

# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

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2018

QUARTERLY REPORT TO THE UNITED STATES CONGRESS





## **The National Defense Authorization Act for FY 2008 (Pub. L. No. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).**

SIGAR's oversight mission, as defined by the legislation, is to provide for the independent and objective

- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations, and to prevent and detect waste, fraud, and abuse in such programs and operations.
- means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operation and the necessity for and progress on corrective action.

Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

As required by the National Defense Authorization Act for FY 2018 (Pub. L. No. 115-91), this quarterly report has been prepared in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

Source: Pub.L. No. 110-181, "National Defense Authorization Act for FY 2008," 1/28/2008, Pub. L. No. 115-91, "National Defense Authorization Act for FY 2018," 12/12/2017.

(For a list of the congressionally mandated contents of this report, see Appendix A.)

**Cover photo:**

An Afghan shop owner arranges cages in his shop at Kabul's bird market. (AFP photo by Wakil Kohsar)





SPECIAL INSPECTOR GENERAL FOR  
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress and the Secretaries of State and Defense, SIGAR's 39th quarterly report on the status of the U.S. reconstruction effort in Afghanistan.

Terrorists struck at the very core of a free society early on Monday morning, April 30th, when 10 journalists were among at least 31 people killed in a series of attacks in Afghanistan. Nine of the journalists were killed in a suicide bombing in Kabul. A bomber disguised as a TV cameraman detonated a bomb at the scene of an earlier explosion near the U.S. Embassy and NATO's Resolute Support headquarters. Islamic State claimed responsibility. Separately on Monday, a BBC Afghan Service reporter was shot dead by unknown gunmen in Khowst Province. These cowardly attacks are part of a pattern of violence against Afghan journalists, who display great courage every day as they practice a craft essential to democracy.

This quarter, SIGAR released its third report from our Lessons Learned Program, *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan*. As discussed in Section One of this quarterly report, the new lessons-learned report examines the experience of what has been the most ambitious effort ever undertaken to develop an impoverished, previously state-dominated economy in the midst of an ongoing insurgency. The findings and recommendations it offers can help guide future private-sector development efforts in Afghanistan and elsewhere.

SIGAR initiated its Lessons Learned Program, in part, at the urging of General John Allen, Ambassador Ryan Crocker, and others who served in Afghanistan. The program is a central component of SIGAR's legislative mandate. The Inspector General Act of 1978, as well as the 2008 statute that created SIGAR, directs us to keep Congress, as well as the Secretaries of State and Defense, informed as to deficiencies related to the administration of reconstruction programs in Afghanistan. Our duties also include recommending measures to promote effectiveness and efficiency in such programs, and examining the degree to which the programs are coordinated among U.S. implementing agencies, the Afghan government, and the international community. SIGAR's first two lessons-learned reports concerned corruption and rebuilding Afghanistan's security forces. Next quarter, SIGAR plans to release two more reports dealing with stabilization and counternarcotics. Current and former U.S. and Coalition officials, as well as recognized experts in the field, have suggested topics for program reports.

SIGAR continued to work with United States Forces-Afghanistan (USFOR-A) this quarter to maximize the amount of unclassified information that could be provided to Congress and the public on the U.S.-funded mission to train, advise, and assist the Afghan National Defense and Security Forces (ANDSF). During my February visit to Afghanistan, I met with General John W. Nicholson Jr., commander of NATO and U.S. forces in Afghanistan, to discuss the increased classification of data for the quarterly report over the last two quarters. While maintaining that USFOR-A is obliged to accede to the requests of the Afghan government concerning the classification of Afghan data, General Nicholson agreed that USFOR-A would strive to provide publicly releasable information for SIGAR.

The general and his staff later met with a team from SIGAR's Research and Analysis Directorate in Kabul to discuss, among other things, a letter he sent to Afghanistan's national-security advisor requesting that 18 of 29 types of information concerning the ANDSF be made available for public release based on the treatment of similar information in both NATO and U.S. classification guides. The SIGAR team also met with the Combined Security Transition Command-Afghanistan (CSTC-A) to discuss ways to reduce the workload involved in responding to SIGAR's data call without reducing the quality of information presented in the quarterly report.

As a result of these meetings and other consultations with the Department of Defense (DOD), USFOR-A declassified or allowed the public release of several different types of data related to the reconstruction of the Afghan security forces. Among them are the assigned, or actual, force strength of the ANDSF, which the

latest figures show to be falling sharply over the last year. More information about all of the newly released data is presented in Section Three of this report.

This quarter, SIGAR issued 13 audit, inspection, and other reports. SIGAR's work to date has identified about \$2.1 billion in savings for the U.S. taxpayer.

SIGAR published two performance-audit reports this quarter. These audits examined the World Bank's Afghanistan Reconstruction Trust Fund and DOD's Commander's Emergency Response Program. SIGAR completed two financial audits of U.S.-funded contracts to rebuild Afghanistan. These financial audits identified \$89,892 in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than \$417 million in questioned costs.

SIGAR also published two inspection reports. These reports examined phases I and III of the Ministry of Interior's headquarters-construction project and phase III of the U.S. Army Corps of Engineers-led project to expand Afghanistan's Northeast Power System. SIGAR also completed one evaluation report examining DOD's efforts to supply and account for fuel in Afghanistan.

SIGAR's Office of Special Projects issued five reports on a range of issues including health facilities in Kandahar Province, procedures for collecting and screening Afghan National Army blood samples, and U.S. Agency for International Development-funded schools in Kunduz Province. Special Projects also issued three alert letters and a notification letter to relevant authorities concerning structural damage at educational facilities and structural damage to a bridge, all in Baghlan Province.

During the reporting period, SIGAR investigations resulted in one indictment, one guilty plea, three sentencing, two arrests, \$6,527,491 in restitutions, and \$264,563,451 in cost avoidance and recoveries to the U.S. government. SIGAR initiated 12 new cases and closed 31, bringing the total number of ongoing investigations to 199.

SIGAR's suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 895, encompassing 498 individuals and 397 companies.

In this, the "Year of the IG"—the 40th anniversary of the law creating a cadre of federal watchdogs—my staff and I pledge to continue providing vigorous oversight of the U.S. agencies engaged in reconstructing Afghanistan.

Respectfully,

A handwritten signature in black ink, appearing to read "John F. Sopko", with a long, sweeping horizontal line extending to the right.

John F. Sopko  
Special Inspector General for Afghanistan Reconstruction

# EXECUTIVE SUMMARY

**This report summarizes SIGAR’s oversight work and updates developments in the four major sectors of Afghanistan’s reconstruction effort from January 1 to March 31, 2018.\* It also includes an essay on promoting Afghan private-sector growth and the lessons learned from this ongoing initiative. During this reporting period, SIGAR published 13 audit, inspection, and other reports assessing the U.S. efforts to build the Afghan security forces, improve governance, facilitate economic and social development, and combat the sale and production of narcotics. During the reporting period, SIGAR criminal investigations resulted in one indictment, one guilty plea, three sentencing, two arrests, \$6,527,491 in restitutions, and \$264,563,451 in cost avoidance and recoveries to the U.S. government. SIGAR initiated 12 new cases and closed 31, bringing the total number of ongoing investigations to 199. Additionally, SIGAR’s suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and in the United States.**

## SIGAR OVERVIEW

### AUDITS AND INSPECTIONS

This quarter, SIGAR published two performance audit reports, two financial audit reports, two inspection reports, and one evaluation report.

The **performance audit reports** examined:

- The World Bank’s monitoring of the Afghanistan Reconstruction Trust Fund
- DOD’s implementation of Commander’s Emergency Response Program projects as part of the overall U.S. strategic plan for Afghanistan

The **financial audit reports** identified over \$417 million in questioned costs as a result of internal-control deficiencies and non-compliance issues. These deficiencies and noncompliance issues included ineligible travel costs and a misinterpretation of a federal acquisition regulation.

The **inspection reports** found:

- Construction at the Afghan Ministry of Interior headquarters experienced construction deficiencies, poor oversight, and increased costs.
- U.S. Army Corps of Engineers mismanagement of the Northeast Power System resulted in a system that is not permanently connected to a power source, that has not been fully tested, and that may not be safe to operate.

The **evaluation report** found:

- DOD is taking steps to improve management and oversight of fuel in Afghanistan, but additional actions are needed.

\* As provided in its authorizing statute, SIGAR may also report on products and events occurring after March 31, 2018, up to the publication date of this report.

# EXECUTIVE SUMMARY

## SPECIAL PROJECTS

This quarter SIGAR's Office of Special Projects wrote eight reports and alert letters expressing concern on a range of issues including:

- procedures for screening the blood of ANA personnel
- structural damage at educational facilities in Baghlan Province
- structural damage at a bridge in Baghlan Province

## LESSONS LEARNED

This quarter, SIGAR's Lessons Learned Program issued *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan*, which examined how the U.S. government supported private-sector development in Afghanistan since 2001 through efforts led by the U.S. Agency for International Development, with additional significant roles played by the Departments of State, Defense, Commerce, and Treasury.

## INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in one indictment, one guilty plea, three sentencing, two arrests, \$6,527,491 in restitutions, and \$264,563,451 in cost avoidance and recoveries to the U.S. government. SIGAR initiated 12 new cases and closed 31, bringing the total number of ongoing investigations to 199. SIGAR's suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

**Investigations** highlights include:

- an investigation resulting in \$264 million cost avoidance to the U.S. government
- a former U.S. Army Special Forces soldier indicted for kickbacks related to stolen government property
- an Afghan major general arrested for embezzling funds
- a former U.S. government contractor sentenced for failing to file tax returns
- a U.S. contractor sentenced for theft of government property

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“Although in early 2002 Afghanistan was considered a post-conflict nation, by 2006 it had become apparent that it was not ... In retrospect, it was unrealistic to expect sustainable economic growth in an environment in which an insurgency and other forms of insecurity and uncertainty were increasingly present.”

—SIGAR, Lessons Learned Program report,  
*Private Sector Development and Economic Growth*

# 1 PROMOTING THE AFGHAN PRIVATE SECTOR



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**Photo on previous page**

An Afghan woman operates a silk loom at a Herat weaving center supported by the Afghanistan Rural Enterprise Development Project. (World Bank photo by Graham Crouch)

# PROMOTING AFGHAN PRIVATE SECTOR

Following the U.S.-led intervention in Afghanistan in late 2001, American officials viewed private-sector development as foundational to economic growth, which in turn was seen as a key driver of security.

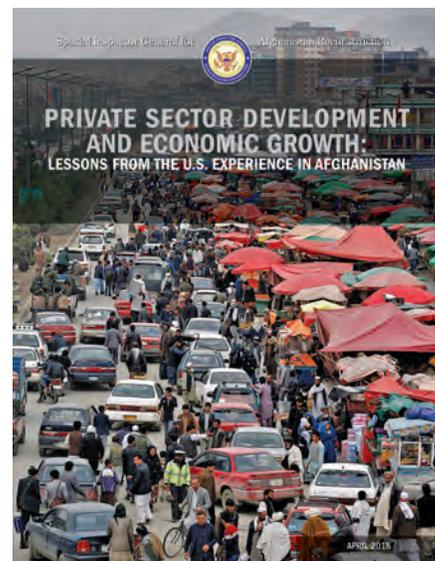
The administrations of Presidents George W. Bush and Barack Obama believed that developing a robust private sector in Afghanistan would promote security by increasing job opportunities for young men who might otherwise join the insurgency, create confidence in and legitimacy for the Afghan state, generate revenues to support public services, and reduce dependency on international aid donors. Moving Afghanistan toward a private-sector-driven, open-market economy was also seen as a way to promote electoral democracy, individual freedoms, women's rights, a free media, and other Western values.<sup>1</sup>

The resulting U.S. strategy to promote the Afghan private sector between 2001 and 2017 had some laudable successes. Between 2001 and 2012, per capita gross domestic product (GDP) increased more than five-fold, from \$117 in 2001 to a peak of \$669 in 2012. But, as noted in a new report from SIGAR's Lessons Learned Program, *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan*, that growth slowed, then stopped. The U.S. government has helped to build institutions that support private-sector growth, but it also underestimated the time needed for Afghanistan to transition to a Western-style market economy with sustainable and accountable institutions that were not under the influence of corrupt strongmen. Afghanistan is less impoverished than in 2001, but still ranks near the bottom economically among the world's nations.

SIGAR's new Lessons Learned report examines the experience of what has been the most ambitious U.S. effort ever undertaken to develop an impoverished, previously state-dominated economy in the midst of an ongoing insurgency. The findings and recommendations it offers can help to guide future private-sector development efforts in Afghanistan and elsewhere.

## THE STRUGGLE FOR ECONOMIC GROWTH

Afghanistan's history illustrates some of the obstacles confronting U.S. and other international donors' efforts to promote a market-style economy there. Prior to 1973, Afghanistan had a king and what could be called a "mixed-guided economy,"<sup>2</sup> with the agriculture, small-scale manufacturing, and trading sectors largely in private hands, and the larger-scale manufacturing sector being the province of the state. Starting in the 1930s, but



SIGAR's new Lessons Learned Program report is available online at [www.sigar.mil](http://www.sigar.mil).



**Brickyard workers** in Kabul stack bricks. (UNAMA photo by Zakarya Gulistani)

especially after World War II, the country built infrastructure and a few large industrial facilities, which were seen as symbols of modernization and were intended in part to substitute local output for imports and to increase exports.

The government also tried to maintain influence over the economy through heavy controls and mechanisms such as government-dominated purchases of some agricultural products like cotton and sugar beets, and through a system of shared ownership. Afghanistan depended heavily on imports, but in good agricultural years was self-sufficient in food grains, and it pursued a policy of import substitution in certain goods. The country sometimes posted a modest trade surplus from the primary commodities of cotton, animal skins, wool, natural gas, dried fruits, and nuts.<sup>3</sup> Remittances from Afghan migrant workers in the Persian Gulf during the oil-boom years of the mid-to-late 1970s further contributed to a relatively positive economic picture.<sup>4</sup>

USAID launched its first private-enterprise development program in Afghanistan in the early 1960s. While efforts to promote private investment in agribusiness, metals, textiles, tobacco, and furniture had limited success, USAID support in other areas, such as fertilizer supply and sheep raising, was judged successful.<sup>5</sup> Successes were attributed to establishment of investment laws and other legal foundations, support by key ministries for private investment, consolidation of ministries' responsibilities, fielding of experienced USAID technical advisors, and, critically, relative political stability. Institutional support for the private sector was fragile, however, and many structural obstacles to private-sector growth remained. USAID

concluded that the most serious obstacle to growth after Mohammad Daoud took power in a 1973 military coup was government hostility toward private-sector development. As a USAID consultant later explained, political turmoil and statist policies had combined to “sour the investment climate,” so USAID terminated its technical assistance to Afghanistan in mid-1974.<sup>6</sup>

A period of modest development and relative domestic tranquility came to a violent end with another coup in 1978. The Marxist-oriented People’s Democratic Party of Afghanistan (PDPA) killed Daoud and took the country in a more socialist direction.<sup>7</sup> The PDPA was hostile toward large landowners, businessmen, and capitalists, many of whom were killed or driven into exile. At the end of 1979, fearing that growing unrest and resistance could threaten the PDPA government, the Soviet army invaded Afghanistan. The subsequent 12 years of armed conflict caused serious economic contraction.<sup>8</sup> Markets atrophied due to destruction of infrastructure, breaks in international trade linkages, and farmers’ inability to produce for export. With President Mohammad Najibullah’s fall, the advent of a fractious mujahedeen government in 1992, and then the ascendancy of the Taliban regime in 1996, the economy continued to decline.

After the forcible removal of the Taliban in late 2001, Afghanistan found itself in a completely new and unfamiliar landscape. Globally, much had changed since 1978. Returning to the status quo ante bellum was not an option.<sup>9</sup> Since the fall of the Soviet Union and restructuring of much of Eastern Europe, the market-economy model had become standard for the developing world, apart from a few holdouts like Cuba and North Korea. In addition, changes in international tastes and an increasingly globalized economy made traditional Afghan exports like *qarakul* wool goods and dried fruit less valuable.<sup>10</sup> The Taliban regime had tolerated opium-poppy cultivation for several years, but imposed a ban in 2000 that boosted the farm-gate price ten-fold and vastly increased its profitability for the illicit economy. Prior to the ban, opium cultivation had steadily increased since the 1980s, becoming the most valuable crop and export for the Afghan economy—a trend that continues to this day.<sup>11</sup>

The U.S.-led intervention in late 2001 brought big changes with high levels of international-donor spending, resumption of more normal economic activity, reduced insecurity, and lower levels of uncertainty facing business investors, Afghanistan’s GDP grew at or near double-digit rates for the first decade of reconstruction. Between 2001 and 2012, per capita GDP increased more than five-fold, from \$117 in 2001 to a peak of \$669 in 2012.

Unfortunately, that growth has stopped. Since 2012—and especially following the U.S. and allied troop drawdowns after 2014—per capita GDP growth has been stagnant or negative, declining to \$562 in 2016.<sup>12</sup> Further, with one of the highest population growth rates in the world and nearly half of its people under 15 years old, Afghanistan will need to add 400,000

jobs annually just to keep pace with new entrants to its labor market—a situation described by an International Labor Office consultant report as a “socio-economic time bomb.”<sup>13</sup>

António Guterres, the Secretary-General of the United Nations, recently reported to the organization’s Security Council and General Assembly that the current Afghan forecast is for 3.2% economic growth, “provided that the security and political situation does not deteriorate significantly”—a heavy-duty caveat for that country. The Secretary-General pointed to “a notable decline in growth in the agricultural sector, which accounts for the largest share of the economy.”<sup>14</sup>

The Secretary-General continued, “Projected economic growth figures for Afghanistan, while improving, are not yet sufficient to absorb the hundreds of thousands of expected new entrants into the labour market in the coming years.” Accordingly, he added, “I encourage the [Afghan] Government to introduce further policy reforms that can help generate private sector growth and provide job opportunities to the next generation of Afghans.”<sup>15</sup>

The International Monetary Fund’s (IMF) December 2017 report on Afghanistan noted that the country, with international financial and security support, “has made important strides in rebuilding its economy,” but adds that it “remains conflict-affected, poor, and aid-dependent.” The IMF said Afghan authorities should prepare for less external aid as time passes, and should take pro-growth steps including “strengthening institutions, addressing corruption, building up physical and human capital, developing the financial sector, making access to financial services more inclusive, and improving the business climate.”<sup>16</sup>

The World Bank Group’s 15th annual *Doing Business* report, released in late 2017, notes that Afghanistan has recently taken some steps to improve its business climate. They include reducing the time and cost of getting a new business license, improving the process for getting electricity, and establishing credit and collateral registries. On the other hand, Afghanistan has required new businesses to pay registration fees for three years up front, increased the fees, and raised the business-receipts tax.<sup>17</sup>

The *Doing Business* report ranks 190 countries on a variety of indicators for ease, cost, and other issues in starting and operating a business. In the overall scoring, Afghanistan ranks near the bottom: 183rd. While it stands near the middle of the pack for ease of starting a business (107th), the country scores very low on measures like enforcing contracts (181st), ease of dealing with construction permits (185th), and protecting minority investors (189th).<sup>18</sup>

Some specific data comparisons in the *Doing Business* report illustrate the competitive difficulties businesses face in Afghanistan versus in other South Asian countries. For example, it takes an average of 250 days to register business property, more than twice the regional average. Enforcing a contract in court consumes an average of 1,642 days—about five years of

five-day business weeks. Complying with Afghanistan's export-documentation requirements consumes an average of 228 hours, compared to 55 in Pakistan and 38 in India.<sup>19</sup> Unlike Afghanistan, however, other countries in the South Asia region are not engaged in serious conflict with insurgents, and are not afflicted with similarly widespread corruption, which may affect Afghanistan's doing-business metrics.

The Afghan government has not been working alone to bolster its business climate. The United States and other international donors have conducted a variety of programs to promote private-sector development. USAID alone has cumulatively disbursed over \$1.2 billion since 2002 for economic-growth programs in Afghanistan.<sup>20</sup> But whether development interest is focused on Afghanistan's internal economy or on its export sector, it appears that a great deal remains to be done to fulfill the market-economy vision cited in the current constitution, ratified in 2004.

## **SIGAR TAKES A NEW LOOK AT PRIVATE-SECTOR DEVELOPMENT**

At an April 19, 2018, event at the U.S. Institute for Peace in Washington, DC, SIGAR released a new report prepared by the staff of its Lessons Learned Program. *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan* examines the history of U.S. efforts to assist private-sector development in Afghanistan, describes their outcomes, extracts lessons to guide future efforts, and offers recommendations for legislative and executive action.



**Carpet being washed** at Herat Carpet Facility, a cut-and-wash facility supported by Task Force for Business and Stability Operations. (SIGAR photo)

# PROMOTING AFGHAN PRIVATE SECTOR

The nearly 250-page report is SIGAR's third Lessons Learned product. Two earlier reports dealt with lessons from U.S. security-sector assistance programs and with corruption in conflict zones.<sup>21</sup>

The new report discusses U.S. support of private-sector development in Afghanistan since the 2001 intervention. USAID has been the main implementer of U.S. programs, but the Departments of State, Defense (mainly through its now-terminated Task Force for Business and Stability Operations), Commerce, and Treasury have also played important roles. Smaller but still significant players include the Overseas Private Investment Corporation, the U.S. Trade and Development Agency, the U.S. Trade Representative, and the U.S. Geological Survey.

Since 2002, Congress has appropriated over \$126 billion for Afghanistan reconstruction. There is no definitive way to calculate the precise amount of that funding that was devoted to private-sector development. Agencies' funding mechanisms are complex, and some overlap exists among cross-cutting programs. And in a broad sense, noncommercial programs in areas like governance and education bear on the human-capital improvements that promote private-sector development and economic progress.<sup>22</sup> However defined, private-sector development appears to account for only a small part of overall U.S. reconstruction funding.

SIGAR's Lessons Learned report focuses on two main, somewhat overlapping areas of U.S. assistance for developing the Afghan private sector:

1. Support to economic policy and governance, including developing overall economic policies and reforms, creating or strengthening government and private sector institutions, facilitating external trade, and privatizing state-owned enterprises.
2. Support to individual firms, groups, and entrepreneurs, including financing and other material support, technical assistance and training, promotion of investment, promotion of regional trade, and enabling market access.

Besides offering a chronology of program efforts by U.S. agencies, the report looks in depth at the five major areas of economic intervention: creating an enabling environment, providing access to finance, promoting investment, developing regional and international trade, and supporting enterprises.

The new report argues that the United States overestimated the pace at which Afghanistan could transition to a Western-style market economy, while U.S. financial support fostered some aid-dependent businesses. The report also describes instances of inadequate coordination within and between U.S. agencies, both civilian and military, that impeded achievement of program goals. On the other hand, the report shows how some early investments in economic reform, made in concert with allies and international organizations, promoted progress and laid a basis for future development.

# PROMOTING AFGHAN PRIVATE SECTOR

The analysis underscores the difficulty of supporting economic development in a conflict-ravaged country like Afghanistan. For example, the report shows that early signs of economic growth were mainly fueled by inflows of foreign money and were unsustainable. Meanwhile, rosy projections of progress did not take full account of Afghanistan's economic and security environment, its institutional-capacity limitations, its fraught relations with neighbors, or the impacts of corruption and powerbroker networks.

The new report carries forward the lessons-learned effort SIGAR launched in late 2014 at the urging of General John Allen, Ambassador Ryan Crocker, and others who had served in Afghanistan. The Lessons Learned Program has since become an important means of carrying out SIGAR's legislative mandate. The 2008 statute that created SIGAR directs us to keep Congress, as well as the Secretaries of State and Defense, "fully and currently informed" of deficiencies in the administration of reconstruction programs in Afghanistan. SIGAR's statutory duties also include making recommendations on policies to promote economy, effectiveness, and efficiency in those programs, and examining the extent of their coordination among U.S. agencies, the Afghan government, and the international community.<sup>23</sup>



**Women working** in a garment factory in Kabul in January 2014. (Asian Development Bank photo by Jawad Jalali)

## PREVIOUS SIGAR WORK ON PRIVATE-SECTOR DEVELOPMENT

SIGAR's Lessons Learned report represents the agency's most comprehensive assessment so far of U.S. efforts to develop Afghanistan's private sector. It incorporates a wide and deep review of official, academic, and independent-organization resources. It also builds on a body of previous SIGAR products touching on various aspects of U.S.-provided support to Afghanistan's economic policy and governance, and to individual firms, groups, and entrepreneurs.

The previous SIGAR products address U.S. efforts to develop Afghanistan's infrastructure and the agriculture and extractives industries, relevant because of their actual or potential effects on Afghanistan's broader economy. In all, 12 SIGAR performance audits (one forthcoming), two special projects, one inspection, and two other lessons learned products (one forthcoming) helped inform the new report.

In numerous cases, the topically focused examinations in SIGAR's prior body of work foreshadowed the new report's broader findings. For example, a SIGAR special project report released in 2017 highlighted that one goal of USAID's Afghanistan Trade and Revenue (ATAR) program—that 75% of customs duties be collected through e-payment systems—proved wildly unrealistic. SIGAR found that ATAR fell well short of this objective: data provided by the Afghanistan Customs Department showed that more than three years after the project began, e-payments accounted for just 0.59% of

# PROMOTING AFGHAN PRIVATE SECTOR



**Fruits from the Kandahar region** of Afghanistan are shipped to India with help from USAID. (USAID photo)

all customs duties collected.<sup>24</sup> This special project served as one data point among many, including SIGAR interviews with current and former U.S. government officials with on-the-ground experience, supporting the report’s conclusion that projections for the pace and level of progress of private-sector development were often overly optimistic, and adequately reflected neither the realities of Afghanistan’s operating environment nor the limits of U.S. and Afghan institutions.<sup>25</sup>

In other cases, previous SIGAR products provided fruitful departure points for further exploration in the more extensive Lessons Learned report. A 2012 SIGAR audit assessed the Afghan First Initiative, a policy designed to support U.S. counterinsurgency objectives by limiting competition for U.S. government contracts—initially Department of Defense procurements—to Afghan companies. SIGAR found that although one goal of the program was to increase employment, U.S. agencies did not collect data that could have formed a suitable basis for measuring the effects of Afghan First on creating jobs. In some instances, non-Afghan companies may have been selected for awards.<sup>26</sup> In addition to addressing this and other recurring oversight challenges, the new private-sector development report describes shortcomings in program design and implementation. For example, although some Afghan companies used U.S.-provided funds to grow their businesses by expanding access to markets, others became dependent on U.S. support, and were thus unable to achieve commercial sustainability in the absence of “free money.”<sup>27</sup>

Finally, SIGAR’s new report applied previous SIGAR findings in a wider setting, extending the scope of their applicability. SIGAR’s 2016 Lessons Learned report, *Corruption in Conflict: Lessons from the U.S. Experience in*

*Afghanistan*, found that the U.S. had contributed to corruption in Afghanistan by unwittingly partnering with malign powerbrokers in order to achieve stability and security objectives. U.S. officials, that report noted, failed to recognize the degree to which large sums of money associated with aid and military contracts became catalysts for corruption, especially when combined with lax contracting and oversight practices.<sup>28</sup> SIGAR's new Lessons Learned report applies this finding specifically to U.S. efforts to support Afghan enterprises, emphasizing the obstacles posed by corruption to establishing an effective "enabling environment" for private-sector development, and finding, ultimately, that corruption likely stymied economic growth.<sup>29</sup>

## WHAT DID SIGAR'S NEW REPORT FIND?

After examining the factual record, *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan* identifies nine key findings regarding the U.S. experience with private-sector development in that country. The findings are discussed at length in the report, but briefly stated, they are:

1. Afghanistan's significant economic gains in per capita income and growth in sectors such as telecommunications, transport, and construction were largely the result of post-conflict recovery and substantial foreign spending, and were therefore not sustainable.
2. Establishing the foundational elements of the economic system, including sound macroeconomic policies and capacity for public financial management, at the start of reconstruction allowed some successes and set the stage for future development.
3. Optimistic projections for the pace and level of progress did not reflect the realities of the Afghan economy and operating environment, the ongoing conflict, and the capacity constraints of Afghan and U.S. institutions.
4. Afghans have benefited from a more open trade policy, and future benefits from trade agreements and increased regional integration may continue to accrue; however, Afghanistan's physical and institutional infrastructure and political relationships with its neighbors have limited its ability to become a trade hub benefiting from regional commerce and sustainable export markets.
5. The persistence of corruption within the Afghan government, along with uncertainty about and uneven enforcement of tax and regulatory policies, discouraged economic growth.
6. Inadequate understanding or mitigation of the relationships between corrupt strongmen and other power holders limited the effectiveness of U.S. support to private-sector development in generating broad-based economic growth.



**Worker with finished marble slabs** in Herat in April 2010. (USAID Afghanistan photo)

7. Neither the Afghan government nor society was adequately prepared for the sudden introduction of a Western-style market economy.
8. The U.S. government's provision of direct financial support to enterprises sometimes created dependent, commercially nonviable entities, as well as disincentives for businesses to use local financial and technical services.
9. Insufficient coordination within and between U.S. government civilian and military agencies negatively affected the outcomes of programs.

## WHAT LESSONS DID SIGAR EXTRACT?

This report identifies 12 lessons drawn from the U.S. experience with private-sector development in Afghanistan. Building on the findings from the historic record, the lessons are presented as guidance for improving current and future efforts, whether by managing expectations, pointing out vulnerabilities and unintended consequences, highlighting best practices, or otherwise distilling experience into usable insight. Like the findings, the lessons are presented with supporting detail in the new Lessons Learned report. The headline sentences are these:

1. It is not realistic to expect robust and sustainable economic growth in an insecure and uncertain environment.
2. Establishing the foundational elements of an economic system at the beginning of a reconstruction effort sets the stage for future success.
3. Any new economic system which represents a break with a host nation's past knowledge and practice must be introduced carefully and with sufficient time to ensure adequate buy-in and the development of the robust institutions required to maintain it.
4. Spending too much money too quickly can lead to corruption and undermine the goals of both the host nation and the United States, while reducing funding too abruptly can hurt the economy.
5. Inadequate understanding and vetting of the webs of personal, sometimes criminally related, networks can allow elites to control economic activity at the expense of open and competitive markets.
6. Successful private-sector development efforts must be nested within the development of the rule of law and overall good governance.
7. The choice of a model for economic growth must realistically acknowledge a country's institutional and political environment and its physical endowments.
8. The provision of grants and below-market-rate loans can undermine commercial banks and other market-oriented institutions and create unsustainable businesses.
9. Support to businesses and government institutions needs to be tailored to the environment.

10. Clear agreements on institutional roles, responsibilities, and lines of authority, reinforced by human-resource policies that fit a post-conflict environment, are necessary for an effective private-sector development strategy and for overall development.
11. Rigorous monitoring, evaluation, and analysis—which transcend individual projects and programs—are necessary to understand the effectiveness of private-sector development interventions.
12. Investments in human capital have significant returns, although it may be years before they are realized.

## WHAT RECOMMENDATIONS WERE MADE?

In addition to presenting and analyzing findings and lessons from the long U.S. effort to support private-sector development in Afghanistan, the new Lessons Learned report presents eight SIGAR recommendations for the executive and legislative branches of the U.S. government.

Every country has a unique set of characteristics that affect economic development. Future U.S. interventions may involve countries with stronger institutions, higher levels of human capital, and a more diverse economy than are found in Afghanistan. Nevertheless, certain broad recommendations can be drawn from the Afghanistan experience.

SIGAR believes implementing these recommendations would usefully shape private-sector development efforts at the onset of and throughout reconstruction efforts, and would institutionalize the lessons learned from the U.S. experience in Afghanistan. Commentary on the recommendations appears in the full report.

### Recommendations for the Executive Branch

1. At the start of any major reconstruction effort, the National Security Council should direct the creation of an interagency working group led by USAID and staffed at the appropriate levels to plan and coordinate private-sector development activities across civilian and military agencies.
  - a. The interagency working group should include members from all agencies with a significant private-sector development role and be given a clear mandate.
  - b. The interagency working group should reach consensus on the respective roles and responsibilities of civilian and military institutions in private-sector development, as well as the role development plays in contingency operations.<sup>30</sup>
  - c. The interagency working group should draw on existing analysis, supplemented by a rapid but in-depth assessment, to outline a strategic approach to rebuilding the host-nation economy and to anticipate the likely impact of U.S. funds and material resources.



**A worker tends molten iron** at a Jalalabad factory that makes threshing machines for farmers. (World Bank photo by Abbas Farzami/Rumi Consultancy)

- d. The interagency working group should draw from intelligence and other sources to understand the host nation's political-economy networks, and should use that information to make an informed decision regarding the tradeoffs and implications for who receives financial and other support.
  - e. The interagency working group should take the necessary steps to understand the host nation's historical and social conditions and traditions, and to identify and mitigate possible areas of contention, resistance, and circumvention.
2. To the extent possible, State and USAID should focus market interventions at the industry or sector level, rather than selecting and supporting individual firms.
  3. USAID and State should assist the Afghan government in reviewing the effectiveness of all Afghanistan's regional and bilateral trade agreements, especially the Afghanistan-Pakistan Transit Trade Agreement, and then engage with trading partners to resolve constraints to Afghan exports and imports.
  4. USAID officials working in private-sector development should continue to participate in mission-wide anticorruption initiatives, and ensure these initiatives are reflected in technical and policy work at the ministry level.

5. USAID should continue to closely team with a host nation's local institutions, such as universities, think tanks, and business associations, to provide technical assistance and training tailored to the local environment and its modes of doing business.
6. USAID should continue to invest human, financial, and time resources in rigorous monitoring, evaluation, and analysis, including establishing a long-term framework that transcends individual projects.
7. State and USAID should review human-resource policies to make them more suitable for conflict environments, ensure continuity, and maintain institutional knowledge.

## **Recommendation for Congress**

8. Congress may wish to consider creating a long-term private-sector development fund to reduce the pressure to use spending levels as a measure of progress and avoid funding fluctuations during reconstruction efforts.

## **CONCLUSION**

Promoting private-sector development within a framework of rule of law, appropriate regulation, and open markets can be a potent force for peace, stability, consumer well-being, and humanitarian benefits. The U.S. experience in providing support for private-sector development in Afghanistan from 2001 to 2017 vividly illustrates the difficulties of pursuing these goals by promoting economic development in a war-shattered economy.

Some successes were achieved. But Afghanistan's early economic gains largely reflected recovery from the overthrow of the Taliban regime and the large infusions of foreign spending, and could not be sustained. Early optimism, nourished by the apparent end of decades of violence, was deflated as the passing years confirmed that Afghanistan had not in fact become a post-conflict nation. It still has not.

Nonetheless, U.S. efforts to set up basic economic infrastructure, laws, and policies—undertaken in concert with allies and international organizations—helped set the stage for progress. Those successes included building Afghan government capacity in public financial and macroeconomic management, dynamic growth of sectors like telecommunications and construction, and Afghanistan's accession to the World Trade Organization.

More successes are needed. Action based on SIGAR's *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan* can help deliver them in Afghanistan and elsewhere.

“We have found that agencies, as well as IGs, spend lots of time counting program inputs such as the amount of money spent, and outputs such as the number of clinics built, but not enough on outcomes and results—the true barometer of success.”

—*Inspector General John Sopko*

# 2 SIGAR OVERSIGHT



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President Ashraf Ghani presides over a February 2018 meeting of the High Council on Rule of Law and Anti-Corruption. (Afghan Presidential Palace photo)

## SIGAR OVERSIGHT ACTIVITIES

This quarter, SIGAR issued 13 audit, inspection, and other reports. SIGAR work to date has identified about \$2.1 billion in savings for the U.S. taxpayer.

SIGAR published two performance audit reports this quarter. These audits examined the World Bank's Afghanistan Reconstruction Trust Fund (ARTF) and Department of Defense's (DOD's) Commander's Emergency Response Program (CERP). SIGAR completed two financial audits of U.S.-funded contracts to support the Kabul Business Incubator and Afghan National Army (ANA) training in communications equipment. These financial audits identified \$89,892 in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than \$417 million in questioned costs.

SIGAR also published two inspection reports. These reports examined phases I and III of the Ministry of Interior Headquarters construction project and phase III of the U.S. Army Corps of Engineers' (USACE) assistance to the Northeast Power System. SIGAR also completed an evaluation report examining DOD's efforts to supply and account for fuel in Afghanistan.

SIGAR's Office of Special Projects issued five reports on a range of issues including CERP-constructed or rehabilitated health facilities in Kandahar Province, procedures for collecting and screening the blood of ANA personnel, and United States Agency for International Development (USAID)-funded schools in Kunduz Province. Special Projects also issued three alert letters to relevant authorities concerning structural damage at two educational facilities and structural damage to a bridge, all in Baghlan Province.

SIGAR also issued its third lessons-learned report, *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan*. The report examines how the U.S. government supported private-sector development in Afghanistan since 2001 through efforts led by USAID, with additional significant roles played by the Departments of State, Defense, Commerce, and Treasury.

During the reporting period, SIGAR investigations resulted in one indictment, one guilty plea, three sentencing, two arrests, \$6,527,491 in restitutions, and \$264,563,451 in cost avoidance and recoveries to the U.S. government. SIGAR initiated 12 new cases and closed 31, bringing the total number of ongoing investigations to 199.

### COMPLETED PERFORMANCE AUDITS

- Audit 18-42-AR: Afghanistan Reconstruction Trust Fund: The World Bank Needs to Improve How it Monitors Implementation, Shares Information and Determines the Impact of Donor Contributions
- Audit 18-45-AR: Commander's Emergency Response Program: DOD Has Not Determined the Full Extent to Which its Program and Projects, Totaling \$1.5 Billion in Obligations, Achieved Their Objectives and Goals in Afghanistan from Fiscal Year 2009 Through 2013

### COMPLETED FINANCIAL AUDITS

- Financial Audit 18-43-FA: Department of Defense Task Force for Business and Stability Operations' Support to the Kabul Business Incubator: Audit of Costs Incurred by the Friends of the American University of Afghanistan
- Financial Audit 18-44-FA: Department of the Army's Afghan National Army Communications Equipment Training and Sustainment Projects: Audit of Costs Incurred by DRS Global Enterprise Solutions

### COMPLETED INSPECTION REPORTS

- Inspection Report 18-35-IP: Afghan Ministry of Interior Headquarters Project: Phases I and III Experienced Construction Deficiencies, Poor Oversight, and Increased Costs
- Inspection Report 18-37-IP: USACE's Mismanagement Resulted in a System that is Not Permanently Connected to a Power Source, Has Not Been Fully Tested, and May Not Be Safe to Operate

### COMPLETED EVALUATION REPORT

- Evaluation Report 18-41-IP: Management and Oversight of Fuel in Afghanistan: DOD is Taking Steps to Improve Accountability, but Additional Actions are Needed

### COMPLETED SPECIAL PROJECTS REPORTS

- Report 18-30-SP: Health Facilities in Kandahar Province
- Report 18-31-SP: Schools in Kabul Province
- Report 18-33-SP: Collection and Screening of ANA Blood
- Report 18-34-SP: State Department's Good Performers Initiative
- Report 18-40-SP: USAID-Funded Schools in Kunduz Province

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# SIGAR OVERSIGHT ACTIVITIES

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## SPECIAL PROJECTS ALERT LETTERS

- Alert Letter 18-32-SP: Structural Damage at Educational Facility SR 06
- Alert Letter 18-36-SP: Structural Damage at Educational Facility in Baghlan Province
- Alert Letter 18-39-SP: Structural Damage at Baghlan Bridge

## COMPLETED LESSONS LEARNED PROGRAM REPORT

- SIGAR 18-38-LL: Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan

This quarter, SIGAR's suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 895, encompassing 498 individuals and 397 companies to date.

## AUDITS

SIGAR conducts performance audits, financial audits, inspections, and evaluations of programs and projects connected to the reconstruction effort in Afghanistan. Since its last quarterly report to Congress, SIGAR has issued two performance audit, two financial, two inspections, and one evaluation report. This quarter, SIGAR has eight ongoing performance audits.

## Performance Audit Reports Published

SIGAR published two performance audit reports this quarter. These audits examined the World Bank's Afghanistan Reconstruction Trust Fund and DOD's Commander's Emergency Response Program.

### **Performance Audit 18-42-AR: Afghanistan Reconstruction Trust Fund**

#### **The World Bank Needs to Improve How it Monitors Implementation, Shares Information, and Determines the Impact of Donor Contributions**

Since its establishment in May 2002, the World Bank's multidonor Afghanistan Reconstruction Trust Fund (ARTF) has been one of the largest sources of funding to Afghan government operations outside the security sector. USAID is the largest contributor to the ARTF, providing over \$3 billion as of December 2017. The objectives of this follow-on audit were to (1) assess the extent to which the World Bank, working with the Afghan government, has improved efforts to monitor and account for ARTF funding since 2011; (2) assess the extent to which the World Bank measured and reported to donors the performance and outcomes of ARTF development projects; and (3) identify the challenges, if any, donors face in holding the Afghan government accountable for ARTF implementation.

SIGAR found that continued limitations and lack of transparency into the World Bank's and the Afghan government's monitoring and accounting of the ARTF puts billions of dollars at risk. SIGAR found that the World Bank limits donors' access to information on how it monitors and accounts for ARTF funding, and does not follow its own policy to provide donors and the public with access to certain ARTF records. SIGAR's initial audit of the ARTF in 2011 found that the Afghan government struggled to implement fiduciary controls over ARTF funding; a problem that continues.

## COMPLETED PERFORMANCE AUDITS

- Audit 18-42-AR: Afghanistan Reconstruction Trust Fund: The World Bank Needs to Improve How it Monitors Implementation, Shares Information and Determines the Impact of Donor Contributions
- Audit 18-45-AR: Commander's Emergency Response Program: DOD Has Not Determined the Full Extent to Which its Program and Projects, Totalling \$1.5 Billion in Obligations, Achieved Their Objectives and Goals in Afghanistan from Fiscal Year 2009 Through 2013

Based on its review of six development projects that accounted for more than \$2.25 billion of the \$4.88 billion spent on all of the development projects as of December 2017, SIGAR found that the World Bank is not consistently complying with its own guidance for measuring and reporting on ARTF development projects. While the World Bank has taken steps that it believes will improve its ability to evaluate overall ARTF performance, it is still unable to accurately measure ARTF sector-level or overall performance. Finally, SIGAR found that the World Bank and donors face challenges holding the Afghan government accountable for ARTF implementation.

The World Bank and donors also lack the ability to adjust the scope of ongoing projects without Afghan government agreement, have no mechanism to withhold or recover ARTF funding, and do not use or enforce conditionality on ARTF funds. World Bank officials told SIGAR that the ARTF does not use conditionality or other mechanisms that would restrict disbursement of ARTF funding in general because this would counter the ARTF's priority to pursue all opportunities for spending available funding on the Afghan government.

SIGAR made five recommendations to the USAID Administrator to improve overall World Bank monitoring and accounting of ARTF funding. These recommendations include expanding the scope of the World Bank's field monitoring work, improving donor access to information and public transparency, evaluating the performance of its third-party monitors, ensuring the World Bank adheres to its own performance management guidance, and allowing donors more flexibility in holding the Afghan government accountable for ARTF implementation.

## **Performance Audit 18-45-AR: Commander's Emergency Response Program**

### **DOD Has Not Determined the Full Extent to Which its Program and Projects, Totaling \$1.5 Billion in Obligations, Achieved Their Objectives and Goals in Afghanistan from Fiscal Year 2009 Through 2013**

DOD developed the Commanders' Emergency Response Program (CERP) in Iraq in June 2003 and began using it in Afghanistan in 2004. CERP is a flexible program that U.S. commanders use in support of the U.S. Forces-Afghanistan's (USFOR-A) mission and to meet urgent humanitarian needs relief and reconstruction requirements across 20 different categories. These categories include transportation, electricity, and agriculture. Since 2004, Congress has appropriated \$3.7 billion for CERP activities in Afghanistan, with over \$2.6 billion (69%) appropriated between fiscal years 2009 and 2013.

The objectives of this audit were to assess (1) the extent to which DOD's reports demonstrate how CERP is advancing U.S. strategy in Afghanistan and, (2) how DOD determined whether CERP projects were achieving its goals. The audit focused on CERP projects implemented from fiscal years

# SIGAR OVERSIGHT ACTIVITIES

2009 through 2013. During this period, USFOR-A was responsible for CERP, and DOD obligated \$1.5 billion (58%) of all CERP funds and initiated 45,846 (80%) of all CERP projects in Afghanistan.

SIGAR found that DOD’s reports did not consistently demonstrate how CERP advanced U.S. strategy in Afghanistan because the quarterly USFOR-A Commander’s Narratives did not consistently provide information describing how CERP assisted the U.S. in carrying out this strategy. In addition, SIGAR found that DOD did not fully assess the extent to which CERP projects valued at \$50,000 or more met their stated goals. Although CERP project files identified how the achievement of goals for each large and medium project would be measured, they do not include information that reported whether the projects achieved those goals. SIGAR’s sample of 1,429 projects found that none of the files for 51 large (\$500,000 or more) and 66 medium (\$50,000 to \$499,000) CERP projects reported whether project goals were achieved. However, the files for all 1,312 small (\$50,000 or less) projects in the sample reported that project goals had been achieved. According to DOD, these project goals were achieved at the time payment was made.

The results of SIGAR’s stratified-sample analysis are generalizable to the population of CERP projects that were initiated from fiscal years 2009 through 2013 with a 90% confidence level and a 10% margin of error.

To better assess CERP’s performance and improve funding accountability, SIGAR recommends that the Secretary of Defense (1) consistently implement procedures for assessing CERP and CERP-funded projects to determine the extent to which they are achieving their intended goals and assisting the United States in carrying out its strategy in Afghanistan; and (2) complete and submit to Congress the CERP report on lessons learned and best practices as soon as possible, and ensure that it includes all of the elements prescribed in the National Defense Authorization Act for Fiscal Year 2014.

## Financial Audits

SIGAR launched its financial-audit program in 2012, after Congress and the oversight community expressed concerns about oversight gaps and the growing backlog of incurred-cost audits for contracts and grants awarded in support of overseas contingency operations. SIGAR competitively selects independent accounting firms to conduct the financial audits and ensures that the audit work is performed in accordance with U.S. government auditing standards. Financial audits are coordinated with the federal inspector-general community to maximize financial-audit coverage and avoid duplication of effort. SIGAR has 31 ongoing financial audits with \$1.1 billion in auditable costs, as shown in Table 2.1.

This quarter, SIGAR completed two financial audits of U.S.-funded contracts to rebuild Afghanistan. These audits help provide the U.S.

TABLE 2.1

<b>SIGAR’S FINANCIAL AUDIT COVERAGE</b> (\$ BILLIONS)	
108 completed audits	\$6.68
31 ongoing audits	1.11
<b>Total</b>	<b>\$7.78</b>

Note: Numbers have been rounded. Coverage includes auditable costs incurred by recipients of U.S.-funded Afghanistan reconstruction contracts, grants, and cooperative agreements.

Source: SIGAR Audits and Inspections Directorate.

# SIGAR OVERSIGHT ACTIVITIES

government and the American taxpayer reasonable assurance that the funds spent on these awards were used as intended. The audits question expenditures that cannot be substantiated or are potentially unallowable.

SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on **questioned amounts** identified in the report's audit findings. Since the program's inception, SIGAR's financial audits have identified more than \$417.5 million in **questioned costs** and \$363,244 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. As of March 31, 2018, funding agencies had disallowed nearly \$25.5 million in questioned amounts, which are subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, final disallowed-cost determinations remain to be made for several of SIGAR's issued financial audits. SIGAR's financial audits have also identified and communicated 366 compliance findings and 390 internal-control findings to the auditees and funding agencies.

SIGAR's financial audits have four specific objectives:

- Express an opinion on whether the **Special Purpose Financial Statement** for the award presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. government, and balance for the period audited in conformity with the terms of the award and generally accepted accounting principles or other comprehensive basis of accounting.
- Evaluate and obtain a sufficient understanding of the audited entity's internal control related to the award; assess control risk; and identify and report on significant deficiencies, including material internal-control weaknesses.
- Perform tests to determine whether the audited entity complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations.
- Determine and report on whether the audited entity has taken adequate corrective action to address findings and recommendations from previous engagements.

A list of completed and ongoing financial audits can be found in Appendix C of this quarterly report.

## Financial Audits Published

This quarter, SIGAR completed two financial audits of U.S.-funded contracts to rebuild Afghanistan. These financial audits identified \$89,892 in questioned costs as a result of internal control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included ineligible travel costs and a misinterpretation of a federal acquisition regulation.

**Questioned amounts:** the sum of potentially unallowable questioned costs and unremitted interest on advanced federal funds or other revenue amounts payable to the government.

**Questioned costs:** costs determined to be potentially unallowable. The two types of questioned costs are ineligible costs (violation of a law, regulation, contract, grant, cooperative agreement, etc., or an unnecessary or unreasonable expenditure of funds) and unsupported costs (those not supported by adequate documentation or proper approvals at the time of an audit).

**Special Purpose Financial Statement:** a financial statement that includes all revenues received, costs incurred, and any remaining balance for a given award during a given period.

## COMPLETED FINANCIAL AUDITS

- Financial Audit 18-43-FA: Department of Defense Task Force for Business and Stability Operations' Support to the Kabul Business Incubator
- Financial Audit 18-44-FA: Department of the Army's Afghan National Army Communications Equipment Training and Sustainment Projects: Audit of Costs Incurred by DRS Global Enterprise Solutions

## **Financial Audit 18-43-FA: Department of Defense Task Force for Business and Stability Operations**

### **Support to the Kabul Business Incubator**

On July 8, 2013, DOD's Washington Headquarters Services, on behalf of the Task Force for Business and Stability Operations (TFBSO), awarded a 6-month, \$1,348,255 grant to Friends of the American University of Afghanistan (FAUAF). The grant was intended to fund a pilot program to assess the viability of a sustainable business incubator in Kabul, Afghanistan. After four modifications, the period of performance was extended through June 30, 2014. The grant's ceiling did not change.

SIGAR's financial audit, performed by Williams, Adley & Company-DC (Williams Adley), reviewed \$1,041,953 in expenditures charged to the grant from July 8, 2013, to January 7, 2014. Williams Adley identified one material weakness, one significant deficiency, and three other deficiencies in FAUAF's internal controls, and four instances of noncompliance with the terms of the grant and with applicable laws and regulations. For example, Williams Adley found that FAUAF could not support the way it allocated certain labor costs charged to the grant. In addition, FAUAF charged costs incurred outside the grant's period of performance. In one instance, FAUAF charged for first-class travel without authorization. As a result of these internal-control deficiencies and instances of noncompliance, Williams Adley identified \$89,892 in total questioned costs. Williams Adley sought prior audit reports and corrective actions to determine their impact on the audit, but did not identify any findings or recommendations from prior engagements that could have a material effect on the Special Purpose Financial Statement or other financial data significant to the audit objectives. Williams Adley issued a qualified opinion on FAUAF's special-purpose financial statement, noting that the amount of question costs and the material weakness identified diminish FAUAF's ability to ensure that labor costs charged are accurate.

Based on the results of the audit, SIGAR recommends that the responsible Washington Headquarters Services Grant Officer:

1. Determine the allowability of and recover, as appropriate, \$89,892 in questioned costs identified in the report.
2. Advise FAUAF to address the report's five internal control findings.
3. Advise FAUAF to address the report's four noncompliance findings.

## **Financial Audit 18-44-FA: Department of the Army's Afghan National Army Communications Equipment Training and Sustainment Projects**

### **Audit of Costs Incurred by DRS Global Enterprise Solutions**

On September 7, 2012, the Army Contracting Command awarded a \$17,309,800 task order to DRS Global Enterprise Solutions (DRS). Its purpose was to advise the Afghan National Army (ANA) on utilizing the U.S. government furnished tactical ground communications systems-electronic

equipment and accessories. In addition, DRS assisted in providing training, technical assistance, and advising to the tactical communication system repair technicians at all levels for the ANA. After 14 modifications, the contract's funding increased to \$35,141,469 and the period of performance was extended from September 6, 2013, to December 31, 2014.

SIGAR's financial audit performed by Crowe Horwath LLP (Crowe) reviewed \$15,679,975 in expenditures that DRS charged to the contract for the period from September 30, 2013, through December 31, 2014. Crowe identified one significant deficiency and one material weakness in DRS' internal controls and two instance of material noncompliance with the terms and conditions of the contract and applicable regulations. Crowe found that DRS did not retain evidence of receipt for contractor-acquired and government-furnished property. In addition, Crowe determined that DRS's property records were incomplete because it omitted some acquisition costs. DRS was able to produce disposition support for each item reviewed, so no costs were questioned. Crowe identified one prior finding with potential material effects on the DRS' Special Purpose Financial Statement, but found that the matter was not repeated in the current audit. Crowe issued an unmodified opinion on DRS' Special Purpose Financial Statement, noting that it presents fairly, in all material respects, revenues received, and costs incurred for period indicated.

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at the Army Contracting Command:

1. Advise DRS to address the report's two internal-control findings.
2. Advise DRS to address the report's two noncompliance findings.

## INSPECTIONS

### Inspection Reports Published

This quarter, SIGAR published two inspection reports and one evaluation report. These reports examined phases I and III of the Ministry of Interior Headquarters construction project, phase III of the U.S. Army Corps of Engineers' (USACE's) Northeast Power System, and management and oversight of fuel in Afghanistan.

#### **Inspection Report 18-35-IP: Afghan Ministry of Interior Headquarters Project Phases I and III Experienced Construction Deficiencies, Poor Oversight, and Increased Costs**

In September 2011, USACE initiated a three-phase, \$90 million project to construct a headquarters compound in Kabul for the Afghan Ministry of Interior (MOI) and the national police. The Combined Security Transition Command-Afghanistan (CSTC-A) funded the project.

#### COMPLETED INSPECTION REPORTS

- Inspection Report 18-35-IP: Afghan Ministry of Interior Headquarters Project: Phases I and III Experienced Construction Deficiencies, Poor Oversight, and Increased Costs
- Inspection Report 18-37-IP: USACE's Mismanagement Resulted in a System that is Not Permanently Connected to a Power Source, Has Not Been Fully Tested, and May Not Be Safe to Operate
- Evaluation Report 18-41-IP: Management and Oversight of Fuel in Afghanistan: DOD is Taking Steps to Improve Accountability, but Additional Actions are Needed

# SIGAR OVERSIGHT ACTIVITIES



**A suboptimal ceiling-fan** installation at the Ministry of Interior headquarters building. (SIGAR photo)

This report focused on phases I and III. SIGAR issued a report on phase II on September 11, 2017. On September 8, 2011, USACE awarded a \$3.2 million firm-fixed-price contract to Abdulhai-Gardezi Construction Firm (ACF), an Afghan company, for the phase I construction of the compound's main road network, the main entry control point, a storm-water management system, and other utilities and basic infrastructure. On March 20, 2012, USACE awarded a \$54.3 million firm-fixed-price contract to Lakeshore Toltest Corporation (LTC), a U.S. firm, for the phase III construction of the national police command center, barracks buildings, a dining facility, and other support structures. In January 2014, USACE terminated LTC's contract for default and engaged Macro Vantage Levant (MVL), an Emirati company, to complete the project. The modified values of phases I and III were \$6 million and \$67.6 million, respectively.

Phase I and phase III construction was completed, generally within contract requirements, but SIGAR identified 12 design and construction deficiencies, most notably the substitution and installation of noncertified doors instead of the contract-required certified, fire-rated doors. Worse, SIGAR observed contractor personnel affixing manufacturer labels during a site visit and then, USACE directed the contractor, MVL, to affix field labels to the doors at the construction site to indicate the doors were in fact certified fire-rated doors. However, manufacturer certification labels must be affixed at the factory when the doors are built, and only one of three certifying agencies can affix field labels. USACE never required MVL to replace the doors, even though USACE knew well in advance of contract completion and warranty expiration that the non-compliant doors were not certified fire-rated doors.

SIGAR also found two other cases of product substitution by contractors, as well as deficiencies such as the poor construction of storm water-detention basins and concrete that did not meet compression-strength requirements. The MOI headquarters compound is used and maintained, but the MOI erected walls within some administration buildings after taking possession of the compound, which disrupted the heating, ventilation, and air conditioning in those buildings.

To protect the U.S. taxpayers' investment in phases I and III of the MOI headquarters project and improve the administration of other construction contracts in Afghanistan, SIGAR made two recommendations to USACE, in coordination with CSTC-A:

First, remove all manufacturer fire-rating and field labels from the noncompliant doors and notify the MOI of the potential safety hazards resulting from the noncompliant doors installed throughout the headquarters compound.

Second, reinforce with USACE's contracting officer the importance of preparing final Contractor Performance Assessment Reports that include details from interim evaluations to ensure that any contractor performance

# SIGAR OVERSIGHT ACTIVITIES

deficiencies identified and actions taken to address those deficiencies reflect the complete history of contractor's performance over the course of the contract.

USACE did not concur with one recommendation, which SIGAR revised, and concurred with the other recommendation. The draft included a third recommendation, which USACE partially concurred with, and that SIGAR removed since the contracting officer involved determined it was not in the government's interest to make any further demands on the contractor to correct the deficiencies or seek reimbursement because the construction is complete and has been accepted, and the warranty had expired.

## **Inspection Report 18-37-IP: Afghanistan's Northeast Power System Phase III**

### **USACE's Mismanagement Resulted in a System That is Not Permanently Connected to a Power Source, Has Not Been Fully Tested, and May Not Be Safe to Operate**

On September 27, 2013, the U.S. Army Corps of Engineers (USACE) awarded a \$116 million firm-fixed-priced contract to Zwakman Nabizai Construction Company (ZNCC), an Afghan company, to design and construct Northeast Power System (NEPS) phases II and III. U.S. Forces-Afghanistan (USFOR-A) funded the contract through the Afghanistan Infrastructure Fund. About \$59.7 million was allocated to phase III to design and construct 5.6 miles of 220-kilovolt power transmission lines from the Charikar substation in Parwan Province to Gulbahar in Kapisa Province; 26.1 miles of 110-kilovolt power transmission lines from Gulbahar to Nejrab, both in Kapisa Province; and a new power substation in Gulbahar to connect both sets of transmission lines.



**A Northeast Power System** terminal tower ending without connection to the Nejrab District substation. (SIGAR photo)

# SIGAR OVERSIGHT ACTIVITIES

Although NEPS III has been built, USACE's mismanagement of the contract has resulted in the U.S. government spending almost \$60 million on a power-transmission project that is not operational because land-acquisition and right-of-way issues have not been resolved, and because there was no contract provision to permanently connect the system to a power source. In addition, the NEPS III system may be structurally unsound and pose a risk to Afghans who live near transmission towers and lines, or work in the Gulbahar substation.

SIGAR found that USACE initiated NEPS III's construction before the Afghan government acquired privately held land along the transmission-line route. However, to date, the Afghan government has not acquired any privately held land, which amounts to about 68% of the total required for NEPS III. Nonetheless, USACE issued ZNCC multiple partial or limited clearances to begin construction of the NEPS III transmission towers, power lines, and substation, and ZNCC ultimately built the entire system. SIGAR then found that Afghans still reside, in some instances, directly under transmission lines. The contract also required ZNCC to deliver power from the Charikar to the Gulbahar substation, but did not include plans to connect NEPS III to the Charikar substation, as intended. However, in July 2017, more than four years after USACE awarded ZNCC the contract, following USACE's direction, ZNCC made a temporary connection, called a T-connection, to an outgoing transmission line from the Charikar substation that was not energized.

As a result of this, along with private land not being acquired and cleared, NEPS III cannot be fully tested and commissioned or become operational. In addition, SIGAR found that the NEPS III transmission lines are connected to a terminal tower instead of a permanent connection to the Nejrab substation. Furthermore, because the NEPS III system cannot be fully tested or commissioned without electricity, it is unclear whether the system will function as designed.

USACE officials told SIGAR that until all buildings, houses, and other structures and obstacles along the NEPS III transmission line route have been removed, they will not energize NEPS III because it may put residents at risk. Ultimately, in March 2018, USACE provided SIGAR with documents indicating that USACE transferred a locked and nonoperating system to USFOR-A and that USFOR-A transferred that system to the Afghan Ministry of Energy and Water on February 3, 2018. No evidence was provided that the project was transferred to Da Afghanistan Breshna Sherkat, the Afghan national power company.

In addition to discovering project mismanagement, SIGAR determined that NEPS III may be structurally unsound. ZNCC built three of the 18 transmission towers SIGAR inspected on embankments of loose soil and without retaining walls, added concrete to transmission-tower foundations that exhibited faulty workmanship like exposed rebar and have started

to crumble—raising questions about whether the foundations complied with contract requirements and whether the strength of the tower foundations has been compromised. SIGAR also identified two issues with safety risks: ZNCC did not install the required nine certified fire-rated doors in the Gulbahar substation, and stored 136 acid batteries in the substation that have an increased risk of exploding because without electricity, the storage room cannot be properly vented of hydrogen gas and maintained at required temperature.

To decrease the safety risks to Afghans living near the NEPS III transmission route and substation and protect the U.S. taxpayers' investment in NEPS, SIGAR made six recommendations. USACE did not concur with four recommendations, concurred with one recommendation, and partially concurred with another. SIGAR's draft report also included a recommendation for USACE to ensure that NEPS III components and equipment are secured to prevent theft or damage, but based on USACE's response to this recommendation and the documentation provided, SIGAR removed it from the final report. USACE also provided technical comments, which SIGAR incorporated into the report along with responses, as appropriate.

## **Evaluation Report 18-41-IP: Management and Oversight of Fuel in Afghanistan**

### **DOD is Taking Steps to Improve Accountability, but Additional Actions are Needed**

Since 2001, the U.S. military, along with its coalition and Afghan counterparts, has had to import, distribute, and consume fuel to support its operations. According to the Defense Logistics Agency-Energy (DLA-E), the agency supplied more than 2.8 billion gallons of fuel to support U.S. military operations in Afghanistan at a cost of more than \$13 billion from fiscal year (FY) 2008 through FY 2016. Additionally, from FY 2010 through FY 2018, the Department of Defense (DOD) planned to spend \$3.2 billion to supply fuel for the Afghan National Defense and Security Forces (ANDSF). As of March 2017, DOD estimated that the ANDSF would require approximately 108 million gallons of fuel annually.

Beginning in 2012, SIGAR, DOD's Office of Inspector General (OIG) and the U.S. Army Audit Agency (USAAA) have issued nine reports concerning either U.S. or Afghan military fuel management and accountability efforts in Afghanistan. Additionally, SIGAR conducted 70 criminal investigations related to fuel theft in the country, many of which were conducted in partnership with other U.S. and Afghan government agencies. As of December 2017, these investigations had resulted in almost \$32 million in fines, restitutions, and forfeitures, and \$28.5 million in recoveries and savings. Additionally, the investigations led to 40 convictions that included sentences totaling more than 115 years in prison and 53 years of probation. The investigations also resulted in authorities barring 176 individuals from military installations.

### **COMPLETED EVALUATION REPORT**

- Evaluation Report 18-41-IP: Management and Oversight of Fuel in Afghanistan: DOD is Taking Steps to Improve Accountability, but Additional Actions are Needed

# SIGAR OVERSIGHT ACTIVITIES

The objectives of this evaluation were to (1) review and summarize weaknesses identified in audits and evaluations completed prior to 2017 regarding efforts to procure, distribute, and account for fuel in Afghanistan, including those found in SIGAR's investigations related to fuel theft; (2) assess current challenges associated with overseeing and accounting for fuel acquired for the ANDSF; and (3) evaluate DOD's planned initiatives to improve oversight and accountability of fuel acquired for the ANDSF.

Due to the amount of fuel needed for military operations, along with the highly transferable nature of this commodity, fuel theft has become a lucrative business in Afghanistan. At least \$154.4 million in fuel was stolen from either the U.S. military or the ANDSF, and may have benefited the Taliban and other insurgent and terrorist organizations. SIGAR's prior audits and investigations, along with oversight work conducted by DOD OIG and USAAA, identified weaknesses in supplying and accounting for fuel in Afghanistan that may have allowed for theft and corruption, including poor contractor oversight, record keeping, and accurate fuel measurement procedures.

CSTC-A has been the primary U.S. agency responsible for supplying fuel to the ANDSF. Prior to 2017, CSTC-A used both on-budget and off-budget mechanisms to supply fuel to the ANDSF. By February 2017, CSTC-A had moved all ANDSF ground fuel procurement off-budget due to concerns about corruption and contract mismanagement within the Ministries of Defense (MOD) and Interior (MOI). CSTC-A subsequently used a contract, awarded by the Expeditionary Contracting Command-Afghanistan (ECC-A), as the primary fuel supply contract for the ANDSF. SIGAR found this contract to have oversight and accountability weaknesses including limited visibility into fuel deliveries, fuel consumption, fuel site storage capacities, infrastructure, and personnel capabilities. Similarly, ECC-A contracting officials noted insufficient contract requirements may have allowed vendors to obtain poor quality fuel and from prohibited sources, such as Iran.

Until DOD can develop a long-term plan to supply fuel to the ANDSF, CSTC-A and ECC-A added oversight provisions in interim fuel contracts meant to serve as a bridge. Contractors were required to submit daily fuel delivery reports and certified country-of-origin documentation from their fuel suppliers. Additionally, CSTC-A started using U.S. military fuel specialists to train ANDSF personnel in basic fuel quality testing methods and fuel handling procedures. CSTC-A and ECC-A also implemented a third-party monitoring contract in an effort to ensure fuel quality and provide independent verification of deliveries and fuel inventories at ANDSF locations.

SIGAR found that several weaknesses remain, including an inability to train ANDSF personnel below the corps level, no plan to address ANDSF fuel site infrastructure and accountability weaknesses, and an inability to remotely monitor and confirm ANDSF fuel deliveries or fuel storage tank levels.

# SIGAR OVERSIGHT ACTIVITIES

SIGAR made six recommendations to enhance the CSTC-A Commanding General's accountability of U.S.-funded fuel procured for the ANDSF:

(1) evaluate and determine the feasibility of using remote monitoring methods or other technology-based solutions to provide visibility of fuel while in-transit, confirm fuel deliveries, and monitor fuel levels at ANDSF fuel storage locations; (2) include detailed anticorruption and oversight requirements in future contracts to supply fuel to the ANDSF; (3) enforce commitment letter agreements that require the MOD and the MOI to regularly submit fuel consumption data to CSTC-A; (4) evaluate and determine the feasibility of expanding the training on fuel quality testing methods and fuel handling procedures to ANDSF fuel personnel below the corps level; (5) coordinate with the MOD and the MOI to develop and implement a plan to upgrade and repair infrastructure and equipment at ANDSF fuel sites; and (6) coordinate with the MOD and the MOI to develop and implement a plan to enhance accountability and oversight of fuel after it is delivered to ANDSF fuel sites.

## Status of SIGAR Recommendations

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 18 recommendations contained in nine audit and inspection reports. These reports contained recommendations that resulted in the recovery of \$10,480,216 in ineligible or unsupported contract costs paid by the U.S. government.

From 2009 through March 2018, SIGAR published 291 audits, alert letters, and inspection reports and made 834 recommendations to recover funds, improve agency oversight, and increase program effectiveness. SIGAR has closed over 79% of these recommendations. Closing a recommendation generally indicates SIGAR's assessment that the audited agency has either implemented the recommendation or otherwise appropriately addressed the issue. In some cases, a closed recommendation will be the subject of follow-up audit or inspection work.

The Inspector General Act of 1978, as amended, also requires SIGAR to report on any significant recommendations from prior reports on which corrective action has not been completed. This quarter, SIGAR continued to monitor agency actions on 166 open recommendations. There were 83 recommendations more than 12 months old for which an agency had yet to produce a corrective-action plan that SIGAR believes would resolve the identified problem or otherwise respond to the recommendations.

## SPECIAL PROJECTS

SIGAR's Office of Special Projects was created to quickly obtain and assess information necessary to fulfill SIGAR's oversight mandates, examine emerging issues, and deliver prompt, actionable reports to federal agencies and the Congress. Special Projects reports and letters focus on providing

### COMPLETED SPECIAL PROJECTS REPORTS

- Report 18-30-SP: Health Facilities in Kandahar Province
- Report 18-31-SP: Schools in Kabul Province
- Report 18-33-SP: Collection and Screening of ANA Blood
- Report 18-34-SP: State Department's Good Performers Initiative
- Report 18-40-SP: USAID-Funded Schools in Kunduz Province

timely, credible, and useful information to Congress and the American people. The team conducts a variety of assessments, producing reports on all facets of Afghanistan reconstruction. The directorate is made up of a team of analysts supported by investigators, lawyers, subject-matter experts, and other specialists who can quickly and jointly apply their expertise to emerging problems and questions.

This quarter, SIGAR's Office of Special Projects issued five reports on a range of issues including DOD-funded health facilities in Kandahar Province, procedures for collecting and screening the blood of ANA personnel, and USAID-funded schools in Kunduz Province. Special Projects also issued three alert letters to relevant authorities on structural damage at educational facilities and structural damage to a bridge, all in Baghlan Province.

## **Report 18-30-SP: Health Facilities in Kandahar Province** **Observations from Visits to Three Facilities**

SIGAR verified the locations and operating conditions of three public-health facilities in Kandahar Province. All three facilities were constructed or rehabilitated using funds from the Commander's Emergency Response Program (CERP) between 2011 and 2013. CERP was established to enable U.S. commanders to respond to urgent humanitarian and reconstruction requirements. SIGAR found that the location information maintained in DOD systems was accurate, and successfully located each facility in close proximity to its documented location. SIGAR also found that all three facilities were operational, equipped with supplies, electrified, and had access to running water.

## **Report 18-31-SP: Schools in Kabul Province** **Observations from Site Visits at 24 Schools**

This report is the fifth in a series that discusses SIGAR's findings from site visits at schools across Afghanistan that were either built or rehabilitated by USAID. The 24 schools discussed in this report are in Kabul Province. The purpose of this Special Projects report was to determine the extent to which those schools were open and operational, and to assess their current condition.

SIGAR found that all 24 schools were open and in generally usable condition. However, SIGAR found that there may be problems with student and teacher attendance and staffing at several of the schools. SIGAR also found that many schools have structural deficiencies (e.g., roofs that were not structurally sound) that may affect the delivery of education.

SIGAR provided a draft of this report to USAID for comment on January 23, 2018. USAID provided comments on February 3, 2018, stating that it "will inform the appropriate authorities within the [Ministry of Education] of the schools that SIGAR identified as lacking clean water, having poor sanitation conditions, or showing signs of structural damage and

# SIGAR OVERSIGHT ACTIVITIES



**Students in a well-attended class** at a school in Kabul. (SIGAR photo)

safety hazards.” Additionally, USAID stated that it would “alert the Kabul Provincial Education Director of the observed low attendance rates in the schools identified in the review.”

## **Report 18-33-SP: Collection and Screening of ANA Blood Procedures for Screening the Blood of Afghanistan National Army Personnel**

In March 2016, SIGAR received information expressing concerns that blood types collected from Afghan National Army (ANA) recruits were not being recorded correctly in the Afghan Human Resource Information System (AHRIMS), the Afghan National Defense and Security Forces personnel database that includes personally identifiable information, including medical data, on soldiers and civil workers.

SIGAR initiated this report based on that information and found that the ANA stopped collecting or verifying blood types from new recruits in January 2017 because it lacked the supplies and equipment to conduct blood tests. As a result, SIGAR found that between January and July 2017, approximately 15,400 new ANA recruits did not have their blood type tested or verified before entering the ANA ranks, and the blood type of at least 9% of the total ANA force currently remains unconfirmed. SIGAR also found that 45% of all active Ministry of Defense personnel, including active ANA soldiers, did not have their blood type recorded in AHRIMS as of July 2017.

Further, according to DOD officials SIGAR spoke with, the ANA does not have an official system of record that tracks the medical data of new recruits. As a result, the Afghan government does not know which soldiers have been blood-typed or screened for infectious diseases. This information

# SIGAR OVERSIGHT ACTIVITIES

is critically important because successful blood transfusions for wounded soldiers require that donated blood be the appropriate type and free from infectious diseases.

Lastly, SIGAR found that the ANA's overall medical recordkeeping is unreliable and often inaccurate, and the use of AHRIMS—an established system capable of serving as a centralized, automated repository for medical information—or other electronic systems to track blood type and assist in ANA trauma care presents logistical challenges due to issues with ANA literacy and technical skills related to using computer systems, internet access, and institutional knowledge.

Developing a credible and accessible system of record to ensure that soldiers' blood types are accurately recorded helps ensure that the proper type of blood is administered to a wounded soldier, and is an important component to the health of soldiers and the sustainability of the ANA. Therefore, SIGAR suggests that CSTC-A develop a plan to improve the ANA's medical accessions process—a process intended to detect any medical issues that might prevent a recruit from serving successfully—including (1) assisting the ANA in conducting and/or validating blood testing; (2) requiring the use of AHRIMS, or other suitable systems, to record blood type and other medical data; and, (3) training ANA personnel on the use of AHRIMS, or other suitable electronic system of record, to collect this data and expand the usability of AHRIMS throughout Afghanistan. SIGAR also suggests that CSTC-A work with the ANA's Medical Command to develop a process aimed at testing for, and correcting, errors in soldiers' medical records as reported in AHRIMS and soldiers' identification cards.

SIGAR provided a draft of this report to DOD for comment on January 26, 2018. SIGAR received written comments from CSTC-A on March 2, 2018, which concurred with SIGAR's suggestions to strengthen the ANA's medical accession process and assist the ANA in collecting and recording soldiers' blood type to maintain more accurate records. CSTC-A pointed out that the ANA will transition away from AHRIMS, but acknowledged the importance of maintaining accurate records regardless of the system used.

## **Report 18-34-SP: State Department's Good Performers Initiative**

### **Status of Two Completed Projects in Kunduz Province**

SIGAR conducted site inspections at two Good Performers Initiative (GPI) infrastructure projects in Kunduz Province which were funded by the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL). GPI provided direct assistance to the Afghan Ministry of Counter Narcotics (MCN) and off-budget funding to incentivize provincial governors' counter narcotics activities. The GPI program was intended to offer Afghan provincial governors a tangible way of demonstrating to their constituents the benefits of reducing poppy cultivation.

# SIGAR OVERSIGHT ACTIVITIES



**The Kunduz library** constructed with funds from the Good Performers Initiative, Kunduz Province. (SIGAR photo)

The two projects examined in this report, a public library and a sports complex, were completed at a cost of about \$738,301. SIGAR conducted the inspections as part of our ongoing effort to verify the location and operating conditions of facilities built, refurbished, or funded by the U.S. as part of the reconstruction effort in Afghanistan.

SIGAR found that INLs reported geospatial coordinates for the two projects were within half a kilometer from the actual project location. Additionally, SIGAR found that both of the projects were in usable condition, with no apparent structural deficiencies, and that they both had access to power and water. However, at the sports stadium, SIGAR found: the facility and grounds already showed serious wear and tear; clear indications of poor workmanship; a lack of maintenance; and, that the facility was not being used as intended.

To determine why the sports stadium is not being used as intended and to make better use of INLs \$498,047 investment, SIGAR suggests that INL (1) inform the Ministry of Counter Narcotics of the sports stadium's underutilization, and (2) request that the ministry develop an action plan detailing the reasons for the underutilization and identify what can be done to ensure that this facility benefits the local population.

SIGAR provided a draft of this report to State for comment on February 27, 2018. INL provided comments on March 19, 2018, stating that it has already taken action to address SIGAR's suggested action and notified the Ministry of Counter Narcotics of our findings on March 3, 2018. INL also stated that, "the Afghan National Directorate of Security (NDS) used the stadium as a base for military operations during a heavy period of fighting

# SIGAR OVERSIGHT ACTIVITIES

against Taliban forces from April–June 2017. This irregular use caused significant damage to the facility.”

Finally, INL stated that the stadium is still in the one-year contractor’s warranty period and that MCN will “deploy a technical team to survey the project site prior to final project handover. The MCN will instruct the contractor to remedy any deficiencies caused by poor workmanship. Additionally, the Department will work with the MCN and Kunduz provincial authorities to identify and approve any extra work necessary to rectify deficiencies determined to be the result of project design flaws or damage by the NDS.”

## **Report 18-40-SP: USAID-Funded Schools in Kunduz Province Observations from Site Visits at Six Schools**

This report is the sixth in a series that discusses findings from site visits at schools across Afghanistan that were either built or rehabilitated by USAID. The six schools discussed in this report are in Kunduz Province. The purpose of this Special Projects report was to determine the extent to which those schools were open and operational, and to assess their current condition.

SIGAR found that all six schools were open and in generally usable condition. However, SIGAR also found that the data USAID provided regarding the location of three schools, and the communities served by those schools, were inaccurate. As a result, SIGAR’s site-inspection teams had difficulty finding those schools and relied on their knowledge of the area, and assistance from community members and provincial MOE representatives to locate them. Lastly, SIGAR found that there may be problems with student and teacher absenteeism at all six schools, and that several schools



**A functioning well** at a school in Kunduz City. (SIGAR photo)

# SIGAR OVERSIGHT ACTIVITIES

appeared to have structural deficiencies (e.g. roofs that were not structurally sound) that could affect student safety.

SIGAR provided a draft of this report to USAID for comment on March 20, 2018. USAID provided comments on March 31, 2018, stating that it “was pleased to learn that all six schools were ‘open and in generally usable condition.’” Additionally, USAID stated that it will “inform the appropriate authorities within the Ministry of Education of the schools that SIGAR identified as having low attendance rates for students and teachers as well as the facilities with poor sanitation conditions, or showing signs of structural damage and safety hazards.”

## **Alert Letter 18-32-SP: Structural Damage at Educational Facility SR 06**

On February 27, 2018, SIGAR sent a letter to USAID administrator Mark Green, assistant to the administrator for USAID Gregory Huger, and USAID mission director for Afghanistan Herbert B. Smith to alert them to a safety matter that warrants action by USAID.

One building, a boys’ high school (SR-06) in Baghlan Markazi District of Baghlan Province, is in danger of collapsing. It was rehabilitated by the International Organization for Migration (IOM) under a cooperative agreement with USAID, and is currently in use. However, it poses a serious danger to students, teachers, and anyone else in or near the school building due to severe structural deterioration.

SIGAR is engaged in efforts to determine the operational condition of schools constructed or renovated by USAID in provinces throughout Afghanistan. As part of this effort, SIGAR visited SR-06 in December 2017. While SIGAR’s site inspection focused on assessing the overall operating conditions at the facility, SIGAR also completed a basic safety review of the structural integrity of classroom buildings at SR-06 that included photographic documentation.

Following the site visit, SIGAR analysts and engineers examined photographs of SR-06 and found that the school building appears to be unsafe due to structural damage that may be beyond repair or rehabilitation. Structural failures observed in photos taken inside and outside of the school indicate a shallow foundation that has resulted in moderate-to-severe soil settlement and numerous and extensive vertical and horizontal cracks in the wall structure at irregular intervals. Our observations indicate severe structural damage that endangers people in and around the school building.

Adding to the danger posed by the degraded structural integrity of the building, the school is located in an area of high seismic activity; SIGAR believes it is likely to collapse in the event of an earthquake and has notified the Afghan government of this issue. To help ensure appropriate action, SIGAR also strongly urged USAID to contact its partners in the Ministry of Education and alert them to the unsafe conditions at SR-06. The SR-06

### **SPECIAL PROJECTS ALERT LETTERS**

- Alert Letter 18-32-SP: Structural Damage at Educational Facility SR 06
- Alert Letter 18-36-SP: Structural Damage at Educational Facility in Baghlan Province
- Alert Letter 18-39-SP: Structural Damage at Baghlan Bridge



**Large cracks** in the wall of a school in Baghlan Province. (SIGAR photo)

# SIGAR OVERSIGHT ACTIVITIES

school building should not be used as a classroom or for any other purpose, and its continued use puts the lives of staff and students at risk.

We provided a draft of this alert letter to USAID on February 14, 2018. In its response, dated February 16, 2018, USAID thanked SIGAR for the alert and stated that it “will inform key personnel within the Ministry of Education and the Baghlan Provincial Education Directorate of the situation and of the hazards of continued use of the facility.”

## **Alert Letter 18-36-SP: Structural Damage at Educational Facility in Baghlan Province**

On March 30, 2018, SIGAR sent a letter to USAID administrator Mark Green, assistant to the administrator for USAID Gregory Huger, and USAID mission director for Afghanistan Herbert B. Smith to alert them to a safety matter that warrants action by USAID.

A school building (SR-09) is in danger of collapsing. The school, in the Pul-i Khumri District of Baghlan Province, was rehabilitated by the International Organization for Migration (IOM) under a cooperative agreement with USAID and is currently in use. However, it poses a serious danger to students, teachers, and anyone else in or near the school due to severe structural deterioration.

SIGAR is engaged in efforts to determine the operational condition of schools constructed or renovated by USAID in provinces throughout Afghanistan. As part of this effort, SIGAR visited Baghlan facility SR-09 in December 2017. While SIGAR’s site inspection focused on assessing the



**The wall and roof** of a school in Baghlan Province that was damaged by an explosion. (SIGAR photo)

overall operating conditions at the facility, SIGAR also completed a basic safety review of the structural integrity of classroom buildings at SR-09 that included collecting photographic documentation.

Following the site visit, SIGAR analysts and engineers examined photographs of SR-09 and found damage that is both substantial and potentially life-threatening. Specifically, SIGAR identified a classroom building that appears unsafe, structurally unsound, and with damage that may be beyond repair or rehabilitation. Much of the structural damage observed at the school appears to have resulted from significant blast damage, which according to interviews was caused by local criminal elements.

This damage has already compromised load-bearing walls, and the surrounding walls and ceiling appear to be on the verge of collapse. Adjacent walls also show signs of stress as well as moderate-to-severe soil settlement, increasing the danger to occupants. Adding to the danger posed by the degraded structural integrity of the building, the school is located in a highly seismic area and SIGAR believes it is likely to collapse in the event of an earthquake.

SIGAR has notified the Afghan government of this issue. To help ensure appropriate action, SIGAR also strongly urged USAID to contact its partners in the Ministry of Education and alert them to the unsafe conditions at SR-09. The SR-09 school building should not be used as a classroom or for any other purpose, and its continued use puts the lives of staff and students at risk.

SIGAR provided a draft of this alert letter to USAID on March 15, 2018. In its response, dated March 28, 2018, USAID thanked SIGAR for the alert and stated that it “will inform key personnel within the Ministry of Education and the Baghlan Provincial Education Directorate of the situation and of the hazards of continued use of the facility.”

## **Alert Letter 18-39-SP: Structural Damage at Baghlan Bridge**

On April 3, 2018, SIGAR sent a letter to General John W. Nicholson, U.S. Forces-Afghanistan (USFOR-A) commander, to alert him to a safety matter that warrants the attention of DOD and USFOR-A. Specifically, a bridge currently in use in Baghlan Province that was partially rehabilitated using funds from the Commander’s Emergency Response Program (CERP) in 2012 has significant and extensive damage that poses a risk to people on or near the bridge.

As part of SIGAR’s ongoing effort to verify the location and condition of facilities or infrastructure built, refurbished, or funded by the U.S. as part of the reconstruction effort in Afghanistan, SIGAR is conducting site inspections of bridges in Afghanistan that were constructed or repaired with CERP funds. SIGAR is inspecting such bridges in several provinces and began its work in December 2017 by travelling to eight CERP bridge projects in Baghlan Province. DOD obligated \$1.6 million in CERP funds for the eight bridge projects.

# SIGAR OVERSIGHT ACTIVITIES



**Structural damage** to a CERP-funded bridge in Baghlan Province. (SIGAR photo)

At each bridge site in Baghlan Province, SIGAR conducted an assessment to determine the overall condition and use of the bridge, identify any safety concerns, and test the accuracy of location information maintained in DOD's records. SIGAR also interviewed a local Afghan government official and a community member near each project, and took photographs embedded with global positioning system and time/date information.

At one such bridge in Baghlan Province, SIGAR found significant structural damage that could lead to structural failure that threatens the safety of persons on or near the bridge. In 2011, USFOR-A awarded a CERP-funded contract for \$16,180 to make limited repairs to the bridge to maintain a major supply route and to ensure the local population's access to services and markets. Prior to funding the project, USFOR-A signed a Memorandum of Understanding with a representative of the Afghan Ministry of Rural Rehabilitation and Development (MRRD). The memorandum stated that MRRD would provide annual funding for the operation and maintenance of the bridge, including "staffing, routine maintenance, and supplies once construction has been completed and the road has been transferred to the GIROA [the Afghan government]."

According to project records, USFOR-A terminated the project in early 2012, due to issues with the local population. Available documentation states that the repairs were 82% complete when the project was terminated and \$13,267 had been paid to the contractor for the work.

When SIGAR visited the bridge in December 2017, SIGAR observed extensive vehicle and pedestrian traffic on it. The community member and an MRRD official with whom SIGAR spoke cited the bridge's importance for commercial traffic and access to health facilities. However, SIGAR is concerned that continued use of this bridge, in its present condition, poses a danger to users unless needed maintenance is undertaken by the Afghan government.

SIGAR found that the bridge's superstructure, approach, retaining walls, and traffic safety rails show a lack of maintenance, pose a danger to users, and require repair. In addition, the bridge sits in a highly seismic area of Afghanistan, where an earthquake could cause its catastrophic failure.

SIGAR understands that USFOR-A's involvement with this bridge project ended when it terminated the project. However, SIGAR's site visit showed that the bridge is in urgent need of repairs and maintenance.

SIGAR believes that responsible Afghan government bodies should be notified of the bridge's condition to ensure the safety of people on or near the structure. As a result, SIGAR will notify its interlocutors within the Afghan government of the safety concerns associated with this bridge and urge them to take prompt action for its repair. To help ensure that this issue reaches the appropriate persons within the Afghan government, SIGAR suggests USFOR-A take similar action to notify its Afghan

government counterparts of the risks posed by this neglected, and heavily trafficked, bridge.

SIGAR provided a draft of this letter to DOD for comment on March 13, 2018. USFOR-A responded in a letter dated March 18, 2018, stating that because the project was terminated, the repairs were never formally turned over to the Afghan government to assume responsibility for maintenance. However, due to safety concerns, USFOR-A agrees that it should notify the Afghan government about the condition of the bridge. DOD also provided technical comments, which SIGAR incorporated as appropriate.

## LESSONS LEARNED

SIGAR's Lessons Learned Program was created to identify and preserve lessons from the U.S. reconstruction experience in Afghanistan, and to make recommendations to Congress and executive agencies on ways to improve efforts in current and future operations. The program has three projects in development: stabilization, counternarcotics, and Coalition responsibilities for security sector assistance.

### Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan

On April 19, SIGAR issued its third Lessons Learned Program report, *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan*. The report examines how the U.S. government supported private-sector development in Afghanistan since 2001 through efforts led by the U.S. Agency for International Development, with additional significant roles played by the Departments of State, Defense, Commerce, and Treasury.

*Private Sector Development and Economic Growth* provides both the chronology of U.S. government support to private-sector development and an in-depth look at the five major areas of economic intervention: creating an enabling environment, providing access to finance, promoting investment, developing regional and international trade, and supporting enterprises. The report identifies lessons to inform U.S. policies and actions at the onset of and throughout a reconstruction and provides recommendations for improving private sector development efforts. These lessons and recommendations are relevant for ongoing work in Afghanistan, where the United States remains engaged in building and supporting the Afghan economy, and in future endeavors to rebuild other weak states emerging from protracted conflict.

*Private Sector Development and Economic Growth* highlights the difficulties of supporting economic development in a war-shattered country. Afghanistan's early economic gains were largely due to post-conflict recovery and substantial foreign spending, and optimistic predictions of future

#### COMPLETED LESSONS LEARNED PROGRAM REPORT

- SIGAR 18-38-LL: Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan

# SIGAR OVERSIGHT ACTIVITIES

progress did not reflect the nation’s economic and security environment, the capacity of Afghan and U.S. institutions, or the impact of corruption.

The United States also overestimated the speed at which Afghanistan could transition to a Western-style market economy. The U.S. government’s provision of direct financial support sometimes created dependent enterprises and disincentives for Afghans to borrow from market-based financial institutions. Furthermore, insufficient coordination within and between U.S. government civilian and military agencies often negatively affected the outcomes of programs.

On the other hand, early foundational investments in the economic system, undertaken in concert with allies and international organizations, established the basis for the progress that did take place and for future development. Afghanistan’s long-term prospects may also improve as a result of progress in regional integration and participation in bilateral and multilateral trade agreements, as well as investments in human capital.

The findings, lessons, and recommendations outlined in *Private Sector Development and Economic Growth* are described in Section One of this SIGAR quarterly report. The full lessons-learned report and its companion interactive version are posted on SIGAR’s website, [www.sigar.mil](http://www.sigar.mil).

## INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in one indictment, one guilty plea, three sentencing, two arrests, \$6,527,491 in restitutions, and \$264,563,451 in cost avoidance and recoveries to the U.S. government. SIGAR initiated 12 new cases and closed 31, bringing the total number of ongoing investigations to 199, as shown in Figure 2.1.

To date, SIGAR investigations have resulted in a cumulative total of 124 criminal convictions. Criminal fines, restitutions, forfeitures, civil settlements, and U.S. government cost avoidance and recoveries total over \$1.5 billion.

### Investigation Results in \$264 Million Cost Avoidance to U.S. Government

An investigation was opened based on allegations of improprieties involving Afghan-based contractors and the award process of the \$134,982,989 Da Afghanistan Breshna Sherkat (DABS) Ghazni-Kandahar Five Substations Project. This project was funded by USAID and administered by the Afghan government. DABS is the national electricity utility of Afghanistan.

Allegations received by the Office of the President of Afghanistan were that the prime contractor paid a \$2 million bribe to secure the award for the project. On July 16, 2017, the contract details and the bribe allegation were presented at a meeting of the National Procurement Commission (NPC), chaired by the Afghan President Ashraf Ghani. At the meeting, President

FIGURE 2.1

SIGAR INVESTIGATIONS: NUMBER OF OPEN INVESTIGATIONS, AS OF MARCH 31, 2018



Source: SIGAR Investigations Directorate, 4/11/2018.

Ghani referred the matter for further investigation by the Afghan Attorney General's Office, SIGAR, USAID's Office of Inspector General (OIG), and the Afghan Major Crimes Task Force.

The corruption uncovered in the course of the investigation was reported by USAID-OIG to USAID in Kabul, Afghanistan. On July 27, 2017, USAID prepared an official letter advising that USAID was indefinitely revoking consent for any award related to the DABS Ghazni-Kandahar Five Substations Project, resulting in a U.S. government cost avoidance of \$134,982,989. The letter further stated that contributing to this decision was the NPC's public announcement to investigate the contract-award process with participation from SIGAR, USAID-OIG, and the Afghan Major Crimes Task Force.

On March 6, 2018, a memorandum from USAID-OIG stated that USAID-Afghanistan ultimately deobligated all on-budget support to DABS for future and planned energy projects not yet awarded, in the amount of \$399,546,440. Included in that amount was \$134,982,989 for the DABS Ghazni-Kandahar Five Substations Project. The decision was based on information obtained by USAID-OIG and SIGAR during the course of an ongoing investigation into allegations of corruption. The \$264,563,440 cost-avoidance amount represents the difference between the \$399,546,440 of funds deobligated by USAID, less the previously cited cost-avoidance amount of \$134,982,989 for the DABS Ghazni-Kandahar Five Substations Project.

## **Former U.S. Army Special Forces Soldier Indicted for Kickbacks Related to Stolen Government Property**

On February 13, 2018, in the Eastern District of North Carolina, former U.S. Army Special Forces member Joseph Russell Graff was indicted on charges of theft of government property, bribery, laundering of monetary instruments, structuring, engaging in monetary transactions, and possession of illegal firearms. On February 14, 2018, Graff was arrested without incident at his place of employment and later released on a \$10,000 bond.

Graff is alleged to have smuggled various illegally obtained automatic weapons from Afghanistan during his 2012–2013 military deployment. In addition, while in the process of decommissioning the Special Forces compound within a forward operating base, Graff allegedly allowed U.S. military equipment to be stolen and sold on the black market. He subsequently smuggled his illegal proceeds, estimated at \$350,000, inside his personal belongings and shuffled the money among various banks to avoid bank reporting requirements. Graff used the majority of the money for a down payment on a home, installation of an in-ground pool and vehicles.

## **Former USACE Employee Sentenced for Bribery**

On March 8, 2018, in the Central District of Illinois, Mark E. Miller, a former employee of the U.S. Army Corps of Engineers (USACE), was sentenced to 100 months' incarceration and three years' supervised release after pleading

guilty in July 2017 to one count of seeking and receiving bribes as a public official. At sentencing, the court affirmed the forfeiture order of \$180,000 and a 2006 Harley-Davidson motorcycle.

From February 2009 to October 2011, while assigned to Camp Clark military base in eastern Afghanistan, Miller was the site manager and contracting officer representative for a number of construction projects. In December 2009, USACE awarded a contract to an Afghan company for construction of a road from eastern Afghanistan to the Pakistani border. Miller oversaw the work of the Afghan company on this project and authorized progress payments to the company. Miller solicited approximately \$280,000 in bribes from the company owners in return for favorable treatment, including ensuring the contract was not terminated. After the contract was no longer active, he solicited an additional \$40,000 in bribes in return for the possibility of future contract work and other benefits.

This matter was jointly investigated by SIGAR, the Federal Bureau of Investigation (FBI), Defense Criminal Investigative Service (DCIS), and U.S. Army Criminal Investigation Command-Major Procurement Fraud Unit (USCID-MPFU), with assistance from the U.S. Postal Inspection Service.

## **Former U.S. Contractor Employee Pleads Guilty to Accepting Kickbacks**

On March 5, 2018, in the Northern District of Georgia, Christopher McCray pleaded guilty to accepting kickbacks. While at Bagram Airfield from August 2012 to September 2014, McCray was the country manager for a subcontractor of a U.S. company responsible for moving cargo from Bagram to military bases throughout Afghanistan.

McCray entered into an agreement with an Afghan trucking company whereby McCray received kickback payments worth 15% of the gross revenue on each contract. McCray received secret payments from December 2012 to May 2014. He was first paid in cash, then by wires sent to his bank account in Atlanta, and by payments sent to his mother, who would deposit the funds into McCray's accounts.

SIGAR, DCIS, the FBI, Air Force Office of Special Investigation, and the U.S. Army's Criminal Investigation Command are investigating the case.

## **Afghan Major General Arrested for Embezzling Funds**

On January 15, 2018, officials of the Afghan Attorney General's Office informed SIGAR that security forces of the Anti-Corruption Justice Center (ACJC) arrested the Director of the Afghan Ministry of Interior (MOI) Police Cooperative Fund, Major General Mohammad Anwar Kohistani, for his role in the embezzlement of over 90 million afghanis (nearly \$1.3 million) from the MOI Cooperative Fund.

The MOI Cooperative Fund was a retirement fund for Afghan police officers employed by the MOI. In March of 2016, the Inspector General of the MOI requested SIGAR's assistance with investigating Major General Kohistani and allegations of fraud and embezzlement involving the MOI Cooperative Fund. The investigation, conducted jointly by SIGAR and prosecutors of the Afghan Attorney General's Office assigned to the ACJC, uncovered significant evidence of embezzlement, fraud, and abuse of the Cooperative Fund perpetrated by Major General Kohistani. The general is incarcerated, awaiting trial.

## **Former U.S. Contractor Sentenced for Failing to File Tax Returns**

On January 10, 2018, in the Western District of Texas, Michael J. Badgett was sentenced to 12 months' incarceration in a halfway house, followed by three years' supervised probation upon release, and special assessment fees of \$75. In addition, he was ordered to pay \$6,527,491 (tax loss plus accrued interest) in restitution.

Badgett, a former contractor involved in U.S. reconstruction efforts in Afghanistan and the managing director of the Green Village, a secure housing complex in Kabul that served a number of U.S. government contractors and U.S. government agencies, pleaded guilty to failing to file federal tax returns for 2010, 2011, and 2012, when he had earned over \$14 million in taxable income in Afghanistan.

Badgett opened a JP Morgan Chase bank account in the U.S. to cater specifically to U.S. clients who could pay into that account directly instead of sending money overseas. The secure housing complex also transferred some of the company's overseas bank funds to the Chase account. Over a three year period, Badgett used funds from the Chase account for his own personal purposes. The failure to file income-tax returns caused a loss to the U.S. of approximately \$5.4 million and accrued interest owing of approximately \$1.1 million. Badgett was sentenced to a halfway house to enable him to continue working in an effort to pay the restitution.

SIGAR and the Internal Revenue Service–Criminal Investigation Division investigated this case.

## **U.S. Contractor Sentenced for Theft of Government Property**

On January 24, 2018, in the Middle District of Florida, Jeremy Serna was sentenced for theft of U.S. government property. Serna, a former employee of Leonie Industries LLC (Leonie) based in Arlington, Virginia, was ordered to pay a fine of \$1,000 and a \$25 assessment fee.

During June and July 2012, Serna was assigned to work on a \$249 million U.S. Army contract for face-to-face public opinion polling in Afghanistan. When Serna was requested by an individual to provide confidential government information relating to the Leonie contract, Serna stole the

information and provided it to the individual, who used it to negotiate and obtain a subcontract award from Leonie. In return for the information, the individual offered Serna cash as well as employment with ORB International, a United Kingdom public-opinion polling company.

The investigation was conducted by SIGAR, DCIS, and USCID-MPFU, with assistance from the Defense Finance and Accounting Service.

## **U.S. Embassy Employees Terminated for Embezzling Funds**

As a result of an investigation jointly conducted by SIGAR and State's Office of Inspector General, six Afghan citizens were terminated from their positions at the U.S. Embassy Kabul, Afghanistan, barred from U.S. and NATO facilities, and placed on the Biometrically Enabled Watch List (BEWL).

The investigation was based upon allegations that staff members of the Kabul Embassy Employee Association were part of a fraudulent scheme involving the sale of Embassy meal cards, resulting in an estimated loss to the U.S. government of approximately \$5 million.

All six individuals were terminated for cause and their security clearances were revoked.

## **Suspensions and Debarments**

This quarter, SIGAR's Suspensions and Debarment Program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 895, encompassing 498 individuals and 397 companies to date, as shown in Figure 2.2.

As of the end of March 2018, the efforts of SIGAR to utilize suspension and debarment to address fraud, corruption, and poor performance in Afghanistan have resulted in a total of 136 suspensions and 532 finalized debarments/special-entity designations of individuals and companies engaged in U.S.-funded reconstruction projects. An additional 23 individuals and companies have entered into administrative-compliance agreements with the government in lieu of exclusion from contracting since the initiation of the program.

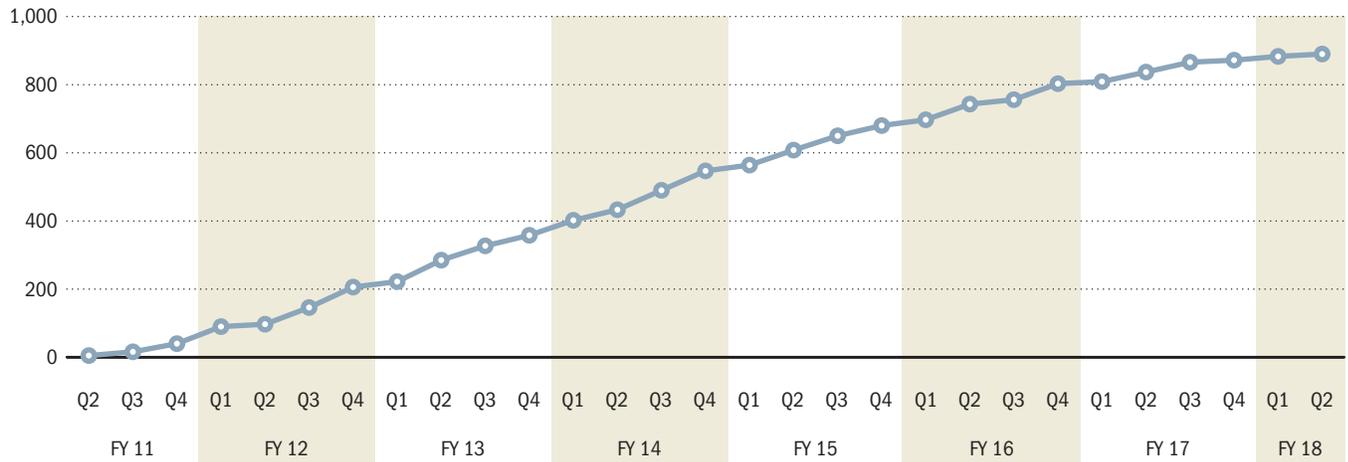
During the second quarter of 2018, SIGAR's referrals resulted in eight additional finalized debarments of individuals and entities by agency suspension and debarment officials. An additional three individuals and companies are currently in proposed debarment status, awaiting final adjudication.

Suspensions and debarments are an important tool for ensuring that agencies award contracts only to responsible entities. SIGAR's program addresses three challenges posed by U.S. policy and the contingency contracting environment in Afghanistan: the need to act quickly, the limited U.S. jurisdiction over Afghan nationals and Afghan companies, and the vetting challenges inherent in the use of multiple tiers of subcontractors.

# SIGAR OVERSIGHT ACTIVITIES

FIGURE 2.2

**SIGAR INVESTIGATIONS: CUMULATIVE REFERRALS FOR SUSPENSION AND DEBARMENT, Q2 FY 2011–Q2 FY 2018**



Source: SIGAR Investigations Directorate, 4/6/2018.

SIGAR continues to look for ways to enhance the government’s responses to these challenges through the innovative use of information resources and investigative assets both in Afghanistan and the United States. SIGAR makes referrals for suspensions and debarments—actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct—based on completed investigations in which SIGAR participates. In most cases, SIGAR’s referrals occur in the absence of acceptance of an allegation for criminal prosecution or remedial action by a contracting office and are therefore the primary remedy to address contractor misconduct.

In making referrals to agencies, SIGAR provides the basis for a suspension or debarment decision by the agency as well as all of the supporting documentation needed for an agency to support that decision should it be challenged by the contractor at issue. Based on the evolving nature of the contracting environment in Afghanistan and the available evidence of contractor misconduct and/or poor performance, on occasion SIGAR has found it necessary to refer individuals or companies on multiple occasions for consideration by agency suspension and debarment officials.

SIGAR’s emphasis on suspension and debarment is exemplified by the fact that of the 895 referrals for suspension and debarment that have been made by the agency to date, 868 have been made since the second quarter of 2011. During the 12-month period prior to March 31, 2018, referrals by

# SIGAR OVERSIGHT ACTIVITIES

SIGAR's suspension and debarment program resulted in the exclusion of 71 individuals and companies from contracting with the U.S. government. SIGAR's referrals over this period represent allegations of theft, fraud, poor performance, financial support to insurgents and mismanagement as part of reconstruction contracts valued at approximately \$247 million.

## **Contractors Debarred for Paying \$250,000 in Kickbacks for the Award of Subcontracts**

On January 18, 2018, the Army Suspension and Debarment Office debarred Nebraska McAlpine, Javid Hamdard, and Hamdard's companies, Afghan Armor Vehicle Rental Company and Meli Afghanistan Group, based on Hamdard's payment of kickbacks to McAlpine to secure subcontracts from IAP Worldwide Inc.

In October and November 2015, McAlpine awarded sole-source contracts valued at approximately \$1,600,000 to Afghan Armor Vehicle Rental Company for the provision of an ultra-high frequency radio system for use by the Afghanistan Ministry of Interior as part of Army Contracting Command contract number W56KJD-16-C-0003. In return for these awards, Hamdard made payments of \$250,000 to McAlpine as part of a scheme to kick back 15% of contract awards made by McAlpine to Afghan Armor Vehicle Rental Company and Meli Afghanistan Group.

As a result of a 2016 internal IAP Worldwide ethics-hotline complaint and subsequent criminal investigation, a criminal information was filed against McAlpine in the U.S. District Court for the Northern District of Georgia, Atlanta Division, on June 9, 2017, charging him with one count in violation of the Anti-Kickback Act, 41 U.S.C. § 8702.

On July 18, 2017, McAlpine entered a plea of guilty to this charge, and on November 28, 2017, a criminal judgment was entered against him sentencing him confinement for a period of 21 months. Based on the guilty plea by McAlpine, and materials developed as part of the underlying investigation, McAlpine, Hamdard, Afghan Armor Vehicle Rental Company, and Meli Afghanistan Group were all proposed for debarment by the Department of the Army on September 28, 2017. McAlpine was debarred for six years and seven months, ending on April 28, 2024. Hamdard, Afghan Armor Vehicle Rental Company, and Meli Afghanistan Group were all debarred for five years, ending on September 28, 2022. All periods of debarment incorporate the time periods that the parties were in proposed debarment status.

## CONSOLIDATED APPROPRIATIONS ACT, 2018

On March 23, 2018, President Trump signed the Consolidated Appropriations Act for Fiscal Year 2018 into law. The Act contains multiple provisions implementing SIGAR recommendations.

One such provision establishes a new procedure for ensuring that training and assistance provided to the Afghan security forces does not violate the Leahy Laws' prohibition on U.S. funding for foreign military and police units which commit gross violations of human rights. Under the new provision, the Secretary of Defense's authority to waive the Leahy Laws for national-security reasons must include additional information specific to the Afghan security forces and, every 120 days thereafter, the Secretary must submit a report to Congress on corrective action being taken by the government of Afghanistan. The provision further stipulates that if no action is taken by the Afghan government within one year, the waiver to provide assistance will be revoked. Additionally, Congress removed the "notwithstanding" clause from the Afghanistan Security Forces Fund that had been used by the Defense Department to provide assistance to Afghan forces that may have been otherwise ineligible due to Leahy Laws restrictions. Congress took these actions in response to the findings and recommendations of SIGAR's June 2017 evaluation report regarding allegations of child sexual assault by Afghan security forces, the implementation of the Leahy Laws in Afghanistan, and related matters.

The joint explanatory statement accompanying the Act also contains language referencing the findings of SIGAR's special-project report on the procurement of camouflage uniforms for the Afghan National Army (ANA). It notes that SIGAR found the uniforms were "not appropriate for use in Afghanistan" and directs the Secretary of Defense to determine whether contracting practices for ANA and Afghan National Police uniforms conform to all Federal Acquisition Regulation requirements, a concern raised in SIGAR's report.

Finally, the joint explanatory statement directs SIGAR to update its ongoing audit of the Afghan government's progress to combat corruption. At the request of the House and Senate Appropriations Committees in the joint explanatory statement for the Fiscal Year 2017 Consolidated Appropriations Act, SIGAR is auditing the Afghan government's progress toward developing and implementing a whole-of-government anticorruption strategy, as required by the 2016 Brussels Conference on Afghanistan. SIGAR will report its findings to the House and Senate Appropriations Committees by May 31, 2018, and, as instructed in the Fiscal Year 2018 joint explanatory statement, conduct a second audit of the Afghan government's progress.



**President Donald J. Trump** (right) signs the \$1.3 trillion Omnibus Spending Bill as Secretary of Defense James Mattis (left) and Vice President Mike Pence (center) look on. (Official White House photo by D. Myles Cullen)

## OTHER SIGAR OVERSIGHT ACTIVITIES

- Inspector General Sopko Speaks on Anticorruption Efforts in Afghanistan at European Union Conference in Kabul, Afghanistan
- Inspector General Sopko Discusses Need for “Whole of Government” Approach to National Security at William & Mary, Williamsburg, VA
- Inspector General Sopko Discusses Private Sector Development Efforts in Afghanistan at the United States Institute of Peace, Washington, DC
- Deputy Inspector General Aloise Speaks at the Naval Postgraduate School, Monterey, CA
- Inspector General Sopko Speaks at the Organisation for Economic Cooperation and Development’s Global Anticorruption and Integrity Forum, Paris
- Inspector General Sopko and Senior Research Analyst Speak at the Marine Corps University in Quantico, VA, on SIGAR’s Security Lessons Learned Report
- Inspector General Sopko Speaks at the American University, Washington, DC

## OTHER SIGAR OVERSIGHT ACTIVITIES

### Inspector General Sopko Speaks on Anticorruption Efforts in Afghanistan at European Union Conference in Kabul, Afghanistan

On April 24, Inspector General John F. Sopko gave the second keynote address, following President Ashraf Ghani, at the fourth annual European Union Anti-Corruption Conference, which was held at the Presidential Palace in Kabul. The IG highlighted some of the steps the Afghan National Unity Government has taken to combat corruption, but emphasized that anti-corruption efforts cannot be sidelined as secondary to the war effort. He also encouraged the Afghan government to implement strong oversight and transparency mechanisms, and also made note of the importance of strong outside oversight conducted by the media and civil society organizations.



**IG Sopko**, First Lady Rula Ghani, President Ashraf Ghani, and another panelist at the Fourth Annual European Union Anti-corruption Conference on April 24, 2018. (Afghan Presidential Palace photo)

### Inspector General Sopko Discusses Need for “Whole of Government” Approach to National Security at William & Mary, Williamsburg, VA

On April 20, Inspector General Sopko spoke at the Inaugural Whole of Government National Security Conference at William & Mary. The Inspector General discussed SIGAR’s unique mandate to evaluate the reconstruction effort from a “whole of government” vantage point and emphasized that for the Afghanistan reconstruction effort to be successful, it would require all components of American power—civilian and military—to work in concert and coordinate their plans and programs. He also highlighted the challenges posed by the security restrictions placed on civilian personnel’s ability to move outside of Embassy Kabul, while the U.S. military has greater

freedom of movement, something that is of concern to both civilian and military leadership.

## **Inspector General Sopko Discusses Private Sector Development Efforts in Afghanistan at the United States Institute of Peace, Washington, DC**

On April 19, Inspector General Sopko gave the keynote address at the launch of SIGAR's most recent lessons-learned report *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan*, at the United States Institute of Peace (USIP). In his remarks ahead of a panel discussion on the report, IG Sopko discussed the challenges facing the business environment in Afghanistan; how instability and uncertainty deterred investment; and how U.S. programs and projects were not always well managed or coordinated between different U.S. agencies. He emphasized the need for legal reform and accountability so that businesses could have certainty that their investments would be protected from corruption and other threats.

## **Deputy Inspector General Aloise Speaks at the Naval Postgraduate School, Monterey, CA**

On April 12, 2018, Deputy Inspector General Eugene Aloise spoke at the Defense Resources Management Institute of the Naval Postgraduate School in Monterey, California. Speaking to a group of foreign military flag officers, Deputy IG Aloise spoke about the history of the reconstruction effort in Afghanistan, the rebuilding of the Afghan National Defense and Security Forces, the need for independent oversight in reconstruction efforts, emphasized the importance of agencies being forthright in their program appraisals, and highlighted specific examples of SIGAR's audit and investigative work in Afghanistan.

## **Inspector General Sopko Speaks at the Organisation for Economic Cooperation and Development's Global Anticorruption and Integrity Forum, Paris, France**

On March 28, 2018, Inspector General Sopko spoke at the Organisation for Economic Cooperation and Development's Global Anticorruption and Integrity forum on the topic of "Managing Corruption Risks in Contexts of Fragility."

IG Sopko focused on the lessons learned by SIGAR in fighting corruption in Afghanistan assistance programs with special reference to their applicability in other fragile and conflict-affected countries where development cooperation might be necessary. Some of the concerns IG Sopko identified included the lack of a comprehensive whole-of-government strategy from the outset, the problem of donor countries contributing to corruption by delivering too much money too quickly, and having a willing host-government partner to work with.

While at the conference, IG Sopko spoke on the same panel as Second Vice President of Afghanistan, Sarwar Danesh, who highlighted 12 anti-corruption measures the National Unity Government had put into place over the past two years.

The Inspector General was also invited to attend and make a presentation at the launch meeting of the Auditors Alliances a unique forum for public-sector internal and external auditors to share insights and expertise on their audit practices and functions. In addition, IG Sopko was asked to attend and represent the results of the Auditors Alliance at the OECD Anti-Corruption Task Team plenary session on the OECD recommendations of the Council for Development Co-operation on managing the risk of corruption.

## **Inspector General Sopko and Senior Research Analyst Speak at the Marine Corps University in Quantico, VA, on SIGAR's Security Lessons Learned Report**

On March 23, 2018, Inspector General Sopko and Senior Research Analyst James Cunningham spoke to over 300 Marines and civilians at the Marine Corps University about SIGAR's recently published Lessons Learned Program (LLP) report *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*.

IG Sopko was invited to speak at this event by Marine Corps commandant General Robert B. Neller. IG Sopko emphasized that the LLP report was intended to help stand up the Afghan security forces more quickly and effectively so that Afghanistan has a fighting force not dependent on the United States. IG Sopko also emphasized how these lessons can apply as the U.S. embarks on other operations of this type around the world.

## **Inspector General Sopko Speaks at the American University, Washington, DC**

On February 28, 2018, Inspector General Sopko spoke at American University to discuss the role of Inspectors General in the United States and the importance of applying rigorous oversight to foreign policy endeavors, such as the reconstruction of Afghanistan. IG Sopko discussed the importance of developing lessons learned from the past 16 years of effort in Afghanistan and how they might be applied to future similar efforts. He specifically highlighted the need for improvement in planning and coordination of such missions, addressing the challenges posed by annual rotations and counterproductive spending incentives; and the need for honesty and transparency to the American public about the reconstruction effort.

# SIGAR OVERSIGHT ACTIVITIES



**SIGAR staffers Scott Harmon** (left) and Charles Hyacinthe (second from right) met in Kabul in April with members of Integrity Watch Afghanistan and the Swedish International Development Cooperation Agency to discuss reconstruction issues of common interest. (IWA photo)

## SIGAR BUDGET

SIGAR is fully funded through FY 2019 at \$54.9 million under the Consolidated Appropriations Act, 2018. The budget supports SIGAR's oversight activities and products by funding SIGAR's Audits and Inspections, Investigations, Management and Support, and Research and Analysis Directorates, as well as the Special Projects Team and the Lessons Learned Program.

## SIGAR STAFF

SIGAR's staff count remained steady since the last quarterly report to Congress, with 187 employees on board at the end of the quarter: 24 SIGAR employees were at the U.S. Embassy in Kabul and two others were at Bagram Airfield. SIGAR employed five Afghan nationals in its Kabul office to support the Investigations and Audits Directorates. In addition, SIGAR supplements its resident staff with personnel assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had 12 employees on temporary duty in Afghanistan for a total of 191 days.

“We do look towards a victory in Afghanistan. Now, what does that victory look like? It’s a country with its own people, and with their own security forces, and own law enforcement.”

—*Secretary of Defense James Mattis*

# 3 RECONSTRUCTION UPDATE



## Afghanistan-Specific Recommendations

1. Conduct a fact-finding mission to determine the current status of security sector assistance programs led by DOD and civilian agencies under Chief of Mission authority.
2. Realign U.S. SSA personnel and programs to match ANDSF requirements.
3. Deploy law enforcement professionals to conduct police development missions.
4. Create lead agencies for the Afghan National Army and Afghan National Police.
5. Create a rear element of the Combined Security Transition Command – Afghanistan in the Washington D.C. area.
6. Create a transition plan for Afghan combat enabler support.
7. Establish an ANDSF assessment, monitoring and evaluation (AM&E) cell outside of the training command structure.

**SIGAR** Special Inspector General for  
Afghanistan Reconstruction



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SIGAR Lessons Learned Program Project Lead James Cunningham, at lectern, and Inspector General John Sopko brief a Marine Corps University audience on SIGAR's lessons-learned report on building up Afghanistan's security forces. (SIGAR photo)

## RECONSTRUCTION UPDATE

Following an increase in offensive operations by the Afghan National Defense and Security Forces (ANDSF) towards the end of 2017, there was a decrease in security incidents across Afghanistan in the first quarter of 2018. However, the contest for control of population, districts, and land area remained in a stalemate, the overall level of civilian casualties was unchanged, and the number of high-casualty events in urban areas increased. The winter months saw an unusual surge of violence in Kabul, reflecting the insurgency's shift to launching successive attacks on civilians in the capital in response to increased ANDSF pressure in the provinces. The worst of these attacks occurred on January 27, when the Taliban detonated a massive car bomb near the Ministry of Interior headquarters in Kabul that killed at least 103 people and injured 235.

As a result of the insecurity in Kabul, General John W. Nicholson Jr., commander of United States Forces-Afghanistan (USFOR-A) and NATO's Resolute Support (RS) mission, said security in the capital is his primary focus. Simultaneously, the U.S. military increased its effort in Afghanistan. The United States Central Command committed to moving assets from the fight in Iraq and Syria to Afghanistan and designated Afghanistan as its area of "main effort." There are signs that this shift is already taking place: the total of 1,186 munitions dropped in the first quarter of 2018 is the highest number recorded for this period since reporting began in 2013, and is over two and a half times the amount dropped in the first quarter of 2017. Some of these recent air strikes killed high-profile enemy combatants, including two Islamic State-Khorasan leaders who had been facilitating the infiltration of foreign fighters into northern Afghanistan.

On February 28, at the second meeting of the Kabul Process for Peace and Security Cooperation in Afghanistan, President Ashraf Ghani offered to negotiate with the Taliban without preconditions if they would halt their ties with terrorism and respect the Afghanistan constitution. President Ghani also raised the idea of the Taliban becoming a political party and of making constitutional amendments through the prescribed legal process. U.S. Ambassador to Afghanistan John Bass described the Afghan government's offer as "courageous," while a former United Nations Secretary-General's Special Representative for Afghanistan said the deal

# RECONSTRUCTION UPDATE

was more comprehensive than any previously presented. According to the State Department, the Taliban has not yet responded.

On April 1, the Independent Elections Commission (IEC) announced that parliamentary and district council elections would take place on October 20. This officially pushed back the election date of July 7, which the IEC announced in June 2017. Afghan presidential elections are now slated for 2019.

This quarter, the U.S. Agency for International Development (USAID) moved nearly \$400 million of previously on-budget power sector funds off-budget. USAID concluded that because Afghanistan's national utility, Da Afghanistan Breshna Sherkat (DABS), lacked sufficient capacity and could not provide adequate oversight of construction projects, it was unable to manage the on-budget monies. As a result, USAID will continue to fund on-budget only those power projects for which implementation has already started. Because new construction will be delayed, USAID said some Afghanistan Infrastructure Fund money obligated for its Power Transmission Expansion and Connectivity power-infrastructure projects would cancel in 2019 and 2020 and would return to the U.S. Treasury. Consequently, USAID plans to reprogram approximately \$100 million from the Economic Support Fund that was previously reserved for other power sector activities.

In response to concerns regarding DABS's capacity to manage donor monies, SIGAR signed a memorandum of understanding with DABS officials this quarter allowing SIGAR to conduct a review of the utility's expenditure and management of donor funds. The scope of the review extends to all



**Despite billions of dollars** spent on counternarcotics programs, the output of Afghanistan's opium-poppy fields continues to rise. (UNAMA photo by Zalmay)

operations, programs, and projects for which DABS has used donor assistance, and is expected to commence in the summer of 2018.

Despite multi-billion-dollar international efforts to reduce narcotics production in Afghanistan, the total area of Afghan land under opium-poppy cultivation increased by 63% during the 2017 growing season from the previous year, and raw opium production increased by an estimated 88%. The early-warning system for famine for Afghanistan noted that low seasonal precipitation might hamper rain-fed and irrigated crop production in 2018. In the past, severe nationwide drought has coincided with significant decreases in opium-poppy cultivation. This was the case for the 1999–2001 drought and again for the 2008 drought. But in addition to a lack of rainfall, the Taliban enforced a poppy ban during the first drought (2001) and the Nangarhar provincial government enforced a poppy-ban during the second drought (2008). Further, UNODC showed that drought can increase wheat prices, making poppy cultivation less appealing. In spite of these factors weighing against increased cultivation for 2018, droughts amidst general insecurity cause greater stress for farmers and may encourage further acceptance of poppy-cultivation once rainfall finally returns.

USAID informed SIGAR it will not plan, design, or implement any new programs to address opium-poppy cultivation.

Cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$126.3 billion, as of March 31, 2018. This includes amounts appropriated to DOD in the Consolidated Appropriations Act, 2018. FY 2018 allocations for State Department and U.S. Agency for International Development foreign assistance accounts were still undergoing the 653(a) congressional-consultation process when this report went to press. The FY 2018 total appropriated will increase when these amounts are known. Of the total cumulative amount appropriated for Afghanistan reconstruction, \$106.5 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately \$9 billion of this amount remained available for potential disbursement, as of March 31, 2018.

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# STATUS OF FUNDS

## STATUS OF FUNDS

To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of March 31, 2018, the United States had appropriated approximately \$126.26 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

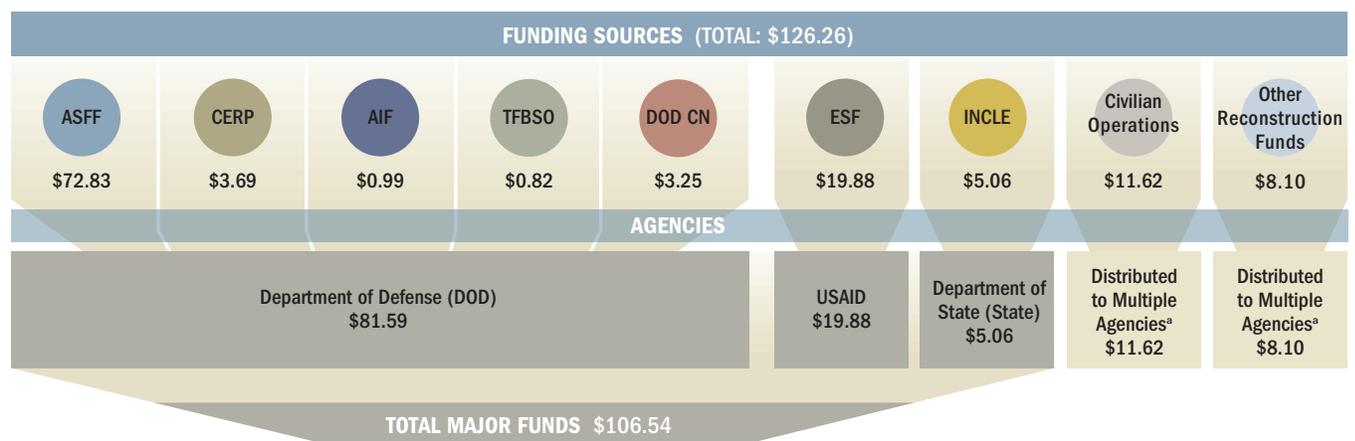
- \$78.22 billion for security (\$4.57 billion for counternarcotics initiatives)
- \$33.00 billion for governance and development (\$4.22 billion for counternarcotics initiatives)
- \$3.42 billion for humanitarian aid
- \$11.62 billion for civilian operations

- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- DOD CN:** DOD Drug Interdiction and Counter-Drug Activities
- ESF:** Economic Support Fund
- INCLE:** International Narcotics Control and Law Enforcement

Figure 3.1 shows the major U.S. funds that contribute to these efforts.

FIGURE 3.1

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

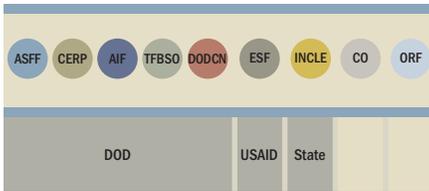


Note: Numbers have been rounded.

<sup>a</sup> Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, BBG, and SIGAR.

Source: DOD, response to SIGAR data call, 4/17/2018, 3/30/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 4/16/2018 and 4/11/2018; 1/10/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 4/3/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 4/17/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 3/30/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018,” 4/18/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# STATUS OF FUNDS



## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of March 31, 2018, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$126.26 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.78 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.57 billion) and governance and development (\$4.22 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

On March 23, President Donald Trump signed the Consolidated Appropriations Act, 2018, funding the U.S. government for the rest of the fiscal year. When this report went to press, final FY 2018 allocations for State and USAID accounts were still being determined. The amount reported as appropriated for FY 2018 will increase from the \$4.89 billion shown in Figure 3.3 when funding levels for these accounts are known.<sup>31</sup>

The amount provided to the seven major U.S. funds represents nearly 84.4% (almost \$106.54 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, more than 90.7% (over \$96.67 billion) has been obligated, and nearly 86.6% (over \$92.29 billion) has been disbursed. An estimated \$5.26 billion of the amount appropriated these funds has expired.

FIGURE 3.2  
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY AS OF MARCH 31, 2018 (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects 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, and \$100 million for FY 2017 in Pub. L. No. 115-141. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.  
<sup>a</sup> FY 2018 allocation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data call, 4/17/2018, 3/30/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 4/16/2018 and 4/11/2018; 1/10/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 4/3/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 4/17/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 3/30/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018," 4/18/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# STATUS OF FUNDS

The United States is still reviewing its previous policy aim of channeling at least 50% of its development assistance on-budget to the government of Afghanistan.<sup>32</sup> This assistance is provided either directly to Afghan government entities or via contributions to multilateral trust funds that also support the Afghan government’s budget.<sup>33</sup> Since 2002, the United States has provided nearly \$10.75 billion in on-budget assistance. This includes about \$5.70 billion to Afghan government ministries and institutions, and nearly \$5.05 billion to three multinational trust funds—the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme’s Law and Order Trust Fund (LOTFA), and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

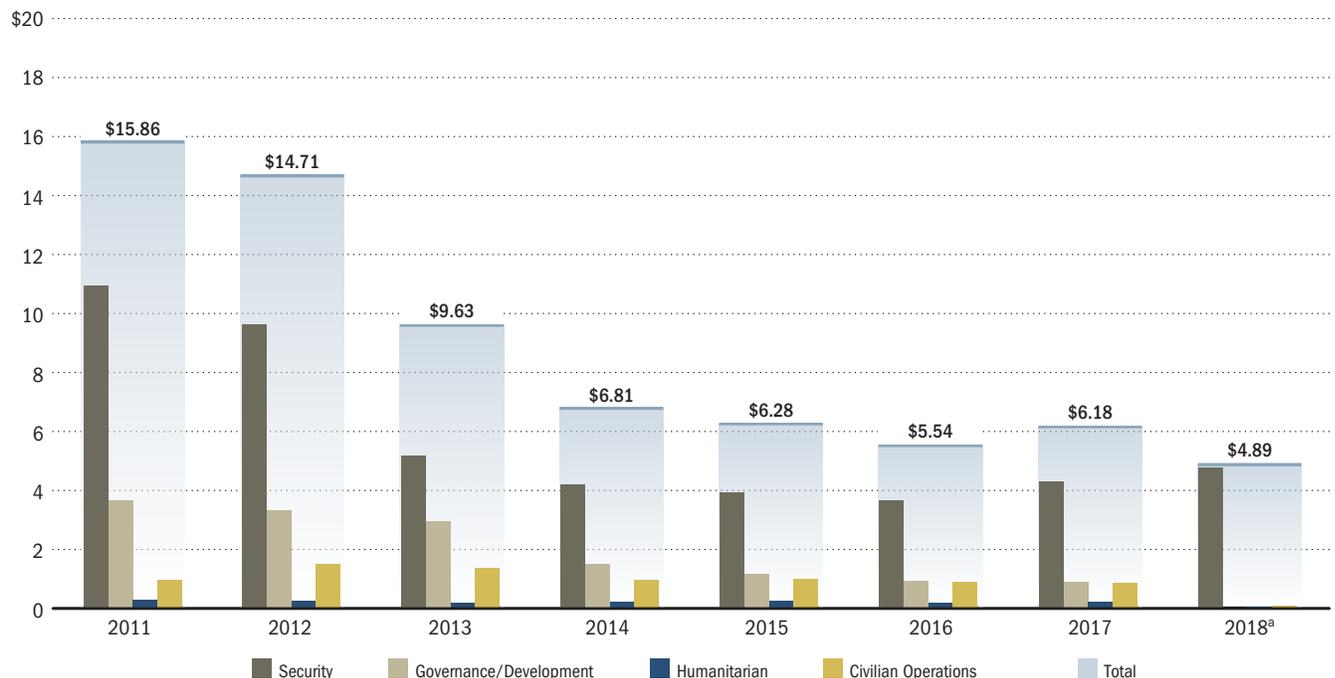
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
<b>Government-to-Government</b>	
DOD	\$4,946
State	92
USAID	661
<b>Multilateral Trust Funds</b>	
LOTFA	\$1,669
ARTF	3,228
AITF	154

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of March 31, 2018, USAID had obligated approximately \$858 million for government-to-government assistance.

Source: USAID, response to SIGAR data call, 4/18/2018; DOD, response to SIGAR data call, 6/25/2015; World Bank, ARTF: Administrator’s Report on Financial Status as of February 19, 2018 (end of 2nd month of FY 1397), p. 4; UNDP response to SIGAR data call, 4/15/2018.

FIGURE 3.3

APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND CATEGORY (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects 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, and \$100 million for FY 2017 in Pub. L. No. 115-141. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.  
<sup>a</sup> FY 2018 allocation amounts for State and USAID accounts were still being determined when this report went to press.

Source: DOD, response to SIGAR data call, 4/17/2018, 3/30/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 4/16/2018 and 4/11/2018; 1/10/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 4/3/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 4/17/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 3/30/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018,” 4/18/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

# STATUS OF FUNDS

## AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated approximately \$126.26 billion for Afghanistan relief and reconstruction. Of this amount, \$106.54 billion (84.4%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

### CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)



TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2018 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$72.83	\$66.48	\$65.57	\$4.72
Commander's Emergency Response Program (CERP)	3.69	2.28	2.28	0.01
Afghanistan Infrastructure Fund (AIF)	0.99	0.77	0.73	0.05
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.65	0.00
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	3.25	3.15	3.15	0.11
Economic Support Fund (ESF)	19.88	18.46	15.79	3.32
International Narcotics Control & Law Enforcement (INCLE)	5.06	4.78	4.13	0.79
<b>Total Major Funds</b>	<b>\$106.54</b>	<b>\$96.67</b>	<b>\$92.29</b>	<b>\$8.99</b>
Other Reconstruction Funds	8.10			
Civilian Operations	11.62			
<b>Total</b>	<b>\$126.26</b>			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$5.3 billion that expired without being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/19/2018.

As of March 31, 2018, approximately \$8.99 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to train, equip, and sustain the ANDSF; complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

On February 12, President Trump released his FY 2019 budget request. The request, if approved, would provide an additional \$5.20 billion for the ASFF, an increase of \$532.73 million over the FY 2018 appropriation, while the FY 2019 CERP request of \$5 million remained the same as in the last three fiscal years.<sup>34</sup>

# STATUS OF FUNDS

Congress appropriated more than \$15.15 billion to the seven major reconstruction funds for FYs 2014–2016: \$5.63 billion for FY 2014, \$5.03 billion for FY 2015, and \$4.49 billion for FY 2016. Of the combined total, more than \$2.37 billion remained for possible disbursement, as of March 31, 2018, as shown in Table 3.3 and Figure 3.5.

TABLE 3.3

FY 2014–2016 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$11,403.93	\$11,241.46	\$10,853.62	\$387.83
CERP	45.00	11.11	11.10	0.01
AIF	144.00	130.81	93.53	37.28
TFBSO	122.24	106.52	86.00	0.00
DOD CN	377.72	377.72	377.72	0.00
ESF	2,372.17	2,225.51	732.97	1,492.54
INCLE	685.00	681.16	228.07	453.09
<b>Total Major Funds</b>	<b>\$15,150.06</b>	<b>\$14,774.28</b>	<b>\$12,383.02</b>	<b>\$2,370.75</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$396 million that expired without being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/19/2018.

Congress appropriated more than \$5.11 billion to five of the seven major reconstruction funds for FY 2017. Of that amount, nearly \$1.30 billion remained for possible disbursement, as of March 31, 2018, as shown in Table 3.4 and Figure 3.6.

TABLE 3.4

FY 2017 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$4,162.72	\$3,946.56	\$3,666.61	\$496.11
CERP	5.00	4.92	3.96	0.96
DOD CN	135.61	135.61	135.61	0.00
ESF	650.00	0.00	0.00	650.00
INCLE	160.00	14.81	11.52	148.48
<b>Total Major Funds</b>	<b>\$5,113.32</b>	<b>\$4,101.90</b>	<b>\$3,817.69</b>	<b>\$1,295.55</b>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/19/2018.

FIGURE 3.5

FY 2014–2016 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

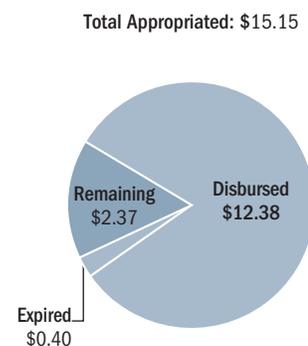
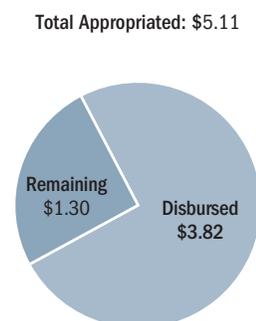
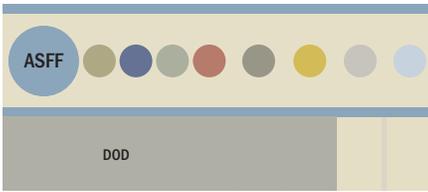


FIGURE 3.6

FY 2017 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)



# STATUS OF FUNDS



## ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

## AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.<sup>35</sup> The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.<sup>36</sup> A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.<sup>37</sup>

The Consolidated Appropriations Act, 2018, appropriated nearly \$4.67 billion for the ASFF for FY 2018 and rescinded \$100 million of FY 2017 funds, bringing cumulative funding to more than \$72.83 billion since 2005, as shown in Figure 3.7.<sup>38</sup> Of this amount, more than \$66.48 billion had been obligated, of which nearly \$65.57 billion had been disbursed.<sup>39</sup> The President's budget request for FY 2019 asks for nearly \$5.20 billion for the ASFF for FY 2019.<sup>40</sup>

DOD reported that cumulative obligations increased by more than \$1.00 billion over the quarter, and cumulative disbursements increased by more than \$971.13 billion.<sup>41</sup> Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

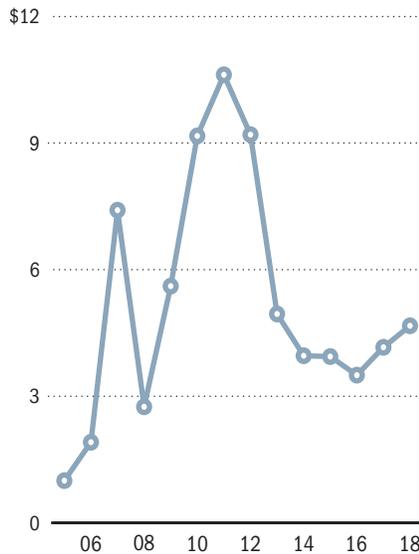
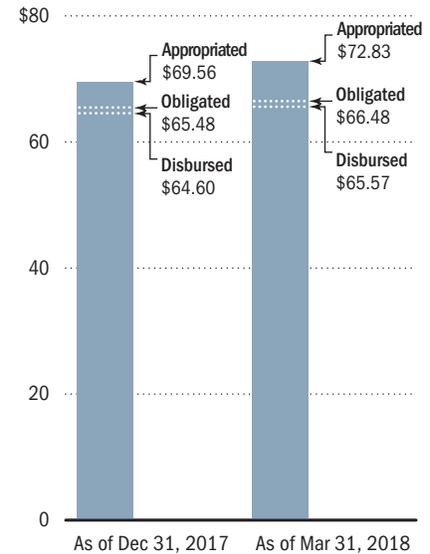


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



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

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018," 4/18/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017," 1/19/2018; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

# STATUS OF FUNDS

## ASFF BUDGET ACTIVITIES

DOD allocates funds to three budget activity groups within the ASFF:

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

Funds for each **budget activity group** are further allocated to four **subactivity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.<sup>42</sup> The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any nonstandard equipment requirement in excess of \$100 million.<sup>43</sup>

As of March 31, 2018, DOD had disbursed nearly \$65.60 billion for ANDSF initiatives. Of this amount, nearly \$44.42 billion was disbursed for the ANA, and more than \$20.79 billion was disbursed for the ANP; the remaining \$388.74 million was directed to related activities such as detainee operations. The combined total—\$65.60 billion—is about \$29.99 million higher than the cumulative total reported as disbursed due to an accounting adjustment which arises when there’s a difference between the amount of disbursements or collections reported to the Defense Finance and Accounting Service and the Department of the Treasury.<sup>44</sup>

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than \$20.92 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than \$8.81 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.<sup>45</sup>

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

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

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

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005–MAR 31, 2018 (\$ BILLIONS)

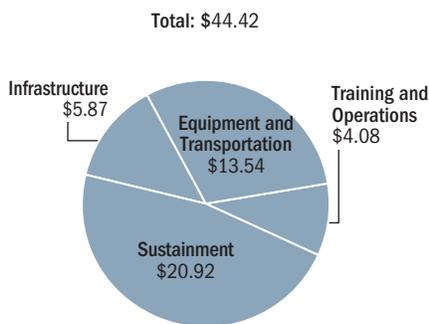
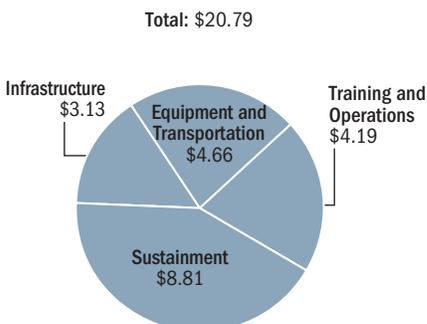


FIGURE 3.10

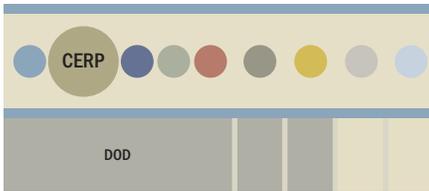
ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–MAR 31, 2018 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018,” 4/18/2018.

# STATUS OF FUNDS



## CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DOD, response to SIGAR data call, 4/14/2010.

## COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than \$500,000 each.<sup>46</sup> CERP-funded projects may not exceed \$2 million each.<sup>47</sup>

The Consolidated Appropriations Act, 2018, appropriated \$5 million for CERP for FY 2018, which is the third consecutive year at that amount. Figure 3.11 displays the amounts appropriated for CERP by fiscal year. As of March 31, 2018, total cumulative funding for CERP amounted to more than \$3.69 billion. Of this amount, more than \$2.28 billion had been obligated, of which nearly \$2.28 billion had been disbursed.<sup>48</sup>

Over the quarter, DOD obligated nearly \$1.13 million and disbursed nearly \$1.05 million from CERP.<sup>49</sup> Figure 3.12 provides a cumulative comparison of amounts made available, obligated, and disbursed for CERP.

FIGURE 3.11

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

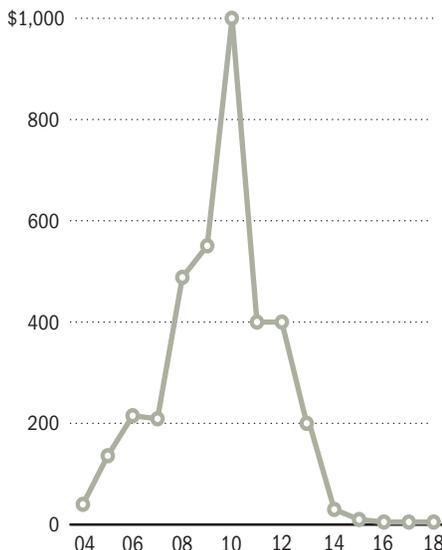
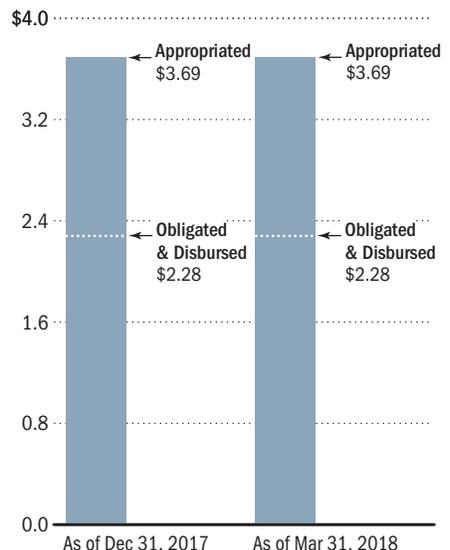


FIGURE 3.12

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



Note: Numbers have been rounded. Data may include inter-agency 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, 4/17/2018 and 1/17/2018; 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

## AFGHANISTAN INFRASTRUCTURE FUND

The AIF was established in FY 2011 to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort.

Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.<sup>50</sup> The AIF received appropriations from FY 2011 through FY 2014. Although the AIF no longer receives appropriations, many projects remain in progress, and DOD may obligate up to \$50 million from the ASFF to complete existing AIF projects.<sup>51</sup> On September 22, 2017, DOD notified Congress that up to \$8 million of the FY 2017 ASFF appropriation will be used to fund the completion of the Northeast Power System Arghandi to Gardez Phase I project.<sup>52</sup>

The AIF received cumulative appropriations of over \$1.32 billion; however, \$335.50 million of these funds were transferred to the Economic Support Fund (ESF) for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to \$988.50 million.<sup>53</sup> Figure 3.13 shows AIF appropriations by fiscal year. As of March 31, 2018, more than \$773.71 million of total AIF funding had been obligated, and nearly \$727.15 million had been disbursed, as shown in Figure 3.14.<sup>54</sup>



### AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2012.

FIGURE 3.13

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

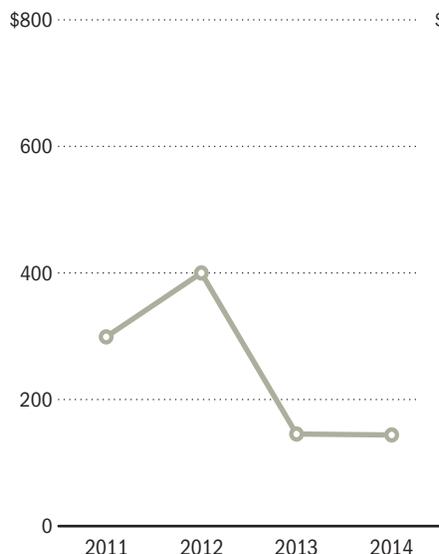
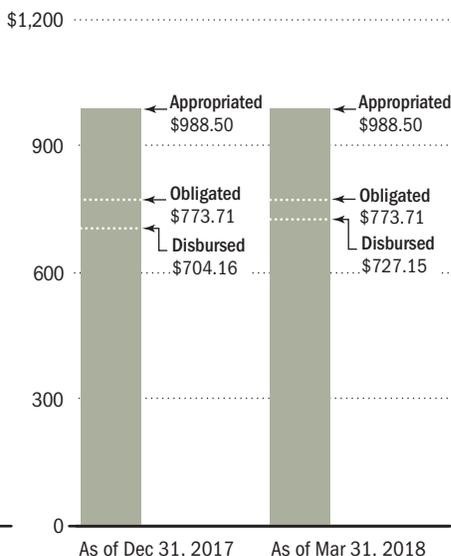


FIGURE 3.14

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



Note: Numbers have been rounded. Data reflects the following transfers from AIF to USAID's Economic Support Fund: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014. No new appropriations for the AIF have been made since FY 2014.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018," 4/18/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2017," 1/19/2018; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.



## TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

## TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.<sup>55</sup>

Because TFBSO authorities have expired, SIGAR no longer requests updated funding data from DOD. TFBSO figures used in this report are through the end of FY 2017—the last update SIGAR received from DOD.<sup>56</sup>

Through September 30, 2017, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, nearly \$754.43 million had been obligated and more than \$648.73 million had been disbursed.<sup>57</sup> Figure 3.15 displays the amounts appropriated for the TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR (\$ MILLIONS)

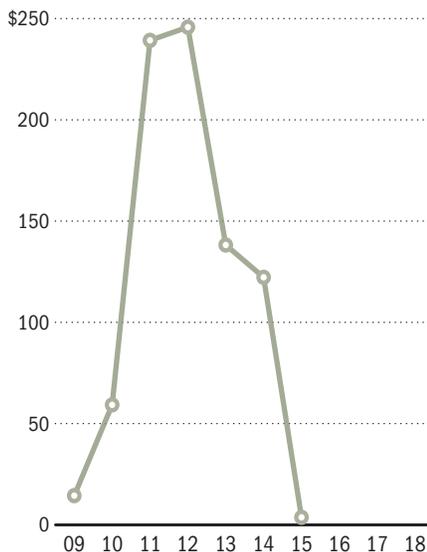
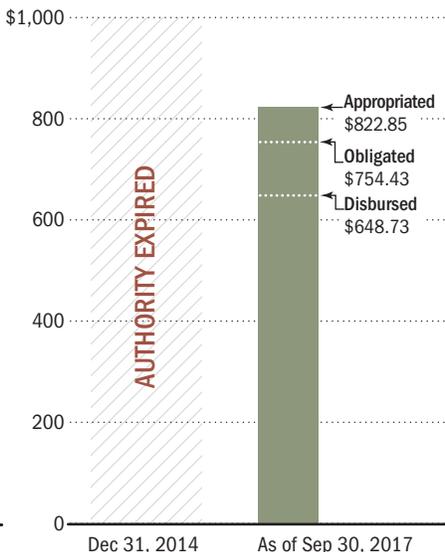


FIGURE 3.16

TFBSO FUNDS, CUMULATIVE APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)



Note: Numbers have been rounded. TFBSO authorities expired on December 31, 2014. Of the \$822.85 million appropriated the TFBSO, \$366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

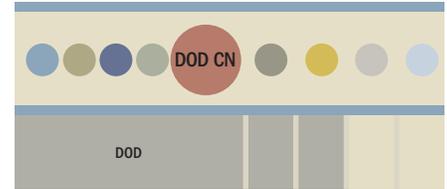
Source: DOD, response to SIGAR data call, 10/12/2017, 7/17/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

## DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-drug Activities (DOD CN) fund supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.<sup>58</sup>

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.<sup>59</sup>

DOD reported that DOD CN received nearly \$121.93 million for Afghanistan for FY 2018, bringing cumulative funding for DOD CN to more than \$3.25 billion since FY 2004. Of this amount, nearly \$3.15 billion had been transferred to the military services and defense agencies for DOD CN projects, as of March 31, 2018.<sup>60</sup> Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



### DOD CN FUNDS TERMINOLOGY

DOD reported DOD CN funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DOD, response to SIGAR data call, 4/13/2010.

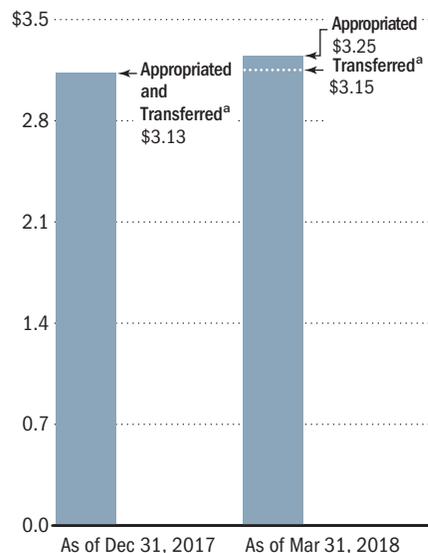
FIGURE 3.17

**DOD CN APPROPRIATIONS BY FISCAL YEAR**  
(\$ MILLIONS)



FIGURE 3.18

**DOD CN FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)

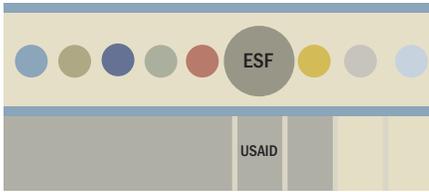


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

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

Source: DOD, response to SIGAR data calls, 3/30/2018 and 10/18/2017; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

# STATUS OF FUNDS



## ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: USAID, response to SIGAR data call, 4/15/2010.

## ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.<sup>61</sup>

As this report went to press, final FY 2018 ESF allocations for Afghanistan had not been determined. The ESF was appropriated \$650 million for FY 2017, and USAID reported no additional funding under FY 2018 continuing resolutions, resulting in no change to ESF's cumulative funding of \$19.88 billion, which includes amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, nearly \$18.46 billion had been obligated, of which more than \$15.79 billion had been disbursed.<sup>62</sup> Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported a \$93.59 million decrease in cumulative obligations over the quarter, while cumulative disbursements increased by more than \$102.32 million over the amount reported last quarter.<sup>63</sup> Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR  
(\$ BILLIONS)

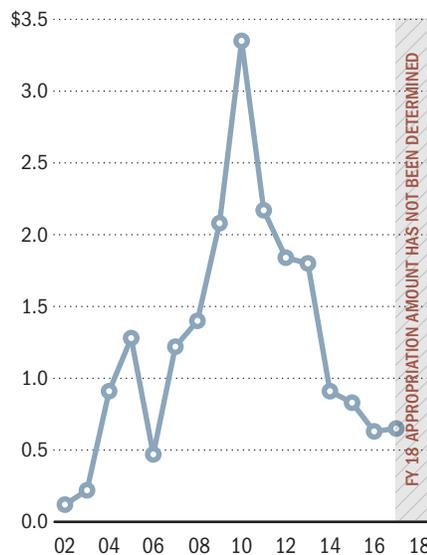
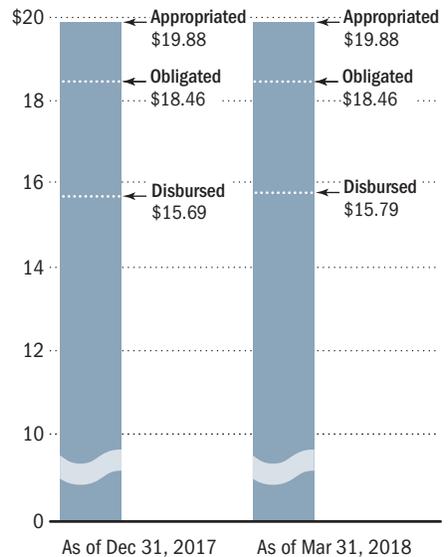


FIGURE 3.20

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.

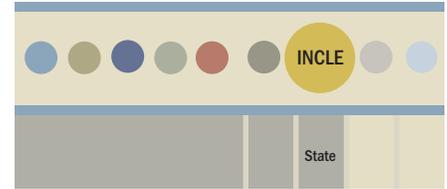
Source: USAID, response to SIGAR data calls, 4/17/2018 and 1/18/2018; State, response to SIGAR data calls, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

## INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.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 rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counternarcotics, and rule of law and justice.<sup>64</sup>

As this report went to press, final FY 2018 INCLE allocations for Afghanistan had not been determined. State reported that INCLE was appropriated \$160 million for FY 2017 and received an additional \$3.54 million under FY 2018 continuing resolutions. As of March 31, 2018, total cumulative funding was more than \$5.06 billion. Of this amount, nearly \$4.78 billion had been obligated, of which nearly \$4.13 billion had been disbursed.<sup>65</sup> Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of March 31, 2018, increased by nearly \$2.41 million and cumulative disbursements increased by more than \$31.13 million from the amounts reported last quarter.<sup>66</sup> Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



### INL FUNDS TERMINOLOGY

INL reported INCLE and other INL funds as appropriated, obligated, or disbursed

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: State, response to SIGAR data call, 4/9/2010.

FIGURE 3.21

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

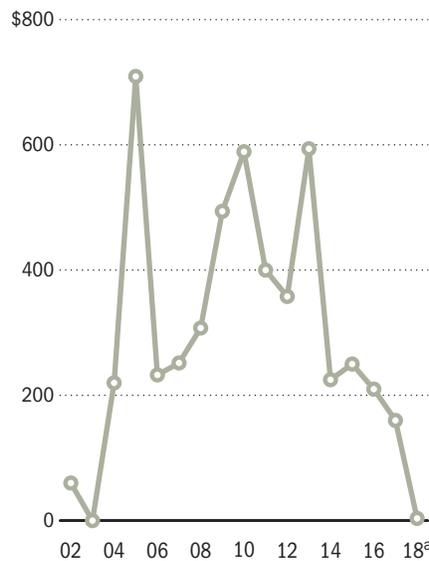
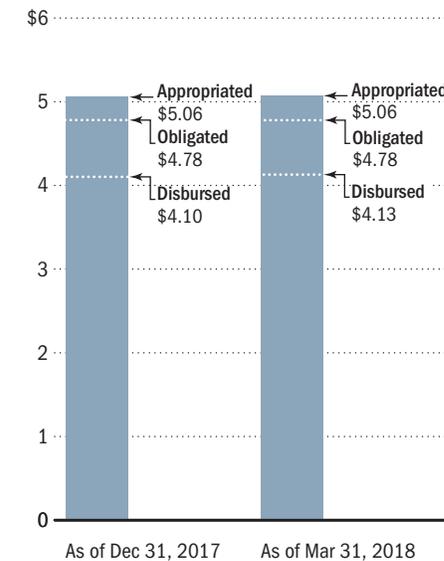


FIGURE 3.22

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



Note: Numbers have been rounded. Data may include inter-agency transfers.

<sup>a</sup> FY 2018 figure reflects amount made available for obligation under continuing resolutions. The FY 2018 allocation for Afghanistan had not been determined.

Source: State, response to SIGAR data call, 4/5/2018, 1/17/2018, and 10/10/2017.

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

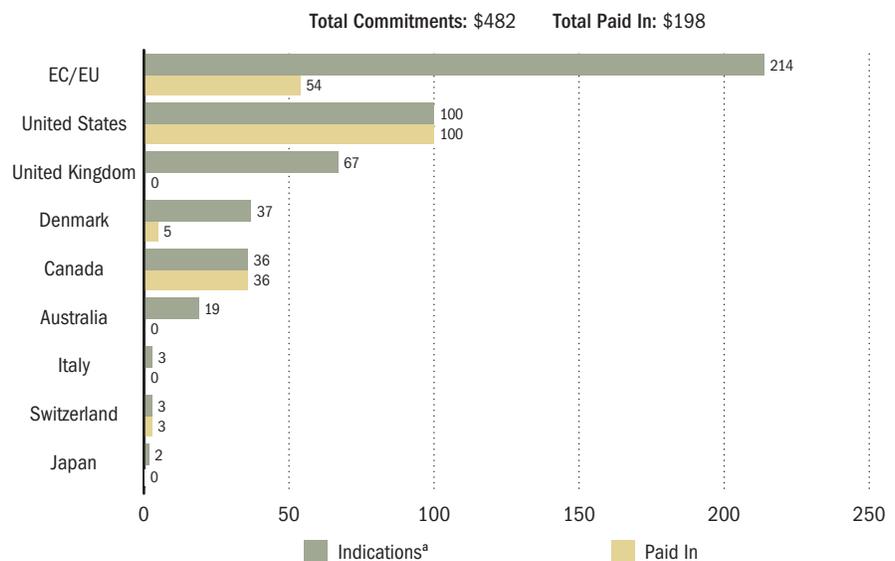
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. Most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).<sup>67</sup>

### Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to February 19, 2018, the World Bank reported that 34 donors had indicated contributions of nearly \$10.84 billion, of which more than \$10.55 billion had been paid in.<sup>68</sup> According to the World Bank, donors had indicated contributions of \$481.87 million to the ARTF for Afghan fiscal year 1397, which runs from December 22, 2017, to December 21, 2018. Figure 3.23 shows the nine largest donors to the ARTF for FY 1397. Contributions are recorded as indicated when written notification is received from the ARTF partners indicating intent to contribute a specified amount.<sup>69</sup>

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1397 BY DONOR AS OF FEBRUARY 19, 2018 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1397 = 12/22/2017–12/21/2018.

<sup>a</sup> Contributions are recorded as indicated when written notification is received from the ARTF partners indicating intent to contribute a specified amount.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of February 19, 2018 (end of 2nd month of FY1397)," p. 1.

# STATUS OF FUNDS

As of February 19, 2018, the United States had indicated and paid in contributions of nearly \$3.23 billion since 2002.<sup>70</sup> The U.S. and the UK donations make up 48% of total ARTF funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.<sup>71</sup> As of February 19, 2018, according to the World Bank, more than \$4.76 billion of ARTF funds had been disbursed to the Afghan government through the RC Window for costs such as salaries of civil servants.<sup>72</sup> The Afghan government's domestic revenues continue to be insufficient to support its recurring costs.<sup>73</sup>

The Investment Window supports the costs of development programs. As of February 19, 2018, according to the World Bank, more than \$4.93 billion had been committed for projects funded through the Investment Window, of which more than \$4.16 billion had been disbursed. The World Bank reported 30 active projects with a combined commitment value of more than \$3.59 billion, of which nearly \$2.83 billion had been disbursed.<sup>74</sup>

## Contributions to the Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).<sup>75</sup> Since 2002, donors have pledged nearly \$5.64 billion to the LOTFA, of which more than \$5.29 billion had been paid in, as of April 15, 2018. The United States has committed and paid in nearly \$1.67 billion since the fund's inception.<sup>76</sup> Figure 3.25 shows the four largest donors to the LOTFA since 2002.

On December 18, 2016, the LOTFA Project Board extended the Support to Payroll Management (SPM) project through December 31, 2017, after assessments commissioned by UNDP revealed that the MOI had not yet met various critical donor conditions for the transition of payroll management. At the end of 2017, LOTFA donors had not yet reached consensus on a payroll transition to the Afghan government. As a result, UNDP and MOI agreed to extend the project through December 31, 2018.<sup>77</sup>

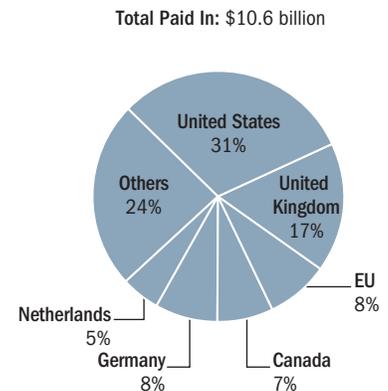
UNDP also administers the MOI and Police Development (MPD) project, which focuses on institutional development of the MOI and professionalization of the ANP and is planned to run through December 31, 2020. The SPM and MPD projects were established in 2015, and were initially planned to run through December 31, 2016.<sup>78</sup>

Through December 31, 2017, the SPM project had a budget of \$1.12 billion—the majority of which will be transferred from the UNDP Country Office to the Ministry of Finance (MOF) for ANP and Central Prison Directorate (CPD) staff remunerations. The MPD project's budget through 2020 was set at \$110.78 million.<sup>79</sup>

From July 1, 2015, through December 31, 2017, UNDP had expended nearly \$1.10 billion on the SPM project. Of this amount, nearly \$1.09 billion was transferred to the MOF to pay for ANP and CPD staff. In addition, nearly \$36.29 million was expended on the MPD project.<sup>80</sup>

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–FEBRUARY 19, 2018

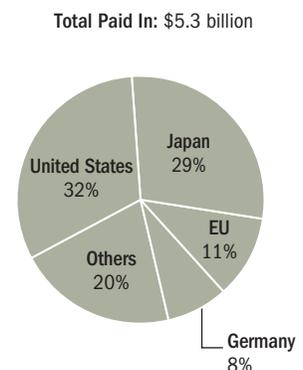


Note: Numbers have been rounded. "Others" includes 28 donors.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of February 19, 2018 (end of 2nd month of FY1397)," p. 4.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF APRIL 15, 2018



Note: Numbers have been rounded. EU = European Union. "Others" includes 27 donors.

Source: UNDP, response to SIGAR data call, 4/15/2018.

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## SECURITY

## KEY ISSUES AND EVENTS

President Ashraf Ghani announced in February that the Afghan government is willing to hold peace talks with the Taliban without preconditions if the Taliban would stop committing acts of terror and accept the Afghan constitution.<sup>81</sup> Following this development, U.S. Defense Secretary James Mattis made a surprise visit to Kabul in mid-March and said “We do look toward a victory in Afghanistan. . . . Not a military victory—the victory will be a political reconciliation.” Secretary Mattis explained that the goal of the United States is to strengthen the Afghan security forces enough to convince the insurgents that they cannot win on the battlefield, driving them to choose reconciliation.<sup>82</sup> As of the publication of this report, the Taliban had not responded to President Ghani’s move toward reconciliation.<sup>83</sup>

Ghani’s offer came during a period characterized by fewer security incidents across the country, but also stalemated control of population, districts, and land area. Meanwhile, the overall level of civilian casualties remained unchanged, but the number of high-casualty events in urban areas increased. An unusually intense period of violence in Kabul over the winter months reflected a shift in the insurgents’ tactics to launching successive attacks on civilians in the capital due to increased pressure from the Afghan National Defense and Security Forces (ANDSF) in the provinces.<sup>84</sup>

One such attack occurred on January 27 when the Taliban detonated a massive car bomb near the Ministry of Interior headquarters in Kabul that killed at least 103 people and injured 235 others.<sup>85</sup> The attack was similar to a car-bomb attack in May 2017 that killed over 150 people, the deadliest since the beginning of the Afghan war in 2001.<sup>86</sup> Earlier in January, several Taliban insurgents dressed as Afghan soldiers attacked Westerners at the Intercontinental Hotel for 12 hours, killing 22 people and taking several guests hostage before the militants were killed by Afghan security personnel.<sup>87</sup>

Similarly, Islamic State-Khorasan (IS-K), the Islamic State affiliate in Afghanistan, conducted a spate of deadly attacks in Kabul this quarter after the ANDSF continued to confront them in their strongholds in northern and eastern Afghanistan. IS-K claimed responsibility for an attack in January on the Kabul Military Academy that killed 11 Afghan National Army (ANA) personnel. As a result of the attack, two ANA generals were dismissed and



**Defense Secretary James Mattis** (left), meets with Afghan President Ashraf Ghani during a visit to Kabul on March 13, 2018. (DOD photo by Army Sergeant Amber Smith)

“In looking at South Asia and Afghanistan, we assess the overall security picture will modestly deteriorate in the coming year and Kabul will continue to bear the brunt of the Taliban-led insurgency. Afghan National Security Forces face unsteady performance, but with Coalition support, probably will maintain control of most major population centers.”

—Dan Coats,  
*Director of National Intelligence*

Source: Testimony before the Senate Armed Services Committee, “Worldwide Threats,” 3/6/2018.

charged with negligence; in addition, President Ghani ordered the mandatory retirement of 164 generals in February as a further effort to reform the ANDSF and to improve security.<sup>88</sup> IS-K also continued their sectarian campaign targeting Afghanistan’s minority Shi’a community. On April 22, an IS-K suicide bomber attacked a voter-registration center in Dashte Barchi, an area of Kabul where many Shi’a Afghans live.<sup>89</sup> This followed another IS-K suicide attack on crowds gathered in Kabul to celebrate the Persian New Year in late March; that attack killed 31 people.<sup>90</sup>

While IS-K has escalated its operations on Kabul, they suffered significant losses over the last three months. On April 5, U.S. Special Operations Forces and the Afghan Special Security Forces (ASSF) conducted a joint operation that killed IS-K’s commander in northern Afghanistan, Qari Hikmatullah. He had been the main facilitator moving IS-K fighters into the area from Central Asian states. Earlier, on March 16, an American air strike killed two IS-K platoon commanders, Omair and Abu Samaya, while they met in Sar-e Pul, and on January 28, Afghan forces captured their predecessor, Khitab Aka, in Jowzjan.<sup>91</sup>

Responding to the increasing insecurity in Kabul, General John Nicholson, commander of United States Forces-Afghanistan (USFOR-A) and NATO’s Resolute Support (RS) mission, said security in Kabul is his primary focus.<sup>92</sup> Meanwhile, the United States increased its military effort in Afghanistan. This quarter, more U.S. warplanes shifted from Iraq and Syria to Afghanistan and the first U.S. Army Security Force Assistance Brigade, designed to increase the NATO capacity to train and advise the Afghan forces, arrived in the country. Major General James Hecker, leading



**A U.S. Air Force F-16C** performs aerial patrol over an Afghan district in support of Operation Freedom’s Sentinel on March 11, 2018. (U.S. Air Force photo by Tech. Sergeant Gregory Brook).

the U.S. and NATO air commands in Afghanistan, said in February that recent successes in Iraq and Syria have resulted in U.S. Central Command designating Afghanistan as its area of “main effort.” According to Major General Hecker, the main benefit of this designation is that Coalition forces in Afghanistan will receive more support from U.S. intelligence agencies, which could improve the ability of U.S. and Afghan air forces to strike Taliban elements.<sup>93</sup>

Accordingly, early 2018 has already seen an uptick in the number of U.S. air strikes conducted in Afghanistan. According to the U.S. Air Force’s Central Command Combined Air Operations Center, the United States dropped 378 munitions in January, 469 in February, and 339 in March 2018 during 215 missions. The total of 1,186 munitions dropped in the first quarter of 2018 is the highest number recorded for this period since reporting began in 2013, and is over two and a half times the amount dropped in the first quarter of 2017.<sup>94</sup>

### **SIGAR’s Quarterly Report Team Meets with RS, USFOR-A, and CSTC-A Officials in Afghanistan**

SIGAR sent a team from its Research and Analysis Directorate to Afghanistan in early March to meet with key RS, USFOR-A, and Combined Security Transition Command-Afghanistan (CSTC-A) officials, including General Nicholson, to discuss SIGAR’s persistent concerns surrounding the increased classification of ANDSF data for the prior two quarters (October 2017 and January 2018). The team also sought to better understand the process those entities use in responding to SIGAR’s data call for the quarterly report, and to reduce any undue burden on them.

With regard to the classification of data USFOR-A provides to SIGAR, according to USFOR-A, much of this data was classified or restricted from public release at the request of the Afghan government. USFOR-A said that the issue began with a request from President Ghani to General Nicholson in October to classify ANDSF casualty data. Then in December 2017, Afghanistan’s National Security Advisor (NSA) Hanif Atmar communicated to USFOR-A that the Afghan government considered classified all data that fell under seven broad topical areas: command-and-control information, personnel staffing, training, casualty data, operational readiness, equipping, and resourcing and sustainability. Because Afghanistan is a sovereign nation, USFOR-A officials said they had to respect the Afghan request and classify the data accordingly.<sup>95</sup>

However, General Nicholson began a process in January 2018 to attempt to negotiate with the Afghan government for the public release of some of this data. USFOR-A undertook a review of 29 topical areas in the data typically provided to SIGAR that could be impacted by NSA Atmar’s December 2017 letter so that it could show the Afghans how the data would be treated under U.S. and RS classification guidelines. USFOR-A determined from its

review that 11 of these areas would be classified or restricted under the RS and U.S. classification guides. USFOR-A suggested that data concerning the remaining topical areas should be released publicly, as it would under U.S. and RS classification guidelines. SIGAR was informed that General Nicholson made these recommendations to NSA Atmar in a March 5, 2018, letter. USFOR-A told SIGAR that they also plan to meet with NSA Atmar soon to discuss the letter and the broader issue.<sup>96</sup> SIGAR had not been informed of a response by NSA Atmar as this report went to press.

As detailed in the following section, SIGAR's engagement with USFOR-A and USFOR-A's classification review of the data resulted in less information being classified or restricted this quarter than in the preceding two quarters. Data that remains classified or restricted from public release is either treated as such in accordance with U.S. or RS classification guidelines or at the request of the Afghan government.<sup>97</sup>

## ANDSF Data Classified or Not Publicly Releasable

This quarter, USFOR-A declassified or allowed the public release of several types of data related to the reconstruction of the Afghan security forces. While USFOR-A's action was helpful, it still entailed less detailed responses than SIGAR received previously in some areas. The data declassified or cleared for public release include:

- Authorized (goal) strength for the ANDSF, total and by force element
- Top-line (total for each force element, not lower level breakdown) assigned (actual) strength of the ANDSF, ANA, and Afghan National Police (ANP)
- Complete district, population, and land-area control data
- Quarterly trend in attrition for the ANA and ANP

USFOR-A continued to classify or newly classified the following data:

- ANDSF casualties, by force element and total
- Corps- and zone-level ANA and ANP, Afghan Air Force (AAF), SMW, and ANDSF medical personnel assigned (actual) strength (ALP and ANDSF female personnel were exempted and are reported)
- Exact ANA and ANP attrition figures
- Detailed performance assessments for the ANA, ANP, Ministry of Defense (MOD), and Ministry of Interior (MOI)
- Information about the operational readiness of ANA and ANP equipment
- Information about USFOR-A's new air campaign under the South Asia Strategy, including the number of counternarcotics-related strikes conducted by USFOR-A since the beginning of the campaign, the number of drug labs destroyed, the effectiveness of those air strikes, the number of targets associated with Taliban financing, and the financial assessment of revenue denied to the insurgency as a result of the air strikes
- Detailed information about the new ANA Territorial Force (ANATF)

USFOR-A determined the following data was unclassified but not publicly releasable:

- ALP attrition and casualties
- Detailed information about ANDSF progress on security benchmarks for the Afghanistan Compact
- Reporting on anticorruption efforts from the Ministry of Interior (MOI)
- Information about the Special Mission Wing (SMW), including the number and type of airframes in the SMW inventory, the number of pilots and aircrew, the percent-breakdown of counternarcotics and counterterrorism missions flown, and the operational readiness (and associated benchmarks) of SMW airframes

For a full list of the questions for which USFOR-A provided classified or unclassified but not publicly releasable responses, see Appendix E of this report.

## United Nations Security Reporting

### Record High Security Incidents in 2017

The Secretary-General of the United Nations (UN) reported in late February that the security situation in Afghanistan remained highly unstable as conflict between the government and insurgents continued throughout the country and high-profile attacks in urban centers increased. The UN reported 23,744 **security incidents** during 2017, the most ever recorded, but only a negligible increase from 2016. Armed clashes continued to cause the most security incidents (63% of incidents), roughly on par with 2016, followed by improvised explosive devices (IEDs) and air strikes. The UN said that the 950 air strikes recorded in 2017 represented a nearly 68% increase compared with the same period in 2016, though the U.S. Air Force's figure (4,361 strikes during 1,248 missions) is significantly higher.<sup>98</sup> Notably, suicide attacks increased by 50%, and targeted killings and abductions increased by 6% compared with 2016. The eastern and southern regions of Afghanistan continued to experience the highest number of security incidents in 2017, comprising 55% of the total.<sup>99</sup> USFOR-A commented that the uptick in security incidents in 2017 was partially the result of increased military and police activity compared to 2016.<sup>100</sup>

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**Security incidents:** reported incidents that include armed clashes, improvised explosive devices, targeted killings, abductions, suicide attacks, criminal acts, and intimidation.

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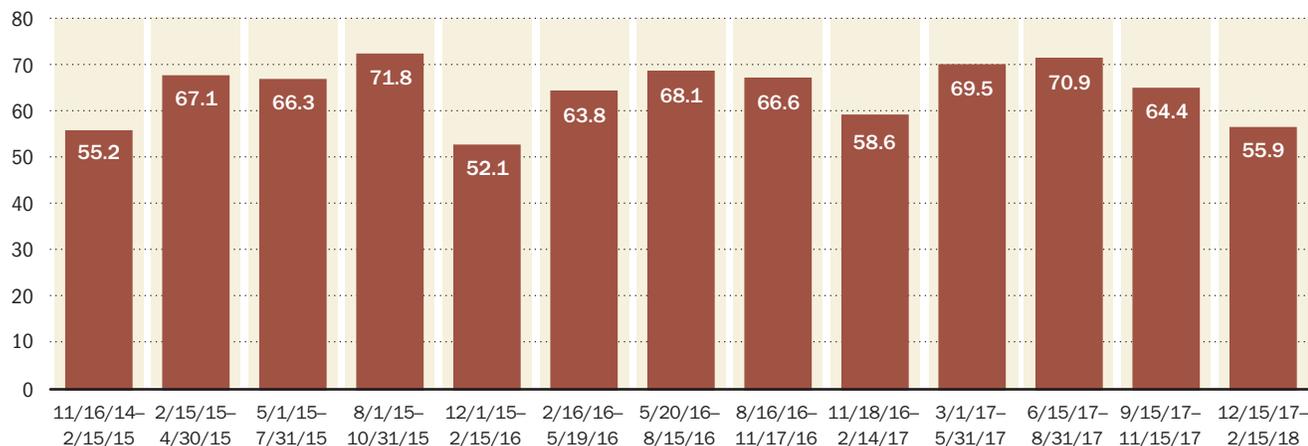
Source: SIGAR, analysis of the *Report of the Secretary-General, The situation in Afghanistan and its implications for international peace and security*, 12/9/2014.

### Decrease in Security Incidents in Early 2018

From December 15, 2017, to February 15, 2018, the UN recorded 3,521 security incidents, a 6% decrease compared to the same period last year. As reflected in Figure 3.26 on the next page, this is an average of 55.9 incidents per day, a nearly three incident-per-day decrease compared to the same period last year (58.6), but nearly four incidents per day higher than the same period two years ago (52.1). This quarter's figure remains considerably lower than the daily average of 64.1 incidents over the last three years.<sup>101</sup>

FIGURE 3.26

## AVERAGE DAILY SECURITY INCIDENTS BY UN REPORTING PERIOD, SINCE 2014



Note: The gaps in some reporting dates are due to lack of UN reporting during those periods.

Source: UN, *The situation in Afghanistan and its implications for international peace and security*, reports of the Secretary-General, 2/27/2015, p. 4; 6/10/2015, p. 4; 9/1/2015, p. 4; 12/10/2015, p. 5; 3/7/2016, p. 6; 6/10/2016, p. 4; 9/7/2016, p. 5; 12/13/2016, p. 4; 3/3/2017, p. 4; 6/15/2017, p. 4; 9/15/2017, p. 4; 12/15/2017, p. 5; 2/27/2018, p. 5; SIGAR, analysis of UN-provided data, 4/2018.

**Complex Attack:** A complex attack includes the following elements: two or more attackers, two or more types of weapons with one of the weapons being a suicide improvised-explosive device (IED), i.e. body-borne IED or vehicle-borne IED.

Source: UNAMA, *Protection of Civilians in Armed Conflict, Annual Report*, 2/2018, p. 1.

The UN noted the spike in high-casualty attacks in urban areas over the reporting period, in particular two high-profile **complex attacks** and a large vehicle bombing in Kabul. For more information on high-profile attacks, see pages 77–78. Despite the uptick in violence in the cities, the winter season saw a decline in the number of direct Taliban attacks throughout the country, with the Taliban failing to seize any provincial capitals or district centers during the reporting period. Afghan and international officials attributed this to the intensified air-strike campaign by Coalition and Afghan forces and more night raids by Afghan special forces.<sup>102</sup>

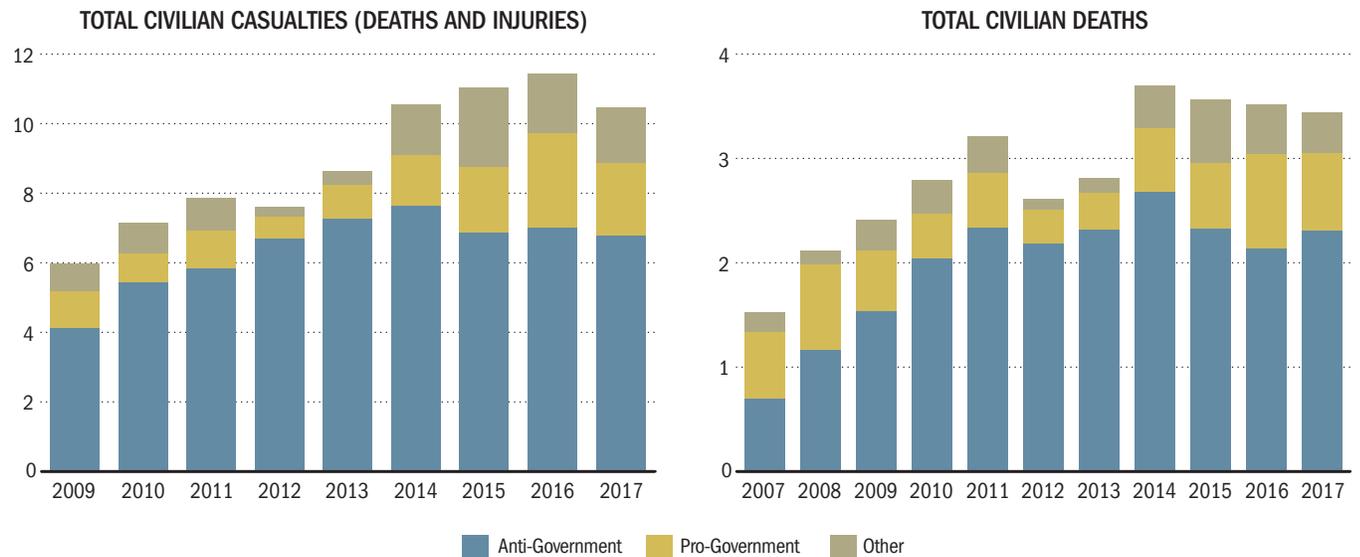
Still, the insurgency continued to place pressure on Afghan forces, with coordinated attacks against ANDSF checkpoints in Helmand, Kandahar, Nimroz, Kunduz, Ghazni, and Farah Provinces. These attacks did not result in significant territorial gains for the insurgency, but inflicted casualties on the ANDSF and allowed insurgents to capture their weaponry and logistical supplies. As was the case throughout 2017, the Taliban continued to control some of Afghanistan’s more remote territories.<sup>103</sup>

### Civilian Casualties in 2017

The United Nations Assistance Mission in Afghanistan (UNAMA) documented 10,453 civilian casualties from January 1, 2017, through December 31, 2017, an overall decrease of 9% compared to 2016 and the first year-on-year decrease since 2012. The casualties included 3,438 deaths

FIGURE 3.27

## TOTAL CIVILIAN CASUALTIES AND DEATHS BY RESPONSIBLE PARTY (THOUSANDS)



Note: "Other" encompasses all casualties for which pro- and anti-government elements were not solely responsible, such as casualties resulting from crossfire or unexploded ordnance. The "Total Civilian Deaths" figure on the right appears on page 5 of UNAMA's report.

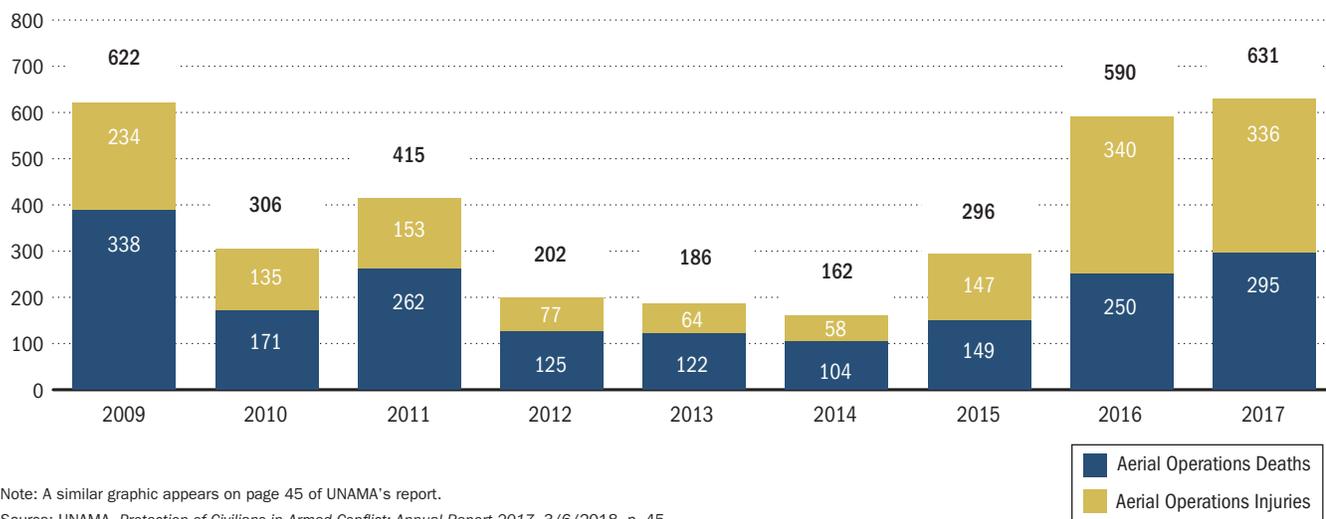
Source: UNAMA, *Protection of Civilians in Armed Conflict: Annual Report 2017*, 3/6/2018, i, pp. 1, 4, 5, 27, 43, 45.

(a 2% decrease since 2016) and 7,015 injuries (an 11% decrease).<sup>104</sup> Men were the majority of civilian casualties (58%), followed by children (30%), and women (12%).<sup>105</sup> UNAMA attributed most of the 9% decrease in civilian casualties to less harm caused by ground fighting between pro- and anti-government forces—particularly less mortar use—although ground engagements still caused the majority of civilian casualties (33%). Civilian casualties from suicide and complex attacks continued to rise, causing 22% of all civilian casualties in 2017. UNAMA also recorded 38 sectarian attacks in 2017, a three-fold increase compared to 2016. Most of these were executed by IS-K against Shi'a Muslims.<sup>106</sup>

UNAMA attributed the majority of civilian casualties in 2017 (65%) to anti-government groups which included civilian casualties caused by the Taliban (42%), IS-K (10%), and unspecified anti-government groups (13%). An additional 20% of casualties were attributed to pro-government groups, which included civilian casualties caused by the ANDSF (16%), international military forces (2%), and unspecified pro-government groups (1%).<sup>107</sup> As seen in Figure 3.27. UNAMA attributed 6,768 civilian casualties (2,303 deaths) to anti-government forces and 2,108 civilian casualties (745 deaths) to pro-government forces.<sup>108</sup>

FIGURE 3.28

## AERIAL OPERATIONS CIVILIAN CASUALTIES



Note: A similar graphic appears on page 45 of UNAMA's report.

Source: UNAMA, *Protection of Civilians in Armed Conflict: Annual Report 2017*, 3/6/2018, p. 45.

### UNAMA Collection Methodology

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

Civilians living in Kabul, Helmand, Nangarhar, Kandahar, Faryab, Uruzgan, Herat, Paktiya, and Kunduz Provinces suffered the heaviest casualties in 2017. Of these nine provinces, six had an increase in civilian casualties compared to 2016, including Kabul (4% increase), Helmand (10%), Nangarhar (1%), Faryab (7%), Herat (37%), and Paktiya (154%). Kabul Province saw the majority of civilian casualties in 2017 with 1,831 casualties (479 deaths), nearly double the 991 civilian casualties in Helmand (386 deaths), the second deadliest province for civilians. Of the remaining provinces with the heaviest civilian casualties, three had a decrease in civilian casualties compared to 2016, including Kandahar (18% decrease), Uruzgan (26%), and Kunduz (41%). Of the remaining 25 Afghan provinces, the majority (18 provinces) saw a decrease in civilian casualties in 2017 compared to 2016.<sup>109</sup>

As seen in Figure 3.28, UNAMA's records indicate that air operations in 2017 caused 631 civilian casualties including 295 deaths. These were all attributed to pro-government forces and were 30% of the total casualties attributed to pro-government forces. This was a 7% increase in civilian casualties caused by air operations over 2016 and the highest number of civilian casualties from air strikes in a single year since UNAMA began documenting them in 2009.<sup>110</sup> In contrast, RS provided a much lower figure for civilian casualties caused by Coalition air strikes. According to RS there were only 51 such casualties in 2017, with 11 more occurring between January 1 and March 2, 2018.<sup>111</sup>

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

## Civilian Casualties in Early 2018

UNAMA also reported a very slight increase in civilian casualties recorded from January 1 through March 31, 2018, compared to the same period in 2017. UNAMA remarked that civilian casualties remain at the high levels recorded during the first quarter of the last two years: there were 2,258 casualties (763 deaths and 1,495 injuries) in the first quarter of this year, 2,255 over the same period in 2017, and 2,268 in 2016. In a change from previous years, suicide IEDs and complex attacks were the leading cause of civilian casualties thus far in 2018 (33% of casualties), followed by ground engagements (30%) and non-suicide IEDs (12%).<sup>112</sup>

During the first quarter of 2018, UNAMA “note[d] with concern” that the number of civilian casualties caused by anti-government elements had increased significantly. Anti-government elements caused 67% of civilian casualties, a 6% increase from the same period last year. Of these, 50% were attributed to Taliban, 11% to IS-K, 4% to unidentified anti-government elements (including self-proclaimed IS-K), and 2% to fighting between anti-government groups. Anti-government attacks which deliberately targeted civilians accounted for 39% of all civilian casualties, more than double last year’s recorded amount.<sup>113</sup>

Pro-government forces caused 18% of all civilian casualties in the first three months of 2018, a 13% reduction when compared to the same period in 2017. Of these, 11% were attributed to the ANDSF, 2% to international military forces, 4% to undetermined pro-government forces, and 1% to pro-government armed groups. Also notable was that civilian casualties from ground engagements decreased by 15%, and child casualties (583, including 155 deaths and 428 injuries) decreased by 23% compared to last year.<sup>114</sup>

## U.S. RECONSTRUCTION FUNDING FOR SECURITY

As of March 31, 2018, the U.S. Congress had appropriated more than \$78.2 billion to support the ANDSF. This accounts for 62% of all U.S. reconstruction funding for Afghanistan since FY 2002.<sup>115</sup> Most of this funding—\$72.8 billion—was appropriated for the Afghan Security Forces Fund (ASFF).<sup>116</sup>

In 2005, Congress established the ASFF to build, equip, train, and sustain the ANDSF, which comprises all forces under the MOD and MOI. Additionally, ASFF supports the Afghan Local Police (ALP), which falls under the authority of the MOI although it is not included in the 352,000 authorized ANDSF force level that other donor nations have agreed to fund. Most U.S.-provided funds were channeled through the ASFF and obligated by either CSTC-A or the Defense Security Cooperation Agency. According to DOD, the majority of ASFF funds are executed using DOD contracts to equip and sustain the ANDSF. The rest of the

### RS Collection Methodology

According to DOD, the RS Civilian Casualty Management Team relies primarily upon operational reporting from RS’s Train, Advise, and Assist Commands (TAACs), other Coalition force headquarters, and ANDSF reports from the Afghan Presidential Information Command Centre to collect civilian-casualty data.

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

### DOD Inspector General Audit

A recently conducted audit by DOD’s Office of the Inspector General (DOD OIG) determined that CSTC-A officials have not effectively managed and overseen the U.S. funds directly provided to the MOD and MOI, particularly in procuring and maintaining items such as fuel, ammunition, vehicles, and other commodities. According to DOD OIG, these systemic challenges occurred because CSTC-A officials did not consistently establish realistic and achievable conditions for the ministries within commitment letters, nor did they enforce noncompliance penalties outlined in the commitment letters due to potential impacts on the ANDSF’s operational readiness. CSTC-A officials stated that they could not oversee all commitment letter requirements because of inadequate staffing and security concerns. As a result, DOD OIG found that CSTC-A officials could not ensure that \$3.1 billion in direct U.S. funding was used for intended purposes. For more information, see Section Four in this report.

funds are transferred to Afghanistan's central bank to pay ANA salaries and ALP personnel costs that CSTC-A contracts. The Ministry of Finance then funds the MOD and MOI based on submitted funding requests.<sup>117</sup> However, unlike the ANA, the ANP's personnel costs are paid through the United Nations Development Programme's multi-donor Law and Order Trust Fund for Afghanistan (LOTFA), for which the United States also provides funding.<sup>118</sup>

## POPULATION, DISTRICT, AND LAND-AREA CONTROL

This quarter, the Afghan government made some modest improvements to its control of districts, population, and land area. As of January 31, 2018, roughly 65% of the population (21.2 million of an estimated 32.5 million total) lived in areas under Afghan government control or influence, up one percentage point since last quarter. The insurgency continued to control or influence areas where 12% of the population lived (3.9 million people), unchanged from last quarter, while the population living in contested areas (7.4 million people) decreased to roughly 23%, about a one percentage-point decline since last quarter.<sup>119</sup>

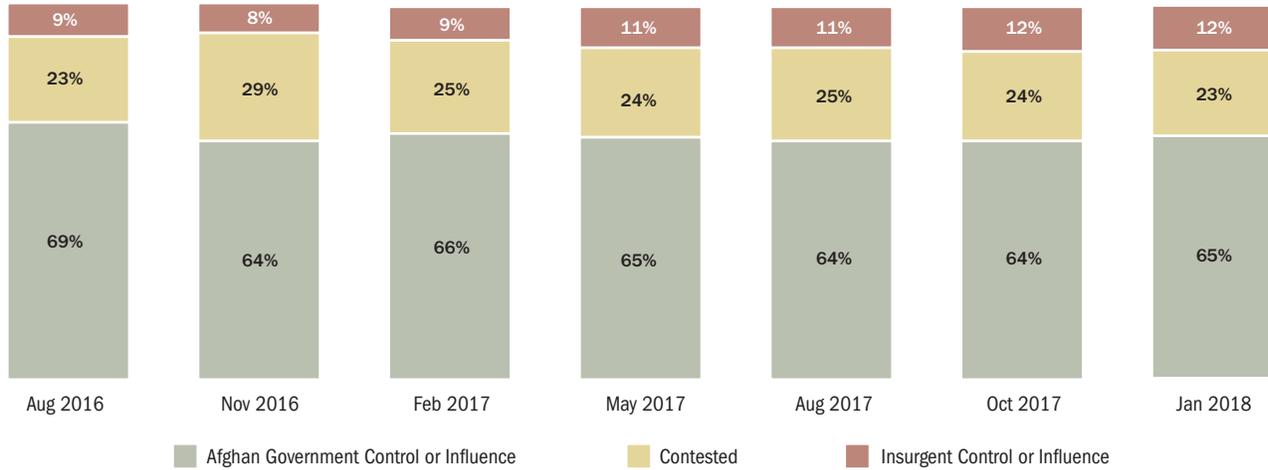
This quarter's population-control figures show a slight deterioration from the same period last year, when the Afghan government controlled or influenced 65.6% of the population and the insurgency only 9.2%.<sup>120</sup> The goal of the Afghan government is to control or influence territory in which 80% of the population (26 million people) live within the next year and a half. Since SIGAR began receiving population-control data in August 2016, Afghan government control has decreased by roughly four percentage points, and the overall trend for the insurgency is rising control over the population (from 9% in August 2016 to 12% in January 2018).<sup>121</sup> A historical record of population control is shown in Figure 3.29.

Using Afghanistan's 407 districts as the unit of assessment, as of January 31, 2018, 229 districts were under Afghan government control (73 districts) or influence (156)—an increase of two districts under government influence since last quarter. This brings Afghan government control or influence to 56.3% of Afghanistan's total districts. There were 59 districts under insurgent control (13) or influence (46), an increase of one district under insurgent influence since last quarter. Therefore, 14.5% of the country's total districts are now under insurgent control or influence, only a slight increase from last quarter, but a more than three percentage-point increase from the same period in 2016. The remaining 119 districts (29.2%) are contested—controlled by neither the Afghan government nor the insurgency.<sup>122</sup>

As shown in Figure 3.30, the Afghan government's control of districts is at its second lowest level, and the insurgency's at its highest level, since SIGAR began receiving district control data in November 2015.<sup>123</sup>

FIGURE 3.29

## HISTORICAL POPULATION CONTROL IN AFGHANISTAN

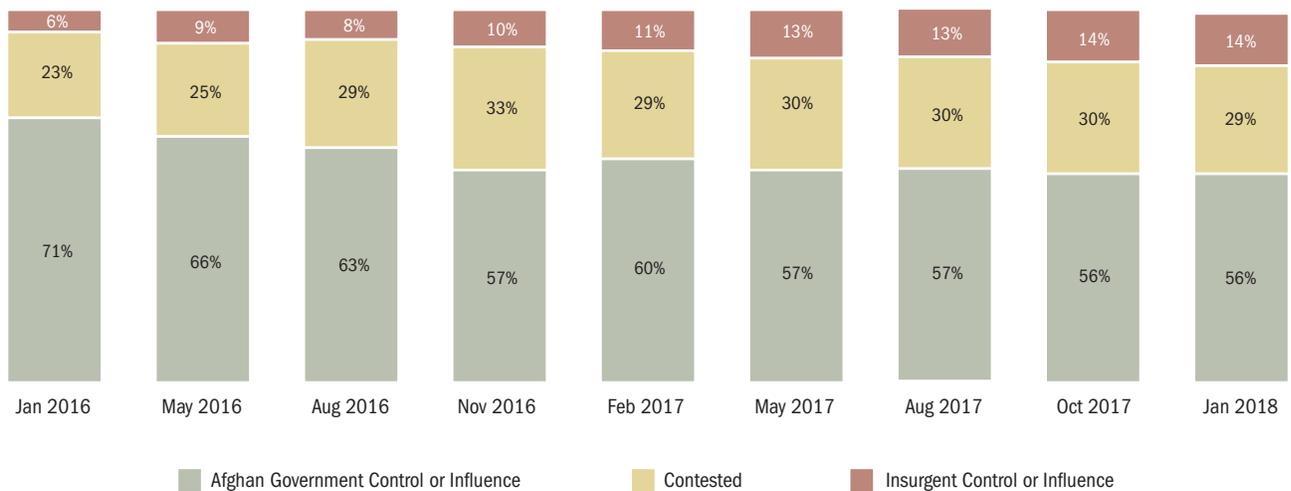


Note: Component numbers may not add to 100 because of rounding.

Source: USFOR-A, response to SIGAR data call, 5/28/2016, 8/28/2016, 11/15/2016, 2/20/2017, 5/15/2017, 8/28/2017, 10/15/2017, and 3/22/2018; USFOR-A, response to SIGAR vetting, 1/16/2018.

FIGURE 3.30

## HISTORICAL DISTRICT CONTROL IN AFGHANISTAN



Note: Components may not add to 100 because of rounding.

Source: USFOR-A, response to SIGAR data call, 11/27/2015, 1/29/2016, 5/28/2016, 8/28/2016, 11/15/2016, 2/20/2017, 5/15/2017, 8/28/2017, 10/15/2017, and 3/22/2018; USFOR-A, response to SIGAR vetting, 1/16/2018.

## Control Metrics

There are multiple, different units of measure for expressing a district-level assessment of control that can be and are often used to assist in operational assessment and decision-making during the conduct of a wide variety of military operations. At least three major metrics can be used in judging government-versus-insurgency control in Afghanistan. They measure different factors, need not be parallel indicators, and may have different implications for progress assessments and decision-making. In no special order, these metrics are:

**District Control:** Whether a government has effective control of a district bears on its ability to assert its sovereignty within direct sight of the people, deliver public services like health and education, provide policing, and—hopefully—operate the instruments of governance in ways that improve public perceptions of its legitimacy and effectiveness.

**Population Control:** From a hearts-and-minds point of view and for the ability to monitor and suppress insurgent activity, controlling one district with a large population might be more important than controlling three with only a few, scattered villages. On the other hand, a government might have statistically verified control of every district within its borders; but if, say, 33% of the population were disaffected or actively supportive of insurgents, that government could still face a critical threat to its viability—especially

if the nonsupportive citizens are in compact groups that facilitate communication, recruitment, and planning of anti-government operations.

**Area Control:** Sheer control of land area, regardless of governance structures or resident population, can be an important metric, especially if hostile elements assert control over areas containing important agricultural land (including revenue-producing poppy fields), transportation corridors and bottlenecks, electric transmission, watersheds, or mineral reserves. Area control also facilitates movement and staging of forces, government or hostile, for active operations.

All three metrics are important to ascertain and assess, individually and in concert. That they are not synonymous or parallel can be easily seen, for example, in SIGAR's quarterly report of April 30, 2017. The security section of that report presented data from USFOR-A showing RS's assessment of district-level control at the time, insurgents controlled 2.7% of Afghanistan's districts, but 9.2% of the population, and 16.2% of the land area. Which indicator is most significant is not *prima facie* evident, and their comparative significance might vary with changing concerns and objectives as time passes. In any case, drawing broad conclusions from any or all of these macro-level indicators is best done with the caveat that they may contain granular but important variations in underlying detail.

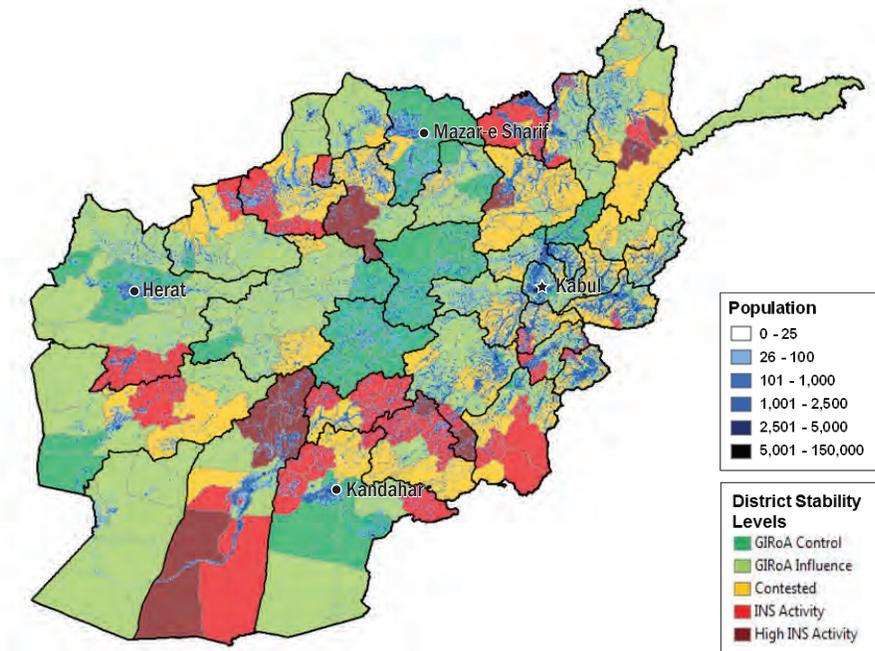
Source: Analysis by SIGAR Research and Analysis Directorate staff and by SIGAR Special Advisor Lieutenant General John F. Goodman, USMC (Ret.), 4/2018.

USFOR-A identified the provinces with the largest percentage of insurgent-controlled or -influenced districts as Uruzgan Province, with four of its six districts under insurgent control or influence, Kunduz Province (five of seven districts), and Helmand Province (nine of 14 districts), all unchanged since last quarter. USFOR-A noted again that the provincial centers of all of Afghanistan's provinces are under Afghan government control or influence.<sup>124</sup> USFOR-A reported that the Afghan government controlled or influenced 382,000 square kilometers of Afghanistan's total land area of 644,000 square kilometers (59.4%). The insurgency controlled or influenced 130,000 square kilometers (20.2%) of the total land area. The remaining 131,000 square kilometers is land contested by the government and insurgents.<sup>125</sup>

As seen in Figure 3.31, USFOR-A provided a map showing Afghan government and insurgent control or influence by district. Unlike in previous quarters, they have changed the language for insurgent control or influence to “insurgent activity” and “high insurgent activity.” USFOR-A noted that this change was not due to adopting new methodology for district-control assessments, but that it was done in an effort to make the map unclassified and publicly releasable. However, the original terms were used in the numerical district-control data provided to SIGAR this quarter.<sup>126</sup>

FIGURE 3.31

## CONTROL OF AFGHANISTAN'S 407 DISTRICTS AS OF JANUARY 31, 2018



Note: GIROA = Government of the Islamic Republic of Afghanistan. INS = Insurgent. The population data depicted here reflects how the Afghan population is dispersed throughout the country. However, the entire population of a given area is not necessarily under the district stability level indicated. A district is assigned its district-stability level based on the overall trend of land-area/population control of each district as a whole. The map-key categories shown here do not correspond exactly to the categories used in USFOR-A's March 2018 data responses.

Source: USFOR-A, response to SIGAR vetting, 4/12/2018.

For more information on how RS assesses government and insurgent control, please see SIGAR's April 2016 *Quarterly Report to the United States Congress*.<sup>127</sup>

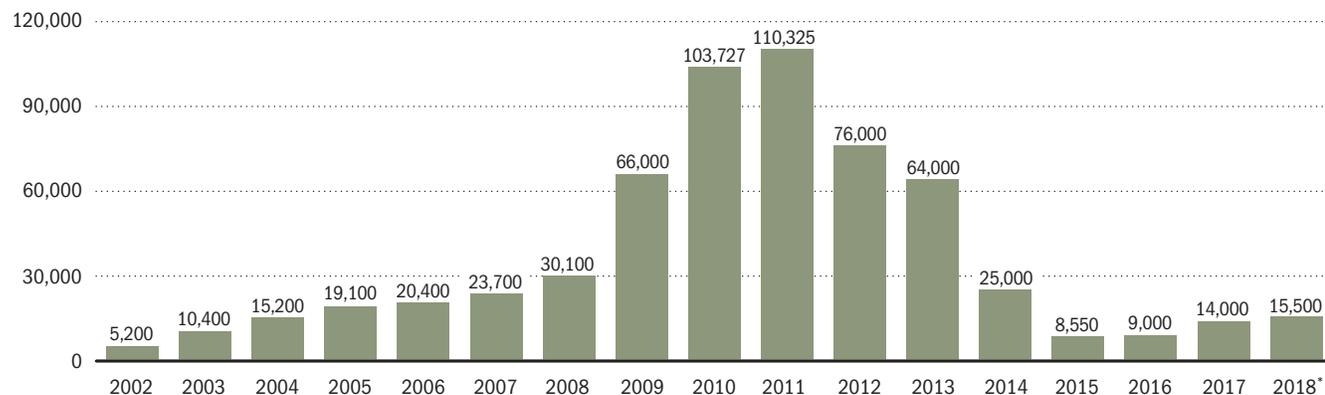
## U.S. FORCES IN AFGHANISTAN

According to USFOR-A, as of March 1, 2018, there were approximately 14,000 U.S. military personnel serving in Afghanistan as part of Operation Freedom's Sentinel (OFS), the same number reported last quarter.<sup>128</sup> Approximately 7,800 of these personnel are assigned to the NATO RS mission to train, advise, and assist Afghan security forces (an increase of 400 personnel since last quarter). The increase is due to the deployment of some of the U.S. Army Security Force Assistance Brigade (SFAB) forces to Afghanistan.<sup>129</sup> The remaining U.S. military personnel support the OFS mission through air operations, training the Afghan special forces, and conducting counterterror operations.<sup>130</sup> These

# SECURITY

FIGURE 3.32

## U.S. TROOP LEVELS IN AFGHANISTAN, 2002-2018



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

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; and 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.

figures do not account for the planned increase of roughly 1,500 U.S. personnel for the RS mission in 2018 described by NATO Secretary General Jens Stoltenberg in November 2017. For a historical record of U.S. force levels in Afghanistan, see Figure 3.32 on the next page.<sup>131</sup>

The RS mission currently includes roughly 7,500 military personnel from NATO allies and non-NATO partner nations. This is also an increase of approximately 400 military personnel since last quarter, bringing the total RS personnel to roughly 15,300.<sup>132</sup>

The first SFAB arrived in Afghanistan in March 2018. The SFABs are U.S. Army brigades designed for training and advising host-nation armed forces.<sup>133</sup> USFOR-A reported that the SFAB will advise ANA, ANP, and ASSF units from the corps or zone level and below; the mission will dictate the level at which the advisors operate.<sup>134</sup> American advisors from the SFAB will tactically report to NATO authorities at the Train Advise Assist Commands (TAAC) throughout Afghanistan. U.S. advisors will accompany *kandaks* (battalions) on operations as necessary.<sup>135</sup>

USFOR-A reported that combat enablers, or specialized military assets, will support advisors in the field. These enablers support mission-command functions, movement and maneuver support, lethal and nonlethal fire support, supply and logistics sustainment, force protection, and intelligence capabilities.<sup>136</sup> USFOR-A noted that since advisors from the SFAB have only



**The 1st Security Force Assistance Brigade** conducted a ceremony on March 15 marking the beginning of its mission to train, advise, and assist the ANDSF at Task Force Southwest in Helmand Province. (DOD photo by Maj. Matthew Fontaine)

recently arrived in country, it is too early to provide feedback on advisory assistance below the corps level.<sup>137</sup>

USFOR-A reported that in 2017, 11 U.S. military personnel were killed and 102 were wounded in Afghanistan. This is a slight increase from the number killed in 2015 (10) and 2016 (9), but a significant increase in the number of wounded from both 2015 (75) and 2016 (70). According to USFOR-A and the Defense Casualty Analysis System, from January 1 through March 30, 2018, one U.S. military member was killed and 19 were wounded. In total, as of April 15, 2018, 31 U.S. military personnel have been killed in action and 268 have been wounded since the start of OFS on January 1, 2015. Since the beginning of the war, 2,269 DOD personnel have been killed (including service members and civilians) and 20,318 have been wounded in Afghanistan.<sup>138</sup>

## ANDSF Strength Declines Sharply from 2017

This quarter, USFOR-A provided the authorized and assigned-strength levels for the ANDSF (including the ANA, AAF, and ANP) in an unclassified format.

According to USFOR-A, as of January 31, 2018, the authorized strength, or the force level authorized in the *tashkil*, was 340,300, including civilians. This is 18,211 fewer personnel than authorized during the same period last year, mainly due to large cuts in authorized personnel for the ANP (21,977).<sup>139</sup>

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**Tashkil:** which means “organization” in Dari, refers to the official list of personnel and equipment requirements used by the MOD and MOI to detail authorized staff positions and equipment items for each unit.

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Source: DOD, *Enhancing Security and Stability in Afghanistan*, 12/2017, p. 10.

# SECURITY

TABLE 3.5

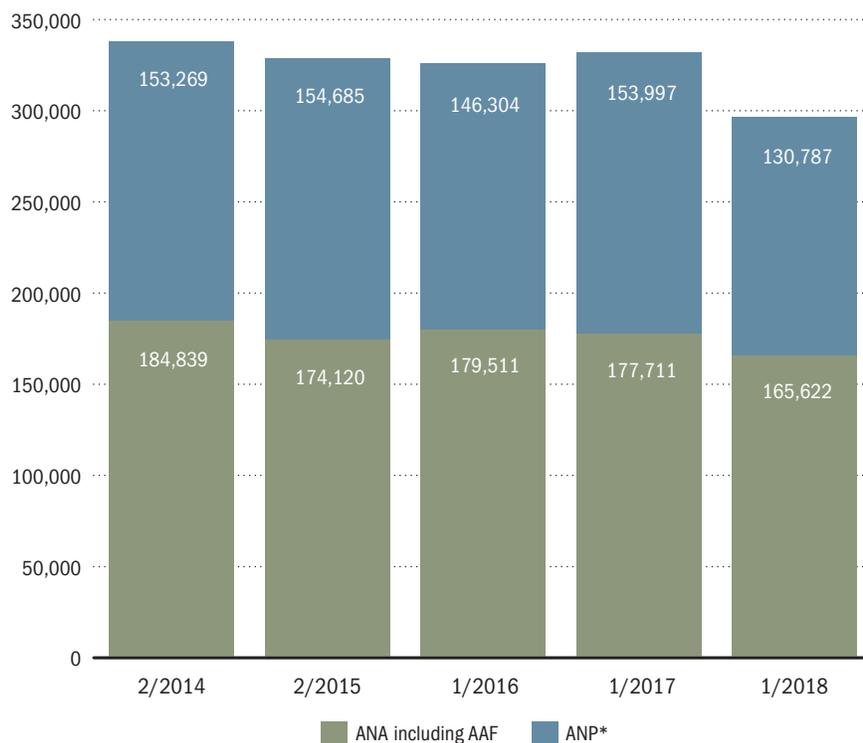
ANDSF Component	Authorized Strength	Assigned Strength	% of Target Authorization	Difference Between Assigned and Authorized	
				Assigned and Authorized	Difference
ANA including AAF	194,000	165,622	85.4%	(28,378)	(14.6%)
ANP	140,000	130,787	93.4%	(9,213)	(6.6%)
<b>ANDSF Total without Civilians</b>	<b>334,000</b>	<b>296,409</b>	<b>88.7%</b>	<b>(37,591)</b>	<b>(11.3%)</b>

Note: ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police.

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

FIGURE 3.33

## FIRST QUARTER ANDSF ASSIGNED STRENGTH SINCE FEBRUARY 2014



Note: ANA = Afghan National Army; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. ANA and AAF numbers include civilians except for the and January 2018 numbers; available data for ANP do not indicate whether civilians are included.

\*Figures do not include "standby" personnel, generally reservists.

Source: CSTC-A response to SIGAR data call, 3/31/2014, 7/1/2014, and 10/6/2014; RS, response to SIGAR vetting, 3/14/2015; USFOR-A, response to SIGAR vetting, 4/10/2015, 7/12/2015, 1/29/2016, 4/12/2016, 10/9/2016, and 10/11/2016; USFOR-A, response to SIGAR data call, 12/28/2014, 3/24/2015, 6/29/2015, 9/11/2015, 12/14/2015, 3/4/2016, 6/3/2016, 8/30/2016, 11/20/2016, 1/20/2017, 4/19/2017, 5/20/2017, and 3/22/2018.

USFOR-A also reported that the actual assigned strength of the ANDSF as of January 2018 (not including civilians), was 296,409, which includes 165,622 personnel in the ANA and AAF as well as 130,787 in the ANP. As seen in Table 3.5 on the next page, this means that the ANA was at 85.4% of its authorized strength, and the ANP was at 93.4% of its authorized strength. These figures represent a sharp decline in strength from the same period last year: a total of 35,999 fewer personnel in January 2018 compared to January 2017.<sup>140</sup> It is not clear why strength reduced by this many personnel. SIGAR is following up with USFOR-A to request more information. For a historical record of ANDSF strength in the first quarter since February 2014, see Figure 3.33.

### **ANDSF Casualties**

USFOR-A classified ANDSF casualty data this quarter at the request of the Afghan government.<sup>141</sup> SIGAR's questions about ANDSF casualties can be found in Appendix E of this report. SIGAR will report on ANDSF casualties in the classified annex to this report.

### **Afghanistan Compact**

The Afghanistan Compact is an Afghan-led initiative designed to demonstrate the Afghan government's commitment to reforms.<sup>142</sup> The Compact process consists of four American- and Afghan-chaired working groups covering governance, economic, peace and reconciliation, and security issues. For more information about the Compact, see pages 122–123.

Most of the security commitments in the Compact apply to either the entire ANDSF, or the MOD and MOI, or their main components (ANA and ANP).<sup>143</sup> Together they lay out a comprehensive plan to reform and upgrade the capabilities of the ANDSF over the next few years. Last quarter, USFOR-A clarified that within the scope of other strategies for achieving progress in Afghanistan, the Compact and Roadmap both align under the U.S. administration's South Asia strategy as frameworks to achieve the U.S. goals of seeking an Afghan political settlement that reduces violence, improves security, enables government reform, and leads to reconciliation with the Taliban.<sup>144</sup>

In January 2018, the Joint Security Compact Committee (JSCC), which tracks the Afghan government's progress toward meeting its goals in the security compact, met to review the milestones that were due in December 2017. CSTC-A reported that over the last year, the MOD and MOI met 194 of 198 milestones. At the January 2018 meeting, JSCC determined that the MOD milestone due in September 2017, inputting ANA personnel into the Afghan Personnel Payment System (APPS) based on the tashkil, had been met. MOI also made progress, but fell short of the agreed standard of registering 95% of ANP personnel in APPS as authorized in the tashkil.<sup>145</sup> For more information about APPS, see pages 98–99.

CSTC-A also reported that all 12 milestones due in December 2017 had been met for MOD and MOI. One of the areas making significant progress was in MOD and MOI's abilities to produce one-year recruitment plans. Other satisfactory progress had been made in: implementing the Inherent Law, which requires retirement at an earlier age, (retiring colonels under Minister of MOD authority), mitigating insider attacks (by vetting and removing personnel about whom there is derogatory information), enhancing Green Zone security (constructing a vehicle screening yard in the Kabul Green Zone), practicing countercorruption (listing findings, corruption cases, and trained evaluators), and increasing personnel accountability (transitioning ANDSF personnel to APPS to eliminate unaccounted-for personnel).<sup>146</sup>

JSCC also reviewed the MOI's Compact milestones to ensure they aligned with the MOI Strategic Plan (MISP), which was officially launched at the International Police Coordination Board on February 18, 2018.<sup>147</sup> According to a briefing provided to USFOR-A by MOI, the MISP requires developing a single, four-year Strategic Plan that is delivered through multiple annual plans; takes into account the urgent need to reform and develop the ministry; outlines concurrent efforts to reform and develop the ANP at every level; prioritizes, focuses, and sequences critical activity; and engages stakeholder support (NATO, UNDP, the European Union, and the wider international community). The briefing also clarified that the MOI's five strategic goals and the MOI portions of the ANDSF Roadmap and Afghanistan Compact are included in the MISP.<sup>148</sup>

The JSCC meets approximately once a month to review the progress of prior months' milestones. SIGAR will continue to report on the Afghanistan Compact milestones in its quarterly reports.

## Insider Attacks

Since responsibility for security began transitioning to the Afghan government in 2014, "green-on-green" insider attacks in which ANDSF personnel are attacked from within their own ranks, often by an insurgent infiltrator, have been a consistently severe problem.<sup>149</sup> According to USFOR-A, there were 68 reported insider attacks in 2017: 62 green-on-green and six "green-on-blue" attacks, when ANDSF personnel turned on Coalition personnel. This total also includes an additional 10 green-on-green attacks (no additional green-on-blue attacks) over last quarter from October 31 through December 31, 2017.<sup>150</sup> Insider attacks in 2017 were higher than the 59 recorded in 2016—56 green-on-green and three green-on-blue.<sup>151</sup>

From January 1 through February 10, 2018, there have been eight additional green-on-green and no additional green-on-blue attacks.<sup>152</sup>

USFOR-A reported that from January 1 to December 31, 2017, insider attacks killed 127 ANDSF personnel and wounded 112. During this same time period, three U.S. military personnel were killed and 11 were wounded

in green-on-blue attacks.<sup>153</sup> As reported last quarter, RS, MOD, and MOI have taken steps to further protect against insider attacks.<sup>154</sup> Afghanistan Compact milestones related to combatting insider threats can be found in the previous section.

## Updates on Developing Essential Functions of the ANDSF, MOD, and MOI

This quarter, RS began a reorganization that will change the names of its offices and their administrative structure. The RS mission had previously been organized under eight Essential Functions (EF) intended to develop its Afghan counterparts. Since the reorganization is not yet complete, SIGAR will report on the new RS structure next quarter.<sup>155</sup> Highlights for each EF reported to SIGAR this quarter include:

- **EF-1 (Multi-Year Budgeting and Execution):** This quarter, EF-1 worked to finalize the joint MOD-CSTC-A Afghan FY 1397 Procurement Plan for ASFF-funded MOD requirements. Additionally, they worked to formulate delegated (Afghan-led) and emergency procurement authorities, allowing decentralized and expedited procurement of emergent needs for MOD at the ANA corps level.<sup>156</sup>
- **EF-2 (Transparency, Accountability, and Oversight):** EF-2 reported that in December 2017, the Afghan government passed an asset-declaration law that requires all general officers and senior civilian officials to submit asset declarations within one month of the beginning of the fiscal year (December 2017). EF-2 also said nearly all MOD and MOI inspector general (IG) positions have been filled: 95% for MOD IG and 99% for MOI IG.<sup>157</sup>
- **EF-3 (Civilian Governance of Afghan Security Institutions):** This quarter, MOD implemented its new Policy to Prevent and Combat Corruption, which was developed with the assistance of EF-3's Rule of Law advisors. Advisors also worked with MOD to finalize a Policy on International Humanitarian Law (IHL) and Human Rights, which would strengthen gross violations of human rights (GVHR) reporting and investigation processes and require MOD to train ANDSF personnel in humanitarian-law issues. The IHL policy was expected to be approved and signed in March but as of press time, it was still being considered by the minister. MOD also placed into service the database for tracking incidents of GVHR, gender-based violence, and violations of the UN's Policy for the Protection of Children in Armed Conflict. EF-3 reported no new GVHR cases by MOD or MOI this quarter. However, RS reported two potential MOD GVHR cases identified by TAAC/Task Force-level advisors: one possible extra-judicial killing of an insurgent, and one allegation of *bacha bazi*, or child abuse, committed by an ANA kandak commander. No existing GVHR cases were closed by MOD or MOI, but two MOD and two MOI cases were closed by DOD's Office of the Undersecretary of Defense for Policy this quarter.<sup>158</sup>

- **EF-4 (Force Generation):** EF-4 provided an unclassified response this quarter, reporting that as of January 1, 2018, MOD had approved the retirement of 162 general officers and 494 colonels from the ANDSF, as part of the government’s effort to rejuvenate the force’s command ranks. The Afghan National Police Academy (ANPA) graduated 354 police officers from the class of 1396 (2017) this past quarter. An additional 60 students from the ANPA Criminal Investigation Division graduated from joint MOD/MOI courses, the first such courses of their kind. The ANPA class of 1397 (2018), including 65 female students, began on March 23. Work has begun to develop an Afghan Unified Training and Education Doctrine Command (UTED-C), which is intended to achieve initial operating capability in December 2018, to improve the capabilities and professionalization of the ANA.<sup>159</sup>
- **EF-5 (Sustainment):** This quarter, the revised Organizational Clothing and Individual Equipment (OCIE) strategy was implemented. OCIE was developed to use economies of scale in support of transitioning to a “pull”-based supply chain. CSTC-A also revised its equipment-lifecycle analysis models for basic ANDSF Humvees, calculating a 12-year lifespan rather than the previous 10 years, a change which altered procurement schedules to save about \$2 million in acquisition costs. In February, MOD signed a directive to expedite the process of estimating costs of damage, whereby destroyed, captured, or otherwise lost ANDSF vehicles are written off by corps bookkeepers. The new process will allow corps to remove lost vehicles from their inventories within 60 days, instead of the previous process that took up to two years, resulting in more accurate inventories. The first of two MOD contracts to expand the Afghan National Fiber Optics Ring was awarded, which will allow for the expansion of the MOD’s core telecommunications network, including programs such as CoreIMS, AFMIS, and AHRIMS.<sup>160</sup>
- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):** According to EF-6, the ANDSF executed Phase III and Phase IV of Operation Khalid, the annual operational plan, following Phase II completion last quarter. The successor to Khalid, Operation Nasrat, began on March 21, 2018. CSTC-A reported that the ANDSF once again prevented enemy forces from capturing any provincial centers and improved the use of the AAF and the ANA Special Operations Corps (ANASOC) in support of conventional forces. The transfer of ANCOP to MOD was also completed on March 21, 2018.<sup>161</sup>
- **EF-7 (Intelligence):** This quarter, EF-7 was renamed “Intelligence TAA,” with TAA referring to training, advising, and assisting. It will retain the same mission and functions. The Intelligence TAA reported that MOD continues to emphasize and improve its Intelligence, Surveillance and Reconnaissance (ISR) integration and intelligence sharing. The MOD Defense Security Service has begun sharing

biometric data and enrollment records with MOI in order to prevent insider threats and unauthorized access to sensitive information or facilities. TAA advisors reported good results in the first of three training phases for the Network Targeting Exploitation Center (NTEC), a center created to target terrorist and criminal networks.<sup>162</sup>

- **EF-8 (Strategic Communications):** This quarter the MOD initiated a civil-outreach initiative as part of a program to train senior ANA corps personnel in community engagement, information coordination, press conferences, media interviews, and morale strategy. EF-8 reported upcoming challenges as the MOD's restructuring will divide strategic communications and public affairs: public affairs will integrate with the Religious and Cultural Affairs directorate, while strategic communications will fall under the Assistant Minister of Defense for Strategy and Policy. CSTC-A reports that MOI deputies and spokesmen have become more active in engaging with the media. The Minister of Interior has launched a weekly call-in radio show to communicate directly with the Afghan people, which has thus far been positively received.<sup>163</sup>
- **Gender Office:** This quarter, a female colonel from the MOI Training General Command attended the RS Afghan Senior Leaders' CAPSTONE course at the U.S. National Defense University in Washington, DC. The colonel is the first female to attend this selective course, which is offered by RS to enhance strategic leadership skills. MOI missed its March 21, 2018, deadline to deliver a finalized Sexual Harassment and Assault Prevention Policy; however, RS Gender Affairs personnel reported that they expect the policy to be completed and announced at the Women in Security Advisory Committee meeting in late April 2018. MOD was also expected to complete and sign a similar policy in April.<sup>164</sup>

## AFGHAN SECURITY MINISTRIES AND THE ANDSF

### ANDSF Force Element Performance

USFOR-A provided only cursory ANDSF performance assessments in an unclassified format this quarter. SIGAR is unable to determine the basis for these unclassified assessments with the data provided. Additionally, USFOR-A reported that they would be unable to provide ANA corps- and ANP zone-level assessments (and below that level) in an unclassified format.<sup>165</sup> Those assessments will be reported in the classified annex to this report.

This quarter, USFOR-A reported that ANDSF leadership improved their operational planning capability in preparing their 2018–2019 annual operational plan. This included taking a doctrinal approach to planning that accounted for political, threat, and environmental variables. They noted that the General Staff still requires improved integration of the various staff



**Afghan Defense Minister Tariq Bahrami** meets with General Riccardo Marchiò, commander of Resolute Support's out-of-theater operational command, on March 6, 2018. (NATO photo)

directorates into a centralized planning process. The ANDSF still conduct the majority of their planning with assistance from NATO advisors, which generally takes the form of joint planning sessions between RS and MOD to ensure a unified plan. These NATO advisors independently assess ANDSF progress toward achieving the objectives set out in their annual operational plan at the TAAC and Task Force (TF) level, where they observe operational effects and determine successes in planning and execution.<sup>166</sup>

Additionally the ANDSF corps achieved two other accomplishments this quarter: securing the high-profile Kabul Process conference that took place in the capital in late February, and setting the conditions for a peaceful initiation ceremony for the TAPI pipeline project in central Afghanistan.<sup>167</sup>

More detailed performance assessments of ANDSF combat elements are available in the classified annex to this report.

## Ministry Performance Assessments

USFOR-A provided only cursory MOD and MOI performance assessments in an unclassified format this quarter. USFOR-A noted that limited performance assessments were available this quarter as there were no significant changes for the MOD and MOI between the winter and spring assessment periods.<sup>168</sup> SIGAR is unable to determine the basis for these unclassified assessments with the data provided. More detailed performance assessments will be reported in the classified annex to this report.

There were no updates to the MOD performance assessment provided to SIGAR last quarter. To see the latest MOD assessment, see page 95 of SIGAR's January 2018 *Quarterly Report to the United States Congress*.

According to CSTC-A, this quarter there have been some positive signs for the continued reform of the MOI. The new Minister of Interior, Wais Ahmad Barmak, as well as five out of eight new zone chiefs of police, provided the MOI with more effective leadership. CSTC-A said Minister Barmak began his position with a reform agenda, which he continues to pursue with zeal, and has been outspoken on his commitment to reform, candid in acknowledgement of police flaws and weaknesses, and determined to build trust and confidence in the ANP.<sup>169</sup>

## AHRIMS and APPS

The MOD and MOI, with RS assistance, are implementing and streamlining several systems to accurately manage, pay, and track their personnel—an effort that DOD said could greatly improve protection of U.S. funds. The United States pays the ANA and ANP personnel costs that constitute a large portion of the ANDSF's expenses.<sup>170</sup>

The Afghan Human Resource Information Management System (AHRIMS) contains data that includes the name, rank, education level, identification-card number, and current position of ANDSF personnel. AHRIMS also contains all the approved positions within the MOD and the MOI,

along with information such as unit, location, and duty title. The Afghan Personnel Pay System (APPS) is under development. When implemented, it will integrate AHRIMS data with compensation and payroll data to process authorizations, record unit-level time and attendance data, and calculate payroll amounts.<sup>171</sup> The AHRIMS (and in future, APPS) data is also used to provide background information on ANDSF in determining promotions and assignments.<sup>172</sup> APPS reached initial operational capability in July 2017.<sup>173</sup>

CSTC-A is overseeing the transition from AHRIMS to APPS to ensure interoperability. The process of verifying AHRIMS data includes a personnel asset inventory (PAI), a process that physically accounts for ANA and ANP personnel and issues them biometrically-linked identification cards. APPS will generate payroll information and bank-account information for accounted-for personnel. According to CSTC-A, this structure will reduce the potential for nonexistent personnel to be entered into APPS, although it will not completely eliminate the risk of paying “ghost” personnel. Routine checks will still be required to determine that personnel are properly accounted for and are still actively serving in the ANDSF.<sup>174</sup> Once implemented, the biometric cards will also be used to access all human-resources information for security force members, including identity, pay, APPS data, promotions, assignments, killed/wounded/absent-without-leave information, and other documents.<sup>175</sup>

As USFOR-A has reported previously, there are three ongoing efforts to ensure that accurate personnel data exist in AHRIMS to support the migration to APPS: (1) “slotting” or matching a person to an authorized position; (2) “data cleansing” or correcting and completing key personnel data; and (3) a Personnel Asset Inventory (PAI) to correct the employment status of personnel retired, separated, or killed in action.<sup>176</sup>

This quarter, USFOR-A reported on MOD and MOI efforts to complete their initial PAI cycle (PAIs will run continuously after the first cycle is complete).<sup>177</sup> MOD is in the final six-month PAI sweep of all ANA corps. MOI is still anticipating that the ANP’s PAI effort will continue for another 8–12 months. The delays are reported to be normal challenges of accessing remote and insecure areas and ANDSF members posted at isolated border checkpoints. Nonetheless, USFOR-A reported that the MOD’s initial PAI is nearly finished, with 90% of ANA slotted (same as last quarter) and 95% of the ANA PAI complete (up two percentage points since last quarter). The ANA is expected to be fully operational in APPS by May 30, 2018. MOI’s initial PAI is at 70% slotted (same as last quarter). USFOR-A clarified this quarter that the MOI’s current PAI cycle is now 80% complete (up from 77% last quarter). Its completion is currently expected around late September 2018.<sup>178</sup>

### “Unaccounted for” or “Ghost” Personnel

As a result of increased attention in late 2016 to the possible inclusion of many “ghost” or nonexistent personnel within the ANDSF rolls, U.S.

officials confirmed that since January 1, 2017, salaries are paid only to MOD and MOI personnel correctly registered in AHRIMS.<sup>179</sup>

The U.S. government continues to disburse funds only to those ANDSF personnel it is confident are properly accounted for. USFOR-A reported approximately \$62.4 million in cost avoidance in 2017 by not paying unaccounted-for and suspected ghost personnel in the MOD (\$49.8 million) and the MOI (\$12.6 million). In January 2018, the amount saved was roughly \$2.1 million.<sup>180</sup> SIGAR cannot verify these cost-avoidance figures because it has not been provided with data on the estimated number of ghost soldiers in the Afghan security forces.

USFOR-A has said the attention to “ghost soldiers” is largely unfounded because there are no indications of ghost-soldier challenges within the six ANA corps as the PAI process progresses. Once the APPS is fully operational, USFOR-A believes the issue of ANA ghost soldiers will be resolved.<sup>181</sup> DOD echoed this assessment, explaining that most of the soldiers and police that were unaccounted for were performing duties and being paid, but were not properly enrolled in the AHRIMS system due to poor systems management, missing biometric data, or missing ID cards.<sup>182</sup> USFOR-A reiterated this quarter they maintain their focus on validating personnel numbers, not estimating suspected ghost soldiers, as validating soldiers through the PAI decreases the possibility for reporting inaccurate personnel numbers.<sup>183</sup>

## Afghan Local Police

ALP members, known as “guardians,” are usually local citizens selected by village elders or local leaders to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.<sup>184</sup> While the ANP’s personnel costs are paid via the multidonor LOTFA trust fund, only DOD funds the ALP, including both personnel and other costs. Funding for the ALP’s personnel costs is provided directly to the Afghan government.<sup>185</sup> Although the ALP is overseen by the MOI, it is not counted toward the ANDSF’s authorized end strength.<sup>186</sup>

As of February 8, 2017, the NATO Special Operations Component Command-Afghanistan (NSOCC-A) reported that according to the ALP Staff Directorate, the ALP has roughly 29,006 guardians on hand, 24,915 of whom are trained, 4,091 untrained, and 58 in training. These figures indicate an increase of 95 ALP personnel overall, a 57-person increase in trained personnel, and an increase of 38 untrained personnel from last quarter.<sup>187</sup> The MOI’s FY 1396 (2017) Bilateral Financial Commitment Letter obligates the MOI to have no more than 5% of the on-hand ALP force untrained, but currently about 14% of the force is untrained, the same as last quarter.<sup>188</sup>

According to NSOCC-A, decreasing the number of untrained personnel has become a greater challenge since the Afghan Training General Command decertified Provincial Training Centers and eliminated the use

of Mobile Training Teams. The result was that untrained personnel were required to travel to the Regional Training Centers. Many provincial police chiefs remain reluctant to release their personnel for training due to the security situation. NSOCC-A said they have been advising MOI to better coordinate with provincial chiefs of police to develop phased transportation plans to resolve the issue. Additionally, NSOCC-A noted that when APPS comes on-line over the next several months, untrained personnel will not be paid, which will encourage all involved to ensure training is completed.<sup>189</sup>

This quarter, NSOCC-A reported continuing efforts to enroll ALP personnel in APPS, to transition ALP salary payments to an electronic funds-transfer (EFT) process, and to inventory materiel. The APPS transition for the ALP is currently under way, with CSTC-A deciding to phase APPS to the ALP by police zone, rather than implementing it across the force all at once, to avoid possible system errors.<sup>190</sup> According to USFOR-A, as of March 1, 2018, roughly 68% of ALP personnel have been slotted into APPS; Zone 101 is 100% slotted.<sup>191</sup>

NSOCC-A noted that the MOI has initiated a two-phase process to increase the biometric enrollment of MOI personnel, which will impact the ALP's APPS slotting. Phase I began by sending 10 biometric teams, consisting of ANP and MOI civilians, to enroll up to 100 personnel per day in Zones 101, 202, and 303 (as of March 10, 2018). Phase II began shortly thereafter to enroll remaining personnel in the rest of the police zones. As with the ANA, the ALP's full operational capability in APPS is expected in May 2018.<sup>192</sup>

As with the ANA and ANP, CSTC-A will fund salaries only for ALP guardians who are actively slotted in AHRIMS. NSOCC-A reported a decrease in the FY 2018 estimate of U.S. funding for the ALP from roughly \$96.6 million to \$90 million (assuming an ALP force authorization of 30,000 personnel).<sup>193</sup> Additionally, CSTC-A reported that between December 21, 2017, and February 24, 2018, CSTC-A spent \$3.8 million on salaries and stipends for ALP.<sup>194</sup> NSOCC-A says that CSTC-A reviews validated personnel numbers every three months and provides funding based on validated AHRIMS personnel numbers.<sup>195</sup> Like last quarter, about 86% of the ALP have been enrolled in EFT or Mobile Money to receive their salaries electronically.<sup>196</sup>

NSOCC-A reported several efforts are under way to assess ALP reform, including the above-mentioned personnel reforms, as well as equipment reforms, addressing powerbrokers' sway over the ALP, and conducting district assessments. NSOCC-A noted that monthly equipment inventories have been submitted by district with a 100% completion rate since October, the same as last quarter. The ALP's two Coalition advisors who specifically assist the force in implementing logistics reforms now have access to CoreIMS, the electronic equipment and logistics management system, and are working to provide access to the ALP Staff Directorate. NSOCC-A notes this is an important step in allowing greater oversight of the logistics system as a whole.<sup>197</sup>

Last quarter, the ALP's Coalition advisors submitted a report on the influence of powerbrokers in the ALP. NSOCC-A reported on November 28, 2017, that there were 195 ALP guardians under powerbroker influence, a roughly 50% reduction since August 2017. The main powerbrokers influencing ALP personnel continue to be parliamentarians, provincial councils, provincial governors, and district and provincial chiefs of police. While there are no new assessments this quarter for the number of ALP personnel under powerbroker influence (assessments are done semiannually), the monthly updates to the November report show actions have been taken in 97 cases to eliminate the use of ALP by powerbrokers.<sup>198</sup>

NSOCC-A confirmed this quarter that ALP district assessments will resume in April, as CSTC-A received the approved district-assessment travel plan and waiver from the ALP Staff Directorate. These will be the first district-level assessments to take place since October 2017.<sup>199</sup>

## AFGHAN NATIONAL ARMY

As of March 31, 2018, the United States had obligated \$45 billion and disbursed \$44.4 billion of ASFF funds to build, train, equip, and sustain the ANA.<sup>200</sup>

### ANA Strength Falls Since 2017

This quarter, USFOR-A provided complete ANA authorized (goal) strength figures in an unclassified format as well as top-line assigned (actual) strength figures. However, detailed assigned-strength information remains classified and will appear only in the classified annex to this report. SIGAR's questions about ANA strength can be found in Appendix E of this report.

As of January 31, 2018, the authorized force level for the MOD—the manning level authorized in the tashkil—was 194,000 ANA and AAF soldiers, and 6,300 ANA and AAF civilians, for a total of 200,300 personnel. The first figure includes 185,000 authorized ANA soldiers, of which 19,000 are designated for the ANASOC, and 9,000 for the AAF. The corps with the largest authorized forces are the 203rd Corps (23,000 authorized personnel) and the 205th Corps (19,000).<sup>201</sup>

The authorized strength for the ANA increased from the same period in 2017: ANA authorized strength in January 2017 was 188,060 for ANA soldiers and 8,474 for ANA and AAF civilians, for a total of 196,534 authorized MOD personnel. This quarter's 200,300 authorized personnel is 3,766 more personnel than the same period last year, which may be due to the planned transfer of MOI force elements to the MOD (ANCOP and ABP) and the expansion of the AAF and ANASOC.<sup>202</sup>

However, the assigned, or actual, strength of the ANA has decreased since the same period in 2017. As of January 31, 2018, assigned strength was 165,622 personnel, consisting of 74,184 soldiers, 58,678 noncommissioned



**ANA soldiers undergo special-forces training** near Kabul on April 10, 2018. (U.S. Army photo by Sergeant 1st Class Felix Figueroa)

officers, and 32,760 officers. This figure reflects 4,818 fewer soldiers, or 2.8% less, than January 2017 (not including civilians). The ANA was therefore at 85.4% of its authorized strength in January 2018, down over five points from 90.6% one year prior, which is partially explained by the recent increase in the ANA's authorized strength.<sup>203</sup>

## ANA Attrition

USFOR-A provided limited attrition information this quarter in an unclassified format. A detailed analysis of attrition by ANA force element will be provided in the classified annex to this report. SIGAR's questions about ANA attrition can be found in Appendix E.

According to USFOR-A, as of February 26, 2018, ANA monthly attrition rates averaged roughly 2% over the preceding three-month period. USFOR-A also noted that attrition rates have "remained consistent" at about 2% over the last year.<sup>204</sup> This compares favorably to the same period last year, when average attrition for the ANA from November 2016 to January 2017 was 2.6%.<sup>205</sup>

## ANA Sustainment

As of March 31, 2018, the United States had obligated \$21.4 billion and disbursed \$20.9 billion of ASFF for ANA sustainment.<sup>206</sup>

CSTC-A reported the total amount expended for all payroll and non-payroll sustainment requirements thus far for Afghan FY 1397 (beginning December 21, 2017) was \$48.9 million through February 24, 2018, all of

which was expended on ANA salaries (\$31.4 million) and incentive pay (\$17.5 million). While no funds have yet been spent on non-payroll sustainment requirements, these usually include equipment and supplies such as vehicle fuel, clothing, and energy-operating equipment. According to CSTC-A, non-payroll expenditures typically occur later in the fiscal year.<sup>207</sup>

CSTC-A reported that the funding required for ANA base salaries, bonuses, and incentives for this fiscal year is estimated at \$651.6 million, but noted that the U.S. contribution to ANA personnel sustainment over the next few years is contingent on congressional appropriations.<sup>208</sup> Last quarter, CSTC-A estimated that ANA sustainment expenditures over the next three years (2018–2020), will average \$667 million annually.<sup>209</sup> DOD also said forecasted salary and incentives figures are for planning purposes only and are not definitive indicators of future DOD support, which will depend on Afghan progress toward reconciliation, reducing corruption, security conditions, and other factors.<sup>210</sup>

## ANA Equipment and Transportation

As of March 31, 2018, the United States had obligated and disbursed \$13.5 billion of ASFF for ANA equipment and transportation.<sup>211</sup>

This quarter CSTC-A reported on the major items of equipment purchased for and provided to the ANA over the last quarter. As seen in Table 3.6, as of February 28, 2018, these included: UH-60 (Black Hawk) helicopters, several different types of utility and armored vehicles, and two types of weapons. The equipment provided this past quarter is valued at \$169.4 million. The

TABLE 3.6

MAJOR EQUIPMENT ITEMS PROVIDED TO THE ANA FROM DECEMBER 2017 TO MARCH 2018				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost	Total Cost*
Aircraft	UH-60 Helicopter	4	\$3,400,000	\$13,600,000
Vehicle	Medium Tactical Vehicle, Wrecker	40	350,000	14,000,000
Vehicle	30-Ton Crane	14	315,000	4,400,000
Vehicle	M1152 HMMWV (Humvee)	2	294,000	588,000
Vehicle	Water Tanker 1200 Gallon	39	247,000	9,600,000
Vehicle	M1151 HMMWV (Humvee)	443	237,000	105,000,000
Vehicle	Fuel Tanker 1200 Gallon	60	225,000	13,500,000
Vehicle	Medium Tactical Vehicle, International	28	85,000	2,400,000
Vehicle	M1082 Trailer (Cargo trailer)	116	34,000	4,000,000
Weapon	M240 Machine Gun	200	8,000	1,600,000
Weapon	M4A1 Carbine	834	911	760,000
<b>Total</b>				<b>\$169,448,000</b>

Note: \*Figures were rounded by CSTC-A.

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

greatest expenditure was for procuring 443 Humvees (\$105 million), followed by 40 medium-tactical recovery vehicles (\$14 million).<sup>212</sup>

### ANA Equipment Operational Readiness

This quarter USFOR-A classified data on ANA equipment readiness. SIGAR's questions about ANA equipment readiness can be found in Appendix E of this report. SIGAR will report on ANA equipment readiness in its classified annex.

### ANA Infrastructure

The United States had obligated and disbursed \$5.9 billion of ASFF for ANA infrastructure projects as of March 31, 2018.<sup>213</sup> As of February 20, 2018, CSTC-A reported that facilities-sustainment costs for FY 2018, covering all ANA facility and generator requirements, will be roughly \$61 million—an \$11 million increase from last quarter's amount.<sup>214</sup>

According to CSTC-A, as of February 20, 2018, the United States completed 446 ANA infrastructure projects in Afghanistan valued at \$5.4 billion, an increase of 10 projects completed since last quarter, with another 35 ongoing projects valued at \$182.5 million.<sup>215</sup>

The largest ongoing ANA infrastructure projects include two Northern Electrical Interconnect (NEI) substation projects, one in Balkh Province (\$27.7 million) slated for completion in October 2019, and one in Kunduz (\$9.5 million), due to be completed in February 2019. Additionally, the second phase of the Marshal Fahim National Defense University (MFNDU), a multi-year, \$73.5 million project, set for completion in December 2017, is pending due to the replacement of 38 fire doors.<sup>216</sup>

Four ANA infrastructure contracts with a total value of \$10.5 million were awarded this quarter. The largest of these include: full-operating-capacity infrastructure (utilities, barracks, dining facility, and other essentials) for Camp Commando in Kabul (\$7.7 million) as well as for a **Women's Participation Program** (WPP) dormitory at Hamid Karzai International Airport for the Air Force Academy (\$1.1 million) and a parking and vehicle-maintenance facility at Kabul National Military Hospital (\$1.1 million).<sup>217</sup>

There are 34 ANA projects planned valued at \$346.7 million, which include six AAF projects at \$74.1 million, seven ANA projects at \$35.6 million, 10 ANASOC projects at \$62.9 million, one Kabul National Military Hospital project at \$54 million, two MFNDU projects at 12.7 million, five Parwan Detention Facility projects at \$97.5 million, and three WPP projects at \$4.4 million.<sup>218</sup> The AAF projects have the highest projected costs and are aviation enhancement projects at Kandahar (\$27 million) and Mazar-e Sharif Airfields (\$32 million). This is followed by a project to expand the facilities for the ANASOC at Camp Pratt in Mazar-e Sharif (\$25.5 million).<sup>219</sup>

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**Women's Participation Program:** An initiative that seeks to advance and promote women's participation in Afghan security institutions. The program promotes safe and secure facilities, proper equipment, training, and opportunities for women to increase their membership in the ANDSF.

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Source: OSD-P response to SIGAR vetting, 4/15/2016.

## ANA and MOD Training and Operations

As of March 31, 2018, the United States had obligated and disbursed \$4.1 billion of ASFF for ANA, AAF, and MOD training and operations.<sup>220</sup> According to CSTC-A, ASFF is used to send ANA and AAF students to vocational training and professional military education opportunities abroad, including aviation training, special forces training, basic officer-leadership courses, captain's career courses, war-college programs, seminars, and conferences. The funds are also used to contract advisors and mentors for the ANDSF to advise, train, and mentor them in undertaking essential functions.<sup>221</sup>

As of March 1, 2018, CSTC-A reported 28 ongoing U.S.-funded training programs for the ANA and AAF (an increase of two since last quarter) valued at \$528.4 million. Most ongoing contracts span 6–12 months and include an \$81.2 million ANA advisors and mentors program, an \$80 million Afghan special forces training program, a \$43.8 million program to provide in-country UH-60 training at Kandahar Airfield, two UH-60 flight simulators for training, and logistics support for the contractors providing the training, and a \$29 million program to train AAF pilots and mission systems operators on the AC-208 at Fort Worth, Texas.<sup>222</sup>

## Afghan Air Force

This quarter, CSTC-A provided AAF authorized strength in an unclassified format, but AAF assigned strength remains classified. As of January 31, 2018, the AAF authorized strength was 9,300 personnel, including 300 AAF civilians.<sup>223</sup>

As of March 3, 2018, the United States has appropriated approximately \$6.4 billion to support and develop the AAF from FY 2010–FY 2018, with roughly \$1.4 billion appropriated in FY 2018. A large portion (\$683 million) is earmarked for AAF sustainment costs. According to DOD's FY 2018 budget-justification document, the \$1.4 billion includes \$709.8 million for the second year of the ANDSF Aviation Modernization (AAM) plan to continue the transition from Russian-manufactured helicopters to U.S.-manufactured UH-60 Black Hawk helicopters.<sup>224</sup>

Also as of March 3, nearly \$3.8 billion has been obligated for the AAF from FYs 2010–2018, with roughly \$31 million of those funds obligated in FY 2018. The majority of the funding obligated since FY 2010 continues to be for sustainment items, which account for 43.4% of obligated funds, followed by equipment and aircraft at 37.9%.<sup>225</sup>

The AAF's current inventory of aircraft includes:<sup>226</sup>

- 4 Mi-35 helicopters (four unavailable)
- 47 Mi-17 helicopters (24 unavailable)
- 25 MD-530 helicopters (five unavailable)
- 24 C-208 utility airplanes (one unavailable)
- 4 C-130 transport airplanes (two unavailable)

### DOD OIG Audit

DOD OIG conducted an evaluation of U.S. and Coalition progress in TAAC-Air's mission to develop the AAF into a professional, capable, and sustainable force. DOD OIG's main findings were: U.S. and Coalition forces are producing trained and qualified AAF personnel by identifying and developing priority capabilities. For more information, see Section Four.

- 20 A-29 light attack airplanes (two unavailable)
- 8 UH-60 utility helicopters

The Mi-17 and Mi-35 helicopters are Russian-made, with the United States procuring 33 of the Mi-17s from Russia with ASFF funds (the others were procured for the Afghans from other sources) but providing no funding or other support for Mi-35s. The A-29 planes are Brazilian-designed and manufactured in the United States. The rest of the AAF inventory is composed of U.S.-made aircraft.<sup>227</sup>

As of March 6, 2018, seven of the 24 unavailable Mi-17s are in overhaul, four are in heavy repair, and three are awaiting extraction and assessment. Additionally, one airframe reported last quarter was removed from the total fleet because it was unrecoverable, but two Mi-17s were transferred from Fort Rucker, Alabama, in January and February 2018. Four MD-530 aircraft suffered battle damage and are undergoing repair. Additionally, one unavailable MD-530 and one unavailable C-208 are damaged due to hard landings.

In addition to the one unavailable C-208, USFOR-A noted that the six C-208s belonging to the Shindand Air Wing in western Afghanistan are overdue for periodic maintenance. Grounding them was an AAF headquarters decision; USFOR-A had suggested that they do so. Two unavailable C-130s are going through routine depot-level maintenance.<sup>228</sup>

Of the 20 A-29 aircraft, 12 are currently in Afghanistan and one is currently unusable due to wing structural issues. An additional seven are at Moody Air Force Base, Georgia, supporting AAF pilot training, weapons operational testing, and cockpit upgrades. Another six have been procured as part of the AAM. One A-29 was destroyed in the U.S. during training operations in March 2017. When the A-29 training program at Moody concludes, the remaining U.S.-based A-29s will be moved to Afghanistan.<sup>229</sup>

### MOD's AAF Recruitment Policy

This quarter, SIGAR asked for information about the AAF's recruitment policy and received a signed order from August 2017 by Minister of Defense Tariq Shah Bahrami implementing a new policy. The policy stipulates that the AAF will recruit independently from the ANA and include in their ranks recruits from Afghanistan's ethnic minorities and women (the stated goal is for 10% of the force to be women). The policy also outlines extensive eligibility criteria for new AAF recruits. The document outlines that male and female recruits must:

- Be at least 18 years old, with officers being a maximum of 24, NCOs 28, and soldiers 35 years old
- Hold only Afghan citizenship and have documents proving Afghan citizenship
- Be born to Afghan parents
- Not have spouses with foreign citizenship
- Not hold membership in political parties
- Not have convictions from political or criminal crimes
- Submit to a criminal background and associated organizations check by the Afghan intelligence service
- Have adequate mental and physical fitness
- Have no addiction to narcotics or chronic or contagious disease(s)
- Pass the physical and medical tests
- Have average scores of 80% or better for grades 10-12
- Be literate and able to write
- Speak English and pass the English-language test
- Secure two personal references from village elders or district governors (or ministry officials for existing government employees)
- Officers and NCOs must be grade-12 or higher graduates, hold graduation certificates, and pass the entry test

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



**An AAF A-29** drops a GBU-58 laser-guided bomb on a Taliban compound in Farah Province on March 22. It was the AAF's first use of a laser-guided bomb in combat. (Screengrab of RS video by John Roberts)

This quarter, SIGAR asked for additional information about the progress of training pilots and crew members on the AAF's new UH-60 aircraft. USFOR-A reported that UH-60 crew member training is progressing and expected to meet fighting-season goals. Currently, UH-60 aircraft and mission-qualification training, as well as special-mission operator courses, are ongoing at Kandahar Airfield.<sup>230</sup>

Over the next several years, the AAF inventory will grow with significant numbers of new or refurbished airframes. USFOR-A provided a snapshot of the number of purchased, but not yet fielded, airframes for the AAF's aircraft, which will include: 45 UH-60s, 30 MD-530s, six A-29s, and 10 AC-208s. USFOR-A noted that in prior quarters, both purchased and intent-to-purchase numbers had been provided.<sup>231</sup>

In view of the increased purchases of aircraft under the AAM, this quarter SIGAR asked for additional information on the AAF expansion. USFOR-A reported that there are currently two classes of cadets being trained at the Afghan Air Academy. The first class should graduate in November 2018 (194 students) and the second class in February 2019 (114 students). Among recent Air Academy graduates, 16 are awaiting fixed-wing aircraft pilot training and 83 are awaiting helicopter pilot training. Six of the helicopter trainees will be trained on the UH-60. USFOR-A reported that from November 2017 to January 2018, attrition among the 177 pilot candidates was four candidates.<sup>232</sup>

AAF recruiting processes have changed over the past six months, according to USFOR-A. Prior to December 2017, AAF recruits were direct transfers from the ANA or were assigned by MOD. AAF recruiting goals were tracked only by filling officer commissions, while enlisted recruitment remained untracked. However, as of January 2018, the AAF is tracking both autonomously from the ANA. Last quarter, the AAF met its officer goal of 120 and this quarter they currently have 130 of the desired 170 enlisted personnel.<sup>233</sup>

## AAF Task Availability

This quarter, USFOR-A reported that the operational readiness of airframes is better described as "task availability" rates. The task availability rate is defined as the number of aircraft serviceable and ready to be tasked, for combat or training, compared to the number of aircraft in the operational fleet (excluding those in depot). For example, if a 12-aircraft fleet has five serviceable aircraft, two aircraft in the maintenance depot, and five in other status, this calculation yields a 50% task availability for that aircraft type. Task availability is a capabilities-based measurement for senior leadership mission planning, rather than a measurement of how contractors are performing in maintaining AAF aircraft.<sup>234</sup>

AAF task availability over the reporting period remained approximately the same as last quarter's operational readiness assessment. Two of five airframes (C-208 and A-29) fell short of mission-readiness goals and two of five

## Task Availability versus Operational Readiness

According to USFOR-A, task availability is a metric separate from but related to “mission capability” or “operational readiness.” AAF aircraft that are “available for tasking” are on hand (in Afghanistan) and able to be flown for combat or training purposes. Other metrics, like “mission capable rate” and “operational readiness,” are prone to being conflated. AAF maintenance contracts were written with different metrics (often by the same name but with different methods of calculation). TAAC-Air is working to rectify that problem, so that all maintenance contracts supporting the AAF use the same metric for measuring contract performance. However, outside

observers were conflating availability metrics with contract performance and drawing inaccurate conclusions about both contract performance and AAF combat capability. The “available for tasking” metric conveys the combat capacity for the AAF’s fleet and is most commonly expressed as a simple ratio reflecting a snapshot in time: aircraft available for tasking versus total aircraft. The task availability metric has a minimum granularity of one day, meaning that it cannot capture the possibility that an aircraft was in several states within a 24-hour period (e.g., it flies a mission in the morning but lands with a maintenance problem). However, USFOR-A notes that those transitions average out.

Source: USFOR-A, response to SIGAR vetting, 4/12/2018.

airframes significantly exceeding their recommended flight hours (C-130 and Mi-17).<sup>235</sup>

This quarter, USFOR-A reported that the AAF flew 8,115 sorties (a sortie is defined as one takeoff and one landing) from November 1, 2017, through January 31, 2018. This is an average of 2,705 per month, with the most sorties (3,254) flown in January 2018.<sup>236</sup>

As in previous quarters, the Mi-17 flew the greatest number of sorties (4,765) followed by the C-208 (1,479).<sup>237</sup> The Mi-17 continued to fly the most hours of any airframe, an average of 829 hours per month this reporting period, followed by the MD-530 at an average of 676 hours. This was a decrease compared to the Mi-17’s 858-hour average and the MD-530’s 814-hour average reported last quarter.<sup>238</sup>

In aggregate, AAF airframes flew roughly 400 hours per month (2,430) fewer this quarter than last quarter (2,845 hours per month).<sup>239</sup> USFOR-A said its flight-hours data include all hours flown by the airframes, whether they are for operations, maintenance, training, or navigation.<sup>240</sup>

## Personnel Capability

USFOR-A provided the following information on how many fully mission-qualified, or certified mission-ready (CMR) crew members the AAF has for each of its airframes. For more information about the specific training involved for crew members attaining CMR status, please see SIGAR’s April 2017 *Quarterly Report to the United States Congress*.<sup>241</sup> According to USFOR-A, this quarter:<sup>242</sup>

- **C-130:** 12 total pilots, including eight aircraft commanders and four copilots. Of the aircraft commanders, there are four instructor pilots, two of them evaluator pilots; 19 total aircrew, including eight flight engineers and 11 loadmasters.
- **C-208:** 44 total pilots, including 17 aircraft commanders, 26 copilots, and one pilot not yet qualified. Of the 17 aircraft commanders, nine are instructor pilots and two are evaluator pilots; there are also two loadmasters and two pilots qualified as loadmasters.

- **A-29:** 18 total pilots, including 15 flight leads, five of whom are instructor pilots and three are wingmen.
- **MD-530:** 60 total pilots, including 20 aircraft commanders, 29 copilots, 10 instructor pilots, and one pilot not yet qualified.
- **Mi-17:** 76 total pilots, including 41 aircraft commanders and 35 copilots. Of the 41 aircraft commanders, 13 are instructor pilots; for aircrew there are 10 instructor flight engineers, 21 mission flight engineers, and 79 gunners.
- **Mi-35:** 13 pilots (CSTC-A does not track pilot qualifications).
- **UH-60:** 22 pilots, all in training, including 16 special-mission operators (SMO), who are enlisted crew members (two per crew, along with two pilots). The SMOs perform several tasks, including gunner and loadmaster.<sup>243</sup>

## Special Mission Wing

This quarter, USFOR-A designated certain information about the Special Mission Wing (SMW) unclassified but not publicly releasable including: the number and type of airframes in the SMW inventory, the number of pilots and aircrew, the percent-breakdown of counternarcotics and counterterrorism missions flown, and the operational readiness (and associated benchmarks) of SMW airframes. SIGAR will report on this information in the classified annex to this report.

The SMW is the aviation branch of the MOD's Afghan Special Security Forces (ASSF) that provides aviation support to Afghanistan's counternarcotics, counterterrorism, and special operations forces. According to DOD, the SMW is the only ANDSF force with night-vision, rotary-wing air assault, and fixed-wing intelligence, surveillance and reconnaissance capabilities. The SMW's four squadrons include two in Kabul, one at Kandahar Airfield, and one at Mazar-e Sharif Airfield, and provide the ASSF with operational reach across Afghanistan. Recruiting standards are also higher for the SMW than they are for the AAF or other ANDSF elements.<sup>244</sup>

This quarter, NSOCC-A provided narrative updates on the SMW, as of November 30, 2017. NSOCC-A stated that the SMW continues to provide fixed- and rotary-wing aviation support to intelligence-driven counterterror and counternarcotics operations. CN missions focus on denying the enemy funding streams derived from production and trafficking of narcotics.<sup>245</sup>

Demand for SMW support remains high across the ANASOC, the AAF, and the ANA. The Afghan Joint Special Operations Component Command (JSOCC) continues to improve its efforts to prioritize and assign missions, allowing for the maximum utilization of the SMW. As expected, SMW has experienced a reduction in missions due to poor weather in the winter months, but NSOCC-A expects missions to increase as the weather improves and the 2018 fighting season begins.<sup>246</sup>

USFOR-A said the future success of the SMW depends critically on expanding the authorized number of personnel to incorporate additional

flight crews and command structure. This is necessary to support an expanded ANASOC during the 2019 fighting season while also fielding the first 10 of a planned 40 UH-60 Black Hawk helicopters. Qualifying recruits for their duties takes time, so authorization must precede the requirement by a year. Manning authorizations are also necessary in order to move the SMW away from contractor-provided maintenance.<sup>247</sup>

According to NSOCC-A, the SMW is ready to employ special ground-unit insertion and exfiltration techniques during the 2018 fighting season to counter high-profile attacks in Kabul.<sup>248</sup>

### **Afghan National Army Territorial Force**

This quarter, USFOR-A provided SIGAR with basic information about the Afghan National Army Territorial Force (ANATF), a new force element created as a local force like the ALP that will be part of the MOD rather than the MOI, and will be under the command of regular ANA kandaks and brigades.<sup>249</sup> Detailed information about the ANATF was classified and will be reported in the classified annex to this report.

According to USFOR-A, ANATF personnel will be recruited by the ANA Recruiting Command's (ANREC) regional National Afghan Volunteer Centers (NAVC). Because of the local nature of the ANATF, the NAVCs will recruit in coordination with local leaders, and will conduct recruitment in line with the required force level for a given district. Unlike the ANA, recruits will be from the area they are assigned to serve. The NAVCs will also be instructed to recruit 35% more than the planned personnel strength for each ANATF company in order to account for attrition occurring during the screening and training processes.<sup>250</sup>

The ANREC will arrange transportation for all ANATF recruits to be in-processed and screened in Kabul, which will include a medical screening, biometric enrollment, a commission board, creation of a bank account for salary payment, provision of an ID card, and AHRIMS and APPS enrollment. Recruits will undergo the same nine-week basic training course at the Kabul Military Training Center as all new ANA recruits.

ANATF leadership will complete a three-week leadership training course at MFNDU prior to ANATF recruits' completion of their basic training. ANATF leaders will come from the ANA officers and NCO ranks, and will *not* be from the area where they are assigned to serve.

Once each company is created, it will receive six weeks of collective training at the nearest Regional Military Training Center. The process for equipping and sustaining the new ANATF will be the same as the regular ANA brigades and kandaks; the latter will be responsible for providing command and control, sustainment, and support to the ANATF companies that fall under it.<sup>251</sup>

As of late March, USFOR-A noted that the exact locations of the ANATF and the timeline for its creation is evolving due to the dynamic nature of



**General Ahaj Gul Mohammad Chakhansori** (left), deputy commander of the ANP's 505th Zone, speaks with General Benjamin Watson, commander of Task Force Southwest, at Bost Airfield in Helmand Province on March 13, 2018. (USMC photo by Staff Sergeant Melissa Karnath)

the security environment in Afghanistan, as well as changes occurring at the ministerial level. Planning considerations will take into account hostile threats, local dynamics, national politics, and the overall progress of Afghanistan's security institutions. Likewise, the projected costs to stand up and maintain the ANATF have yet to be determined. As of March 2018, USFOR-A said that a company of the ANATF is expected to save 45% annually in operations costs compared to a company of the regular ANA. Expanding the ANATF up to the kandak level is estimated to save approximately 61% in operating costs compare to a regular ANA kandak.<sup>252</sup>

## AFGHAN NATIONAL POLICE

As of March 31, 2018, the United States had obligated \$21.1 billion and disbursed \$20.8 billion of ASFF funds to build, train, equip, and sustain the ANP.<sup>253</sup>

### ANP Strength Declines Sharply from 2017 Levels

This quarter, USFOR-A provided complete ANP authorized-strength figures in an unclassified format as well as providing top-line assigned-strength figures. However, detailed assigned-strength information remains classified and will appear only in the classified annex to this report. The questions SIGAR asked about ANA strength can be found in Appendix E of this report.

USFOR-A reported the authorized strength, or the manning level authorized in the tashkil, for the ANP (including the Afghan Uniformed Police (AUP), Afghan Border Force (ABF, previously the Afghan Border Police), ANCOP, MOI Headquarters, and those Not in Service for Training (NISTA). The authorized strength was 140,000 personnel, as of January 20, 2018. This includes 90,000 AUP, 3,900 ABF, 13,000 ANCOP, 31,000 Headquarters personnel, and 3,000 NISTA personnel.<sup>254</sup> This is a reduction of 21,977 authorized ANP personnel from January 2017.<sup>255</sup>

The top-line assigned, or actual, strength of the ANP, as of January 20, 2018, totaled 130,787, including 27,010 officers, 45,101 noncommissioned officers, and 58,676 patrolmen.<sup>256</sup> This figure represents a 23,210-person reduction in the ANP force since January 2017. It is not clear why strength reduced by this many personnel. SIGAR is following up with USFOR-A to request more information. However, due to the considerable decrease in force authorization for the ANP, the force was at 93.4% of its authorized strength in January 2018, down less than two points from the 95.1% reported a year prior.<sup>257</sup>

### ANP Attrition

USFOR-A provided limited ANP attrition information this quarter in an unclassified format. A detailed analysis of attrition by ANP force element

will be provided in the classified annex to this report. SIGAR's questions about ANP attrition can be found in Appendix E.

As of February 26, 2018, CSTC-A noted that ANP monthly attrition has been approximately 2% over the past three months. Additionally, they noted that ANP attrition has remained consistently below 3% over the last 12 months.<sup>258</sup>

## ANP Sustainment

As of March 31, 2018, the United States had obligated \$9 billion and disbursed \$8.8 billion of ASFF for ANP sustainment.<sup>259</sup> According to CSTC-A, the total estimated annual ANP salary and incentive costs for FY 2018 will be \$140.1 million. Of this total, the U.S. contribution will be \$46.5 million.<sup>260</sup>

As with the ANA, CSTC-A reported that there have yet to be any non-payroll-related sustainment expenditures for the ANP for this fiscal year, as the Afghan government normally pays for non-payroll-related items later in the fiscal year.<sup>261</sup>

## ANP Equipment and Transportation

As of March 31, 2018, the United States had obligated and disbursed \$4.7 billion of ASFF for ANP equipment and transportation.<sup>262</sup>

As seen in Table 3.7, CSTC-A reported the major items of equipment provided to the ANP from December 1, 2017, through February 28, 2018. During that period, the ANP received several major items of equipment valued at a total of \$211.3 million. Of this amount, the procurement of 726 Humvees

TABLE 3.7

MAJOR EQUIPMENT ITEMS PROVIDED TO THE ANP FROM DECEMBER 2017 TO MARCH 2018				
Equipment Type	Equipment Description	Units Issued in Quarter	Unit Cost	Total Cost*
Vehicle	Medium Tactical Vehicle, Wrecker	4	\$350,000	\$1,400,000
Vehicle	30-Ton Crane	2	315,000	625,000
Vehicle	M1152 HMMWV (Humvee)	367	294,000	108,000,000
Vehicle	Water Tanker 1200 Gallon	7	247,000	1,700,000
Vehicle	M1151 HMMWV (Humvee)	359	237,000	85,000,000
Vehicle	Fuel Tanker 1200 Gallon	4	247,000	988,000
Vehicle	Medium Tactical Vehicle, International	87	85,000	7,400,000
Weapon	M240 Machine Gun	550	8,000	4,400,000
Weapon	M4A1 Carbine	1,143	958	1,100,000
Weapon	M9 Pistol	1,030	698	719,000
<b>Total</b>				<b>\$211,332,000</b>

Note: \* Figures were rounded by CSTC-A.

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

made up the bulk of the expense, at \$193 million. The costliest weapons purchase was for 550 machine guns, valued at a total of \$4.4 million.<sup>263</sup>

## Equipment Operational Readiness

This quarter USFOR-A classified data concerning the ANP's equipment readiness. The questions SIGAR asked about ANP equipment readiness can be found in Appendix E of this report. SIGAR will report on ANP equipment readiness in the classified annex.

## ANP Infrastructure

As of March 31, 2018, the United States had obligated \$3.2 billion and disbursed \$3.1 billion of ASFF for ANP infrastructure.<sup>264</sup> CSTC-A reported that the estimated total sustainment costs for ANP infrastructure in FY 2018 will amount to \$63.2 million.<sup>265</sup>

According to CSTC-A, as of February 28, 2018, the United States had completed a total of 754 ANP infrastructure projects in Afghanistan valued at \$2.9 billion. CSTC-A noted that total ANP infrastructure values were based on approved funding, but that a review of actual project awards reduced the total costs from the \$3.6 billion reported last quarter.<sup>266</sup>

This quarter, CSTC-A reported 24 ongoing projects valued at roughly \$75 million. CSTC-A also reported that three renovation projects to existing infrastructure in Logar, Kabul, and Parwan Provinces were completed at a total cost of about \$739,000. During the reporting period, one project was awarded for renovations to existing infrastructure in Balkh Province for approximately \$260,000.<sup>267</sup>

The largest ongoing ANP infrastructure project this quarter continues to be the installation of an information-technology server at the MOI Headquarters Network Operations Center in Kabul. This \$43.5 million project is now expected to be completed in May 2018 rather than January 2018 as reported last quarter. The next-largest projects are two WPP projects: compounds for women at the Kabul Police Academy to be completed by June 2019 (\$7.1 million) and a women's training facility at the Police Central Training Command in Kabul, which is to be completed by March 2019 (\$3.9 million).<sup>268</sup>

Last quarter, CSTC-A reported that five WPP infrastructure projects were in the planning phase at a cost of roughly \$108.4 million. This quarter, CSTC-A reported that the largest of these projects, the ANP Women's Police Town at an estimated cost of \$100 million, is no longer going to be funded by ASFF and will instead be funded by the NATO ANA Trust Fund.<sup>269</sup>

### SIGAR INSPECTION

This quarter, SIGAR completed an inspection of the construction of the Ministry of Interior Headquarters that was overseen by the U.S. Army Corps of Engineers (USACE). The inspection found twelve deficiencies in the work, one of which was the installation of uncertified fire doors instead of certified fire-rated doors as required by contract. SIGAR found that "false" fire-certification labels had been applied to the doors after they were installed. Other deficiencies included contractors' unauthorized substitution of inferior materials, and design and construction deficiencies. Some of these deficiencies pose safety risks, and all raise concerns about USACE oversight of the project. For more information, see Section Two.

## ANP Training and Operations

As of March 31, 2018, the United States had obligated \$4.3 billion and disbursed \$4.2 billion of ASFF for ANP and MOI training and operations.<sup>270</sup>

CSTC-A stated that \$94.6 million, an additional \$53.3 million over FY 2017, was needed to cover an increase in MOI mentors and trainers, and a life-support line for food, lodging, and utilities used by contractors.<sup>271</sup>

CSTC-A primarily uses U.S.-provided ASFF funds for professional military education, travel, living allowances, and medical expenses for the MOI, ANP, and GCPSU personnel to attend law-enforcement and military training in the United States. The goal of the U.S.-based military training is to increase technical skills and to enhance knowledge and leadership at all levels. CSTC-A says that the program allows the U.S. military to have a lasting influence on ANP development. CSTC-A also uses ASFF funding to recruit and hire Afghans who train, advise, and assist the ANP in a wide array of ANDSF logistics and administrative skills.<sup>272</sup>

This quarter, SIGAR requested additional information on the ANP training programs to include the program cost, name of contractor, and the scope of work for each contract, and the number of ANP trained by each contract. According to CSTC-A, there are seven ongoing or recently completed training programs at a total cost of about \$138.1 million. DynCorp International holds the longest and largest contract (\$74.7 million) to provide advisors for the ANP. Additionally, Raytheon holds four contracts (\$32.2 million total) and OT Training Solutions holds one contract (\$3.2 million). The remaining contract valued at about \$28 million was recently initiated, so contractual details were not available.<sup>273</sup>

SIGAR asked for the number of ANP trained in each contractor-provided training program. CSTC-A responded that this information was not available.<sup>274</sup>

Last quarter, USFOR-A characterized the RS police-training effort as “minimal” for the AUP “as the Resolute Support Mission does not provide the type of tactical, hands-on training that was the case under ISAF,” the International Security Assistance Force, the precursor of RS.<sup>275</sup> This quarter, SIGAR requested additional information about the extent of TAA to the AUP. CSTC-A responded by explaining that the RS Police Institutional Advisory Team (PIAT) advises extensively at the institutional level of training and education. This means that the 16-person PIAT advises over 30 officers and civilians, from major general to high-ranking civilians, at the Ministry of Interior, the Training General Command, the Afghan National Police Academy, and the Afghan National Staff College. PIAT trains and advises on a number of issues from policy to human resources and gender integration. CSTC-A noted that there are currently no plans to increase the TAA institutional level of training and education for AUP.<sup>276</sup> CSTC-A further noted that the Afghans train their own police at the 10 ANP regional training



**General Command of Police Special Units'** first female police conduct fast-rope training with the Special Mission Wing near Kabul on April 9 2018. (NSOCC-A photo by LaShawn Sykes)

centers, at the Afghan National Police Academy, and at the Afghan National Staff College.<sup>277</sup>

## WOMEN IN THE ANDSF

According to the RS Gender Advisor Office, as of March 3, 2018, there were 4,335 women serving in the ANDSF, a decrease of 297 personnel since last quarter. Of the total female personnel in the ANDSF, 3,040 were in the ANP, 1,295 were in the ANA, 72 were in the ASSF, and 98 were in the AAF. Of the women in the ANP, ANA, ASSF, and AAF, there were 1,504 officers, 1,551 noncommissioned officers, 1,305 enlisted personnel, and 145 cadets.

The number of women in each force element fell, with the largest decrease in the ANA, which lost 110 personnel since December 2017.<sup>278</sup> The ANP also lost 180 policewomen since September 2017, which is primarily attributed to the transfer of the Afghan Border Police (ABP) from MOI to MOD control.<sup>279</sup> Under MOD's current proposals, the number of female-only positions in the ANA is set to increase by 1,600 annually for the next four years. However, CSTC-A reports this quarter that the Minister of Defense recognized the need to increase that number, and a working group has been created to amend the tashkil accordingly.<sup>280</sup> The target for ANP women's recruitment has not been finalized since last quarter.<sup>281</sup>

RS Gender Affairs also reported that women in the ANA are eligible to participate in all basic and advanced training courses associated with their military occupational specialization. According to CSTC-A, nearly every course taught within the ANA is gender integrated, but maximum participation of females is hampered by the dearth of positions designated for women within the respective career fields for which training is provided. This is being addressed through a working group that is optimizing the tashkil.<sup>282</sup> Female ANP police officers currently attend NCO training abroad at the Sivas Police Training Academy in Sivas, Turkey. The most recent training cohort of 187 women graduated in March 2018.<sup>283</sup>

## ANDSF MEDICAL AND HEALTH CARE

This quarter, CSTC-A reported the total cost of ANDSF medical equipment procured and fielded through funds provided directly to the Afghan government was \$910,000 as of March 5, 2018, with a projected total cost of \$36.1 million for indirectly funded medical expenditures in FY 2018.<sup>284</sup>

CSTC-A currently has three advisors providing training and advising at the Afghan Armed Forces Academy of Medical Sciences (AAFAMS). Additionally, the medical advising program allows ANDSF health professionals to undergo training in foreign countries, mostly sponsored by Coalition nations.<sup>285</sup>

CSTC-A reported this quarter that new policies and upgraded training programs have improved point-of-injury care and reduced killed-in-action rates amongst ANDSF and civilian combat casualties. All recruits at Kabul Military Training Center are now issued tourniquets and first aid kits and trained in their use. Casualties from combat and terrorism in the greater Kabul area have been further reduced by the implementation of a mandated national emergency operations center to coordinate emergency medical resources.<sup>286</sup>

From December to early March, CSTC-A reported that the ANA received 850,000 vaccine doses: 140,000 for measles, mumps and rubella, 300,000 for hepatitis B, 270,000 for tetanus, 70,000 for meningococcus, and 70,000 for typhoid.<sup>287</sup> The ANP received 426,000 vaccine doses: 110,000 for influenza, 105,000 for typhoid, 30,000 for meningococcus, 1,000 for rabies, 90,000 for hepatitis B, and 90,000 for polio.<sup>288</sup> CTSC-A's EF-5 logistics team, working with ANA Medical Command, also determined that a high percentage of the ABF do not meet minimum vaccination requirements, leading them to develop a vaccination plan in conjunction with ANA corps and ABF surgeons.<sup>289</sup> RS advisors likewise developed a plan to distribute vaccines to ANP units in all 34 provinces.<sup>290</sup>

On February 13, the AAF made an aerial delivery of critical medical supplies to the 205th Corps Regional Hospital, an operation which required extensive coordination among various ANDSF commands. TAAC-Air is coordinating with the other TAACs across Afghanistan to educate and encourage ANA corps commanders to request supplies through AAF airdrops.<sup>291</sup>

The Afghan National Police Hospital (ANPH) renovation project was completed this quarter, following delays last quarter, with the ANPH successfully relocating smoothly to the newly-renovated five-story building. This will relieve overcrowding in the old facility.<sup>292</sup>

Lastly, a roughly \$2 million contract to maintain and repair 769 pieces of biomedical equipment is currently awaiting approval by President Ghani. CSTC-A describes this contract as "critical" to the MOI's ability to maintain its medical equipment.<sup>293</sup> However, a further four packages for medical equipment and supply procurement have been approved, totaling \$4 million for the ANA and \$2.3 million for the ANP.<sup>294</sup>

## SIGAR SPECIAL PROJECT

SIGAR issued a review this quarter examining the ANA's process for testing the blood of new recruits for blood type and blood-borne diseases such as hepatitis B and C, venereal diseases, and HIV. According to CSTC-A's Command Surgeon and the Afghan Recruiting Command advisor, due to a lack of supplies for testing blood, the Afghan Medical Command stopped testing blood of new Afghan recruits, and the recruits were directed to have a local civilian physician perform the blood testing. This resulted in the ANA becoming reliant on test results from local civilian doctors with no assurance that lab work was actually conducted or that the results were accurate. For more information, see Section Two of this report.

## REMOVING UNEXPLODED ORDNANCE

According to the United Nations (UN), Afghanistan is one of the countries most affected by landmines and explosive remnants of war (ERW) such as live shells and bombs.<sup>295</sup> The Department of State's (State) Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PM/WRA) manages the conventional-weapons destruction program in Afghanistan. Since FY 2002, State has provided \$361.7 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan. PM/WRA has two-year funding and has obligated \$1.6 million of its FY 2017

# SECURITY

funds so far. The U.S. government's budgetary process has significantly delayed obligation of assistance funds for FY 2017 and FY 2018. Additional funding will be captured in subsequent SIGAR reports.<sup>296</sup>

State directly funds six Afghan nongovernmental organizations (NGOs), four international NGOs, and one U.S. government contractor. These funds enable clearing areas contaminated by ERW and support clearing conventional weapons used by insurgents to construct roadside bombs and other IEDs. As of December 31, 2017, State-funded implementing partners have cleared more than 240.8 million square meters of land (approximately 93 square miles) and removed or destroyed approximately eight million landmines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stockpiled munitions, and homemade explosives since 2002 (see Table 3.8).<sup>297</sup>

TABLE 3.8

CONVENTIONAL-WEAPONS DESTRUCTION PROGRAM METRICS, FISCAL YEARS 2010–2018						
Fiscal Year	Minefields Cleared (m <sup>2</sup> )	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared <sup>a</sup>	Estimated Contaminated Area Remaining (m <sup>2</sup> ) <sup>b</sup>
2010	39,337,557	13,879	663,162	1,602,267	4,339,235	650,662,000
2011	31,644,360	10,504	345,029	2,393,725	21,966,347	602,000,000
2012	46,783,527	11,830	344,363	1,058,760	22,912,702	550,000,000
2013	25,059,918	6,431	203,024	275,697	10,148,683	521,000,000
2014	22,071,212	12,397	287,331	346,484	9,415,712	511,600,000
2015	12,101,386	2,134	33,078	88,798	4,062,478	570,800,000
2016	27,856,346	6,493	6,289	91,563	9,616,485	607,600,000
2017	31,897,313	6,646	37,632	88,261	1,158,886	547,000,000
2018 <sup>c</sup>	4,069,441	1,335	8,404	31,873	(No data)	575,000,000
<b>TOTAL</b>	<b>240,821,060</b>	<b>71,649</b>	<b>1,928,312</b>	<b>5,977,428</b>	<b>83,620,528</b>	<b>575,000,000</b>

Note: AT/AP = antitank/antipersonnel ordnance. UXO = unexploded ordnance. SAA = small-arms ammunition.

Fragments are reported because clearing them requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m<sup>2</sup>) to an acre.

<sup>a</sup> PM/WRA no longer includes "fragments cleared" as a metric reporting category.

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

<sup>c</sup> First fiscal quarter (10/1/2017–12/31/2017) results only.

Source: PM/WRA, response to SIGAR data call, 3/24/2018.

The estimated total area of contaminated land continues to fluctuate: clearance activities reduce the extent of hazardous areas, but ongoing survey activities find new contaminated land. At the beginning of this quarter, there were 547 square kilometers (211.2 square miles) of contaminated minefields and battlefields. Following this quarter, the total known contaminated area was 575 square kilometers (222 square miles) in 3,838 hazard areas. PM/WRA defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.<sup>298</sup>

According to the UN, deaths caused by ERW, mines, and pressure-plate IEDs remain high. The Afghan government must track, mark, and remove explosive remnants of war pursuant to the Protocol on Explosive Remnants of War to the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (Protocol V).<sup>299</sup> Casualties from mines, ERW, and victim-activated explosive devices averaged 170 per month in 2017, an increase from 2016's monthly average of 162 casualties. The vast majority of casualties (96.4%) are due to ERW and victim-activated explosive devices.<sup>300</sup>

USAID, in partnership with the UN Mine Action Service (UNMAS), provides services for victims and survivors of mines and ERW, as well as for civilians affected by conflict and persons with disabilities, most recently through the Afghan Civilian Assistance Program (ACAP) III. This project aimed to mitigate the short-term and long-term impact of conflict on civilians. ACAP III concluded on February 14, 2018; final project and evaluation reports have not been completed.<sup>301</sup>

ACAP was a nationwide program with a budget of \$19.6 million (revised in 2017 from \$30.2 million). ACAP III worked to enhance the government's capacity to better deliver services to the families of martyrs (the Afghan government's term for casualties from attacks and explosive devices) and disabled persons in Afghanistan. USAID is in the process of awarding Conflict Mitigation Assistance for Civilians (COMAC) to take over ACAP III's activities. COMAC, currently under procurement, is a five-year program with an estimated cost of \$39 million.<sup>302</sup>

Afghanistan is a signatory of the UN Ottawa Treaty on antipersonnel mines, which requires it to be mine-free by 2023. However, according to the UNMAS, Afghan government compliance is lagging, with funding dropping to 35% of 2011 levels. To help meet its international commitments, Afghanistan requested \$75 million for clearance activities this year.<sup>303</sup>

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## GOVERNANCE

### KEY ISSUES AND EVENTS

On February 28, 2018, at the second meeting of the Kabul Process for Peace and Security Cooperation in Afghanistan, President Ashraf Ghani offered to negotiate with the Taliban without preconditions if they would halt their ties with terrorism, and respect the Afghanistan constitution. President Ghani also raised the idea of the Taliban becoming a political party and of making constitutional amendments through the prescribed legal process.<sup>304</sup> U.S. Ambassador to Afghanistan John Bass described the Afghan government's offer as "courageous," while a former United Nations Secretary-General's Special Representative for Afghanistan said the deal was more comprehensive than any previously presented.<sup>305</sup> According to the State Department, the Taliban has yet to respond.<sup>306</sup>

This quarter, there appeared to be a resolution to the political dispute between the Afghan central government and a powerful regional powerbroker when Balkh Province Governor Atta Mohammad Noor agreed to step down following a prolonged row. The latest dispute followed the December 18, 2017, decision by President Ashraf Ghani to remove Noor, who is a senior leader of the Jamiat-e Islami political party, serving as the party's chief executive. Until March 22, Noor refused to step down as



**Participants gathered** for the second meeting of the Kabul Process in February 2018. (Afghan Presidential Palace photo)

province governor, a position he had held since 2004. According to the United Nations (UN) Secretary-General, the conflict between Noor and President Ghani “undermined national unity and distracted attention from the national reform agenda.”<sup>307</sup> Noor was not the only governor to defy the central government by refusing to step down. For two days in February, the governor of Samangan Province also refused to leave the governorship until offered a position on the High Peace Council.<sup>308</sup>

The UN Secretary-General said the Ghani-Noor impasse “revealed competing conceptions of the origins of the [Afghan] Government’s legitimacy.” The Jamiat-e Islami party claimed that President Ghani’s decision to remove Noor violated the September 2014 political agreement which forms the basis of the National Unity Government. According to the UN Secretary-General, President Ghani and his supporters believe that Afghanistan’s constitution gives him the authority to appoint and remove governors. However, Jamiat-e Islami leaders argued that the National Unity Government agreement of 2014 superseded the executive provisions of the Afghan constitution.<sup>309</sup>

In February, Transparency International released its Corruption Perceptions Index (CPI) for 2017, showing Afghanistan received a score of 15 on a scale of zero (highly corrupt) to 100 (very clean), the same score as in 2016. The CPI draws from a number of sources that capture the assessment of experts and business executives on a number of corrupt behaviors in the public sector. Five data sources—including the 2017 World Bank Country Policy and Institutional Assessment and the 2017–2018 World Justice Project Rule of Law Index Expert Survey—were used to generate the CPI composite score for Afghanistan.<sup>310</sup>

## U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE

As of March 31, 2018, the United States had provided more than \$33 billion to support governance and economic development in Afghanistan. Most of this funding, nearly \$19.9 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).

## AFGHANISTAN COMPACT

In August 2017, the U.S. and Afghan governments announced the launch of the “Afghanistan Compact.” The Afghanistan Compact is an Afghan-led initiative designed to demonstrate the government’s commitment to reforms.<sup>311</sup>

The Afghanistan Compact process consists of a Joint Steering Committee, composed of senior U.S. and Afghan leaders, with State as the U.S. lead for the governance, economic-development, and peace-and-reconciliation working groups, and U.S. Forces-Afghanistan (USFOR-A) as the U.S. lead for the security working group. Each working group has a matrix

of benchmarks (which State refers to as “voluntary, unilateral reform commitments”) to chart reform progress for the next three years.<sup>312</sup>

The Afghan government does not appear to face any direct monetary consequences if it fails to meet the Afghanistan Compact reform commitments. State said there are no foreign-assistance funds tied to the Afghanistan Compact, meaning the Compact imposes no obligations on the United States and ties no conditionality to any of the benchmarks.<sup>313</sup> Similarly, CSTC-A reported that it does not provide financial incentives or funding tied to the security-related Afghanistan Compact reforms.<sup>314</sup>

According to State, the Compact is a useful tool only if the Afghan government is committed to making the reforms it has voluntarily undertaken. U.S. Embassy Kabul has found that the Afghan government is better motivated to make serious and difficult reforms when engagement comes not just from the U.S. Embassy, but also from senior U.S. government decision-makers in Washington. State said it welcomes messages from Washington to senior Afghan leaders that reinforce the Compact’s importance.<sup>315</sup>

The Afghan government is not obliged to provide documentary evidence at working group meetings to prove its progress in meeting the benchmarks.<sup>316</sup> Instead, State reports that progress is measured in face-to-face meetings by the U.S. and Afghan working group co-chairs and the various Afghan ministries responsible for fulfilling that month’s benchmarks.<sup>317</sup>

According to State, the U.S. government will better be able to hold the Afghans accountable and better calibrate U.S. diplomatic and assistance efforts by tracking Afghan government progress in implementing the Afghanistan Compact reforms.<sup>318</sup> While State did not cite any specific examples, they report that the Compact is tied to an implicit warning that the failure to achieve reform targets could sour the U.S. government’s view of the Afghan government’s commitment to reform. According to State, this has been enough, thus far, to drive significant change.<sup>319</sup>

## ELECTORAL REFORM

On April 1, the Independent Elections Commission (IEC) announced that parliamentary and district council elections would take place on October 20. This officially pushed back the election date of July 7, which the IEC announced in June 2017. Afghan presidential elections are slated for 2019.<sup>320</sup>

Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his election rival, Chief Executive Abdullah Abdullah, after the troubled 2014 presidential elections. The September 2014 agreement that led to forming the national-unity government called for immediate establishment of a special commission for election reform. The intent was to implement reform before the next parliamentary elections, intended for 2015, but these elections were not held.<sup>321</sup>

**On April 22, a suicide bomber attacked a crowd of people gathered at an identity-card distribution and voter-registration center in Kabul. The Islamic State-Khorasan (IS-K) claimed credit for the attack that killed at least 57 people. According to the UN, since voter registration began on 14 April, there have been a number of violent incidents targeting centers around the country where citizens are required to sign up for the upcoming election.**

Source: UNAMA, “UN condemns suicide attack at election-related facility in Kabul,” 4/22/2018; *New York Times*, “‘So Many Bodies’: Bomber Kills Dozens Signing Up to Vote in Kabul,” 4/22/2018.



**Election officials listen** to the audience during the third meeting of the National Election Forum. (USAID photo)

The IEC has committed to assigning voters to specific polling centers when they register. According to State, elections experts assess that polling-center-based registration is the critical reform necessary to reduce ballot-box stuffing (the principal method of fraud in the 2014 election) by aligning the number of ballots delivered to each polling center more closely with the number of voters registered there.<sup>322</sup>

State reported that the IEC successfully coordinated the sourcing and acquisition of paper-based voter registration materials. As of March, these materials were in Kabul and ready for distribution to polling stations in advance of the registration process.<sup>323</sup> The IEC plans to begin voter registration in provincial capitals and districts in April 2018. Every eligible voter will be required to register at one of more than 7,000 polling centers.<sup>324</sup>

The U.S. government is supporting election reforms through a grant of up to \$30 million to a legacy election-support project implemented by the United Nations Development Programme (UNDP). This project was originally meant to support the planned 2015 parliamentary elections, which are currently scheduled for October 2018.<sup>325</sup>

This quarter, State observed that a number of election-related Afghanistan Compact benchmarks were behind schedule as of March 13. These included:<sup>326</sup>

- deciding on constituency reform that might adjust electoral constituencies based on the number of parliamentary seats in the province
- ensuring that the IEC and the Electoral Complaint Commission (ECC) were fully staffed
- deciding on whether to hold district council elections alongside parliamentary elections (on April 1, the IEC announced that parliamentary and district council elections will be held together on October 20, 2018)

Also this quarter, State reported that the IEC held National Elections Forum (NEF) meetings in Kabul as well as in some of Afghanistan's other provinces. These meetings are a means to share information on election progress with the Afghan public and to convene opposition political leaders to hear their concerns.<sup>327</sup> At the February 2018 NEF, the ECC shared that it had received 373 formal complaints regarding the list of polling centers. The largest category of these complaints (49%) related to the number of polling centers or their distance from populated areas. The Afghanistan Central Civil Registration Authority (ACCRA) also provided an update on its work to issue identity cards necessary to register to vote. According to ACCRA, they are issuing 20,000 to 30,000 identify cards per day. ACCRA reported that insecurity prevents them from operating in 32 out of approximately 400 districts, making it necessary for the people of those districts to travel to the provincial capital instead.<sup>328</sup>

Afghan security forces expect to support the delivery of voter registration and election materials and, later, provide security to polling staff and observers. According to MOI, over 53,000 police will be deployed to secure IEC offices, polling centers, and observers, and to provide logistical support. MOI estimates that approximately 14,000 female searchers—two per polling center—will be needed to secure the elections (including male escorts). The Afghan government has made \$3.3 million available to pay for female searchers.<sup>329</sup>

In March, the deputy minister of interior for security was quoted in Afghan media saying that 1,100 of 7,355 polling stations faced high levels of threat. Another 948 polling stations were reportedly located in areas not under government control. Earlier in March, the IEC was reported saying that 1,707 polling stations across 32 districts were under threat.<sup>330</sup>

## RECONCILIATION AND REINTEGRATION

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is reconciliation and a sustainable political settlement with the Taliban.<sup>331</sup> However, according to the UN Secretary-General, there was little progress on peace talks between the Afghan government and the Taliban this quarter. State also reported that there have been no new developments in the Taliban's position on reconciliation.<sup>332</sup>

The conflict in Afghanistan was the focus of two international peace conferences this quarter: the second meeting of the Kabul Process for Peace and Security Cooperation in Afghanistan on February 28, and the Tashkent Conference on Afghanistan on March 27.<sup>333</sup>

The February conference was the second meeting of the Kabul Process. At the first Kabul Process meeting in June 2017, participants called on all armed groups to start peace talks with the Afghan government and cease violence immediately. In February, the participating countries and organizations declared that the 2018 Kabul Process must lead to the renunciation of violence and breaking of all ties to international terrorism, as well as respect for the equal rights of all Afghans, including women, under the Afghan constitution.<sup>334</sup> According to State, the Afghan government provided the Taliban a clear peace offer in Kabul without preconditions. This offer included a review of the constitution, ceasefires, and the recognition of the Taliban as a political party.<sup>335</sup>

According to State, the Tashkent Conference reinforced the message of the second Kabul Process conference and made clear that the international community will not allow the Taliban to achieve a military victory.<sup>336</sup>

While the Taliban continue to publicly claim that they support a peaceful solution to the Afghan war, they have yet to agree to peace talks with the Afghan government. On February 14, the Taliban published a letter to the American people demanding an end to the U.S. "occupation," and urging

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**The U.S. Embassy in Kabul** hosted Afghan youth debaters for a debate on women's participation in the High Peace Council. (U.S. Embassy Kabul photo)

the United States to stop fighting and negotiate with the Taliban directly. According to State, the Taliban have yet to respond to President Ghani's peace offer from the February 28 Kabul Process conference.<sup>337</sup>

In April, Pakistan's prime minister met with President Ghani in Kabul to discuss their countries' bilateral relations. The two leaders called on the Taliban to join peace talks with the Afghan government without delay, committed to deny antistate elements the use of their respective territories, promised to undertake effective actions against security threats to either country, and agreed to stop publicly blaming the other on contentious issues.<sup>338</sup>

In September 2016, the Afghan government finalized a peace agreement with Gulbuddin Hekmatyar's Hezb-e Islami Gulbuddin (HIG) insurgent group.<sup>339</sup> When the peace deal with HIG was announced, some expressed hope that reconciling with Hekmatyar could facilitate a broader peace.<sup>340</sup> According to State, however, the peace agreement with HIG thus far has had no definitive impact on the reconciliation calculations of other resistance groups, including the Taliban. Nevertheless, State considers the peace agreement with HIG an important precedent that will influence other armed groups.<sup>341</sup>

This quarter, State observed that the Afghan government met certain peace and reconciliation-related Afghanistan Compact benchmarks, having:<sup>342</sup>

- identified two strategic communications narratives for peace including that the Afghan government is ready to engage in talks without preconditions and that the Taliban can establish an office in Kabul
- chosen 74 women to serve on advisory groups to ensure that women's voices are heard in the peace process (most provinces were represented by two women whereas Kabul had 10 female representatives)
- held the second round of the Kabul Process

The Afghan government is developing a reintegration strategy for peace-building programs at the local and community level. According to State, the strategy is currently awaiting approval from President Ghani, his national security advisor, and the director of the National Directorate for Security.<sup>343</sup>

## U.S. Assistance to the High Peace Council

In September 2017, State provided \$3.9 million to the UNDP to support reconciliation (including the activities of the High Peace Council (HPC)). While this support was originally to last through 2017, the initial pilot was extended to March 2018. State and other donors are currently awaiting the final draft of a follow-on UNDP project.<sup>344</sup>

In a draft UNDP project briefing note provided to State, the new project is expected to cost \$30 million and last three years. UNDP wrote that the new project would be informed by lessons from the previous Afghanistan Peace and Reintegration Programme (APRP), which UNDP described as overly ambitious, assumption-laden and structurally unsustainable, lacking accountability, and producing no satisfactory results. UNDP refers to its new project as “more modest and practical” with three outputs: (1) supporting the HPC (with particular emphasis on building the capacities of the HPC’s Provincial Peace Committees (PPC)); (2) strengthening peacebuilding actors and networks to mediate conflict; and (3) supporting collaborative research, knowledge-sharing, and communications for peacebuilding.<sup>345</sup> According to State, the draft UNDP project briefing note was well received by donors.<sup>346</sup>

This quarter, UNDP support helped the HPC build consensus for peace throughout the country and develop Afghanistan’s institutional capacity to facilitate reconciliation. According to State, the HPC, its 34 PPCs, and a supporting technical secretariat were able to significantly reform and streamline staffing structures and hold ambitious outreach activities to assess social attitudes toward reconciliation, document challenges, mobilize support for reconciliation, and develop the capacity to facilitate the reconciliation process.<sup>347</sup>

For example, on February 20 and 21, the HPC held a consultative peace conference in Kabul with more than 800 tribal and Jihadi (those who previously fought against the Soviet Union) representatives from across the country. The conference participants called on the Taliban to engage in peace talks with the Afghan government, saying the Afghan government had set no preconditions for such talks. The attendees said they believed that the war in Afghanistan is “waged for the benefit and interest of the regional intelligence circles.” The participants declared that they support the elected Afghan government and labeled the peace efforts the “real Jihad.”<sup>348</sup> According to State, events such as this enabled President Ghani to say that the Afghan government’s roadmap presented at the February Kabul Process Conference represented a national consensus for peace.<sup>349</sup>

This quarter, the United Nations Assistance Mission in Afghanistan (UNAMA) provided donors an informal assessment of the PPCs' performance since reforms were announced in September 2017. These reforms reduced the overall number of PPC members throughout the country, replaced a proportion of the PPCs' fully paid representatives with ex-officio members, and increased the number of women representatives.<sup>350</sup>

UNAMA found that the effectiveness of the reformed PPCs is still highly variable. The capacity of PPC members does not appear to have improved measurably under the new membership structure, and in some provinces, the overall quality of the PPC membership appeared to have been reduced as a result of the reforms. In most remote areas, PPC members lack the ability or willingness to travel to insecure districts to conduct outreach. (UNAMA did report that some PPCs used "reverse-outreach" modalities of inviting interlocutors from insecure districts to the provincial capitals to discuss peace and reconciliation.) According to UNAMA, insecure or Taliban-influenced districts have the greatest need for PPC outreach. While PPCs reported some achievements in outreach, reconciliation, conflict resolution, and violence reduction, UNAMA concluded that these successes were generally isolated and lacking in strategic direction.<sup>351</sup>

**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. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

### Summary of Assistance Agreements

At the Brussels Conference in October 2016, the United States and other international participants confirmed their intention to provide \$15.2 billion between 2017 and 2020 in support of Afghanistan's development priorities.<sup>352</sup> Although the United States did not commit to a specific amount, then-Secretary of State John Kerry promised to work with Congress to provide civilian assistance at or near the 2016 levels through 2020.<sup>353</sup>

In several conferences since the 2010 Kabul Conference, the United States and other international donors have supported an increase to 50% in the proportion of civilian development aid delivered **on-budget** through the Afghan government to improve governance, cut costs, and align development efforts with Afghan priorities.<sup>354</sup> While USAID does not feel that it is necessarily committed to the 50% on-budget target, they say that they provide on-budget assistance to honor the U.S. government's international commitments coming out of the 2012 Tokyo and 2016 Brussels Conferences on Afghanistan. Almost all of USAID's on-budget assistance is provided through public international organizations with the majority going through the World Bank.<sup>355</sup>

As shown in Table 3.9, USAID expects to spend \$800 million on active, direct bilateral-assistance programs. It also expects to contribute \$2.7 billion to the Afghanistan Reconstruction Trust Fund (ARTF) from 2012

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TABLE 3.9

USAID ON-BUDGET PROGRAMS					
Project/Trust Fund Title	Afghan Government On-Budget Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 4/18/2018
<b>Bilateral Government-to-Government Projects</b>					
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	1/1/2013	12/31/2018	\$725,000,000	\$159,069,897
Textbook Printing and Distribution	Ministry of Education	9/15/2017	12/31/2019	75,000,000	0
<b>Multi-Donor Trust Funds</b>					
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	3/31/2012	7/31/2019	2,700,000,000	1,755,686,333
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	3/7/2013	3/6/2023	153,670,184	153,670,184

Note: \*USAID had a previous award to the ARTF that concluded in March 2012 and totaled \$1,371,991,195 in disbursements. Cumulative disbursements from the two ARTF awards is currently \$3,127,677,528.

Source: USAID, response to SIGAR data call, 4/18/2018.

through 2020 that includes the \$800 million New Development Partnership, in addition to \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank (2002–2011). USAID has disbursed \$153 million to the Afghanistan Infrastructure Trust Fund (AITF).<sup>356</sup>

## Civilian On-Budget Assistance

USAID delivers on-budget civilian assistance (1) bilaterally to Afghan government entities and (2) through contributions to two multidonor trust funds, the ARTF and the AITF.<sup>357</sup> According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.<sup>358</sup>

The ARTF, administered by the World Bank, provides funds to the Afghan government’s operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.<sup>359</sup> The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.<sup>360</sup> According to USAID, the majority of on-budget funding has been and will continue to be directed through the multidonor trust funds, particularly the ARTF.<sup>361</sup>

As of February, the United States remains the largest donor to the ARTF (30.6% of actual, as distinct from pledged, contributions) with the next-largest donor being the United Kingdom (17% of actual contributions).<sup>362</sup> The ARTF recurrent-cost window supports operating costs, such as Afghan government non-security salaries. As of February, the ARTF recurrent-cost window has cumulatively provided the Afghan government \$2.6 billion for wages, \$600 million for operations and maintenance costs,

## SIGAR AUDIT

This quarter, SIGAR issued its audit of the ARTF. The objectives of this follow-on audit were to (1) assess the extent to which the World Bank, working with the Afghan government, has improved efforts to monitor and account for ARTF funding since 2011; (2) assess the extent to which the World Bank measured and reported to donors on the performance and outcomes of ARTF development projects; and (3) identify the challenges, if any, donors face in holding the Afghan government accountable for ARTF implementation.

SIGAR found that continued limitations and lack of transparency into the World Bank's and the Afghan government's monitoring and accounting of ARTF funding puts billions of dollars at risk. SIGAR found that the World Bank limits donors' access to information on how it monitors and accounts for ARTF funding, and does not follow its own policy to provide donors and the public with access to certain ARTF records. Also, SIGAR found that the World Bank and donors face challenges holding the Afghan government accountable for ARTF implementation. Specifically, the World Bank and donors lack the ability to adjust the scope of ongoing projects, have no mechanism to withhold or recover ARTF funding, and do not use or enforce conditionality on ARTF funds. World Bank officials told SIGAR that the ARTF does not use conditionality or other mechanisms that would restrict disbursement of ARTF funding in general because this would go against the ARTF's priority to pursue all opportunities for spending available funding on the Afghan government.

\$865 million in incentive program funds, and \$703 million for ad hoc payments since 2002.<sup>363</sup>

## New Development Partnership

In December 2017, USAID authorized the disbursement of \$100 million as the fourth and fifth tranches from the \$800 million USAID-administered New Development Partnership (NDP). The NDP uses already budgeted or requested funding and is delivered via the ARTF.<sup>364</sup> The NDP contains its own independent conditions negotiated between the U.S. and Afghan governments.<sup>365</sup> In August 2015, the U.S. and Afghan governments signed a memorandum of understanding (MOU) governing the NDP that proposed 40 development results that the Afghan government will be expected to achieve. The Afghan government receives \$20 million through U.S. funds provided via the ARTF's recurrent-cost window for achieving each development result.<sup>366</sup>

According to USAID, the Afghan government achieved four full NDP results and two partial results from 2016 and 2017. These results included: (1) the MOF's revenue department implemented a risk-based audit selection process, (2) civil service reform implemented by hiring at least 500 World Bank-supported civil service positions (the original NDP target of 800 civil service recruits was decreased to 500 after the same target was revised downward in the Self-Reliance for Mutual Accountability Framework), (3) financial authority has been delegated to the provinces as evidenced by the provincial budget policy being piloted by at least one Afghan budget unit in all provinces, (4) implementation of the Citizen's Charter, an Afghan government effort to set a threshold of core services to be provided to all communities, has commenced as evidenced by the cabinet approving the program and determining funding, (5) land governance has been strengthened by transferring land adjudications to the Independent Land Authority and land certification programs being launched in Kabul, and (6) women have been economically empowered through the cabinet approval of a National Economic Empowerment Plan for Women (WEE) national priority program (according to USAID, the funding for this program is still to be determined).<sup>367</sup>

## Civilian On-Budget Programming in Insecure Areas

In December 2017, the World Bank finalized an external review of the ARTF. The ARTF is the largest single source of on-budget development financing in Afghanistan. From 2002 to October 2017, the ARTF has mobilized \$10.5 billion from 34 donors, 17 of which remain active. The five largest ARTF donors—the U.S., UK, Canada, Germany, and the EU—have contributed 70% of the ARTF's funds.<sup>368</sup>

One of the issues discussed in the external review concerned ARTF programming in conflict-affected areas. According to the review, the ARTF was

established at a point in time when the Taliban was assumed to have been eliminated as a military and a political force. Today, however, the conflict is seen to be increasing in intensity and geographical coverage. The boundaries between areas under Afghan government control are fluid and changing. According to the review, ARTF-supported public services are often still provided in areas that are not under total Afghan government control.<sup>369</sup>

The review left unanswered the question whether service delivery in areas outside of government control mitigates the conflict or instead cements and institutionalizes it by providing armed opposition legitimacy and resources that otherwise would not be available. The reviewers did not find evidence of systematic conflict-sensitive programming in the ARTF portfolio of projects. According to the reviewers, conflict sensitivity for development means “understanding the two-way interaction between [the development] intervention and context and seeking to minimize negative impacts (Do No Harm) and maximize positive impacts on conflict dynamics.”<sup>370</sup>

The reviewers found that donors were divided over the value of service delivery in areas outside of Afghan government control. For some donors, the Afghan government’s efforts at delivering basic services in areas it does not control is commendable, while for others it raises questions of whether ARTF support legitimizes control by non-state actors. The review cited one donor interviewee who said that his country’s legislature has explicitly banned that funding from going to contested areas, limiting that donor’s degree of flexibility regarding ARTF funding. The review noted that this disagreement poses a dilemma for the ARTF as a consensus vehicle. In recognition of the changing situation on the ground in Afghanistan, one proposal mentioned in the review was preferencing funding for specific geographic areas, something explicitly demanded by at least one donor.<sup>371</sup>

This quarter and last quarter, SIGAR asked USAID how it plans to respond to language in Public Law 115-31 which prohibits the use of Economic Support Funds for any activity that “legitimizes the Taliban or other extremist organizations in areas not under the control of the Government of Afghanistan.” USAID responded that it currently uses a combination of sources to identify areas under Afghan government or insurgent control, including: (1) open-source data, such as maps produced by the Institute for the Study of War; (2) monthly maps produced by USAID third-party monitors showing the level of third-party monitoring access by district; (3) information from USAID program managers on implementation challenges; and (4) for on-budget assistance delivered through the ARTF, the World Bank’s third-party monitoring of project outputs. Last quarter, USAID reported that it planned to analyze perceptions of Afghan government legitimacy (along with perceptions of Taliban and other extremist organizations’ legitimacy) in areas of major USAID programming as part of its new Afghanistan country strategy. However, this quarter, USAID said they no longer intend to conduct this trends analysis due to costs of

primary data collection, the sufficiency of existing sources and approaches, and availability of secondary sources of data.<sup>372</sup>

## On-Budget Assistance to the ANDSF

More than 60% of total U.S. on-budget assistance goes toward Afghan security forces' requirements.<sup>373</sup> The U.S. Department of Defense (DOD) provides on-budget assistance to the Afghan government through direct contributions from the Afghanistan Security Forces Fund (ASFF) to the Afghan government to fund Ministry of Defense (MOD) and Ministry of Interior (MOI) requirements, and ASFF contributions to the multidonor Law and Order Trust Fund for Afghanistan (LOTFA).<sup>374</sup> LOTFA is administered by the UN Development Programme (UNDP) and primarily funds Afghan National Police salaries and incentives.<sup>375</sup> Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.<sup>376</sup>

The U.S. Combined Security Transition Command-Afghanistan (CSTC-A) monitors and formally audits the execution of those funds to assess ministerial capability and ensure proper controls and compliance with documented accounting procedures and provisions of annual commitment letters used to enforce agreements with the Afghan government.<sup>377</sup>

For Afghan fiscal year (FY) 1397 (December 2017–December 2018), DOD plans to provide the Afghan government the equivalent of \$802.4 million to support the MOD and \$160.9 million to support the MOI.<sup>378</sup>

Approximately 81% of the planned CSTC-A contribution for the MOD budget covers wages and salaries, while 15.6% is for goods and services (including tactical communications and repairs for MOD facilities) and 3.2% for asset acquisitions (including a number of construction projects).<sup>379</sup>

Approximately 37.6% of the planned CSTC-A contribution for the MOI budget covers wages and salaries (including the Afghan Local Police and bonuses for female police), while 56.3% is for goods and services (including repair and maintenance of power generators and fuel) and 6% for asset acquisitions (including telecommunications equipment).<sup>380</sup>

UNDP plans to provide the Afghan government the equivalent of \$431.8 million to support the MOI salaries, hazard pay, and incentives for 137,347 Afghan police and 7,456 central prison department staff in FY 1397. Approximately 48% of Afghan police are eligible for high-threat hazard pay, 14% are eligible for medium threat hazard pay, and 35% are eligible for low-threat hazard pay.<sup>381</sup>

This quarter, CSTC-A said it is changing the single-year commitment letters into commitment letters that will cover two Afghan fiscal years (1397/1398). CSTC-A believes this will provide greater stability and strengthen joint assurances between CSTC-A and the Afghan government. Although the 1397 commitment letters have not yet been signed, CSTC-A reported that the conditions and penalties outlined in the 1396

letters remain in effect. Therefore, CSTC-A sees no consequences from the 1397/1398 commitment letters being unsigned.<sup>382</sup>

For FY 1397, as of February 24, CSTC-A provided the Afghan government the equivalent of \$193.6 million to support the MOD.<sup>383</sup> Additionally, as of February 24, CSTC-A provided the equivalent of \$37.2 million to support the MOI. Of these funds, none were delivered via the UNDP-managed LOTFA, while \$37.1 million was provided directly to the Afghan government.<sup>384</sup>

This quarter, CSTC-A reported that the director of the MOD acquisition agency is now a civilian. The new director has implemented a tracking system for ASFF-funded MOD procurements so CSTC-A leadership can track progress and ensure that meeting requirements is not delayed. The minister of defense and CSTC-A leadership receive updates on MOD procurements every two weeks. The director has installed monitoring systems at the MOD acquisition agency as well as cameras in all bid opening and evaluation rooms. CSTC-A believes that these efforts are increasing their visibility into MOD procurement procedures.<sup>385</sup>

CSTC-A reports that the Afghan government's National Procurement Authority (NPA) recently introduced reforms that should increase vendor performance. For example, the NPA recently developed a vendor-rating system that assigns a risk value for the vendor's ability to deliver quality goods in an acceptable timeframe. CSTC-A observed that the NPA has used this vendor-rating system to objectively eliminate contractors that have routinely been awarded Afghan government contracts but have routinely underperformed.<sup>386</sup>

In the past Afghan fiscal year, CSTC-A transitioned MOD and MOI information, communications, and technology requirements from being managed off-budget by CSTC-A to being procured on-budget (by the Afghan government itself). The Afghan government is now responsible for managing software licenses and life-cycle replacements for desktop and laptop computers. According to CSTC-A, this transition was possible because of Afghan improvements to their on-budget requirements development process.<sup>387</sup>

Also in the past year, CSTC-A transitioned MOD ground and aviation fuel procurements from Afghan government management to a DOD contract. According to CSTC-A, fuel procurements were transitioned because the MOD failed to properly manage and administer contracts, leading to multiple suspensions of deliveries by contracted vendors. Additionally, CSTC-A reported that some procurements for prescription medicine, medical equipment, and supplies were moved to Defense Logistics Agency contracts.<sup>388</sup>

## SIGAR EVALUATION REPORT

This quarter, SIGAR issued an evaluation report on DOD's efforts to procure, distribute, and account for fuel in Afghanistan. SIGAR found that fuel theft has become a lucrative business in Afghanistan. At least \$154.4 million in fuel was stolen from either the U.S. military or the Afghan National Defense and Security Forces (ANDSF), and may have benefitted the Taliban and other insurgent and terrorist organizations. SIGAR found that several weaknesses remain, including an inability to train ANDSF personnel below the corps level, no plan to address ANDSF fuel site infrastructure and accountability weaknesses, and an inability to remotely monitor and confirm ANDSF fuel deliveries or fuel storage tank levels. For more, see pp. 29–31 in Section 2 of this report.

## NATIONAL GOVERNANCE

### Capacity-Building Programs

As shown in Table 3.10, USAID capacity-building programs seek to improve Afghan government stakeholders' ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity building of Afghan government entities such as civil society organizations and the media.<sup>389</sup>

TABLE 3.10

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 4/18/2018
Afghan Civic Engagement Program (ACEP)	N/A	12/4/2013	12/3/2018	\$70,000,000	\$59,008,316
Assistance to Legislative Bodies of Afghanistan (ALBA)	Parliament	3/28/2013	3/27/2018	24,990,827	23,964,939
Rasana (Media)	N/A	3/29/2017	3/28/2020	9,000,000	2,005,800

Source: USAID, response to SIGAR data call, 4/18/2018.

### National Assembly

This quarter, the lower house of parliament elected its leadership for the 16th legislative session of parliament. The chairman retained his position and the selection of the deputy secretary was uncontested. Meanwhile, the positions of second deputy speaker and second deputy secretary were contested in four and five rounds of votes, respectively.<sup>390</sup>

This quarter, USAID's Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan's parliament operate as an independent and effective legislative, representative, and oversight body ended.<sup>391</sup>

ALBA recently assisted the lower house of parliament's women's affairs commission to hold a conference on women's participation in local governance. The conference brought together 124 participants, including 80 females. The conference aimed to seek the participants' recommendations on increasing the proportion of women in local governance.<sup>392</sup>

Among the solutions discussed, participants recommended that the Independent Administrative Reform and Civil Service Commission consider female recruitment for civil service hiring.<sup>393</sup> One goal contained in the Self-Reliance through Mutual Accountability Framework (SMAF) is to increase the percentage of female civil servants by 2% in 2017 and an additional 2% in 2018. According to the MOF, as of January 2018, it is unclear how many women were recruited following a presidential decree that froze civil service hiring for five months.<sup>394</sup>

## Civil Society and Media

The Afghan Civic Engagement Program's (ACEP) goal is to promote civil society and media engagement that enables Afghan citizens to influence policy, monitor government accountability, and serve as advocates for political reform. ACEP aims to achieve this goal through five program areas: (1) regular civil society organization (CSO) engagement with the Afghan government, (2) increased CSO and media expertise in democracy and governance, (3) expanded civic engagement, (4) improved access to independent news and public affairs information, and (5) increased CSO organizational capacity.<sup>395</sup>

This quarter, the ACEP supported the Afghanistan Institute for Civil Society (AICS) to issue a policy brief on coordination among CSOs in Afghanistan. According to AICS, one challenge for CSO coordination is the lack of a definition for "civil society." Additionally, AICS observed competition and low levels of trust among CSOs as a result of limited funding. As the Afghan government has successfully lobbied donors for an increased share of foreign assistance being channeled on-budget, CSOs have seen a decrease in funds, AICS said. Insecurity also impacts on coordination as 72% of AICS informants reported access challenges. CSO coordination bodies have reportedly been unable to establish a presence in insecure areas.<sup>396</sup>

Also this quarter, the ACEP election unit began drafting materials which will include training-of-trainer's modules and booklets, an upgraded civic education handbook, flash notes for civic and voter education, messages for district dialogues and brochures, posters, and other public outreach materials.<sup>397</sup>



**A USAID-supported journalist** conducts an interview on women in security. (USAID photo)

# GOVERNANCE

In March 2017, USAID launched the \$9 million Rasana program. This program aims to support and train female journalists, drive substantive policy discourse about salient development issues in Afghanistan, and advocate for protection of Afghan journalists. Rasana also aims to build local capacity by providing training, material support, and advocacy to expand media opportunities for women, work with local women’s groups to advance women’s causes in the media, and support gender-sensitive content production and programming.<sup>398</sup>

This quarter, USAID reported that Rasana implemented activities in 21 provinces, supported Afghan media in producing 12 investigative stories, and assisted female journalists’ issuing 221 news stories on topics related to women. The women-focused news stories covered topics such as: family conflicts and the impact on children, improvement in women’s access to health centers, lack of access to health centers for female drug addicts, sexual harassment in government offices, the role of female police officers in society, women’s rights activists condemning tribal courts, women software coders developing an application to fight opium production in Herat Province, the role of women in politics, and a workshop to support disabled women.<sup>399</sup>

## SUBNATIONAL GOVERNANCE

This quarter, State observed that the Afghan government was behind schedule in meeting an Afghanistan Compact benchmark of submitting a subnational governance policy for approval by the cabinet. According to the latest update, President Ghani received a revised subnational-governance policy draft in March after he requested further revisions.<sup>400</sup> The Afghan government previously committed to implement a subnational governance policy in the September 2015 Self-Reliance through Mutual Accountability Framework (SMAF).<sup>401</sup>

## Provincial and Municipal Programs

USAID has two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.11 summarizes total program costs and disbursements to date.

TABLE 3.11

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 4/18/2018
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2019	\$62,000,000	\$44,074,442
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	48,000,000	25,110,092

Source: USAID, response to SIGAR data call, 4/18/2018.

## **Initiative to Strengthen Local Administrations**

The \$48 million ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement, leading to services that more closely respond to all citizens' needs in health, education, security, justice, and urban services.<sup>402</sup>

According to USAID, one of the key provisions of the Afghan government's provincial budget policy is to link the provincial development plans with the provincial budget process. USAID reported that all 16 of the ISLA-supported provinces submitted their provincial development plans to the Ministry of Economy on time. Additionally, all but one ISLA-supported province submitted their initial budget requests to the MOF.<sup>403</sup>

This quarter, ISLA finalized a study on the percentage of provincial development plan (PDP)-proposed projects being reflected in the 1397 national budget plan. ISLA compared the list of proposed PDP projects for each province against the project list approved for that province in national budget. According to ISLA, 233 PDP projects from the 16 ISLA-supported provinces were reflected in the national budget. This represents either 11% or 13% of the total number of PDP-proposed projects (the numbers differ as there are two potential sources for the final PDPs). According to ISLA, ISLA-supported provinces saw a 2% increase in the number of PDP-proposed projects being reflected in the national budget than the previous year.<sup>404</sup>

In order to determine the impact of ISLA support on PDP-proposed projects being reflected in the national budget, ISLA performed similar analysis on non-ISLA-supported provinces. (Non-ISLA-supported provinces did, however, receive training and applied the same guidelines. However, these provinces did not have embedded ISLA advisors and did not receive ISLA assistance to enhance input quality for the PDPs.) Compared to ISLA-supported provinces, non-ISLA-supported provinces had approximately 5% fewer projects reflected in the national budget than ISLA-supported provinces.<sup>405</sup>

Overall, there was a significant decrease in the number of province-proposed projects compared to last year (6,582 province-proposed projects with a total estimated cost of \$7.9 billion in 1396 for all 34 provinces, compared to 3,724 projects with a total estimated cost of around \$2.67 billion in 1397). According to the Ministry of Economy, this decrease could be viewed as an improvement since previous province proposals were long wish lists of projects without proper planning.<sup>406</sup>

## **SIGAR Briefed Key Stakeholders on Anticorruption Audit Findings**

As this report went to press, IG Sopko and Deputy IG Aloise were in Kabul briefing President Ghani, Chief Executive Abdullah, U.S. Ambassador to Afghanistan John Bass, and USFOR-A Commander General John Nicholson on the results of SIGAR's assessment of the Afghan government's national anticorruption strategy and the action plans for five Afghan ministries. SIGAR's audit is being carried out in accordance with the May 3, 2017 Joint Explanatory Statement to the Consolidated Appropriations Act for 2017. The objectives of this audit are to determine the extent to which the Afghan government: (1) met the anticorruption commitments it agreed to under the Self-Reliance through Mutual Accountability Framework (SMAF); (2) created an anticorruption strategy that meets international standards; (3) is implementing its anticorruption commitments as outlined in its anticorruption strategy; (4) has experienced challenges implementing anticorruption reforms; and (5) receives U.S. government assistance in developing and implementing its anticorruption efforts.

In addition, while in Kabul, IG Sopko spoke at the European Union (EU)-hosted fourth annual anticorruption conference entitled "Corruption in Recess, Peace in Progress" on April 24, 2018.

## **Strong Hubs for Afghan Hope and Resilience**

The objective of the \$62 million SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. SHAHAR partners with municipalities to, among other things, deliver capacity-building for outreach and citizen consultation, improved revenue forecasting and generation, and budget formulation and execution.<sup>407</sup>

SHAHAR's geographic coverage has significantly decreased, from 20 province municipalities in the first two years of the program to five municipalities in its current fourth year (Kabul, Kandahar, Herat, Mazar-e Sharif, and Jalalabad). According to SHAHAR, the decrease in coverage is meant to support the Afghan government in establishing and maintaining long-term stability in key cities.<sup>408</sup>

In January, SHAHAR reported the revenue of three partner municipalities, observing a decrease in revenue by 21% compared to the same period in the previous year. Mazar-e Sharif saw the largest decrease (-41%) followed by Jalalabad (-21%). Kandahar, however, saw a small increase in revenue (5%).<sup>409</sup>

## **RULE OF LAW AND ANTICORRUPTION**

This quarter, State observed that the Afghan government held a quarterly meeting of the High Council for Rule of Law and Anti-Corruption and publicly published the minutes in October and December 2017. This was a benchmark in the Afghanistan Compact.<sup>410</sup>

In March, Transparency International (TI) issued what it labeled a "shadow report" on Afghan government progress toward three Sustainable Development Goal (SDG) targets related to corruption. (According to TI, a civil society shadow report is generated parallel to government reporting in order to include data and information that governments are often reluctant to capture.) The three targets concerned illicit financial flows, bribery and corruption, and access to information. According to TI, Afghanistan has made strong progress on anti-money laundering and the proceeds of crime. However, few money-laundering cases have been investigated and prosecuted. TI reported that the Afghan government does not collect or share information on beneficial ownership, despite laws requiring this. TI also believes that Afghanistan's anticorruption framework is not compliant with the UN Convention against Corruption. Civil society is not meaningfully included in developing and implementing governance and anticorruption legislation and policies, TI said. Finally, TI believes that access to Afghan government information is generally accomplished through personal connections rather than through the procedures outlined in Afghanistan's access to information law.<sup>411</sup>

## Rule of Law and Anticorruption Programs

The United States has assisted the formal and informal justice sectors through several mechanisms. These include State's Justice Sector Support Program (JSSP) and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.12.

USAID has a cooperation arrangement with the UK's Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID funds the MEC's monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.<sup>412</sup>

State's Justice Sector Support Program (JSSP) is the largest rule-of-law program in Afghanistan. JSSP was established in 2005 to provide capacity-building support to the Afghan justice system through training, mentoring, and advisory services. The current JSSP contract began in August 2017 and has an estimated cost of \$13 million for the first year. The previous JSSP contract, which began in 2010, cost \$280 million.<sup>413</sup> JSSP provides technical assistance to the Afghan justice-sector institutions through (1) building the capacity of justice institutions to be professional, transparent, and accountable; (2) assisting the development of statutes that are clearly drafted, constitutional, and the product of effective, consultative drafting processes; and (3) supporting the case-management system (CMS) so that Afghan justice institutions work in a harmonized and interlinked manner and resolve cases in a transparent and legally sufficient manner.<sup>414</sup>

In February, State's \$48 million Justice Training Transition Program (JTTP) ended. On the same day JTTP ended, State and the former JTTP implementing partner signed an agreement for the new Continuing Professional Development Support (CPDS) program. According to State, CPDS will respond to an urgent need by the Afghan government to train

TABLE 3.12

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 4/18/2018
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/15/2016	4/14/2021	\$68,163,468	\$11,733,262
Afghanistan's Measure for Accountability and Transparency (AMANAT)	8/23/2017	8/22/2022	31,986,588	185,411
Corrections System Support Program (OASIS CSSP)*	6/1/2017	5/31/2018	14,087,926	6,950,628
Justice Sector Support Program OASIS Contract	8/28/2017	8/28/2022	12,903,112	4,675,409
Continuing Professional Development Support (CPDS)	2/6/2018	4/6/2020	7,938,401	7,938,401
Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)	5/19/2015	8/31/2020	3,000,000	2,000,000

Note: \*Disbursements as of 2/25/2018.

Source: State, INL, response to SIGAR data call, 2/25/2018 and 4/12/2018; USAID, response to SIGAR data call, 4/18/2018.



**Participants listen** during a USAID-supported criminal law workshop in Nangarhar Province. (USAID photo)

legal professionals on the newly revised penal code and build the organizational capacity of the of the nascent professional training departments (PTDs) of Afghan legal institutions.<sup>415</sup>

According to the CPDS project proposal developed by the JTTP implementing partner, JTTP helped four Afghan criminal-justice institutions to progressively take responsibility for their own professional development. This was accomplished through sustainable capacity-building efforts for each institution's PTD. The JTTP implementer highlighted how by the end of JTTP, 99% of continuing legal education was delivered by the PTDs themselves. The introduction of the new penal code—published in May 2017 and effective on February 14, 2018—is likely to pose a significant stress on the PTDs, the JTTP (now CPDS) implementer wrote.<sup>416</sup>

In April 2016, USAID launched the \$68 million Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program. ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector, (2) strengthen the linkages between the formal and traditional justice sectors, and (3) increase citizen demand for quality legal services.<sup>417</sup> This quarter, ADALAT finalized an assessment of the existing process for managing case information in Afghanistan. According to the assessment, effective case-flow management includes steps to provide information about the status and progress of cases to judges and, at the same time, supply data for reports, evaluation, planning, and accountability processes for all levels of the court organization.<sup>418</sup>

ADALAT identified two existing systems for managing civil and criminal case information at the Supreme Court: the Case Management System (CMS) and the Afghanistan Court Administration System (ACAS). (The CMS is an online database that tracks the status of criminal cases in Afghanistan, across all criminal justice institutions, from the moment a case is initiated to the end of confinement.) The assessment concluded that CMS provides little to no contribution to case or case-flow management. Rather, ADALAT argues, CMS contains too much information to be useful for judges. CMS contains information about a case from its very inception to long after it leaves the courts (through corrections). Meanwhile, the paper-based ACAS reportedly does not presently serve as a useful tool for active case or case-flow management as it is cumbersome. The assessment concluded that there is presently no meaningful case-flow- and case-management system in place. Instead, cases are managed at the court level without the aid of readily accessible real-time case status information, and case events are not contemporaneously available in a form that could assist and enable judges to actively manage their cases. ADALAT recommended digitizing ACAS information and using that data to supplement CMS records.<sup>419</sup>

State responded that it disagreed with ADALAT's conclusions regarding CMS's value to case or case-flow management. According to State, CMS is valuable for judges because CMS contains essential data points covering

the full history of the defendant's case. Without CMS, State says, the Afghanistan justice institutions would have no reliable method for tracking cases, identifying where an individual was being held while in custody, or creating reports for personnel and budget management. The majority of issues State has identified with CMS are concentrated on user, not system, issues. State conducts regular trainings and monitoring of data to ensure that data entry is complete, accurate, and timely. Also, State reported that it is currently conducting its own assessment of CMS.<sup>420</sup>

In August 2017, USAID awarded the Afghanistan's Measure for Accountability and Transparency (AMANAT) contract to support the Afghan government's efforts to reduce and prevent corruption in government public services. However, in September 2017 a bid protest was registered with the Government Accountability Office (GAO), resulting in a stop-work order. That protest was denied by the GAO in December 2017 and work resumed. This quarter, AMANAT began initial operational startup. Also, AMANAT began planning for a political-economy analysis to identify what activities are feasible, where there is political will in the Afghan government, and where there may be major obstacles to implementation of reforms.<sup>421</sup>

## Afghan Correctional System

As of December 31, 2017, the General Directorate of Prisons and Detention Centers (GDPDC) incarcerated 29,582 males and 922 females, while the MOJ's Juvenile Rehabilitation Directorate (JRD) incarcerated 721 male and 83 female juveniles as of December 10, 2017. These incarceration totals do not include detainees held by any other Afghan governmental organization, as State's Bureau of International Narcotics and Law Enforcement Affairs (INL) does not have access to their data.<sup>422</sup>

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for adults, despite stagnant prison population numbers. As of October 31, the total male provincial-prison population was at 185% of capacity, as defined by the International Committee of the Red Cross's (ICRC) minimum standard of 3.4 square meters per inmate. The total female provincial-prison population was at 119% of the ICRC-recommended capacity. The JRD's juvenile-rehabilitation centers' population was at 59% of ICRC-recommended capacity.<sup>423</sup>

According to State, the major corrections-related accomplishment this quarter was the completion of the first implementation phase of the CMS in 30 juvenile-rehabilitation centers. State's Corrections System Support Program (CSSP) created lesson plans, input retroactive and current case data, and provided training. After six months of training, CSSP formally transferred operation of CMS to the JRD. The transition of CMS operation to the Afghan government is a key deliverable of the CSSP program and highlights the increased capabilities of Afghan corrections sector personnel, State said.<sup>424</sup>

## Anticorruption

According to DOJ, many corruption cases in Afghanistan are not prosecuted or adjudicated in a standardized, transparent, or timely manner because of political connections to senior Afghan government leaders.<sup>425</sup>

At the October 2016 Brussels Conference, the Afghan government agreed to draft and endorse an anticorruption strategy for the whole of government by the first half of 2017.<sup>426</sup> On September 28, the High Council on Rule of Law and Anti-Corruption approved the National Strategy for Combatting Corruption.<sup>427</sup>

This quarter DOJ reported that the Afghan government issued a more “final” version of the anticorruption strategy in December 2017. DOJ concluded that, as of December 31, 2017, the Afghan government has failed to implement several items promised in the strategy. For example, DOJ reported that there has been no follow-up on old corruption cases from 2013 and no effort to extradite and prosecute convicted criminals living abroad through international agreements. DOJ attributed these failures to a lack of Afghan government political will rather than capacity.<sup>428</sup>

Also this quarter, DOJ highlighted the lack of Afghan government progress in pursuing the Kabul Bank corruption case. Labeling this “one of the most notorious fraud cases in Afghan history,” DOJ reported that the AGO has failed to pursue prosecutions of 16 targets, investigate 227 additional suspects, and seize assets as ordered by the Afghan Supreme Court in December 2014. DOJ acknowledged that there was one additional Kabul Bank-related conviction in August 2017. However, the lead charge in that case was corruption regarding airport contracts, with Kabul Bank fraud a less prominent additional charge.<sup>429</sup>

Additionally, DOJ said that the Afghan government failed to meet its Afghanistan Compact commitment to initiate charges by October 1, 2017. The revised Afghanistan Compact targets obligated the Afghan government to provide the U.S. Embassy with the list of all accused who entered into a repayment agreement with the Afghan government in lieu of prosecution, and to bring charges against all of those delinquent in repayments. According to DOJ, as of December 31, 2017, none of these obligations have been met. Instead, the Afghan Attorney General reportedly said he has no intention of pursuing these charges.<sup>430</sup>

This quarter, State observed that the Afghan government continued to fail to prosecute a high-profile corruption case against former minister of telecommunications and information technology Abdul Razaq Wahidi as promised in the Afghanistan Compact.<sup>431</sup> DOJ reported that the Wahidi case is unusual in that the investigation concluded in February 2017, but has no set trial date despite strong evidence. The Wahidi case appears to indicate a lack of will by the Afghan government to hold powerful individuals accountable, according to DOJ.<sup>432</sup>

## **Anti-Corruption Justice Center**

In May 2016, President Ghani announced the establishment of a specialized anticorruption court, the Anti-Corruption Justice Center (ACJC).<sup>433</sup> The ACJC brings together MCTF investigators, AGO prosecutors, and judges to combat serious corruption.<sup>434</sup> The ACJC's jurisdiction covers major corruption cases committed in any province involving senior officials or substantial monetary losses of a minimum of five million afghani (approximately \$73,000).<sup>435</sup> According to the Afghanistan Compact, the Afghan government was expected to develop, implement, and publish rules for when cases are to be submitted to the ACJC. As of March, State said this benchmark is reported as completed, but they are still awaiting evidence of the publication of the rules.<sup>436</sup>

Since October 2016, the ACJC has considered 416 potential cases, of which 327 involve civilians and 89 involve military personnel. Of these, 73 have been referred to the ACJC's primary court or primary prosecution office. More than a third of the potential cases (169) were rejected because they did not meet the ACJC's jurisdiction requirements.<sup>437</sup>

The ACJC's primary court has concluded 29 trials, convicting 116 offenders. The ACJC's court of appeals has subsequently held 26 trials, convicting 86 offenders, while the Supreme Court has convicted 63 offenders in 21 trials.<sup>438</sup> According to CSTC-A, ACJC sentences dispensed by the primary court are almost routinely reduced at the appellate court. Afghan appellate courts essentially function as a second trial, with the ability to impose a new sentence which supersedes the primary court's sentence.<sup>439</sup>

CSTC-A considers the recent ACJC case against Major General Paikan, of the ANCOP, as particularly noteworthy. Paikan was one of ten defendants tried in December 2017 for involvement in a case of misuse of authority and Afghan government property and involvement in a murder. Paikan failed to show for the trial, but was found guilty in absentia and sentenced to 8 years and 6 months. The ACJC issued an arrest warrant; however, CSTC-A reports that no Afghan law enforcement agency has acted on that warrant. Paikan and the other eight defendants who were found guilty appealed the primary court's conviction. In January 2018, the appellate court upheld the conviction for the eight defendants who appeared in court. However, the appellate court refused to consider Paikan's appeal since the primary court's sentence has not been implemented and Paikan has not been arrested.<sup>440</sup>

The UN Secretary-General observed that the failure of Afghan authorities to enforce arrest warrants has meant that the number of accused persons being tried by the ACJC in absentia has increased.<sup>441</sup>

This quarter, State observed that the Afghan government failed to meet on time the Afghanistan Compact benchmark to provide armored cars (or armored vehicle shuttle service) and body guard detail to protect ACJC officials and their families. Since the deadline passed, however, State believes that senior ACJC staff now have bodyguards.<sup>442</sup>

## **Afghanistan Security Forces**

According to CSTC-A, continuing corruption within the Afghan security forces poses a risk to the mission in Afghanistan. CSTC-A attributes this continuing challenge to Afghan government officials who enable corrupt members of the Afghan security forces by impeding judicial action, even in some of the more serious cases of corruption. The most common corrupt behaviors CSTC-A has identified are associated with fuel, food, "ghost" or non-existent soldiers, the misuse, theft, or illegal sale of Afghan government property, extortion, narcotics, illicit mining, and bribery.<sup>443</sup>

In response to persistent corruption in the Afghan security forces, Resolute Support reports it is pursuing the following initiatives:<sup>444</sup>

- Encouraging the retirement of more than 3,000 senior MOD and MOI leaders through implementation of the Afghan government's Inherent Law. The final wave of MOD and MOI retirements are scheduled for January 2019. According to CSTC-A, the retirement of these senior leaders will remove an ineffective and sometimes corrupt older generation from the Afghan security forces.
- Vetting Afghan candidates for senior MOD and MOI positions. The Afghan government will select new MOD and MOI leaders through the High Oversight Board (HOB). Resolute Support will screen Afghan candidates through an intelligence review, confirm candidate personal data, and offer the observations of the candidate from Resolute Support commanders and advisors. A Resolute Support senior advisor will attend the HOB to ensure transparency and fairness in promotions and assignments.
- Implementing the Afghan Personnel Pay System (APPS) and associated Personnel Asset Inventory (PAI). APPS is an automated system to manage Afghan security personnel records, payroll, and force management. Resolute Support is facilitating APPS by physically verifying active MOD and MOI personnel through the PAI. According to CSTC-A, the issue of ghost soldiers and police should be eliminated with the use of APPS.
- Utilizing a Counter-Corruption Coordination Cell to identify, prioritize, and coordinate actions against corrupt Afghan actors and networks.
- Using the Afghanistan Compact to measure Afghan government progress in advancing critical actions and milestones. CSTC-A said that it uses its commitment letters and the Afghanistan Compact to enforce agreements with the Afghan government. (However, when asked to describe the relationship between the commitment letters and the security-related benchmarks in the Afghanistan Compact, CSTC-A acknowledged that the conditions contained in the commitment letters do not match the security-related milestones contained in the Afghanistan Compact. Additionally, when asked to describe the financial incentives and consequences for meeting or not meeting the

security-related benchmarks contained in the Afghanistan Compact, CSTC-A said that funding is not tied to the security-related benchmarks in the Afghanistan Compact.)

- Applying ASFF monies conditionally to induce Afghan government implementation of the law lowering the mandatory retirement age and procurement reform. According to CSTC-A, the Afghan government's National Procurement Authority and National Procurement Commission have increased the oversight and scrutiny of MOD and MOI procurements.
- Conducting financial audits to ensure transparency and accountability of ASFF funds. The Ministry of Finance has provided CSTC-A the ability to audit its accounting and financial processes CSTC-A said.

## Major Crimes Task Force

The Major Crimes Task Force (MCTF) is an elite MOI unit chartered to investigate corruption by senior government officials, organized criminal networks, and high-profile kidnappings committed throughout Afghanistan.<sup>445</sup> According to CSTC-A, while the MCTF is committed to and has made significant progress in building its technical and administrative capacity, MCTF investigations are being hindered by all portions of the Afghan government. The MCTF targets corruption by senior officials, many of whom receive protection from higher level officials who leverage their positions to suppress investigations, CSTC-A said.<sup>446</sup>

Once the MCTF director determines that a case referral meets the MCTF mandate, an MCTF investigator is assigned. This starts the clock on a 180-day timeline to bring a case to trial. Failure to meet this timeline risks dismissal of the case. According to CSTC-A, this short timeline allows politically connected and corrupt individuals to thwart prosecution simply by slowing down an MCTF investigation.<sup>447</sup>

CSTC-A is currently assisting the MCTF to become an independent, self-sustaining organization resistant to influence. CSTC-A's efforts include advocating for legislative and MOI policies to mitigate the systemic problems in the criminal justice system, supporting full implementation of the Case Management System (CMS) and the National Information Management System (NIMS) to provide greater transparency and accountability from referral thru investigation and prosecution to confinement, and recommending an MOI reorganization so that the MCTF report directly to the minister of interior. According to CSTC-A, whereas the previous minister of interior resisted reorganization, the current minister is more supportive. To advance the reorganization goal, CSTC-A is assisting the MOI to develop a Counter Corruption Strategy and action plan that will recommend structural reforms.<sup>448</sup>

CSTC-A reports that the ACJC and the MCTF are working well together to close and prosecute cases.<sup>449</sup>

## **Independent Joint Anti-Corruption Monitoring and Evaluation Committee**

President Hamid Karzai established the MEC by presidential decree in March 2010. The institution was reauthorized by President Ghani in September 2016. The MEC's mandate is to develop anticorruption recommendations and benchmarks, to monitor efforts to fight corruption, and to report on these efforts. Its board includes three Afghan members and three international members, and is led by an Afghan executive director.<sup>450</sup>

This quarter, the MEC published its first follow-up to their July 2017 vulnerability to corruption assessment of the AGO. According to the MEC, the AGO has made significant progress in implementing some MEC recommendations including establishing a professional training directorate, taking steps to counter conflict of interest of prosecutors, reimbursing official travel of prosecutors, using of biometric attendance system, and verifying prosecutor qualifications. However, the MEC did not see sufficient evidence of progress in other recommendations. For example, the AGO told MEC that they had established a committee to handle investigations and prosecution of government ministers. However, the MEC reported that the AGO has not yet provided the terms of reference or composition of this committee to the MEC.<sup>451</sup>

## **HUMAN RIGHTS**

In November 2017, the International Criminal Court (ICC) prosecutor announced that she had requested authorization to open an investigation into war crimes and crimes against humanity allegedly committed by any party in Afghanistan since May 1, 2003.<sup>452</sup> The UN warned, however, that the limited number of post-2003 cases which the ICC could investigate and adjudicate may not be enough to satisfy the expectations for justice of many Afghans.<sup>453</sup>

## **REFUGEES AND INTERNAL DISPLACEMENT**

According to the UN's Secretary-General's Special Representative for Afghanistan, the large number of refugees who returned to Afghanistan in 2016 and 2017 has stressed the government's ability to provide services. While the Afghan government promised that returnees would have access to land, housing, and basic services, this has not occurred.<sup>454</sup>

On February 20, Pakistan's federal cabinet decided to extend recognition of 1.4 million Afghan refugees until June 2018. Earlier, the cabinet had extended the refugee's proof of registration (POR) cards for only one month, rather than the expected year.<sup>455</sup> According to State, this was the shortest-ever extension of the validity period for POR cards.<sup>456</sup>

This quarter, Pakistan, in partnership with the Afghan government and International Organization for Migration (IOM), completed the registration for Afghan citizen cards. These cards allow Afghans to reside in Pakistan but do not confer refugee status. Some 870,000 Afghans registered for cards, which are being issued.<sup>457</sup>

As of March 31, the United Nations High Commissioner for Refugees reported that 1,808 refugees have voluntarily returned to Afghanistan in 2018. The majority (1,490) of these refugee returns were from Pakistan.<sup>458</sup>

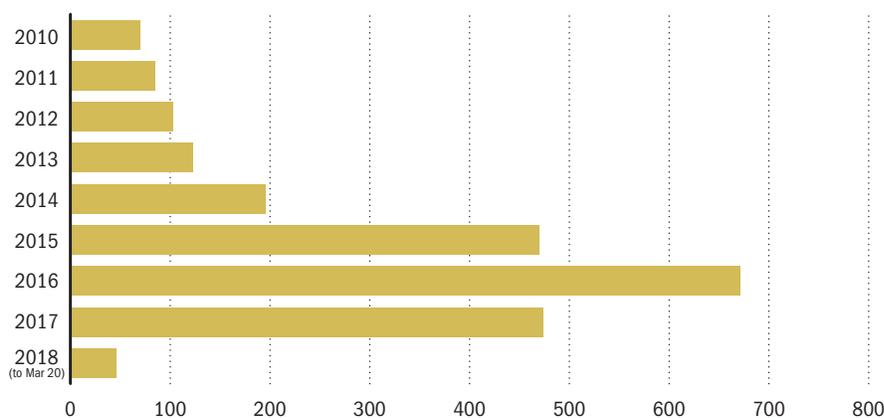
As of March 24, IOM reported that 141,492 undocumented Afghans returned from Iran and 6,011 undocumented Afghans returned from Pakistan. So far, 147,503 undocumented Afghans have returned in 2018.<sup>459</sup>

As shown in Figure 3.34, there has been less internal displacement this year compared to last. According to the UN's Office for the Coordination of Humanitarian Affairs (OCHA), as of March 20, 47,595 people have fled their homes due to conflict in 2018. Last year for the same period, 80,426 persons were recorded as being internally displaced by conflict.<sup>460</sup>

Eurostat, the statistical office of the European Union (EU), reported 43,625 first-time Afghan asylum seekers in the EU in 2017 (a decrease of approximately 76% from 2016). As shown in Figure 3.35, the number of Afghan asylum applications from October to December 2017 was 5% lower than the number for the previous three months.<sup>461</sup> The Afghanistan Analysts Network said that stronger border controls and tightened asylum laws in

FIGURE 3.34

### CONFLICT-INDUCED DISPLACEMENTS OF PERSONS (THOUSANDS)

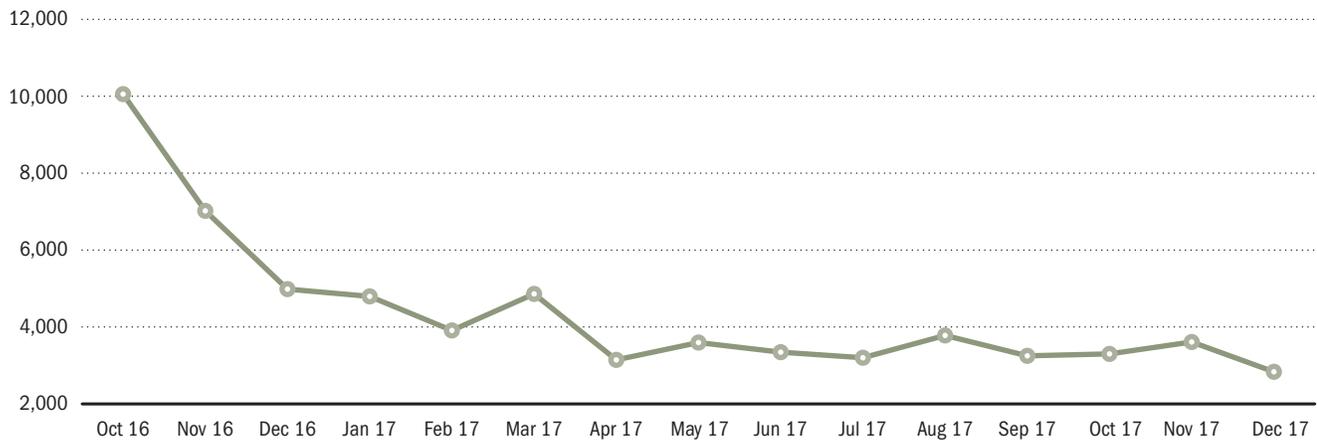


Source: UN OCHA, "Afghanistan: Conflict Induced Displacements in 2017 - Snapshot," 6/18/2017; UN, OCHA, "Afghanistan - Conflict Induced Displacements in 2017," 2/2/2018; UN, OCHA, "Afghanistan - Conflict Induced Displacements in 2018," 3/28/2018.

# GOVERNANCE

FIGURE 3.35

## FIRST-TIME AFGHAN ASYLUM APPLICANTS TO THE EUROPEAN UNION



Source: EUROSTAT, "First time asylum applicants in the EU-28 by citizenship, Q4 2016–Q4 2017," 3/20/2018.

Europe are the primary cause for the decrease in the number of Afghan asylum seekers.<sup>462</sup>

## GENDER

The largest gender-focused initiative in USAID's history is the Promote partnership, which aims to assist over 75,000 Afghan women in achieving leadership roles over five years in all parts of society, including business, academia, politics, and public policy.<sup>463</sup> USAID has committed \$280 million to Promote.<sup>464</sup> Table 3.13 show the current Promote programs.

As of March 20, USAID reports that the Promote programs have benefited 39,463 women. Of these beneficiaries, 117 have been hired by the Afghan government, 4,929 have been hired for private-sector internships or apprenticeships, and 1,152 have been hired for permanent positions by private-sector employers.<sup>465</sup> As of January, Promote Women in the Economy (WIE) project reported that 43,422 women have enrolled in WIE job-matching services.<sup>466</sup>

In December 2017 and January 2018, Promote Women in the Economy (WIE) project reported that it held women-in-business trade fairs in Herat, Jalalabad, Kandahar, Mazar-e Sharif, and Kabul. Businesses were eligible to participate in the trade fairs if they were women-owned or employed women as at least 10% of their staff. These events reportedly resulted in 225 signed contracts worth almost \$600,000 in total. WIE reported an additional 320 potential contracts worth \$1 million were also discussed.<sup>467</sup>

# GOVERNANCE

TABLE 3.13

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 4/18/2018
Promote: Women in the Economy	7/1/2015	6/30/2019	\$71,571,543	\$28,476,213
Promote: Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	29,559,620
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	19,612,036
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	12,020,436
Promote: Rolling Baseline and End-line Survey	2/21/2017	10/20/2020	7,577,638	2,073,488
Promote: Economic Empowerment of Women in Afghanistan	5/8/2015	5/7/2018	1,500,000	1,025,000
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data call, 4/18/2018.

In February, the UN reported the participation of women in all spheres of life, including peace processes, remained low despite Afghan government efforts. The UN said that the Afghan government opened courts trying cases of violence against women in 15 provinces, plus Kabul. Also, the Afghan government has established offices for prosecuting cases of violence against women in all 34 provinces, of which 25 have female prosecutors. Despite this progress, the UN said women's access to justice remained difficult as a result of the distance from and the cost of travel to provincial capitals (where most judicial services are located), the fluid security situation (which makes its risky for women to travel), and the requirement for a male escort (which limits confidentiality). UNAMA recorded 537 cases of alleged violence against women occurring between January and November 2017, including 46 cases of honor killing and 116 other murders.<sup>468</sup>

## SIGAR AUDIT

SIGAR is currently conducting a performance audit of Promote that is assessing contract compliance, program performance, and implementation challenges for the five Promote programs. The audit team's work includes examining contract documents and interviewing USAID and Afghan government officials, Promote contractors, and program participants.

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## ECONOMIC AND SOCIAL DEVELOPMENT

### KEY ISSUES AND EVENTS

This quarter, the U.S. Agency for International Development (USAID) moved nearly \$400 million of previously on-budget power-sector funds off-budget.<sup>469</sup> USAID concluded that because Afghanistan's national utility, Da Afghanistan Breshna Sherkat (DABS), lacked sufficient capacity and could not provide adequate oversight of construction projects, it was unable to manage the on-budget monies. As a result, USAID will continue to fund on budget only those power projects for which implementation has already started. Because new construction will be delayed, USAID said some Afghanistan Infrastructure Fund money obligated for its Power Transmission Expansion and Connectivity infrastructure projects would be canceled in 2019 and 2020 and returned to the U.S. Treasury. Consequently, USAID plans to reprogram approximately \$100 million from the Economic Support Fund (ESF) that was previously reserved for other power-sector activities.<sup>470</sup>

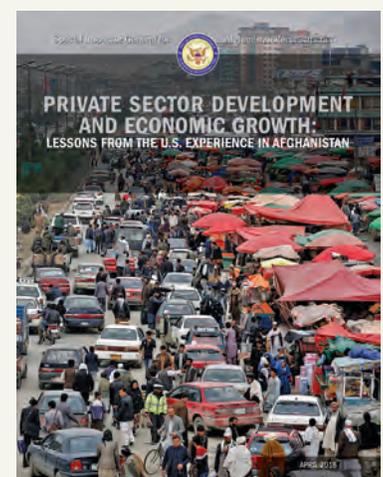
In response to concerns regarding DABS's capacity to manage donor monies, SIGAR signed a memorandum of understanding with DABS officials this quarter allowing SIGAR to conduct a review of the utility's expenditure and expenditure of donor funds. The scope of the review extends to all operations, programs, and projects for which DABS has used donor assistance, and is expected to commence in the summer of 2018.<sup>471</sup>

In March, International Monetary Fund (IMF) officials met with their Afghan counterparts in Baku, Azerbaijan, to discuss Afghanistan's progress under the IMF's Extended Credit Facility (ECF) arrangement.<sup>472</sup> The ECF is an IMF financing vehicle that provides assistance to countries experiencing extended balance-of-payments problems.<sup>473</sup> The IMF forecasted that GDP growth for 2018 was likely to be about 2.5%, the same rate as that of 2017. Inflation for 2018 was projected to be 5%. As in the past, the IMF stressed that Afghanistan faced significant challenges, including the tenuous security situation, but praised Afghan officials for their strong macroeconomic management. Officials also noted that Afghanistan's performance under the ECF during the latest review period had been satisfactory.<sup>474</sup>

Also in March, the Famine Early Warning Systems Network (FEWS NET), established in 1985 by USAID, reported that Afghanistan was experiencing substantial rainfall deficits for the current wet season

### SIGAR LESSONS LEARNED REPORT

This quarter, SIGAR released a lessons-learned report on U.S. efforts to develop Afghanistan's private sector and grow its economy. SIGAR found that expectations for sustainable economic growth in Afghanistan's insecure and uncertain environment were unrealistic, and that successful private-sector development efforts must be nested within the development of good governance. For more, see pp. 41-42 of this report.



(October 2017–May 2018). Although localized precipitation in February and early March helped ease the seasonal deficit, FEWS NET said that low snowpack and precipitation levels were likely to have adverse effects on both irrigated and rain-fed crops, particularly wheat, in water-deficit areas during the spring planting season.<sup>475</sup> USAID added that “dire consequences” for other cereal crops were likely, increasing Afghanistan’s harvest deficit.<sup>476</sup> Wheat is one of Afghanistan’s most important crops, and a 2008 drought contributed to a significant spike in wheat prices as well as internal displacement.<sup>477</sup>

SIGAR analysis shows that the Afghan government’s domestic revenues grew by 11.5% over the first two months of FY 1397 (December 22, 2017, to February 19, 2018), compared to the same period in FY 1396. This continues the trend of strong revenue growth reported by SIGAR last quarter.<sup>478</sup> Expenditures, meanwhile, grew by 3.2% year-on-year.<sup>479</sup>

## **U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE AND ECONOMIC AND SOCIAL DEVELOPMENT**

As of March 31, 2018, the U.S. government has provided approximately \$33 billion to support governance and economic and social development in Afghanistan since 2002. Most of these funds—nearly \$19.9 billion—were appropriated to USAID’s Economic Support Fund (ESF). Of this amount, \$18.5 billion has been obligated and \$15.8 billion has been disbursed.<sup>480</sup>

According to its FY 2018 budget request, the State Department intends for U.S.-funded civilian-assistance programs in Afghanistan to reinforce and complement the U.S. military’s ongoing train, advise, and assist (TAA) and counterterrorism (CT) efforts. Programs will focus on further consolidating the political, security, developmental, and social gains achieved since 2001, and aim to grow the Afghan economy. They are to be implemented under strict monitoring conditions to mitigate corruption.<sup>481</sup>

State’s budget request indicates that ESF investments will be made in key sectors like agriculture and natural resources. They intend to target small and medium-size enterprises in prioritized value chains, provide support to public-private partnerships to improve infrastructure, and promote improved government capacity, including the Afghan government’s ability to generate domestic revenue. The ESF will also be used to enhance civic engagement to combat violent extremism, and to empower women through increased access to education and employment opportunities.<sup>482</sup>

## **ECONOMIC PROFILE**

Obstacles to Afghanistan’s economic development abound. Those challenges include severe poverty, limited human capital, the continuing conflict, an infrastructure deficit, and heavy reliance on foreign donor

support.<sup>483</sup> Adverse population dynamics also obstruct development: the World Bank said that in recent years Afghanistan has not been able to generate enough jobs for the 400,000 Afghans entering the labor market every year. This reflects the country's youth bulge, which has resulted in a "bottom-heavy" population distribution.<sup>484</sup>

Near-term growth is expected to be modest: the IMF projected 2.5% GDP growth for 2018, the same rate of growth Afghanistan saw in 2017.<sup>485</sup> The IMF's projection for 2018 growth represented a downward revision from its previous prediction of 3%. Although the difference was only half a percentage point, the downward revision represented a nearly 17% drop from the institution's prior projection for the rate of growth.<sup>486</sup> The World Bank, as of last quarter, projected 2.6% and 3.2%, respectively.<sup>487</sup> Growth expectations were contingent on continued substantial donor support, implementation of reforms, improvements in confidence, and no additional deterioration in security.<sup>488</sup>

As of mid-2017, the worsening security situation appeared to be preventing consumer and business confidence from fully recovering from the effects of the 2014 security transition, according to the World Bank. Economic activity was sluggish in the first half of 2017. Whereas about 1,700 new firms were registered in the first half of 2016 (excluding those in the trade sector), only 1,500 were registered in the first half of 2017, according to Afghanistan's Ministry of Commerce and Industries. Confidence may have improved modestly in response to the announcement of the new U.S. strategy, according to the World Bank, based on anecdotal evidence.<sup>489</sup>

Year-on-year consumer price inflation had leveled off, as of late 2017. The World Bank reported that an annualized spike of 7.5% in May 2017 had subsided to 3.8% in September 2017, year-on-year. A relatively steady exchange rate, combined with stable global commodity prices, may have accounted for the slowdown in domestic food and energy price increases since May 2017. Because Afghanistan imports both fuel and cereals, its domestic prices tend to ebb and flow with global commodities markets.<sup>490</sup> The IMF expected inflation to be 5% in 2018.<sup>491</sup>

## Fiscal Outlook: Tenuous But Improving

Afghanistan's fiscal outlook remains unchanged from last quarter. The Afghan government's fiscal performance has generally been good, according to the IMF, which recently commended Afghan authorities for sound macroeconomic management. Domestic revenue targets for June 2017 under the IMF's Extended Credit Facility program were exceeded by 20%. However, the IMF noted that execution of Afghanistan's development budget remained relatively low at about 21%—in line with recent trends. Historically, low execution rates have degraded public confidence in the Afghan government, according to the Afghanistan Analysts Network. Overall, the IMF said that revenue collection remained strong.<sup>492</sup>

**The World Bank, IMF, and others exclude the value of opium production from their reported GDP estimates. Afghanistan's Central Statistics Organization releases official GDP growth figures in two categories—one that includes and one that excludes opium value (in 2016, 3.6% and 2.1% respectively). Opium-related earnings boost domestic demand and are a significant source of foreign exchange. Exports of opium were valued at \$2 billion in 2015.**

**The estimated net value of opium production was \$2.9 billion in 2016, equivalent to 16% of official GDP. The United Nations Office of Drugs and Crime estimated that the farm-gate value of opium production—national potential production multiplied by the weighted average farm-gate price of dry opium at the time of harvest (which excludes money made by traffickers)—for 2017 was \$1.4 billion, a 55% increase over the 2016 figure of \$0.9 billion.**

Source: World Bank, *Afghanistan Development Update*, 11/2017, p. 1; IMF, "IMF Executive Board Concludes 2017 Article IV Consultation and Completes the Second Review Under the ECF for the Islamic Republic of Afghanistan," Press Release No. 17/476, 12/8/2017; ADB, *Asian Development Outlook 2017*, 4/2017, p. 178; ADB, *Asian Development Outlook 2015*, 3/2015, p. 167; CSO, *Afghanistan Statistical Yearbook 2016-2017*, p. 163; UNODC, *Afghanistan Opium Survey 2017 Cultivation and Production*, 11/2017, p. 8; UNODC, "Afghanistan opium crop cultivation rises 36 per cent, production up 49 per cent," 11/13/2013, <http://www.unodc.org/unodc/en/frontpage/2013/November/afghanistan-opium-crop-cultivation-rises-a-record-36-per-cent-opium-production-up-49-per-cent.html>, accessed 1/15/2017.

Afghan authorities believe that recent efficiency gains in revenue collection are unlikely to continue, as prolonged emphasis on collection could negatively affect business activity.<sup>493</sup> Short-term opportunities to increase revenue through taxation remain limited due to insecurity and the potential for tax measures to adversely affect economic growth. The IMF said the security situation, in particular, represents a substantial challenge. A study published by the Fund concluded that ongoing violence appeared to have reduced the Afghan government's 2016 revenues by about 50%, relative to what might have been collected in peacetime.<sup>494</sup>

## **Final FY 1397 Budget Projects \$200 Million Deficit, but More Transparent and Realistic than in Prior Years**

As SIGAR reported last quarter, Afghanistan's lower house of parliament—the Wolesi Jirga—rejected the government's draft budget for the ninth consecutive year due to concerns about imbalance among provinces and cuts to the development budget. The budget was later passed just before last quarter's report went to press. SIGAR provided details about the draft budget document in January, but was unable to present a more extensive discussion on the final budget document, as it had not yet been released.<sup>495</sup>

This quarter, the Afghanistan Analysts Network (AAN) reported that negotiations with members of parliament (MPs) had resulted in a final budget deficit of approximately \$200 million. AAN noted that although the draft budget was designed to address chronically low development budget-execution rates, MPs insisted on adding unfunded projects. These inclusions, AAN said, accounted for the majority of planned spending increases in the final document. Paraphrasing the comments of an Afghan official, AAN said that one reason why MPs were adamant about including development projects from previous years was that, once approved in the budget, “people can start selling contracts and sub-contracts.” In other words, as AAN put it, corrupt officials who had already “auctioned off rights” (i.e., taken bribes) had been facing pressure to have projects from prior years reinstated—and evidently succeeded in having many of those projects included in the budget.<sup>496</sup>

However, AAN said some improvements were made. The FY 1397 budget was significantly more transparent than those of years past, presenting, for example, historical spending among provinces. The new budget also reflects a more realistic accounting of anticipated expenditures that reflects the prior year's actual spending levels. AAN noted that the budget reduced the number of ministries which could make use of a “special operations budget,” for which ministries need not account for expenditures, from 10 to three.<sup>497</sup>

### **Sustainable Domestic Revenues:**

According to Afghanistan Ministry of Finance (MOF) officials, revenues—such as customs, taxes, and non-tax fees—used by multilateral institutions such as the World Bank and the International Monetary Fund to judge the Afghan government's fiscal performance.

## **Government Revenues and Expenditures: Revenue Gains Continue**

SIGAR analysis shows that the Afghan government's **sustainable domestic revenues** grew by 11.5% over the first two months of FY 1397 (December 22,

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

2017, to February 19, 2018), compared to the same period in FY 1396. There were no **one-off domestic revenues** recorded for the first two months of either fiscal year that could skew the analysis, or complicate its interpretation. This continues the trend of strong revenue growth reported by SIGAR in January 2018.<sup>498</sup> Expenditures grew by 3.2% for the first two months of FY 1397, year-on-year.<sup>499</sup>

USAID-provided AFMIS data was exported earlier than usual this quarter, resulting in limited analysis spanning only two months, year-on-year, rather than the full first quarter of FY 1397, which ended on March 20, 2018. Because 68% of revenues were categorized as “Miscellaneous” through FY 1397 Month 2, a line-item analysis of year-on-year revenue gains was not possible this quarter.<sup>500</sup> However, SIGAR presents expenditures data in Table 3.14 on the next page.

## Trade

Afghanistan’s trade deficit exceeds 30% of its GDP. The country’s exports are concentrated in agriculture, and do not contribute substantially to economic growth, according to the IMF. Afghanistan’s low trade flows mean that its share of global trade is negligible. The value of the country’s official exports has remained below 10% of its GDP every year since 2012. The IMF said imports are dominated by spending related to foreign aid.<sup>501</sup>

Afghanistan’s infrastructure and institutional deficits, as well as persistent conflict, have erected obstacles to trade expansion. The IMF said Afghanistan’s landlocked geography introduces other challenges: both import and export costs, as well as delays, are higher for landlocked countries than for those with coastlines. For Afghanistan, high energy costs and low levels of access to electricity, land, and finance also pose major challenges.<sup>502</sup>

## Export and Import Data

SIGAR analysis of data from the Afghanistan Customs Department (ACD) shows that exports grew by 25% over the first 11 months of FY 1396, year-on-year. Data from Afghanistan’s Central Statistics Organization, which makes import and export figures available in quarterly tranches, paints a similar picture of rising exports, showing 39% growth through the first nine months of Solar Year 1396 (March 21, 2017–December 21, 2017), year-on-year. USAID told SIGAR that there are usually discrepancies between ACD and CSO trade data figures. While SIGAR analysis of ACD data shows that imports grew at a lower rate of 14.5%, Afghanistan’s trade deficit, which amounted to more than 30% of its GDP in 2016 and is financed by donor contributions, rose by about \$680 million through Month 11, year-on-year.<sup>503</sup>

Afghanistan showed especially strong growth in agricultural exports, including edible fruits and nuts. Those products alone accounted for about 49% of all exports in FY 1396, through Month 11. Other top exports through the first 11 months of FY 1396 included vegetables, spices, and carpets.

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**One-Off Domestic Revenues:** 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.

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

# ECONOMIC AND SOCIAL DEVELOPMENT

Afghanistan's top import was fuel, which accounted for about 13% of all imports through the first 11 months of FY 1396.<sup>504</sup>

TABLE 3.14

<b>EXPENDITURES, FIRST 2 MONTHS, FISCAL YEARS 1396 AND 1397 COMPARED</b> (IN AFGHANIS)				
	<b>Category</b>	<b>1396 (Through Month 2)</b>	<b>1397 (Through Month 2)</b>	<b>Percent Change</b>
<b>Personnel</b>	Salaries in Cash	\$11,648,307,040	\$12,611,750,976	8.3%
	Salaries in Kind	1,477,496,431	802,276,428	(45.7)
	Salaries and Wages Advance	(69,511,000)	65,410,000	194.1 <sup>a</sup>
	Social Benefits in Cash	147,321,723	163,499,805	11.0
	Social Benefits in Kind	0	0	N/A
<b>Supplier Expenditures</b>	Travel	165,778,198	70,737,527	(57.3)
	Food	18,693,761	2,536,333	(86.4)
	Contracted Services	127,517,488	272,180,635	113.4
	Repairs and Maintenance	73,354,807	93,110,239	26.9
	Utilities	81,769,507	97,806,528	19.6
	Fuel	412,709,748	523,024,181	26.7
	Tools and Materials	21,078,309	8,409,408	(60.1)
	Other	17,074,426	55,792,676	226.8
	Advances and Return of Expenditure	19,856,530	22,053,578	11.1
<b>Subsidies, Grants, and Social Benefits</b>	Subsidies	0	0	N/A
	Grants to Foreign Governments	17,350,000	0	(100.0)
	Current Grants - General Government Units	0	0	0
	Social Security Benefits in Cash	462,902,506	513,855,624	11.0
	Social Assistance Benefits in Cash	0	0	N/A
	Subsidies, Grants, and Social Benefits Advance	0	0	N/A
<b>Capital Expenditures</b>	Buildings and Structures	3,441,409	0	(100.0)
	Machinery and Equipment <sup>b</sup>	17,031,065	29,402,900	72.6
	Valuables	0	0	N/A
	Land	0	0	N/A
	Capital Advance Payments>Returns	0	20,000	N/A
<b>Interest and Principal<sup>c</sup></b>		235,019,892	23,225,644	(90.1)
<b>Total</b>		<b>\$14,877,191,840</b>	<b>\$15,355,092,482</b>	<b>3.2%</b>

Note: Negative values in parentheses.

<sup>a</sup> SIGAR observed a net credit (that is, a negative figure) in "Salaries and Wages in Advance" in the first two months of FY 1396.

<sup>b</sup> Applies to expenditures greater than AFN 50,000, according to the FY 1397 Chart of Accounts.

<sup>c</sup> Combines two different object codes to conform with previously published MOF financial statements.

Source: SIGAR analysis of USAID-provided AFMIS data exported 1/8/2018; SIGAR analysis of USAID-provided AFMIS data exported 3/13/2018.

## **BANKING AND FINANCE**

Afghanistan's banking sector comprises 15 banks—three state-owned, nine Afghan private-sector, and three foreign-owned commercial branches. The financial sector is only marginally profitable, and remains vulnerable to adverse shocks due to poor asset quality, capital shortfalls, and management deficiencies in several banks.<sup>505</sup>

### **Treasury Assistance to the Ministry of Finance Continues with Focus on Public Financial Management**

The U.S. Treasury's Office of Technical Assistance (OTA) continued implementing its March 2015 agreement with Afghanistan's MOF to develop and execute technical-assistance and capacity-building programs aimed at strengthening the government's public financial management. OTA also helps the Government of Afghanistan to provide better oversight of its financial sector. President Ghani requested OTA renew its engagement with the Afghan government in 2014 to assist with budget reforms, among other activities.<sup>506</sup>

OTA's last trip to Afghanistan occurred in November–December 2017.<sup>507</sup> During the trip, OTA provided training and input on the development of a standard cost-calculation database and discussed future work on forward estimates and costing. OTA also provided feedback to the World Bank on six Public Financial Management (PFM) benchmarks tied to disbursements from the Afghanistan Reconstruction Trust Fund.<sup>508</sup>

OTA noted that challenges included security restrictions and donor coordination given multiple ongoing assistance efforts related to PFM. Due to security considerations, OTA is generally restricted to the U.S. Embassy compound. However, SIGAR noted that OTA appeared to be handling coordination with other donors well, having held meetings with World Bank and USAID officials over the course of its trip. OTA also met with a representative of a USAID implementing partner prior to departure. During those meetings, OTA provided input and guidance, worked with donors to distribute responsibility among distinct lines of effort, and identified several areas of collaboration.<sup>509</sup>

### **AML/CFT Update: State Department Continues to List Afghanistan as Major Money-Laundering Jurisdiction**

In March 2018, the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) released its legislatively mandated annual report on global money laundering. INL continued to list Afghanistan as a major money-laundering jurisdiction for the year 2017.<sup>510</sup>

Although INL noted some improvements, such as increased coordination between Afghanistan's Financial Intelligence Unit and police and prosecutors at the Counter Narcotics Justice Center (CNJC), many challenges remain. Corruption, INL said, was still a critical obstacle to Anti-Money

**Last quarter, SIGAR reported it was having difficulty obtaining responses to SIGAR requests for information from U.S. Treasury officials. SIGAR worked with Treasury to better understand the issue and made several process changes that resulted in timely responses this quarter.**

## SIGAR INVESTIGATION

On March 19, 2016, President Ghani signed a decree allowing SIGAR to help detect and retrieve Kabul Bank assets in foreign countries. The decree instructed the AGO, MOF, Ministry of Interior, FinTRACA, and Kabul Bank entities to provide SIGAR relevant information and documents. SIGAR is using the retrieved documents in support of an ongoing investigation related to the Kabul Bank case.

Source: GIROA, Office of the President, Presidential Decree, Serial Number 2726, 3/19/2016.

Laundering (AML) efforts in the country, and Afghanistan remained the largest global producer and exporter of opium. Porous borders, particularly between Afghanistan and Pakistan, as well as difficulty in implementing and enforcing laws and regulations designed to combat money laundering—INL did describe Afghanistan’s AML law as “comprehensive”—also represented significant obstacles to progress. In addition to the narcotics industry, major sources of illicit revenue included fraud, corruption, and illegal mining.<sup>511</sup>

### Kabul Bank Theft: KBR Reports Little Progress During the Quarter

The September 2010 near-collapse of Kabul Bank, which held the savings of nearly one million Afghans, significantly strained Afghanistan’s financial system. It exposed an elaborate fraud and money-laundering scheme orchestrated by Kabul Bank founder Sherkhan Farnood and chief executive officer Khalilullah Ferozi. The crisis resulted in a run on the bank during which depositors withdrew \$500 million, compelling the Afghan government to provide \$825 million to recapitalize the bank.<sup>512</sup>

Shortly after he took office in September 2014, President Ghani issued a decree requiring the Attorney General’s Office (AGO) to indict and prosecute all those involved in the theft of approximately \$987 million from Kabul Bank and to monitor enforcement of the courts’ decisions.<sup>513</sup> The decree was intended to address comprehensively all remaining aspects of the case. However, the Afghan government has struggled to compel repayment of the stolen funds from debtors. A 2016 United States Institute of Peace report said the “crisis continues to symbolize the pervasive corruption and impunity that have threatened the legitimacy of the Afghan government.”<sup>514</sup>

Again this quarter, little effort was made to seize, freeze, or investigate debtor accounts, or otherwise act on President Ghani’s October 2014 decree. Minor cash recoveries appear to have been made from the architects of fraud: about \$340,000 from Farnood, who still owes \$272 million, and about \$17,500 from Ferozi, who still owes \$187 million. But total reported recoveries this quarter—approximately \$448 million—were nearly same as last quarter. The debtors still owe nearly \$600 million.<sup>515</sup>

For a few years now, SIGAR has reported that efforts to recover money stolen from the Kabul Bank have been stalled.<sup>516</sup> DOJ told SIGAR this quarter, “there is a growing risk that the debts will not be repaid.”<sup>517</sup> Calling the Kabul Bank case “one of the most notorious fraud cases in Afghan history” in a report recently submitted to the Department of State, DOJ added that Afghanistan’s attorney general told U.S. Embassy officials that he did not intend to pursue further charges—a direct contradiction of Kabul Compact Benchmarks.<sup>518</sup> Moreover, in a report released this quarter, the Independent Joint Anti-Corruption Monitoring and Evaluation Committee said there had been little progress in the case, which was “once leveraged as a sign of [the Afghan government’s] commitment in the fight against corruption.”<sup>519</sup>

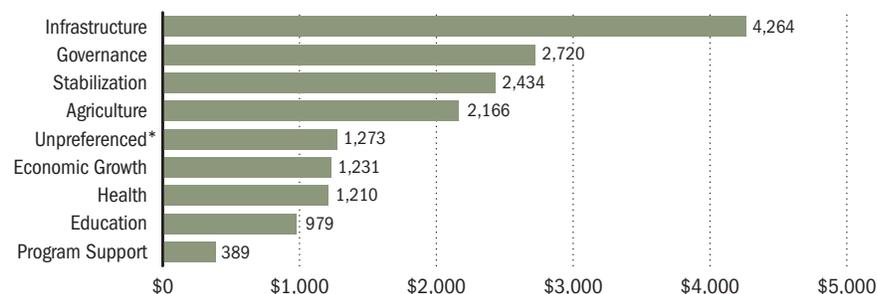
## U.S. ECONOMIC AND DEVELOPMENT SUPPORT

Most assistance from the Economic Support Fund goes toward USAID’s development programs. In September 2015, USAID published an updated Performance Management Plan to guide and measure its development objectives, and to articulate its development strategy through 2018. USAID’s overall goal through 2018 was to promote Afghan-led sustainable development. That goal was to be supported by expanding agriculture-led economic growth, maintaining gains in education, health, and women’s empowerment, and increasing the performance and legitimacy of the Afghan government.<sup>520</sup>

USAID recently commissioned an assessment of its current 2015–2018 strategy. The assessment found that, despite sound overall goals, many key components of USAID’s development approach in Afghanistan have not proven to be valid. For more on the assessment, see pages 59–60 of SIGAR’s January 2018 *Quarterly Report to the United States Congress*.<sup>521</sup> Figure 3.36 shows USAID assistance by sector.

FIGURE 3.36

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF APRIL 18, 2018 (\$ MILLIONS)



Note: USAID Mission-managed funds. Numbers are rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and other programs that build health and education facilities. This quarter, OFM activities are included under Program Support funds.

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

Source: SIGAR analysis of USAID, response to SIGAR data call, 4/18/2018; SIGAR analysis of World Bank, ARTF, Administrator’s Report on Financial Status, as of February 19, 2018.

## Natural Resources: Potential Source of Government Revenue Faces Numerous Obstacles

Geological surveys show that Afghanistan has significant mineral resources, including granite, talc, nephrite, chromite, coal, gold, silver, iron, copper, and precious gemstones.<sup>522</sup> USAID said developing Afghanistan’s extractives sector could create jobs, generate government revenue, and result in significant infrastructure investment.<sup>523</sup> Yet, mining has so far contributed little to the country’s licit GDP and has attracted minimal private-sector development.<sup>524</sup> The many obstacles to development include a deficient mining law,

lack of transparency in tendering and awarding concessions, the lack of economically feasible export corridors, lack of access to power, and corruption.<sup>525</sup> According to DOD, these impediments “limit the willingness of international mining companies to commit risk capital [venture capital] to exploration and production in Afghanistan when similar resources are more efficiently extracted from other countries.”<sup>526</sup>

The Ministry of Mines and Petroleum (MOMP) is without permanent leadership at the highest level: Acting Minister Nargis Nehan, reportedly a reformer seeking increased transparency at MOMP and nominated by President Ghani for a permanent position, was rejected by the Afghan parliament in early December—the only one of 12 Ghani nominees who failed to secure a majority of parliamentarians’ votes.<sup>527</sup> However, USAID told SIGAR this quarter that MOMP’s lack of permanent leadership would have no effect on its current programming, as the agency is currently only providing technical assistance intended to increase institutional capacity, regardless of whether a minister is in acting or permanent status.<sup>528</sup> An evaluation of a previous USAID program, which was designed in part to increase capacity at MOMP, cited the “endless and rapid succession of MOMP ministers” as a significant impediment to implementation.<sup>529</sup>

Illegal mining remains another challenge. According to the United States Institute of Peace, the majority of Afghanistan’s active mining sites are neither controlled nor regulated by the Afghan government. This circumstance contributes to the ongoing conflict: illegal extraction is a major source of revenue for the Taliban.<sup>530</sup> According to USAID, local powerbrokers are able to profit from illicit mining because they rely on low-cost labor and mining techniques, disregard safety and environment concerns, provide their own security to transport materials to market, and, because they are operating illegally, do not incur tax or royalty obligations to the government. In contrast, businesses operating legally in the extractives sector must comply with safety and environmental regulations, rely on hired security contractors for transportation, and face higher infrastructure and labor costs.<sup>531</sup>



An official from the United States Geological Survey (USGS) and Ministry of Mines and Petroleum (MOMP) Acting Minister Nargis Nehan sign an agreement allowing USGS to provide technical assistance to MOMP (U.S. Department of Commerce photo)

## USAID and the United States Geological Survey Begin Technical Assistance Program to Support MOMP

This quarter, USAID told SIGAR it had officially launched an extractives-sector technical-assistance program with Afghanistan’s Ministry of Mines and Petroleum (MOMP). Through a Participating Agency Program Agreement, USAID will provide funding to the United States Geological Survey (USGS) to analyze and organize mineral data from both USGS archives and MOMP files. The objective of the program is to create a comprehensive database of minerals that includes both the magnitude and location of potential concentrations. USAID said the database will assist MOMP in determining whether and where investment might be viable and in managing the sector more broadly.<sup>532</sup>

Given that DOD’s Task Force for Business and Stability Operations had previously sought to “identify and compile existing data, organize it into digital databases and Geographic Information Systems (GIS) [and] integrate [these] databases,” SIGAR asked USAID what made this new program distinct. USAID said the data collected by USGS in 2004–2007 had still not been fully analyzed, and that the new interagency agreement with USGS would help MOMP to perform this analysis.<sup>533</sup>

## **Agriculture: Crucial Sector Faces Drought Conditions in Early 2018**

Agriculture is a main source of real GDP growth, employment, and subsistence for the Afghan population. It accounts for about 22% of GDP, employs 44% of the population, and affects the 61% of Afghan households that derive income from agricultural activities for their livelihoods.<sup>534</sup> Within the broader agricultural sector, Afghanistan’s horticultural products—for example, dried fruits and nuts—are modestly competitive: although it accounts for about one-third of agriculture’s overall contribution to GDP, horticulture generates about 50% of export earnings.<sup>535</sup>

The World Bank projected that agricultural output would grow by 1.5% in 2017, largely due to increased horticultural production. This figure is significantly less than the 6% growth rate recorded in 2016, a year in which fruit production increased to levels close to full potential due to favorable weather.<sup>536</sup> Despite Afghanistan’s heavy reliance on agriculture, the sector’s growth has been constrained by underinvestment in developing water resources, degrading natural resources, poor-quality inputs such as seeds and fertilizer, and weak domestic- and export-product marketing.<sup>537</sup>

FEWS NET reported in March that Afghanistan was experiencing substantial rainfall deficits for the current wet season (October 2017–May 2018). Although localized precipitation in February and early March helped ease the seasonal deficit, FEWS NET said that low snowpack and precipitation levels were likely to have adverse effects on both irrigated and rain-fed crops, particularly wheat, during the spring planting season.<sup>538</sup>

USAID added that rainfall and snowpack deficits were likely to have “dire consequences” for cereal crop production. According to the agency, projections for the 2018 wheat harvest were 3.5 million metric tons (MMT), far lower than 2017’s 4.2 MMT production. Based on Afghanistan’s current wheat consumption needs, lower levels of wheat production were likely to result in a 2.5 MMT deficit for 2018.<sup>539</sup>

USAID added that ripple effects were likely for Afghan pastoralists, who depend on grazing rangelands. Wheat is one of Afghanistan’s most important crops, and a 2008 drought contributed to a significant spike in wheat prices as well as internal displacement. According to the United Nations, nomads, casual laborers, landless people, and small farmers were the most affected by the 2008 drought.<sup>540</sup>

Combined with lower cereal-crop yields, USAID said the current drought would decrease food security in the country.<sup>541</sup>

## **USAID Assistance to the Ministry of Agriculture, Irrigation, and Livestock**

USAID's agricultural projects are designed to enhance food security, create jobs and export markets, increase incomes and productivity, and strengthen the government's ability to promote broad-based growth. USAID aims to bolster the Ministry of Agriculture, Irrigation, and Livestock's (MAIL) "farmer-focused" approach through production and marketing of high-value horticultural crops and livestock products, the rehabilitation of irrigation and drainage systems, and the greater use of new technologies.<sup>542</sup>

Since 2002, USAID has disbursed more than \$2.1 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy for opium production.<sup>543</sup> Pages 191–198 of this quarterly report discuss USAID's agriculture alternative-development programs. USAID's active agriculture programs have a total estimated cost of \$361 million and can be found in Table 3.15.

## **Agricultural Credit Enhancement II (ACE-II): Some Successes but Delinquency Rates and Loss Provisions Masked by Metric Methodology**

The Agricultural Credit Enhancement (ACE) II project is the technical-assistance/advisory-support component of the conditions-based Agricultural Development Fund (ADF) administered by MAIL. ADF extends agriculture-related credit access to small- and medium-sized commercial farms and agribusinesses in all regional economic zones, particularly to those that add value to agricultural products, such as distributors, producers, processors, and exporters.<sup>544</sup> USAID reported that with ACE II help, ADF has cumulatively disbursed approximately \$102.5 million in loans impacting 40,953 beneficiaries, as of March 2018.<sup>545</sup>

The latest implementer quarterly report available to SIGAR shows that ACE-II participated in the Afghan-Indian "Passage to Prosperity" trade show, leading the spices and saffron section. According to implementers, participation in the trade show resulted in signed sales contracts worth \$1.27 million. Memorandums of understanding worth an additional \$1.23 million were signed.<sup>546</sup>

Despite this success, ACE-II implementers faced several challenges, including the adverse effects of the deteriorating security situation on loan reimbursement and collections for the ADF.<sup>547</sup> SIGAR has been tracking this issue over the last few quarters. Last quarter, SIGAR reported that, over ADF's lifetime, loans worth about \$3.3 million had been written off.<sup>548</sup> In October 2017, SIGAR reported that despite ACE-II's warnings regarding the effects of the ongoing conflict on the loan portfolio, the ADF appeared

TABLE 3.15

USAID ACTIVE AGRICULTURE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 4/18/2018
Strengthening Watershed and Irrigation Management (SWIM)	12/7/2016	12/6/2021	\$87,905,437	\$7,152,256
Regional Agriculture Development Program (RADP North)	5/21/2014	5/20/2019	78,429,714	48,912,745
Commercial Horticulture and Agriculture Marketing Program (CHAMP)	2/1/2010	12/31/2019	61,294,444	53,252,706
Kandahar Food Zone (KFZ)	7/31/2013	8/30/2018	45,402,467	42,845,000
RADP East (Regional Agriculture Development Program - East)	7/21/2016	7/20/2021	28,126,111	6,595,178
Grain Research and Innovation (GRAIN)	3/13/2017	9/30/2022	19,500,000	3,250,000
Promoting Value Chain - West	9/20/2017	9/19/2020	19,000,000	596,085
ACE II (Agriculture Credit Enhancement II)	6/24/2015	6/23/2018	18,234,849	12,199,335
SERVIR	9/14/2015	9/30/2020	3,100,000	1,097,533
<b>Total</b>			<b>\$360,993,022</b>	<b>\$175,900,839</b>

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see pages 196–197 of this report.

Source: USAID, response to SIGAR data call, 4/18/2018.

to be on track to meet its FY 2017 targets for percentage of loan losses (under 5%).<sup>549</sup>

Examining ACE-II’s indicator for “Percentage of loan losses in the ADF portfolio”—a description of which is provided in the project’s latest quarterly report—SIGAR noted that the percentage of loan losses includes only the value of loans overdue by 1,095 days (i.e. three years) or more. Although *provisions* for losses are made for high-risk loans overdue by fewer than 1,095 days, these loans are not counted as losses (that is, written off) until overdue beyond that point. As a result, the report notes that the “Percentage of loan losses” indicator “significantly under-reports losses when compared to the methodology” used by Afghanistan’s central bank (DAB). In contrast to the ADF’s policy, DAB classifies loans overdue by 365 days or more as “losses.” The quarterly report notes that, under this methodology (i.e., using the 365-day threshold, as opposed to the 1,095-day mark), loan losses, as of September 2017, were “21.5% (not less than 5%).” Total losses and loss provisions for the ADF portfolio were 31.7%, as of September 2017.<sup>550</sup> USAID said that, as of March 2018, loan losses according to DAB’s methodology represented about 20% of the ADF’s \$21.6 million portfolio, while combined losses and loss provisions were 39%.<sup>551</sup> SIGAR will continue to report on this issue.



**Grantees attend** an ACE-II agricultural finance workshop in northern Afghanistan. (USAID photo)

## ESSENTIAL SERVICES AND DEVELOPMENT

Since 2002, the United States has provided reconstruction funds to increase the electricity supply, build roads and bridges, and improve health and education in Afghanistan. This section addresses key developments in U.S. efforts to improve the government's ability to deliver these essential services. In a departure from previous quarters, and moving forward, SIGAR will provide updates on the Kajaki Dam and power availability at the Shorandam and Bagh-e Pol industrial parks in Kandahar only as significant developments occur.

### Power Supply: Lack of Access to Electricity Curtails Economic Growth

Lack of access to available, affordable, and reliable electricity represents a fundamental constraint on economic growth, according to USAID.<sup>552</sup> Afghanistan has one of the lowest rates of electrification in the world, with only an estimated 25–33% of Afghans connected to the power grid.<sup>553</sup> Access is generally restricted to those who live along transmission corridors or in urban areas. Overall, the country's power system remains fragmented, small, and underdeveloped. The World Bank has characterized Afghanistan's national electric utility, Da Afghanistan Breshna Sherkat (DABS), as lacking adequate management and customer service.<sup>554</sup>

Afghanistan relies heavily on electricity imports: as of March 2016, about 77% of its supply was imported, according to DABS.<sup>555</sup> Annual trade data from Afghanistan's Central Statistics Organization shows that in 2016 about 38% of imported electricity flowed from Uzbekistan—which also sold electricity at the highest average price of 9 cents (U.S.) per kilowatt hour—followed by Tajikistan (29%; 4 cents/kilowatt hour), Iran (18%; 7 cents per kilowatt hour), and Turkmenistan (15%; 2 cents/kilowatt hour).<sup>556</sup>

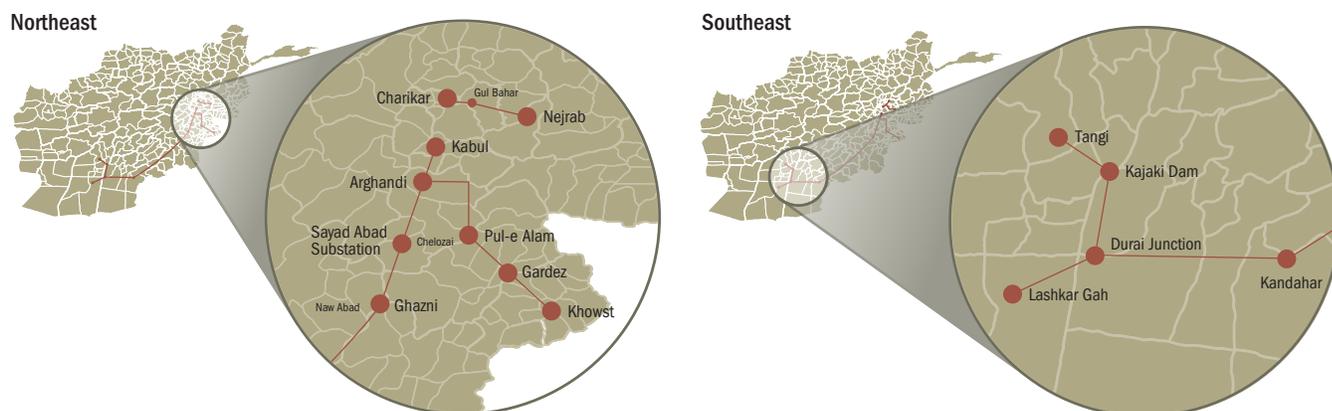
In developments occurring in late March 2018, the Taliban disrupted power supply to five provinces, including Kabul, by damaging a transmission tower in Baghlan Province. Additional provinces reportedly affected by the Taliban attack included Nangarhar, Ghazni, Wardak, and Parwan. USAID said that repair crews restored most of the electricity supply to Kabul within 12 hours of the incident, and that the damaged tower had been repaired within four days.<sup>557</sup> However, the Taliban disrupted Kabul's electricity supply again in mid-April 2018 with another attack on an electricity tower in Baghlan Province, leaving much of Kabul without power for the second time in three weeks.<sup>558</sup>

### U.S. Power-Sector Assistance: Large-Scale Infrastructure Projects Predominate

Since 2002, USAID has disbursed more than \$1.5 billion in Economic Support Funds to build power plants, substations, and transmission lines, and provide technical assistance in the sector.<sup>559</sup> USAID has also assisted

FIGURE 3.37

## OVERVIEW OF PLANNED NORTHEAST AND SOUTHEAST POWER SYSTEMS



Note: Locations and routes are approximate.

Source: DOD, response to SIGAR data call, 4/3/2014; DOD, response to SIGAR vetting, 1/16/2018 and 4/13/2018.

DABS with increasing electricity supply and revenue generation by improving sustainability, management, and commercial viability.<sup>560</sup>

DOD has disbursed approximately \$180 million for power projects through the Commander's Emergency Response Program as of July 2015, and roughly \$527 million, as of February 28, 2018, through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.<sup>561</sup>

Of that amount, DOD has disbursed about \$386 million to construct or improve Afghanistan's two primary power systems—the **Northeast Power System (NEPS)** and the **Southeast Power System (SEPS)**—which the U.S. government aims to connect. (see Figure 3.37 for an overview of NEPS and SEPS.) USAID's Power Transmission Expansion and Connectivity (PTEC) project is constructing a transmission line connecting Kabul with Kandahar and building DABS's capacity to sustain energy-infrastructure investments.<sup>562</sup> USAID's active power-infrastructure projects have a total estimated cost of \$1 billion and are listed in Table 3.16 on the next page.

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

**SEPS:** currently 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; DOD, response to SIGAR vetting, 1/16/2018.

### USAID Moves Nearly \$400 Million of Power Transmission Expansion and Connectivity Funds Off-Budget

The U.S.-funded Power Transmission Expansion and Connectivity's (PTEC) program was designed to strengthen and expand Afghanistan's power-generation, transmission, and distribution systems, including funding the 320-mile transmission line between Kabul and Kandahar to connect NEPS with SEPS.<sup>563</sup> PTEC's DABS commercialization and capacity-building components aim to help the utility become financially sustainable by increasing

TABLE 3.16

<b>USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursement, as of 4/18/2018</b>
Power Transmission Expansion and Connectivity (PTEC)	1/1/2013	12/31/2020	\$725,000,000	\$159,069,897
Contributions to the Afghanistan Infrastructure Trust Fund (AITF)	3/7/2013	3/6/2023	153,670,184	153,670,184
Engineering Support Program	7/23/2016	7/22/2019	125,000,000	35,322,287
Kandahar Solar Project	2/23/2017	8/26/2018	10,000,000	0
Design and Acquisition of SEPS Completion and NEPS-SEPS Connector	3/7/2018	3/7/2019	917,680	0
<b>Total</b>			<b>\$1,014,587,864</b>	<b>\$348,062,368</b>

Source: USAID, response to SIGAR data call, 4/18/2018; USAID, response to SIGAR vetting, 4/18/2018.

revenues using utility-management software in Kabul, Mazar-e Sharif, Kandahar, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.<sup>564</sup> Technical losses include energy lost to line heating and current leakage, commercial losses include customers' nonpayment of bills, and energy theft from illegal tapping into lines or bypassing meters.

PTEC accounts for the majority (about 73%) of USAID's \$1.2 billion portfolio of planned and ongoing power sector projects. The \$870 million program, scheduled to run December 2012–December 2018, was paused by USAID in October 2017 due to alleged improprieties related to the award of a contract for five substations along the NEPS-SEPS Connector transmission line.<sup>565</sup> SIGAR and USAID OIG were informed about the alleged impropriety by Afghan-based contractors in the award process; a joint investigation is ongoing.<sup>566</sup> USAID elected to pause the remaining elements of its PTEC power-infrastructure projects to address both these procurement-integrity issues and concerns about DABS's ability to effectively manage and oversee construction projects. USAID said another reason for the pause was to mitigate the risk of a further lag between the completion of NEPS-SEPS Connector substations and completion of the segment's transmission line. Further delay was likely to leave the transmission line unenergized, making theft of its materials easier, for a longer period of time.<sup>567</sup>

Of total PTEC funds, \$725 million were originally obligated by USAID for on-budget assistance to DABS. Those monies were earmarked to fund both physical infrastructure for NEPS-SEPS and technical-assistance for the state-owned utility.<sup>568</sup> In developments this quarter, USAID indicated it had moved a total of about \$400 million of previously on-budget funds off-budget. USAID concluded that because DABS lacked sufficient capacity and could not provide adequate oversight of construction projects, it was unable to manage on-budget monies.<sup>569</sup>

## FINANCIAL SUSTAINABILITY AT DABS REPORTEDLY IN QUESTION, BUT DIFFICULT TO ASSESS

This quarter, USAID said Da Afghanistan Breshna Sherkat (DABS) was a “commercially unviable and poorly functioning utility.”<sup>570</sup> A DABS presentation dated October 18, 2017, describing the utility’s financial position states, “while ... revenues grew by 68% between 2012–2016, operating expenses grew faster, by 142%.” DABS attributed the claimed increase in operating costs to a combination of factors including depreciation of the afghani against the U.S. dollar, and impairment losses and increased depreciation costs due to an asset revaluation affecting DABS’s Fiscal Year 1394 financial statements.<sup>571</sup>

However, SIGAR notes that this statement from DABS, and the presentation from which it is excerpted, may not be fully representative of DABS’s current financial position. In the statement, DABS appears to be referring to FY 1390–FY 1394.<sup>572</sup> SIGAR analysis of DABS’s presentation shows that FY 1390–FY 1394 operating costs increased by either 146.3% or 142.7%, depending on which line items are counted. Over that time period, revenues increased by 69.3%.<sup>573</sup>

Although unverified by auditors, figures from FY 1395—encompassing most of the year 2016—presented by DABS in its financial analysis of October 2017 paint a substantially different picture than those of FY 1394. SIGAR analysis of the presentation shows that FY 1390–FY 1395 revenues increased by 135%, while operating costs (net of “Other Income”) increased at a lower rate of 125%.<sup>574</sup>

Although the most recent audited financial statements are dated November 21, 2017, they present DABS’s financial position as of March 19, 2016.<sup>575</sup> This adds to the complications in accurately assessing DABS’s current financial position and commercial viability. For example, in its energy-sector assessment of February 28, 2018, USAID said, “After several years of generating enough revenue to cover operating costs, DABS again fell into the red in 2017, and the Afghanistan MOF anticipates



**Power pylons** on the outskirts of Kabul. (Asian Development Bank photo)

several years of additional losses.”<sup>576</sup> However, according to DABS’ presentation, the utility was actually back in the black by FY 1395.<sup>577</sup> Clouding the issue further, in January 2018, TOLONews reported in an article titled “DABS Overcomes its Financial Problems” that DABS estimated positive net income of AFN 100 million per month.<sup>578</sup>

Even if net income remains stable in the short run at these reported levels, there are other potential threats to DABS’ mid- and long-run financial sustainability. According to DABS, it will owe, in aggregate, more than \$785 million in interest and principal payments through 2030. The magnitude of the debt, DABS said, would put its cash position at risk.<sup>579</sup> However, long-term finance arrangements presented on DABS’s balance sheet of March 19, 2016, represent on-budget donor assistance provided to the utility from the Asian Development Bank. Most of that assistance appears to have come in the form of grants provided to Afghanistan’s Ministry of Finance, which then loaned grant proceeds to DABS in return for a modest interest fee. DABS then deploys the grant proceeds towards power infrastructure projects specified in the ADB grant agreements.<sup>580</sup>

While failing to pay interest on the loans from the MOF would violate the terms of the grant agreements with ADB, which necessitate the lending arrangement, it is not clear that the debt would actually put DABS in financial distress. The debt arrangement is unusual in that the MOF is in the position of both shareholder and lender. Although governed by the terms of ADB's on-budget assistance, any debt DABS owes to the MOF is intra-governmental.<sup>581</sup> In the event that DABS was unable to service its debt, the central government may have the option of restructuring or writing it off.

USAID emphasized that the greater threat to the utility's financial sustainability is DABS's reliance on imported electricity. Because those imports are purchased in U.S. dollars, they become more expensive as the afghani depreciates.<sup>582</sup> DABS, too, underscored this challenge.<sup>583</sup>

Illustratively, Afghanistan's reliance on power imports partly drove the hit to DABS's income statement in FY 1394—the only year in which DABS showed a loss in its October presentation, previously addressed caveats to the numbers notwithstanding. In this instance, the loss occurred in a unique year that saw substantial movements in both exchange rates and power-purchase costs. Tracking the movement of average annual exchange rates, the afghani depreciated 11.2% against the U.S. dollar, year-on-year from FY 1393–FY 1394.<sup>584</sup> The cost of imported electricity increased by 15% over the same time period.<sup>585</sup>

More recently, however, depreciation of the afghani against the U.S. dollar has stabilized, decelerating to

1.5% in FY 1395–FY 1396.<sup>586</sup> From FY 1395 through the first three quarters of FY 1396, the average price of imported electricity had also stabilized, SIGAR analysis of CSO data shows.<sup>587</sup>

If both the AFN/USD exchange rate and the dollar cost of imported electricity remain relatively stable, then the main sensitivity for future import costs may be volume. USAID said that dependence on imports from neighboring countries was likely to increase in the short to medium term, as Afghanistan recently penned an agreement to increase imports from Turkmenistan by 3,000 MW.<sup>588</sup> DABS's ability to absorb financially the terms of this and other agreements with neighbors depends in part on its ability to generate cash from operations.<sup>589</sup> However, it may not be possible to determine whether DABS is able to generate sufficient cash. The DABS audited financial statements released in November 2017—the most recent reliable data—were current as of March 19, 2016. More recent information is difficult to interpret: USAID emphasized that “data on DABS's financial status varies by source.”<sup>590</sup>

Ultimately, this situation presents donors with significant problems: if information on DABS' financial position varies or is simply out of date, it may not be possible to determine how much assistance it needs or whether that assistance is effective. USAID expressed serious concerns about DABS's lack of capacity this quarter.<sup>591</sup> SIGAR echoes them. Accordingly, SIGAR signed a memorandum of understanding with DABS this quarter that will allow SIGAR to conduct a review of the utility's management and expenditure of donor funds.<sup>592</sup>

As a result, substations to be constructed along the planned NEPS-SEPS Connector, which runs from Ghazni to Kandahar, as well as USAID's contribution to the completion of SEPS—its “SEPS Completion” project—will be completed off-budget.<sup>593</sup> USAID will continue to fund only those on-budget power projects whose implementation has already started. Those projects include the NEPS-SEPS Connector transmission line.<sup>594</sup>

In addition to moving power-infrastructure projects off-budget, USAID cancelled on-budget funding for three commercialization projects where implementation was no longer feasible with DABS.<sup>595</sup> USAID explained that those funds, drawn from Economic Support Fund (ESF) monies, will be made available for reprogramming into new power-sector projects, or to replace any Afghanistan Infrastructure Fund (AIF) resources transferred to USAID by DOD that are at risk of cancelling in September 2019 and September 2020 before the NEPS-SEPS Connector and SEPS Completion projects are fully constructed. Emphasizing the risk of fund cancellation, USAID noted that \$8.7 million of \$101 million in previous AIF funding set aside for construction of the first section of the NEPS-SEPS Connector from Kabul to Ghazni had canceled in September 2017 as a result of insufficient disbursements.<sup>596</sup>

ESF funds backfilling any AIF cancellations may be used to complete PTEC infrastructure projects because implementation challenges—among them land-tenure issues and inefficiencies and irregularities with the Afghan procurement process—delayed on-budget contract awards. These delays, and USAID's pause of the projects, will result in a one-year gap between the completion of the NEPS-SEPS Connector transmission line and the construction of substations along the line. USAID said that this will, in turn, delay systems integration and electricity distribution to DABS customers. Moreover, erected but unenergized lines invite theft of their copper content.<sup>597</sup>

USAID's decision to move funding off-budget and its energy-sector assessment final report suggest that USAID's confidence in DABS has deteriorated.<sup>598</sup> USAID emphasized that while channeling assistance on-budget confers certain benefits, including host-government ownership of development projects, it also carries potential pitfalls. The agency noted SIGAR's past warnings regarding on-budget assistance, citing SIGAR's October 2017 audit of FY 2011 AIF projects and SIGAR's 2017 High-Risk List, both of which underscored the inability of Afghan government entities to effectively manage on-budget funds.<sup>599</sup>

In Table 3.17 on the next page, SIGAR reproduces a key table from USAID's energy-sector assessment. It provides a breakdown of remaining power infrastructure projects, the estimated cost to complete those projects, budgeted amounts for AIF and ESF funds, AIF funds that may have to be returned due to cancellation, and ESF monies set aside to complete PTEC power infrastructure projects. Because the latter two figures are identical, they are presented in a single column.

TABLE 3.17

<b>REMAINING PTEC NEPS-SEPS POWER INFRASTRUCTURE PROJECTS – FUNDING BREAKDOWN AS OF FEBRUARY 28, 2018</b>				
<b>Activity</b>	<b>Estimated Cost to Complete</b>	<b>Budgeted AIF (\$ MILLIONS)</b>	<b>Budgeted ESF (\$ MILLIONS)</b>	<b>AIF Potential Return/ESF Reserve (\$ MILLIONS)<sup>a</sup></b>
NEPS-SEPS Connector Transmission Line (on-budget)	\$125	\$115	\$10	\$15
NEPS-SEPS Connector Substation - Kandahar City (off-budget)	65	65	0	65
NEPS-SEPS Connector Substation - Qalat, Zabul (off-budget)	25	0	25	0
SEPS Completion (off-budget)	65	55	10	30
<b>Total: Planned Construction</b>	<b>\$280</b>	<b>\$235</b>	<b>\$45</b>	<b>\$110</b>
NEPS-SEPS Connector remaining three substations (subject to funds availability) <sup>b</sup>	\$80	\$0	\$0	\$0

Note:  
<sup>a</sup> ESF budget held in reserve for completion of PTEC construction in case of AIF cancellation.  
<sup>b</sup> Three remaining NEPS-SEPS Connector substations are not considered in the budget. One or more of the substations could be funded if ESF reserve is not needed to substitute for canceled AIF.

Source: Reproduced from USAID, *Afghanistan Energy Sector Technical Assessment Final Report*, 2/28/2018, p. 8.

## SIGAR AUDIT

Due to concerns regarding DABS’s capacity to manage donor funds, SIGAR discussed the need for greater transparency at the utility with President Ghani in February 2018. As a result of that discussion, SIGAR and DABS signed a memorandum of understanding that allows SIGAR to review DABS’s use and management of past and current donor funds. The review is expected to commence in the summer of 2018.

## MEC Qualifies its Corruption Vulnerability Assessment of DABS

Last quarter, SIGAR reported that the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) released a corruption-vulnerability assessment of the state-owned DABS electric utility. Among other findings, the MEC concluded that DABS lacked a reliable fixed-assets registry and that “warlords” had been able to steal more than 350,000 square miles of land and nearly 100 buildings from DABS.<sup>600</sup>

The MEC also stated, “DABS received AFN 12.5 billion from donors and it is shown in balance sheet in the form of assets, but the donors are claiming that they have contributed around \$4 billion which equals AFN 220 billion to the energy sector in Afghanistan, [which] means billions of AFN is missing.”<sup>601</sup> The MEC derived this figure from SIGAR’s July 2014 *Quarterly Report to the United States Congress*. Following the release of the MEC report, SIGAR noted that these figures not only included technical assistance, which would likely not be reflected directly in the value of assets on DABS’ balance sheet, but also represented appropriated, rather than disbursed monies.<sup>602</sup>

Whereas appropriations are monies available for commitments, disbursements are funds that have actually been expended (see page 72 of the Status of Funds section of this report for an overview of funds terminology). A disbursement figure for U.S. government spending on power infrastructure projects, in other words, would have served as a more accurate basis of comparison to DABS’ balance sheet (other nuances aside).

This quarter, the MEC released an addendum to its corruption-vulnerability assessment of DABS that both retracted and qualified its original statement regarding “missing” funds at the utility. In the addendum, the MEC said the original calculation it had performed accounted for neither the distinction between “pledged” and disbursed funds, nor the difference between on- and off-budget funding, each of which has “markedly different implications for financial record-keeping.”<sup>603</sup>

The MEC's qualifications notwithstanding, SIGAR reemphasizes that it has long been concerned about U.S. on-budget assistance to DABS. The U.S. has provided \$222.2 million of bilateral on-budget assistance to DABS as of April 18, 2018.<sup>604</sup> As discussed earlier in this section, USAID decided this quarter to move nearly \$400 million of funds designated for on-budget disbursement through DABS off-budget.<sup>605</sup> USAID's energy sector assessment emphasized that DABS demonstrated significant shortcomings in its ability to manage and oversee construction activities, and that it had "serious concerns" about the integrity of the Afghan government's procurement process.<sup>606</sup>

## **Afghanistan Infrastructure Fund Power Projects: DOD Transfers NEPS II and NEPS III Afghan Government**

AIF projects were initiated to support critical counterinsurgency and economic-development objectives in Afghanistan. Although DOD's mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, it is still focused on completing the AIF-funded portions of the NEPS and SEPS.<sup>607</sup>

AIF projects use FY 2011–FY 2014 appropriated funds. No additional AIF money was appropriated in subsequent fiscal years, but up to \$50 million from both the FY 2017 and FY 2018 Afghanistan Security Forces Fund (ASFF) may be used under limited circumstances to help finish existing projects.<sup>608</sup> On September 22, 2017, DOD notified Congress that it would use as much as \$8 million of the FY 2017 ASFF to help complete phase one of the NEPS Arghandi to Gardez transmission line project.<sup>609</sup>

As of February 28, 2018, USFOR-A had completed six AIF power projects. Four projects were phases of the now-concluded Kandahar Power Bridging Solution, which provided fuel and technical support for diesel power plants in Kandahar City while turbine-installation work at Kajaki Dam was under way. Late last quarter, construction was completed on two additional projects, NEPS II—which consisted of a transmission line from Pul-e Alam to Gardez and a substation—and NEPS III—transmission lines from Charikar to Gul Bahar and from Gul Bahar to Nejrab, as well as one substation. Both of those projects were handed over to the Afghan government in January 2018. Additionally, although the overall project was 92% complete as of February 28, 2018, USFOR-A informed SIGAR that it had handed over the NEPS I transmission line from Arghandi to Pul-e Alam to the Afghan government. USFOR-A currently has a total of four ongoing power projects, while USAID has three, as shown in Table 3.18 on page 172.<sup>610</sup>

## **ECONOMIC GROWTH**

Afghanistan ranked 183rd of 190 economies in the World Bank's *Doing Business 2018* report on regulatory quality and efficiency, unchanged from last year's ranking.<sup>611</sup> Since the 2017 report, Afghanistan substantially

### **SIGAR INSPECTION**

DOD has turned over its NEPS III Afghanistan Infrastructure Fund project, which constructed transmission lines and substations in Parwan and Kapisa Provinces, to the Afghan government. However, a SIGAR inspection released this quarter found that the United States Army Corps of Engineers had mismanaged the project, which is currently not operational due to unresolved land-acquisition and right-of-way issues. For more see pp. 27–29 in Section 2 of this report.

# ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.18

AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS AS OF FEBRUARY 28, 2018 (\$ MILLIONS)							
AIF Project	Description	Financial Status			Percent Completed	Completion Date	
		Notified Amount	Obligated	Disbursed			
AIF FY 2011	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City.	\$40.5	\$39.1	\$39.1	100%	Complete
	SEPS - Kajaki Dam to Lashkar Gah <sup>a</sup>	Repair, install transmission lines; rebuild, construct power substations.	130.0	57.5	57.5	N/A	N/A
	NEPS - Arghandi to Ghazni	Design, construct transmission lines and substations (first segment of NEPS-SEPS connection). USAID: PTEC project	101.0	101.0	96.5	100	Complete
	NEPS - Arghandi to Pul-e Alam	Design, construct transmission line, towers, and power substation.	93.7	50.3	47.1	92	5/13/2018
AIF FY 2012	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City.	67.0	64.7	64.7	100	Complete
	SEPS - Durai Junction to Maiwand	Design, construct transmission line; rebuild and construct substations.	40.0	28.5	26.9	93	4/30/2018
	NEPS - Pul-e Alam to Gardez	Design, construct transmission line, towers, and power substation.	120.0	68.5	67.4	100	Complete
	NEPS - Charikar to Gul Bahar and Nejrab	Design, construct transmission lines, towers, and power substation.		38.8	37.9	100	Complete
AIF FY 2013	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City.	37.0	34.0	34.0	100	Complete
	NEPS - Charikar to Gul Bahar and Nejrab	Design, construct transmission lines, towers, and power substation.	33.0	24.1	23.6	100	Complete
	SEPS Completion - Phase I	Civil, structural, architectural improvements to substations in Tangi, Sangin North and South.	75.0	63.1	7.8	85	5/31/2018
		Design, construct, transmission lines from Sangin North to Lashkar Gah.			39.7	86	3/31/2019
	NEPS - SEPS Connector, Ghazni to Kandahar <sup>b</sup>	Design, Construct transmission line and substations. Final phase of NEPS-SEPS connector. USAID: PTEC project	179.5	330.0	10.5	13 <sup>c</sup>	12/31/2020 <sup>d</sup>
AIF FY 2014	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	4.0	3.9	3.9	100	Complete
	SEPS Completion - Phase II <sup>e</sup>	Design, construct transmission line, and install equipment and commission substations. USAID: PTEC project	55.0	55.0	0.0	0	TBD
	NEPS - Gardez to Khowst	Design, construct transmission line and substations. DOD's final contribution to NEPS.	130.0	121.3	77.8	69	12/18/2018

Note: For DOD projects, schedule status is as of March 18, 2018, and financial status as of February 28, 2018. For USAID projects, financial status is as of March 20, 2018, schedule status as of April 18, 2018.

<sup>a</sup> Terminated due to out-of-scope security costs.

<sup>b</sup> The original project scope included five substations. This quarter, USAID said it plans to construct two substations, both off-budget. Completion of the remaining three will be funded only if ESF reserves are not required to substitute for canceled AIF funds. USAID has reserved \$80 million in ESF funds to complete the NEPS-SEPS Connector in the event that AIF funds expire. Obligated figure includes additional, non-AIF USAID funding.

<sup>c</sup> TL 13% complete based on processed invoices, not percentage constructed. SIGAR will standardize completion percentage in future quarters. USAID provided no completion percentage figure for substations.

<sup>d</sup> USAID told SIGAR that the completion dates for the NEPS-SEPS Connector transmission line and substations would likely be January 1, 2020, and the "end of 2020," respectively.

<sup>e</sup> USAID has reserved \$30 million in ESF monies to substitute for AIF funds in the event they cancel.

Source: USFOR-A, JENG, FY 2011–2014 *AIF Program Status Report*, 2/28/2018; USACE, Garrison and Infrastructure Working Group, *AIF Status Sheet*, 2/28/2018; USAID, OI, response to SIGAR data call, 3/20/2018 and 3/24/2017; USAID, *Afghanistan Energy Sector Technical Assessment Final Report*, 2/28/2018, p. 8; USAID, response to SIGAR vetting, 4/7/2018; DOD, response to SIGAR vetting, 4/13/2018; USAID, response to SIGAR vetting, 4/18/2018.

increased the cost of starting a business at incorporation. Entrepreneurs are now required to pay the business license fee for three years, raising the cost from the equivalent of 19.9% to 82.3% of income per capita.<sup>612</sup> As a result, Afghanistan's rank for starting a business declined significantly, from 42nd last year to 107th this year. Afghanistan remains nearly last in dealing with construction permits (185), getting electricity (163), registering property (186) and enforcing contracts (181). It remains second-worst (189) in protecting minority investors. Its rank for getting credit (105) was its best score.<sup>613</sup>

USAID has cumulatively disbursed over \$1.2 billion for economic-growth programs in Afghanistan.<sup>614</sup> USAID's active economic-growth programs have a total estimated cost of \$396 million and can be found in Table 3.19.

TABLE 3.19

<b>USAID ACTIVE ECONOMIC-GROWTH PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursements, as of 4/18/2018</b>
Assistance in Building Afghanistan by Developing Enterprise (ABADE)	10/16/2012	7/15/2018	\$104,997,656	\$104,949,972
Afghanistan Trade and Revenue Project (ATAR)	11/7/2013	2/28/2018	77,754,266	75,853,097
Women in the Economy (WIE)	7/1/2015	6/30/2019	71,571,543	28,476,213
Afghanistan Workforce Development Program (AWDP)	4/5/2012	6/30/2018	44,919,458	41,482,402
Multi-Input Area Development-Global Development Alliance	3/23/2013	6/15/2018	22,445,265	21,283,571
Multi-dimensional Legal Economic Reform Assistance (MELRA)	2/7/2018	2/6/2023	19,990,260	0
Extractive Technical Assistance by USGS	1/1/2018	12/31/2022	18,226,206	0
Afghanistan Investment Climate Program	3/27/2015	3/26/2020	13,300,000	2,870,959
Commercial Law Development Program	3/1/2014	9/30/2019	13,000,000	9,714,493
Rebranding Afghanistan: Creating Jobs, Changing Perceptions, Empowering Women	11/2/2015	11/1/2018	4,800,000	3,900,000
Afghanistan International Bank Guarantee Agreement	9/27/2012	9/27/2020	2,000,000	520,800
Development Credit Authority (DCA) with FINCA, OXUS, and First Microfinance Banks	9/25/2014	9/24/2020	1,958,000	0
Afghanistan Loan Portfolio Guarantee	9/27/2017	9/26/2023	665,820	0
<b>Total</b>			<b>\$395,628,474</b>	<b>\$289,051,508</b>

Source: USAID, response to SIGAR data call, 4/18/2018.

## USAID Office of Economic Growth Portfolio Review Provides Window into Forthcoming Strategy

As reported earlier, USAID is developing its first Country Development Cooperation (CDCS) strategy.<sup>615</sup> Last quarter, USAID told SIGAR it expects the CDCS to be completed by the summer of 2018.<sup>616</sup>

USAID said it plans to help Afghanistan produce private-sector-driven, export-led growth by increasing the country’s competitiveness and export capacity. USAID expects these efforts to “bridge the massive trade deficit, improve the fiscal strength of the government, and create millions of sustainable private sector jobs.”<sup>617</sup> The agency added that the CDCS, which will cover the years 2018–2021, will not only support President Trump’s broad vision for the region, but also U.S. military efforts and the Afghan government’s National Peace and Development Framework, which describes Afghanistan’s plan to achieve self-reliance. USAID hypothesizes that the combination of export-led economic growth; additional gains in education, health, and women’s empowerment; and increased Afghan government accountability to its citizens will create a “more inclusive, economically viable, and self-reliant country.”<sup>618</sup>

This quarter, USAID’s Office of Economic Growth (OEG) provided a portfolio review presentation that provided greater insight into what the

CDCS may entail. The portfolio review described Afghanistan’s numerous economic challenges, including per-capita GDP “stalled” at \$596—which actually represented a decline from the \$630 presented for 2012. Additional challenges, among others, included widespread unemployment, currently estimated at 24.6% by the World Bank. Fifty percent of women, the review pointed out, were unemployed, while unofficial estimates of total unemployment (men and women) were between 30% and 40%.<sup>619</sup>

The portfolio review described several steps OEG planned to take in order to support a strategy underpinned by “private sector export-led economic growth.” With the goal of increasing exports from the stated present level of \$0.75 billion to \$2 billion by 2020, OEG appeared to be considering a combined strategy of export facilitation and export promotion. While export facilitation would involve continued support for Afghanistan’s air cargo initiatives and potential Export Processing Zones (EPZs) to both promote exports and attract foreign direct investment, export promotion would involve a combination of international trade events, support for World Trade Organization standards compliance, as well as regional integration with neighboring trading partners. Several upcoming OEG procurements were described in the presentation. Of the seven procurements listed, two involve market research into how to best support Afghan exports, two are designed to help create a better enabling environment, and three entail direct support to exports—for example, through organizing and managing trade shows.<sup>620</sup> SIGAR will track these new programs as they are procured and initiated.

## SIGAR SPECIAL PROJECT

This quarter, SIGAR released the results of site visits at 24 schools in Kabul Province that were either built or rehabilitated by USAID. SIGAR found that all 24 schools were open and in generally usable condition. However, SIGAR also found that there may be problems with student and teacher attendance and staffing at several of the schools. Many schools also had structural deficiencies. For more, see pp. 32–33 in Section 2 of this report.

## EDUCATION

After decades of intermittent conflict, education in Afghanistan has been highlighted as one of the country’s success stories. Some one million students attended school in 2002, a figure that recently rose to 9.2 million, according to USAID, which relies on data from Afghanistan’s Ministry of Education (MOE).<sup>621</sup> Of that number, about 8.95 million students were enrolled in grades 1–12, according to the MOE.<sup>622</sup> The MOE counts students who have been absent for up to three years as enrolled because, it says, they might return to school.<sup>623</sup> Despite significant improvements, the education sector still faces numerous challenges, including poor data reliability, insecurity, shortages of school buildings and textbooks, rural access issues, and the alleged appointment of teachers on the basis of cronyism and bribery, among others.<sup>624</sup>

### Progress on Girls’ Education Remains Tenuous

According to the latest Implementation Status and Results Report for the World Bank-administered and partially U.S.-funded Second Education Quality Improvement Program (EQUIP II), progress towards increasing

equitable access to education, particularly for girls, was only “moderately satisfactory.” Overall, the report assessed the project an overall risk rating of “substantial.”<sup>625</sup>

Data presented in the World Bank’s assessment show that although total school enrollment for Afghan girls increased by 76% (1.47 million) from a baseline of 1.93 million in January 2008 to 3.4 million in December 2017, boys enrollment increased by a larger number—from 3.39 million in 2008 to 5.5 million in 2017 (an increase of 63%). As a result, although more girls attend school in Afghanistan today, the overall ratio of girls to boys in school increased by only five percentage points (from 0.57 to 1, to 0.62 to 1), relative to 2008 baselines.<sup>626</sup> The report’s figures reflect a 13-percentage-point (or about 16%) difference between actual (0.66) and target (0.79) ratios of girls to boys in grades 1–3. That number recently declined over a six-month period from 0.68 in May 2017 to 0.66 in December 2017.<sup>627</sup>

Based on these World Bank-reported figures, while education access for girls has increased overall, gains in *equality* of access appear to have been much more modest, despite the many efforts of EQUIP II and other donor programs. One possible explanation advanced by Human Rights Watch in October 2017 is that deteriorating security has impacted girls’ education disproportionately, as families in violent areas “clamp down first on girls going to school, even while boys continue to attend.”<sup>628</sup>

## USAID Programs Focus on Increasing Access, Improving Literacy, and Enhancing Employability

USAID aims to improve equitable access to quality education in Afghanistan through community-based classes in both remote and urban regions.

USAID also seeks to develop relevant, in-demand technical skills to better prepare Afghans for employment. Its programs focus on early-grade reading, textbooks and other learning materials, and raising literacy rates through teacher and educator training.<sup>629</sup> The agency will articulate future plans in a Country Development Cooperation Strategy (CDCS) currently under development.<sup>630</sup>

USAID had disbursed approximately \$979 million for education programs in Afghanistan, as of April 18, 2018.<sup>631</sup> USAID’s active education programs have a total estimated cost of \$499 million and can be found in Table 3.20 on the next page.

## University Support and Workforce Development Program: Project Ongoing, but Appears Off-Pace on Several Performance Indicators

With a period of performance of January 2014–December 2018, USAID’s \$91.9 million University Support and Workforce Development Program (USWDP) is USAID’s largest ongoing education initiative in Afghanistan. USWDP is a capacity-building program aimed at improving management

### SIGAR SPECIAL PROJECT

This quarter, SIGAR released the results of site inspections carried out at six schools in Kunduz Province. SIGAR found that all six schools were open and in generally usable condition. However, SIGAR assessed that there may be problems with student and teacher absenteeism at all six schools, and that several schools appeared to have structural deficiencies.

TABLE 3.20

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost	Cumulative Disbursements, as of 4/18/2018
Afghanistan University Support and Workforce Development Program	1/1/2014	9/30/2019	\$91,927,769	\$65,686,571
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	77,402,457	77,402,457
Textbook Printing and Distribution II	9/15/2017	12/31/2019	75,000,000	0
Afghans Read Program (ARP)	4/4/2016	4/3/2021	69,547,810	16,802,918
Support to the American University of Afghanistan (AUAF)	8/1/2013	11/29/2019	64,400,000	48,933,222
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	24,244,707
Let Girls' Learn Initiative and Girls' Education Challenge Programme (GEC)	6/29/2016	6/28/2021	25,000,000	5,000,000
Capacity Building Activity at the Ministry of Education	2/1/2017	1/31/2022	23,212,618	3,954,850
Afghanistan's Global Partnership for Education	10/11/2012	6/30/2019	15,785,770	7,666,204
Assessment of Learning Outcomes and Social Effects in Community-Based Edu.	1/1/2014	12/31/2018	6,288,391	5,191,110
Financial and Business Management Activity with AUAF	7/5/2017	1/4/2019	4,384,058	447,450
PROMOTE Scholarships PAPA	3/4/2015	3/3/2020	1,247,522	1,247,522
<b>Total</b>			<b>\$499,032,315</b>	<b>\$256,577,011</b>

Source: USAID, response to SIGAR data call, 1/17/2018.

## SIGAR ALERT LETTERS

This quarter, SIGAR sent separate alert letters informing USAID of severe structural deficiencies in two schools in Baghlan Province funded under cooperative agreements with USAID and rehabilitated by the International Organization for Migration. SIGAR emphasized that school buildings were in danger of collapsing, in one case due to significant blast damage.

within the Ministry of Higher Education (MOHE) and Afghanistan's 11 public universities. With the goal of increasing both the quality of higher education and its relevance to the demands of Afghanistan's labor market, USWDP is assisting the MOHE implement key strategies designed to promote high-quality education and employment opportunities to Afghans.<sup>632</sup>

In its latest quarterly performance report, which covered October–December 2017, USWDP implementers continued efforts aimed at strengthening the capacity of Afghanistan's Ministry of Higher Education to implement and monitor accreditation standards and quality assurance. Among other activities, USWDP supported several workshops and provided technical input at the weekly board meetings of the MOHE's Quality Assurance and Accreditation Directorate.<sup>633</sup>

USWDP also provided an update on progress towards achievement of program performance indicators. While USWDP reported that, to date, 72% of graduates from tertiary education programs supported by the U.S. government indicated through a phone survey that they were employed—a figure close to its program target of 75%—just 209 respondents reported that their employment was “new or better.” Although USWDP will end its programming in December 2018, USWDP has achieved only 18.5% of its end goal of 1,129 on this performance indicator.<sup>634</sup>

Although the number of academic studies produced by students or faculty members supported by the U.S. government rose significantly in the first quarter of FY 2018 from four to 12, USWDP appears unlikely to meet its program target of 35. Moreover, only four universities supported by the U.S. government were “exercising elements of financial autonomy,” short of the program target of 10.<sup>635</sup>

## HEALTH

Despite persistent instability in Afghanistan, the country’s health outcomes have improved dramatically since 2001. Maternal mortality rates have declined from 1,100 deaths per 100,000 live births in 2000 to 396 in 2015, according to United Nations estimates—a decline of 64%. During the same period, the under-5 child mortality rate dropped 34%, from 137 to 91 deaths per 1,000 live births. Newborn mortality rates, meanwhile, fell by 32%.<sup>636</sup>

However, the World Bank emphasized in February 2018 that much room for improvement remained.<sup>637</sup> For example, according to UNICEF, Afghanistan’s newborn mortality rate still ranks the second highest among those of 31 low-income countries, and the total number of newborn deaths in 2016—about 46,000—places Afghanistan tenth highest among all countries. Of the other nine countries in the top 10, Afghanistan has the lowest population. The United Republic of Tanzania, whose population is 58% larger than Afghanistan’s, reported approximately the same number of newborn deaths in 2016.<sup>638</sup>

Afghanistan lacks substantial capacity to meet these many health challenges independently. Afghanistan’s Independent Administrative Reform and Civil Service Commission (IARCSC) praised the Ministry of Public Health in an assessment released this quarter for formulating sound procedures and policies. But IARCSC noted that in most provinces, international nongovernmental organizations provided the majority of health services. IARCSC added, “The health sector will be paralysed if the donor agencies end their contributions.”<sup>639</sup>

To some extent, insecurity also impacts health-delivery services. The United Nations Assistance Mission in Afghanistan recorded seven conflict-related incidents that targeted health-care personnel and facilities from October–December 2017. This figure was 11 incidents fewer than the 18 reported by UNAMA in the previous quarter, a drop of 61%.<sup>640</sup>

## USAID Health Programming: Objective is to Sustain and Bolster Gains

U.S.-funded health-sector programs aim to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health (MOPH) includes capacity-building, training, and quality-assurance

## SIGAR SPECIAL PROJECT

This quarter, SIGAR published the results of site inspections conducted at three health facilities in Kandahar Province that were constructed or rehabilitated using funds from the Commander’s Emergency Response Program (CERP). SIGAR found that DOD-provided locations for the facilities were accurate and that all three facilities were operational, equipped with supplies, electrified, and had access to running water. For more, see p. 32 in Section 2 of this report.

**BPHS:** provides primary health-care services—such as immunizations and prenatal care—at small and rural health clinics, and forms the core of health-service delivery for all primary-care facilities in Afghanistan.

**EPHS:** outlines the medical services each type of hospital in the Afghan health-care system should provide in terms of general services, staff, equipment, diagnostic services, and medications while promoting a health-referral system that integrates the BPHS with hospitals.

Source: SIGAR 13-9-AR, *Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not be Sustainable and Existing Hospitals are Facing Shortages in Some Key Medical Positions*, 4/2013, p. 1.

activities to strengthen the ministry’s management and control over health-care delivery across Afghanistan.<sup>641</sup>

USAID believes that the MOPH’s ability to deliver quality health-care through the **Basic Package of Health Services (BPHS)** and **Essential Package of Hospital Services (EPHS)**—the cornerstone of public sector health-service delivery in Afghanistan—is critical to improving health outcomes for those who cannot access or afford private care.<sup>642</sup>

USAID also believes that assisting the Afghan government with health care delivery will increase the population’s support for the government, clarifying that “Healthy people and healthy communities are the bedrock of a peaceful and stable nation.” USAID said that, among other refinements to its health-sector strategy following the announcement of the new South Asia strategy, it is considering a focus on urban centers and private-sector engagement in order to further improve health outcomes.<sup>643</sup>

USAID on-budget assistance to the MOPH provides basic health care and essential hospital services. Off-budget assistance includes activities to strengthen health systems, engage the private sector, reduce child and maternal deaths, reduce tuberculosis-related deaths, reduce child undernutrition, improve the use of modern family-planning methods, and eliminate polio.<sup>644</sup> U.S. on- and off-budget assistance to Afghanistan’s health sector totaled more than \$1.2 billion as of April 18, 2018.<sup>645</sup> USAID’s active health programs have a total estimated cost of \$228 million, and are listed in Table 3.21 on page 179.

## USAID’s Health Sector Resiliency Program Descoped

USAID’s Health Sector Resiliency (HSR) program aims to reform and strengthen Afghanistan’s health-care system in order to render it more self-reliant. Technical objectives include increased accountability and governance in the health sector, as well as increased government financing for priority health services.<sup>646</sup> The program was initiated in 2015 and is expected to end in September 2020.<sup>647</sup>

Although HSR was previously USAID’s third-largest active health program in Afghanistan with a total estimated cost of nearly \$38 million, the project was descoped this quarter.<sup>648</sup> USAID said it descoped the program to align it with broader budget reductions to USAID’s assistance efforts in Afghanistan, as well as to the Office of Health and Nutrition specifically. USAID said the descoping would not affect the project’s or the Government of Afghanistan’s key health-sector priorities. Budgeted costs were reduced by about \$10.3 million to \$27.6 million, a 27% drop. The program’s chief of party also changed. According to USAID, this change was made to align the project with the revised expectations and scope.<sup>649</sup>

# ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.21

<b>USAID ACTIVE HEALTH PROGRAMS</b>				
<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Estimated Cost</b>	<b>Cumulative Disbursement, as of 4/18/2018</b>
Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)	5/11/2016	5/10/2021	\$75,503,848	\$7,325,721
Helping Mothers and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	39,376,331
Health Sector Resiliency (HSR)	9/28/2015	9/27/2020	27,634,654	12,313,238
Disease Early Warning System Plus (DEWS Plus)	1/1/2015	12/30/2020	32,728,000	24,388,615
Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea	7/21/2015	7/7/2020	15,002,610	13,000,000
Challenge Tuberculosis	1/1/2015	9/29/2019	15,000,000	8,189,395
Global Health Supply Chain Quality Assessment	1/2/2015	1/1/2020	1,500,000	1,500,000
Global Health Supply Chain-Procurement and Supply Management-HIV/AIDS Task Order #1	4/15/2015	9/29/2021	176,568	176,568
<b>Total</b>			<b>\$227,545,680</b>	<b>\$106,269,868</b>

Source: USAID, response to SIGAR data call, 4/18/2018.

## Polio

Afghanistan and Pakistan, which share a 1,500-mile border, are the only two countries where polio remains endemic.<sup>650</sup> Large-scale population movements between Afghanistan and Pakistan increase the risk of cross-border transmission, and a fatwa issued by the Pakistani Taliban targeting polio workers complicates vaccination outreach.<sup>651</sup> The Taliban have falsely referred to polio-vaccination drops as “poison,” and began targeted killings of polio workers in June 2012—one year after the U.S. military raid that killed Osama bin Laden in Abbottabad, Pakistan.<sup>652</sup> Pakistani doctor Shakil Afridi led a hepatitis B vaccination campaign that assisted the Central Intelligence Agency in tracking bin Laden down. The campaign’s association with the bin Laden raid has reportedly set back polio-vaccination efforts.<sup>653</sup>

As of March 31, 2018, seven new polio cases were reported in Afghanistan in 2018, the most recent of which were recorded in Kandahar and Kunar Provinces.<sup>654</sup> According to the United Nations Children’s Fund and the World Health Organization, there were 13 officially reported cases in 2017—unchanged from 2016.<sup>655</sup> However, UNAMA reported that the total number of cases in Afghanistan in 2017 was 14, as of February 27, 2018. According to UNAMA, five of those cases occurred in Kandahar’s Shah Wali Kot district, which vaccination workers could not access for six months in 2017.<sup>656</sup> As of August 31, 2017, USAID had obligated about \$28.5 million and disbursed about \$28.4 million for polio-eradication efforts in Afghanistan since 2003.<sup>657</sup>

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## COUNTERNARCOTICS

### KEY ISSUES AND EVENTS

Despite multi-billion-dollar international efforts to reduce narcotics production in Afghanistan, the total area of Afghan land under opium-poppy cultivation increased by 63% during the 2017 growing season from the previous year, and raw opium production increased by an estimated 88%.<sup>658</sup> The early warning system for famine for Afghanistan noted that low seasonal precipitation might hamper rainfed and irrigated crop production in 2018.<sup>659</sup> What direct effect this drought will have on opium-poppy cultivation in 2018 is difficult to determine. In the past, severe nationwide drought has coincided with significant decreases in opium-poppy cultivation. This was the case for the 1999–2001 drought and again for the 2008 drought.<sup>660</sup> However, there are multiple factors that complicate a straightforward assessment.

During the 1999–2001 drought, the Taliban government successfully enforced a poppy ban in 2001 that eliminated cultivation in most of the country (over 90% of Afghanistan). Likewise, during the 2008 drought the provincial governor of Nangarhar Province, Gul Agha Sherzai, enforced a poppy ban that eliminated poppy cultivation in the province and removed perhaps 19,000 hectares of cultivation compared to 2007.<sup>661</sup>

In 2008, the United Nations Office of Drug Control (UNODC) said the tripling in wheat prices, partially due to the drought, explained the nationwide decline in poppy cultivation. This meant that more farmers cultivated wheat instead of poppy.<sup>662</sup> Droughts also produce effects that may not be apparent for years. Droughts amidst general insecurity cause greater stress for farmers and droughts may encourage further acceptance of poppy-cultivation once rainfall finally returns, and price differentials return to long-run averages.<sup>663</sup>

Afghanistan remains the world's dominant source of illicit opiates, although not a leading source of heroin available within the United States, according to the March 2018 International Narcotics Control Strategy Report from the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL).

According to the United Nations (UN), opium prices dropped 41% from December 2016 to December 2017 due to the record harvests reported in 2017, while heroin prices declined 7% over the same period. The UN

attributes relatively stable heroin prices to the high number of opiate interdictions throughout 2017 and the high prices of the precursor chemical acetic anhydride, which is used to make heroin, following shipment seizures into the country.<sup>664</sup> The record opium-production level likely prevented any heroin price fluctuation despite the price increase of precursor chemicals. According to the U.S. Drug Enforcement Administration (DEA), opium from prior harvests can be stored for a long time. Therefore, the overall supply of opium has not decreased to a point where the interdictions would have an effect on opium supply and cause heroin prices to rise.<sup>665</sup>

State INL says the Afghan government has been slow to implement its ambitious 2015 National Drug Action Plan (NDAP) to address the impact of the illicit drug trade, despite professed support from Afghan officials. INL adds that the government will require financial and technical assistance from the international community to achieve the NDAP's objectives.<sup>666</sup>

This quarter, the U.S. Agency for International Development (USAID) informed SIGAR it will not plan, design, or implement any new programs to address opium-poppy cultivation. The agency's aim in the agriculture sector will be restricted to strengthening the capabilities of licit private enterprises that link to domestic and international markets. USAID said they will coordinate closely with INL, who will manage alternative-development programs.<sup>667</sup>

Meanwhile, the United States has still not finalized the revised counternarcotics strategy under development since 2014. According to State, the current draft strategy seeks to deny the Taliban drug revenue to pressure them to participate in peace negotiations. The draft strategy also maintains focus on building and improving Afghan counternarcotics (CN) capabilities and capacity. It is still undergoing interagency coordination.<sup>668</sup>

Between January and March 20, 2018, Afghan law-enforcement personnel conducted 59 interdiction operations. Seizures included 1,399 kilograms (kg) of opium, 251 kg of heroin, 376 kg of hashish, and 449 kg of precursor chemicals.<sup>669</sup> A kilogram is about 2.2 pounds.

## SIGAR LESSONS LEARNED REPORT

An ongoing SIGAR Lessons Learned report is examining U.S. counternarcotics efforts from 2002 through 2017. This comprehensive review will incorporate satellite-imagery data analysis and provide recommendations to policymakers to improve future strategies and programs.

## U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of March 31, 2018, the United States has provided \$8.78 billion for CN efforts in Afghanistan since 2002. Congress appropriated most CN funds for Afghanistan through the Department of Defense Drug Interdiction and Counter-Drug Activities (DOD CN) Fund (\$3.25 billion), the Afghan Security Forces Fund (ASFF) (\$1.31 billion), the Economic Support Fund (ESF) (\$1.42 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account (\$2.26 billion).<sup>670</sup>

ASFF is primarily used to develop the Afghan National Army and Police, including the Counter Narcotics Police of Afghanistan (CNPA) and the Special Mission Wing (SMW), which support the counternarcotics efforts of the Ministries of Defense (MOD) and Interior (MOI).<sup>671</sup>

## INTERDICTION AND ERADICATION

The U.S. and Afghan governments use both interdiction and eradication to counter the cultivation and production of illicit narcotics in Afghanistan.

According to State:

- **Interdiction**—preventing illicit drugs from reaching their destination—is important in stemming the flow of illegal drugs and countering the negative effects of organized criminal groups. INL supports interdiction efforts through training, equipping, and providing technical assistance to partner nation law enforcement agencies. Such efforts increase the capacity to detect, investigate, disrupt, and seize shipments of illicit drugs and the chemicals (known as precursors) needed to process and produce drugs.
- **Eradication**—physical destruction—of illicit crops remains an important tool for decreasing the production of illegal drugs and preventing them from entering the United States or other drug markets. INL provides training, equipment, and technical assistance to foreign governments to support their own eradication programs, and address related counternarcotics and law enforcement challenges.<sup>672</sup>

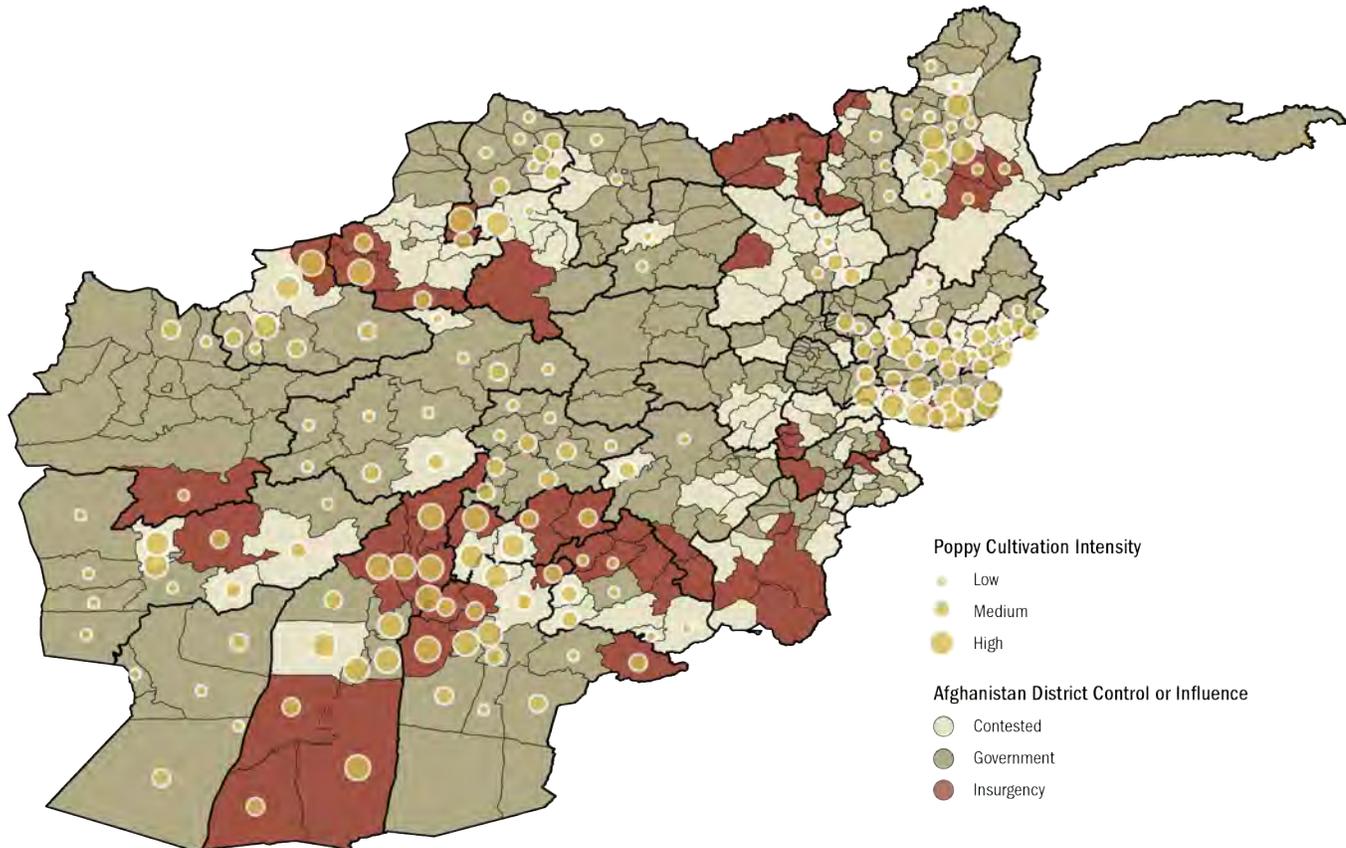
According to DOD, “Revenue from drug trafficking, taxation/extortion, illicit mining/agriculture, and foreign financial support continues to sustain the insurgency and Afghan criminal networks.”<sup>673</sup> The CNPA, comprising regular narcotics police and specialized units, leads counternarcotics efforts among Afghan security forces.<sup>674</sup> Afghan Uniform Police and Afghan Border Police also participate in counternarcotic activities.<sup>675</sup>

In addition, the General Command of Police Special Units conducts high-risk operations against terrorism, narcotics and organized crime.<sup>676</sup> The specialized units include the Sensitive Investigative Unit (SIU), National Interdiction Unit (NIU), and the Intelligence Investigation Unit. The CNPA has approximately 2,000 assigned personnel; roughly half of them are based in Kabul.<sup>677</sup> The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat Provinces.<sup>678</sup> The Technical Investigative Unit (TIU) is an individual component, comprising 100 translators, that works within the Joint Wire Intercept Platform (JWIP) in support of SIU/NIU investigations. Another SIU component has four officers who are responsible for the administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.<sup>679</sup>

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FIGURE 3.38

DISTRICT OPIUM-POPPY CULTIVATION AND AFGHAN GOVERNMENT CONTROL OR INFLUENCE



Note: The district-level administrative boundary file was originally obtained from Princeton University's Empirical Studies of Conflict (ESOC) portal (<https://esoc.princeton.edu/files/administrative-boundaries-398-districts>). ESOC's file was created based off of the district file originally created by the Afghanistan Information Management Services (<http://www.aims.org.af/>) and includes 398 districts. Because Resolute Support (RS) uses a district-level boundary file that contains 407 districts, some districts could not be assessed at the level used by RS. The following districts were assessed by RS but do not appear in UNODC's breakdown and cannot be located or plotted on the map: Marjah in Helmand (results included with Nad-ali), Bad Pash in Laghman, Jaghatu in Ghazni, Delaram in Nimroz, Mirzakah in Paktya, and Chinartu in Uruzgan (do not exist in UNODC listing). UNODC has poppy cultivation results for the following districts which are not listed in RS: Hisa-i-Duwumi in Panjshir Province. As of 2017, UNODC includes Ghormach District in Faryab Province in 2017, but it remains part of Badghis Province in RS's data.

The analysis was conducted with ArcGIS Pro software. Districts with zero hectares of poppy in 2017 were eliminated from the data before analysis. Poppy area (ha) was then normalized by district area ( $m^2$ ) and placed into three classes based on a geometric interval method. Geometric interval places an approximately equal number of observations into each class, however the width of the classes may not be equal. The "Low," "Medium," and "High," upper limits are respectively  $1.2 \times 10^7$ ,  $13.0 \times 10^7$ , and  $120.0 \times 10^7$ .

Source: USFOR-A, data call response, 3/22/2018; UNODC, *Afghanistan Opium Survey 2017: Cultivation and Production*, 11/2017, pp. 64–70.

INL estimates that its total funding for operations and maintenance for the NIU and SIU is approximately \$26 million per year. Costs directly attributable to NIU and SIU include \$2.47 million in support of the JWIP program under an interagency agreement with DEA and \$425,000 per year for NIU salary supplements. SIU supplements are funded by DEA.<sup>680</sup> Salary supplements are used to attract and retain the most qualified and highly trained officers to the specialized units. Supplements are provided to all NIU officers, from the police officer to the unit commander; the amount of the supplement is based on the individual's rank.<sup>681</sup>

DOD provided \$675,000 for equipment to the NIU for 2017 and \$1 million for equipment to be delivered in 2019.<sup>682</sup>

According to the UN International Narcotics Control Board, drug trafficking and production takes place mainly in areas where government institutions are weak or the government is unable to exercise full control because of the deteriorating security situation, although trafficking is not limited to areas controlled by insurgents. The UN stated that up to 90% of drug production currently falls within Taliban-controlled areas, although it is unclear how “illicit production” is defined.<sup>683</sup> However, as shown on Figure 3.38, a SIGAR analysis found that strictly in terms of poppy cultivation, there are districts under Afghan government control or influence with significant levels of cultivation. In certain provinces, the districts with the largest area of opium-poppy cultivation for 2017 are under government influence or control: Argo, assessed to be under Afghan government influence, is the highest opium-poppy-cultivating district in Badakhshan (3,658 hectares); Nahr-e Saraj, considered under government control in Helmand (18,464 hectares) and Zharey, considered under government influence in Kandahar (7,605 hectares) are the second-highest producing districts in their respective provinces. The two top-producing districts in Nimroz Province (Khash Rod and Chahar Burjak with 7,256 hectares and 4,167 hectares respectively) are also under government influence.<sup>684</sup>

Further, when the area of poppy cultivation in a given district is divided by the area of the district, the calculated cultivation intensity allows for cross-district comparisons throughout Afghanistan, as shown in Figure 3.38. The map illustrates the intensity of opium-poppy cultivation overlaid on RS’s district control assessment as of January 31, 2018. Among the 47 districts in the high intensity category, 14 are assessed as being under government control or influence (for instance Achin, Arghandab in Kandahar, Balkh, Lashkar Gah, Nahr-e Saraj, Sarkani, Shinwar, and Surkh Rod), 22 are contested districts, and 11 are under insurgent control or influence (for instance Baghran, Ghormach, Kajaki, Musa Qala, and Sangin).

The medium intensity category includes 63 districts with 34 under government control or influence, 16 contested, and 13 under insurgent control or influence. Districts in the low intensity grouping include 43 under government control or influence, 13 contested and six under insurgent control or influence. The final category of poppy-free districts includes 226 districts of which 132 are under government control or influence, 27 under insurgent control or influence, and 67 are contested.<sup>685</sup>

Overall, the relationship between control and poppy cultivation is a mixed picture. RS data shows that the government controls or influences more districts than the insurgents. When combined with UNODC data, government control or influence also translates into control or influence of poppy cultivating districts. This relationship holds true for the absolute area

## SIGAR FINANCIAL AUDITS

SIGAR is conducting two financial audits (F-129 and F-130) on Bureau of International Narcotics and Law Enforcement Affairs (INL) programs:

- one on the Pacific Architects and Engineers Incorporated (PAE) contract (SAQMMA15C0032) for costs incurred during the period January 1, 2015, through February 26, 2016, totaling \$23.5 million. Under the contract, PAE provided a framework and defined requirements to assist the Afghan government in implementing goals and objectives of INL’s Corrections System Support Program (CSSP). PAE also supported the National Justice Program to modernize and develop the Afghan corrections system by providing mentoring, training, infrastructure support, and professional assistance to the correctional entities within the Ministries of Justice and Interior, and the General Directorate of Prisons and Detention Centers;
- another on the PAE contract (SAQMMA15C0003) for security services for the National Interdiction Unit, Sensitive Investigative Unit, and the Justice Sector Support Program and CSSP activities for costs incurred during the period December 15, 2014, to September 18, 2017, totaling \$78.78 million.

# COUNTERNARCOTICS

of poppy cultivation but is particularly evident when poppy cultivation is compared across districts.

More information on territorial control is available in the Security section beginning on page 86.

## Interdiction Results

State INL funds support programs to disrupt illicit drug production, strengthen criminal-justice systems and law-enforcement institutions, and combat transnational organized crime.<sup>686</sup> In Afghanistan, INL partners with DEA and DOD to build the capacity of the CNPA, with particular focus on support for two specialized units mentored by DEA—the SIU and the NIU.<sup>687</sup> NIU and SIU this quarter (through March 20, 2018) seized 3,028 kg of morphine, 251 kg of heroin, as well as 449 kg of chemicals, according to figures reported to DEA by the units. NIU and SIU were responsible for 61 detentions and reported 59 operations for the quarter.<sup>688</sup>

U.S. support for the train, advise, and assist mission includes a U.S. Special Forces team that mentors specialized CNPA units.<sup>689</sup>

There are growing concerns about the production, use, and trafficking of synthetic drugs in Afghanistan. Methamphetamine production and seizures have increased and treatment of individuals with related drug-use disorders rose in parts of the country.<sup>690</sup> The data suggest that the main cause of the rise could be increased methamphetamine use by opiate users, as smuggling and possibly illicit local manufacture had expanded the market for synthetic drugs.<sup>691</sup> Even though only one methamphetamine laboratory was reported to have been dismantled in 2015, precursors such as ephedrine and pseudoephedrine, which can be used to manufacture methamphetamine, were widely available in the country, imported legally and illegally.<sup>692</sup>

TABLE 3.22

INTERDICTION RESULTS, FISCAL YEARS 2008–2018*											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**	TOTAL
Number of Operations	282	263	624	669	518	333	270	190	156	82	3,523
Detainees	190	484	862	535	386	442	394	301	152	93	3,888
Hashish seized (kg)	58,677	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,327	34,781	1,157,933
Heroin seized (kg)	576	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,975	683	38,262
Morphine seized (kg)	5,195	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	5,301	178,173
Opium seized (kg)	79,110	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	7,901	463,342
Precursor chemicals seized (kg)	93,031	20,397	122,150	130,846	36,250	53,184	234,981	42,314	89,878	2,963	830,703

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.

\* The following FY 2008 results are not shown in Table: 136 operations; 49 detainees; 241,353 kg of hash; 277 kg of heroin; 409 kg of morphine; 15,361 kg of opium; 4,709 kg of precursor chemicals.

\*\* Results for period 10/1/2017–3/20/2018.

Source: DOD(CN), response to SIGAR data call, 7/29/2015, 7/20/2017, and 3/27/2018.

The security situation in Afghanistan remains poor and has hindered interdiction activities.<sup>693</sup> During the second quarter of FY 2018, most interdiction activities occurred in the capital and the eastern regions. These activities included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. Between January 1 and March 20, 2018, Afghan operations resulted in the following seizures and destruction of multiple drug labs: nearly 1,400 kg of opium, 3,028 kg of morphine, 251 kg of heroin, 376 kg of hashish, and 449 kg of precursor chemicals.<sup>694</sup> The number of operations increased from 23 to 59—a 156% increase from last quarter. DOD said the increase is probably a result of the continuing mentorship from Special Forces units, as well as support from RS assets, and improved interoperability.<sup>695</sup> The Special Forces advisory team has facilitated NIU access to key enablers including rotary wing lift and enabled missions in remote areas.<sup>696</sup> No eradication operations took place this quarter.<sup>697</sup>

This quarter, DEA reported that eight labs were destroyed, but no high-value persons were apprehended as of March 18, 2018. Two high-value targets were apprehended during FY 2017.<sup>698</sup>

As shown in Table 3.22, from 2008 through March 20, 2018, over 3,520 interdiction operations have resulted in the seizure of 463,342 kg of opium. However, the sum of these seizures over nearly a decade would account for less than 0.05% of the opium produced in Afghanistan in 2017 alone. According to the United Nations Office on Drugs and Crime (UNODC) 2017 Opium Survey, Afghanistan's potential opium production in 2017 was approximately 9,000 metric tons (or 9 million kg).<sup>699</sup> U.S. government estimates for 2017 were slightly higher, but reveal a similar trend when compared to 2016: 9,140 metric tons for opium production and 329,000 hectares for opium-poppy cultivation, as opposed to 328,000 hectares and 9,000 metric tons reported by UNODC.<sup>700</sup>

The SMW is the only Afghan National Defense and Security Forces (ANDSF) organization with night-vision, rotary-wing air assault, and manning fixed-wing intelligence, surveillance, and reconnaissance capabilities.<sup>701</sup> The SMW is essential to expanding the ability of the counterterrorism/counternarcotics units to engage high-value targets. The SMW is used by the Afghan Special Security Forces to conduct helicopter assault raids throughout the country.<sup>702</sup>

## **DOD Classifies Information on Strategic Air Campaign**

Last quarter, SIGAR reported on the air campaign against narcotics facilities and financial networks conducted under new authorities provided by the Administration's South Asia strategy. The new authorities enable USFOR-A to target insurgent financial networks and revenue streams, such as narcotics facilities and training centers. U.S. air assets such as B-52s, F-18s, and other aircraft support Afghan Air Force (AAF) pilots using A-29s, MD-530s, and other air assets in the campaign.<sup>703</sup>

At a RS press briefing on February 8, Major General James Hecker stated that AAF air-strike sorties were nearly double those of the U.S. Air Force in Afghanistan. In 2017, the AAF conducted approximately 2,000 air-strike sorties. He noted that the air strikes were disrupting the insurgency, “putting turmoil into their process.”<sup>704</sup> In April, USFOR-A and ANDSF targeted narcotics-production facilities beyond southern Afghanistan for the first time in this counter-revenue campaign: 11 facilities were destroyed in Farah and Nimroz Provinces. Since November 2017, there have been 75 strikes overall against narcotics-production facilities; the AAF conducted five operations against Taliban narcotics production facilities.<sup>705</sup>

In its January 2018 *Quarterly Report to the United States Congress*, SIGAR questioned USFOR-A’s valuation of destroyed narcotics labs. USFOR-A told SIGAR it determines the value of narcotics destroyed as part of counter-threat-finance efforts by using the chain value in the Afghan opium/heroin trade based on an assessment of the revenue generation potential of a target. According to USFOR-A, this accounts for the total product value when it leaves areas controlled by the Taliban. The estimate that the Taliban receive 20% of total product value is based on the multiple ways the Taliban receive revenue from narcotics, including profits from direct ownership, fees for transportation and protection, licensing fees to drug traffickers, and taxation at harvest. According to USFOR-A, the 20% provides an estimate of the financial impact to the Taliban, but is not a hard number.<sup>706</sup>

USFOR-A classified information on the campaign against insurgents’ financial networks this quarter, such as the financial assessment of revenue denied to the insurgency, the effectiveness of the air campaign, and the total number of facilities and networks targeted (though some of the latter information is available on RS’s website). SIGAR will report on the campaign in the classified annex to this report. More information on the SMW is available on page 110 of this report.

## **New Penal Code Contains More Counternarcotics Provisions**

The Afghan government introduced a new penal code in November 2017.<sup>707</sup> According to INL, the new penal code has considerably more laws specific to counternarcotics and carries higher sentences than the 1976 penal code. INL considers the new code a “wholly more comprehensive and modern law.”<sup>708</sup>

The new code favors prison terms to fines and now criminalizes behavior by public officials that would jeopardize official investigations.<sup>709</sup> It authorizes confiscating assets (including land, structures, and vehicles) used in, or earned through, illicit drug production, and trafficking.<sup>710</sup> For the first time, smuggling, distribution, and sale of psychotropic drugs, a category that was not previously covered by Afghanistan’s narcotics laws, has been incorporated in the penal code.<sup>711</sup>

Afghanistan's parliament recently passed a new Counter Narcotics Law (CNL), which was signed by President Ghani and came into effect in February 2018. That new CNL contained criminal provisions that would have superseded the new penal code and nullified the new penal code provisions. The Council of Ministers held an extraordinary meeting where they approved the repeal of the criminal provisions of the new CNL. On March 6, the Ministry of Justice published on its website the decree repealing the criminal provisions of the new CNL. The decree is coupled with an amendment to the penal code (Article 916), which will now include the language repealing the criminal CNL provisions, thus maintaining the PC as the criminal law of the land. INL hopes that the enforcement of the new penal code goes will deter landowners from supporting the cultivation of poppy or other illicit crops.<sup>712</sup>

INL hopes that once the new penal code goes into effect, its enforcement will deter landowners from supporting the cultivation of poppy or other illicit crops.<sup>713</sup>

## Eradication Results

### Governor-Led Eradication

Under the Governor-Led Eradication (GLE) program, INL reimburses provincial governors \$250 for the eradication costs of every UNODC-verified hectare of eradicated poppy.<sup>714</sup> For 2017, GLE resulted in 750 hectares eradicated in Nangarhar, Kandahar, Badakhshan, Balkh, Kunar, Kapisa, Laghman, Ghor, Herat, Badghis, Nimroz, Takhar, and Kabul Provinces.<sup>715</sup> Eradication activities will begin next quarter for this growing season.<sup>716</sup> The MCN informed INL that they received no eradication funding in 2018.<sup>717</sup> INL has obligated and disbursed \$6.9 million since the program's inception.<sup>718</sup> As Figure 3.39 on the next page illustrates, eradication efforts have had minimal impact on curbing opium-poppy cultivation.<sup>719</sup>

### Good Performers Initiative

The INL-funded Good Performers Initiative (GPI) sought to incentivize provincial governors' counternarcotics and supply-reduction activities by supporting sustainable, community-led development projects in provinces that significantly reduced or eliminated poppy cultivation. However, GPI is no longer taking on new projects.

According to INL, the program was deemed "ineffectual at curbing opium cultivation" in those provinces receiving awards. MCN's inability to adequately manage the program was also a factor in INL's phasing it out. No new GPI projects were approved after April 30, 2016.<sup>720</sup>

As of February 28, 2018, INL reported that 286 projects valued at \$126.3 million have been contracted. Of those, 262 projects have been completed and 24 are still in progress.<sup>721</sup> INL will continue to fund ongoing

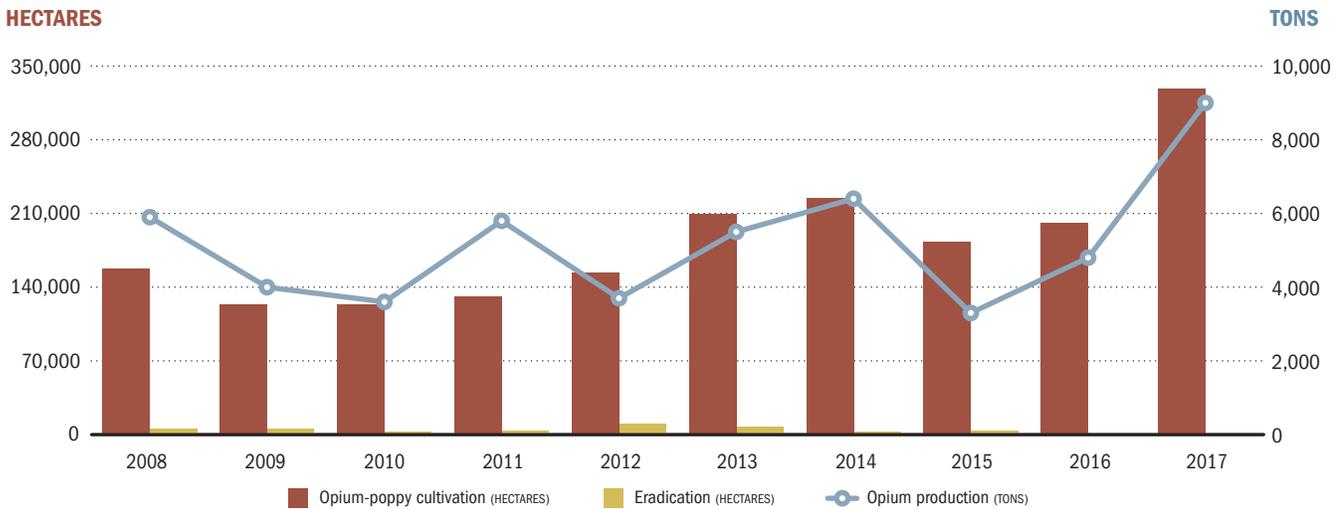
## SIGAR SPECIAL PROJECTS

SIGAR's Office of Special Projects issued a report on two GPI infrastructure projects in March 2018. SIGAR found that INLs reported geospatial coordinates for both projects were within half a kilometer from the actual project location. SIGAR also found that both structures were in usable condition, with no apparent structural deficiencies, and that they both had access to power and water. However, SIGAR found that for one project, the facility and grounds already showed serious wear and tear; clear indications of poor workmanship; a lack of maintenance; and that the facility was not being used as intended. More information on this report is available in Section 2.

# COUNTERNARCOTICS

FIGURE 3.39

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



Source: UNDOC, *World Drug Report 2016*, 5/2016, Annex, vii, ix, xii; UNODC, *Afghanistan Opium Survey 2017: Cultivation and Production*, 11/2017, pp. 5–6, 64–71.

**Colombo Plan:** Instituted as a regional intergovernmental organization to further economic and social development, it was conceived at a conference held in Colombo, Sri Lanka (then Ceylon) in 1950 with seven founding-member countries. It has since expanded to 26 member countries. INL supports the Colombo Plan’s Universal Treatment Curriculum, a national-level training and certification system for drug-addiction counselors aimed at improving the delivery of drug treatment services in Africa, Asia, and Latin America.

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

projects until their completion.<sup>722</sup> INL launched an alternative-development project called Boost Alternative Development Intervention through Licit Livelihoods (BADILL) in August 2016. BADILL is expected to follow through on INL’s commitments to those provinces most affected by the GPI cancellation.<sup>723</sup> More information on BADILL is available in the Alternative Development section, beginning on page 196.

### Ministry of Counter Narcotics Capacity-Building

Since 2008, INL has obligated \$35.7 million and disbursed \$27.7 million to build capacity at the Ministry of Counter Narcotics (MCN).<sup>724</sup> During the third quarter of FY 2015, INL conducted an independent risk assessment of the MCN’s public financial-management system. The report identified significant deficiencies that increased the potential for inaccurate financial reporting, inefficiency, ineffective operations, and noncompliance with laws and regulations. Areas of particular concern were internal controls, program management and monitoring, and facility management.<sup>725</sup>

INL is implementing a skills-based training grant and a financial-remediation plan contract through the Afghanistan Holding Group under MCN Capacity Building.<sup>726</sup> INL has another capacity-building program under the **Colombo Plan** whereby Asian University for Women (AUW) fellows from Kabul are assigned to the MCN.<sup>727</sup> Last year, the Colombo Plan selected the

10 AUW fellows and recruited the first MCN advisor assisting in revising the National Drug Action Plan (NDAP).<sup>728</sup> Since 2012, INL has obligated \$1.13 million and disbursed \$1.1 million.<sup>729</sup>

The NDAP revision is working its way through the Afghan government clearance process and will be translated into English upon its completion. The MCN, Colombo Plan, and INL continue to recruit advisors for the four focus areas: provincial affairs, procurement, law enforcement, and finance. Two out of the four advisors positions have been filled.<sup>730</sup>

INL reported last year that it had yet to receive the second formal review of Afghanistan's NDAP. The MCN is mandated to publish annual reports on the implementation of the NDAP.<sup>731</sup>

## ALTERNATIVE DEVELOPMENT

### USAID Ends Alternative Development in Afghanistan

This quarter, USAID reported that it will no longer implement or develop new alternative-development (AD) programs in Afghanistan, nor focus on counternarcotic areas. According to USAID, the agency expects its work in the agriculture sector to increase economic opportunities for Afghans. INL will manage alternative programming.<sup>732</sup>

Opium-poppy cultivation and production reached an unprecedented level in 2017, as reported by the UNODC: production reached 9,000 metric tons and cultivation 328,000 hectares—88% and 63% higher, respectively, than in 2016.<sup>733</sup> The early warning system for famine for Afghanistan noted that low seasonal precipitation might hamper rainfed and irrigated crop production in 2018. It is unclear how the below-average precipitation forecasts for the spring season will affect opium-poppy cultivation.<sup>734</sup> In the past, severe nationwide drought has been positively correlated with significant decreases in opium-poppy cultivation. This was the case for the 1999–2001 drought and again for the 2008 drought.<sup>735</sup> However, the Taliban successfully enforced a poppy ban during the first drought (2001) and the Nangarhar provincial government also enforced a poppy-ban during the second drought (2008).<sup>736</sup> Further, UNODC has shown that drought can increase wheat prices, making poppy cultivation less appealing.<sup>737</sup> Nonetheless, droughts amidst general insecurity cause greater stress for farmers and droughts may encourage further acceptance of poppy-cultivation once rainfall finally returns, and price differentials return to long-run averages.<sup>738</sup>

In January 2018, USAID launched a three-year, \$19 million program called Promoting Value Chains-West in partnership with the Food and Agriculture Organization of the United Nations. The program will support agribusiness and livestock development in Badghis, Farah, Herat, and Nimroz Provinces. Project beneficiaries will include small and medium enterprises, input suppliers, private service providers, traders, millers and

processors, and producer groups. The program aims to benefit nearly 40,000 small-farm owners from 5,700 enterprise households.<sup>739</sup>

According to INL, it has been implementing AD programming in Afghanistan since 2007 through GPI and a series of grants with the non-governmental Aga Khan Foundation to strengthen subnational governance and alternative livelihoods. INL AD programs target high poppy-cultivating areas, in line with Afghan government priorities laid out in Afghanistan's National Drug Action Plan.<sup>740</sup>

## Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a five-year, \$45.4 million, USAID-funded project implemented by International Relief and Development (IRD). KFZ aims to address the drivers of poppy cultivation in Kandahar Province by rehabilitating irrigation infrastructure, expanding alternative-livelihood opportunities, supporting small businesses, and building the capacity of the MCN to develop effective alternative-development policies. USAID awarded a two-year extension in 2016 to continue work in the three target districts of Zheray, Panjwayi, and Maywand. Development activities include rehabilitating irrigation infrastructure and existing orchards and vineyards, creating new orchards and vineyards, promoting the cultivation of off-season horticulture, marketing high-value crops, and developing agribusiness.<sup>741</sup>

In FY 2017, KFZ rehabilitated 11 canals in Zheray and Panjwayi providing improved irrigation water to an estimated 8,890 hectares, benefiting 5,765 households. KFZ also trained 19 **mirabs** on canal maintenance; identified 24 locations in Zheray and Panjwayi where additional control gates were needed to improve water distribution; and conducted focus groups with

**Mirabs:** persons elected by water users and landowners to be responsible for allocating water from canals to farm fields and for routine and emergency canal maintenance and repairs. Farmers pay them annual fees for surface irrigation water. They organize labor provided by farmers and landowners to clean canals, collect fees for minor canal repairs, and supervise the repairs.

Source: USAID, *Kandahar Food Zone Program (KFZ) Year 5 Work Plan, August 31, 2017, to August 31, 2018, 9/21/2017*, pp. 10–11.



Training **mirabs** on canal maintenance. (USAID Photo)

farmers, community leaders, Afghan government district agricultural offices staff members, and mirabs from Do Aab in Panjwayi and Sangi-Hisar in Zheray about canal maintenance, on-farm water management, and lobbying for larger water allocations. KFZ activities centered on the Do Aab canal included interviewing 62 farmers to design a water management program and completing the registration of a water user group. Also in FY 2017, KFZ rehabilitated 348 hectares of existing vineyards; established 70 hectares of new pomegranate orchards; provided on-farm technical assistance to 715 vineyard farmers and 100 farm women cultivating off-season vegetables; and increased fruit exports by \$3.6 million and national sales by \$190,000.<sup>742</sup>

For FY 2018—the program’s final year—KFZ intends to rehabilitate another 127 kilometers of 14 canals and organize a water-user group to negotiate a more equitable distribution of water from the Dahla Dam. KFZ is expanding its vineyard project to include additional farmers, plant new pomegranate orchards, level farmland to improve on-farm water management, assist food processors to increase production and sales, and help traders’ access international markets. The program will also expand training for, and distribute fertilizer and materials to, 300 farm women for growing off-season vegetables.<sup>743</sup> As of March 31, 2018, USAID has disbursed \$42.8 million for the program.<sup>744</sup>

## Regional Agricultural Development Program

USAID’s Regional Agricultural Development Program (RADP) is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects are ongoing in the eastern and northern regions of Afghanistan. The projects focus on strengthening the capacity of farmers to improve the productivity of wheat, high-value crops, and livestock. Using a **value-chain** approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains.<sup>745</sup>

### RADP-East

RADP-East (RADP-E) is USAID’s five-year, \$28.1 million program designed to expand sustainable agriculture-led economic growth in Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul Provinces. RADP-E will run through July 2021. RADP-E works with the private sector to identify constraints to business and value-chain performance, and implement market-based solutions. RADP-E aims to increase the sales of agricultural goods and services by \$57 million by the final year of the program. Activities support the apricot, tomato, poultry, and dairy value chains.<sup>746</sup> RADP-E’s result for FY 2017 was \$79,995, lower than the original target of \$500,000. According to USAID, RADP-E’s first sub-grant was not awarded until July 2017. The value of national sales will be tracked and reported during FY 2018. Most current reported sales are

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**Value chain:** the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing, transportation, and wholesale and retail sales.

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Source: USAID, response to SIGAR vetting, 4/12/2015.



**Business-to-farmer meeting** facilitated by Tala Dairy Processing Company, Kabul, November 21, 2017. (USAID Photo)

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

**Mobile marketing stops:** extensions of temporary outlets which carry certified seeds, but are also points where sellers promote the characteristics of new seeds through presentations and marketing materials. Farmers can respond to the presentation by buying seed from the mobile marketing stop vehicle, or by going to the temporary outlet at a later time.

Source: A. Catley, T. Leyland, et al., "Para-veterinary professionals and the development of quality, self-sustaining community-based services," *Revue scientifique et technique* (International Office of Epizootics), 2004, p. 225; USAID, response to SIGAR vetting, 4/10/2018.

business-to-business transactions which took place during the off-season; those sales will be reported in the next fiscal year.<sup>747</sup>

The program has allotted \$2.5 million for a market-development fund and \$1.7 million for training. The fund uses grants to build capacity across the public and private sectors, as well as civil society.<sup>748</sup> Some of the program's goals for FY 2018 are to benefit 8,400 households, create 1,500 full-time jobs, have 15% of beneficiaries be women, and connect 250 small and medium-size enterprises to large firms.<sup>749</sup>

During January 2018, RADP-E expanded activities for 15 market-development grants (MDGs) valued at \$505,304; over half of the grant values (\$259,540) involved cost-sharing by the grantee. The program submitted an additional 11 MDG grant packages to USAID valued at \$238,536. USAID approved all MDG applications by the end of February 2018 in time for the spring growing season.<sup>750</sup>

RADP-E also facilitated market linkages between agribusinesses and farmers. One business-to-farmer activity between Narakh Sheen Ban Agriculture Company and 17 greenhouse owners resulted in 10 contract agreements valued at \$27,110. RADP-E also sponsored five agribusinesses for the Gulfood Exhibition 2018 held in Dubai on February 18–22.<sup>751</sup>

Some key accomplishment during FY 2017 were:<sup>752</sup>

- business-to-business, and business-to-farmer events which resulted in sales agreements totaling approximately \$85,200
  - participation in the 2016 and 2017 Kabul International Agriculture Fair
  - participation in the India Afghanistan Trade and Investment Show held in September 2017 with potential deals of \$15,229,000
  - agriculture value-chain finance training for credit managers and bankers to update and upgrade the capacity of Afghanistan's financial sector
- As of March 31, 2018, USAID has disbursed \$6.6 million for RADP-E.<sup>753</sup>

## RADP-North

RADP-North (RADP-N) is USAID's five-year, \$78.4 million program that is scheduled to end in May 2019. RADP-N invests in increased sustainability and profitability of wheat, high-value crops, and livestock value chains in the rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces.<sup>754</sup> RADP-N issued 18 grants valued at \$617,725 to local partners during the first quarter of FY 2018. RADP-N also connected seed companies, mills, and manufacturers, which resulted in four signed contracts. Seed companies sold 35 metric tons of wheat and earned nearly \$14,000 (AFN 952,062). The program supported nine agribusinesses to attend the 2017 World Food India trade show in November 2017, enabling them to generate \$1.6 million in sales. A thousand beneficiaries including 200 women participated in **paravet** training.<sup>755</sup>

RADP-N plans to increase the number of **mobile marketing stops** from 70 last year to 120 this fiscal year, while maintaining eight district outlets and 16



**Laser-land-leveling demonstration** field day in Qabchoq Uliya village, Sholgara District, Balkh Province, October 24, 2017. (USAID Photo)

village outlets. According to USAID, temporary outlets have good potential, and sales increase the beneficiary numbers and productivity. Last year's seed sales included temporary outlets for the first time and seed companies were said to be pleased to have direct sales outlets. The program also worked with agricultural equipment suppliers to import better equipment since a significant number of units broke during their first year of use. For example, 75% of backpack sprayers broke during their first year of use and only 44% remained in working condition the second year. The program stressed the need to train new owners in the use, maintenance, and repair of the units.<sup>756</sup>

As of March 31, 2018, USAID has disbursed \$48.9 million for the RADP-N program.<sup>757</sup>

## **RADP-South**

RADP-South (RADP-S) was a \$111.4 million program terminated by USAID in November 2017 because it did not meet its productivity and income targets. The regions targeted by RADP-S will be covered by new contracts from the Afghanistan Value Chains-Crops and Afghanistan Value Chains-Livestock programs.<sup>758</sup> Contract awards are under procurement.<sup>759</sup>

## **Commercial Horticulture and Agricultural Marketing Program**

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a USAID-funded \$71.3 million program designed to boost agricultural productivity and food security, provide market opportunities, and decrease poppy production. The program started in 2010 and is scheduled to end in December 2019.<sup>760</sup> During December 2017, USAID increased the

## **SIGAR FINANCIAL AUDIT**

SIGAR is conducting a financial audit (F-136) of USAID's Regional Agricultural Development-North Program auditing \$17.8 million in costs incurred by Development Alternatives Inc. during the period January 1, 2016–December 31, 2017.

## **SIGAR AUDIT**

An ongoing SIGAR audit of USAID's Regional Agricultural Development Program is examining the extent to which USAID and its contractors have successfully designed and implemented the program, and whether RADP has met its goals and objectives.



**CHAMP Afghan products** exhibition at the Almaty Trade Office opening in Kazakhstan. (USAID Photo)

program cost from \$61.3 million to \$71.3 million and expanded program activities to Kandahar to focus on harvest quality, improve cold storage, introduce new grape varieties, expand exports to Central Asia, and overcome impediments to exports.<sup>761</sup>

To date, the program has exported 80,000 tons of produce valued at \$95 million to markets in Pakistan, Canada, the United Arab Emirates (UAE), and Russia; created over 8,200 agribusiness jobs; constructed more than 230 storage facilities; and trained over 110,000 farmers, including 3,850 women. During December 2017, CHAMP supported the participation of Afghan exporters in the India Packaging Show held in Mumbai on December 18–22. The program reported the export of 961 metric tons of nuts, dried fruits, saffron, and sesame seeds to the Netherlands, Australia, India, Iraq, Pakistan, Russia, Saudi Arabia, Turkey, the UAE, the United Kingdom, and the United States. The exports were valued at \$5.6 million.<sup>762</sup> The CHAMP trade office in Almaty, Kazakhstan, was officially inaugurated in February 2018 to facilitate agricultural exports from Afghanistan. CHAMP also has trade offices in New Delhi and Dubai.<sup>763</sup>

As of March 31, 2018, USAID has disbursed \$53.3 million for the program.<sup>764</sup>

## Boost Alternative Development Intervention Through Licit Livelihoods

Boost Alternative Development Intervention through Licit Livelihoods (BADILL) is an INL-funded program implemented by UNODC to strengthen and diversify licit livelihoods of small and marginal farmers by supporting horticulture value chains. BADILL will be implemented in 13 provinces and aims to reach 50,000 households in four years.<sup>765</sup>

INL transferred its entire \$20 million BADILL contribution to UNODC in late 2016.<sup>766</sup> Between October and December 2017, UNODC completed the procurement for three small-scale projects, selected beneficiaries in all target districts and provinces, and established two groups of poultry and dairy farmers in Takhar Province (each group deals with 400 dairy and poultry farmers). The program has reached the halfway completion goal with targeted communities signing a social contract exhibiting their commitment to disallow the cultivation of narcotics on their land and with the creation of a land-stabilization committee in Nimroz. UNODC supported the participation of 10 small and medium entrepreneurs (SMEs) to participate in the national agriculture exhibition organized by the Ministry of Agriculture, Irrigation and Livestock (MAIL) during October 18–20, 2017. SMEs were also sent to India to visit village-based poultry farms and attend the 12th International Dairy and Agri-Expo held in December.<sup>767</sup>

The MAIL, with UNODC technical support, hosted the 5th National Saffron Conference in Kabul, November 6–8. The event was attended by over 200 saffron-cultivating farmers, entrepreneurs, and Agriculture

University professors and scientists from Afghanistan and India. During the conference, areas of mutual cooperation were identified, and linkages established with the research-and-development institutes of India and Iran. The conference determined the next steps for the effective implementation of the saffron value-chain development program over five years.<sup>768</sup>

UNODC held coordination meetings with ministerial representatives and implementing partners, and conducted field visits with provincial stakeholders. Consultations were held with provincial stakeholders in Helmand and Uruzgan Provinces to accept the stakeholders' comments and suggestions for better implementation and to better coordinate activities with the provincial directorates. The MCN, MAIL, and UNODC teams traveled to the southern region to monitor the progress of ongoing activities in Helmand and Uruzgan.<sup>769</sup>

UNODC noted the security situation presents a continuing challenge. The security at the sub-national level has "deteriorated immensely in the past few months," limiting the mobility and accessibility of project staff.<sup>770</sup>

## Community-Based Agriculture and Rural Development

INL has obligated and disbursed \$17.8 million for its Community-Based Agriculture and Rural Development (CBARD) project: \$2.8 million to UNODC and \$15 million to the United Nations Development Programme (UNDP), its two implementing partners. The program aims to improve household income while reducing dependency on illicit poppy cultivation for selected communities.<sup>771</sup> In FY 2017, INL obligated an additional \$9.3 million for CBARD-West in September and \$22.1 million to UNDP for a new project, CBARD-East.<sup>772</sup>

### CBARD-West

CBARD-West aims to test alternative livelihoods to opium-poppy cultivation in Farah and Badghis Provinces. In addition to supporting local farmers with field schools, CBARD-West will develop, and strengthen existing public and private agro-business infrastructures in the areas of irrigation, transportation, and agricultural value chain facilities.<sup>773</sup>

During the first quarter of FY 2018, CBARD-West trained 374 people, including 79 women, on business development, project monitoring and implementation, and the concept of value-chain and agribusiness development. The trainings are expected to increase the local beneficiaries' capacity to establish businesses, monitor projects, and work on value chain of high-value crops. Additionally, 279 people and 551 households benefitted from various infrastructures including the construction of 95 greenhouses, 19 irrigation infrastructures and 45 compost exhibitions. The benefits include increase in income, improved accessibility to markets, and improved access and management of water.<sup>774</sup>

## CBARD-East

CBARD-East aims to reduce the overall poverty rate in Nangarhar by 2%. During the quarter, the program identified the communities for intervention and selected the high-value crops.<sup>775</sup> Minister Nasir Ahmed Durani of the Ministry of Agriculture, Irrigation, and Livestock and Nangarhar Governor Gulab Mangal inaugurated the CBARD-E provincial office in Jalalabad on March 13, 2018. At the inauguration the minister and governor also signed several contracts with community-development-councils for the establishment of 195 commercial greenhouses.<sup>776</sup>

## DRUG DEMAND REDUCTION

A 2015 Afghanistan National Drug Use Survey conservatively estimated that roughly 11% of the population would test positive for one or more drugs, including 5.3% of the urban population and 13% of the rural population. Drug use among women and children is among the highest documented worldwide, and 30.6% of households tested positive for some form of illicit drug.<sup>777</sup> According to the UN, 0.6% of the global adult population suffer from drug use disorders. Opioids, including heroin, remain the most harmful drug type.<sup>778</sup> According to INL, inadequate border security and weak enforcement capacity hamper control of precursor chemicals used to produce drugs. During 2017, Afghan officials noted an increase in the amount of precursor chemicals trafficked into the country.<sup>779</sup>

**Precursor chemical:** a substance that may be used in the production, manufacture, and/or preparation of narcotic drugs and psychotropic substances.

Source: UNODC, *Multilingual Dictionary of Precursors and Chemicals*, 2008, viii.

The United States is helping Afghanistan face this public-health crisis by funding a new rural treatment program to expand substance abuse treatment to the hardest-hit local communities. According to INL, the demand for treatment and prevention services far exceeds the capacity of the centers, most of which have extensive waiting lists for new patients.

The United States also supports UNODC's global child-addiction program to develop protocols for treating opioid-addicted children, training treatment staff, and delivering services through NGOs.<sup>780</sup> The United States also funds an antidrug curriculum in Afghan schools, which has trained over 1,900 teachers and reached over 600,000 students in 900 schools.<sup>781</sup> INL provided \$6.3 million in FY 2016 appropriated funds during this reporting period and funded \$13.7 million to the Colombo Plan in FY 2017.<sup>782</sup> INL provides assistance for substance abuse treatment programs in Afghanistan through the Colombo Plan Drug Advisory Programme, which includes residential, outpatient, and outreach programs. INL also supports the Colombo Plan with training and certification of drug addiction counselors.<sup>783</sup>

INL also started a pilot rural treatment program in June 2017 in Jowzjan and Laghman Provinces; however, its activities have been delayed due to security and winter weather conditions. Implementing partners are

negotiating memoranda of understanding with the Afghan government. INL expects to roll out the program in June 2018.<sup>784</sup>

Since 2015, INL has transitioned responsibility for 42 of 86 U.S.-funded drug treatment centers in Afghanistan to the Ministry of Public Health (MOPH): 14 of the centers transitioned over to the MOPH as of January 2018.<sup>785</sup> This quarter, INL and the Colombo Plan continued to revise the plan in accordance to the accelerated transition schedule. UNODC neared completion of their quality-assurance report on drug demand reduction which had been anticipated in early 2018.<sup>786</sup> The remaining treatment centers are scheduled to transition by the end of 2019. INL reduced funding to all facilities (including the 28 MOPH centers) by approximately 20% in 2015, another 15% in 2016, and another 25% in 2017.<sup>787</sup>

Most of the patients at the remaining treatment centers are adult males. Of the 86 facilities, 66 are residential and 20 are outpatient centers; 31 are dedicated to female clients. Among the residential treatment centers, 44 also offer home-based services.<sup>788</sup> The residential treatment centers comprise 40 centers for adult males, eight for adult females, eight for children, five for adolescent males, and five for adolescent females.<sup>789</sup> Twelve of the 44 home-based programs provide services to adult females.<sup>790</sup>

INL has obligated approximately \$150.7 million for the Colombo Plan since 2008.<sup>791</sup>

## Counter-Narcotics Community Engagement

INL has obligated \$12.7 million and spent \$11.9 million on its Counter-Narcotics Community Engagement (CNCE) program since its inception in April 2013.<sup>792</sup> CNCE funds communication and outreach programs aimed at discouraging poppy cultivation, preventing drug use, and encouraging licit crops. According to INL, surveys indicate that the public messaging campaigns are having an increasing impact on Afghan attitudes about illicit narcotics.<sup>793</sup> The public-health surveys conducted in 2014 indicate high exposure to antidrug messaging, particularly for messages related to health risks of drug use and addiction.<sup>794</sup>

Sayara Strategies is completing its final target audience assessment. The program is scheduled to end March 31, 2018.<sup>795</sup>

## SIGAR AUDIT

An ongoing SIGAR audit of INL's drug treatment programs in Afghanistan is examining the extent to which INL and its implementers: (1) developed strategies and assessed program achievements; (2) conducted required oversight, and identified and addressed program challenges; and (3) incorporated sustainment into the programs.



# 4 OTHER AGENCY OVERSIGHT



## OTHER AGENCY OVERSIGHT CONTENTS

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<b>Ongoing Oversight Activities</b>	<b>208</b>

**Photo on previous page**

Guards maintain security for a Kandahar Airfield building during a briefing for members of Train Advise Assist Command–Air by General Joseph Dunford, chairman of the Joint Chiefs of Staff. (DOD photo by Navy Petty Officer 1st Class Dominique A. Pineiro)

## OTHER AGENCY OVERSIGHT

SIGAR's enabling legislation requires it to keep the Secretary of State and the Secretary of Defense fully informed about problems relating to the administration of Afghanistan reconstruction programs, and to submit a report to Congress on SIGAR's oversight work and on the status of the U.S. reconstruction effort no later than 30 days after the end of each fiscal quarter. The statute also instructs SIGAR to include, to the extent possible, relevant matters from the end of the quarter up to the submission date of its report.

Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. This section compiles these updates. Publicly available copies of completed reports are posted on the agencies' respective websites.

The descriptions appear as submitted, with minor changes to maintain consistency with other sections of this report: acronyms and abbreviations in place of full names; standardized capitalization, punctuation, and preferred spellings; and third-person instead of first-person construction.

These agencies perform oversight activities in Afghanistan and provide results to SIGAR:

- Department of Defense Office of Inspector General (DOD OIG)
- Department of State Office of Inspector General (State OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

### COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 on the following page lists the eight oversight reports related to Afghanistan reconstruction that participating agencies completed this quarter.

#### U.S. Department of Defense Office of Inspector General

During this quarter, DOD OIG released two reports related to Afghanistan reconstruction.

# OTHER AGENCY OVERSIGHT

TABLE 4.1

RECENTLY COMPLETED OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF MARCH 31, 2018			
Agency	Report Number	Date Issued	Report Title
DOD OIG	DODIG-2018-090	3/20/2018	Summary of Audit of U.S. Direct Funding Provided to Afghanistan
DOD OIG	DODIG-2018-058	1/4/2018	Progress of U.S. and Coalition Efforts to Train, Advise, and Assist the Afghan Air Force
State OIG	AUD-MERO-18-29	2/15/2018	Audit of the Bureau of Diplomatic Security's Management and Oversight of Explosives Detection Canine Services in Afghanistan
State OIG	AUD-MERO-18-30	2/13/2018	Audit of Bureau of International Narcotics and Law Enforcement Affairs Invoice Review Process for Contracts in Afghanistan
State OIG	AUD-MERO-18-17	2/1/2018	Audit of Bureau of Overseas Building Operations' Oversight of New Construction Projects at Embassy Kabul, Afghanistan
State OIG	AUD-SI-18-23	1/11/2018	Management Assistance Report: DynCorp Intelligence Analysts Supporting the Embassy Air Program Lack Access to the Information Needed to Identify Risks and Mitigate Threats
GAO	GAO-18-107	2/20/2018	Afghan and Iraqi Special Immigrants: More Information on Their Resettlement Outcomes Would be Beneficial
USAAA	A-2018-0043-IEX	4/5/2018	Reporting Expenditures for Operation Freedom's Sentinel

Source: DOD OIG, response to SIGAR data call, 3/23/2018; State OIG, response to SIGAR data call, 3/13/2018; GAO, response to SIGAR data call, 3/23/2018; USAID OIG, response to SIGAR data call, 3/23/2018; USAAA, response to SIGAR data call, 3/23/2018.

## Summary Audit of U.S. Direct Funding Provided to Afghanistan

DOD OIG determined the Combined Security Transition Command-Afghanistan (CSTC-A) officials did not effectively manage and oversee the U.S. direct funding provided to the Afghan Ministry of Defense (MOD) and Ministry of Interior (MOI). CSTC-A management and oversight of U.S. direct funding is intended to increase Afghan National Defense and Security Forces (ANDSF) effectiveness and capabilities so the ANDSF can become more professional and increasingly self-sustaining. DOD OIG has issued seven reports identifying systemic challenges related to CSTC-A officials' management and oversight of the U.S. direct funding provided to MOD and MOI to obtain and maintain items such as fuel, ammunition, vehicles, and other commodities.

These systemic challenges occurred because CSTC-A officials did not consistently establish realistic and achievable conditions for the ministries within the commitment letters, and did not enforce noncompliance penalties included in the commitment letters due to potential impacts on the ANDSF's operation readiness. In addition, CSTC-A officials stated that they could not oversee all Bilateral Financial Commitment Letter requirements because of inadequate staffing and security concerns. As a result, CSTC-A officials did not have assurance that \$3.1 billion in U.S. direct funding was used for the intended purposes. In addition, CSTC-A did not adequately assist in the development of the ministries' self-sufficiency, so the ministries continue to rely upon CSTC-A to develop future needs for commodities, such as fuel and ammunition.

## **Progress of U.S. and Coalition Efforts to Train, Advise, and Assist the Afghan Air Force**

DOD OIG conducted an evaluation of U.S. and Coalition progress in the Train, Advise, and Assist Command-Air's (TAAC-Air) mission to develop the Afghan Air Force into a professional, capable, and sustainable force. DOD OIG issued six findings regarding the U.S. and Coalition efforts to train, advise, and assist the Afghan Air Force.

First, the U.S. and Coalition are producing trained and qualified pilots and airmen for the Afghan Air Force, and have identified priority capabilities, designed programs to achieve these capabilities, and jointly implemented these programs to achieve the desired capabilities. The Afghan Air Force has shown improvement in three broad areas: A-29 introduction, night-vision capability, and air-ground integration between the Afghan Air Force and Afghan National Army.

Second, TAAC-Air cannot track the Afghan Air Force's progress because they have not defined the intended end state and related metrics for measuring the Afghan Air Force's capabilities and capacities. Furthermore, TAAC-Air did not fully integrate its planning with NATO Air Command-Afghanistan's defined end state or Resolute Support campaign plans.

Third, contractor logistic-support agreements for Afghan Air Force aircraft limit the progressive transfer of maintenance responsibilities to Afghan Air Force personnel, which can prolong Afghan dependence on contractor logistic support and delay the Afghan Air Force from establishing their own maintenance capability. Additionally, neither Combined Security Transition Command-Afghanistan (CSTC-A) nor TAAC-Air has identified the long-term maintenance needs and logistics workload distribution between the contract vendor and the Afghan Air Force.

Fourth, the Afghan Air Force mission support and aircraft-maintenance personnel do not receive standardized or consistent training, nor do they leverage existing training opportunities at Afghan National Army functional schools.

Fifth, Afghan National Army corps commanders exceeded programmed monthly flying hours for Mi-17 helicopters. This happened because Afghan Ministry of Defense policy allows Afghan National Army corps commanders to use Mi-17s in direct support of ground forces. Coalition advisors identified this problem, and in coordination with their Afghan counterparts, proposed a solution that will establish a centralized control and decentralized execution of Afghan Air Force assets.

Finally, U.S. air advisors received training on general advising skills and cultural aspects needed for a generic train, advise, and assist mission, but were not fully prepared to perform their Afghan Air Force-specific advising mission upon arriving in country. Air advisors did not receive training on the Afghan Air Force's mission, organizational structure, decision-making processes, or relationship to the Afghan National Army.

# OTHER AGENCY OVERSIGHT

## **U.S. Department of State Office of Inspector General-Middle East Regional Operations**

During this quarter, State OIG released four reports related to Afghanistan reconstruction.

### **Audit of the Bureau of Diplomatic Security**

State OIG issued an audit of the Bureau of Diplomatic Security's Management and Oversight of Explosives Detection Canine Services in Afghanistan.

### **Audit of the Bureau of International Narcotics and Law Enforcement Affairs**

State OIG issued an audit of Bureau of International Narcotics and Law Enforcement Affairs Invoice Review Process for Contracts in Afghanistan.

### **Audit of the Bureau of Overseas Building Operations**

State OIG issued an audit of Bureau of Overseas Building Operations oversight of new construction projects at Embassy Kabul.

### **Management Assistance Report for DynCorp**

State OIG issued a management-assistance report on DynCorp intelligence analysts supporting the embassy air program's lack of access to the information needed to identify risks and mitigate threats.

## **Government Accountability Office**

During this quarter, GAO released one report related to Afghanistan reconstruction.

### **Afghan and Iraqi Special Immigrants: More Information on Their Resettlement Outcomes Would be Beneficial**

Since fiscal year 2011, about 13,000 Afghan and Iraqi nationals (excluding family members) have resettled in the United States under special immigrant visas (SIV), but limited data on their outcomes are available from the Department of State (State) and the Department of Health and Human Services (HHS). State collects data on SIV holders' resettlement outcomes once, 90 days after they arrive. GAO's analysis of State's data from October 2010 through December 2016 showed that the majority of principal SIV holders—those who worked for the U.S. government—were unemployed at the 90-day point, including those reporting high levels of education and spoken English.

Separately, HHS collects data on about one-third of resettled SIV holders (those in one HHS grant program). According to HHS' fiscal year 2016 data (the only year available), most of these SIV holders were employed and not receiving cash assistance six months after arrival; however, these data are not representative of all SIV holders.

# OTHER AGENCY OVERSIGHT

GAO did not identify any outcome data for SIV holders beyond six months after arrival. HHS annually surveys refugees up to five years after arrival, but does not do so for SIV holders. However, it has occasionally used its survey of refugees to analyze selected groups at no additional reported cost. Such analysis could provide valuable information on whether SIV holders have achieved longer-term assimilation, consistent with HHS' mission and program goals.

GAO recommends that (1) HHS consider including SIV holders in its annual survey on refugees' longer-term outcomes, and that (2) State provide more detailed information on key issues to prospective SIV holders. Both agencies agreed with our recommendations.

## U.S. Army Audit Agency

The USAAA completed one audit related to Afghanistan reconstruction this quarter.

### **Accuracy of Army Financial Data Provided for the Cost of War Report to Congress**

The purpose of this audit was to verify that the Army's financial data reported in the cost-of-war (CoW) report for Operation Freedom's Sentinel was accurate and submitted by required milestone dates. This audit was part of a joint effort by the USAAA, Naval Audit Service, and U.S. Air Force Audit Agency in which each agency reviewed its military-service organization's financial data for CoW reporting.

While the Army accurately reported most of its financial data for OFS that supported the FY 2016 CoW report (totaling about \$21.9 billion in cumulative obligations), it didn't submit its CoW financial data by established milestones. The audit showed the Army established a strategy to capture its financial data; however, processes to account for some obligation data needed improvement. Specifically, the Army overreported about \$25 million in obligations for the Military Personnel, Army appropriation. This occurred because key Army personnel didn't develop procedures to document all processes used to capture costs, and they used an inaccurate methodology to capture all OFS expenditures. In addition, the Army submitted FY 2016 execution data an average four days late for 11 of 12 months when compared to required milestone dates.

While the Army's overreported obligation of \$25 million appears nonmaterial, inaccurate reporting diminishes the relevance of financial information the Army provides to DOD for use by the U.S. Government Accountability Office and Congress. The Army's late submissions of execution data didn't appear to materially impact the timeliness of DOD's published monthly CoW reports.

# OTHER AGENCY OVERSIGHT

## ONGOING OVERSIGHT ACTIVITIES

As of March 31, 2018, the participating agencies reported 18 ongoing oversight activities related to reconstruction in Afghanistan. The activities reported are listed in Table 4.2 and described in the following sections by agency.

TABLE 4.2

ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF MARCH 31, 2018			
Agency	Project Number	Date Initiated	Project Title
DOD OIG	D2018-D000JB-0061.000	1/16/2018	Audit of DOD Management of the Enhanced Army Global Logistics Enterprise Maintenance Contract in Afghanistan
DOD OIG	D2017-D000PT-0186.000	9/6/2017	Military Facilities Evaluation Follow-Up Kandahar Air Field Afghanistan
DOD OIG	D2017-D000JB-0171.000	7/19/2017	Audit of DOD Oversight of Logistics Civil Augmentation Program Invoice Review and Payment
DOD OIG	D2016-DISPA2-0195.000	8/11/2016	Evaluation of Airborne ISR Allocation Process Supporting Counterterrorism Operations in Afghanistan
State OIG	18AUD038	3/15/2018	Audit of Embassy Kabul Physical Security Features
State OIG	18AUD046	3/15/2018	Audit of the Bureau of Diplomatic Security's Invoice Review Process
State OIG	18ISP031	3/10/2018	Inspection of the Bureau of Democracy, Human Rights, and Labor (DRL)
State OIG	18ESPO44	12/20/2017	Evaluation of Camp Eggers Guard Housing Contract Termination
State OIG	17AUD087	11/17/2017	Audit of Costs Invoiced Under the Afghanistan Life Support Services Contracts
State OIG	17AUD09	9/25/2017	Audit of Bureau of International Narcotics and Law Enforcement Affairs Invoice Review Process
State OIG	17AUD065	6/15/2017	Audit of Bureau of International Narcotics and Law Enforcement Affairs Aviation Program
GAO	102270	8/21/2017	Defense Logistic Agency's Disposal of Excess Equipment in Afghanistan
GAO	102267	8/21/2017	Joint Improvised-Threat Defeat Organization Transition
GAO	102261	8/14/2017	U.S. Advising Efforts in Afghanistan: Lessons Learned
GAO	102081	5/16/2017	Coordination of Foreign Assistance Strategies
GAO	101053	8/1/2016	Afghan Defense and Security Forces' Equipment and Capability
USAID OIG	8F1C0217	8/9/2017	Follow-Up Audit of USAID's Multi-Tiered Monitoring Strategy in Afghanistan
USAID OIG	FF1C0216	5/11/2016	Audit of USAID/Afghanistan's New Development Partnership

Source: DOD OIG, response to SIGAR data call, 3/23/2018; State OIG, response to SIGAR data call, 3/13/2018; GAO, response to SIGAR data call, 3/23/2018; USAID OIG, response to SIGAR data call, 3/23/2018; USAAA, response to SIGAR data call, 3/23/2018.

## U.S. Department of Defense Office of Inspector General

The Department of Defense continues to face many challenges in executing its Overseas Contingency Operations (OCO). DOD OIG has identified priorities based on those challenges and high risks. DOD OIG oversight focuses on the areas of monitoring and oversight of acquisition and contracting processes that support training, equipping, and sustaining Afghanistan security forces. DOD OIG will also continue to review and assess the Department's efforts to train and equip Afghan National Defense and Security Forces.

The DOD OIG-led Southwest Asia Joint Planning Group assists in the coordination and deconfliction of federal and DOD OCO-related oversight activities. DOD OIG, working with SIGAR as well as fellow Inspectors

# OTHER AGENCY OVERSIGHT

General and Defense oversight-community members, has issued the FY 2018 Comprehensive Oversight Plan for Overseas Contingency Operations (COP-OCO), the third annual joint strategic plan submitted to Congress describing whole-of-government oversight activities in support of the ongoing overseas contingency operations as well as oversight efforts in Southwest Asia.

The COP-OCO includes the Joint Strategic Oversight Plans (JSOP) for Operation Inherent Resolve and Afghanistan. The Afghanistan JSOP includes Operation Freedom's Sentinel (OFS), as well as reconstruction and humanitarian-assistance programs and activities that are separate from OFS.

DOD OIG has four ongoing projects this quarter that relate to reconstruction or security operations in Afghanistan.

## **DOD Management of the Enhanced Army Global Logistics Enterprise Maintenance Contract in Afghanistan**

DOD OIG is determining whether the Army monitored contractor performance and costs of the EAGLE2 maintenance contract to ensure the contractor is properly maintaining tactical vehicles and weapons while keeping costs to a minimum.

## **Military Facilities Evaluation Follow-Up Kandahar Airfield Afghanistan**

DOD OIG is determining whether U.S. military-occupied facilities supporting Operation Freedom's Sentinel comply with DOD health and safety policies and standards regarding electrical-distribution and fire-protection systems.

## **Audit of DOD Oversight of Logistics Civil Augmentation Program Invoice and Review and Payment**

The DOD OIG is determining whether the DOD adequately monitored contractor performance and conducted sufficient invoice reviews for services provided under the Logistics Civil Augmentation Program IV contract.

## **Evaluation of Airborne ISR Allocation Process Supporting Counterterrorism Operations in Afghanistan**

The DOD OIG is determining whether U.S. Forces-Afghanistan's airborne intelligence, surveillance, and reconnaissance allocation process effectively supports U.S. counterterrorism operations.

# OTHER AGENCY OVERSIGHT

## **U.S. Department of State Office of Inspector General-Middle East Regional Operations**

State OIG has seven ongoing projects this quarter related to Afghanistan reconstruction.

### **Audit of Embassy Kabul Physical Security Features**

The audit will examine Embassy Kabul physical security features.

### **Audit of the Bureau of Diplomatic Security's Invoice Review Process**

State OIG is currently auditing the invoice-review process of the Bureau of Diplomatic Security.

### **Inspection of the Bureau of Democracy, Human Rights, and Labor**

This is an inspection of the Bureau of Democracy, Human Rights, and Labor.

### **Evaluation of Camp Eggers Guard Housing Contract Termination**

This is an evaluation of the Camp Eggers' guard housing contract termination.

### **Audit of Costs Invoiced Under the Afghanistan Life Support Services Contracts**

This is an audit of costs invoiced under the Afghanistan life support services contracts.

### **Audit of Bureau of International Narcotics and Law Enforcement Affairs Invoice Review Process**

This is an audit of the invoice-review process for overseas contingency operations contracts managed by the Bureau of International Narcotics and Law Enforcement Affairs.

### **Audit of Bureau of International Narcotics and Law Enforcement Affairs Aviation Program**

This is an audit to determine whether the Bureau of International Narcotics and Law Enforcement Affairs is administering its aviation program, including key internal controls (including those for inventory management, aviation asset usage, aircraft maintenance, and asset disposal) in accordance with federal requirements and department guidelines.

## **Government Accountability Office**

GAO has five ongoing projects this quarter related to Afghanistan reconstruction.

### **Defense Logistic Agency's Disposal of Excess Equipment in Afghanistan**

GAO reported in a previous report (GAO-14-768) that it is sometimes more cost-effective to destroy excess equipment in Afghanistan than to return it to the United States. However, the Federal Spending Oversight subcommittee of the Senate Homeland Security and Governmental Affairs Committee is concerned that DOD is destroying new and usable excess equipment in Afghanistan that could be used by others (military services or allies) and are in demand in DOD's logistical system.

This review will address: (1) What is the volume and value of new or otherwise usable equipment being disposed in Afghanistan? (2) What procedures are used by DOD to ensure that items designated for disposal in Afghanistan are not in demand in the DOD logistics system, by our allies, or elsewhere in Afghanistan? (3) To what extent are potential future orders and requirements in Afghanistan considered in decisions to dispose of new and usable items?

### **Joint Improvised-Threat Defeat Organization Transition**

In 2006, DOD established the Joint Improvised Explosive Device Defeat Organization (JIEDDO) to lead and coordinate the department's efforts to develop counter-IED capabilities to support operations primarily in Iraq and Afghanistan. In 2015, JIEDDO was designated a combat-support agency and renamed the Joint Improvised-Threat Defeat Agency (JIDA). At the direction of Congress to gain efficiencies in the department's headquarters functions, DOD transitioned JIDA to the Joint Improvised-Threat Defeat Organization (JIDO) as a single joint organization under the authority, direction, and control of the Defense Threat Reduction Agency (DTRA) in 2016.

GAO will assess the transition of JIDO under the authority, direction, and control of the DTRA, including: (1) the extent to which JIDO activities, functions, and resources have been efficiently and effectively transitioned and what, if any, efficiency and effectiveness gains are anticipated; and (2) how, if at all, the transition has affected JIDO's core mission and functions, including operational support to U.S. and allied forces.

### **U.S. Advising Efforts in Afghanistan: Lessons Learned**

U.S. military personnel have been actively engaged as part of Operation Inherent Resolve (OIR) in advising and assisting Iraqi Security Forces, and have vetted Syrian forces to counter the Islamic State of Iraq and the Levant since late 2014. In Afghanistan, the United States still has more than 8,000 military personnel, many of whom are focused on advising and assisting

# OTHER AGENCY OVERSIGHT

the Afghan National Defense and Security Forces as part of Operation Freedom's Sentinel (OFS).

GAO notes that the DOD approach to advising and assisting partner-nation forces has evolved over time, transitioning from a larger U.S. military presence to now relying on a more limited number of U.S. forces on the ground. For example, the current approach in Syria uses a small footprint with a significant presence of special operations forces and reliance on key enablers such as air support, airborne intelligence, surveillance, and reconnaissance (ISR), and logistics. DOD continues to draw personnel from across the military services, including from conventional combat units, to serve as advisors in Iraq and Afghanistan.

GAO has previously identified challenges DOD has faced in supporting advising missions, such as selecting and training advisor personnel, balancing advising activities with other missions, and maintaining the readiness of units that provide advisors. The committee is aware of ongoing efforts to develop new capabilities, such as the Army's effort to develop advise-and-assist brigades.

Given these past challenges, and the emphasis that current military strategy continues to place on the importance of advising partner security forces to counter global threats, it remains essential for DOD to take steps to ensure that it: (1) has an effective approach for selecting, training, and utilizing advisor personnel in ongoing operations; and (2) continues the development of a long-term strategy that institutionalizes successful advise-and-assist approaches to ensure U.S. forces are positioned to effectively execute similar missions in the future.

## **Coordination of Foreign Assistance Strategies**

The U.S. government plans to spend over \$35 billion on foreign assistance in 2017. The objectives of this assistance are set out in statute, agency mission statements, and other documents. There are at least 63 strategy documents intended to guide the efforts of those agencies providing the most foreign aid. Concerns have been raised about potential inefficiencies involved in implementing numerous separate strategies and the agencies' ability to demonstrate progress in achieving strategic goals.

GAO will review a sample of the identified foreign-assistance strategies. The sample will include those strategies covering three of the largest sectors (health, security, and democracy/governance) as well two of the largest aid-recipient countries (Afghanistan and Kenya). GAO will assess the sample strategy documents against desirable characteristics identified for U.S. national strategies, focusing particularly on those characteristics that address agency coordination, integration of related strategies, and performance measurement.

GAO will review: (1) To what extent do selected U.S. foreign aid strategies delineate agencies' roles and responsibilities and describe mechanisms

to coordinate their efforts? (2) To what extent do these strategies integrate the goals and activities of related strategies? (3) To what extent do these strategies incorporate approaches to monitoring and evaluation for assessing progress toward their goals?

## **Afghan Defense and Security Forces' Equipment and Capability**

Since 2002, the United States, with assistance from the North Atlantic Treaty Organization and other Coalition nations, has worked to train, equip, and develop the capability of the Afghan National Defense and Security Forces (ANDSF). In January 2015, the ANDSF formally assumed security responsibilities for all of Afghanistan.

The United States continues to train and equip the ANDSF to develop a force that can protect the Afghan people and contribute to regional and international security. A House report associated with the FY 2017 National Defense Authorization Act cited concerns about the security situation in Afghanistan and included a provision for GAO to review U.S. assistance to the ANDSF, including weapons and equipment and the ANDSF's capability to operate and maintain such items.

## **U.S. Army Audit Agency**

This quarter the USAAA has no ongoing audits related to Afghanistan reconstruction.

## **U.S. Agency for International Development Office of Inspector General**

This quarter USAID OIG has two ongoing audits related to reconstruction initiatives.

## **Follow-Up Audit of USAID's Multi-Tiered Monitoring Strategy in Afghanistan**

The objectives of this audit are to determine the extent which USAID has used its multi-tiered monitoring strategy in Afghanistan to manage projects and to serve as the basis for informed decision making. The entrance conference was held August 9, 2017.

## **Audit of USAID/Afghanistan's New Development Partnership**

The objectives of this audit are to determine if USAID/Afghanistan has adopted internal policies and procedures to adequately verify the achievement of New Development Partnership (NDP) indicators contained in the July 25, 2015, NDP results framework; and if USAID/Afghanistan has adequately verified the achievement of completed indicators under the NDP for any payments made to date.

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### **The Official Seal of SIGAR**

The official seal of SIGAR represents the coordination of efforts between the United States and Afghanistan to provide accountability and oversight of reconstruction activities. The phrases in Dari (top) and Pashto (bottom) on the seal are translations of SIGAR's name.

# APPENDICES AND ENDNOTES



# APPENDICES

## APPENDIX A

### CROSS-REFERENCE OF REPORT TO STATUTORY REQUIREMENTS

This appendix cross-references the pages of this report to the quarterly reporting and related requirements under SIGAR’s enabling legislation, the National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 1229 (Table A.1) and the National Defense Authorization Act for Fiscal Year 2018, Pub. L. No. 115-91, §1521. (Table A.2)

TABLE A.1

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Report Section</b>
<b>Purpose</b>			
Section 1229(a)(3)	To provide for an independent and objective means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress on corrective action.	Ongoing; quarterly report	Full report
<b>Supervision</b>			
Section 1229(e)(1)	The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense.	Report to the Secretary of State and the Secretary of Defense	Full report
<b>Duties</b>			
Section 1229(f)(1)	OVERSIGHT OF AFGHANISTAN RECONSTRUCTION – It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including subsections (A) through (G) below.	Review appropriated/available funds  Review programs, operations, contracts using appropriated/available funds	Full report
Section 1229(f)(1)(A)	The oversight and accounting of the obligation and expenditure of such funds	Review obligations and expenditures of appropriated/available funds	SIGAR Oversight Funding
Section 1229(f)(1)(B)	The monitoring and review of reconstruction activities funded by such funds	Review reconstruction activities funded by appropriations and donations	SIGAR Oversight
Section 1229(f)(1)(C)	The monitoring and review of contracts funded by such funds	Review contracts using appropriated and available funds	Note 1
Section 1229(f)(1)(D)	The monitoring and review of the transfer of such funds and associated information between and among departments, agencies, and entities of the United States, and private and nongovernmental entities.	Review internal and external transfers of appropriated/available funds	Appendix B
Section 1229(f)(1)(E)	The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund[s]	Maintain audit records	SIGAR Oversight Appendix C Appendix D

*Continued on the next page*

# APPENDICES

TABLE A.1 (CONTINUED)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Report Section</b>
Section 1229(f)(1)(F)	The monitoring and review of the effectiveness of United States coordination with the Governments of Afghanistan and other donor countries in the implementation of the Afghanistan Compact and the Afghanistan National Development Strategy	Monitoring and review as described	Audits
Section 1229(f)(1)(G)	The investigation of overpayments such as duplicate payments or duplicate billing and any potential unethical or illegal actions of Federal employees, contractors, or affiliated entities, and the referral of such reports, as necessary, to the Department of Justice to ensure further investigations, prosecutions, recovery of further funds, or other remedies	Conduct and reporting of investigations as described	Investigations
Section 1229(f)(2)	<b>OTHER DUTIES RELATED TO OVERSIGHT –</b> The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1).	Establish, maintain, and oversee systems, procedures, and controls	Full report
Section 1229(f)(3)	<b>DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978 –</b> In addition, ... the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978.	Duties as specified in Inspector General Act	Full report
Section 1229(f)(4)	<b>COORDINATION OF EFFORTS –</b> The Inspector General shall coordinate with, and receive the cooperation of, each of the following: (A) the Inspector General of the Department of Defense, (B) the Inspector General of the Department of State, and (C) the Inspector General of the United States Agency for International Development.	Coordination with the inspectors general of DOD, DOS, and USAID	Other Agency Oversight
<b>Federal Support and Other Resources</b>			
Section 1229(h)(5)(A)	<b>ASSISTANCE FROM FEDERAL AGENCIES –</b> Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee.	Expect support as requested	Full report
Section 1229(h)(5)(B)	<b>REPORTING OF REFUSED ASSISTANCE –</b> Whenever information or assistance requested by the Inspector General is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the Secretary of State or the Secretary of Defense, as appropriate, and to the appropriate congressional committees without delay.	None reported	N/A

*Continued on the next page*

# APPENDICES

TABLE A.1 (CONTINUED)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Report Section</b>
<b>Reports</b>			
Section 1229(i)(1)	QUARTERLY REPORTS – Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate committees of Congress a report summarizing, for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time of the submission of the report, the activities during such period of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following –	Report – 30 days after the end of each calendar quarter  Summarize activities of the Inspector General  Detailed statement of all obligations, expenditures, and revenues	Full report Appendix B
Section 1229(i)(1)(A)	Obligations and expenditures of appropriated/donated funds	Obligations and expenditures of appropriated/donated funds	Appendix B
Section 1229(i)(1)(B)	A project-by-project and program-by-program accounting of the costs incurred to date for the reconstruction of Afghanistan, together with the estimate of the Department of Defense, the Department of State, and the United States Agency for International Development, as applicable, of the costs to complete each project and each program	Project-by-project and program-by-program accounting of costs. List unexpended funds for each project or program	Funding Note 1
Section 1229(i)(1)(C)	Revenues attributable to or consisting of funds provided by foreign nations or international organizations to programs and projects funded by any department or agency of the United States Government, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of donor funds	Funding
Section 1229(i)(1)(D)	Revenues attributable to or consisting of foreign assets seized or frozen that contribute to programs and projects funded by any U.S. government department or agency, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of funds from seized or frozen assets	Funding
Section 1229(i)(1)(E)	Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan	Operating expenses of agencies or any organization receiving appropriated funds	Funding Appendix B
Section 1229(i)(1)(F)	In the case of any contract, grant, agreement, or other funding mechanism described in paragraph (2)*– (i) The amount of the contract or other funding mechanism; (ii) A brief discussion of the scope of the contract or other funding mechanism; (iii) A discussion of how the department or agency of the United States Government involved in the contract, grant, agreement, or other funding mechanism identified and solicited offers from potential contractors to perform the contract, grant, agreement, or other funding mechanism, together with a list of the potential individuals or entities that were issued solicitations for the offers; and (iv) The justification and approval documents on which was based the determination to use procedures other than procedures that provide for full and open competition	Describe contract details	Note 1

*Continued on the next page*

# APPENDICES

TABLE A.1 (CONTINUED)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Report Section</b>
Section 1229(i)(3)	PUBLIC AVAILABILITY – The Inspector General shall publish on a publicly available Internet website each report under paragraph (1) of this subsection in English and other languages that the Inspector General determines are widely used and understood in Afghanistan.	Publish report as directed at www.sigar.mil  Dari and Pashto translation in process	Full report
Section 1229(i)(4)	FORM – Each report required under this subsection shall be submitted in unclassified form, but may include a classified annex if the Inspector General considers it necessary.	Publish report as directed	Full report
Section 1229(j)(1)	Inspector General shall also submit each report required under subsection (i) to the Secretary of State and the Secretary of Defense.	Submit quarterly report	Full report

Note 1: Although this data is normally made available on SIGAR's website (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for future SIGAR use and publication.

\* Covered "contracts, grants, agreements, and funding mechanisms" are defined in paragraph (2) of Section 1229(i) of Pub. L. No. 110-181 as being—"any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:  
To build or rebuild physical infrastructure of Afghanistan.  
To establish or reestablish a political or societal institution of Afghanistan.  
To provide products or services to the people of Afghanistan."

TABLE A.2

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 115-91, §1521</b>			
<b>Public Law Section</b>	<b>NDAA Language</b>	<b>SIGAR Action</b>	<b>Report Section</b>
Section 1521(e)(1)	(1) QUALITY STANDARDS FOR IG PRODUCTS.—Except as provided in paragraph (3), each product published or issued by an Inspector General relating to the oversight of programs and activities funded under the Afghanistan Security Forces Fund shall be prepared— (A) in accordance with the Generally Accepted Government Auditing Standards/Government Auditing Standards (GAGAS/GAS), as issued and updated by the Government Accountability Office; or (B) if not prepared in accordance with the standards referred to in subparagraph (A), in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency (commonly referred to as the "CIGIE Blue Book").	Prepare quarterly report in accordance with the Quality Standards for Inspection and Evaluation, issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), commonly referred to as the "CIGIE Blue Book," for activities funded under the Afghanistan Security Forces Fund.	Section 1 Reconstruction Update Funding
Section 1521(e)(2)	(2) SPECIFICATION OF QUALITY STANDARDS FOLLOWED.—Each product published or issued by an Inspector General relating to the oversight of programs and activities funded under the Afghanistan Security Forces Fund shall cite within such product the quality standards followed in conducting and reporting the work concerned.	Cite within the quarterly report the quality standards followed in conducting and reporting the work concerned. The required quality standards are quality control, planning, data collection and analysis, evidence, records maintenance, reporting, and follow-up.	Inside front cover Appendix A

# APPENDICES

## APPENDIX B

### U.S. FUNDS FOR AFGHANISTAN RECONSTRUCTION (\$ MILLIONS)

Table B.1 lists funds appropriated for Afghanistan reconstruction by program, per year, as of March 31, 2018. Table B.2 lists fund appropriated for counter-narcotics initiatives since 2002.

TABLE B.2

COUNTERNARCOTICS, CUMULATIVE AMOUNT APPROPRIATED, SINCE 2002 (\$ MILLIONS)	
ASFF	\$1,311.92
DOD CN	3,254.38
ESF	1,421.19
DA	77.72
INCLE	2,263.52
DEA <sup>a</sup>	454.37
<b>Total</b>	<b>\$8,783.10</b>

Table B.2 Note: Numbers have been rounded. Counternarcotics funds cross-cut both the Security and Governance & Development spending categories; these funds are also captured in those categories in Table B.1. Figures represent cumulative amounts committed to counternarcotics initiatives in Afghanistan since 2002. Initiatives include eradication, interdiction, support to Afghanistan's Special Mission Wing (SMW), counternarcotics-related capacity building, and alternative agricultural development efforts. ESF, DA, and INCLE figures show the cumulative amounts committed for counternarcotics initiatives from those funds. SIGAR excluded ASFF funding for the SMW after FY 2013 from this analysis due to the decreasing number of counternarcotics missions conducted by the SMW.

<sup>a</sup> DEA receives funding from State's Diplomatic & Consular Programs account in addition to DEA's direct line appropriation listed in Appendix B.

Table B.2 Source: SIGAR analysis of counternarcotics funding, 4/20/2018; State, response to SIGAR data call, 4/16/2018; DOD, response to SIGAR data call, 3/30/2018 and 3/8/2016; USAID, response to SIGAR data call, 4/18/2018; DOJ, response to SIGAR data call, 3/30/2018.

Table B.1 Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects 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, and \$100 million for FY 2017 in Pub. L. No. 115-141. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

<sup>a</sup> FY 2018 allocation amounts for State and USAID accounts were still being determined when this report went to press.

Table B.1 Source: DOD, response to SIGAR data call, 4/17/2018, 3/30/2018, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 4/16/2018, 4/11/2018; 1/10/2018, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 4/3/2018; OMB, response to SIGAR data call, 1/31/2018, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 4/17/2018, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 3/30/2018 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2018," 4/18/2018; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-141, 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

TABLE B.1

U.S. FUNDING SOURCES	AGENCY	Total	FY 2002-06
<b>Security</b>			
Afghanistan Security Forces Fund (ASFF)	DOD	\$72,832.18	2,903.13
Train & Equip (DOD)	DOD	440.00	440.00
Foreign Military Financing (FMF)	State	1,059.14	1,059.14
International Military Education and Training (IMET)	State	17.53	3.16
Voluntary Peacekeeping (PKO)	State	69.33	69.33
Afghanistan Freedom Support Act (AFSA)	DOD	550.00	550.00
Drug Interdiction & Counter-Drug Activities (DOD CN)	DOD	3,254.38	404.39
<b>Total - Security</b>		<b>\$78,222.57</b>	<b>5,429.15</b>
<b>Governance &amp; Development</b>			
Commander's Emergency Response Program (CERP)	DOD	3,694.00	391.00
Afghanistan Infrastructure Fund (AIF)	DOD	988.50	0.00
Task Force for Business and Stability Operations (TFBSO)	DOD	822.85	0.00
Economic Support Fund (ESF)	USAID	19,882.27	3,004.44
Development Assistance (DA)	USAID	886.50	568.26
Child Survival & Health (CSH + GHAI)	USAID	554.63	170.05
Commodity Credit Corp (CCC)	USAID	33.43	8.80
USAID (other)	USAID	51.90	5.50
Non-Proliferation, Antiterrorism, Demining & Related (NADR)	State	767.94	221.97
Provincial Reconstruction Team Advisors	USDA	5.70	0.00
Treasury Technical Assistance	Treasury	4.65	3.10
International Narcotics Control & Law Enforcement (INCLE)	State	5,064.40	1,221.93
Drug Enforcement Administration (DEA)	DOJ	244.96	47.59
<b>Total - Governance &amp; Development</b>		<b>\$33,001.72</b>	<b>5,642.66</b>
<b>Humanitarian</b>			
Pub. L. No. 480 Title I	USDA	5.00	5.00
Pub. L. No. 480 Title II	USAID	1,086.26	376.66
Disaster Assistance (IDA)	USAID	730.18	298.26
Transition Initiatives (TI)	USAID	37.54	32.58
Migration & Refugee Assistance (MRA)	State	1,253.98	354.80
Emergency Refugee & Migration Assistance (ERMA)	State	25.20	25.00
Food for Progress	USDA	109.49	67.38
416(b) Food Aid	USDA	95.18	95.18
Food for Education	USDA	50.49	50.49
Emerson Trust	USDA	22.40	0.00
<b>Total - Humanitarian</b>		<b>\$3,415.72</b>	<b>1,305.35</b>
<b>Civilian Operations</b>			
Oversight		535.88	0.00
Other		11,087.68	671.53
<b>Total - Civilian Operations</b>		<b>\$11,623.56</b>	<b>671.53</b>
<b>Total Funding</b>		<b>\$126,263.57</b>	<b>13,048.68</b>

# APPENDICES

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018*
	7,406.40	2,750.00	5,606.94	9,166.77	10,619.28	9,200.00	4,946.20	3,962.34	3,939.33	3,502.26	4,162.72	4,666.82
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	1.19	1.66	1.40	1.76	1.56	1.18	1.42	1.50	1.05	0.86	0.80	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	290.97	192.81	230.06	392.27	379.83	472.99	255.81	238.96	0.00	138.76	135.61	121.93
	<b>7,698.57</b>	<b>2,944.47</b>	<b>5,838.40</b>	<b>9,560.80</b>	<b>11,000.67</b>	<b>9,674.16</b>	<b>5,203.44</b>	<b>4,202.80</b>	<b>3,940.38</b>	<b>3,641.88</b>	<b>4,299.12</b>	<b>4,788.74</b>
	209.00	488.33	550.67	1,000.00	400.00	400.00	200.00	30.00	10.00	5.00	5.00	5.00
	0.00	0.00	0.00	0.00	299.00	400.00	145.50	144.00	0.00	0.00	0.00	0.00
	0.00	0.00	14.44	59.26	239.24	245.76	138.20	122.24	3.72	0.00	0.00	0.00
	1,224.75	1,399.51	2,077.48	3,346.00	2,168.51	1,836.76	1,802.65	907.00	831.90	633.27	650.00	0.00
	166.81	149.43	0.40	0.30	0.00	0.00	0.35	0.00	0.95	0.00	0.00	0.00
	100.77	63.04	58.23	92.30	69.91	0.00	0.25	0.01	0.06	0.00	0.00	0.00
	0.00	10.77	4.22	4.22	3.09	0.38	0.00	0.00	0.00	0.00	1.95	0.00
	0.00	21.96	2.81	3.45	6.25	7.10	1.84	0.80	0.82	1.08	0.29	0.00
	36.72	29.72	59.92	70.74	69.30	65.32	52.60	43.20	43.50	37.96	37.00	0.00
	0.00	0.00	5.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.13	0.75	0.47	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00
	251.74	307.56	493.90	589.00	400.00	357.92	593.81	225.00	250.00	210.00	160.00	3.54
	20.38	40.59	18.88	19.20	18.70	18.70	17.00	18.70	9.05	3.31	11.03	1.84
	<b>2,010.30</b>	<b>2,511.66</b>	<b>3,287.12</b>	<b>5,184.47</b>	<b>3,673.99</b>	<b>3,331.93</b>	<b>2,952.39</b>	<b>1,490.96</b>	<b>1,149.99</b>	<b>890.61</b>	<b>865.28</b>	<b>10.38</b>
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	60.00	149.53	73.01	58.13	112.55	59.20	46.15	65.97	53.73	26.65	4.69	0.00
	0.03	16.84	27.13	29.61	66.23	56.00	21.50	28.15	25.69	39.79	93.84	27.12
	0.00	0.00	0.75	0.84	1.08	0.62	0.32	0.83	0.49	0.04	0.00	0.00
	54.00	44.25	76.79	80.93	65.00	99.56	76.07	107.89	129.27	84.27	81.15	0.00
	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	9.47	20.55	12.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	22.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>123.50</b>	<b>253.57</b>	<b>189.97</b>	<b>169.51</b>	<b>244.85</b>	<b>215.38</b>	<b>144.04</b>	<b>202.83</b>	<b>209.18</b>	<b>150.75</b>	<b>179.68</b>	<b>27.12</b>
	2.50	14.30	25.20	34.40	37.20	59.00	58.70	62.65	68.60	62.37	55.74	55.23
	207.80	435.51	1,065.86	1,761.70	905.10	1,425.42	1,272.24	852.45	909.50	795.20	778.23	7.14
	<b>210.30</b>	<b>449.81</b>	<b>1,091.06</b>	<b>1,796.10</b>	<b>942.30</b>	<b>1,484.42</b>	<b>1,330.94</b>	<b>915.10</b>	<b>978.10</b>	<b>857.57</b>	<b>833.96</b>	<b>62.36</b>
	<b>10,042.66</b>	<b>6,159.50</b>	<b>10,406.55</b>	<b>16,710.87</b>	<b>15,861.81</b>	<b>14,705.89</b>	<b>9,630.81</b>	<b>6,811.69</b>	<b>6,277.65</b>	<b>5,540.81</b>	<b>6,178.04</b>	<b>4,888.60</b>

## APPENDIX C

### SIGAR WRITTEN PRODUCTS\*

#### SIGAR Audits

##### Completed Performance Audits

SIGAR completed two performance audits during this reporting period.

COMPLETED SIGAR PERFORMANCE AUDIT AS OF MARCH 31, 2018		
Report Identifier	Report Title	Date Issued
SIGAR 18-45-AR	Commander's Emergency Response Program: DOD Has Not Determined the Full Extent to Which its Program and Projects, Totaling \$1.5 Billion in Obligations, Achieved Their Objectives and Goals in Afghanistan from Fiscal Year 2009 Through 2013	4/2018
SIGAR 18-42-AR	Afghanistan Reconstruction Trust Fund: The World Bank Needs to Improve How it Monitors implementation, Shares Information, and Determines the Impact of Donor Contributions	4/2018

##### New Performance Audits

SIGAR initiated one performance audit during this reporting period.

NEW SIGAR PERFORMANCE AUDIT AS OF MARCH 31, 2018		
Project Identifier	Project Title	Date Initiated
SIGAR 124A	Afghan Business Taxes Assessed on U.S. Government Contractors	4/2018

##### Ongoing Performance Audits

SIGAR had eight ongoing performance audits during this reporting period.

ONGOING SIGAR PERFORMANCE AUDITS AS OF MARCH 31, 2018		
Project Identifier	Project Title	Date Initiated
SIGAR 123A	Department of State's Efforts to Support and Transition Drug Treatment Programs in Afghanistan	11/2017
SIGAR 121A	Afghan Government's Anti-Corruption Strategy	7/2017
SIGAR 120A	Afghan Air Force's Ability to Operate and Maintain U.S.-Provided Aircraft	3/2017
SIGAR 119A	U.S. Army Corps of Engineers' Local National Quality Assurance Program	3/2017
SIGAR 118A	DOD Efforts to Advise the Afghan Ministries of Defense and Interior	1/2017
SIGAR 117A	USAID's Regional Agricultural Development Program	12/2016
SIGAR 116A	Promoting Gender Equity in National Priority Programs (Promote)	11/2016
SIGAR 115A	U.S. Government Efforts to Increase the Supply, Quantity, and Distribution of Electric Power from the Kajaki Dam	4/2016

\* SIGAR may also report on products and events occurring after March 31, 2018, up to the publication date.

# APPENDICES

## Completed Financial Audits

SIGAR completed two financial audits during this reporting period.

### COMPLETED SIGAR FINANCIAL AUDITS AS OF MARCH 31, 2018

Report Identifier	Report Title	Date Issued
SIGAR 18-44-FA	Department of the Army's Afghan National Army Communications Equipment Training and Sustainment Projects: Audit of Costs Incurred by DRS Global Enterprise Solutions	4/2018
SIGAR 18-43-FA	Department of Defense Task Force for Business and Stability Operations' Support for the Kabul Business Incubator: Audit of Costs Incurred by the Friends of the American University of Afghanistan	4/2018

## New Financial Audits

SIGAR initiated two new financial audits during this reporting period.

### NEW SIGAR FINANCIAL AUDITS AS OF MARCH 31, 2018

Project Identifier	Project Title	Date Initiated
SIGAR-F-140	Afghanistan Ministry of Interior and Afghan National Police Mentoring, Training and Logistics Support Requirement	3/2018
SIGAR-F-139	Law Enforcement Professionals Program	3/2018

## Ongoing Financial Audits

SIGAR had 29 financial audits in progress during this reporting period.

### ONGOING SIGAR FINANCIAL AUDITS AS OF MARCH 31, 2018

Project Identifier	Project Title	Date Initiated
SIGAR-F-142	Bridge Contract to Provide and Coordinate Operational Support for INL's Afghan Civilian Advisor Support (ACAS), Camp Gibson and Camp Falcon on the INL Strip Mall in Afghanistan	1/2018
SIGAR-F-141	International Narcotics and Law Enforcement Program's Operations and Support Services in Kabul, Afghanistan, Non-Chief of Mission	1/2018
SIGAR-F-138	Afghanistan University Support and Workforce Development Program	1/2018
SIGAR-F-137	Strong Hubs for Afghan Hope and Resilience (SHAHAR)	1/2018
SIGAR-F-136	Regional Agriculture Development Program (RADP North)	1/2018
SIGAR-F-135	Strengthening Education in Afghanistan (SEA II)	1/2018
SIGAR-F-134	Women's Leadership Development (WLD)	1/2018
SIGAR-F-133	Technical Assistance to Ministry of Public Works	1/2018
SIGAR-F-132	Capacity Building and Change Management Program II (CBCMP-II)	1/2018
SIGAR-F-131	Helping Mothers and Children Thrive (HEMAYAT)	1/2018
SIGAR-F-130	Implement INL CSSP and Modernize Justice	8/2017
SIGAR-F-129	Support to Mobile Security Teams	8/2017
SIGAR-F-128	Afghanistan MBRC Phase II, Effort II	8/2017
SIGAR-F-127	Afghanistan MBRC Phase II, Effort I	8/2017
SIGAR-F-126	Afghanistan Trade and Revenue Project (ATAR)	8/2017
SIGAR-F-125	Initiative to Strengthen Local Administration (ISLA)	8/2017

*Continued on the next page*

# APPENDICES

## ONGOING SIGAR FINANCIAL AUDITS AS OF MARCH 31, 2018 (CONTINUED)

Project Identifier	Project Title	Date Initiated
SIGAR-F-124	Strengthening Political Entities and Civil Society (SPECS)	8/2017
SIGAR-F-123	Sheberghan Gas Development Project	8/2017
SIGAR-F-122	Afghanistan Agriculture Extension Project I (AAEP-II)	8/2017
SIGAR-F-121	Monitoring Support Project (MSP), Eastern Provinces	8/2017
SIGAR-F-120	Sheberghan Gas Generation (SGG)	8/2017
SIGAR-F-119	Construction of Ministry of Defense Headquarters Support and Security Brigade Expansion Phase II	5/2017
SIGAR-F-118	Construction of Ministry of Defense Phase I	5/2017
SIGAR-F-117	Freedom of Maneuver (FOM) Program	3/2017
SIGAR-F-116	Combined Security Transition Command-Afghanistan, Afghanistan Ministry of Defense and Afghan National Army Program Support	3/2017
SIGAR-F-114	Afghan Engineering Support Program	2/2017
SIGAR-F-113	Mining Investment and Development for Afghanistan Sustainability (MIDAS) Project	2/2017
SIGAR-F-112	Agriculture Credit Enhancement (ACE) Program in Afghanistan	2/2017
SIGAR-F-111	Early Grade Reading (EGR) Survey	2/2017

## SIGAR Inspections Completed Inspections

SIGAR completed two inspections during this reporting period.

### COMPLETED SIGAR INSPECTIONS AS OF MARCH 31, 2018

Product Identifier	Report Title	Date Issued
SIGAR 18-37-IP	Afghanistan's North East Power System Phase III: USACE's Mismanagement Resulted in a System that Is Not Permanently Connected to a Power Source, Has Not Been Fully Tested, and May Not Be Safe to Operate	3/2018
SIGAR 18-35-IP	Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs	3/2018

## New Inspections

SIGAR initiated two inspections during this reporting period.

### NEW SIGAR INSPECTIONS AS OF MARCH 31, 2018

Project Identifier	Project Title	Date Initiated
SIGAR-I-054	Inspection of the Women's Compound at the Afghan National Police Regional Training Center-Jalalabad	4/2018
SIGAR-I-053	Inspection of the Ghulam Khan Road	4/2018

# APPENDICES

## Ongoing Inspections

SIGAR had 12 ongoing inspections during this reporting period.

ONGOING SIGAR INSPECTIONS AS OF MARCH 31, 2018		
Project Identifier	Project Title	Date Initiated
SIGAR-I-052	Inspection of the North East Power System Project Phase 1: Transmission Lines Between Argandeh and Pul-e Alam and Substation at Pul-e Alam	10/2017
SIGAR-I-051	Inspection of the Power Transmission Expansion and Connectivity Project Power Substations at Ghazni and Sayadabad	10/2017
SIGAR-I-050	Inspection of Construction and Utility Upgrades for the ANA Garrison at South Kabul International Airport	9/2017
SIGAR-I-049	Inspection of the ANP Women's Compound at the Ministry of Interior HQ Complex	9/2017
SIGAR-I-048	Inspection of the Power Transmission Expansion and Connectivity Project Transmission Line Between Arghandi and Ghazni	9/2017
SIGAR-I-045a	Inspection of the Marshal Fahim National Defense University - Phase 1	2/2017
SIGAR-I-045b	Inspection of the Marshal Fahim National Defense University - Phase 3	2/2017
SIGAR-I-044	Inspection of the Zarang Border Crossing Point	2/2017
SIGAR-I-043	Inspection of the Kang Border Patrol Company Headquarters	2/2017
SIGAR-I-042	Inspection of the Wardak Prison	2/2017
SIGAR-I-034	Inspection of Construction for the Afghan National Army's Ground Forces Command, Garrison Support Unit, and Army Support Command	8/2015
SIGAR-I-033a	Inspection of Afghan National Army Camp Commando - Phase III	7/2015

## SIGAR Evaluations Completed Evaluation

SIGAR completed one evaluation this reporting period.

COMPLETED SIGAR EVALUATIONS AS OF MARCH 31, 2018		
Product Identifier	Product Title	Date Issued
SIGAR 18-41-IP	Management and Oversight of Fuel in Afghanistan	4/2018

# APPENDICES

## SIGAR Special Projects Completed Special Projects

SIGAR completed five Special Projects reports this reporting period.

### COMPLETED SIGAR SPECIAL PROJECTS AS OF MARCH 31, 2018

Product Identifier	Product Title	Date Issued
SIGAR 18-40-SP	USAID-Funded Schools in Kunduz Province	4/2018
SIGAR 18-34-SP	State Department's Good Performers Initiative	3/2018
SIGAR 18-33-SP	Collection and Screening of Blood from ANA Personnel	3/2018
SIGAR 18-31-SP	Site Visits to Schools in Kabul Province	2/2018
SIGAR 18-30-SP	Health Facilities in Kandahar Province	2/2018

## SIGAR Lessons Learned Program Completed Lessons Learned Reports

SIGAR completed one lessons-learned report this reporting period.

### COMPLETED SIGAR LESSONS LEARNED REPORTS AS OF MARCH 31, 2018

Product Identifier	Product Title	Date Issued
SIGAR 18-38-LL	Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan	4/2018

## Ongoing Lessons Learned Projects

SIGAR has three ongoing Lessons Learned projects this reporting period.

### ONGOING SIGAR LESSONS LEARNED PROJECTS AS OF MARCH 31, 2018

Project Identifier	Project Title	Date Initiated
SIGAR LL-09	Divided Responsibilities in Security Sector Assistance	3/2018
SIGAR LL-07	Stabilization	2/2016
SIGAR LL-04	Counternarcotics	4/2015

# APPENDIX D

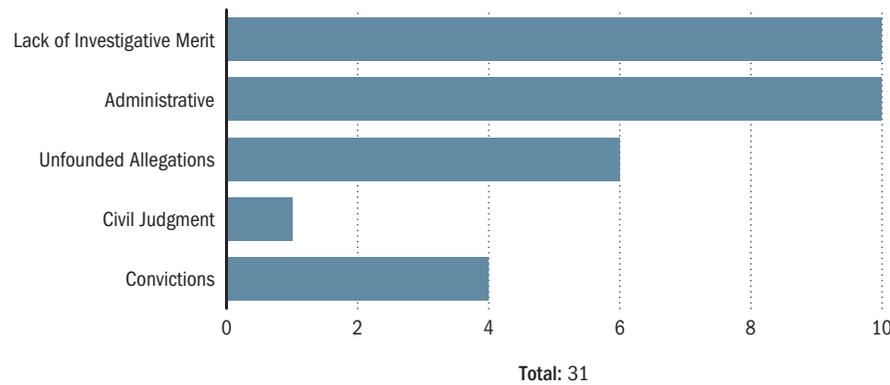
## SIGAR INVESTIGATIONS AND HOTLINE

### SIGAR Investigations

This quarter, SIGAR opened 12 new investigations and closed 31, bringing the total number of ongoing investigations to 199. Of the closed investigations, most were closed due to lack of investigative merit or administrative action, as shown in Figure D.1. Of the new investigations, most were related to procurement or contract fraud, as shown in Figure D.2.

FIGURE D.1

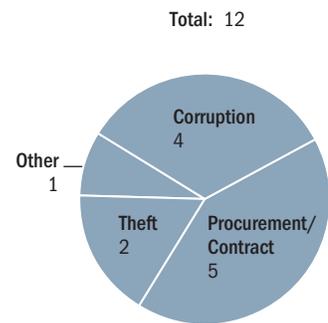
SIGAR INVESTIGATIONS: CLOSED INVESTIGATIONS, JANUARY 1-MARCH 31, 2018



Source: SIGAR Investigations Directorate, 4/6/2018.

FIGURE D.2

SIGAR NEW INVESTIGATIONS, JANUARY 1-MARCH 31, 2018



Source: SIGAR Investigations Directorate, 04/06/2018.

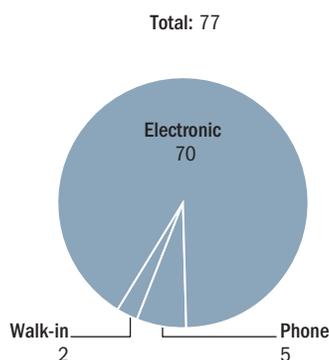
# APPENDICES

## SIGAR Hotline

The SIGAR Hotline received 77 complaints this quarter, as shown in Figure D.3. In addition to working on new complaints, the Investigations Directorate continued its work this quarter on complaints received prior to January 1, 2018. This quarter, the directorate processed 188 complaints, most of which are under review or were closed, as shown in Figure D.4.

FIGURE D.3

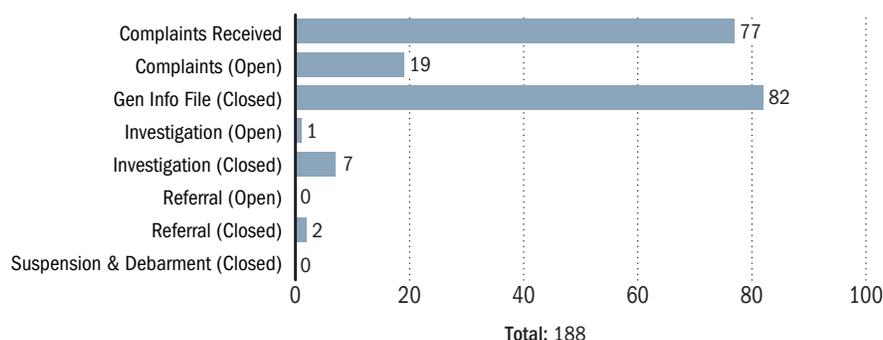
**SOURCE OF SIGAR HOTLINE COMPLAINTS, JANUARY 1-MARCH 31, 2018**



Source: SIGAR Investigations Directorate, 4/11/2018.

FIGURE D.4

**STATUS OF SIGAR HOTLINE COMPLAINTS: JANUARY 1-MARCH, 31 2018**



Source: SIGAR Investigations Directorate, 4/6/2018.

## SIGAR SUSPENSIONS AND DEBARMENTS

Table D.1 is a comprehensive list of finalized suspensions, debarments, and special entity designations relating to SIGAR's work in Afghanistan as of March 31, 2018. *SIGAR lists its suspensions, debarments and special entity designations for historical purposes only.* For the current status of any individual or entity listed herein as previously suspended, debarred or listed as a special entity designation, please consult the System for Award Management, [www.sam.gov](http://www.sam.gov).

Entries appearing in both the suspension and debarment sections are based upon their placement in suspended status following criminal indictment or determination of non-responsibility by agency suspension and debarment official. Final debarment was imposed following criminal conviction in U.S. Federal District Court and/or final determination by agency suspension and debarment official regarding term of debarment.

# APPENDICES

TABLE D.1

## SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2018

### Special Entity Designations

Arvin Kam Construction Company	Noh-E Safi Mining Company	Saadat, Wakil
Arvin Kam Group LLC, d.b.a. "Arvin Kam Group Security," d.b.a. "Arvin Kam Group Foundation," d.b.a. "Arvin Global Logistics Services Company"	Noor Rahman Company	Triangle Technologies
Ayub, Mohammad	Noor Rahman Construction Company	Wasim, Abdul Wakil
Fruzi, Haji Khalil	Nur Rahman Group, d.b.a. "NUCCL Construction Company," d.b.a. "RUCCL Rahman Umar Construction Company," d.b.a. "Rahman Trading and General Logistics Company LLC	Zaland, Yousef
Haji Amir Muhammad	Rahman, Nur, a.k.a. "Noor Rahman," a.k.a. "Noor Rahman Safa"	Zurmat Construction Company
Haji Dhost Mohammad Zurmat Construction Company	Rhaman, Mohammad	Zurmat Foundation
Jan, Nurullah		Zurmat General Trading
Khan, Haji Mohammad Almas		Zurmat Group of Companies, d.b.a. "Zurmat LLC"
		Zurmat Material Testing Laboratory

### Suspensions

Al-Watan Construction Company	Yousef, Najeebullah	Elham, Yaser, a.k.a. "Najibullah Saadullah"
Basirat Construction Firm	Rahimi, Mohammad Edris	Everest Faizy Logistics Services
Brophy, Kenneth	Wooten, Philip Steven	Faizy Elham Brothers Ltd
Naqibullah, Nadeem	Domineck, Lavette Kaye	Faizy, Rohullah
Rahman, Obaidur	Markwith, James	Hekmat Shadman General Trading LLC
Campbell, Neil Patrick	All Points International Distributors Inc.	Hekmat Shadman Ltd., d.b.a. "Hikmat Shadman Ltd"
Borcata, Raul A.	Cipolla, James	Hikmat Shadman Construction and Supply Company
Close, Jarred Lee	Hercules Global Logistics	Hikmat Shadman Logistics Services Company, d.b.a. "Hikmat Shadman Commerce Construction and Supply Company," d.b.a. "Hikmat Shadman Commerce Construction Services"
Logistical Operations Worldwide	Schroeder, Robert	Saif Hikmat Construction Logistic Services and Supply Co
Robinson, Franz Martin	AISC LLC	Shadman, Hikmatullah, a.k.a. "Hikmat Shadman," a.k.a. "Haji Hikmatullah Shadman," a.k.a. "Hikmatullah Saadulah"
Taylor, Zachery Dustin	American International Security Corporation	Travis, James Edward
Aaria Group Construction Company	Brothers, Richard S.	Sherzai, Akbar Ahmed
Aaria Group	David A Young Construction & Renovation Inc.	Bertolini, Robert L.
Aaria Herai General Trading	Force Direct Solutions LLC	Kahn, Haroon Shams, a.k.a. "Haroon Shams"
Aaria M.E. General Trading LLC	Harris, Christopher	Shams Constructions Limited
Aaria Middle East	Hernando County Holdings LLC	Shams General Services and Logistics Unlimited
Aaria Middle East Company LLC	Hide-A-Wreck LLC	Shams Group International, d.b.a. "Shams Group International FZE"
Aaria Middle East Company Ltd - Herat	Panthers LLC	Shams London Academy
Aaria Supplies Company Ltd	Paper Mill Village Inc	Shams Production
Aaria Supply Services and Consultancy	Shroud Line LLC	Shams Welfare Foundation
Aftech International	Spada, Carol	Autry, Cleo Brian
Aftech International Pvt. Ltd	Taylor, Michael	Chamberlain, William Todd
Alam, Ahmed Farzad	Welventure LLC	Cook, Jeffrey Arthur
Albahar Logistics	World Wide Trainers LLC	Harper, Deric Tyron
American Aaria Company LLC	Young, David	Swim, Alexander
American Aaria LLC	Espinoza, Mauricio	
Barakzai, Nangialai	Long, Tonya	
Formid Supply and Services	Brophy, Kenneth Michael	
Greenlight General Trading	Rivera-Medina, Franklin Delano	
Kabul Hackle Logistics Company	Peace Thru Business	
Sharpway Logistics	Pudenz, Adam Jeff Julias	
United States California Logistics Company		

# APPENDICES

TABLE D.1 (CONTINUED)

<b>SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2018</b> (CONTINUED)		
<b>Suspensions (continued)</b>		
Walls, Barry Lee, Jr.	Al Quraishi Bureau	Pena, Ramiro
Ciampa, Christopher	Al Zakoura Company	Ware, Marvin
Casellas, Luis Ramon	Al-Amir Group LLC	Green, Robert Warren
International Contracting and Development	Al-Noor Contracting Company	Bailey, Louis Matthew
Sobh, Adeb Nagib, a.k.a. "Ali Sobh"	Al-Noor Industrial Technologies Company	Albright, Timothy H.
Stallion Construction and Engineering Group	California for Project Company	Bailey, Louis Matthew
Wazne Group Inc., d.b.a. "Wazne Wholesale"	Civilian Technologies Limited Company	Bunch, Donald P.
Wazne, Ayman, a.k.a. "Ayman Ibrahim Wazne"	Industrial Techniques Engineering Electromechanically Company	Epps, Willis
Hampton, Seneca Darnell	Jamil, Omar K.	Kline, David
Green, George E.	Pulsars Company	Morgan, Sheldon J.
Tran, Anthony Don	San Francisco for Housing Company	Badgett, Michael J.
Vergez, Norbert	Sura Al Mustakbal	Blevins, Kenneth Preston
Mayberry, Teresa	Top Techno Concrete Batch	Banks, Michael
Addas, James	Edmondson, Jeffrey B.	Badgett, Michael J.
Advanced Ability for U-PVC	Lugo, Emanuel	Blevins, Kenneth Preston
Al Bait Al Amer	Montague, Geoffrey K.	Banks, Michael
Al Iraq Al Waed		
<b>Debarments</b>		
Farooqi, Hashmatullah	Radhi, Mohammad Khalid	Kunari, Haji Pir Mohammad
Hamid Lais Construction Company	Safi, Fazal Ahmed	Mushfiq, Muhammad Jaffar
Hamid Lais Group	Shin Gul Shaheen, a.k.a. "Sheen Gul Shaheen"	Mutallib, Abdul
Lodin, Rohullah Farooqi	Espinoza-Loor, Pedro Alfredo	Nasrat, Sami
Bennett & Fouch Associates LLC	Campbell, Neil Patrick	National General Construction Company
Brandon, Gary	Navarro, Wesley	Passerly, Ahmaad Saleem
K5 Global	Hazrati, Arash	Rabi, Fazal
Ahmad, Noor	Midfield International	Rahman, Atta
Noor Ahmad Yousufzai Construction Company	Moore, Robert G.	Rahman, Fazal
Ayeni, Sheryl Adenike	Noori, Noor Alam, a.k.a. "Noor Alam"	Roshandil, Mohammad Ajmal
Cannon, Justin	Northern Reconstruction Organization	Saber, Mohammed
Constantino, April Anne	Shamal Pamir Building and Road Construction Company	Safi, Azizur Rahman
Constantino, Dee	Wade, Desi D.	Safi, Matiullah
Constantino, Ramil Palmes	Blue Planet Logistics Services	Sahak, Sher Khan
Crilly, Braam	Mahmodi, Padres	Shaheed, Murad
Drotleff, Christopher	Mahmodi, Shikab	Shirzad, Daulet Khan
Fil-Tech Engineering and Construction Company	Saber, Mohammed	Uddin, Mehrab
Handa, Sdiharth	Watson, Brian Erik	Watson, Brian Erik
Jabak, Imad	Abbasi, Shahpoor	Wooten, Philip Steven
Jamally, Rohullah	Amiri, Waheedullah	Espinoza, Mauricio
Khalid, Mohammad	Atal, Waheed	Alam, Ahmed Farzad
Khan, Daro	Daud, Abdulilah	Greenlight General Trading
Mariano, April Anne Perez	Dehati, Abdul Majid	Aaria Middle East Company LLC
McCabe, Elton Maurice	Fazli, Qais	Aaria Middle East Company Ltd - Herat
Mihalcz, John	Hamdard, Mohammad Yousuf	Aaria M.E. General Trading LLC
Qasimi, Mohammed Indress		Aaria Middle East

# APPENDICES

TABLE D.1 (CONTINUED)

## SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2018 (CONTINUED)

### Debarments (continued)

Barakzai, Nangjalai	Khan, Solomon Sherdad, a.k.a. "Solomon"	Johnson, Angela
Formid Supply and Services	Mursalim, Ikramullah, a.k.a. "Ikramullah"	CNH Development Company LLC
Aaria Supply Services and Consultancy	Musafer, Naseem, a.k.a. "Naseem"	Johnson, Keith
Kabul Hackle Logistics Company	Ali, Esrar	Military Logistic Support LLC
Yousef, Najeebullah	Gul, Ghanzi	Eisner, John
Aaria Group	Luqman Engineering Construction Company, d.b.a. "Luqman Engineering"	Taurus Holdings LLC
Aaria Group Construction Company	Safiullah, a.k.a. "Mr. Safiullah"	Brophy, Kenneth Michael
Aaria Supplies Company Ltd.	Sarfarez, a.k.a. "Mr. Sarfarez"	Abdul Haq Foundation
Rahimi, Mohammad Edris	Wazir, Khan	Adajar, Adonis
All Points International Distributors Inc.	Akbar, Ali	Calhoun, Josh W.
Hercules Global Logistics	Crystal Construction Company, d.b.a. "Samitullah Road Construction Company"	Clark Logistic Services Company, d.b.a. "Clark Construction Company"
Schroeder, Robert	Samitullah (Individual uses only one name)	Farkas, Janos
Helmand Twinkle Construction Company	Ashna, Mohammad Ibrahim, a.k.a. "Ibrahim"	Flordeliz, Alex F.
Waziri, Heward Omar	Gurvinder, Singh	Knight, Michael T., II
Zadran, Mohammad	Jahan, Shah	Lozado, Gary
Afghan Mercury Construction Company, d.b.a. "Afghan Mercury Construction & Logistics Company"	Shahim, Zakirullah a.k.a. "Zakrullah Shahim", a.k.a. "Zikrullah Shahim"	Mijares, Armando N., Jr.
Mirzali Naseeb Construction Company	Alyas, Maiwand Ansunullah a.k.a. "Engineer Maiwand Alyas"	Mullakhieil, Wadir Abdullahmatin
Montes, Diyana	BMCSC	Rainbow Construction Company
Naseeb, Mirzali	Maiwand Haqmal Construction and Supply Company	Sardar, Hassan, a.k.a. "Hassan Sardar Inqilab"
Robinson, Franz Martin	New Riders Construction Company, d.b.a. "Riders Construction Company," d.b.a. "New Riders Construction and Services Company"	Shah, Mohammad Nadir, a.k.a. "Nader Shah"
Smith, Nancy	Riders Constructions, Services, Logistics and Transportation Company	Tito, Regor
Sultani, Abdul Anas a.k.a. "Abdul Anas"	Riders Group of Companies	Brown, Charles Phillip
Faqiri, Shir	Domineck, Lavette Kaye	Sheren, Fasila, a.k.a. "Sheren Fasila"
Hosmat, Haji	Markwith, James	Anderson, Jesse Montel
Jim Black Construction Company	Martinez, Rene	Charboneau, Stephanie, a.k.a. "Stephanie Shankel"
Arya Ariana Aryayee Logistics, d.b.a. "AAA Logistics," d.b.a. "Somo Logistics"	Maroof, Abdul	Hightower, Jonathan
Garst, Donald	Qara, Yousef	Khan, Noor Zali, a.k.a. "Wali Kahn Noor"
Mukhtar, Abdul a.k.a. "Abdul Kubar"	Royal Palace Construction Company	Saheed, a.k.a. "Mr. Saheed;" a.k.a. "Sahill;" a.k.a. "Ghazi-Rahman"
Noori Mahgir Construction Company	Bradshaw, Christopher Chase	Weaver, Christopher
Noori, Sherin Agha	Zuhra Productions	Al Kaheel Oasis Services
Long, Tonya	Zuhra, Niazi	Al Kaheel Technical Service
Isranuddin, Burhanuddin	Boulware, Candice a.k.a. "Candice Joy Dawkins"	CLC Construction Company
Matun, Navidullah, a.k.a. "Javid Ahmad"	Dawkins, John	CLC Consulting LLC
Matun, Wahidullah	Mesopotamia Group LLC	Complete Manpower Solutions
Navid Basir Construction Company	Nordloh, Geoffrey	Mohammed, Masiuddin, a.k.a. "Masi Mohammed"
Navid Basir JV Gagar Baba Construction Company	Kieffer, Jerry	Rhoden, Bradley L., a.k.a. "Brad L. Rhoden"
NBCC & GBCC JV		Rhoden, Lorraine Serena
Noori, Navid		Royal Super Jet General Trading LLC
Asmatullah, Mahmood, a.k.a. "Mahmood"		Super Jet Construction Company
Khan, Gul		Super Jet Fuel Services

# APPENDICES

TABLE D.1 (CONTINUED)

<b>SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2018 (CONTINUED)</b>		
<b>Debarments (continued)</b>		
Super Jet Group	Latifi, Abdul	LTCCORP Inc.
Super Jet Tours LLC, d.b.a. "Super Jet Travel and Holidays LLC"	McCammon, Christina	LTCCORP/Kaya Dijbouti LLC
Super Solutions LLC	Mohibzada, Ahmadullah, a.k.a. "Ahmadullah Mohebzada"	LTCCORP/Kaya East Africa LLC
Abdullah, Bilal	Neghat, Mustafa	LTCCORP/Kaya Romania LLC
Farmer, Robert Scott	Qurashi, Abdul	LTCCORP/Kaya Rwanda LLC
Mudiyanselage, Oliver	Raouf, Ashmatullah	LTCORP Technology LLC
Kelly, Albert, III	Shah, David	Toltest Inc., d.b.a. "Wolverine Testing and Engineering" d.b.a. "Toledo Testing Laboratory," d.b.a. "LTC," d.b.a. "LTC Corp," d.b.a. "LTC Corp Ohio," d.b.a. "LTC Ohio"
Ethridge, James	Touba, Kajim	Toltest/Desbuild Germany JV LLC
Fernridge Strategic Partners	Zahir, Khalid	Veterans Construction/Lakeshore JV LLC
AISC LLC	Aryubi, Mohammad Raza Samim	Afghan Royal First Logistics, d.b.a. "Afghan Royal"
American International Security Corporation	Atlas Sahil Construction Company	American Barriers
David A Young Construction & Renovation Inc.	Bab Al Jazeera LLC	Arakozia Afghan Advertising
Force Direct Solutions LLC	Emar-E-Sarey Construction Company	Dubai Armored Cars
Harris, Christopher	Muhammad, Pianda	Enayatullah, Son of Hafizullah
Hernando County Holdings LLC	Sambros International, d.b.a. "Sambros International Ltd," d.b.a. "Sambros-UK JV"	Farhas, Ahmad
Hide-A-Wreck LLC	Sambros JV Emar-E-Sarey Construction Company, d.b.a. "Sambros JV ESCC"	Inland Holdings Inc
Panthers LLC	Antes, Bradley A.	Intermaax, FZE
Paper Mill Village Inc.	Lakeshore Engineering & Construction Afghanistan Inc, d.b.a. "Lakeshore General Contractors Inc"	Intermaax Inc
Shroud Line LLC	Lakeshore Engineering Services Inc	Karkar, Shah Wali
Spada, Carol	Lakeshore Engineering Services/Toltest JV LLC	Sandman Security Services
Welventure LLC	Lakeshore Toltest - Rentenbach JV LLC	Siddiqi, Atta
World Wide Trainers LLC	Lakeshore Toltest Corporation, d.b.a. "Lakeshore Group," d.b.a. "LTC Newco d.b.a. "LTC CORP Michigan," d.b.a. "Lakeshore Toltest KK"	Specialty Bunkering
Young, David Andrew	Lakeshore Toltest Guam LLC	Spidle, Chris Calvin
Woodruff and Company	Lakeshore Toltest JV LLC	Vulcan Amps Inc
Travis, James Edward	Lakeshore Toltest RRCC JV LLC	Worldwide Cargomasters
Khairfullah, Gul Agha	Lakeshore/Walsh JV LLC	Aziz, Haji Abdul, a.k.a. "Abdul Aziz Shah Jan," a.k.a. "Aziz"
Khalil Rahimi Construction Company	LakeshoreToltest METAG JV LLC	Castillo, Alfredo, Jr.
Momand, Jahanzeb, a.k.a. "Engineer Jahanzeb Momand"	LTC & Metawater JV LLC	Abbasi, Asim
Yar-Mohammad, Hazrat Nabi	LTC Holdings Inc.	Muturi, Samuel
Walizada, Abdul Masoud, a.k.a. "Masood Walizada"	LTC Italia SRL	Mwakio, Shannel
Alizai, Zarghona	LTC Tower General Contractors LLC	Ahmad, Jaweed
Aman, Abdul	LTCCORP Commercial LLC	Ahmad, Masood
Anwari, Laila	LTCCORP E&C Inc	A & J Total Landscapes
Anwari, Mezhgan	LTCCORP Government Services - OH Inc	Aryana Green Light Support Services
Anwari, Rafi	LTCCORP Government Services Inc	Mohammad, Sardar, a.k.a. "Sardar Mohammad Barakzai"
Arghandiwal, Zahra, a.k.a. "Sarah Arghandiwal"	LTCCORP Government Services-MI Inc	Pittman, James C., a.k.a. "Carl Pittman"
Azizi, Farwad, a.k.a. "Farwad Mohammad Azizi"	LTCCORP O&G LLC	Poaipuni, Clayton
Bashizada, Razia	LTCCORP Renewables LLC	Wiley, Patrick
Coates, Kenneth		Crystal Island Construction Company
Gibani, Marika		
Haidari, Mahboob		

# APPENDICES

TABLE D.1 (CONTINUED)

## SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2018 (CONTINUED)

### Debarments (continued)

Afghan Columbia Constructon Company	Al Bait Al Amer	Sharq Afghan Logistics Company, d.b.a. "East Afghan Logistics Company"
Ahmadi, Mohammad Omid	Al Iraq Al Waed	
Dashti, Jamsheed	Al Quraishi Bureau	Hafizullah, Sayed; a.k.a. "Sadat Sayed Hafizullah"; a.k.a. "Sayed Hafizullah Delseoz"
Hamdard, Eraj	Al Zakoura Company	
Hamidi, Mahrokh	Al-Amir Group LLC	Sadat Zohori Construction and Road Building Company; d.b.a. "Sadat Zohori Cons Co."
Raising Wall Construction Company	Al-Noor Contracting Company	Abdullah, Son of Lal Gul
Artemis Global Inc., d.b.a. "Artemis Global Logistics and Solutions;" d.b.a. "Artemis Global Trucking LLC"	Al-Noor Industrial Technologies Company	Ahmad, Aziz
O'Brien, James Michael, a.k.a. "James Michael Wienert"	California for Project Company	Ahmad, Zubir
Tamerlane Global Services Inc., d.b.a. "Tamerlane Global LLC;" d.b.a. "Tamerlane LLC;" d.b.a. "Tamerlane Technologies LLC"	Civilian Technologies Limited Company	Aimal, Son of Masom
Jean-Noel, Dimitry	Industrial Techniques Engineering Electromechanically Company	Ajmal, Son of Mohammad Anwar
Hampton, Seneca Darnell	Pena, Ramiro	Fareed, Son of Shir
Dennis, Jimmy W.	Pulsars Company	Fayaz Afghan Logistics Services
Timor, Karim	San Francisco for Housing Company	Fayaz, Afghan, a.k.a. "Fayaz Alimi," a.k.a. "Fayaz, Son of Mohammad"
Wardak, Khalid	Sura Al Mustakbal	Gul, Khuja
Rahmat Siddiqi Transportation Company	Top Techno Concrete Batch	Habibullah, Son of Ainuddin
Siddiqi, Rahmat	Albright, Timothy H.	Hamidullah, Son of Abdul Rashid
Siddiqi, Sayed Attaullah	Insurance Group of Afghanistan	Haq, Fazal
Umbrella Insurance Limited Company	Ratib, Ahmad, a.k.a. "Nazari"	Jahangir, Son of Abdul Qadir
Taylor, Michael	Jamil, Omar K.	Kaka, Son of Ismail
Gardazi, Syed	Rawat, Ashita	Khalil, Son of Mohammad Ajan
Smarasinghage, Sagara	Casellas, Luis Ramon	Khan, Mirullah
Security Assistance Group LLC	Saber, Mohammad a.k.a. "Saber," a.k.a. "Sabir"	Khan, Mukamal
Bailly, Louis Matthew	Zahir, Shafiullah Mohammad a.k.a. "Shafiullah," a.k.a. "Shafie"	Khoshal, Son of Sayed Hasan
Kumar, Krishan	Achiever's International Ministries Inc., d.b.a. "Center for Achievement and Development LLC"	Malang, Son of Qand
Raj, Janak	Bickersteth, Diana	Masom, Son of Asad Gul
Singh, Roop	Bonview Consulting Group Inc.	Mateen, Abdul
Masraq Engineering and Construction Company	Fagbenro, Oyetayo Ayoola, a.k.a. "Tayo Ayoola Fagbenro"	Mohammad, Asghar
Miakhil, Azizullah	Global Vision Consulting LLC	Mohammad, Baqi
Stratton, William G	HUDA Development Organization	Mohammad, Khial
Umeer Star Construction Company	Strategic Impact Consulting, d.b.a. "Strategic Impact KarKon Afghanistan Material Testing Laboratory"	Mohammad, Sayed
Zahir, Mohammad Ayub	Davies, Simon	Mujahid, Son of Abdul Qadir
Marshal Afghan American Construction Company	Gannon, Robert, W.	Nangjali, Son of Alem Jan
Marshal, Sayed Abbas Shah	Gillam, Robert	Nawid, Son of Mashoq
Peace Thru Business	Mondial Defence Systems Ltd	Noorullah, Son of Noor Mohammad
Pudenz, Adam Jeff Julias	Mondial Defense Systems USA LLC	Qayoum, Abdul
Green, Robert Warren	Mondial Logistics	Roz, Gul
Mayberry, Teresa	Khan, Adam	Shafiq, Mohammad
Addas, James	Khan, Amir, a.k.a. "Amir Khan Sahel"	Shah, Ahmad
Advanced Ability for U-PVC		Shah, Mohammad
		Shah, Rahim
		Sharif, Mohammad

# APPENDICES

TABLE D.1 (CONTINUED)

<b>SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2018 (CONTINUED)</b>		
<b>Debarments (continued)</b>		
Waheedullah, Son of Sardar Mohammad	Etihad Hamidi Logistics Company; d.b.a. "Etihad	Areebel Engineering and Logistics - Farzam
Wahid, Abdul	Hamidi Transportation, Logistic Company	Areebel Engineering and Logistics
Wais, Gul	Corporation"	Areeb-Rixon Construction company LLC d.b.a.
Wali, Khair	Hamidi, Abdul Basit; a.k.a. Basit Hamidi	"Areeb-REC JV"
Wali, Sayed	Kakar, Rohani; a.k.a. "Daro Khan Rohani"	Carver, Elizabeth N.
Wali, Taj	Mohammad, Abdullah Nazar	Carver, Paul W.
Yaseen, Mohammad	Nasir, Mohammad	RAB JV
Yaseen, Son of Mohammad Aajan	Wali Eshaq Zada Logistics Company; d.b.a. "Wali	Ullah, Izat; a.k.a. "Ezatullah"; a.k.a. "Izatullah, Son of
Zakir, Mohammad	Ashqa Zada Logistics Company"; d.b.a. "Nasert	Shamsudeen"
Zamir, Son of Kabir	Nawazi Transportation Company"	Saboor, Baryalai Abdul; a.k.a. "Barry Gafuri"
Rogers, Sean	Ware, Marvin	Stratex Logistic and Support, d.b.a. "Stratex
Slade, Justin	Belgin, Andrew	Logistics"
Morgan, Sheldon J.	Afghan Bamdad Construction Company, d.b.a.	Jahanzeb, Mohammad Nasir
Dixon, Reginald	"Afghan Bamdda Development Construction	Blevens, Kenneth Preston
Emmons, Larry	Company"	Banks, Michael
Epps, Willis	Areeb of East company for Trade & Farzam	Nebraska McAlpine
Etihad Hamidi Group; d.b.a. "Etihad Hamidi Trading,	Construction Company JV	Javid Hamdard
Transportation, Logistics and Construction Company"	Areeb of East for Engineering and General Trading	Afghan Armor Vehicle Rental Company
	Company Limited d.b.a. "Areeb of East, LLC"	Meli Afghanistan Group
	Areeb-BDCC JV	

## APPENDIX E

## SIGAR DATA CALL QUESTIONS THAT RECEIVED CLASSIFIED OR UNCLASSIFIED BUT NOT PUBLICLY RELEASABLE RESPONSES

Every quarter, SIGAR sends U.S. implementing agencies in Afghanistan a list of questions about their programs. This quarter, United States Forces-Afghanistan (USFOR-A) classified, or designated unclassified but not publicly releasable, its responses to the **bolded** portions of 13 questions (up three from last quarter) from SIGAR's data call (below). As authorized by its enabling statute, SIGAR will publish a classified annex containing the classified and publicly unreleasable data.

### SECURITY

Question ID	Question
Apr-Sec-01	<p>1. Please provide the following information on ANA strength as of February 28, 2018 (or latest available date):</p> <ul style="list-style-type: none"> <li><b>a. the most recent three ANA PASR month-end reports with “as of” dates on each.</b></li> <li>b. please complete the attached ANA Strength spreadsheets. There are two. One for unclassified strength data (e.g. authorized strength broken out separately from assigned strength if authorized is unclassified by itself) <b>and one for classified. (Attachment Sec-01.xls, Sec-01a.xls)</b></li> <li>c. total number of officers, NCOs, and enlisted personnel within the ANA.</li> <li><b>d. monthly attrition rates for the last three months for the ANA by Corps, Division, SOF, and AAF with “as of” dates provided. (see example attached for how we would like the data presented)</b></li> </ul> <p>2. Please provide an unclassified description of general ANA attrition trends over the last quarter.</p> <p>3. <b>Please provide rounded strength figures for the ANA, AAF, and ANA and AAF civilians if you are unable to provide any data in the unclassified Sec-01 spreadsheet.</b></p>
Apr-Sec-04	<p>On the ANDSF's performance:</p> <ul style="list-style-type: none"> <li>a. Since the U.S. strategy announced in August 2017 that U.S. advisors would be pushed below the Corps and Zone level, what has changed about the extent to which U.S. forces have visibility into the ANDSF units/pillars tactical and operational readiness and tactical effectiveness?</li> <li><b>b. Please provide a recent unclassified assessment of the ANDSF elements at the Corps and Zone level as well as below if possible. The assessment can be general or anecdotal, but please cover key performance areas such as reporting, training, planning, operational readiness, and leadership.</b></li> <li><b>c. Please provide a recent, classified comprehensive assessment of the ANDSF Corps and Zones via SIPR. We will provide examples of these assessments via NIPR/SIPR.</b></li> <li>d. How did the ANDSF leadership handle planning for the 2018–2019 annual operational plan? Did they do so autonomously? If not, how much input was required from U.S. and Coalition advisors? What is the mechanism for advisors to track the ANDSF's progress toward achieving and complying with their operational plan?</li> </ul>
Apr-Sec-08	<p>1. Please provide the following information on ANP strength as of February 28, 2018 (or latest available date):</p> <ul style="list-style-type: none"> <li><b>a. the most recent three ANP PERSTAT month-end reports with “as of” dates on each.</b></li> <li>b. please complete the attached ANP Strength spreadsheets. There are two. One for unclassified strength data (e.g. authorized strength broken out separately from assigned strength if authorized is unclassified by itself) <b>and one for classified. (Attachment Sec-08.xls, Sec-08a.xls)</b></li> <li>c. total number of officers, NCOs, and enlisted personnel within the ANP.</li> <li><b>d. monthly attrition rates for the last three months for the entire ANP and by ANP component with “as of dates” included. (see example attached for how we would like the data presented)</b></li> </ul> <p>2. Please provide an unclassified description of general ANP attrition trends over the last quarter.</p> <p>3. <b>Please provide rounded strength figures for the ANP, including each pillar if you are unable to provide any data in the unclassified Sec-08 spreadsheet.</b></p>

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# APPENDICES

## SECURITY

Question ID	Question
Apr-Sec-15	<p>Please provide an update on the Afghan Local Police program, including:</p> <ol style="list-style-type: none"><li>the current number of ALP members and current number of ALP members that are fully trained (include “as of” date)</li><li>estimate of likely Fiscal Year 2017 costs to support and sustain the ALP at target strength (30,000) and capability</li><li><b>retention and attrition for ALP members</b></li><li><b>ALP casualty figures from the last quarter and also from January 1, 2017–December 31, 2017</b></li><li>an update to the ALP reform status and district assessment findings</li><li>What percentage of the ALP force is registered in: AHRIMS, APPS, EFT, and Mobile Money. What is currently being done to ensure ALP enrollment in these programs increases?</li></ol>
Apr-Sec-18	<p>Please provide the following information on the Ministry assessment system and processes:</p> <ol style="list-style-type: none"><li>Please provide a recent, unclassified assessment of the MOD and MOI as well as the date of the assessments. Please generally characterize how the MOD and MOI are progressing toward their benchmarks for the new PMR.</li><li>For each progress rating (“sustainable,” “fully effective,” “partially effective,” “initiated,” and “agreed,”) how many of the benchmarks for each ministry fall under each rating, as of March 23, 2018 (or latest available date)?</li><li><b>Please provide a copy of the most recent classified, comprehensive MOD/MOI assessments via SIPR with an ‘as of’ date. If there is more detailed classified information about how each ministry is progressing toward its PMR benchmarks, please provide it.</b></li></ol>
Apr-Sec-21	<ol style="list-style-type: none"><li>Please provide the status of the ANDSF’s medical/health care system as of February 28, 2018 (or latest available date), including:<ol style="list-style-type: none"><li><b>please complete the attached ANDSF Medical spreadsheet (Sec-21 tab in “ANDSF Personnel, Equip, Funding Spreadsheet”), or provide the applicable data with an “as of date”</b></li><li>total cost of ANDSF medical equipment procured and fielded to date</li><li>an update on the ANDSF’s medical/health care system, services, and personnel accomplishments this past quarter</li><li>What is the status of the improvements being made to the Afghan MEDEVAC system? What is the progress of training for ANDSF medical personnel in the prevention of combat deaths and treating of combat woundings?</li><li><b>Please provide rounded figures for ANDSF medical staff broken down by ANA, ANP, AAF, ASSF, and also by position (i.e. doctors, nurses, medics, etc.).</b></li></ol></li><li>Please provide information on the Afghan Military Medical School:<ol style="list-style-type: none"><li><b>Are both ANA and ANP personnel attending the Afghan Military Medical School? Please provide the current number, assigned force element, and ranking of personnel attending the school and what position they are being trained for (i.e. doctors, nurses, medics, etc.).</b></li><li>What types of training are provided at the Afghan Military Medical School, and what types of certifications does each position have to get?</li><li>How many U.S. and Coalition advisors provide TAA at this school? What, if any, efforts are underway to improve the quality of training at the Afghan Military Medical School or to provide advanced medical training through partnerships with other organizations?</li><li><b>How many women are being trained at the Afghan Military Medical School? Please provide the breakdown of women by force element and rank, and what position they are being trained for (i.e. doctors, nurses, midwives, medics, etc.) If you do not have visibility into this, please explain why.</b></li></ol></li></ol>
Apr-Sec-23	<p>Please provide information on insider attacks against Coalition Forces and ANDSF casualties, including:</p> <ol style="list-style-type: none"><li>the number of insider attacks against U.S. military personnel during 2017 (Jan 1–Dec 31) and from January 1, 2018–March 23, 2018 (or latest possible date).</li><li>the number of U.S. military personnel wounded or killed from insider attacks during 2017 (Jan 1–Dec 31) and from January 1, 2018–March 23, 2018 (or latest possible date).</li><li>the number of insider attacks against ANDSF during 2017 during 2017 (Jan 1–Dec 31) and from January 1, 2018–March 23, 2018 (or latest possible date).</li><li>the number of ANDSF personnel wounded or killed as a result of insider attacks during 2017 (Jan 1–Dec 31) and from January 1, 2018–March 23, 2018 (or latest possible date).</li><li><b>the number of ANDSF personnel killed and wounded during 2017 (Jan 1–Dec 31) and from January 1, 2018–March 23, 2018 (or latest possible date).</b></li></ol>

*Continued on the next page*

# APPENDICES

## SECURITY

Question ID	Question
Apr-Sec-26	<p>Regarding USG support to the Special Mission Wing (SMW):</p> <ol style="list-style-type: none"><li>Please provide a recent comprehensive unclassified update of the SMW as of November 30, 2017 (or latest possible date).</li><li><b>Please identify each type of aircraft in the SMW inventory and the number of each.</b></li><li>Please provide the number of aircraft purchased but not yet fielded.</li><li>Please complete the attached ANDSF spreadsheet/SMW tab, or provide the applicable data. (Sec-26 tab in "ANDSF Personnel, Equip, Funding Spreadsheet")</li><li><b>What percentage of the SMW sorties are in support of counternarcotics? of counterterrorism? or, counternexus (CN &amp; CT)?</b></li><li><b>How many aircrew members does the SMW currently have, by crew position and airframe? Please break out their level of mission qualification (e.g. Certified Mission Ready (night-vision qualified), the daytime equivalent, etc.):</b><ol style="list-style-type: none"><li><b>Mi-17 Pilots and Pilot Trainers</b></li><li><b>Mi-17 Flight Engineers</b></li><li><b>Mi-17 Crew Chiefs</b></li><li><b>PC-12 Pilots</b></li><li><b>PC-12 Mission System Operators</b></li></ol></li><li><b>Please provide the operational readiness rate of the SMW and what the achievement benchmarks are in this area.</b></li></ol>
Apr-Sec-40	<ol style="list-style-type: none"><li><b>Please provide the ANA Corps' equipment operational readiness (OR) rates.</b></li><li><b>Please provide the goal OR rate for each ANA corps, and the reasoning for that OR benchmark.</b></li><li>If the OR rate is below the benchmark for some corps, please explain why for each corps and what actions are being taken to support the ANDSF to increase the OR rate.</li><li><b>Please provide the OR rate or similar metric for the ANP by zone, including the benchmark OR rates by zone. If the rates are below benchmark, please explain why by zone.</b></li><li>Please provide general, unclassified information on what equipment is reported and mission capable for the ANA and ANP at corps/zone level and higher.</li><li>Please provide copies of any unclassified contractor reports that provide CSTC-A information on training efforts and current readiness rates of both the ANA and ANP. If you are unable to, please explain why.</li><li>Please provide information on limitations (i.e. funding, transportation, or equipment availability) that have prevented CSTC-A from providing the ANA and ANP with the equipment, supplies, or training needed to operate and maintain the equipment that has been provided to the ANDSF by the U.S. government.</li></ol>
Apr-Sec-55	<b>Please provide a copy of the most recent NATO RS Periodic Mission Review (PMR) and/or the Commander's Assessment prepared for the PMR.</b>
Apr-Sec-56	<p>Regarding the security benchmarks matrix for the Afghanistan Compact:</p> <ol style="list-style-type: none"><li>Please provide the most recent Afghanistan Compact tracker (example: Gov-16 last quarter, attached) for the security matrix benchmarks as of March 23, 2018 (or latest possible date).</li><li>Did the ABP transfer take place in January 2018 as expected? Milestones say that the transfer plan was never completed (due Sept 2017, Action Item 10, 1, b, 5)? How could transfer be accomplished without an approved plan?</li><li>Please provide an unclassified update on the status of the ANCOP transfer. Has the expected completion date changed? Per the 1225 Report from 12/2017, has the role of ANCOP under MOD been more clearly defined?</li><li>Per the Compact, by December 2017, all ANDSF brigades were to "sustain a "C3" rating or better (No Brigade will remain at "C4 for more than 90 days") per Action Area 34, 1. What is the status of meeting this benchmark? How is this readiness assessed and who assesses it? How often?</li><li>Per the Compact, by December 2017, no ANDSF brigade was to remain at "P3" rating for more than 60 days per Action Area 35, 1. What is the status of meeting this benchmark? How is personnel readiness assessed and who assesses it? How often?</li><li>By December 2017, no ANDSF brigades were to remain at a "E3" rating for more than 60 days per Action Area 36, 1. What is the status of meeting this benchmark? How is equipment readiness assessed and who assesses it? How often?</li><li>By December 2017, no ANDSF brigades were to remain at a "T3" rating for more than 60 days per AA37, 1. What is the status of meeting this benchmark? How is equipment readiness assessed and who assesses it? How often?</li><li>Please provide an update on the following outstanding Compact benchmarks for MOI: The MOI tashkil (per Action Area 14, 1c, 1), the new police code of conduct (Action Area 14, 3a), the complete MOI headquarters restructuring plan and GIROA approval, the complete Police Zone restructuring plan and GIROA approval (Action Area 14, 2a, 1 and 2).</li><li><b>Last quarter's Security Tracker for the Afghanistan Compact (Jan-Gov-16, attached) said that the Territorial Army (TA) development and employment project was still awaiting review. Is that the current status, or what progress has been made as of March 23, 2018 (or latest possible date)? When is TA development and recruitment expected to begin?</b></li><li><b>Please provide a detailed explanation of what separate function the TA will serve from other force elements, especially the ALP.</b></li></ol>

*Continued on the next page*

# APPENDICES

## GOVERNANCE

Question ID	Question
Apr-AC-05	<ol style="list-style-type: none"> <li>1. Please describe the methods and data CSTC-A EF2 uses to assess the current state of ANDSF corruption and patronage networks. What is EF2's assessment of the current state of ANDSF corruption and patronage networks?</li> <li>2. Please describe how CSTC-A EF2 assesses the MOI IG's progress in becoming independent, self-sustaining, and resistant to influence. What is EF2's assessment of the current state of the MOI IG's independence, sustainability, and resistance to influence? From the 2/20/2018 data call coordination meeting, we understand that this reform target has been removed from the U.S. - Afghanistan Benchmarks: Security Sector Commitments of the Afghanistan Compact. Please describe which entity (U.S. and/or Afghan) removed this target and the reasoning for its removal. What are the current targets for MOI IG and MOD IG if not this reform target?</li> <li>3. Please provide any minutes, handouts, slides, or additional materials provided to participants of the MOD and MOI Anti-Corruption Planning Group as well as any other anti-corruption forums/meetings in which CSTC-A EF2 participates. The MOD and MOI Anti-Corruption Planning Groups were defined in the 1395 MOD and MOI commitment letters as being included in the MOD and MOI Anti-Corruption Plans. If these forums do not exist, but another forum exists that carries out a similar function, please provide the requested materials that relate to the alternative forums.</li> <li>4. <b>Please provide copies of any MOI IG and MOD IG inspection or audit reports (or summaries if the reports are not available) involving U.S.-funded efforts that have been made available to CSTC-A (EF 2) this quarter.</b></li> <li>5. <b>Provide copies of the following items:</b> <ol style="list-style-type: none"> <li>a. <b>MOI IG and MOD IG monthly status of investigations reports</b></li> <li>b. MOI Transparency, Accountability, and Law Enforcement (TALE) and MOD CAC meeting agendas and outcome reports</li> <li>c. <b>MOD and MOI Counter Corruption Policies</b></li> <li>d. Any documents EF2 uses to track the status of required MOD and MOI asset declaration registration. If there is no tracker, please describe (and provide a copy) of the sources of data that informed CSTC-A's understanding of MOD and MOI asset declaration status per the third quarter conditionality assessments.</li> </ol> </li> </ol>
Apr-Gov-16	<ol style="list-style-type: none"> <li>1. Please describe the current status and parameters of the Security Sector Commitments of the U.S. - Afghanistan Benchmarks including: <ol style="list-style-type: none"> <li>a. How do the Security Sector Commitments of the U.S. - Afghanistan Benchmarks relate to other bilaterally negotiated mechanisms, such as the CSTC-A Commitment Letters? If there is no known relationship, noting that would be an acceptable response.</li> <li>b. Please describe any financial incentives or consequences for the Afghan government if milestones contained in the Security Sector Commitments of the U.S. - Afghanistan Benchmarks are not met. If there are no known financial incentives or consequences, noting that would be an acceptable response.</li> <li>c. If USFOR-A has developed or modified any U.S.-funded programs to facilitate the Afghan government's achievement of specific Security Sector Commitments of the U.S. - Afghanistan Benchmarks please identify the program and the relevant benchmark(s).</li> </ol> </li> <li>2. <b>Provide copies of the following documents related to the Security Sector Commitments of the U.S.-Afghanistan Benchmarks (if generated or updated during the quarter):</b> <ol style="list-style-type: none"> <li>a. <b>Matrices defining benchmarks and deadlines</b></li> <li>b. Any documents that track (either on an individual benchmark or matrix level) Afghan government progress in meeting the benchmarks</li> <li>c. Any documents provided by the Afghan government that support the USFOR-A determination of progress in meeting the benchmarks.</li> <li>d. <b>Any minutes, handouts, slides, or additional materials provided to participants of the U.S.-Afghanistan Security Compact Joint Committee Meeting.</b></li> </ol> </li> </ol>

## COUNTERNARCOTICS

Question ID	Question
Apr-CN-12	<ol style="list-style-type: none"> <li>1. <b>What impact has the drug lab campaign had? How does USFOR-A determine the effectiveness of the drug lab bombing campaign?</b></li> <li>2. <b>According to USFOR-A/RS, what are the drug bombing campaign's achievements to date?</b></li> <li>3. In addition to US efforts, provide information on Afghan Air Force missions that were flown in support of the U.S. drug lab bombing campaign and the results of those missions.</li> <li>4. Does USFOR-A use the export price of opium to quantify the amount of revenue denied to drug trafficking organizations? Last quarter, USFOR-A/RS informed SIGAR 20% of the estimated value of destroyed contraband in the labs was attributed to the Taliban. Please provide additional information on how the financial value of the destroyed drug labs is calculated.</li> </ol>

# APPENDICES

## APPENDIX E

### ABBREVIATIONS AND ACRONYMS

<b>ACRONYM OR ABBREVIATION</b>	<b>DEFINITION</b>
AAEP	Afghanistan Agriculture Extension Project
AAF	Afghan Air Force
AAFAMS	Afghan Armed Forces Academy of Medical Sciences
AAM	ANDSF Aviation Modernization Program
AAN	Afghan Analysts Network
ABADE	Assistance in Building Afghanistan by Developing Enterprises
ABP	Afghan Border Police
ACAP	Afghan Civilian Assistance Program
ACAS	Afghanistan Court Administration System
ACEP	Afghan Civic Engagement Program
ACCRA	Afghanistan Central Civil Registration Authority
ACD	Afghanistan Customs Department
ACE	Agricultural Credit Enhancement
ACEP	Afghan Civic Engagement Program
ACF	Abdulhai-Gardezi Construction Firm
ACJC	Anti-Corruption Justice Center
AD	alternative-development
ADALAT	Assistance for Development of Afghan Legal Access and Transparency
ADF	Agricultural Development Fund
AFMIS	Afghan Financial Management Information System
AFN	afghani (currency)
AGO	Attorney General's Office
AHRIMS	Afghan Human Resource Information Management System
AICS	Afghan Institute for Civil Society
AIF	Afghanistan Infrastructure Fund
AITF	Afghanistan Infrastructure Trust Fund
ALBA	Assistance to Legislative Bodies of Afghanistan
ALP	Afghan Local Police
AMANAT	Afghanistan's Measure for Accountability and Transparency
AML/CFT	anti-money-laundering/combating the financing of terrorism
ANA	Afghan National Army

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ACRONYM OR ABBREVIATION	DEFINITION
ANASOC	ANA Special Operations Command
ANATF	ANA Territorial Force
ANCOP	Afghan National Civil Order Police
ANDSF	Afghan National Defense and Security Forces
ANP	Afghan National Police
ANPA	Afghan National Police Academy
ANREC	ANA Recruiting Command
AO	abandoned ordnance
APFM	Afghanistan Public Financial Management program
AAPS	Afghan Personnel Pay System
APRP	Afghan Peace and Reintegration Plan
AROC	Afghan Resources Oversight Council
ARP	Afghans Read Program
ARTF	Afghanistan Reconstruction Trust Fund
ASFF	Afghanistan Security Forces Fund
ASSF	Afghan Special Security Forces
ATAR	Afghanistan Trade and Revenue Project
AUP	Afghan Uniformed Police
AUW	Asian University for Women
AWDP	Afghanistan Workforce Development Program
BADILL	Boost Alternative Development Intervention through Licit Livelihoods
BEWL	Biometrically Enhanced Watch List
BPHS	Basic Package of Health Services
CBARD	Community-Based Agriculture and Rural Development Project
CBCMP	Capacity Building and Change Management Program
CDCS	Country Development Cooperation Strategy
CERP	Commander's Emergency Response Program
CHAMP	Commercial Horticulture and Agricultural Marketing Program
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMR	certified mission ready
CMS	Case Management System
CN	Counternarcotics
CNCE	Counter Narcotics Community Engagement
CNJC	Counter Narcotics Justice Center
CNPA	Counter Narcotics Police of Afghanistan
COMAC	Conflict Mitigation Assistance for Civilians

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# APPENDICES

ACRONYM OR ABBREVIATION	DEFINITION
CoreIMS	Core Information Management System
CPDS	Continuing Professional Development Support
CPI	Corruption Perceptions Index
CSO	civil-society organization
CSSP	Corrections System Support Program
CSTC-A	Combined Security Transition Command-Afghanistan
CTA	Counter-narcotics Central Transfer Account
DABS	Da Afghanistan Breshna Sherkat
DCA	Development Credit Authority
DCAR	Delegated Cooperation Agreement
DCIS	Defense Criminal Investigative Service
DEA	Drug Enforcement Administration (U.S.)
DEWS Plus	Disease Early Warning System Plus
DFID	Department for International Development
DIG	Deputy Inspector General
DLA-E	Defense Logistics Agency-Energy
DOD	Department of Defense (U.S.)
DOD CN	Department of Defense Drug Interdiction and Counter-Drug Activities fund (U.S.)
DOD OIG	Department of Defense Office of Inspector General
DOJ	Department of Justice (U.S.)
ECC-A	Expeditionary Contracting Command-Afghanistan
ECF	Extended Credit Facility
EF	essential function
EFT	electronic funds-transfer
EPHS	Essential Package of Hospital Services
ERW	explosive remnants of war
ESF	Economic Support Fund
EU	European Union
FAUAF	Friends of the American University of Afghanistan
FBI	Federal Bureau of Investigation
FEWS NET	Famine Early Warning Systems Network
FY	fiscal year
GAO	Government Accountability Office (U.S.)
GCPSU	General Command of Police Special Units
GDP	gross domestic product
GDPPDC	General Directorate of Prisons and Detention Centers

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ACRONYM OR ABBREVIATION	DEFINITION
GEC	Girls' Education Challenge Program
GIROA	Government of the Islamic Republic of Afghanistan
GIS	Geographic Information Systems
GLE	Governor-Led Eradication
GPI	Good Performer's Initiative
GRAIN	Grain Research and Innovation
GVHR	gross violations of human rights
HEMAYAT	Helping Mothers and Children Thrive
HIG	Hezb-e Islami Gulbuddin
HOB	High Oversight Board
HPC	High Peace Council
HQ	headquarters
HRW	Human Rights Watch
HSR	Health Sector Resiliency
ICRC	International Committee of the Red Cross
IEC	Independent Election Commission (Afghan)
IED	improvised explosive device
IG	inspector general
IHL	International Humanitarian Law
IHSAN	Initiative for Hygiene, Sanitation, and Nutrition
IMF	International Monetary Fund
IMSMA	Information Management System for Mine Action
INCLE	International Narcotics Control and Law Enforcement (U.S)
INL	Bureau of International Narcotics and Law Enforcement Affairs (U.S.)
INSTC	International North-South Transport Corridor
IOM	International Organization for Migration
IRD	International Relief and Development Inc.
IS-K	Islamic State Khorasan Province
ISLA	Initiative to Strengthen Local Administrations Program
IWA	Integrity Watch Afghanistan
JRD	Juvenile Rehabilitation Directorate
JSSP	Justice Sector Support Program (State)
JTTP	Justice Training Transition Program (State)
JWIP	Judicial Wire Intercept Program
KFZ	Kandahar Food Zone
kg	kilograms

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ACRONYM OR ABBREVIATION	DEFINITION
kWh	kilowatt-hours
LLP	Lessons Learned Program
LOTFA	Law and Order Trust Fund for Afghanistan
LTC	Lakeshore Toltest Corporation
MAIL	Ministry of Agriculture, Irrigation and Livestock (Afghan)
MCN	Ministry of Counter-Narcotics (Afghan)
MEC	Monitoring and Evaluation Committee (Afghan)
MEDEVAC	medical evacuation
MFNDU	Marshal Fahim National Defense University
MIDAS	Mining Investment and Development for Afghan Stability
MISP	MOI Strategic Plan
MOD	Ministry of Defense (Afghan)
MOE	Minister of Education (Afghan)
MOEc	Ministry of Economy (Afghan)
MOF	Ministry of Finance (Afghan)
MOHE	Ministry of Higher Education (Afghan)
MOI	Ministry of Interior (Afghan)
MOJ	Ministry of Justice (Afghan)
MOMP	Ministry of Mines and Petroleum (Afghan)
MOPH	Ministry of Public Health (Afghan)
MOU	memorandum of understanding
MPD	MOI and Police Development project
MRRD	Ministry of Rural Rehabilitation and Development (Afghan)
MVL	Macro Vantage Levant
NATO	North Atlantic Treaty Organization
NAVC	National Afghan Volunteer Center
NDAA	National Defense Authorization Act
NDAP	National Drug Action Plan
NDS	National Directorate of Security (Afghan)
NEF	National Elections forum
NEI	Northern Electrical Interconnect
NEPS	Northeast Power System
NGO	nongovernmental organization
NIMS	National Information Management System
NISTA	Not in Service for Training
NIU	National Interdiction Unit (Afghan)

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ACRONYM OR ABBREVIATION	DEFINITION
NPA	National Procurement Authority (Afghan)
NPC	National Procurement Commission (Afghan)
NSA	National Security Advisor
NSOCC-A	NATO Special Operations Component Command-Afghanistan
NTEC	Network Targeting Exploitation Center
O&M	operations and maintenance
OCHA	Office for the Coordination of Humanitarian Affairs
OCIE	Organizational Clothing and Individual Equipment
OFS	Operation Freedom's Sentinel
OIG	Office of the Inspector General
OR	operational readiness
OTA	Office of Technical Assistance (U.S. Treasury)
PAI	Personnel Asset Inventory
PDPA	People's Democratic Party of Afghanistan
PCASS	Preliminary Credibility Assessment Screening System
PFM	Public Financial Management
PIAT	Police Institutional Advisory Team
PIO	Public International Organization
PM/WRA	Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (State)
POR	proof of registration
PTD	professional training department
PTEC	Power Transmission Expansion and Connectivity
RADP	Regional Agriculture Development Program
RC	Recurrent Cost
RS	Resolute Support
SEPS	Southeast Power System
SFAB	Security Force Assistance Brigade
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
SHAHAR	Strong Hubs for Afghan Hope and Resilience
SIKA	Stability in Key Areas
SIU	Sensitive Investigative Unit (Afghan)
SMAF	Self-Reliance through Mutual Accountability Framework
SME	subject-matter expert
SMO	special-mission operator

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ACRONYM OR ABBREVIATION	DEFINITION
SMW	Special Mission Wing (Afghan)
SOF	Special Operations Forces
SPM	Support to Payroll Management
State OIG	Department of State Office of the Inspector General
SWIM	Strengthening Watershed and Irrigation Management
TAA	train, advise, and assist
TAAC	train, advise, and assist command
TFBSO	Task Force for Business and Stability Operations
TIU	Technical Investigative Unit
UAE	United Arab Emirates
UN	United Nations
UNAMA	UN Assistance Mission in Afghanistan
UNDP	UN Development Programme
UNMAS	UN Mine Action Service
UNODC	UN Office on Drugs and Crime
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	USAID Office of the Inspector General
USASMDC	U.S. Army Space and Missile Defense Command
USCID	U.S. Army Criminal Investigation Command
USFOR-A	U.S. Forces-Afghanistan
USIP	United States Institute of Peace
USGS	United States Geological Survey
USWDP	University Support and Workforce Development
UTED-C	Unified Training and Education Doctrine Command
UXO	unexploded ordnance
VBIED	vehicle-borne improvised-explosive device
WEE	National Economic Empowerment Plan for Women
WIE	Women in the Economy Project
WLD	Women's Leadership Development
WPP	Women's Participation Projects
WTO	World Trade Organization
ZNCC	Zwakman Nabizai Construction Company

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