WHO approval.⁶⁴⁹

As of July 3, 2021, the Afghan government had administered the vaccine to 909,829 individuals, with 188,847 people fully vaccinated with both doses.⁶⁵⁰ By early June 2021, up to 500,000 first and second doses were allocated to military personnel, limiting the supply available to civilians.⁶⁵¹ In some parts of the country, there have been reports of vaccine hesitancy among the population, with vaccinators struggling to administer doses before the vaccine supplies expire.⁶⁵²



U.S.-funded COVID-19 vaccines arrive in Kabul, July 9, 2021. (U.S. Embassy Kabul photo)

