



2019 HIGH-RISK LIST



Special Inspector General for Afghanistan Reconstruction



A member of a U.S. civil-engineering squadron checks his backhoe at Bagram Airfield.
(USAF photo by Tech. Sgt. Robert Cloys)

Front cover photo by U.S. Army Sgt. Ken Scar



SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

I am pleased to present SIGAR's 2019 *High-Risk List* to the 116th Congress and the Secretaries of State and Defense.

This edition of the *High-Risk List* is issued pursuant to SIGAR's statutory obligation to make recommendations to promote economy, efficiency, and effectiveness. Like its two predecessor reports, it identifies serious threats to the United States' \$132 billion reconstruction effort in Afghanistan. With negotiations underway that could lead to the end of America's longest war, this report also identifies risks to the reconstruction effort that might persist or arise in the wake of any peace agreement that might be reached.

The \$132 billion appropriated since 2002 for Afghanistan's reconstruction has been used to train and equip Afghan security forces, strengthen government institutions, promote the rule of law, protect women's rights, improve health and education, and stimulate economic development, among other objectives.

Yet the gains from our nation's investment in Afghanistan's reconstruction face multiple threats: continued insecurity, endemic corruption, weak Afghan institutions, the insidious impact of the narcotics trade, and inadequate coordination and oversight by donors.

While an equitable and sustainable peace agreement in Afghanistan could end much of the violence that presents the greatest threat to the reconstruction effort, a peace agreement may bring its own set of challenges to sustaining the gains that the United States, its Coalition partners, and the Afghan government have achieved over that time.

For example, a failure to successfully reintegrate Taliban fighters and their families into Afghan society, a failure to improve civil policing, and a failure to ensure effective oversight of continuing foreign financial assistance could each undermine the sustainability of any peace agreement that might be reached.

I hope that policymakers will find the *High-Risk List* useful as they chart the future course of America's engagement in Afghanistan. The American blood and treasure expended over the past 17 years demands a sober assessment of the risks facing the reconstruction effort, whether or not a peace agreement is reached.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Sopko".

John F. Sopko
Special Inspector General for Afghanistan Reconstruction

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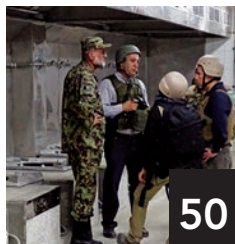
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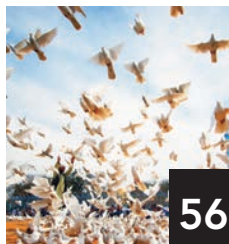
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EXECUTIVE SUMMARY

The Special Inspector General for Afghanistan Reconstruction (SIGAR) is publishing this *High-Risk List* to alert Members of the 116th Congress and the Secretaries of State and Defense to major areas of the reconstruction effort in Afghanistan at risk of waste, fraud, abuse, mismanagement, or mission failure. Since 2014, SIGAR has developed a high-risk list for each new Congress.

The 2019 *High-Risk List* differs from the previous two in that it addresses not only risks to the current reconstruction effort, but risks that might persist or arise in the event of a peace settlement between the Taliban and the Afghan government. The eight current high-risk areas are:

WIDESPREAD INSECURITY

- With or without a peace settlement, Afghanistan will likely continue to grapple with multiple violent-extremist organizations, who threaten Afghanistan and the international community.
- The Afghan National Defense and Security Forces (ANDSF) are constrained by capability challenges and depend on donor support of \$4 billion to \$5 billion per year to fund their sustainment, equipment, infrastructure, and training costs.
- According to the NATO Resolute Support (RS) mission, control of Afghanistan's districts, population, and territory has become more contested over the last two years, resulting in a stalemated battlefield environment.

UNDERDEVELOPED CIVIL POLICING CAPABILITY

- Throughout the reconstruction effort, the United States has placed more emphasis

on reconstructing the Afghan National Army (ANA) than on the Afghan National Police (ANP).

- In the event of a peace settlement, there is no comprehensive strategy for a competent civil police force backed by the rule of law.
- Current ANP sustainment costs are well beyond the Afghan government's ability to fund and will require continued foreign assistance well into the future.

ENDEMIC CORRUPTION

- According to the Department of Defense (DOD), "corruption remains the top strategic threat to the legitimacy and success of the Afghan government."
- Corruption and threats to the rule of law persist despite anticorruption efforts by the Afghan government and donor nations.
- In its lessons learned report, *Corruption in Conflict: Lessons from the U.S. Experience in Afghanistan*, SIGAR concluded that failure to effectively address systemic corruption means U.S. reconstruction programs, at best, will continue to be subverted and, at worst, will fail.

SLUGGISH ECONOMIC GROWTH

- The current U.S. strategy for Afghanistan states that U.S. efforts in Afghanistan cannot be sustained without a growing Afghan economy.
- However, Afghanistan's licit economic growth has been sluggish since 2014 despite concerted efforts to increase growth by the U.S. and other donors.
- While a sustainable peace agreement could bolster growth prospects, numerous barriers to growth are likely to remain and new challenges may arise as the Afghan economy is confronted with returning refugees and former Taliban fighters and their families.



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THE ILLICIT NARCOTICS TRADE

- Afghanistan remains the global leader in opium-poppy cultivation and the two highest years of cultivation were 2017 and 2018.
- The illicit drug trade funds the Taliban insurgency as well as corrupt members of the Afghan government, military, and police, and also employs nearly 600,000 Afghans.
- A truce or peace settlement between the Taliban and the Afghan government may not necessarily lead to a decline in the illicit narcotics trade.

THREATS TO WOMEN'S RIGHTS

- The United States has spent more than \$1 billion since 2002 to advance the status of women in Afghanistan.
- Despite this investment, gains by women in Afghanistan remain fragile even with a constitution that nominally protects women's rights.
- During their 1996–2001 regime, the Taliban oppressed women brutally, leading to concerns that women's rights will not be protected in the event of a peace settlement with the group.

THE CHALLENGE OF REINTEGRATION

- The social, economic, and political reintegration of tens of thousands of former fighters into Afghan society will be critical for the country to achieve lasting peace and stability.
- Ex-combatants will face the challenges of a weak economy with few livelihood options, political uncertainty, ongoing insecurity, and distrust among a populace traumatized by war.
- Formal reintegration efforts would require many programmatic capabilities—including

data collection, vetting, monitoring and evaluation, and resource mobilization—that would test the capacities of the Afghan government and international donors.

RESTRICTED OVERSIGHT

- The ability of U.S., Coalition, and international employees to monitor, manage, and oversee programs in Afghanistan will only become more problematic if the security environment does not improve markedly, or if a possible peace settlement entails further reductions in foreign personnel without accompanying improvement in Afghanistan's governance.
- Effective oversight has also been weakened by many instances of poor documentation, failure to monitor contract compliance and work quality, inattention to holding contractors and grantees accountable for unsatisfactory performance, and insufficient control measures to mitigate the effects of corruption.
- If more U.S. reconstruction funds are provided directly to the Afghan government on-budget, strong accountability measures and internal controls by the Afghan government must be in place, as well as oversight of those measures and controls.
- Likewise, if more U.S. and other donor on-budget assistance is provided through international trust funds such as the Afghanistan Reconstruction Trust Fund, the Law and Order Trust Fund for Afghanistan, and the Afghanistan Infrastructure Trust Fund, enhanced accountability measures and internal controls by the Afghan government must be in place, as well as oversight of those measures and controls by the international organizations and the donor community.

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IN THE MIDST OF PEACE TALKS: HOPING FOR THE BEST, PREPARING FOR THE WORST

The Special Inspector General for Afghanistan Reconstruction (SIGAR) is publishing this *High-Risk List* to alert Members of the 116th Congress and the Secretaries of State and Defense to major areas of the reconstruction effort in Afghanistan at risk of waste, fraud, abuse, mismanagement, or mission failure.¹

This third *High-Risk List* differs from its two predecessors in one critical respect: it appears in the midst of talks on creating an arrangement for a peace that aims to end the violent conflict with the Taliban now in its 18th year.

Peace would be welcome news for the people of Afghanistan as well as for the international security forces, humanitarian missions, reconstruction personnel, and nongovernmental organizations who have sought to rebuild the country, often under deadly conditions. But a peace settlement could also bring its own set of challenges to sustaining what has been achieved since 2001 in one of the world's most isolated, impoverished, and conflict-plagued countries.

WHAT THIS REPORT DOES AND DOES NOT DO

The 2019 SIGAR *High-Risk List* takes no position on whether a peace deal in Afghanistan is achievable, imminent, or practicable. It does not predict in what context or scenarios a deal would emerge or what provisions it would or should include. It does not attempt to quantify risks or assign probabilities of their occurrence.

What this report *does* do is review areas of the reconstruction effort that are currently at serious risk and point out grounds for reasonable concern regarding risks that may persist, be magnified, or emerge despite or even because of a peace deal. Protecting the gains of the U.S. reconstruction effort thus far and protecting U.S. taxpayers' and Afghan citizens' interest in the success of future assistance requires a sober assessment of "the day after" that might attend the conclusion of a peace deal.

Setbacks or outright failure in sustaining that progress could gravely impair the chances that Afghanistan could become a peaceful, stable state, operating under the rule of law, respecting human rights, and advancing in general development.

Details obviously remain to be determined, but to judge by statements from U.S. and Taliban negotiators, as well as from media reports, a peace deal and new political arrangements, while positive, could pose some risks to important aspects of the largely U.S.-funded reconstruction effort, including:

- the capability and effective use of Afghan security forces, particularly for counterterrorism operations
- protection of human rights, including the rights of Afghan women
- securing democratic governance processes and upholding the rule of law
- suppressing corruption
- countering the narcotics trade and promoting alternative livelihoods for farmers
- promoting economic growth and development
- oversight of and accountability for U.S. funds provided directly to the Afghan government or routed to it via multilateral trust funds
- sustainability of U.S.-funded institutions, programs, and property provided in Afghanistan

In addition to threatening U.S. reconstruction goals, the risks in these areas also pose serious threats to lasting peace. For example, failure to successfully reintegrate an estimated 60,000 Taliban fighters and their families, and other illegal armed groups, could undermine the successful implementation of any peace agreement.

The grounds for these concerns, discussion of their possible impacts, and related questions for policymakers are laid out in the topical sections of this report.

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After responding to a bomb explosion in Kabul, Afghan security forces scatter as a second bomb explodes. (Voice of America photo)

As this report was being prepared, the contours of a sustainable peace agreement remained speculative. Meanwhile, the Taliban insurgency is not monolithic, and the post-war intentions of the various terrorist and narco-criminal networks that also operate in Afghanistan present another set of variables to be considered.

Nonetheless, both the Afghan government and its international partners in security and reconstruction must make prudent assessments of what various scenarios for a peaceful settlement might entail for critical issues and the sustainability of programs and projects already in place.

This report is intended to provide Congress, the Administration, and other stakeholders and interested parties with SIGAR's best judgments on what areas of the reconstruction effort might be exposed to high risks of waste, fraud, abuse, or program-objective failure under current circumstances and in the event of a peace settlement. SIGAR's authorizing statute, Public Law No. 110-181, Section 1229, tasks SIGAR not only

with investigations, oversight, and reporting, but also with giving advice on significant issues and problems that impact our government's policies and programs in Afghanistan. It is our hope that Congress and the Administration will find this exercise useful in considering future options in Afghanistan.

As always, SIGAR stands ready to cooperate with Congress and other stakeholders by providing briefings and supplying any data from its audits, inspections, criminal investigations, quarterly reports, and lessons-learned products that might help determine the best way to prepare for an uncertain future in Afghanistan.

BACKGROUND FOR THE NEW CONGRESS

In his 2019 State of the Union address to Congress, President Donald J. Trump said, "As we make progress in these negotiations [with the Taliban], we will be able to reduce our troops' presence and focus on

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Inspector General Sopko and SIGAR staff on a recent inspection of the U.S.-funded Marshal Fahim Defense University in Kabul. With the IG are members of his movement team from the State Department's Diplomatic Security Service, which provides vital support for SIGAR's oversight work in Afghanistan. (SIGAR photo)

counterterrorism. . . . After two decades of war, the hour has come to at least try for peace.”²

Earlier, President Trump had announced his South Asia strategy in August 2017, under which an additional 3,500 U.S. troops were deployed to Afghanistan to train, advise, and assist the Afghan security forces; to conduct air and counterterrorism operations. This augmentation raised the total U.S. military presence in Afghanistan to 14,000 personnel.³ President Trump said then that the goal of the strategy was to prevent the resurgence of safe havens that enable terrorists to threaten the United States, and to prevent nuclear weapons and materials from falling into the hands of terrorists.⁴

Since 2001, more than 2,400 members of the U.S. armed forces have lost their lives in Afghanistan, while the United States has obligated more than \$780 billion for total efforts in that country, with some 15% obligated for

reconstruction.⁵ As of December 31, 2018, \$10.8 billion appropriated for Afghanistan reconstruction remained to be disbursed.⁶ Additional appropriations are expected in the coming fiscal year.

What is Reconstruction?

Federal law tasks SIGAR with reporting on projects and programs using “any funding mechanism” that supports “any of the following purposes: (A) To build or rebuild physical infrastructure of Afghanistan. (B) To establish or reestablish a political or societal institution of Afghanistan. (C) To provide products or services to the people of Afghanistan.”⁷ Additionally, SIGAR is to report on the “operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan.”⁸

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As the statutory language suggests, U.S. reconstruction programs in Afghanistan encompass a wide variety of activities, including supporting Afghan security forces, bolstering the government's institutional capacity, expanding energy and transportation infrastructure, building schools and clinics, training teachers and health-care workers, and promoting business development and the country's export potential. Total appropriations for reconstruction and related costs since FY 2002 stood at roughly \$132 billion as of December 31, 2018.⁹

The estimated \$780 billion in total U.S. appropriations in Afghanistan since 2001 includes war funding, diplomatic and consular programs, Afghanistan-related operations of U.S. government entities, and military and embassy construction projects. About \$738 billion—or almost 95% of the total—was obligated (committed from appropriated funds) by the Department of Defense (DOD).¹⁰ Other obligating agencies involved in Afghanistan reconstruction have included the U.S. Agency for International Development and the Departments of State, Treasury, Justice, Agriculture, and Commerce.

Reconstruction costs for Afghanistan make up about 15% of total U.S. funds obligated for Afghanistan since 2001. The bulk of the U.S. spending on reconstruction has gone toward security, with 63% of all reconstruction funding, \$83.1 billion since 2001, going to build up the Afghan military and police.¹¹ Recent appropriations are even more heavily tilted toward assisting the Afghan security sector, with about \$4.8 billion appropriated, or 82% of total FY 2018 reconstruction funding.¹² The funds have been mostly used to provide salaries, infrastructure, equipment, and training for the approximately 309,000 members of the Afghan National Defense and Security Forces (ANDSF).¹³

Some \$33.9 billion in U.S. funds has been appropriated since FY 2002 for governance and economic development, or 26% of reconstruction spending.¹⁴ However, this effort has been scaled down. The current appropriation

of \$714 million for governance and economic development amounts to 12% of FY 2018 spending on Afghanistan reconstruction.¹⁵ According to the U.S. Integrated Country Strategy released in September 2018, accomplishing the U.S. policy goal of preventing any further attacks on the United States by terrorist groups that enjoy support or safe haven in Afghanistan will require growing the Afghan economy. One goal of the U.S. mission in Afghanistan, therefore, is to create economic prosperity by advancing private-sector-led export growth and job creation, and by bolstering gains in health, education, and women's empowerment.¹⁶

About \$8.9 billion has been appropriated for counternarcotics programs since 2002 or nearly 7% of total reconstruction funds.¹⁷

Most of the remaining reconstruction spending since 2002 has gone to support civilian operations and humanitarian initiatives. Another major focus of the reconstruction effort is combating widespread corruption in Afghan society, including its government and military institutions.

How Can Reconstruction Assistance Support the Administration's Goal of Sustainable Peace?

It will be up to the Administration and Congress to decide to what extent reconstruction will continue if a peace settlement is reached in Afghanistan. Although Afghanistan's leaders have often stated that their goal is self-reliance, Afghanistan is nowhere near to being able to fund its current government—in particular, its military and police—with its own resources.

Donor countries are expected to finance approximately 51% of Afghanistan's FY 2019 national government spending of \$5.0 billion, mostly through grants.¹⁸ The largest financial expense by far is to train, equip, and sustain the ANDSF. However, according to the DOD, given the persistence of the insurgency and continued slow growth of the economy, full self-sufficiency by 2024 (the year up to which donors

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have agreed to continue financial support to the Afghan government) does not appear realistic, even if security or economic conditions change dramatically.¹⁹

For FY 2019, DOD estimated Afghanistan's security funding requirement, including off-budget funding, at about \$6.5 billion, for which the United States appropriated \$4.9 billion. Afghanistan, by comparison, planned to contribute only \$500 million to the 2019 requirement, approximately 20% of its total estimated domestic revenues for the coming year, to cover the expenses of its Ministry of Interior (including all police forces) and Ministry of Defense (including the army and the air force).²⁰

The United States has pledged in the past to continue reconstruction. At the July 2018 NATO Summit in Brussels, NATO allies agreed to extend their financial sustainment of the ANDSF through 2024.²¹ At the November 2018 Geneva Conference on Afghanistan, international donors reaffirmed their intention to provide \$15.2 billion for Afghanistan's development priorities up to 2020 and to direct continuing, but gradually declining, financial support to Afghanistan's social and economic development, also up to 2024.²²

At a February 2019 hearing of the Senate Armed Services Committee, Senator Jack Reed of Rhode Island pointed out that if the United States did not maintain its contribution of \$4 billion a year after a U.S. troop withdrawal, the Afghan security forces would disintegrate. General Joseph L. Votel, commander of U.S. Central Command, agreed that "there would need to be continued support." Furthermore, Senator Reed and General Votel agreed that it would be challenging to provide oversight for that assistance if U.S. troops were to withdraw completely from Afghanistan.²³

Another example from contemporary Afghan history shows that the concerns of Senator Reed and General Votel are warranted about the viability of the Afghan security forces in the absence of continued U.S. and international support. It was not the withdrawal of Soviet

troops in 1989, but the cessation of Soviet security assistance that led to the collapse of Afghan President Mohammed Najibullah's regime in 1992.²⁴

Reconstruction Requires Oversight

With or without a peace settlement, the U.S. mission in Afghanistan and the reconstruction effort will continue to require vigorous oversight. Afghanistan remains one of the world's poorest and most dangerous countries. The ANDSF is not able to protect the population from insurgents in large parts of the country. The central government's capabilities are generally weak and it often lacks the capacity to manage and account for donor funds.

Corruption continues to be a challenge. Although the Afghan government has begun to implement an anticorruption strategy, SIGAR has found that significant problems remain to be addressed.²⁵ In a January 2019 report covering July–September 2018, the U.S. Department of Justice said the Afghan government is slow to prosecute stalled corruption cases and has a poor record of prosecuting powerful and influential actors.²⁶ In addition, the nongovernmental organization Transparency International has consistently reported that Afghanistan is perceived by experts and business people as one of the most corrupt countries in the world.²⁷

However, even if the United States were to withdraw most of its remaining troops from Afghanistan, SIGAR would still work to provide the oversight of U.S. taxpayer funds necessary to maintain the reconstruction program. SIGAR has worked for years with Afghan civil-society organizations to expand its outreach to areas beyond the control of the U.S. military. Further, if more U.S. funds are to be disbursed on-budget—either directly to the Afghan government or through multilateral trust funds—it will be vitally important that the ministries have strong accountability measures and internal controls in place. At the request of President Ghani, SIGAR currently is conducting a financial audit

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of Afghanistan's power utility, Da Afghanistan Breshna Sherkat (DABS). SIGAR also has a strategy in place for looking at the internal controls of other ministries if the United States continues to provide substantial amounts of assistance on-budget to Afghan ministries.

Avoiding Pitfalls to Increase the Chances of Success

Setting realistic, measurable standards for monitoring and assessing U.S.-funded programs is important because the baselines chosen inevitably become the standards by which a project or program will be judged. Further, such judgments should be based on actual outcomes, not on lists of program inputs or activities that are easier to measure but do not necessarily indicate effectiveness. Making such assessments is particularly difficult in a war zone, where agencies often must make educated guesses based upon imperfect information. Nevertheless, policy decisions must be made and adjusted based upon honestly measured results and realistically assessed risks.

HIGH-RISK AREAS

The *High-Risk List* report focuses on program areas and elements of the reconstruction effort that are: (1) essential to success; (2) at risk of significant and large-scale failure due to waste, fraud, or abuse; and (3) subject to the control or influence of the U.S. government.

Using these criteria, SIGAR has identified eight high-risk issue areas:

- Widespread Insecurity
- Underdeveloped Civil Policing Capability
- Endemic Corruption
- Sluggish Economic Growth
- Illicit Narcotics Trade
- Threats to Women's Rights
- Reintegration of Ex-Combatants
- Restricted Oversight



SIGAR's director of research and analysis, Deborah Scroggins, interviews President Ashraf Ghani at the presidential palace in Kabul. (SIGAR photo)

Three of these areas—economic growth, women's rights, and reintegration—are new to the *High-Risk List* and are reflective of the new stated goal of the Administration to obtain and sustain lasting peace in Afghanistan. Previous reports treated sustainability as a separate risk area; this report discusses it as an aspect of each risk topic, as it affects every area of reconstruction in Afghanistan.



A U.S. Air Force colonel briefs IG Sopko, right, on Train, Advise, Assist Command-Air operations. (SIGAR photo)

HIGH-RISK AREA 1

WIDESPREAD INSECURITY

HIGH-RISK AREA: WIDESPREAD INSECURITY

WHY IT IS A HIGH RISK

Since 2001, the main goal of the U.S. intervention in Afghanistan has been to prevent the country from reverting to a safe haven for al-Qaeda and other extremist groups that threaten the United States and other countries.²⁸ To that end, the United States has sought over the past 17 years to build up the Afghan National Defense and Security Forces (ANDSF) so that they can protect the Afghan population and expel terrorist groups. Of the \$132.3 billion the United States has appropriated for Afghanistan reconstruction since Fiscal Year (FY) 2002 (as of December 31, 2018), \$83.1 billion (63%), has gone toward building, equipping, training, and sustaining the ANDSF, with the ultimate goal of creating a more effective and sustainable security force.²⁹

The most enduring threat to the Afghan reconstruction effort, and to the U.S. taxpayer's investment in that effort, has been an ongoing and resilient insurgency and the presence in Afghanistan of terrorist groups such as Islamic State-Khorasan (IS-K). According to the NATO **Resolute Support** (RS) mission, control of Afghanistan's districts, population, and territory has become more contested over the last two years, resulting in a stalemated battlefield environment between the ANDSF and the insurgency.³⁰

With the appointment of the Special Representative for Afghanistan Reconciliation Zalmay Khalilzad in September 2018, the Trump administration further articulated that the United States' goal is to "explor[e] how best to reach a negotiated settlement to the conflict . . . [and] to support, facilitate, and participate in a peace process in Afghanistan."³¹

It is currently unclear whether there will be a peace agreement between the Afghan government and the Taliban, let alone what that agreement could look like. However, with or without a sustainable peace settlement or a local or nationwide ceasefire between the Taliban and the ANDSF, Afghanistan will continue to need a security force to protect the Afghan population from internal and external threats, provide a policing function to respond to criminal activity, and control its borders. In either scenario, Afghanistan will likely continue to grapple with multiple violent-extremist organizations that threaten Afghanistan and potentially the international community. Any political settlement entails the risk that not all subordinate groups will abide by an agreement made by their organization's leadership. Therefore, insecurity could potentially persist in the form of another insurgency, criminal gangs, or networks involved in other nefarious activities.

Resolute Support: a NATO-led, non-combat mission to train, advise, and assist the ANDSF. RS was launched January 1, 2015, following the conclusion of the previous NATO-led mission, the International Security Assistance Force mission (ISAF), and the transition of full security responsibility to the ANDSF. The overarching goal of training, advising, and assisting the ANDSF is to help Afghan security forces and institutions develop sustainable capacity to defend Afghanistan and protect its citizens.

Source: RS, "Mission," accessed online on 2/25/2019 at <https://rs.nato.int/about-us/mission.aspx>.

HIGH-RISK AREA

The ANDSF will also continue to be constrained by capability and sustainability challenges. In a post-settlement environment, depending on the terms of an agreement, there may also be the challenge of integrating former Taliban fighters into the national security forces and society (see the reintegration section of this report). These issues could become more acute should international financial and military support decline sharply before, during, or after peace talks between the Afghan government and the Taliban. When asked in a congressional hearing on March 7, 2019, whether the ANDSF could independently secure Afghanistan without a peace deal between the Afghan government and the Taliban, Commander of United States Central Command General Joseph Votel said, “My assessment is the Afghan forces are dependent upon the Coalition support that we provide to them.”³² Without a capable, professionalized, and sustainable ANDSF, other large-scale reconstruction investments, such as governance and economic and social-development programs, are at risk. Security thus remains the most crucial high-risk area for Afghanistan.

WHAT SIGAR FOUND

Since the last *High-Risk List* in January 2017, SIGAR has published 32 oversight products on Afghanistan’s security institutions and nine updates on Afghan security in its quarterly reports to Congress. Of those, SIGAR’s most comprehensive effort is *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan (“Reconstructing the ANDSF”)*.

Reconstructing the ANDSF, published in 2017, presents several key findings, including that the U.S. government was not properly prepared from the outset to help build an Afghan army and police force capable of protecting Afghanistan from internal and external threats and preventing the country from becoming a

terrorist safe haven. SIGAR found that the U.S. government lacked a comprehensive approach to security-sector assistance and a coordinating body to successfully implement whole-of-government programs that were necessary to develop a capable and self-sustaining ANDSF.³³

Other recent security-related SIGAR audits, financial audits, special projects, and inspection reports have found:

- The multi-billion dollar U.S. program to provide the Afghan Air Force (AAF) UH-60 helicopters is at risk of not having enough trained pilots or the capability to maintain future UH-60s.
- Assessments of ANDSF capabilities are unreliable and inconsistent and require further refining.
- There is a lack of data to assess, monitor, and evaluate U.S. advisors assigned to the Ministry of Defense (MOD) and Ministry of Interior (MOI).
- Management and oversight of U.S.-purchased ANDSF fuel, equipment, and uniforms is ineffective.
- The ANDSF continue to operate in some shoddily constructed and unsafe buildings.

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

Over the past two years, the United States has increased its investment in securing Afghanistan. Of the \$83.1 billion appropriated for security reconstruction funding as of December 31, 2018, \$77.8 billion was appropriated for the Afghan Security Forces Fund (ASFF), which pays for most of the ANDSF’s sustainment, equipment, training, and infrastructure costs.³⁴ Congress has increased annual appropriations for ASFF from \$3.9 billion at the beginning of the RS mission in 2015 to \$4.9 billion in 2019. Additionally, NATO allies recently reaffirmed their commitment to the RS mission and Afghanistan’s long-term security and stability. At the July 2018 NATO Summit in

WIDESPREAD INSECURITY

Brussels, NATO allies again agreed to extend their financial sustainment of the ANDSF through 2024.³⁵ It is unclear, however, whether any significant adjustment to the U.S. force posture in Afghanistan before then would impact these commitments.

Since August 2017, the Trump administration has been implementing its South Asia strategy, which has two main security-related goals: (1) the United States will use military force to support a durable and inclusive political settlement to the Afghan conflict; and (2) U.S. and NATO allies will continue to train, advise, and assist the ANDSF to increase its capabilities in order to better plan and execute effective operations to expand population security and government influence.³⁶

To achieve these goals, the Administration authorized an increase in the number of U.S. forces in country, an expansion of the operational authorities for these forces, and a commitment to a conditions-based, rather than time-based, approach for achieving U.S. goals in Afghanistan. By the end of 2018, the Department of Defense (DOD) said the expansion of the U.S. force presence and authorities, and the related expansion of ANDSF capabilities, had pressured the Taliban to begin negotiating, but “the intensity of the fighting and level of bloodshed on both sides has risen as both sides vie for leverage at the negotiating table.”³⁷

As of December 2018, roughly 14,000 U.S. military personnel were serving in Afghanistan, 8,475 of whom were in the RS train, advise, and assist mission to build a more capable ANDSF. This is an increase of approximately 5,000 personnel from the number of U.S. military personnel authorized to operate in Afghanistan late in the Obama administration in December 2016.³⁸

Critical Capability Gaps

According to DOD, RS, and U.S. Forces-Afghanistan (USFOR-A), the ANDSF currently face critical capability gaps in key areas that hinder the force’s effectiveness and

readiness and may continue to do so in the future, including:

Force Manning: Recruiting, Retention, and Attrition

As of October 30, 2018, the ANDSF’s assigned (actual) force strength was 308,693 personnel (not including civilians), including 190,753 in the Afghan National Army (ANA) and AAF, and 117,940 in the Afghan National Police (ANP).³⁹ The latest strength figure shows that the ANDSF’s strength has decreased by 9,016 personnel since the January 2017 *High-Risk List* (data as of August 2016).⁴⁰ The ANDSF was at 87.7% of its authorized (goal) strength in October 2018, down from 90.3% since the 2017 *High-Risk List* (data as of August 2016). The latest strength figures show that the ANA is 36,621 personnel below its authorized strength of 227,374, and the ANP is 6,686 personnel below its authorized strength of 124,626.⁴¹

Decreased personnel strength is a result of attrition outpacing recruitment. In December 2018, DOD identified problems arising from recent issues with recruiting shortfalls and retaining conventional ANA forces. These included decreased force strength, undermanned basic-training courses and delays in course start dates, and a reduced pipeline of trained personnel joining their units. DOD expects RS advisors and the MOD to use the Afghan Personnel Pay System (see p. 14) to gain better insight into attrition metrics to track and project future losses more accurately. DOD reported that the number of personnel dropped from the rolls significantly impacts ANA attrition. Personnel dropped from the rolls are soldiers and police who leave the force prior to the end of their contracts, for example deserting or being absent without leave (AWOL) for over one month.⁴²

Casualties (those injured or killed in action) also contribute to ANDSF attrition rates. On January 24, 2019, Afghan President Ashraf Ghani said that about 45,000 Afghan security personnel have been killed since he became

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president in September 2014. That number indicates that in those roughly 53 months, around 849 Afghan security personnel have been killed per month on average.⁴³ RS told SIGAR in October 2018 that, “From the period of May 1 to the most current data as of October 1, 2018, the average number of casualties the ANDSF has suffered is the greatest it has ever been in like periods.”⁴⁴

Without sufficient personnel, the ANDSF are less able to provide security to the Afghan population, are increasingly vulnerable to enemy attacks, and are at risk of incurring higher casualties. High ANDSF casualty and AWOL rates contribute to high attrition, which erode the force’s capability gains and create a continual need to recruit and train new security-force members. These issues make the force less sustainable in the long term and less capable of conducting its mission successfully.

Personnel Accountability and Pay Systems

The ANDSF also struggles to pay and account for its personnel, a current risk to the ANDSF’s readiness and performance that could also be a future risk should the ANDSF fail to adequately address these challenges. Since the beginning of the RS mission in January 2015, U.S. and Coalition personnel had scant presence at the lower tactical levels of the ANDSF, forcing the mission to rely on unverifiable Afghan personnel reporting.⁴⁵ Over the past two years, RS advisors have worked to reduce their reliance on manual Afghan personnel reporting by implementing the Afghan Personnel and Pay System (APPS), in which ANDSF personnel are biometrically enrolled and through which their salaries are paid. This system was developed to streamline personnel accountability and payroll into one centralized, electronic database.⁴⁶

APPS also has the important function of reducing corruption in the ANDSF’s pay system that was hindering the force’s readiness and performance. In January 2017, RS publicly acknowledged that certain corrupt ANA and

ANP commanders had been reporting nonexistent (or “ghost”) soldiers and police on their rolls so they could steal the unclaimed salaries. APPS aims to mitigate this problem by physically accounting for personnel using biometric enrollment and issuing pay only to those personnel enrolled in the system.⁴⁷ According to USFOR-A, as of December 2018, the APPS system has been delivered to and is fully capable for use by both the ANA and the ANP, but only 84% of ANA personnel (including civilians) and 60% of ANP personnel were enrolled into the system, matched to authorized positions, and met the minimum data-input requirements to be paid. Both forces’ enrollment rates in APPS have been steadily, albeit slowly, improving.⁴⁸ Coalition advisors estimate that it will take six more months for the ANA and another year for the ANP to fully transition to APPS for force strength reporting.⁴⁹

Logistics and Maintenance

The MOD and MOI face key logistics and maintenance challenges, including the implementation and maintenance of their electronic equipment-inventory and repair-status system, Core Inventory Management System (CoreIMS). According to DOD in December 2018, MOD and MOI logisticians require persistent RS advisor attention, and their problems conducting national logistics planning remain “a vulnerability to the mission.” The 2018 deployment of the 1st Security Force Assistance Brigade, which advised the ANDSF at the tactical level, provided greater insights into the force’s maintenance and logistics issues.⁵⁰

The ANDSF are also not yet capable of independently maintaining their U.S.-provided vehicles and other equipment. Since December 2017, ANDSF vehicle maintenance has been streamlined into one National Maintenance Strategy contract, which stipulates that contractors are responsible for maintaining the majority of ANDSF vehicles while they train the ANA and ANP to perform vehicle maintenance. The aim is to eventually transition full

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vehicle-maintenance responsibility to the ANA and ANP, but they remain years away from achieving that capability. While the ANA and ANP increased their share of vehicle-maintenance responsibility in 2018, as of November, the ANA was responsible for 51.1% of vehicle maintenance and the ANP only 15.9%.⁵¹ Because the United States has provided an enormous amount of equipment to the ANDSF, a key question is whether there is a corresponding need for a long-term U.S. commitment to sustain that equipment. This is a particular concern for sophisticated equipment newer to the ANDSF inventory, such as UH-60 helicopters.

Institutional Training

DOD reported in December 2018 that institutional and professional training for ANDSF personnel, coordinated at the national and regional levels (i.e., above corps or zone levels), are at a relatively nascent phase. The MOD recently established the Unified Training and Education Command (UTEDC) to serve as a national training headquarters with command and control over the entire ANA training and education system. That system includes the Kabul Military Training Center (KMTC), 12 ANA branch schools, and the Regional Military Training Centers (RMTCs). As in other areas, MOI institutional training lags far behind the MOD. DOD reports that despite RS advisory efforts, strong training institutions have not emerged. The UTEDC has no counterpart in the MOI. The following *High-Risk List* section on civil policing contains more information about ANP training deficiencies and corresponding risks.⁵²

While the UTEDC is a sign of progress for the MOD, the KMTC, ANA's branch schools, and RMTCs continue to experience problems. For example, the KMTC drew scrutiny in the second half of 2018 after recruitment issues forced the facility to delay training courses because there were not enough students to fill them. RS advisors also received reports of unsatisfactory training, poor living conditions, and inadequate

trainer support. The KMTC's conditions had reportedly deteriorated to the point where trainees were malnourished and arriving at their units in poor health, and not trained to standard. In September 2018 the commander of the KMTC was replaced, and RS advisors are working to improve the efficiency and quality of the training at KMTC, and exploring ways to increasingly use RMTCs.⁵³

The ANDSF's deficiencies in each of the above areas are exacerbated by the high operational tempo prompted by an active insurgent threat. The lack of capacity in some of these areas (especially training and logistics) indicate that core ANDSF capabilities could erode or fail to improve in the absence of persistent Coalition advisory efforts, with or without a ceasefire or sustained peace settlement with the Taliban.

Persistent Threat from Islamic State

Although U.S. officials have consistently asserted that Islamic State-Khorasan (IS-K), the Islamic State affiliate in Afghanistan, has been degraded on multiple fronts, the group poses a greater security threat to the Afghan people and security forces than it did in 2016.⁵⁴ Since the 2017 *High-Risk List*, IS-K has gone from being concentrated in a few districts in Nangarhar Province in eastern Afghanistan to having a limited presence in two other provinces—Kunar and Jowzjan.⁵⁵

The Trump administration's decision in 2017 to continue the U.S. counterterrorism mission to pursue terrorist organizations in Afghanistan—distinct from its participation in the RS train, advise, and assist mission—gives the ANDSF an obvious advantage in confronting IS-K and has had important consequences for Afghan security. The United States currently conducts air strikes and ground raids against IS-K and other terrorist organizations active in Afghanistan, sometimes unilaterally, and sometimes in coordination with Afghan Special Security Forces (ASSF), the AAF, and the National Directorate of Security, Afghanistan's intelligence service.⁵⁶

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SIGAR auditors interview ANA soldiers in the 207th corps. (SIGAR photo)

Following several battles between IS-K and the Taliban, some progress was made against IS-K's expansion in the north when what the UN Secretary-General described as a "large group" of fighters claiming affiliation with IS-K surrendered to the Afghan government in Jowzjan Province on August 1, 2018.⁵⁷ Then on August 25, U.S. forces conducted an air strike against IS-K in Nangarhar Province that killed their leader, Abu Saad Orakzai, to further disrupt IS-K's command-and-control and attack-planning capabilities. Yet, IS-K remains able to carry out mass-casualty attacks on major population centers. The number and lethality of IS-K attacks in Afghanistan increased since the last *High-Risk List*. According to the UN, in 2017, there were 100 attacks claimed by or attributed to IS-K that caused 399 civilian deaths, and in 2018, there were 138 attacks resulting in 681 civilian deaths (a 71% increase in civilian deaths).⁵⁸

Given that IS-K has not yet been defeated, even under considerable U.S. and Afghan military pressure, it is unlikely that the ANDSF could curtail or eliminate IS-K on its own without military, financial, and intelligence assistance from the United States and other donor nations. IS-K is not a party to the current peace talks and continues to pose a threat to the United States, the Afghan government, and the Taliban even if a peace settlement should be reached.

Stalemated Control of Districts, Population, and Territory

The stalemated battlefield situation between the ANDSF and the Taliban is another risk, as the intensity of fighting has increased and both sides have incurred more casualties as they seek greater leverage at the negotiating table.⁵⁹ If negotiators fail to secure a peace agreement, the ANDSF will be hard pressed to increase

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its control over the population, districts, and territory.

The one major unclassified metric RS has provided SIGAR to track the status of the battlefield environment—Afghan government and insurgent control of districts, population, and territory—shows that the ANDSF has not substantially increased its control of the country since the January 2017 *High-Risk List*. From November 2016 through October 2018, Afghan government control and influence over its districts ranged between 54–60%. Over the same period, the Afghan government controlled or influenced between 64–66% of the population.⁶⁰ In 2018, the ANDSF, with American air support, repelled two large-scale Taliban assaults on population centers, one in Farah City in May and another in Ghazni City in August. The Taliban also attempted to seize provincial capitals eight times in 2016.⁶¹

DOD's position on control metrics has shifted since 2017. DOD's stated goal in November 2017 was for the Afghan government to control or influence 80% of the population by the end of 2019.⁶² However, in January 2019, DOD and RS told SIGAR that control data is no longer used as an indicator of the success of the South Asia strategy. DOD emphasized that varying control data may reflect "uncertainty in the models that produce them" and that "the assessments that underlie them are to a degree subjective."⁶³

DOD also said that following the September 2018 appointment of Zalmay Khalilzad as U.S. Special Representative for Afghanistan Reconciliation, the indicator for success of the South Asia strategy became prioritizing U.S. and Afghan forces' support of Ambassador Khalilzad's diplomatic effort rather than increasing military pressure to expand the ANDSF's control over the Afghan population to compel the Taliban to the negotiation table. RS stated that the stalemate observed in the control data over the course of at least a year supports diplomatic efforts between the parties to the conflict: "One necessary condition is the perception by both sides that the conflict is in a military

stalemate. Alternately, they cannot believe they will attain their goals with continued fighting."⁶⁴

QUESTIONS FOR POLICYMAKERS

- What would the American contribution to any ongoing train, advise, and assist effort for the ANDSF be in a post-peace deal environment when the active insurgent threat to the ANDSF might be reduced or significantly diminished?
- If the United States were to drastically decrease its train, advise, and assist mission, how might DOD continue to ensure the ANDSF is capable of defending Afghanistan and ensure U.S. national security interests in the region are protected?
- In a possible post-peace deal environment, if the United States had a reduced role in training, advising, and assisting the ANDSF and/or providing less financial and military support to it, what would be the risks to the gains made in key areas, such as the expansion and improvement of the Afghan Air Force and the Afghan Special Security Forces?
- Are the various ANDSF components properly trained and equipped to function in peacekeeping and other roles required in a post-reconciliation environment? What type of future investment, financial and otherwise, would the United States need to make to ensure the ANDSF components function in these various capacities?
- In a possible post-settlement environment, how would former Taliban fighters be integrated into the ANDSF?
- Are U.S.-funded materiel (such as vehicles and aircraft) and computer-based technology programs independently sustainable by the ANDSF? If not, what is the plan to address this and what are the projected dates for when the ANDSF will be capable of sustaining them?



Afghan National Police personnel stand in formation for a graduation ceremony in Kandahar. (ISAF photo)

HIGH-RISK AREA 2

UNDERDEVELOPED CIVIL POLICING CAPABILITY

HIGH-RISK AREA: UNDERDEVELOPED CIVIL POLICING CAPABILITY

WHY IT IS A HIGH RISK

With the possibility of a peace settlement coming into view, there is no comprehensive strategy for how the United States and Coalition partners will expand and sustain their nationwide police advising mission to support Afghan rule of law and civil policing.⁶⁵ Throughout the reconstruction effort, the United States has placed more emphasis on reconstructing the Afghan National Army (ANA) than the Afghan National Police (ANP). For years, the ANP were used to provide paramilitary support to ANA counterinsurgency operations rather than performing core police functions.⁶⁶

Following a political settlement, Afghan police, rather than the army, are likely to be the element responsible for everyday security provision and will serve as a direct link to the Afghan government in local communities. The underdeveloped civil policing capabilities of the ANP thus present a risk to the long-term stability of the Afghan government.⁶⁷

A substantial monetary investment is also at risk. As of December 31, 2018, the United States had obligated \$21.3 billion and disbursed \$21.0 billion from the Afghanistan Security Forces Fund (ASFF) to build, train, equip, and sustain the ANP. The total cost for ANP sustainment in fiscal year (FY) 2019 is approximately \$1.1 billion. Of this, the United States will contribute roughly \$500 million. The Afghan government will pay roughly \$207 million, which is approximately 19% of the necessary yearly ANP sustainment funds, and an expenditure equivalent to 8% of Afghan government revenues collected in FY 2018 (\$2.5 billion).⁶⁸

The NATO Trust Fund at \$40 million and the UN-administered Law and Order Trust Fund for Afghanistan (LOTFA) at \$370 million will contribute the rest.⁶⁹

Unlike the ANA, a significant share of ANP personnel costs are paid through LOTFA, to which the United States has historically been the largest contributor, although not in FY 2018. The LOTFA mechanism relieves some financial pressure on the United States by spreading the funding burden of ANP personnel costs to the Coalition.⁷⁰

WHAT SIGAR FOUND

SIGAR's 2017 lessons learned report, *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*, found that police development was treated as a secondary mission for the U.S. government, despite the critical role that the ANP was intended to play in implementing rule of law and providing static, local-level security nationwide. The U.S. military aligned its military-to-military engagements with the ANA, but there was no similar

Since the 2017 *High-Risk List*, SIGAR has published eight oversight products on the ANP and nine quarterly updates on Afghan policing in its quarterly reports to Congress.

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Afghan National Police officers march in a drill outside the Ministry of Interior in Kabul. (U.S. Army photo by Staff Sgt. Richard Andrade)

symmetry between U.S. civilian law enforcement entities and the ANP.⁷¹

SIGAR also found that the United States lacks an institutionalized capability to develop foreign police forces in a high-threat environment. Police advising is not a core competency of the U.S. military and therefore DOD does not have the required authorities, funding and personnel to manage the police advising mission in Afghanistan. By law, the State Department is the lead agency responsible for foreign police development, but is not able to operate freely in a war zone. The Department of Justice has a program to train foreign police forces—the International Criminal Investigative Training Assistance Program (ICITAP). However, ICITAP has no independent funding or operational authority and must fully rely on State or DOD funding.⁷²

The United States has sometimes turned to Coalition partners to carry out its police

development mission in Afghanistan. SIGAR found that the U.S. did not optimize this Coalition security sector assistance in relation to international political constraints. While some Coalition partners may have had a better capability to develop police forces, the countries involved either did not have the capacity to assume all mission requirements in Afghanistan, had national caveats that prevented them from engaging in critical police training for the mission, or the U.S.-led Coalition did not provide these countries with senior-level positions in the NATO-led training mission to maximize their impact. NATO itself does not have a police advising capability, although efforts are underway to create a capability to deploy professional police advisors in future NATO operations. The concept is pending review and approval.⁷³

Other SIGAR products since January 2017 have reported the following findings related to Afghanistan's policing institutions:⁷⁴

UNDERDEVELOPED CIVIL POLICING CAPABILITY

- The MOI has made little progress in addressing gross violations of human rights as required by the Leahy Laws because MOI cannot track whether anyone is held accountable once investigations are passed to Afghanistan's Attorney General's Office for prosecution.
- There is insufficient data to assess, monitor, and evaluate U.S. advisors assigned to the MOI.
- There is ineffective management and oversight of ANP fuel.

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

SIGAR's quarterly reports track ANP reconstruction metrics, some of which appear to show that the ANP has sustained itself or even improved in important areas such as organizational structure, the number of security incidents involving the ANP, personnel strength, and personnel accountability since SIGAR's last *High-Risk List* was published in January 2017. Challenges, of course, remain in all of these areas.

In late 2017 and early 2018, the ANP's Afghan Border Patrol (ABP) and Afghan National Civil Order Police (ANCOP) were reassigned from the MOI to the MOD. Technically, the ANCOP had been the ANP's element responsible for high-risk districts. The ABP was meant to be responsible for securing ports of entry along international borders and at airports. But, ANCOP and ABP were often misused as military forces because no other security element had the ability to handle certain missions. For example, on one day in 2010 in Kandahar Province, the ABP attacked and secured key Taliban-controlled villages in Arghandab District. Arghandab is a lush agricultural district more than 60 miles from the Pakistan border. This mission was not related to airport or border security. The ABP was used for fighting in a high-threat district, very far from the border,

because Kandahar authorities believed the ABP would succeed where the ANA and other forces had not. In this context, the intent of transferring ANCOP and ABP to the MOD was to move police forces that were focused more on military operations to the MOD, leaving MOI to deal with civil policing.⁷⁵

Security incidents involving the ANP are also decreasing. According to data compiled by the State Department-sponsored Armed Conflict Location & Event Data Project (ACLED), from January 1, 2017, through January 31, 2019, the number of security incidents involving the ANP has been trending downward, despite significant increases during the summers of 2017 and 2018. For example, in January 2017, 152 security incidents involving the ANP were recorded; in contrast, only 72 such incidents were recorded in January 2018 and 41 in January 2019. The vast majority of ACLED-recorded incidents pertaining to the ANP are of military-style armed conflict.⁷⁶ The exact reasons why ANP armed conflict is declining is unclear, but a decline in police fighting, under any circumstances, is an important step towards a final cessation in hostilities. Further, this downward trend in ANP security incidents has likely helped the ANP sustain its force strength numbers.

ANP strength has improved after adjusting for the transfers of 30,689 ANCOP and ABP personnel from the MOI to MOD, the ANP gained 2,291 personnel since 2017 (ANP assigned strength has declined by 28,398 personnel as of October 31, 2018, due largely to ANCOP and ABP transfers during 2018, in comparison to October 2017). This puts the ANP assigned strength at 94.6% of its authorized strength of 124,626 personnel. The ANP is thereby at nearly full strength, and the January 2019 assigned-to-authorized strength ratio is consistent with the 94% assigned-to-authorized strength reported in January 2017.⁷⁷

Additionally, since SIGAR published its 2017 *High-Risk List*, improvements have been made in accounting systems that should verify if these strength numbers are accurate. In

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An Afghan National Police instructor administers the Afghan police oath during an ANP graduation in Bamyan. (USAF photo by Master Sgt. Quinton T. Burris)

January 2017, SIGAR emphasized oversight agencies' long-standing concerns over "ghost" personnel within ANDSF, especially within the ANP. SIGAR said that a fully operational and electronic system to track and report ANP personnel and payroll data is needed to prevent internal errors, external inconsistencies, and manipulation.⁷⁸

According to data provided by CSTC-A, as of November 30, 2018, MOI is now "fully operationally capable" in the electronic Afghan Personnel and Pay System (APPS). This means MOI can use all of the APPS functions. However, this does not mean that MOI now has full accountability of its police or can confirm exactly how many arrive each day for work. According to data available to SIGAR, about 60% of ANP personnel are enrolled in APPS and meet the requirements to be paid. CSTC-A estimates that another year is needed for all ANP to be enrolled and meet the full requirements to be

paid. Concerns of "ghost" personnel remain, and SIGAR is planning to audit the ANP personnel and payroll systems.⁷⁹

In short, some important metrics imply that the ANP since January 2017 has adapted to and is sustaining itself within the ongoing counterinsurgency strategy. But improvements in the ANP's counterinsurgency tactics may run counter to the requirements for post-peace settlement civil policing, requirements that peace is kept through the rule of law—warrants, arrests, and prosecutions—rather than through the military expediency of counterinsurgency operations. According to DOD, "realigning the ANP to enforce rule of law remains a critical requirement. Continued gaps in the MOI advisory team . . . particularly the absence of civilian police expertise" continues to hamper advisory efforts.⁸⁰

Effective policing will require a force that gives citizens the presumption of innocence

UNDERDEVELOPED CIVIL POLICING CAPABILITY

rather than anticipating and taking preemptive offensive operations against perceived threats. U.S. agencies, such as the Justice Department, currently lack the personnel numbers and paramilitary strength to accompany ANP trainees into high-threat districts.⁸¹

SIGAR is scheduled to initiate a new lessons learned report in 2019 focused on the development of the ANP and a civil policing function in Afghanistan.

rule of law—including ANP warrants and arrests—in remaining high-threat districts?

- As part of a peace agreement and efforts to reintegrate the Taliban, what role in civil policing might former Taliban play?

QUESTIONS FOR POLICYMAKERS

- Given the lack of U.S. emphasis on civil policing in Afghanistan since 2001, what is the U.S. strategy for coordinating with allies and implementing professional civil policing?
- The Afghan government generated approximately \$2.5 billion in domestic revenues in FY 2018. Currently, ANP sustainment costs for FY 2019 are about \$1.1 billion, of which the Afghan government is scheduled to contribute \$207 million from its domestic revenues (the rest of ANP sustainment costs are covered by the U.S. and Coalition nations). In a post-reconciliation environment, how can the ANP continue to be sustained at a cost of \$1.1 billion a year?
- U.S., Afghan, and Coalition officials and researchers have accused the ANP of multiple types of corruption, including corruption related to narcotics trafficking and reconstruction contracting.⁸² In a post-reconciliation environment in which the drawdown in U.S. and Coalition advisers makes oversight even more challenging, how will the U.S. government and Coalition partners ensure that continued security assistance is not directed to corrupt ANP officials?
- In a post-reconciliation Afghanistan, what is the U.S. strategy for facilitating the



SIGAR Special Agents turn over intercepted gold bars to officials of the Afghan central bank. (SIGAR photo)

HIGH-RISK AREA 3

ENDEMIC CORRUPTION

HIGH-RISK AREA: ENDEMIC CORRUPTION

WHY IT IS A HIGH RISK

Corruption remains an enduring risk to the U.S. mission in Afghanistan. SIGAR's September 2016 Lessons Learned Program report on corruption found that corruption substantially undermined the U.S. mission in Afghanistan from the very start. SIGAR concluded that failure to effectively address the problem means U.S. reconstruction programs, at best, will continue to be subverted by systemic corruption and, at worst, will fail.⁸³ Despite many anticorruption efforts, the problem persists. According to the Department of Defense (DOD), "corruption remains the top strategic threat to the legitimacy and success of the Afghan government."⁸⁴

At the November 2018 Geneva Conference on Afghanistan, participants from 61 countries and 35 international organizations identified corruption as a persistent and serious challenge.⁸⁵ The conference panel on the Afghan private sector closed with remarks by U.S. Ambassador to Afghanistan John R. Bass, who noted surveys indicating that many Afghans are obliged to pay bribes of some sort in their daily life. Ambassador Bass argued the problem of corruption extends beyond the public sector to the life of businesses. Afghanistan, he concluded, needs to strengthen the rule of law and be committed to dealing with corruption in the public sector, in access to credit, in dispute resolution, and other areas that affect development, as well as the prospects for peace.⁸⁶

As of January 2019, the Department of Justice (DOJ) reported some progress by Afghanistan's Attorney General in pursuing major crimes as a result of the U.S. Embassy demanding accountability. However, in a January 2019 report covering July–September 2018, DOJ said the

Afghan government is still slow to prosecute corruption cases and has a poor record of prosecuting powerful and influential actors.⁸⁷

WHAT SIGAR FOUND

In May 2018, SIGAR released its congressionally requested assessment of the Afghan government's implementation of a national anticorruption strategy, and of the action plans of five ministries. SIGAR found that the Afghan government has made some progress in implementing its anticorruption-related commitments since 2017. For example, the United Nations recognized the Afghan government's implementation of several key anticorruption reforms in 2017 and early 2018, including: the launch of an anticorruption strategy in October 2017, strengthened anticorruption measures in the new penal code, increased capacity of the Anti-Corruption Justice Center (ACJC), and a more transparent national budget.⁸⁸

However, SIGAR also found that Afghanistan's anticorruption strategy did not meet international standards and best practices. Specifically, the strategy's authors did not sufficiently engage Afghan civil-society organizations and ministries in the creation of the strategy, even though some of them will be responsible for implementing it. In addition, the strategy's goals are not fully aligned with the benchmarks set to measure progress toward implementation,⁸⁹ complicating assessments of progress toward the goals.

Despite the formal launch of the anticorruption strategy in December 2017, implementation

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remains a major challenge. The Afghan government failed to meet a number of self-imposed deadlines for achieving their anticorruption strategy benchmarks and for submitting ministry anticorruption action plans. Per the U.S. government's Generally Accepted Government Auditing Standards, SIGAR provided a draft copy of its May 2018 assessment of the Afghan government's implementation of its anticorruption strategy to the Afghan government for final comments. Only after receiving the draft did the government report the completion of a significant number of benchmarks and action plans, raising the number from two to 14. SIGAR commended the Afghan government's responsiveness to the draft report and is continuing to track these benchmarks in its congressionally requested follow-on work.⁹⁰

While anticorruption strategies and plans represent important, internationally recognized steps to mitigating endemic corruption, they may be insufficient. As President Ashraf Ghani himself declared in March 2016, “more consultants, anticorruption plans, or good governance projects” are not the solution to large-scale government corruption. Rather, “reform will come when reformist leadership is fully equipped with the tools it needs to rebuild core state systems, above all an ability to recruit like-minded reformers into the system and to have the flexibility to use reform to deliver results.”⁹¹

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

At the Brussels Conference in October 2016, the Afghan government committed to developing and implementing new national-level anticorruption policies in 2017. It released a whole-of-government anticorruption strategy in October 2017, and in December 2017, President Ghani ordered the strategy to be implemented.⁹²

At the November 2018 Geneva Conference, the Afghan government said it had achieved the corruption-related reforms outlined at the

July 2018 meeting of the Joint Coordination and Monitoring Board—a high-level decision-making body responsible for strategic coordination between Afghanistan and the international community. Nevertheless, corruption was still described as an endemic and systemic problem in Afghanistan. According to a joint UN-Afghan government document, the indicators for Afghanistan's progress included adoption of a new National Anticorruption Strategy (25 of the 66 indicators had been achieved by September 2018), the endorsement of the new Anticorruption Law by President Ghani in September 2018, the 40 trials held by the Anti-Corruption Justice Center (ACJC) since its inception, and the registration of 15,000 public officials' assets. Citing a need to further implement existing reform commitments, the document also identified several other anticorruption efforts/issues to discuss including:⁹³

- merit-based and transparent civil service recruitment
- the Access to Information Law, said to be among Afghanistan's “well-crafted” but not uniformly implemented laws
- addressing impunity and the role of the ACJC, described as a “long term process” with the 2016 establishment of the ACJC as an important step
- the role of citizens in accountability monitoring of Afghan government service delivery, with Afghanistan's national anticorruption strategy including opportunities for civil society to participate to address identified weaknesses or corruption in the provision of services

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

ENDEMIC CORRUPTION

In October 2018, State reported to SIGAR that the U.S. Embassy prioritized the corruption-related Afghanistan Compact benchmarks—an Afghan-led initiative beginning in 2017 designed to demonstrate the government’s commitment to reforms—including targeting drug kingpins for money-laundering prosecutions, high-profile corruption prosecutions, and recovering stolen Kabul Bank funds. According to State, the Afghan government had made progress on all of these priorities by January 2019. State reported that the Attorney General’s Office (AGO) prosecuted three high-level drug targets for money laundering.⁹⁴

In January 2019, State said the U.S. Embassy’s new corruption-related Compact benchmark priority for the Afghan government was increased transparency at Afghan special courts, the ACJC, the Counter Narcotics Justice Center (CNJC), and the Justice Center in Parwan (JCIP). But the U.S. Embassy continues to emphasize such anticorruption measures as executing warrants, prosecuting high-profile corruption cases, and collecting on Kabul Bank cases.⁹⁵

DOJ said that recent actions taken by the AGO against corruption, like prosecuting lower-level offenders, was likely the result of pressures created by donors at the Geneva Conference and SIGAR’s recent reports.⁹⁶

In the security sector, the Combined Security Transition Command-Afghanistan (CSTC-A) said corruption remains pervasive throughout the Afghan security forces. This corruption, they added, harms the battlefield effectiveness of the Afghan security forces by diverting resources meant for fighting units and by creating negative perceptions of the Afghan government, undermining the Afghan government’s legitimacy and reconciliation efforts.⁹⁷

According to CSTC-A, security-related corruption is primarily associated with high-volume materiel and monetary support, including food and rations, petroleum and oil, ammunition and weapons, and, to a lesser degree, payroll. CSTC-A found that regional logistics centers are focal points of corruption where ammunition,

uniforms, and other commodities are easily pilfered and sold. Logistics centers at all levels of the Afghan army and police have weak oversight and accountability controls. CSTC-A said that it continually tries to identify the corrupt actors to reduce supply-chain spillage.⁹⁸

It is not clear that Afghanistan can or will sustain its anticorruption measures in the absence of international donor support. SIGAR has found that the Afghan government prioritizes its anticorruption commitments when pressured by international observers. State and DOJ said international donor conferences, the Afghanistan Compact, and SIGAR reporting help create such pressure.⁹⁹ However, if donors do not maintain this focus on anticorruption, it is unlikely that the Afghan government will follow through on its commitments.

QUESTIONS FOR POLICYMAKERS

- What are reasonable expectations for Afghan government anticorruption-related results given competing challenges of regime stability and reform?
- In the event of a peace settlement, how could the U.S. government restructure its reconstruction assistance and programs to promote compelling anticorruption programs in Afghanistan? Does that calculus change for an Afghan government that includes the Taliban?
- What will be the impact of fewer international troops and reduced assistance on the ability of the Afghan government to fight corruption?
- Are reform benchmarks so vague and/or bland that they have no meaningful impact against rampant institutional corruption?
- Should the United States consider imposing financial penalties or other consequences should Afghan reform benchmarks not be met?



Traffic in Kote Sangi, on the western edge of Kabul. (UNAMA photo by Fardin Waezi)

HIGH-RISK AREA 4

SLUGGISH ECONOMIC GROWTH

HIGH-RISK AREA: SLUGGISH ECONOMIC GROWTH

WHY IT IS A HIGH RISK

The U.S. government's current Integrated Country Strategy (ICS) for Afghanistan states that no U.S. efforts in Afghanistan—including the fundamental objective of preventing further attacks by terrorists on the U.S. homeland—can be sustained without a growing licit Afghan economy.¹⁰⁰ While a sustainable peace agreement could boost business confidence and investment, and therefore improve growth prospects substantially, peace also carries its own set of challenges.¹⁰¹ For example, according to USAID, a significant number of Afghans could return from Pakistan. If that occurs, they will have to be integrated—along with former Taliban fighters—into a labor market that already struggles to provide sufficient job opportunities for Afghanistan's youth.¹⁰² A peace agreement would also neither inherently nor immediately reduce major enduring barriers to growth, including limited skilled labor, a significant infrastructure deficit, corruption, and heavy reliance on foreign donor support.¹⁰³

Despite its centrality to U.S. objectives—and its continued importance even if a peace agreement is reached—licit economic growth remains relatively low and Afghanistan remains heavily reliant on donor support. This raises questions about whether Afghanistan will be able to achieve the long-term stability and economic self-reliance that are key reconstruction goals.¹⁰⁴

WHAT SIGAR FOUND

In its 2018 Lessons Learned Program report on private-sector development and economic

growth, SIGAR found that U.S. officials have viewed economic growth as a necessary component of security throughout the Afghanistan reconstruction effort. The U.S. government saw the development of a robust economy in Afghanistan as contributing positively to security by (1) providing gainful employment to the young, unemployed men who were considered most likely to join an insurgency; (2) creating confidence in and legitimacy for the state; and (3) generating revenue that would enable the state to deliver services and prevent dependency on donors.¹⁰⁵

SIGAR found that, despite significant U.S. effort, estimated poverty, unemployment, and underemployment had not been reduced substantially; further, corruption had undermined the legitimacy of the Afghan state.¹⁰⁶ Moreover, despite near-double-digit growth over the first decade of reconstruction, the Afghan government faced a substantial budget shortfall in 2014 when international military expenditures in-country declined rapidly as U.S. and Coalition forces drew down (although revenues have since recovered and grown).¹⁰⁷ Ultimately, SIGAR determined, economic gains in the first decade of reconstruction were heavily subsidized by donor support, and therefore unsustainable.¹⁰⁸

The U.S. continues to emphasize the importance of economic growth in its policy planning for Afghanistan. The ICS, for example, identifies clear risks posed by a lack of sustained economic growth and job creation—risks that include increased youth unemployment and poverty that could lead to extremism.¹⁰⁹ In USAID's Country Development Cooperation

HIGH-RISK AREA



SIGAR personnel inspect the Wesh-Chaman border crossing point. (SIGAR photo)

Strategy (CDCS) for Afghanistan, which defines how the agency plans to approach its development efforts over the next five years, USAID said accelerating economic growth would help expand the Afghan government's revenue base, contribute to stability, and create the conditions necessary for peace.¹¹⁰ Successful peace negotiations, USAID added, would catalyze growth.¹¹¹ Thus, USAID sees increased economic growth as both an input to, and a potential outcome of, a durable peace agreement.

Nevertheless, while a lasting peace agreement could fundamentally improve growth prospects, Afghanistan's greatest economic challenge today remains identifying sustainable sources of growth, according to the World Bank.¹¹² Moreover, as donors emphasized at the November 2018 Geneva Conference on Afghanistan during coordination on future efforts, peace would not be cost-free, and would have to be underpinned by inclusive economic and social programs (though donor commitments are still scheduled to gradually

decline).¹¹³ According to USAID, more than two million Afghans residing in Pakistan could return after a peace settlement, potentially because of political pressure from the Pakistani government.¹¹⁴ Upon their return to Afghanistan, a weak licit labor market would then have to absorb those returnees. The need to reintegrate former insurgent and militia fighters into the economy would introduce additional challenges. In September 2018, Afghan President Ashraf Ghani said that providing former fighters with jobs following a peace agreement represented the "greatest problem for peace."¹¹⁵

Additionally, a peace agreement is unlikely to immediately overcome the many enduring barriers to economic growth. These include limited skilled labor, the lingering effects of near-continuous conflict over multiple decades, deficits in physical and institutional infrastructure, heavy reliance on foreign donor support, and widespread corruption.¹¹⁶

Further, Afghanistan's low fiscal capacity may be inadequate to sustain the infrastructure

SLUGGISH ECONOMIC GROWTH

(e.g., roads and electricity generation and distribution) and institutions (e.g., government ministries) that, while flawed, are nonetheless vital to economic growth as the Afghan government is asked to assume a more prominent role in its own development in the coming years.¹¹⁷ According to IMF projections, the Afghan government's domestic revenues (total revenues minus donor contributions) will continue to cover less than 50% of total expenditures through 2023.¹¹⁸ Accordingly, sustainability is an issue affecting all the high-risk areas identified by SIGAR.

Current headwinds appear to be strong. Donor plans articulated in the ICS and CDCS must grapple with the reality that building economic momentum will be difficult within the present context of elections-related uncertainty, the lingering effects of an extreme drought that lasted through much of 2018, and declining business confidence, according to the World Bank.¹¹⁹ The IMF noted that as of December 2018, the midterm outlook for the Afghan economy faced “considerable downside risks” and that the near-term outlook had “weakened.”¹²⁰ Growth in 2018 was expected to be 2.3%, down from the IMF's previous projection of 2.5%, due to the lingering impact of the drought.¹²¹ While the IMF anticipated that agricultural output would recover in 2019, it said that even under its current projections, Afghanistan “would not make much progress in reducing poverty.”¹²²

While both donors and the Afghan government hope that growth will pick up gradually over the next several years, SIGAR's 2018 lessons learned report on private-sector development and economic growth found that optimistic longer-term expectations for the pace and level of progress did not always reflect the realities of the Afghan economy and the operating environment.¹²³ SIGAR is concerned that donors and the Afghan government may continue to have unrealistic expectations about the immediate possibilities for growth, even in the event of a peace settlement, or that donors

may reduce assistance at this critical time after a possible peace agreement is signed.

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

At the time SIGAR published its 2017 *High-Risk List*, it was widely acknowledged that Afghanistan faced substantial economic challenges. However, it then appeared the country was in the midst of a modest, but uninterrupted recovery following 1.5% growth in 2015.¹²⁴ But if current IMF and World Bank estimates prove correct (final growth figures for 2018 have not yet been released), 2018 will be the first year since 2015 in which Afghanistan's licit growth rate actually slowed—representing a shift in the country's recent growth trajectory.¹²⁵

Slowing growth raises broad concerns regarding the sustainability of Afghanistan's recovery and thus its long-run economic prospects, whether or not there is a peace agreement. Although momentum around a possible peace settlement appears strong, there is no guarantee that the talks will succeed—or, if they do, that an agreement will hold.¹²⁶

Drawing conclusions about true levels of employment is difficult, in part, because data in Afghanistan are notoriously poor. For example, Afghanistan has never had a full census, and therefore all population numbers and percentages are estimates. Additionally, the survey generally used to ascertain Afghanistan's unemployment rate—the Afghanistan Living Conditions Survey (ALCS)—counted anyone who did any agricultural, nonagricultural, or occasional paid work for even one hour in the previous 30 days as “employed,” which may mean that unemployment figures from the ALCS underestimate the true number. In fact, a large majority of the population is underemployed, a problem considered as serious as unemployment.

Source: SIGAR, *Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan*, 4/2018, p. 8.

HIGH-RISK AREA



Afghan farmer clears silt from a newly cemented irrigation ditch in Herat Province. (World Bank photo)

In either case, Afghanistan's stagnant licit economy raises the question of just how many new workers it can absorb—particularly in light of another key change since the 2017 *High-Risk List*, the recently reimposed U.S. sanctions on Iran. The sanctions, which had been suspended under the 2015 Iran Nuclear Deal and which target more than 700 Iranian-linked individuals, entities, aircraft, and vessels, resulted in the collapse in the value of the Iranian rial. The concomitant sharp downward turn of the Iranian economy has caused a sudden increase in the number of Afghan returnees from Iran—more than 720,000 in 2018, according to the International Organization for Migration (IOM), compared to 230,000 in 2017.¹²⁷ Equally significant, Afghan remittances from Iran have dropped to “almost zero” as a result of Iran's economic slide.¹²⁸

The significant increase in returnees may exacerbate already high levels of unemployment: according to Afghanistan's National Statistics and Information Authority, the unemployment rate in 2017 was 23.9%. Youth

unemployment was significantly higher at 30.7%.¹²⁹ Reflecting high levels of unemployment, the country's poverty rate (defined as the cost of covering basic needs, which was approximately \$1 per person, per day in 2016–2017) increased substantially from 38% in 2011–2012 to 55% in 2016–2017.¹³⁰

A positive change since SIGAR's 2017 *High-Risk List* is the rapid growth of Afghanistan's merchandise exports. Exports of goods grew by 28% from 2016 to 2017 and by 18.5% over the first nine months of 2018, year-on-year. However, Afghan government subsidies may account for significant recent increases in the country's air exports, which USAID said rose from \$230 million in 2015 to \$391 million in 2017—an increase of over 70%.¹³¹ Increases to air exports have significantly contributed to broader merchandise-export growth.¹³² According to the State Department, the subsidies are substantial: up to 90% for flights to India, 75% for flights to Europe, and up to 80% for flights to other destinations.¹³³ The magnitude of these subsidies raises questions about

SLUGGISH ECONOMIC GROWTH



Towers erected in a transmission-and-distribution improvement project carry power on the outskirts of Kabul. (Asian Development Bank photo)

the fully costed gains from these exports and their sustainability.

Overall, many uncertainties remain, including what effect, if any, a material withdrawal of U.S. and Coalition troops would have on the capabilities of Afghan security forces and future levels of economic and security assistance funding.¹³⁴ However, it is clear that economic growth is expected to play a significant role in supporting U.S. strategic objectives in Afghanistan. While the U.S. believes that a growing economy could decrease the Afghan government's reliance on foreign assistance, increase stability, and underpin a post-peace-agreement recovery process, low levels of licit growth could have the opposite effects.

QUESTIONS FOR POLICYMAKERS

- How will U.S. economic-development programming adjust to a potential peace settlement?
- If a sustainable peace settlement is reached, how will economic-development programming simultaneously support the reintegration of former fighters, the possible return of Afghan refugees from Pakistan, and the large number of returnees from Iran?
- To what extent will current Afghan laws, rules, regulations, and policies concerning economic growth continue to apply if a peace agreement materializes?
- Are current interventions to increase Afghanistan's economic growth positioned to have a sustained impact after they end?
- What would the economic effects be of a major drawdown of U.S. military and civilian personnel from Afghanistan?



An Afghan commando scans a poppy field in Nangarhar Province. (U.S. Army photo by Staff Sgt. Kathy Brown)

HIGH-RISK AREA 5

THE ILLICIT NARCOTICS TRADE

HIGH-RISK AREA: THE ILLICIT NARCOTICS TRADE

WHY IT IS A HIGH RISK

Since 2002, the United States government has provided \$8.9 billion to thwart narcotics production and trafficking in Afghanistan. Yet Afghanistan remains the global leader in opium cultivation—a distinction it has held since the late 1990s, according to opium-cultivation data from the United Nations Office on Drugs and Crime (UNODC).¹³⁵ Afghan opium-poppy cultivation levels reached an all-time high in 2017 and the second highest level in 2018 since UNODC began collecting data in 1994.¹³⁶

The illicit opium trade hinders the Afghan government's efforts across numerous sectors, including security, governance, and economic and social development.¹³⁷ The cultivation and trafficking of illicit drugs finances drug-trafficking organizations and antigovernment groups, undermines the government's legitimacy, and feeds corruption,¹³⁸ benefiting insurgent groups and corrupt government officials alike.¹³⁹

Opium-poppy cultivation provides Afghans with some 590,000 farm jobs, according to economist William Byrd.¹⁴⁰ The UNODC notes “great uncertainty” in estimating the size of the illicit narcotics trade in Afghanistan, but has estimated that in 2017, the poppy crop generated approximately \$1.4 billion for Afghan farmers, plus billions more for refiners and traffickers, amounting to the equivalent of 20% to 32% of Afghanistan's gross domestic product—a share about the size of the country's entire licit agricultural sector and far exceeding licit exports of goods and services in 2016.¹⁴¹

A peace agreement is unlikely to change that dynamic, as shown by the record of other countries at peace which continue to produce large quantities of narcotics. Peru, according to

U.S. government figures, is the second-largest producer of cocaine and cultivator of coca in the world.¹⁴² Also, the government of Colombia signed a peace agreement with rebel fighters in 2016, yet coca cultivation is still on the rise, and reached an all-time high in 2017.¹⁴³ With or without a peace agreement, Afghanistan runs the risk of becoming a “narco-state” and has already been described as such by former officials from the U.S. government and international organizations.¹⁴⁴

WHAT SIGAR FOUND

A SIGAR lessons learned report published in June 2018 found that U.S. counternarcotics programs have not resulted in long-term reductions in opium-poppy cultivation or production. Likewise, crop-eradication programs had no lasting impact, and were not consistently conducted in the same locations as development-assistance programs that aimed to give farmers economic alternatives to growing poppy. Alternative-development programs were often too short-term, failed to provide sustainable alternatives to poppy, and sometimes even contributed to increased poppy production. The lack of a stable security environment greatly hindered efforts to curtail poppy cultivation and production, and the U.S. government failed to develop and implement counternarcotics strategies that outlined or effectively directed U.S. agencies toward shared goals.¹⁴⁵ The findings in SIGAR's lessons learned report prompted the Senate Caucus on International Narcotics Control to request that SIGAR conduct a

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Scarring poppy pods releases sap for opium production. (UN photo)

thorough review of the U.S. government's current counternarcotics efforts in Afghanistan. That review is ongoing.

U.S. government assistance has resulted in some counternarcotic successes. One example is the improved performance of the specialized units of the Counter Narcotics Police thanks to training and mentoring by the Drug Enforcement Administration and the U.S. military.¹⁴⁶ DOD said that Afghan law-enforcement units are now capable of conducting counternarcotics operations without U.S. support.¹⁴⁷

Despite this, however, the prevailing lack of security hampers the U.S.'s limited, ongoing counternarcotics programs. For example, there were 115 security-related disruptions of USAID programs between February and September 2016.¹⁴⁸ Moreover, State's Bureau of International Narcotics and Law Enforcement Affairs (INL) reports that inadequate border security and weak enforcement capacity hinders control of **precursor chemicals**,

whose traffic increased in 2017.¹⁴⁹ Insecurity suppresses counterdrug law-enforcement efforts,¹⁵⁰ and disrupts program implementation and oversight.¹⁵¹

Afghanistan also suffers from a growing drug addiction problem. A 2015 INL-funded drug-use survey that included toxicological testing in Afghanistan revealed that 31% of all households in Afghanistan, and over 11% of the population as a whole, tested positive for one or more drugs, with drug use three times greater in rural than urban areas of the country.¹⁵²

SIGAR is auditing INL's drug-treatment program, focusing on INL's efforts to expand Afghans' access to drug-treatment programs

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 ILLICIT NARCOTICS TRADE

and transferring responsibilities for these programs to the Afghan government.¹⁵³ INL's announcement of budget reductions for Afghan drug-treatment programs could exacerbate this public health crisis.¹⁵⁴

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

Addressing Afghanistan's illicit drug trade appears to have fallen off the international agenda since 2017. In September 2018, the State Department informed SIGAR it was no longer developing a stand-alone U.S. counternarcotics strategy for Afghanistan that had previously been under review. According to State, counternarcotics efforts are now interwoven into the Administration's South Asia strategy, announced in August 2017, and programs designed by INL address the challenges stemming from opium cultivation, trafficking, and consumption.¹⁵⁵

USAID said it will no longer design or implement programs to address opium-poppy cultivation, thus leaving alternative-development programming to INL.¹⁵⁶ In the past, agricultural efforts were driven by counterinsurgency objectives. According to USAID, that counterinsurgency focus meant interventions had short-term outlooks and were designed for rapid results. USAID informed SIGAR it will continue its work in the agriculture sector to strengthen capabilities of private enterprises and ultimately increase economic opportunities for Afghan farmers. USAID's development efforts since 2006 have focused on private-sector, value-chain oriented, and sustainable-development activities.¹⁵⁷

DOD does not have a counternarcotics mission in Afghanistan, but temporarily pursued a counter-threat-finance mission,¹⁵⁸ a campaign DOD led against insurgent financial networks and drug processing centers under authorities granted to U.S. forces in Afghanistan under the South Asia strategy. In February 2019, DOD reported that the counter-threat-finance

campaign ceased at the end of 2018. Between the start of the counter-threat-finance campaign in November 2017 and May 2018, DOD claimed that air strikes denied insurgents an estimated \$44.5 million in revenue, while ground raids captured or destroyed \$41.8 million in precursor chemicals, equipment, and raw opium.¹⁵⁹ SIGAR quarterly reports as well as its lessons learned report on counternarcotics questioned how official estimations of revenue denied to the insurgency are determined.¹⁶⁰ DOD agreed that the revenue estimates were imperfect since no ground verification took place after the strikes.¹⁶¹

Despite increased interdiction results in recent years from Afghan law-enforcement personnel, opium-poppy cultivation and production levels have scarcely diminished. The cumulative opium seizures for approximately the last decade represent merely 7.5% of 2018's total opium production reported by UNODC.¹⁶²

Building Afghan government institutions to combat the narcotics trade is also challenging. Despite some progress, the lack of sustained institutional capacity at all levels of government undermines the country's development and ability to address the production and sale of illegal drugs.¹⁶³ Institutional-capacity weaknesses led to INL canceling the Good Performers Initiative program, which rewarded provinces that successfully lowered their annual opium cultivation results, in 2016.¹⁶⁴ The Ministry of Counter Narcotics (MCN) was the lead institution for developing policy and strategy, as well as coordinating and implementing counternarcotics programs nationally, but the Afghan government dissolved the MCN in January 2019 and shifted its duties to the Ministry of Interior (MOI).¹⁶⁵

The effects on counternarcotics efforts remain to be seen. The absence of stable leadership at the MOI may adversely impact the Counter Narcotics Police, and, in particular, capable specialized units such as the National Interdiction Unit and Sensitive Investigation Unit. The Acting Minister of Interior resigned in January 2019 less than a month after taking

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An Afghan Border Police member guards a batch of captured illicit narcotics.
(USAF photo by Tech. Sgt. Laura K. Smith)

office to run for vice president in the election scheduled for July 2019.¹⁶⁶ According to DOD, the integration of the Afghan Border Force (ABF) into the Ministry of Defense (MOD) was hampered by mistrust between the MOD and MOI.¹⁶⁷ (The ABF was created in December 2017 with the transfer of most of the previously named Afghan Border Police members.)¹⁶⁸ The issues encountered with integrating the ABF may foreshadow the difficulties of integrating the MCN's responsibilities into the MOI.

The Counter Narcotics Justice Center (CNJC), developed to prosecute high-level narcotics cases, has a 90% conviction rate but is wholly dependent on donor support and incapable of independent sustainability, according to the Department of Justice.¹⁶⁹ Moreover, the CNJC has not prosecuted high-level individuals; the majority of their cases focus on poor, low-level offenders who are caught transporting drugs.¹⁷⁰

It is possible that the Taliban may be amenable following a peace agreement to reducing poppy cultivation in return for foreign assistance. According to the author of numerous works on the Afghan drug trade, David Mansfield, the Taliban's ban in 2000–2001 was an attempt to signal to the international community that they were deserving of foreign assistance.¹⁷¹ At the Moscow peace talks in February 2019, the Taliban delegation said that if the war ended they were “determined to reduce poppy cultivation and drug trafficking to zero throughout the country, and in this regard it is ready to provide support and to coordinate with the neighboring countries and international organizations.”¹⁷² However, it remains to be seen whether a future government in which the Taliban is a part would be willing or able to follow through with such promises.

The opium trade plays a significant role in the Afghan economy and it is difficult to see

THE ILLICIT NARCOTICS TRADE

how a peace accord between the Afghan government and the insurgency would translate into the collapse or contraction of the illicit drug trade. The country requires a growing economy or favorable economic conditions to provide farmers and former insurgents with legitimate employment and a reliable income to replace opium poppy cultivation. The Afghan government also needs to pursue major drug traffickers, which it has not done consistently or successfully. According to the Department of Justice, “certain influential people are above the law.”¹⁷³

QUESTIONS FOR POLICYMAKERS

- Given the poor performance of many U.S. counternarcotics programs over the past 17 years, can the U.S. government provide support for effective counternarcotics programs after a peace accord?
- Can capacity-building programs strengthen Afghan government institutions to prevent the country’s collapse into a narco-state?
- How would a potential peace accord with the Taliban impact opium cultivation and production in Afghanistan?
- Will counternarcotics operations targeting insurgent groups be carried out during a ceasefire or after a peace settlement?
- Which tools are the most effective in curbing opium cultivation and battling the narcotics trade? How can existing tools be improved or new ones devised?
- Which type of economic programs will provide the most employment opportunities for farmers and discourage opium cultivation?
- How can U.S. agencies better coordinate counternarcotics efforts in Afghanistan in order to achieve U.S. goals and objectives?



Women gather for an International Women's Day meeting in Khost Province. (U.S. Army photo by Sgt. Kimberly Trumbull)

HIGH-RISK AREA 6

THREATS TO WOMEN'S RIGHTS

HIGH-RISK AREA: THREATS TO WOMEN'S RIGHTS

WHY IT IS A HIGH RISK

Improving the quality of life and the status of Afghan women has been a key goal of the United States and the international donor community since 2002. The United States has committed at least \$1 billion for gender-related programs in Afghanistan and spent another \$1 billion on programs for which the advancement of women was a component.¹⁷⁴ Since the Taliban regime was overthrown in 2001, millions of Afghan women have voted; and some women now occupy prominent positions in Afghan society. Sixty-three women are members of parliament (out of 320 seats); 68,000 women are instructors in schools and universities; 6,000 women serve as judges, prosecutors, defense attorneys, police, and soldiers; about 10,000 women are doctors, nurses, or other health care professionals; and 1,150 women entrepreneurs have invested \$77 million in their businesses.¹⁷⁵

Even so, Afghanistan remains one of the most challenging places in the world to be a woman: In 2018, the United Nations ranked Afghanistan 153rd out of 160 countries for gender equality—despite a constitution that nominally protects women's rights.¹⁷⁶

Recent U.S. talks with the Taliban have raised questions about whether the fragile gains that have been made in women's rights would be protected in the event of a U.S. drawdown. Under Taliban rule from 1996–2001, women were oppressed—sometimes brutally. Thus, the first concern is whether a peace agreement, which could incorporate the Taliban into the Afghan government, would allow the situation for women in Afghanistan to regress to what it was under the previous Taliban regime.¹⁷⁷

The Taliban have sought to reassure Afghan women. At the Moscow peace talks in February 2019, the Taliban delegation said, “Islam has given women all fundamental rights, such as business and ownership, inheritance, education, work, choosing one's husband, security, health, and right to good life.”¹⁷⁸ Nevertheless, many questions regarding the Taliban's stance remain, particularly around their interpretation of women's rights according to Islam. In the same statement, the Taliban also denounced “so-called women's rights activists” who, in their view, were encouraging women to violate Afghan customs.¹⁷⁹ Thus, specific Taliban positions on women's rights are difficult to ascertain, catalyzing much concern among Afghan women.¹⁸⁰

The second concern is that, should a peace agreement signal broader U.S. disengagement from Afghanistan, gains in women's rights could be jeopardized even if the Taliban were to relax some of its previous stances. Discussing his concerns about how a possible withdrawal of U.S. forces could affect women, former U.S. Ambassador to Afghanistan Ryan Crocker told the *New York Times* in late January 2019, “Acute misogyny in Afghanistan goes way beyond the Taliban. Without a strong U.S. hand there, it is not looking very good for Afghan women. They can do as they like to them after we leave.”¹⁸¹

Thus, overall, much uncertainty remains around whether political, economic, and educational gains for women made since 2001 will be protected.¹⁸²

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WHAT SIGAR FOUND

According to the United Nations Development Programme “Gender inequality remains one of the greatest barriers to human development,” and more than 17 years after the United States overthrew the Taliban regime and began reconstructing Afghanistan, the country remains one of the worst places in the world to be a woman.¹⁸³

In many parts of the country, women still face significant barriers to obtaining an education and working outside the home. Deep-rooted cultural traditions and a persistent insurgency continue to threaten the physical safety and health of Afghan women and hold them back from entering public life, particularly in the rural areas where some 75% of women live.¹⁸⁴ Women and girls are often forced into marriage, and violence against Afghan women in their homes is so widespread that practically every woman will experience it in her lifetime.¹⁸⁵ A 2018 study found that 35% of Afghan women between the ages 20–24 were married before their 18th birthday and 50.8% of the female population ages 15 and older has experienced physical and/or sexual violence from an intimate partner.¹⁸⁶ And although there have been gains in girls’ education, nearly 150 districts (Afghanistan has a total of approximately 400) had not produced a single female graduate since 2001, according to an education activist and researcher interviewed by the *New York Times*.¹⁸⁷

When SIGAR interviewed female Afghan leaders during a fact-finding mission on the status of Afghan women in September 2016, many expressed concern that conditions for women would return to the restrictive, abusive patterns seen during the Taliban’s control of the Afghan government in the 1990s if the United States were to reduce its presence in the country.¹⁸⁸ Afghan women remain wary about what an empowered Taliban could mean for the treatment and advancement of women throughout Afghanistan.¹⁸⁹

In a February 24, 2019, roundtable discussion organized by the NATO Senior Civilian Representative in Kabul, Afghan women expressed concern, given the threat to their hard-won rights, that women have not had a seat at the negotiating table or in the larger peace process with the Taliban.¹⁹⁰ A female member of Parliament, Shukria Paykan, told the *New York Times*, “No one has ever asked me about the peace talks with the Taliban or even told me that my rights will be secure . . . we have had 40 years of war and everybody is tired of fighting, but that peace should not be at the price of losing our rights and freedom as women.”¹⁹¹

A June 2018 report published by Britain’s Overseas Development Institute (ODI) on life under Taliban shadow governance appeared to validate such fears. The report’s author could identify no instances in which girls’ secondary schools were open in areas under heavy Taliban influence or control. Girls’ education in these areas, the report said, generally terminated at the age at which girls reach puberty (between grades 4–6), when more restrictions are placed on their lives outside the home. Taliban rules also prohibit women from going to bazaars unaccompanied.¹⁹²

Despite these constraints, progress in women’s rights have been achieved. Since 2002, the United States has allocated significant funding to the goal of improving life and opportunities for Afghan women. Programs funded by the United States have resulted in some considerable successes in women’s advancement in Afghanistan, such as creating and maintaining many new schools and universities for women and girls, expanding health-care facilities and services specifically for women and girls, enacting laws promoting the safety of women and expanding women’s rights, and recruiting and promoting some female personnel in the Afghan National Defense and Security Forces (ANDSF).¹⁹³

The United States Congress appropriated \$10 million in both FY 2018 and FY 2019 for

THREATS TO WOMEN'S RIGHTS



Female Afghan Uniformed Police check local women for weapons at an International Women's Day meeting in Khost Province. (U.S. Army photo by Sgt. Kimberly Trumbull)

the “recruitment and retention of women in the [ANDSF] and the recruitment and training of female security personnel.”¹⁹⁴ Yet, as SIGAR has repeatedly noted, challenges remain. The ANDSF has not met the goals previously set by the U.S. military for female recruitment. Coalition gender advisors have said since August 2018 that recruitment of ANDSF women is largely on hold while advisors work to create more favorable conditions inside Afghan security institutions before recruiting more women into the ANDSF (gender-specific position authorizations, charting possible career progressions, and revised recruiting targets). As of November 2018, the ANDSF had 4,735 female personnel. This number has fluctuated little in the last several years, with female ANDSF personnel comprising around 1.5% of the ANDSF as a whole.¹⁹⁵

Female police and soldiers can serve an important purpose in a gender-segregated society like Afghanistan's. However, as in wider Afghan public and private sectors, the

women who serve in the ANDSF face significant cultural resistance from male colleagues and superiors that hampers their ability to effectively carry out their duties. There is also an external threat to female ANDSF personnel from some members of their community and insurgents, who target them because they disapprove of women serving in positions of authority.¹⁹⁶

In addition to U.S. support for the effort to incorporate women within the ANDSF, one of the costliest programs the United States has invested in for the advancement of Afghan women is Promote, a five-year, \$216 million program that aims to provide Afghan women with the skills and experience to be leaders in Afghanistan's government, economy, and civil society.¹⁹⁷ Promote intends to accomplish this objective by providing or facilitating training, internships, and other experiences for selected Afghan women.¹⁹⁸ SIGAR's September 2018 audit of Promote found that the USAID Mission for Afghanistan had not fully assessed the

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SIGAR staff at the U.S. Embassy Kabul on a fact-finding mission on gender issues in Afghanistan. (SIGAR photo)

extent to which Promote was meeting its overarching goal of improving the status of more than 75,000 young women in Afghanistan’s public, private, and civil society sectors.¹⁹⁹

SIGAR also questioned the sustainability of the Promote project. The USAID Mission for Afghanistan told SIGAR it did not expect the Afghan government to sustain Promote, except by providing internships and employment opportunities for women. However, it is unclear whether this will be possible in the future, as the Afghan government might not be able to hire all of Promote’s graduates. Also, the country’s low projected economic growth rate may make it difficult for graduates to obtain jobs in the private sector in large numbers.²⁰⁰ This puts USAID’s investment in the program at risk.

SIGAR’s audit of Promote was not the first time it reviewed U.S. gender programs. For example, a 2009 SIGAR audit examined the barriers to female participation in that year’s August elections; in 2010, another audit reviewed USAID and State’s programs to help women and girls in Afghanistan.²⁰¹ Additionally, in 2013, in testimony before Congress, Inspector General John F. Sopko explained how various oversight challenges could hinder effective gender programming in Afghanistan. IG Sopko

expressed SIGAR’s concern that as U.S. military units withdraw and civilian reconstruction offices close, “there will be fewer opportunities for contracting officers, their technical representatives, and other oversight personnel to observe and assess the extent to which female beneficiaries of reconstruction programs are receiving services, protected from the many dangers they face, and consulted in the design and implementation of projects intended to meet their needs.”²⁰² In 2014, another SIGAR audit found that although DOD, State, and USAID reported gains and improvements in the status of Afghan women in fiscal years 2011–2013, there was no comprehensive assessment available to confirm these gains directly resulted from U.S. efforts.²⁰³

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

A 2017 U.S. law expressed the sense of Congress that (1) the meaningful participation of women in conflict-prevention and conflict-resolution processes helps to promote more inclusive and democratic societies and is critical to the long-term stability of

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countries and regions; and (2) the political participation and leadership of women in fragile environments, particularly during democratic transitions, is critical to sustaining lasting democratic institutions.²⁰⁴ However, in the two years since the 2017 *High-Risk List* was published, the United States has significantly lowered its ambitions for Promote.²⁰⁵

In another development, several key indicators used to track prospects for girls and women in Afghanistan appear to be either stagnating or reversing. For example, data from the Afghanistan Living Conditions Survey (ALCS)—conducted every two years by Afghanistan's National Statistics and Information Authority (NSIA, formerly the Central Statistics Organization)—show that net attendance rates (NARs) for girls dropped slightly, or remained virtually stagnant, from the 2013–2014 survey to the 2016–2017 survey (released in August 2018). The NAR expresses the number of students attending school within a given age cohort as a percentage of the estimated total number of children in the same age cohort. The data point therefore represents one way of quantifying the issue of out-of-school children. According to the 2016–2017 ALCS survey results, the number of out-of-school children ages 7–18 was more than 4.2 million, of whom nearly 2.6 million were girls.²⁰⁶

The prospect of a peace agreement with the Taliban raises new concerns about the sustainability of the gains Afghan women have made over the past 17 years. Some experts believe that a precipitous withdrawal of U.S. forces could lead to the deterioration of political and economic freedoms, however limited, currently enjoyed by women in Afghanistan.²⁰⁷ Official Taliban statements involved in the peace negotiations confirm such risks. For example, despite some signals the Taliban may be open to more liberal policies regarding women, the Taliban's chief negotiator said the current Afghan constitution (providing the same rights to men and women) is an obstacle to peace and demanded a new Afghan constitution based on “Islamic

principles, national interests, historic pride, and social justice.” He added, “Under the name of women's rights, there has been work for immorality, indecency, and the promotion of non-Islamic cultures,” and said the Taliban are “committed to eliminate all those evil customs and traditions that violate women's rights and do not comply with Islamic principles, and provide them safe environment.”²⁰⁸

Overall, the situation for women in Afghanistan remains difficult. Numerous obstacles to the full achievement of women's rights remain. A potential peace deal raises questions about the extent to which those rights guaranteed in the Afghan constitution will be protected in an Afghanistan in which the Taliban is free to play a political role.

QUESTIONS FOR POLICYMAKERS

- What can the United States do to ensure that women's rights, as currently enshrined in Afghan law, are protected in a post-peace agreement environment in which the Taliban may become part of the Afghan political system?
- In talks with the Taliban, how is the United States promoting “the meaningful participation of women in mediation and negotiation processes seeking to prevent, mitigate, or resolve violent conflict” and the “physical safety, economic security, and dignity of women and girls” as called for in the Women, Peace, and Security Act of 2017 (Pub. L. No. 115-68)?
- How can DOD, State, and USAID better track the outcomes of gender-advancement programming in Afghanistan, determine any causal connection between U.S. gender programming and those outcomes, and become better stewards of U.S. taxpayer dollars spent on these programs?



Former Taliban fighters line up to hand over their rifles to the Afghan government during a reintegration ceremony. (DOD photo)

HIGH-RISK AREA 7

THE CHALLENGE OF REINTEGRATION

HIGH-RISK AREA: THE CHALLENGE OF REINTEGRATION

WHY IT IS A HIGH RISK

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is to achieve reconciliation and a sustainable political settlement with the Taliban.²⁰⁹ While current estimates for the number of active Taliban fighters vary, the nominee for commander of U.S. Central Command, Lieutenant General Kenneth McKenzie Jr., has put the figure at 60,000 fighters.²¹⁰ If a comprehensive peace agreement is reached, these ex-combatants will need to transition to a sustainable livelihood and peacefully reintegrate into Afghan society. There may also be efforts to demobilize and reintegrate members of other illegal armed groups.

Successfully reintegrating these tens of thousands of former fighters into society—a complex and long-term process with social, economic, political, security, and humanitarian dimensions—will be critical for Afghanistan to achieve lasting peace and stability.²¹¹

The United Nations defines reintegration as “the process by which ex-combatants acquire civilian status and gain sustainable employment and income,” adding that this “often necessitates long-term external assistance.” Historically, reintegration programs have often been implemented as part of a series of disarmament, demobilization, and reintegration efforts meant “to deal with the post-conflict security problem that arises when combatants are left without livelihoods and support networks.”²¹² Reintegration efforts aim to both ensure that individual former fighters do not revert to violence, and at the macro level, to

contribute to peace-building, prevent conflict recurrence, and reestablish the state’s monopoly over the use of force.²¹³

The mixed record of reintegration efforts undertaken in dozens of countries since the late 1980s suggests that similar efforts in Afghanistan will likely face significant challenges.²¹⁴ The nature and extent of those challenges will depend largely on the peace process itself, its level of inclusivity, trust among the parties, the degree to which reintegration issues are decided in an agreement or deferred, and numerous other factors. However, some plausible assumptions can be made about the factors that could undermine efforts to reintegrate ex-combatants. A weak economy will likely offer few sustainable livelihood options. Ongoing insecurity, political uncertainty, poor social cohesion within a population traumatized by decades of war, and weak governance and rule of law will probably pose serious challenges to reintegration efforts.²¹⁵

Further, if the UN is correct in saying reintegration often requires long-term donor assistance, donor fatigue associated with the Afghanistan contingency is a very real concern. In terms of reintegration programming, good practice requires extensive data collection and analysis, information management, vetting, monitoring and evaluation, capacity development of host government institutions, and resource mobilization.²¹⁶ Together, these contextual and programmatic factors will test the ability of Afghan stakeholders and

HIGH-RISK AREA



A mobile-theater troupe spreads governance messages to local residents. (USAID photo)

donors to successfully design and implement reintegration efforts.

WHAT SIGAR HAS FOUND

Although SIGAR has examined many risk areas relating to Afghanistan's longer-term prospects, it has not yet performed audits, inspections, or investigations specifically relating to reintegration. Since the 2001 U.S.-led intervention in Afghanistan, activities described as reintegration have usually been implemented in a context of ongoing conflict, without a peace agreement in place or even in view. These activities' implicit objectives were often to contribute to concluding the conflict, rather than to prevent its reemergence, as reintegration programs typically aim to do.

SIGAR is currently making a thorough investigation of reintegration matters and will present its results in a forthcoming Lessons Learned Program report later this year.

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

SIGAR did not identify reintegration as a high-risk area in its January 2017 *High-Risk List*. However, recent U.S.-Taliban talks²¹⁷ mean reintegration is likely to be an area of renewed importance.

SIGAR's *Quarterly Report to the United States Congress* has described the Department of State's support for Afghanistan's High Peace Council (HPC). According to State, the \$3.9 million it provided in September 2017 supported the HPC in building consensus for peace throughout the country and in developing Afghanistan's institutional capacity to facilitate reconciliation. HPC activities include outreach activities at the national, provincial, and district levels to assess social attitudes toward reconciliation, document challenges, mobilize support for reconciliation, and develop the capacity to facilitate reconciliation.²¹⁸

THE CHALLENGE OF REINTEGRATION

However, these funds do not appear to have been used to promote reintegration.

QUESTIONS FOR POLICYMAKERS

- What lessons can be gleaned from prior reintegration initiatives in Afghanistan?
- What transferable lessons can be gleaned from reintegration initiatives in other countries, such as Colombia, Sierra Leone, Somalia, and El Salvador?
- Should the international community encourage Afghan negotiators, during a potential peace process, to include the reintegration of ex-combatants as a focused area of discussion?
- If a reintegration program were established, what entities would be responsible for designing, implementing, and funding it, and what role would the United States play in reintegration efforts?
- Do donors have the appetite to commit to a series of long-term, post-conflict reintegration activities, and the ability to effectively implement such activities?
- Will a future peace agreement include details regarding the integration of former insurgents into state security forces?
- How should U.S. agencies adjust current assistance and programming to ensure that these are conducive to potential reintegration efforts?
- Can sufficient employment be created in the licit rural economy, in order to encourage reintegrees to return to rural areas, rather than migrate to already overstressed urban centers?



SIGAR inspects kitchen facilities at the Kabul Military Training Center. (SIGAR photo)

HIGH-RISK AREA 8

RESTRICTED OVERSIGHT

HIGH-RISK AREA: RESTRICTED OVERSIGHT

WHY IT IS A HIGH RISK

Oversight of the U.S. reconstruction effort in Afghanistan is a high risk under existing conditions. It may become even more challenging if substantial numbers of U.S. military and civilian personnel withdraw following an Afghan peace settlement.²¹⁹

Accessing reconstruction project sites and programs in Afghanistan is already difficult due to widespread insecurity. Site access would continue to be challenging should a potential peace agreement not actually lead to a cessation of hostilities—a possible outcome about which several experts have written in recent months.²²⁰ Moreover, a reduced footprint for U.S. agencies operating in Afghanistan could exacerbate ongoing problems with contract oversight, such as spotty compliance, documentation and accountability, as well as institutional memory loss.²²¹

Since FY 2002 Congress has appropriated \$132.3 billion for reconstruction, of which approximately \$10.8 billion remains to be spent.²²² Further appropriations are expected in the coming years. At the November 2018 Geneva Conference on Afghanistan, donors reaffirmed their intention to provide \$15.2 billion for Afghanistan’s development priorities up to 2020 and to direct continuing, but gradually declining, financial support to Afghanistan’s social and economic development up to 2024.²²³ However, Afghanistan is nowhere near being able to fund its current government with domestic revenues and will require substantial donor assistance in the future, even if a peace agreement is reached.²²⁴ A peace agreement should therefore include provisions that permit

continued effective oversight of U.S. reconstruction aid to Afghanistan.

In particular, donors have committed to continue channeling aid **on-budget** (directly to the Afghan government or through multilateral trust funds) “as appropriate.”²²⁵ Given continuing reconstruction needs—and the possibility that on-budget funds could benefit the Taliban directly should the group be incorporated into the Afghan government—risks to providing monies on-budget remain particularly high.²²⁶

Since 2002, the United States has provided nearly \$14.6 billion in on-budget assistance to the Afghan government. This includes about

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.

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\$9.2 billion to Afghan government ministries and institutions, and about \$5.4 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). There is already evidence that more U.S. development funding is being channeled on-budget.²²⁷ This trend is likely to hold, particularly if a peace settlement is reached and substantial numbers of U.S. and Coalition civilian and military personnel are withdrawn from Afghanistan.

SIGAR has discovered, investigated, and audited several troubling instances of waste, fraud, and abuse of U.S. on-budget funds. For example, in 2013 Afghanistan’s Ministry of Defense (MOD) awarded a fuel-procurement contract valued at nearly \$1 billion. A SIGAR investigation subsequently found that the winning contractors had colluded to rig their bids above previously competitive price levels, and that there was evidence of attempted bribery.²²⁸

SIGAR investigators presented their findings to President Ashraf Ghani in February 2015. He canceled the fuel contract, saving U.S. taxpayers \$200 million that might have been spent on illegally rigged prices.²²⁹ By February 2017, Combined Security Transition Command-Afghanistan (CSTC-A)—the primary U.S. agency responsible for supplying fuel to the ANDSF—moved all ANDSF ground-vehicle fuel procurement off-budget due to concerns about corruption and contract mismanagement within the Ministries of Defense and Interior.²³⁰

SIGAR’s experience shows that as the United States provides more reconstruction funds on-budget, whether through bilateral transfers or disbursement via multilateral trust funds, it will be vital that Afghan ministries have strong accountability measures and internal controls in place because external visibility into the use of funds is likely to shrink. Oversight of those measures and controls will be equally important.

WHAT SIGAR HAS FOUND

In Afghanistan’s conflict setting, where rules are not rigorously observed and documentation is often incomplete and unverifiable, having personnel physically present and able to move about the country is essential for effective oversight. Without physical presence and access, it is difficult to determine whether training is effective, equipment is operable, clinics are stocked with medicines, schools are open, or buildings are safe and functional.

SIGAR has the largest oversight presence in Afghanistan, with more auditors, analysts, and investigators in country than any other U.S. government agency. But large portions of Afghanistan are already inaccessible to SIGAR and other U.S. civilians working under Embassy Kabul’s Chief of Mission authority. While the U.S. Embassy accommodates travel requests as practicable, most embassy personnel including USAID and State Department program officers move only within the international zone in Kabul due to security concerns. Likewise, SIGAR and other IG agency staff are similarly limited although SIGAR personnel are sometimes able to travel under State Department and U.S. military protection, subject to chief-of-mission permission.

To mitigate the impact of movement restrictions, SIGAR employs alternative means to ensure visibility on U.S.-funded projects, such as using satellite imagery, hiring Afghan nationals, and partnering with Integrity Watch Afghanistan (IWA), an Afghan civil society organization focused on transparency and accountability. Since 2015, IWA has conducted under the supervision of SIGAR staff in Kabul about 700 activities on behalf of SIGAR, spanning 23 of Afghanistan’s 34 provinces.²³¹

In response to Afghanistan’s unstable security situation, donors, their implementing partners, and others also manage and monitor their programs remotely. While this alternative can overcome some limitations, a 2012 study found that remote management can lead to

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inaccurate project data and reporting as well as fraud and corruption. It also can adversely affect the capacities of local personnel to carry out effective monitoring, technical oversight (especially for complex infrastructure and engineering projects), communications between country and field offices, and the safety of local nationals, communities, and beneficiaries.²³² Ultimately, there is no substitute for direct oversight, which insecurity continues to threaten.

Insecurity also impacts the physical movement and deployment of U.S. military personnel and their oversight of Afghan security forces. SIGAR's quarterly reports to Congress have noted that the current U.S. force structure in Afghanistan has led to the loss of "touch points" at Afghan battalion and brigade levels, allowing only limited visibility into ANDSF performance and security-related reconstruction projects. Directly observed information on Afghan unit performance now is generally confined to the corps (Afghan National Army) or zone (Afghan National Police) headquarters location.²³³

While members of the relatively small and dispersed Security Force Assistance Brigade (SFAB) periodically travel beyond the corps or zone headquarters to partner with lower-echelon Afghan forces, the SFAB's primary mission is to advise those forces, not to report on the entire ANDSF's performance or the status of U.S.-funded equipment or projects.²³⁴ The United States therefore relies heavily on Afghan and contractor reporting, which cannot be independently verified, especially for certain important ANDSF performance and readiness metrics, like equipment operational readiness and force strength reporting.²³⁵ With the drawdown of U.S. forces in Afghanistan from a peak of more than 100,000 in 2011 to approximately 14,000 in 2018,²³⁶ the quality of data about America's largest investment in Afghanistan—the nearly \$78 billion to build, train, equip, and sustain Afghanistan's security forces²³⁷—has deteriorated.

Effective oversight has also been weakened by many instances of poor documentation,



Audit team members who worked on the anticorruption audit of the Afghan government wait for their helicopter outside of the Anti-Corruption Justice Center. (SIGAR photo)

failure to monitor contract compliance and work quality, inattention to holding contractors and grantees accountable for unsatisfactory performance, and insufficient control measures to mitigate the effects of corruption.²³⁸ For example, a 2017 SIGAR investigation into bribery allegations also uncovered corruption with Afghan-based contractors and the award process of the USAID-funded Da Afghanistan Breshna Sherkat (DABS) Ghazni-Kandahar Five Substations Project worth nearly \$135 million. (DABS is Afghanistan's national power utility.) As a result, in 2018, USAID ultimately deobligated all on-budget support to DABS for future and planned energy projects not yet awarded, worth nearly \$400 million. This led to a \$264 million cost-avoidance for the U.S. government.

SIGAR discussed the need for greater transparency of the utility with President Ghani in

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February 2018. That discussion led to a memorandum of understanding with the Afghan government that allows SIGAR to review DABS's use and management of past and current donor funds in an attempt to improve internal controls to help ensure that donor funds are being properly managed, accounted for, and used as intended.²³⁹

Additionally, SIGAR issued two audits on the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF). In 2011, SIGAR found that while the World Bank and the Afghan government had established several mechanisms to independently monitor and account for ARTF funds, additional opportunities existed for strengthening these mechanisms and for enhancing oversight of ARTF funds. A second audit published in 2018 found that despite steps taken to improve monitoring and accounting of ARTF funds since 2011, continuing limitations on, and lack of transparency into, the World Bank and Afghan government's monitoring and accounting of ARTF funds put billions of dollars at risk.²⁴⁰

In 2013, SIGAR found that despite 13 years and several billion dollars, the multilateral, United Nations Development Programme-administered Law and Order Trust Fund for Afghanistan (LOTFA), which pays Afghan National Police (ANP) salaries and helps build the capacity of the Ministry of Interior, could provide no assurance that personnel and payroll data were accurate.²⁴¹ To protect U.S. taxpayer funds and eliminate "ghost" soldiers and police, United States Forces-Afghanistan has since implemented the Afghan Personnel Pay System to better integrate personnel data with compensation and payroll data, and to calculate payroll amounts. Still, as of December 2018, only about 61% of ANP personnel were matched to an authorized position and met the requirements to be paid.²⁴²

Even if high standards of practice were more consistently applied, the ability of U.S., Coalition, and international employees to monitor, manage, and oversee programs in

Afghanistan will only become more problematic if the security environment does not improve markedly, or if a possible peace settlement entails further reductions in foreign personnel without accompanying improvement in Afghanistan's governance.

WHAT HAS CHANGED SINCE THE 2017 HIGH-RISK LIST

Since the 2017 *High-Risk List* was published, the Administration has entered talks that may lead to peace negotiations. The extent of U.S. reconstruction efforts in Afghanistan should a sustainable peace settlement be reached has not yet been determined, nor has the size of a U.S. military and civilian presence that will remain in Afghanistan. But as discussed earlier, previous reductions in DOD, State, and USAID personnel levels have had detrimental effects on U.S. oversight, and further reductions are likely to result in additional repercussions.

SIGAR has documented numerous instances of monitoring and evaluation shortfalls by the U.S. government. For example, construction of the Marriott Kabul Hotel and Kabul Grand Residences—literally across the street from the U.S. Embassy—was supported by an \$85 million loan guarantee from the federally sponsored Overseas Private Investment Corporation (OPIC). Despite a SIGAR alert letter in November 2016 pointing out that the site appeared to be neglected and abandoned by the Afghan contractor, and that OPIC had not conducted direct inspections or obtained independent progress reviews before disbursing funds that resulted in millions of U.S. taxpayer dollars lost, the unfinished building still sat derelict in late 2017. SIGAR issued a follow-up inquiry letter asking the State Department about its plans.²⁴³ As in other cases of contracting in Afghanistan, the waste of money and the security risk presented by the unfinished building might have been avoided if the funding source, in this instance OPIC, had adequately monitored

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performance on the site and verified the contractor's invoices.

Monitoring and evaluation shortfalls extend beyond particular programs to an entire reform structure. For example, the 2017 Afghanistan Compact is an Afghan-led initiative designed to demonstrate the government's commitment to reform.²⁴⁴ It includes hundreds of benchmarks divided among four matrices: security, economics, governance, and peace and reconciliation.²⁴⁵ However, the Compact "lacks teeth," in that the Afghan government appears to face no direct financial consequences if it fails to meet reform commitments.²⁴⁶ This makes the Compact more a list of notional goals than a binding commitment that protects U.S. taxpayer funds. Moreover, for non-security-related reforms, State says that Afghan self-reporting is the primary means for determining Afghan government progress in meeting Compact benchmarks. The U.S. Embassy tries to verify this progress when possible.²⁴⁷ Any peace arrangement that involves further reductions in the presence or activities of U.S. personnel could further complicate oversight of progress toward Compact targets.

These examples as well as SIGAR's other oversight work highlight the need for Congress to take a "whole-of-government" approach to oversight that requires a collaborative effort between the military and numerous civilian agencies, for what SIGAR has found in Afghanistan may have implications elsewhere. As the United States and other donors face increasing security threats to development assistance around the world, there is a tendency to shift more monies to international organizations such as the World Bank, the UN, the Asian Development Bank, and NATO, and the trust funds they administer. SIGAR does not question that policy, but cautions that in doing so, Congress must insist on effective monitoring and accountability by the recipient international organizations.²⁴⁸

QUESTIONS FOR POLICYMAKERS

- What levels of U.S. military and civilian personnel would best protect U.S. on- and off-budget funds to the Afghan government should a peace settlement be reached?
- If more (or most) U.S. assistance to the Afghan government moves on-budget as a result of a negotiated peace settlement, whether through bilateral transfers or disbursement through multilateral trust funds, what are the best oversight mechanisms to make the waste, fraud, and abuse of U.S. reconstruction funds more difficult, and more likely to be spotted?
- Have agencies taken appropriate steps to use third-party monitors, remote sensing, increased access to Afghan documentation and officials, or other tools to maintain acceptable levels of oversight, and have they reported the limitations of these methods to Congress? How will a possible reduction of U.S. military and civilian personnel after a potential peace agreement affect agency oversight plans?
- How can Congress and U.S. implementing agencies focus their oversight on reconstruction program outcomes rather than on easy measures of activity or outputs? How will a possible reduction of U.S. military and civilian personnel after a potential peace agreement affect this?
- When reviewing U.S. military and reconstruction footprints in conflict areas, how can the U.S. government ensure a sufficient number of qualified, experienced, and certified contract officers and technical representatives are deployed, especially in high-risk missions like Afghanistan?



Doves fly at a mosque in Mazar-e Sharif. (UN photo)

CONCLUSION

CONCLUSION

CONCLUSION: THE DAY AFTER

As a new session of Congress gets under way, the setting for SIGAR's work and the context of the 2019 *High-Risk List* have changed. Repeated contacts among U.S., Taliban, and other parties (not yet including the Afghan government, however) have raised the possibility that an intra-Afghan dialogue could lead to a peace agreement.

Like its two predecessors, this 2019 edition of the SIGAR *High-Risk List* focuses on critical areas in the 17-year effort to reconstruct Afghanistan that require close attention and in some cases corrective action by implementing agencies, the oversight community, and Congress. This edition adds another dimension to that review: the prospect that a peace deal could lessen or intensify some existing risks or even introduce new risks to achieving the goals of the reconstruction effort, especially the key U.S. objective of ensuring that Afghanistan does not again serve as a haven for international terrorists, as it did in 2001.

No one disputes that after 40 years of war, peace would be a blessing for the long-suffering people of Afghanistan. And no one knows at this point what the specific terms of an acceptable peace deal would look like. But as the topical sections of this report illustrate, even a broadly popular agreement might present risks to Afghanistan's reconstruction.

If large-scale withdrawals of U.S. operational and oversight personnel occur, the stewardship

of U.S. taxpayer funds and achievement of reconstruction goals could suffer. If widespread corruption is not adequately addressed, the effectiveness of programs, the perceived legitimacy of the Afghan state, and the willingness of donors to continue their assistance could all suffer. If economic development stalls, accommodating new entrants to the labor force, including returning refugees and former government and insurgent fighters, could prove a daunting task. If women's rights and progress are not respected, and if the rule of law is not upheld, equitable and effective governance could fail. And if new security arrangements do not provide for fair and effective policing while standing ready to quash any resurgence of terrorism, then all other aspects of reconstruction could ultimately fail.

As discussions progress, members of the U.S. Congress and of executive agencies should consider the "day after" a peace agreement and be on the alert for unexamined assumptions, overlooked details, unintended consequences, concealed agendas, and other issues that could turn a wished-for peace deal into another sort of conflict. An opportunity exists. How it is embraced, shaped, and nurtured will determine if Afghanistan is to avoid further decades of conflict that might result in it once again becoming a danger to the international community.

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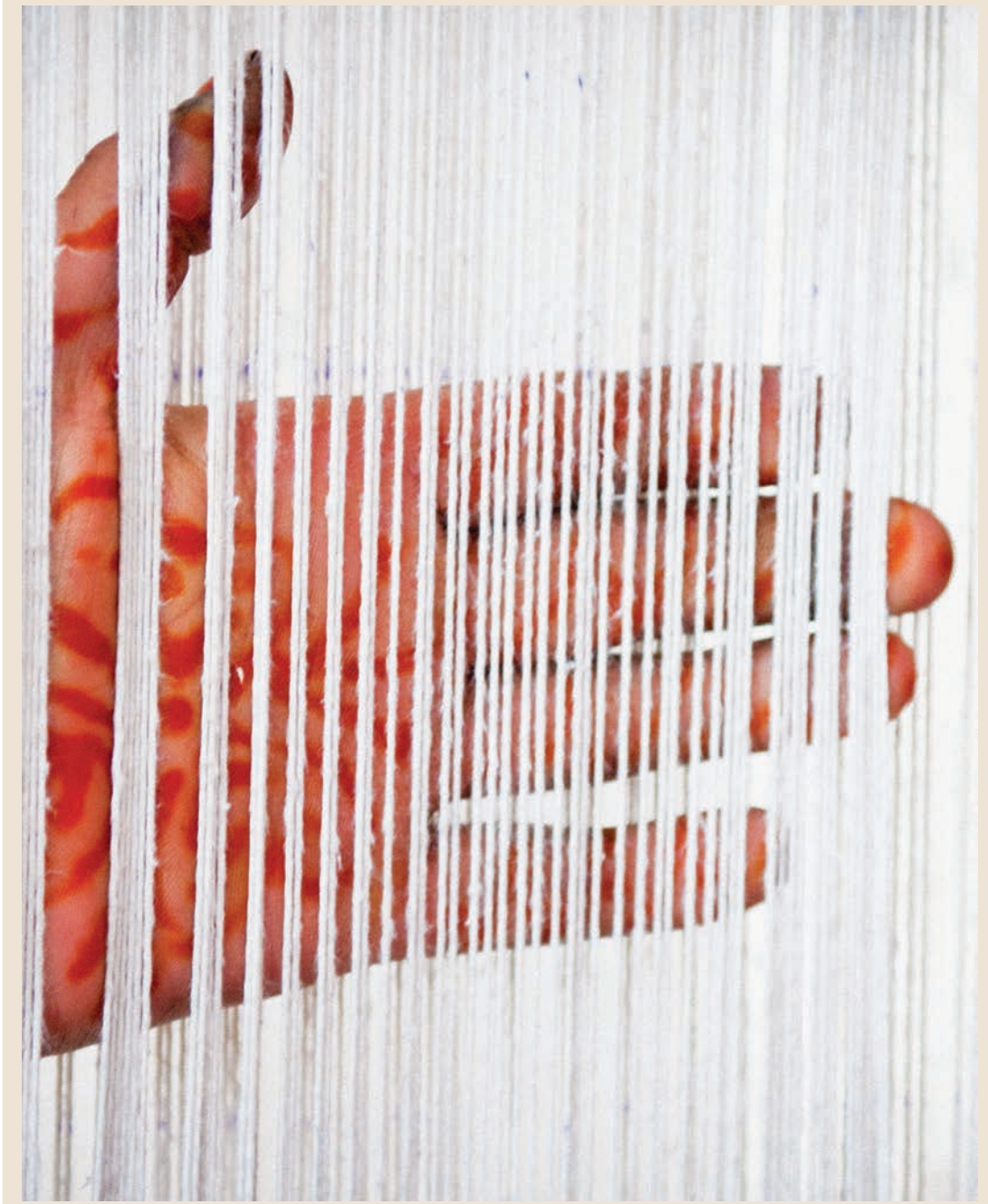
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A young woman weaves a rug at the Arzu Studio in Bamyan. (DOD photo)

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