SIGAR

Special Inspector General for Afghanistan Reconstruction

JUL 30 2016

QUARTERLY REPORT TO THE UNITED STATES CONGRESS

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

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

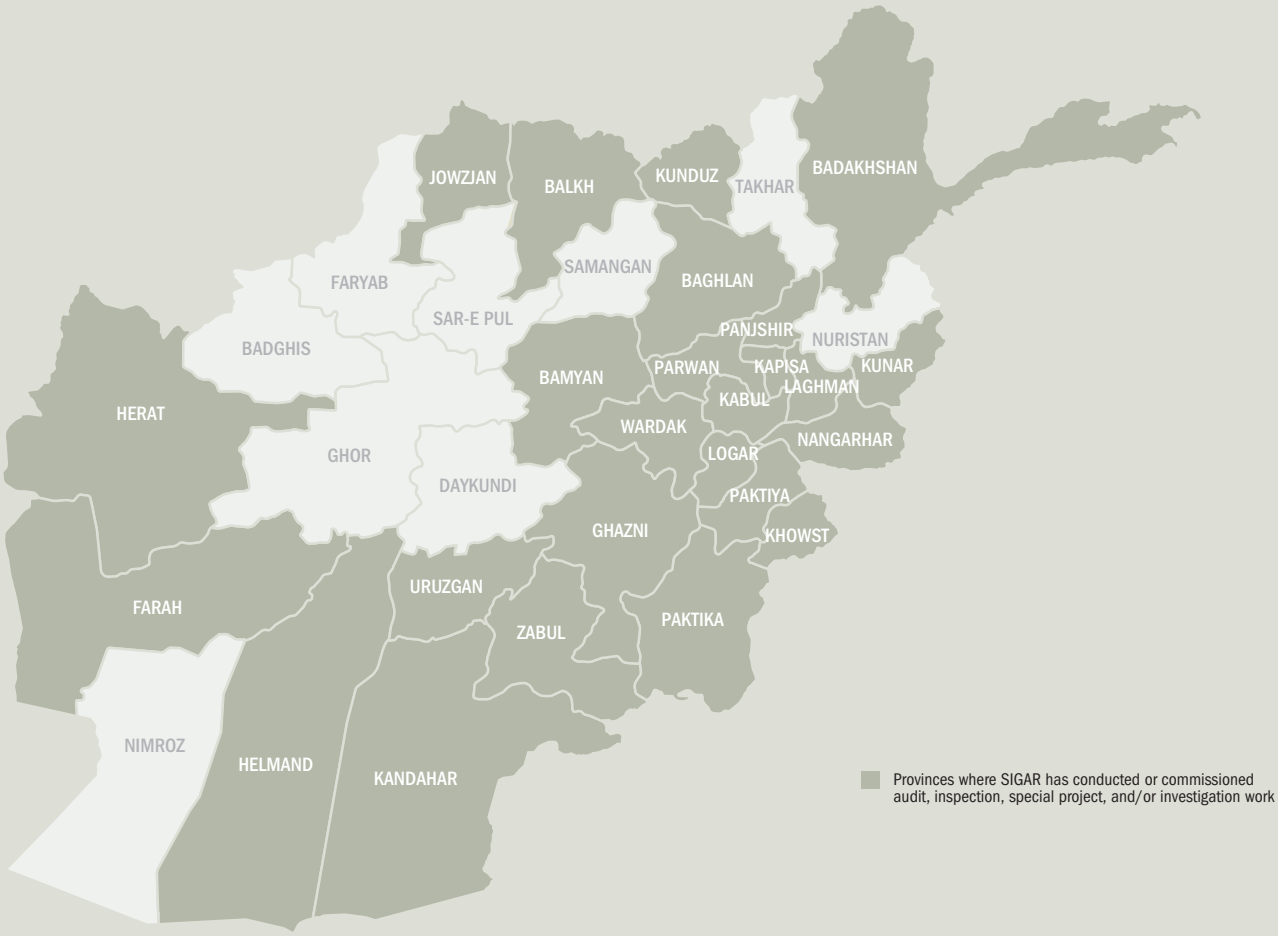
- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency,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

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

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

(For a list of the congressionally mandated contents of this report, see Section 3.)

Cover photo:
Towers erected in a transmission-and-distribution improvement project carry power on the outskirts of Kabul. (Asian Development Bank photo)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KANDAHAR
Provinces where SIGAR has conducted or commissioned audit, inspection, special project, and/or investigation work

SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, and the Secretaries of State and Defense, SIGAR's 32nd quarterly report on the status of the U.S. reconstruction effort in Afghanistan.

This quarter the United States and its allies reaffirmed their commitment to Afghanistan's reconstruction. In July, President Barack Obama announced that the United States will maintain approximately 8,400 troops in the country beyond 2016, rather than drawing down to 5,500 troops as previously planned. The U.S. troops are engaged in training, advising, and assisting the Afghan National Defense and Security Forces (ANDSF) and conducting counterterrorism missions. The President also announced that his administration had requested $3.45 billion in its 2017 budget to assist the ANDSF and promised to recommend to his successor that the United States continue to seek funding for the ANDSF at or near current levels through 2020. Meanwhile, the international community pledged at the NATO Summit in Warsaw more than $800 million annually for 2018–2020 to sustain the ANDSF.

It is also noteworthy that the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC), a joint Afghan-international anticorruption body, in June released a report on the Ministry of Public Health's (MOPH) vulnerability to corruption. The report found "deep and endemic" corruption problems in the public-health sector and broadly paralleled a 2013 SIGAR audit that warned that due to the MOPH's financial management deficiencies, U.S. funds to the MOPH were at risk of fraud, waste, and abuse. SIGAR hopes the MOPH will adopt the MEC's recommendations and welcomes the U.S. Agency for International Development's (USAID) commitment to assist the MOPH in these efforts. It is commendable that the National Unity Government has diligently identified corruption and management problems like this, but it is equally important that they and the donor community take the necessary steps to correct these deep-seated deficiencies. SIGAR plans to monitor such efforts to ensure improvements in the way U.S. taxpayer-funded, on-budget support to the MOPH and other ministries is used.

In Section 1 of this report, SIGAR discusses another important reconstruction issue—that is, the prospects for electrifying Afghanistan. According to the Asian Development Bank, access to energy is the highest priority of Afghan households and businesses after security. Afghans, demanding more electricity, have shown a willingness to face the dangers of holding public demonstrations. This is what ethnic Hazaras were doing on July 23 when suicide bombers—later claimed by ISIL—targeted the ethnic minority, reportedly killing at least 80 and injuring 230. The Asian Development Bank estimates that the United States and other donors will contribute nearly $5 billion in the 2013–2018 period to develop Afghanistan's energy resources. However, delivering electricity to the poor and war-torn country has proven almost as much of a struggle as delivering security.

In recognition of the importance of electrification to the reconstruction, SIGAR has conducted more than half a dozen audits, inspections, and other reports on Afghanistan's power sector. The agency also has significant work in progress that will touch on other aspects of electric power in Afghanistan, including audits of the Afghanistan Infrastructure Fund, the Commander's Emergency Response Program, and power generation at the Kajaki Dam in Helmand Province; an inspection of work on the Northeast Power System; and a financial audit of Black & Veatch contract work on the Kandahar-Helmand Power Project.

USAID has informed SIGAR that the installation of a third power-generating turbine at Kajaki Dam should be complete in September 2016—security conditions permitting—some eight years after Coalition troops fought their way to deliver it and more than 40 years after USAID commissioned the installation of the first two turbines. SIGAR is monitoring the progress of the final installation.

This quarter SIGAR issued 17 audits, inspections, alert letters, and other products.

One performance audit examined the scope of efforts by the Department of Defense (DOD), the Department of State (State), and USAID to develop Afghanistan's information and communications-technology sector since 2002 and the extent to which the agencies coordinated these efforts. U.S. and Afghan officials generally view the sector as an example of the Afghanistan reconstruction effort producing tangible successes.

A second performance audit reviewed a contract awarded by DOD to develop an organic Afghan National Army (ANA) vehicle-maintenance capacity. Establishing such capacity is critical if the ANA is to have a fully operational fleet of vehicles to provide the mobility and protection needed to support its fight against the insurgency. However, the audit found that the contract did not achieve its objectives, partly due to issues within the ANA such as a low literacy rate, poor training attendance, low retention of trained personnel, and a limited pool of managers who possess the skills necessary to manage the supply chain and maintenance shops.

SIGAR completed six financial audits this quarter of U.S.-funded contracts, grants, and cooperative agreements to rebuild Afghanistan. These financial audits identified over $9.2 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than $292.3 million in questioned costs. SIGAR also announced six new financial audits, bringing the total number of ongoing financial audits to 24 with nearly $3.8 billion in auditable costs.

This quarter SIGAR published one inspection report. It found that a failure to adhere to contract requirements left the $5.2 million Bagrami Industrial Park in Kabul Province without adequate water supply and sewer systems.

SIGAR's Office of Special Projects issued one alert letter and four inquiry letters expressing concern about a range of issues. The alert letter warned of structural damage at a USAID-funded educational facility in the Kushk district of Herat Province. The inquiry letters to DOD, USAID, State, and the Department of Transportation asked about their support for efforts to develop Afghanistan's railway sector. Additionally, Special Projects issued a fact sheet on U.S. Department of Labor reconstruction spending in Afghanistan and conducted a review of USAID-supported health facilities in Badakhshan Province.

During the reporting period, SIGAR investigations resulted in one criminal information, one indictment, one conviction, and one sentencing. SIGAR initiated 13 new investigations and closed 33, bringing the total number of ongoing investigations to 269. To date, SIGAR investigations have resulted in a cumulative total of 141 criminal charges, 103 convictions, and 91 sentencings. Criminal fines, restitutions, forfeitures, civil-settlement recoveries, and U.S. government cost savings total $951 million.

This quarter SIGAR's suspension and debarment program referred eight individuals and five companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 756, encompassing 401 individuals and 355 companies to date.

As always, my colleagues and I at SIGAR stand ready to work with Congress and other stakeholders to improve U.S. programs and projects and prevent the waste, fraud, and abuse of U.S. funds in Afghanistan.

Respectfully,

John F. Sopko
Special Inspector General for Afghanistan Reconstruction

This report summarizes SIGAR's oversight work and updates developments in the three major sectors of Afghanistan's reconstruction effort from April 1 to June 30, 2016.* It also includes an essay on the challenge of extending electrical service in Afghanistan, a country with one of the world's lowest rates of access to electricity and where most of the people live in rural areas. The essay notes the decades of international effort to help Afghanistan electrify, as well as the financial, engineering, geographic, security, and oversight challenges to achieving that goal. During this reporting period, SIGAR published 17 audits, inspections, alert letters, and other products assessing the U.S. efforts to build the Afghan security forces, improve governance, and facilitate economic and social development. These reports identified a number of problems, including a lack of accountability, failures of planning, deficiencies in internal controls, and noncompliance issues. SIGAR investigations resulted in one criminal information, one indictment, one conviction, and one sentencing. Fines and restitutions totaled $10,000. Additionally, SIGAR referred eight individuals and five companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

SIGAR OVERVIEW

AUDITS

This quarter, SIGAR produced one audit alert letter, two performance audits, six financial audits, and one inspection report.

The **performance audits** found:

- The Department of Defense (DOD), Department of State (State), and the U.S. Agency for International Development (USAID) coordinated their efforts to develop Afghanistan's Information and Communications Technology Sector (ICT), but the scope of their efforts remains unclear because the agencies were not required to track their ICT efforts or the outcomes of their programs in a centralized database.
- DOD made inaccurate assumptions about and overspent on developing the Afghan National Army's (ANA) capacity to establish an organic vehicle-maintenance capacity, without which the ANA will be at severe disadvantage in waging counterinsurgency operations.

The **inspection report** found:

- A USAID contractor, Technologists Inc. (TI), while properly constructing some of the infrastructure components of the Bagrami Industrial Park in Kabul Province, did not construct the water supply and sewer systems as its contract required. USAID did not provide adequate oversight and paid TI for these systems even though they were not completed or correctly constructed.

The **financial audits** identified $9,232,696 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included, among other things, unreasonable subcontract and material costs, failure to maintain adequate systems or records for reported expenses, failure to provide supporting documentation for subcontractor- and professional-service costs as well as equipment and property used for projects, improper allocation of payroll and business taxes, a lack of control over the budgeting and billing process, and issues supporting a competitive procurement process, including the procurement of unallowable equipment.

NEW AUDITS AND INSPECTIONS

This quarter SIGAR announced two new inspections. One will examine the renovations and construction work done at the Kabul Military Training Center. The other is an inspection of the Northeast Power System project. SIGAR has 13 ongoing performance audits.

SIGAR also announced it will initiate six new financial audits. One will examine efforts to produce Afghan-adapted *Sesame Street* programs in Dari and Pashto, another two will look at interim contractor training and logistics support for the Afghan National Army's Mobile Strike Force Vehicle Program, another will discuss a surge buy of Afghan Air Force spare parts in support of the ANDSF, another will examine contractor-logistics support for the Afghan National Army Special Operations Forces' PC-12 fixed-wing aircraft, and a final audit will analyze contractor-logistics support for the Afghan Air Force's C-130H aircraft. These new audits bring the total number of ongoing financial audits to 24, with nearly $3.8 billion in auditable costs.

SPECIAL PROJECTS

This quarter SIGAR's Office of Special Projects produced seven products addressing a range of issues, including:

- Structural damage at a USAID-funded educational facility in the Kushk district of Herat Province
- Four inquiries to DOD, USAID, State, and the Department of Transportation about the scope of their support efforts in developing and implementing rail infrastructure for the Afghanistan National Railway
- The scope of U.S. Department of Labor reconstruction spending in Afghanistan, including projects for vocational training and workers' rights protection, which were implemented through capacity building with the Afghan government
- The operating conditions of and inaccuracies in the geospatial coordinates for 29 USAID-supported health facilities in Badakhshan Province

LESSONS LEARNED

During this reporting period, the Lessons Learned Program announced a project that will review the U.S. stabilization strategy in Afghanistan from 2001 to 2014 and its associated military and civilian stabilization programs.

INVESTIGATIONS

During the reporting period, there was one criminal information, one indictment, one conviction, and one sentencing. Fines and restitutions total $10,000. SIGAR initiated 13 new investigations and closed 33, bringing the total number of ongoing investigations to 269. SIGAR's suspension and debarment program referred eight individuals and five companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

Investigations highlights include:

- A criminal information was filed against a U.S. military member, charging him with conspiracy to receive bribes and defraud the United States by engaging in a fuel-theft scheme that led to a U.S. government loss of approximately $37,300.
- A former U.S. Army colonel was sentenced to eight months' home confinement, five years' probation, and ordered to pay a fine of $10,000 and a special assessment of $300 for making false statements and having a conflict of interest. This was in connection to a 2013 SIGAR investigation into helicopter contracts handled by the Non-Standard Rotary Wing Aircraft (NSRWA) Program Office at Redstone Arsenal.
- As part of the same NSRWA investigation, a former contracting official for the U.S. Army Contract Command was convicted for signing a false tax return that failed to report the $56,250 in income he received from being awarded certain helicopter contracts after retiring from the Army.
- An investigation into nonpayment of $200,000 to an Afghan national for subcontract repair work at the New Kabul Compound led to SIGAR recouping $25,000 from the prime contractor, with the understanding there will be additional installment payments made to the subcontractor until the $175,000 balance is fully satisfied.

* SIGAR may also report on products and events occurring after June 30, 2016, up to the publication date.

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"In fragile and conflict-afflicted country settings, power system planning cannot ignore the inherent risks. . . . Such risks can, for example, manifest in projects being delayed, abandoned, or coming in at very high costs. Security issues can thus significantly hamper, or make infeasible, the delivery of power system master plans."

—*"Considering Power System Planning in Fragile and Conflict States"*

Source: Morgan Bazilian and Debrabrata Chattopadhyay, "Considering Power System Planning in Fragile and Conflict States," *Cambridge Working Papers in Economics*, 11/3/2015, p. 2.

1 POWER STRUGGLE: ELECTRIFYING AFGHANISTAN

ESSAY CONTENTS

Afghans Need More Reliable Power 10

Electrification Faces a Maze of Barriers 13

Recognizing the Risks in Big Projects 17

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Photo on previous page
This tower at a Kabul substation is part of a project to improve the supply and reliability of electricity for urban customers. (World Bank photo by Graham Crouch)

POWER STRUGGLE: ELECTRIFYING AFGHANISTAN

"After security," the Asian Development Bank (ADB) declares, "access to energy is the highest priority of households and businesses in Afghanistan."[1] But the multi-billion-dollar effort to provide more electric service in this poor and mountainous country is proving almost as much of a struggle as providing security.

This quarter, a breakthrough occurred when, after nearly 50 years of on-again, off-again work, Afghan President Ashraf Ghani and Indian Prime Minister Narendra Modi met on June 4 at Salma Dam on the Hari River in the western province of Herat to inaugurate a rebuilt dam that will provide 42 megawatts (MW) of electric generating capacity and irrigation for area farmers.

Speaking at the ceremony, President Ghani said, "I want to give the good news to my people that [the] 'Afghanistan-India Friendship Dam' is the prologue to construction of a series of dams that we have undertaken so that our other provinces too have access to electricity, water, food, and work." He added, "We are conscious of the difficulty of the path, and we know that destroying it is easy and building is difficult."[2]

Building is indeed difficult. Afghanistan stands in serious need of domestic energy. Afghanistan has one of the lowest rates of electrification in the world, with only about one in three Afghans connected to a power grid.[3] The country imports nearly 80% of that electricity, at prices set in U.S. dollars that make it increasingly costly as the national currency depreciates.

As a measure of electricity's importance to reconstruction, SIGAR has produced more than half a dozen audits, inspections, and other work on Afghan electric-power issues since 2008, and has several major audits on electrification under way.[4]

The story of the dam at Salma illustrates some of the difficulties that India, the United States, and other aid donors face in helping to develop electric power in Afghanistan. Remote locations, rough terrain, local politics, local warlords' self-interest, and chronic security concerns stretch out schedules, boost costs, and undo gains. These local conditions—not to mention problems like partially developed Afghan institutional capability, shortages of technically skilled workers, corruption, and difficulties in planning and funding sustainability measures for completed works—add to the

Prime Minister Narendra Modi of India, left, with President Ashraf Ghani of Afghanistan. (Photo from PM Modi's Flickr page)

Electric abbreviations adorn the faces of meters everywhere. (Wikimedia Commons photo)

project-management challenges, technical and financial uncertainties, and oversight obstacles that accompany infrastructure investments anywhere.

Afghan construction at the Salma dam site began in the 1970s, but was interrupted by civil war and the Soviet occupation, then suspended. India's cabinet approved taking on the dam construction in 2004; the official forecast was that the project would take four years and cost $79 million for the dam and its power equipment, for the accompanying irrigation infrastructure, and for rebuilding about 100 miles of road from Salma west to Herat City to move supplies and equipment.[5] By the time of the dam's official inauguration in June 2016, the cost stood at more than triple the early estimate, at least $260 million.[6]

India is not alone in facing difficulties with electrification projects in Afghanistan. The United States has committed some $357 million to increase power output at the Kajaki Dam in the rugged northern reaches of violence-torn Helmand Province and to improve local distribution systems. American aid built the storage dam in the early 1950s, and added

The Tricky Terrain of Electrical Terms

Discussing the electric-power sector—like reviewing your household electric bill—can get confusing. There are watts, kilowatts, and megawatts (measures of power or capacity), but also watt-hours, kilowatt-hours, and megawatt-hours (measures of energy output or use). Then there are volts (the electrical "pressure" in a circuit) and amps (the amount of current running through a conductor like an electric wire or cable). And they're related: watts = volts x amps.

Here are a few basic concepts.

Electric power—whether the generating capacity of a power plant or the carrying capacity of an electric transmission line on the supply side, or electric load on the customer-demand side—is measured in multiples of watts, named in honor of English scientist James Watt. Watts represent a *level* of power or demand at a given instant or interval, not an amount of energy used over a period of time.

- A **watt** (W) is a very small unit of power—1/746 of a horsepower (the engine options in a current-model Ford midsize sedan range from 175 to 325 horsepower). A small incandescent night-light bulb may draw 7 watts; this means its "load" or "demand" is 7 watts at any instant while it is electrified.
- A **kilowatt** (kW) is 1,000 watts. A hair dryer on high can draw 1 kW, as can an electric iron. An electric water heater might draw 4.5 kW (4,500 watts).
- A **megawatt** (MW) is 1,000 kilowatts, or 1 million watts. 1 MW represents the combined peak, or maximum, electric load of about 600 homes. (Adding to the potential for confusion, the abbreviation mW refers to a milliwatt, a thousandth of a watt, or roughly the electric load of a hearing aid.)
- Power-plant capacity (maximum level of power output) is usually expressed in MW. For example, the Bonneville Power Authority serving parts of eight states in the U.S. Northwest has hydroelectric plants ranging from the 3 MW Boise River Diversion to the 7,079 MW Grand Coulee Dam. Note that a power plant's rated capacity is fixed, but its actual output level can vary from moment to moment: operators can run a 50 MW plant at any level from zero to 50 MW.
- Customer demand or load can also vary from moment to moment, with the highest combined demand from customers representing a *peak load*. In January 2015, Potomac Electric Power Company (PEPCO) forecast the summer peak load in its 640 square mile service area of the District of Columbia and part of Maryland would be about 6,345 MW (or 6.3 gigawatts). PEPCO projected its power supply to meet that load at 6,540 MW—roughly 10 times the installed generating capacity of the entire country of Afghanistan.

Electric energy—whether amount produced or amount used—is measured in multiples of watt-hours, most often in kilowatt-hours (kWh) or megawatt-hours (MWh). A kWh is the energy equivalent of burning 10 100w light bulbs for 1 hour, or a 25w bulb for 40 hours (or any combination of wattage demand and hours' duration that multiplies to 1,000). The 7 watts night-light bulb mentioned above would have to burn for nearly 143 hours to consume a kilowatt-hour of electricity: 7 watts x 142.9 hours = 1,000 watt-hours or 1 kWh.

In 2014, according to the U.S. Energy Information Administration, the average U.S. residential utility customer (i.e., a household) used 911 kWh per month, or nearly 11,000 kWh per year; the range ran from about 6,000 kWh in Hawaii to nearly 15,500 kWh in Louisiana.

Source: Energy Information Administration, PEPCO, Bonneville Power Authority, Warren Rural Electric Cooperative (Kentucky), SIGAR calculations.

The powerhouse at Kajaki Dam. (UK Ministry of Defence photo by SGT Anthony Boocock)

two hydroelectric generating turbines in the 1970s, but suspended work when Soviet troops invaded Afghanistan in 1979. The U.S. Agency for International Development (USAID), which restarted work on the dam in 2004, has worked for years to expand its generating capacity and increase the power-transmission grid in the region.

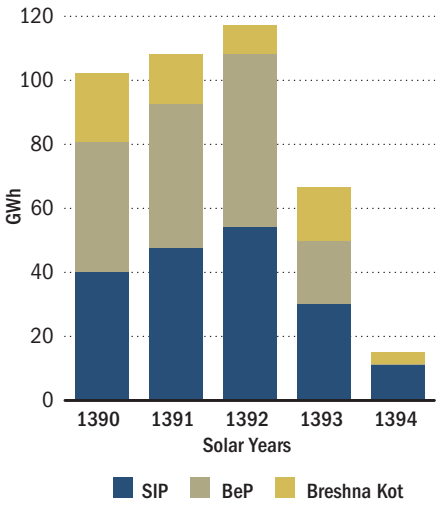
In 2008, British, U.S., Afghan, and other troops escorted a convoy carrying parts for a third generating turbine—the 18.5 MW Unit 2—for the Kajaki Dam and fought their way up into the hills, suffering deaths and wounds in the process. The convoy made it, but persistent fighting in Kandahar and Helmand Provinces has disrupted work and delayed movement of materials to the Kajaki site. A 2013 news release from the Afghan national electric utility, Da Afghanistan Breshna Sherkat (DABS), said "Unit 2 will come on line by December 2015, according to projections."[7] But insurgents continued to disrupt the project. The danger forced contractors to evacuate the site from September 2015 into February 2016.

The delays in adding generating and transmission capacity at Kajaki led to a temporary and expensive undertaking known as the Kandahar Bridging Solution. In a June 2010 memo to DOD officials, General David Petraeus, then commander of U.S. Central Command, endorsed spending $120 million in FY 2010 money to assist USAID in a proposed $405 million project to install 30 MW of diesel generation for Kandahar City "until completion of the more permanent Southeast Power System (SEPS) projects," including the work at Kajaki. The general added, "Approving this project will serve to win the hearts and minds of the Afghan people."[8]

The U.S. Department of State has recently told SIGAR that the Kandahar diesel generators, which had been handed over to DABS, were never intended to be a long-term supply source, adding, "The United States cannot afford to spend hundreds of millions of dollars to provide indefinite subsidies for diesel power generation."[9] Neither can Afghanistan, which

FIGURE 1.1

KANDAHAR BRIDGING SOLUTION ELECTRICITY PRODUCTION, SOLAR YEARS 1390–1394, IN GWH



Source: DABS, response to SIGAR data call, 4/14/2016; SIGAR analysis of DABS-provided electricity production reports for Kandahar diesel power plants, 7/17/2016.

Note: GWh = 1 gigawatt-hour, or 1,000 megawatt-hours of energy. SIP = Shorandam Industrial Park. BeP = Bagh-e Pul Industrial Park. SY = Afghan solar year: SY 1390–1394 = March 21, 2011, through March 19, 2016.

Russian-designed Mi-26, the world's biggest helicopter. (Air-show photo by Doomych)

is why the generators are no longer operating at intended capacity after $141 million in U.S. subsidies for diesel fuel ended in September 2015, see Figure 1.1.[10] The total costs for the generation, transmission-and-distribution work, operations and maintenance, and fuel for the Kandahar Bridging Solution amounted to nearly $271 million.[11]

Meanwhile, the problem the diesel generators were supposed to solve persists. For eight years after the parts for the third Kajaki turbine were delivered, they lay unassembled and uninstalled, languishing in crates and under tarps at Kajaki, exposed to weather, damage, and deterioration. Contractors are again working on installing the turbine. Fighting continues, however, and the difficulty of moving equipment and materials by road to Kajaki Dam obliged USAID to rent "the world's biggest helicopter" to airlift supplies to the site.[12] In any case, the transmission-system augmentation needed to ship additional energy output if and when the turbine is activated still requires more years of work.[13] As of the end of March 2016, USAID had disbursed nearly $39 million on the turbine-installation project.[14] USAID says the project is now some 60% complete, and is expected to be finished by the end of September 2016, but adds the caveat, "if no security issues arise."[15] SIGAR is auditing U.S. efforts to increase the supply, quantity, and distribution of electric power from the Kajaki Dam, after years of delay and unrealized assurances of completion of the project. Among other objectives, the audit will assess the extent to which U.S. projects related to Kajaki Dam have achieved or are achieving their expected outcomes and broader U.S. objectives.

Afghanistan, donor countries, and international organizations have funded and worked on many projects to expand electricity use in the country. Although large dams are the mainstay of Afghan energy-resource planning, a growing number of smaller electric-generation projects are based on solar power, mini-hydro units, wind, and bio-waste technologies.[16] Nor are projects confined to building power plants. On May 31, 2016, for example, energizing a new transmission line in northern Afghanistan connected nearly 3,000 villagers in the Shugnan district to renewable energy from Tajikistan. A USAID grant of $1 million and a $464,000 contribution from the Aga Khan Foundation made the connection possible.[17] USAID's characterization of the benefits of the new Afghan-Tajik connection project are also true of other electrification projects, including the observation that development benefits from other infrastructure and markets as well as electricity:

> Reliable electricity leads directly to improvements in quality of life: incomes rise as businesses increase production and people are able to spend less money and effort gathering fuel for heat and light; educational outcomes improve as children have light to study by in the evening and during the dark winter months; and a reduction in indoor air pollution means sharp declines in the rate of lung and eye diseases. In combination with investments in bridges, markets, and connecting roads, electricity will foster trade and economic development.[18]

There is broad agreement on the many benefits of electrification, as evidenced by the Asian Development Bank's (ADB) calculation that international donors will have spent nearly $5 billion to develop Afghan energy supply in the 2013–2018 period.[19]

The United States alone has obligated nearly $3 billion for power-sector projects in Afghanistan since fiscal year 2002. USAID has obligated more than $2.1 billion for electric power plants, substations, transmission lines, and technical assistance. DOD has provided some $185 million for power projects through its Commander's Emergency Response Program (CERP), and roughly $601 million through the Afghanistan Infrastructure Fund (AIF), which it manages jointly with the Department of State. Lists of USAID and AIF projects appear in the economics narrative of Section 3 of this report. The map at Figure 1.2 (on the next page) shows the location, cost, and status of the major U.S.-backed power projects in Afghanistan (many small-scale projects, largely funded by USAID and CERP, do not appear).

More than $1 billion in additional funding for electricity has come from the ADB, the World Bank, Germany, India, and other sources.[20] Many projects are under way, ranging from large, central-station hydroelectric plants to community biomass or solar installations, and from high-voltage transmission lines to local substations that lower the voltage and distribution circuits that carry the lower-voltage current to customers' locations. Projects are variously funded, both on- and off-budget.

DABS's domestic generation portfolio is modest—a few dams and some fossil-fuel-burning plants. The installed capacity is split almost evenly between hydroelectric and diesel/heavy-fuel-units, as shown in Figure 1.3.[21]

As noted, this power supply meets less than a quarter of Afghanistan's electric demand, hence the heavy reliance on purchases of imported energy. In other words, most of the generating capacity serving Afghan electric load is not in Afghanistan. The country has additional resources of coal, gas, and water, but no new generation from these sources has been added since the 1980s; meanwhile, the country's thermal and diesel generation costs 25–35 cents per kWh, several times the cost of the mainstay energy imports.[22] The costs of importing large amounts of energy and rising demand have lent urgency to the Afghan government's desire to increase the domestic power supply.

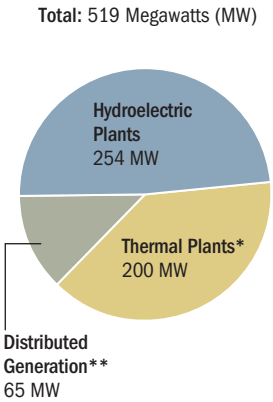
Afghanistan's Power Sector Master Plan projects 12–15% annual growth in power demand over the next decade, indicating a supply shortfall of about 3,000 MW by 2020, rising to 6,000 MW by 2032. The Afghanistan Renewable Energy Policy aims to draw 4,500–5,000 MW of the needed supply augmentation from renewable resources such as solar, biogas, and micro-hydro projects. The Ministry of Energy and Water began solicitation in 2016 for proposals to carry out 30 projects to provide 100 MW of that capacity[23]—a small start toward a large goal.

Whether projects are large or small, Afghanistan needs more power—not to mention prudent resource planning, solid project management, and effective oversight to bring power projects to useful and sustainable completion.

The turbine hall at Kajaki Dam. (UK Ministry of Defence photo by SGT Anthony Boocock)

FIGURE 1.3

INSTALLED ELECTRIC GENERATING CAPACITY, AFGHANISTAN



Note: Afghanistan imports nearly 80% of its electricity.
* Fueled by furnace oil, diesel, or gas.
** Smaller, local units, e.g., photovoltaic, wind, hydro, diesel.

Source: Asian Development Bank, "Sector Assessment (Summary): Energy for Afghanistan," 12/2015.

FIGURE 1.2

AFGHANISTAN POWER PROJECTS

The United States, India, the Asian Development Bank (ADB), World Bank, and others are working to electrify Afghanistan and unify its power grid. These efforts focus on increasing imports from Afghanistan's energy-rich northern neighbors and constructing transmission lines to link Afghanistan's "power islands." The map on the facing page shows an approximation of the energy grid in 2016 and some of the larger planned and ongoing projects.

Kajaki Dam (funded by USAID)

The USAID-funded Kajaki Dam was originally constructed in 1953. Its first two hydropower turbines were commissioned in 1975 and rehabilitated by USAID in 2005 and 2009, respectively. In 2005, USAID awarded a contract for the design, manufacturing, and installation of a third turbine. Project site insecurity has caused numerous delays. USAID currently estimates commissioning the third turbine in late 2016.[24]

Tarakhil Power Plant (funded by USAID)

Construction of the diesel-fired Tarakhil Power Plant just outside of Kabul began in late 2007 and was completed on May 31, 2010. Since completion, cheaper energy imports from Afghanistan's northern neighbors have made the plant an undesirable source of power generation. From February 2014 through April 2015, the Tarakhil Power Plant operated at just under 1% of its base-load production capacity.[25]

Kandahar Bridging Solution (funded by DOD)

The Kandahar Bridging Solution (KBS) was rapidly executed as a short-form counterinsurgency priority to provide power to Kandahar City. The project funded the purchase of diesel generators, fuel subsidies, and operations and maintenance. Power generation began in early 2011, but subsidies declined and ended in September 2015, resulting in a dramatic decrease in output, as shown in Figure 1.1 on page 6.[26]

NEPS and SEPS transmission lines and substations (jointly funded by DOD and USAID)

The bulk of U.S. efforts are currently focused on connecting the Southeast and Northeast Power Systems (SEPS and NEPS) to provide southern Afghanistan access to imported power from Afghanistan's northern neighbors. A variety of project delays have pushed the current estimated completion date to 2018.[27]

Sheberghan Oil Field Development and Power Plant (funded by USAID)

Since 2008, USAID has been assisting with the exploration and development of the Sheberghan gas fields. Part of this effort involves seeking investors for the construction and operation of a 200 megawatt (MW) natural-gas-fired power plant.[28]

Salma Dam (funded by India)

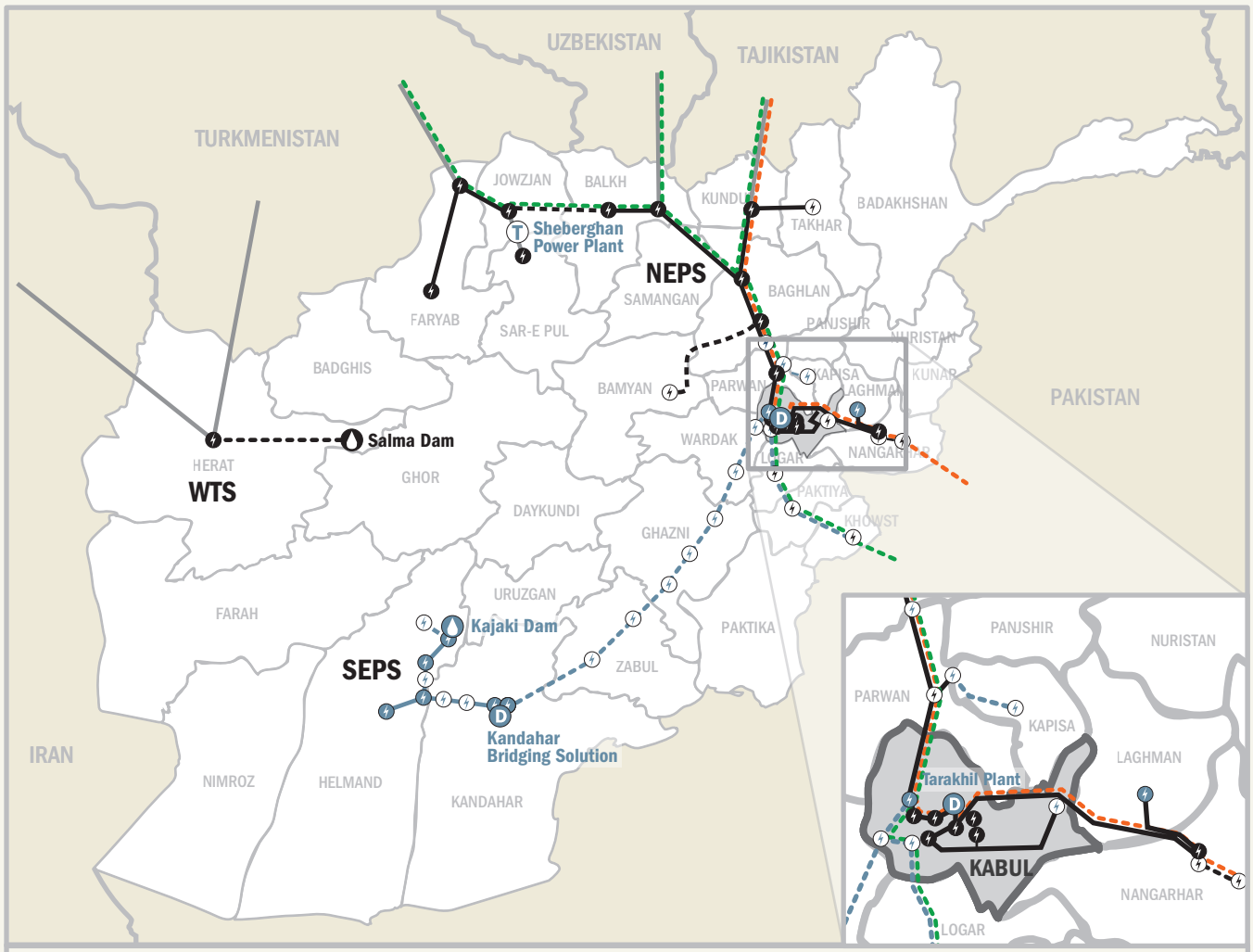
The recently completed Salma Dam, located 157 km east of Herat city on the Hari River will generate 42 MW of power and irrigate up to 80,000 hectares of land. A transmission line to carry power to Herat city is still in progress.[29]

Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000) (funded by World Bank)

The CASA-1000 project plans to construct high-voltage transmission infrastructure to allow Tajikistan and Kyrgyzstan to ship 1,300 MW of excess power to Afghanistan (300 MW) and Pakistan (1,000 MW).[30]

Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) interconnection project (funded by ADB)

The TUTAP project plans to establish an interconnection in Afghanistan to link the power grids of its namesake countries and provide Afghanistan and Pakistan with additional imported power.[31]



Legend

Existing

- U.S.-funded substation
- Other donor-funded substation
- U.S.-funded diesel plant
- U.S.-funded hydro plant
- Other donor-funded hydro plant
- U.S.-funded transmission line
- Other donor-funded transmission line

Future

- U.S.-funded substation
- Other donor-funded substation
- U.S.-funded thermal plant
- U.S.-funded transmission line
- Other donor-funded transmission line
- TUTAP
- CASA-1000

Acronyms

NEPS	Northeast Power System
SEPS	Southeast Power System
WTS	Western Transmission System
TUTAP	Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan Interconnection Project
CASA-1000	Central Asia South Asia Electricity Transmission and Trade Project

Note: Locations are approximate. Much of the infrastructure labeled "existing" is undergoing expansion and improvement. Many smaller projects are not shown.

Source: DOD, response to SIGAR data call, 6/29/2016; World Bank, "Afghanistan Naghlu Hydropower Plant," World Bank's Map Design Unit, 2/2016; USAID AIDC, "Afghanistan Transitional Energy Investment Plan as of September 2014," accessed 6/17/2016; DABS, "DABS signed Baghlan to Bamyan Electricity transmission lines agreement," www.dabs.af/News/NewsDetail/105, accessed 7/20/2016.

AFGHANS NEED MORE RELIABLE POWER

Per capita consumption of electricity in Afghanistan is very low, at about 100 kilowatt-hours (kWh) a year, according to an ADB energy assessment.[32] That means the average Afghan's total energy consumption is the equivalent of powering a 50-watt light bulb—but no other electrical gear—about five and a half hours a day for a year.

By contrast, per capita annual use is about 450 kWh in neighboring Pakistan and about 2,900 kWh in Iran, according to the World Bank. The global average is about 3,100 kWh—North America tops 13,000 kWh—while even in "fragile and conflict-affected situations" the average is about 560 kWh.[33]

Per capita comparisons are illuminating, but limited. In a report for the Afghan Ministry of Energy and Water, the Fichtner technical consultancy notes two key points. First, connection rates range from nearly 100% in some urban areas to zero in most rural areas. Second, kilowatt-hour consumption levels and patterns can differ widely: Kabul households were already using more than 3,000 kWh a year in 2011, while Herat households averaged 2,600 kWh. Local differences in climate, industrial demand (not a large load in Afghanistan), irrigation-pump use, and system energy losses also affect consumption comparisons.[34]

By any measure, however, Afghans are among the world's lightest users of electricity. "More than 60% of the people across the country live in dark homes," says the Afghan Ministry of Energy and Water, "without access to [a] reliable form of electricity." Instead, most people rely on wood or diesel fuel, thereby contributing to deforestation and air pollution while incurring high costs for fuel.[35] In many rural areas, kerosene and dried cakes of animal dung are common fuels.

Afghanistan has multiple "island" electric grids that lack transmission interconnections with one another, and lack uniform synchronization with the neighboring-country systems that supply more than three-quarters of its electric energy, but most Afghans are not connected to any of them.[36] A few Afghans have access to non-grid electricity from sources such as mini-hydro turbines in streams, solar panels with battery storage, and wind turbines, but these are still a negligible contribution to the energy mix.

For all these caveats, progress has been made. In 2002, the year after the United States military overthrow of the al-Qaeda-sheltering Taliban regime, only 6% of Afghans had access to reliable electricity, according to USAID. Within four years, that number was approaching 10%.[37] As of spring 2016, USAID estimates that "more than 30%" of Afghans have access to electricity.[38] The flip side of that indicator, of course, is that some 70% of Afghans still do *not* have access.

Worse yet, while about three-quarters of the Afghan population live in rural areas, where they generate two-thirds of the country's gross domestic product, less than 9% of the rural population has access to electricity.[39]

A U.S. Air Force colonel talks about the minihydro generator provided to an Afghan village, Panjshir Valley, 2009. (DOD photo by SSG James L. Harper Jr.)

A World Bank study of efficient lighting options observed that "Kerosene lamps are the major source of lighting in rural communities in Afghanistan . . . This lighting source is costly, inefficient, polluting and provides poor quality light," while consuming 10% or more of many household budgets.[40] Providing access to electricity, the study notes, can not only save rural households money on lighting, but also allow them to recharge mobile phones, run fans, and operate radios.[41] Without access to grid electricity, obtaining the benefit of such services typically entails the cost of buying and replacing batteries.

The International Energy Agency (IEA), a Paris-based group of which the United States is a member, notes that being considered to have access to electricity involves more than just a connection to a supply of electricity; it also involves "consumption of a specified minimum level of electricity." The IEA definition—the agency notes there is no single, internationally accepted standard—for a household of five is 500 kWh a year in urban areas, 250 kWh in rural areas. The IEA's illustrative access threshold for rural households includes powering a fan, a mobile phone, and a few hours of compact-fluorescent light use per day; for urban households, uses could expand to include a second phone, an efficient refrigerator, and a small appliance like a television or a computer.[42]

By that standard and others, Afghanistan's electricity access ranks low among nations. Moreover, having access to electricity, even in adequate amounts, is no guarantee that it is reliably supplied, affordable, and free from disruptive or potentially damaging fluctuations in voltage (the electrical analog of water pressure in a pipe).

The consequences of inadequate power supply, poor power quality, and lack of connectivity are stark, ranging from quality-of-life and health impacts, to economic damage and deterrence to business investment. An essay published by the Afghanistan Analysts Network, for example, notes that Kabul has experienced power blackouts of up to 15 hours a day, some being deliberate "load-shedding" actions to relieve strained transmission lines and substations. The national electric utility, DABS, cannot fully meet the city's winter load of more than 500 MW. "This is why," the essay notes, "many houses in Kabul stay dark and unheated these days [winter 2015–2016], or have flickering lights and technical devices that do not work due to poor voltage."[43] As noted, however, the situation in rural Afghanistan is much worse.

Adequate, reliable, and consistent electricity supply is important for business and industry, and thus for Afghanistan's ability to generate jobs, foreign exchange, and government revenue. Unfortunately, Afghanistan does not score well in those respects. The World Bank Group's *Doing Business* review of Afghan data last year gave the country a zero on a 0–8 scale for "reliability of supply and transparency of tariff [rates]." The Bank did not rate Afghanistan on its electric-system averages for duration and frequency of power interruptions: index scores exceeding 100 disqualify an economy for a rating. Afghanistan scored 1825 for interruption duration and 620 for frequency—multiples of the disqualifying limit.[44]

Small businesses may decline to invest in electricity-using investments if the risk of process interruptions or equipment damage is significant, a World Resources Institute study notes, for "often unreliable and poor-quality [electric] supply is only marginally better than no supply."[45] For small operators who lack the capital to install a back-up generator, inadequate and erratic power supply adds to the already substantial obstacles to doing business in Afghanistan.

The UN Secretary-General's latest security report on Afghanistan contains a troubling note on business decisions: "An indication of the limited confidence in the business environment was documented by the Afghan Investment Support Agency, which reported a decrease of 30 per cent in net investments in 2015 compared with 2014. Investments declined particularly sharply in the construction, mining and manufacturing sectors."[46] Even if energy issues were not the key factor in those decisions—the sagging economy and security concerns also play a role—reduced interest in mining and manufacturing investments diminishes the prospects for electrification. Increased demand from large commercial customers capable of paying for power could help make expansion of Afghanistan's domestic energy resources more economical.

"Insufficient energy supplies and the demand-supply imbalance constrain growth and income opportunities; create disparities in economic development; and fuel ethnic and regional tensions, insecurity, and discontent," the

Asian Development Bank says.[47] These are all unwelcome consequences for Afghanistan, whether from the standpoint of humanitarian concern, economic development, reducing cooperation with insurgents, or bolstering the credibility of the government.

ELECTRIFICATION FACES A MAZE OF BARRIERS

Afghanistan joined all 192 other members of the United Nations General Assembly in September 2015 in approving a resolution committing all UN members to work toward the goal of ensuring "access to affordable, reliable, sustainable and modern energy for all," including the target, "By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries."[48] The goal is both admirable and audacious. Still, from whatever angle it is viewed—economic, technical, geographic, political, managerial—the campaign to establish a reliable and sustainable power supply in Afghanistan faces a maze of barriers. Recognition of those barriers could be one of the reasons that Afghanistan's Power Sector Master Plan foresees that by 2032 the rural electric-connection rate will be 65%, with near-100% connection only in urban areas.[49]

A "problem tree" diagram prepared by ADB in December 2015 summarized the consequences of Afghanistan's current, inadequate electricity supply, such as reduced economic opportunities and lower growth rates, and attributed them to a variety of causes, all of which SIGAR has also identified in its electricity work. In somewhat simplified list form, the ADB's assessment of problems for Afghan electricity features include:[50]

- Technical constraints
  - » insufficient transmission and distribution networks
  - » multiple "island" grids not connected with one another
  - » limited renewable-resource development in areas not connected to the grid
  - » summer-peaking hydroelectric capacity, costly diesel fuel
- Financial constraints
  - » high costs for investment, operations, and maintenance
  - » high "commercial losses" (nonpayment, power theft, etc.)
  - » poor metering and billing
  - » weak regulation
  - » rates that don't cover costs of service
- Institutional constraints
  - » inadequate investment
  - » poor organizational structure
  - » weak human-resource, planning, and forecasting capability

Underlying all else, the ADB says, are "deteriorating security and law and order concerns" that contribute to and aggravate all three major constraints: technical, financial, and institutional. Those constraints are also implicit in the U.S. Central Intelligence Agency's observation that, "Despite this help [with electrification from donors], the Government of Afghanistan will need to overcome a number of challenges, including low revenue collection, anemic job creation, high levels of corruption, weak government capacity, and poor public infrastructure."[51]

Other constraints include politics. The Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) regional power-transmission project would allow power to be dispatched from the Central Asian republics and Afghanistan to Pakistan over linked power grids. However, this quarter, citizens and parliamentarians representing Bamyan Province's Hazara ethnic minority held large demonstrations to protest that the proposed route through the Salang Pass north of Kabul would leave them unjustly deprived of reliable electric service. The most recent protest on July 23rd resulted in an ISIL-claimed suicide bombing that killed an estimated 80 people and wounded 232.

In May 2016, President Ghani suspended some aspects of work on the TUTAP project and appointed a special review commission to examine the decision making on route selection. He named long-time colleague Mohammad H. Qayoumi, a PhD electrical engineer and former president of San Jose State University, to lead the review commission.[52]

The review confirmed selection of the Salang Pass route, but Hazara concerns did not go unanswered. On June 19, President Ghani attended the signing of a contract to build a 220 kilovolt transmission line with ADB funding from Doshi (about half-way between Kabul and the Tajikistan frontier) to Bamyan Province by December 2019.[53]

The ADB problem list also highlights the issue of "below-cost tariffs." The Bank notes that as of 2015, average electricity tariffs of 8–12 cents per kWh were "far below what is needed" to cover imported-power generation costs of 6–10 cents per kWh and Afghan transmission-and-distribution grid costs of 7–10 cents per kWh.[54] Utilities seeking hefty rate increases can expect vocal opposition from customers in any venue, but especially in low-income areas like Afghanistan. DABS has, however, recently raised rates by 25% in 15 provinces that use imported power from neighboring countries because their dollar-denominated prices and the depreciating value of the afghani created more than $17 million in losses for the utility last year.[55]

International relations also figure into power-supply arrangements. "While hydro-power has potential," a Stockholm International Peace Research Council report noted last year, "all of the country's river basins are transboundary and require agreements with riparian countries" on the other side of those rivers from Afghanistan.[56] Except for a nonbinding 1973 agreement with Iran regarding water flows from the Helmand River, Afghanistan lacks

A U.S. State Department official and soldiers talk with elders about microhydro potential at an Afghan stream, 2007. (DOD photo by MSG Jim Varhegyi)

firm agreements with its river-bounded neighbors.[57] Meanwhile, drought and seasonal conditions heavily affect the power potential and usefulness of Afghan rivers. Afghanistan violated its commitments on water flows to Iran during the 1998–2002 droughts to meet its own needs.[58]

Afghanistan's neighbors recently completed the much touted CASA-1000 (CASA stands for Central Asia-South Asia) transmission project for importing more energy from Kyrgyzstan and Tajikistan to the north across Afghanistan and into Pakistan to the south. However, recent news reports suggest that because of a "dearth of demand," Afghanistan may not take its 300 MW share of power from the project.[59] Although Kabul's overall electric demand continues to grow, a seasonality problem pointed out by a German consulting firm has led to the "dearth of demand" for CASA-1000: the energy exporters' hydro resource is lowest in the winter, when reservoir levels fall and when Kabul's demand peaks. In the summer, hydro output rises, but at that point Kabul has cheaper options for serving its load.[60]

Topography and demographics also complicate power-supply planning and projects in Afghanistan. Kansas State University researchers have noted that "Importing more electricity would not help the country's predicament in rural areas, where the infrastructure does not exist." They conclude that "Expanding the power grid to mountainous rural areas is nearly impossible."[61] The Department of Defense has reached similar conclusions, citing data from actual transmission-and-distribution construction projects that shows costs as high as $400,000 per kilometer (about $644,000 per mile) to extend the power grid. "Rural Afghan communities are spread throughout the countryside," a report says, "and the distances between villages

makes extending a traditional central grid financially unattractive," or even "cost prohibitive."[62]

Examples of the "institutional constraints" cited in the ADB problem tree are on view in the 2015 audited financial statements for DABS, the Afghan national electric utility. The independent auditors gave DABS a "qualified" opinion—one that indicates the audited firm has not provided full information or has not conformed to generally accepted accounting principles. Among the issues cited by the auditors:[63]

- no reliable information on the existence, accuracy, and completeness of amounts of property, plant, equipment, and inventories
- no reliable basis for determining amounts receivable
- "In some cases [customer] bills were unpaid for 6 cycles (12 months) or more," violating the utility's disconnect policy for nonpayment.
- "The audited revenue files for [three previous years] were not locked and were altered in the current year."

Meanwhile, the income statement signed by DABS's chief executive and chief financial officers shows the after-tax operating profit for the year fell to 131.1 million afghanis—a decline of more than 91% from the previous year's 1.45 billion afghanis. Various revenue and cost items rose or fell, but increases just for purchased power and fuel exceeded 1.5 billion afghanis.[64] At least some of that change would have been driven by Afghan currency depreciation that increased the dollar-denominated costs of imported power and fuel.

Finally, the challenge of powering Afghanistan is complicated by the long lead times for most projects, combined with the inherent uncertainty in power markets that require long-term forecasts and construction planning.

Professor M. Granger Morgan, head of Carnegie Mellon University's engineering and public policy program, spoke of the problem in a 2014 lecture at Harvard University. Pointing to a long history of erroneous forecasts of energy production and prices, Morgan said, "Nobody in their right mind can predict U.S. gas and oil prices, plus or minus 50 percent, within 10 years, let alone 50 years, but government agencies, many policy modelers, and economists do it all the time." Random physical processes, policymakers, new technologies, and the summed effects of people's choices all contribute to uncertainty.[65]

A 2013 German consulting firm's report on the Afghan Power Sector Master Plan for 2012–2032 also emphasized the point: "Every forecasting exercise, no matter what its subject, is fraught with uncertainties. These uncertainties increase with the length of the period of the forecast."[66] Forecasting technology, output, demand, and costs in Afghanistan is even more fraught with uncertainty. Apart from matters like rugged terrain, isolation, and shortages of technical and administrative capacity, Afghanistan has an active insurgency that can and does target energy infrastructure, as

with the winter 2016 explosive attacks on transmission towers that interrupted most of Kabul's power supply for days.[67]

All of these barriers—geographic, financial, technical, managerial, political, and others—make effective oversight of power-sector investments especially critical. Failures can inflict heavy costs on human health and safety, national development, and donor-country policy objectives. Some of the risk of such failures lies in the common temptation to look for big solutions.

RECOGNIZING THE RISKS IN BIG PROJECTS

Faced with large and pressing needs for electrical power, and having access to large amounts of international aid, national power planners can easily be tempted to put most of their electrical eggs into the baskets of a few big central-station generating projects connected by big transmission networks.

"Construction of large electricity generating dams [is] a priority of the governmental projects," Afghan economics minister Abdulsatar Murad told a DABS summit this spring, with "serious works in most provinces."[68] Such commitments can, however, involve large amounts of risk, as well as rock and concrete.

"Traditional methods of energy planning are likely to provide results that may be inappropriate in fragile and conflict-prone countries," according to a 2015 Cambridge University economics paper. The authors explain that "The risks of violence and damage, or significant delays and cancellations in infrastructure development, are rife in these states."[69]

Like many other writers, the authors of the Cambridge paper commend an emphasis on smaller-scale "distributed generation" investments: "Solutions that are modular, flexible, less capital intensive and easier/quicker to build and manage, offer useful attributes in conflict-prone areas," including lower risks of failure and less concentrated risk from attack.[70] As the authors of a power-sector statistical analysis from Oxford University point out, the point is not so much that "small is beautiful" as that "big is fragile," because big projects concentrate the pain of standard problems and unpredictable events.

The authors examined 245 large hydroelectric dam projects and found, among other things:[71]

- Three out of four suffered cost overruns; the overruns averaged a 96% addition to budgeted costs.
- Eight of every 10 suffered schedule overruns, averaging 2.3 years.
- "The financial magnitude of a big venture is so large that once started the commitment turns into a binding, ruinous co-dependence."
- "Big dams have finite life spans," but "No one has the remotest idea how much will need to be spent on the end-of-life arrangements of a big dam like Kariba" (a high dam on the Zambia-Zimbabwe border that

could catastrophically collapse because its plunging outflow has cut deep into the river bed in front of the structure and is weakening the dam foundation).

- "Our conservative estimates suggest that investments in nearly half the dams break [i.e., reach a net-present-value benefit/cost ratio of less than 1] before the big dams even begin their operational life."

Even if big dams are built on schedule, within budget, and come online without incident, they still face the realities of wear and tear. The average life expectancy of a dam is 50 years, according to a Massachusetts Institute of Technology report, which also notes, "With age and without proper maintenance and repairs, dams can become a significant threat to the surrounding communities," as well as growing increasingly costly.[72] The MIT overview explains that the aging dams require more frequent maintenance and incur rising costs to operate. Machinery wears, floating debris can damage structures and turbines, concrete cracks, and sediment can build up behind the dam, restricting the flow of water. Unforeseen or uncorrectable environmental impacts can develop. And taking a large dam offline for repairs—or having it taken offline by insurgent activity—can be highly disruptive in regions that are not well connected to backup sources of power.

Big dams can be valuable options, especially in sites that are near concentrations of electric load, that don't require a great deal of expensive and vulnerable new transmission infrastructure to connect to the grid, and that can be reasonably well protected. Otherwise, for example, attackers with ordinary rifles can cause major power interruptions and costly repairs by shooting up the high-voltage transformers that raise voltage for transmission and lower it for local distribution networks.[73] The financing, construction, operation, and maintenance challenges of power projects like big dams—not to mention the challenges of transmitting their power output into poor, sparsely populated rural areas—have led many energy practitioners to espouse small-scale approaches.

A team of Malaysian energy researchers, for example, concludes that "Renewable energy, such as pico [extremely small] hydro-power, solar PV [photo-voltaic units], and wind turbines, is the most promising option for feasible, sustainable decentralized rural electrification generation systems."[74] The 2012 DOD report cited earlier reaches the same conclusion for rural electrification, adding that very small "microgrids" can be connected over time into still-small minigrids in "an economically viable, sustainable, and scalable model for rural electricity in Afghanistan."[75]

For another example, the United Nations Development Programme (UNDP) has funded 18 micro-hydro power plants and village networks in Bamyan Province, where there is no connection to the national-utility grid. The 18 units serve more than 15,000 people in 2,163 households, or an average of about 11 kW and 120 households per unit. The project's

Schoolboys watch Malaysian soldiers install a solar panel at a free health clinic in Bamyan, 2012. (DOD photo by SGT Ken Scar)

$997,000 budget was funded by the European Union, Denmark, Japan, the Netherlands, and Norway. The UNDP approach involves approval from village councils; monthly rates per light bulb (90 cents), TV ($1.70), or other connected end use; collections by local cashiers; and training for two technicians to maintain the system. By replacing lamp fuel, the UNDP says, the micro-hydro networks have cut rural-household lighting costs by 90%.[76]

As noted earlier, USAID, CERP, and Afghan projects have all included a variety of project sizes and generation sources, including photovoltaic, wind, and waste-to-energy. A 1 MW off-grid photovoltaic unit financed by New Zealand came online in Bamyan Province in October 2013 with the capacity to serve about 2,500 homes and businesses.[77] USAID has pursued small-scale electricity projects along with larger efforts: by 2011, its Afghan Clean Energy Project had equipped several health clinics and schools with photovoltaic systems, installed hundreds of solar-powered street lights, and provided solar-powered water-heating systems and pumps.[78]

So donors and officials are not unaware of issues like scale, connectivity, sustainability, and appropriateness, and have addressed them in various ways. But commitments to big projects will presumably continue, and the costs and consequences of big-project failures can be disastrous. SIGAR's ongoing audit of the Kajaki Dam project will examine some of these issues. But the prudential backstop of oversight should reach into the planning process as well as the procurement, execution, and management processes.

SHINING OVERSIGHT LIGHT ONTO POWER PROJECTS

SIGAR's audits, inspections, and other work on Afghan electric power has identified numerous issues related to project management, technical capacity, and sustainability that have diminished the effectiveness of reconstruction programs and increased their costs.[79] For example, a 2012 audit report on the AIF noted that projects were behind schedule and lacked plans for sustainment. Similarly, a 2013 audit report found that U.S. efforts to commercialize Afghanistan's electoral power utility, DABS, were hindered by poor project management and wasteful spending. In December 2013, SIGAR wrote to USAID's administrator to voice concern that USAID's agreement with DABS to install a third turbine at the Kajaki Dam power plant lacked provisions allowing for USAID oversight and vetting.

Two 2015 SIGAR inspections of USAID-funded industrial parks were hampered not only by missing contract files, but also by a lack of electricity due to fuel-supply and maintenance issues on the industrial parks' generators, preventing proper system testing as well as limiting the usefulness of the industrial parks. Furthermore, in June 2015, SIGAR raised concerns as to the sustainability of the Tarakhil Power Plant on the outskirts of Kabul. Not only is this USAID-funded project operating far below its peak capacity, but it utilizes relatively expensive diesel fuel to generate electricity, raising additional sustainability concerns.

In the spring of 2015, SIGAR sent an inquiry letter to the U.S. Ambassador to Afghanistan, the Undersecretary of Defense for Policy, the Commander of U.S. Forces-Afghanistan, and the USAID Mission Director with concerns related to the ability to continue to provide electric power to Kandahar City in light of the plans to replace the temporary diesel generators that had helped to power the city since 2011 as the Kandahar Bridging Solution.

SIGAR is not the only entity to have directed attention on electrification projects in Afghanistan. A 2013 audit by USAID's Office of Inspector General (USAID OIG) at the Kandahar Helmand Power Project included a review of the transitional diesel-generation work. The USAID OIG looked into USAID/Afghanistan's project oversight, environmental compliance, and sustainability planning, and "found room for improvement in all areas, particularly in planning."[80]

SIGAR work now in progress will touch on other aspects of electric power in Afghanistan, including audits on the AIF, the Commander's Emergency Response Program, and power generation at the Kajaki Dam in Helmand Province; an inspection of work on the Northeast Power System; and a financial audit of Black & Veatch contract work on the Kandahar-Helmand Power Project. All are expected to be published by spring 2017. Each of these topics involves large amounts of taxpayer money, massive efforts critical to Afghan reconstruction and development, and significant opportunities for waste, fraud, and abuse.

Vehicles and pedestrians enjoy illumination from solar-powered street lamps, Kabul. (ISAF photo by SSG Joseph Swafford, USAF)

Oversight entities need not and should not be in the business of second-guessing energy-resource planners on questions of big versus small, networked or decentralized, renewable or nonrenewable. But they might usefully ask, in probing and systematic ways, whether energy-resource planners have made—and tested and documented—a thorough consideration of options, advantages, risks, and probabilities *before* selecting and committing to the projects that will later be examined by auditors and inspectors from SIGAR and departmental IG offices.

Electrifying Afghanistan will continue to be a slow and hazardous process. It requires not only cash and hard work, but also the prudential tasks of taking into account the historical record of delayed, troubled, or failed projects; the physical, technical, and financial constraints of the operational setting; the security and political environments; local capabilities to operate and maintain plants and equipment; and the probabilities of different risk scenarios.

The costs and consequences of failed projects are too high, both for Afghan citizens and U.S. taxpayers, to assume that proposed energy projects have been fully vetted, assessed against local conditions, carefully selected, and executed as intended. Robust oversight will continue to be needed. SIGAR will go on providing such oversight on the front and the back end of electrification.

"We accomplish our mission by issuing audit and inspection reports and other products that highlight the problems and challenges we find, making recommendations wherever we can to address these problems and mitigate the risk to taxpayer funds, and even arresting criminals who steal from the U.S. government."

—Deputy Inspector General Gene Aloise

Source: SIGAR, "Prepared Remarks of Gene Aloise, Deputy Inspector General, Special Inspector General for Afghanistan Reconstruction," Audit and Fraud Roundtable Group Meeting, Copenhagen, Denmark, 5/23/2016.

2 SIGAR OVERSIGHT

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Deputy Inspector General Gene Aloise talks about SIGAR's work at the May 2016 Audit and Fraud Roundtable Group meeting in Copenhagen, Denmark. (SIGAR photo by Eugene Gray)

SIGAR OVERSIGHT ACTIVITIES

This quarter SIGAR issued 17 audits, inspections, alert letters, and other products. SIGAR work to date has identified over $2 billion in savings for the U.S. taxpayer.

One performance audit examined the scope of efforts by the Department of Defense (DOD), the Department of State (State), and the U.S. Agency for International Development (USAID) to develop Afghanistan's information and communications-technology (ICT) sector since 2002 and the extent to which the agencies coordinated these efforts. A second performance audit reviewed a contract awarded by DOD to develop the Afghan National Army's (ANA) capacity to perform vehicle maintenance.

SIGAR completed six financial audits this quarter of U.S.-funded contracts, grants, and cooperative agreements to rebuild Afghanistan. These financial audits identified over $9.2 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than $292.3 million in questioned costs. SIGAR also announced six new financial audits, bringing the total number of ongoing financial audits to 24 with nearly $3.8 billion in auditable costs.

This quarter SIGAR published one inspection report that examined whether the construction of the Bagrami Industrial Park in Kabul Province was completed in accordance with contract requirements and construction standards.

This quarter SIGAR's Office of Special Projects produced seven products addressing a range of issues, including: one alert letter on structural damage at a USAID-funded educational facility in the Kushk district of Herat Province; four inquiry letters to DOD, USAID, State, and the Department of Transportation (DOT) about their efforts in developing and implementing rail infrastructure in Afghanistan; a fact sheet on U.S. Department of Labor (Labor) reconstruction spending in Afghanistan; and, a review of USAID-supported health facilities in Badakhshan Province.

During the reporting period, there was one criminal information, one indictment, one conviction, and one sentencing. Fines and restitutions totaled $10,000. SIGAR initiated 13 new investigations and closed 33, bringing the total number of ongoing investigations to 269.

AUDIT ALERT LETTER

- Audit Alert Letter 16-47-AL: Efforts to Support Afghan Internally Displaced Persons (IDP)

COMPLETED PERFORMANCE AUDIT

- Audit 16-46-AR: Afghanistan's Information and Communications Technology (ICT) Sector
- Audit 16-49-AR: Afghan National Army Technical Equipment Maintenance Program

COMPLETED FINANCIAL AUDITS

- Financial Audit 16-36: Construction of the Afghan Defense University
- Financial Audit 16-41: Afghan National Police Construction Project
- Financial Audit 16-42: Construction of Facilities for the 1st Special Forces, 1st Commando Brigade, and Transient Kandak
- Financial Audit 16-43: Construction of the 4th Special Forces Kandak Facilities and Renovation of the 2nd Commando Brigade Headquarters
- Financial Audit 16-44: USAID's Afghanistan Electoral Reform and Civic Advocacy Program
- Financial Audit 16-45: Construction of the Afghan District Headquarters Uniform Police Stations in Helmand Province

COMPLETED INSPECTION REPORTS

- Inspection Report 16-48-IP: Bagrami Industrial Park

COMPLETED SPECIAL PROJECT PRODUCTS

- Inquiry Letter 16-33-SP: USAID Support to Develop and Implement the Afghan Railway
- Inquiry Letter 16-34-SP: Department of State Support to Develop and Implement the Afghan Railway
- Inquiry Letter 16-35-SP: DOD Support to Develop and Implement the Afghan Railway
- Inquiry Letter 16-37-SP: Department of Labor Reconstruction Spending
- Alert Letter 16-38-SP: Structural Damage at Educational Facility in Herat Province
- Inquiry Letter 16-39-SP: Department of Transportation Support to Develop and Implement the Afghan Railway
- Review 16-40-SP: USAID-Supported Health Facilities in Badakhshan Province

Performance audits: provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence measured against stated criteria. Performance audits provide objective analysis so that management and those charged with governance can use the information to improve the program performance and operations, reduce costs, and facilitate decision-making by parties with responsibility to oversee or initiate corrective action for public accountability. Performance audits are conducted in accordance with generally accepted government auditing standards (GAGAS) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Federal Offices of Inspector General.

Inspections: are systematic and independent assessments of the design, implementation, and/or results of an agency's operations, programs, or policies. SIGAR conducts inspections, in accordance with CIGIE Quality Standards for Inspection and Evaluation, to provide information to Congress and the public on the quality of construction of facilities and infrastructure throughout Afghanistan; and generally, to provide an assessment of the extent to which the facilities were constructed in accordance with the contract requirements, used as intended, and are being maintained.

Financial audits: provide an independent assessment of and reasonable assurance about whether an entity's reported condition, results, and use of resources are presented in accordance with recognized criteria. SIGAR performs financial audits in accordance with GAGAS, which includes both requirements contained in the American Institute of Certified Public Accountants Statements on Auditing Standards and additional requirements provided in GAGAS. SIGAR also reviews financial audits conducted by independent public accountants (IPA). When an IPA conducts a financial audit, SIGAR conducts reasonable procedures to ensure compliance with GAGAS, based on the intended use of the IPA's work and degree of responsibility accepted by SIGAR with respect to that work.

This quarter, SIGAR's suspension and debarment program referred eight individuals and five companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 756, encompassing 401 individuals and 355 companies to date.

AUDITS

SIGAR conducts performance audits, inspections, and financial audits of programs and projects connected to the reconstruction effort in Afghanistan. Since its last report to Congress, SIGAR has issued one audit alert letter, two performance audits, six financial audits, and one inspection report. This quarter, SIGAR's has 13 ongoing performance audits.

Audit Alert Letter

U.S. military and civilian officials have asked SIGAR to provide them with real-time information to prevent waste and increase the effectiveness of U.S. reconstruction programs. One of SIGAR's main goals is to provide implementing agencies and Congress with actionable information while there is still time to make a difference. To achieve that goal, SIGAR sends audit alert letters to highlight concerns. During this reporting period, SIGAR sent one audit alert letter, addressing U.S.- and Afghan-government efforts to assist internally displaced persons (IDPs).

Audit Alert Letter 16-47-AL: Efforts to Support Afghan IDPs

In July, SIGAR wrote to USAID and State to share its observations on U.S. and Afghan government efforts to assist IDPs in Afghanistan as part of its audit examining issues related to Afghan IDPs, refugees living in Iran and Pakistan, and returnees in Afghanistan. SIGAR reported on its audit of U.S. efforts to assist Afghan refugees and returnees in August 2015.

The objectives of the review were similar to the prior audit, but specifically focused on assessing the extent to which (1) the Afghan government has implemented its National Policy on Internally Displaced Persons, and (2) USAID and State-funded nongovernmental organizations (NGO) and international organizations coordinate and share information on IDP assistance.

SIGAR found that the Afghan government has not fully implemented its national IDP policy because of resistance from provincial governments to supporting IDPs and limitations that exist within key ministries. Provincial leaders have posed challenges by, for example, refusing to accept migrant settlements in their provinces and insisting that established settlements be demolished to make room for urban-development and infrastructure projects. Furthermore, key ministries charged with implementing the

national policy and assisting IDPs, particularly the Ministry of Refugees and Repatriation, struggled with delays in implementing required actions, allegations of corruption, and lack of internal capacity for achieving their mandate.

SIGAR also found that USAID- and State-funded NGOs and international organizations did not fully coordinate their efforts to assist Afghan IDPs. Neither agency required its NGOs or international organizations to coordinate their IDP efforts in all sectors—for example, education, food security and agriculture, health, and nutrition—with each other, United Nations agencies, or the Afghan government. As a result, their coordination with each other or with other humanitarian organizations is inconsistent, and the extent of this coordination varies.

SIGAR noted that fully implementing the recommendation in its August 2015 audit report would help address some of these issues.

Performance Audit Reports Published

This quarter SIGAR published two performance audit reports. One examined the scope of U.S. agencies' efforts to develop Afghanistan's information and communications-technology sector since 2002. The other reviewed a contract awarded by DOD to develop the ANA's capacity to perform vehicle maintenance.

COMPLETED PERFORMANCE AUDIT

- Audit 16-46-AR: Afghanistan's Information and Communications Technology (ICT) Sector
- Audit 16-49-AR: Afghan National Army Technical Equipment Maintenance Program

Performance Audit 16-46-AR: Afghanistan's Information and Communications Technology (ICT) Sector

U.S. Agencies Obligated Over $2.6 Billion to the Sector, but the Full Scope of U.S. Efforts is Unknown

In 2001, Afghanistan had only a rudimentary telecommunications system located in major cities and along its borders. Since then, considerable development has taken place as a result of private sector investment, as well as the Afghan government and international partners' efforts. USAID reports that, among other things, the sector contributed $1.81 billion in revenues to the Afghan government in 2013, employs about 130,000 Afghans, and provides mobile-phone services to roughly 90 percent of the population. Private-sector investment alone had reached $2 billion by 2013. Additionally, DOD estimates that the ICT sector could generate an additional $1 billion in revenue per year for the Afghan government within the next decade from data-transit tariffs and the provision of information services.

The objectives of the audit were to determine (1) the scope of U.S. agencies' efforts to develop Afghanistan's ICT sector since 2002, and (2) the extent to which the agencies coordinated these efforts.

Although the United States, coalition partners, and other stakeholders have supported the development of Afghanistan's ICT sector through a variety of projects and programs, the sector's infrastructure has largely been created through Afghan-led efforts, such as the Afghan government's

policies and regulations encouraging private investment, and private entities making those investments. The country has six active service carriers, including five 3G-licensed mobile-network service operators. These companies are responsible for building most of the over 5,000 telecommunications cellular towers in Afghanistan that power the mobile networks used by most cellular phones in the country. Roshan and Mobile Telephone Networks are the largest mobile cell-phone carriers by customer base. Two of the six service carriers—Afghan Telecom and Wasel Telecom—also offer landline-telephone services. Afghan Telecom provides landline services nationally, while Wasel Telecom provides landline services regionally in northern Afghanistan. SIGAR made no recommendations in this report.

Based on SIGAR's analysis of DOD, State, and USAID data, SIGAR determined that since 2002, those agencies have provided over $2.6 billion to support the Afghan ICT sector. DOD invested the most, obligating more than $2.5 billion. State obligated at least $83 million to support the Afghan media and rule-of-law development, and USAID obligated at least $44 million to increase the ICT capacity of various Afghan ministries.

However, because the agencies were not required to track their ICT efforts in a centralized database, the information reported to SIGAR by DOD, State, and USAID may not be comprehensive or entirely reliable. For example, SIGAR independently identified a DOD contract valued at over $400 million that was not included in the data DOD provided. Additionally, SIGAR found that some of State's and USAID's ICT-sector activities were implemented as part of larger programs, and funding information was not disaggregated by components. Finally, records for some USAID programs implemented before 2005 were not available because the agency's document-retention requirements only extend to three years after a program's completion date. As a result, the full scope of U.S. efforts is unknown.

SIGAR also found that DOD, State, and USAID coordinated their efforts to support the ICT sector in Afghanistan. State established the first formal coordination unit, the Afghanistan Reconstruction Group (ARG), in 2004. In 2005, State appointed the first U.S. Senior Telecommunications Advisor to coordinate and synchronize efforts with both public and private organizations. State eliminated the ARG in 2008 and, along with it, terminated the Senior Telecommunications Advisor position. However, State officials indicated that informal coordination with the Afghan government continued. In 2010, the International Security Assistance Force created the Telecommunications Advisory Team, which became the primary coordinating entity for U.S. agencies and led the Telecommunications Working Group until its mission ended in late 2014. DOD officials said the Telecommunications Working Group has continued to meet under the auspices of the U.S. Embassy in Kabul.

Performance Audit 16-49-AR: Afghan National Army Technical Equipment Maintenance Program

Poor DOD Management of Vehicle-Maintenance Program Resulted in Increased Costs and Unmet Objectives

Establishing an organic Afghan vehicle-maintenance capacity is critical if the ANA is to have a fully operational fleet of vehicles to provide the mobility and protection needed to support its fight against the insurgency. Without such a capability, the ANA will be at a severe disadvantage in waging counterinsurgency operations.

In December 2010, the Department of Defense awarded a 5-year, firm-fixed-price contract called the ANA Technical Equipment Maintenance Program (A-TEMP) to Afghanistan Integrated Support Services JV (AISS) to develop the ANA's capacity to maintain its growing fleet of more than 26,000 vehicles at a projected cost of nearly $182 million, not including the cost of supply-chain management or spare parts. After 63 modifications, the total obligated amount increased to $368 million, and the period of performance was extended from December 30, 2015, to June 28, 2016. According to DOD, both the obligations and period of performance are likely to increase further.

The objectives of this audit were to assess the extent to which (1) the current ANA A-TEMP contract and program were designed to promote the accurate assessment of Afghan vehicle-maintenance needs, contractor performance, and cost containment; (2) the U.S. government provided effective management and oversight of contractor performance; and (3) the contract met its program objectives to develop a self-sufficient Afghan maintenance capacity through the performance of maintenance on the ANA vehicle fleet and the training of ANA maintenance personnel.

In structuring the ANA A-TEMP contract, the Army Contracting Command (ACC) and the Combined Security Transition Command–Afghanistan (CSTC-A): (1) made inaccurate assumptions about the capacity of the Afghans to manage the supply chain and conduct maintenance, (2) underestimated the cost of spare parts, and (3) established performance metrics that did not accurately assess contractor performance or progress towards contract goals. As a result of the inaccurate assumptions about Afghan capacity to conduct supply-chain management and perform maintenance, and due to underestimated spare-parts costs, the contract costs were significantly higher than originally estimated. A contract modification transferring supply-chain management responsibilities from the ANA to AISS shortly after contract award added $96 million to the contract's cost, and the cost of spare parts has more than doubled over the original estimate of $30 million, to at least $61 million. Additionally, the performance metric established by DOD to track contractor performance will be replaced in the future because it was vague and unenforceable.

Over the course of the ANA A-TEMP contract, the amount and quality of government contract oversight declined due to security concerns, limiting the information available to determine the quality of AISS's performance on the contract. During the first two years, security conditions allowed the Defense Contract Management Agency-Afghanistan (DCMA-A) quality-assurance representatives and contracting officer's representatives (COR) to conduct direct on-site inspections at AISS maintenance and training locations. During this period, AISS was cited by DCMA-A 113 times for failing to fulfill contract requirements.

After June 2013, DCMA-A contract oversight declined significantly due to deteriorating security conditions. As a result, on-site inspection of AISS support to the contract was not conducted by the DCMA quality-assurance representatives, but was limited to monthly checklist inspections conducted only by CORs. In March 2015, DCMA-A formally acknowledged the impact of not being able to have quality-assurance representatives participate in on-site inspections when it was announced that DCMA-A no longer had the ability to perform quality assurance and property audits and functions at the sites in Afghanistan covered by the ANA A-TEMP contract.

On January 6, 2016, contract oversight was transferred to ACC's Contingency Contract Administration Services Expeditionary Contracting Command. DOD further noted that oversight will continue to be a challenge until security in Afghanistan improves and suggested steps to mitigate the risks.

Additionally, SIGAR found that ACC did not use all of the resources available to it to ensure that it only paid AISS for acceptable contract performance, particularly in the initial years of the contract when AISS was issued numerous corrective-action requests for failing to meet contract requirements. One option available to DOD to address poor contractor performance is to withhold payments if the contractor fails to comply with delivery or reporting provisions of the contract. As of June 2016, however, this step had been taken only once. DOD did repeatedly warn AISS of possible contract termination if AISS failed to correct its failures to meet contract requirements, but no contract-termination actions were ever undertaken.

Another instance where DOD could have, but did not, take action to reduce costs involved the manner in which AISS was paid for repairing ANA vehicles at the Equipment Maintenance Sites (EMS). AISS was compensated for repairs it did at EMS locations based on the number of vehicles in the ANA vehicle fleet—not on the number of vehicles repaired at the EMSs. Because DOD closed EMS locations in 2013 and 2014, and ANA resisted turning in vehicles for maintenance, the number of vehicles AISS received and repaired declined from a high of 3,072 vehicles in the second quarter of 2012 when all EMSs were open, to a low of 82 in the third quarter of 2015 when only two EMSs were open. Payments to AISS based on ANA vehicle density and not vehicles actually repaired resulted in escalating per-vehicle

repair costs from a low of $1,889 when all EMSs were open and vehicle turn-in rate was at its highest, to a high per-vehicle repair cost of $51,395 when vehicle turn-in rate was at its lowest.

AISS consistently failed to meet ANA A-TEMP contract requirements, contributing to its failure to meet program objectives. While AISS established the contractually required number of EMSs and advisor-mentor teams (AMT), it did not always resource the EMSs and AMTs at the levels required by the contract. This resulted in not only the issuance of 113 corrective-action requests, but also the issuance of a cure notice in June 2011, and a letter of concern in October 2012. Following the discontinuation of quality-assurance representative on-site inspections in June 2013, it is impossible for SIGAR to determine if AISS met and maintained contract-performance requirements; however, numerous DOD analyses of the ANA and its capabilities show that the program objectives of the ANA A-TEMP contract have not been met.

Finally, SIGAR found that capacity-building issues endemic to the ANA have contributed to the failure to create an organic Afghan vehicle-maintenance capacity. While AISS used AMTs to train the ANA on vehicle maintenance, challenges such as a low literacy rate in the ANA, poor training attendance, low retention of trained ANA personnel, and a limited pool of ANA managers who possess the skills necessary to manage the supply chain and maintenance shops hindered AISS's efforts. These challenges contributed to the assessment made by DOD that considerable shortfalls continue to exist in the ANA's ability to conduct maintenance and manage the supply chain of its equipment, leading to a significant drop in ANA vehicle operational readiness after the closure of many of AISS's EMS and AMTs. Furthermore, DOD plans to award an additional five-year contract focusing on efforts to develop an organic Afghan vehicle-maintenance capacity within both the ANA and Afghan National Police. DOD's initial cost estimates for the follow-on contract exceed $1 billion. In response to a draft of this report, DOD noted that it has undertaken numerous efforts to address the contract administration and oversight issues relating to the ANA A-TEMP contract identified by the draft.

To ensure that any follow-on ANA A-TEMP contract does not repeat the mistakes of the current contract and addresses those conditions that prevented achievement of the original contract goals, SIGAR recommends that the Secretary of Defense, before issuing a new contract:

1. Perform a review of the oversight and execution of the current ANA A-TEMP contract to determine lessons learned and best practices.
2. Ensure that the contract appropriately addresses those conditions that hindered AISS's implementation of contract requirements. Specifically, the contract should establish:
   a. Contract objectives that adequately consider the challenges the Afghans face in managing a vehicle-maintenance program, and

that define expectations for contractor participation in vehicle maintenance and capacity building.

b. Metrics to monitor and assess contractor performance, including specific instructions on how and when the contractor is to measure and report progress.

Financial Audits

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

This quarter, SIGAR completed six financial audits of U.S.-funded contracts, grants, and cooperative agreements to rebuild Afghanistan.

SIGAR announced it will initiate six new financial audits. One will examine efforts to produce Afghan-adapted *Sesame Street* programs in Dari and Pashto, another two will look at interim contractor-training and logistics support for the Afghan National Army's Mobile Strike Force Vehicle Program, another will discuss a surge buy of Afghan Air Force spare parts in support of the ANDSF, another will examine contractor logistics support for the Afghan National Army Special Operations Forces' PC-12 fixed-wing aircraft, and a final audit will analyze contractor logistics support for the Afghan Air Force's C-130H aircraft. These new audits bring the total number of ongoing financial audits to 24 with nearly $3.8 billion in auditable costs, as shown in Table 2.1.

TABLE 2.1

SIGAR'S FINANCIAL AUDIT COVERAGE ($ BILLIONS)	
77 Completed Audits	$4.6
24 Ongoing Audits	3.8
Total	**$8.4**

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

Source: SIGAR Audits and Inspections Directorate.

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

SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on questioned amounts identified in the report's audit findings. Since the program's inception, SIGAR's financial audits have identified over $292.3 million in questioned costs and $292,182 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. As of July 30, 2016, funding agencies had reached a management decision on 51 completed financial audits and over $16.8 million in questioned amounts are subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, agency-management decisions remain to be made for several of SIGAR's

issued financial audits. SIGAR's financial audits have also identified and communicated 271 compliance findings and 301 internal-control findings to the auditees and funding agencies.

SIGAR's financial audits have four specific objectives:

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

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

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

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

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

Financial Audits Published

This quarter, SIGAR completed six financial audits of U.S.-funded contracts and cooperative agreements to rebuild Afghanistan. These financial audits identified $9,232,696 in questioned costs as a result of internal control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included exceeding the approved budget without prior agency approval, failure to adhere to policies on payroll records, failure to adhere to federal regulations related to government-owned equipment and travel expenses, failure to properly monitor subcontractors, inadequate oversight of overtime and timekeeping policies, and inadequate documentation for invoices and nonpayroll costs.

COMPLETED FINANCIAL AUDITS

- Financial Audit 16-36-FA: Construction of the Afghan Defense University
- Financial Audit 16-41-FA: Afghan National Police Construction Project
- Financial Audit 16-42-FA: Construction of Facilities for the 1st Special Forces, 1st Commando Brigade, and Transient Kandak
- Financial Audit 16-43-FA: Construction of the 4th Special Forces Kandak Facilities and Renovation of the 2nd Commando Brigade Headquarters
- Financial Audit 16-44-FA: USAID's Afghanistan Electoral Reform and Civic Advocacy Program
- Financial Audit 16-45-FA: Construction of the Afghan District Headquarters Uniform Police Stations in Helmand Province

Financial Audit 16-36-FA: Construction of the Afghan Defense University

Audit of Costs Incurred by Amec Foster Wheeler Environment & Infrastructure Inc.

On September 11, 2008, the Air Force Center for Engineering and the Environment—reorganized in 2012 as the Air Force Civil Engineer Center (AFCEC)—awarded a 33-month, $70.2 million task order to AMEC Earth & Environment Inc., which was renamed Amec Foster Wheeler Environment

& Infrastructure Inc. (AmecFW) in 2015. The project was intended to plan and construct the Afghan Defense University in Qarghah, Kabul Province, Afghanistan. After 18 modifications, the total cost of the task order was increased to $94,672,773, and the period of performance was extended to February 26, 2013. SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed $94,637,719 in expenditures charged to the task order from September 11, 2008, through February 26, 2013.

Crowe identified four significant deficiencies in AmecFW's internal controls and four instances of noncompliance with the terms and conditions of the task order. Specifically, Crowe found that AmecFW could not provide sufficient documentation to support $25,067 in inventory, including receipts and property management records. Additionally, AmecFW improperly charged the government for $410 of general-purpose office equipment. When applicable, general and administrative overhead is added to these questioned amounts, and the total questioned amount equals $27,621 (see table below). Finally, AmecFW did not complete required performance evaluations for subcontractors and did not comply with federal requirements to pay four subcontractor invoices within seven days.

As a result of these internal control weaknesses and instances of noncompliance, Crowe identified $27,621 in questioned costs, consisting of $27,176 in unsupported costs and $445 in ineligible costs.

Unsupported costs: costs not supported with adequate documentation or that did not have required prior approval.

Ineligible costs: costs prohibited by the award, applicable laws, or regulations.

In addition, Crowe determined that AmecFW invoiced and received payment for a portion of the fixed fee prior to performing work under the task order, resulting in a $593 loss in interest to the U.S. government. Crowe identified two prior audit reports that were pertinent to AmecFW's activities under the construction project and could have a material impact on the Special Purpose Financial Statement. Crowe followed up on three findings in these reports that were related to the scope of this audit. After reviewing and assessing documentation, Crowe determined that AmecFW had taken adequate corrective actions to address these findings.

Crowe issued an unmodified opinion on AmecFW's Special Purpose Financial Statement, noting that it presents fairly, in all material aspects, revenues received, costs incurred, and the balance for the indicated period audited.

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at AFCEC:

- Determine the allowability of and recover, as appropriate, $27,621 in questioned costs identified in the report.
- Collect $593 in interest from AmecFW.
- Advise AmecFW to address the report's four internal control findings.
- Advise AmecFW to address the report's four noncompliance findings.

Financial Audit 16-41-FA: Afghan National Police Construction Project

Audit of Costs Incurred by Gilbane Company Inc.

On January 10, 2011, the 772nd Enterprise Sourcing Squadron, in support of the Air Force Center for Engineering and the Environment—reorganized in 2012 as the Air Force Civil Engineer Center (AFCEC)—awarded a 19-month, $20.4 million task order to Innovative Technical Solutions Inc. (ITSI). In 2010, Gilbane Company Inc. (Gilbane) acquired ITSI. The purpose of the task order was to design and construct headquarters facilities for two Afghan National Police units in Marjah and Lashkar Gah, Helmand Province, Afghanistan. After 13 modifications, the total cost of the task order increased to $44,070,650, and the period of performance was extended to May 9, 2014. SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed $43,370,891 in expenditures charged to the task order from January 10, 2011, through May 9, 2014.

Crowe identified one material weakness and seven significant deficiencies in Gilbane's internal controls, and seven instances of noncompliance with the terms and conditions of the task order. Crowe noted in its audit report that when internal control and compliance findings pertained to the same matter, the auditors consolidated them into a single finding. Specifically, Crowe found that Gilbane did not maintain adequate systems or records to provide expenses reported in the SPFS by contract line item number. Further, Gilbane could not provide adequate supporting documentation for purchased labor, equipment costs, and inventory. Crowe also noted that Gilbane charged AFCEC for costs incurred outside the task order's period of performance.

As a result of these internal control deficiencies and instances of noncompliance, Crowe identified $6,658,399 in total questioned costs, consisting of $6,344,938 in ineligible costs and $313,461 in unsupported costs.

Crowe reviewed a prior Defense Contract Audit Agency report applicable to the scope of this audit (see Defense Contract Audit Agency, Independent Audit Report on Gilbane Federal's (formerly Innovative Technical Solutions Inc.) Direct Costs Under Contract No. FA8903-06-D-8513, Task Orders 0030 and 0049, Audit Report No. 04281-2014I10180001 (Revised), March 25, 2015). Crowe identified three prior audit findings and determined that Gilbane had properly addressed two of the findings. The third finding related to unreasonable subcontract and material costs. Crowe found similar matters in this audit.

Crowe issued a disclaimer of opinion on the SPFS due to Crowe being unable to obtain sufficient and appropriate audit evidence to determine if costs incurred under the award, as reported on the SPFS, were materially accurate. Further, Crowe noted that Gilbane management was unable to support the amounts presented on the SPFS. Based on the results of the audit, SIGAR recommends that the responsible contracting officer at AFCEC:

1. Determine the allowability of and recover, as appropriate, $6,658,399 in questioned costs identified in the report.
2. Advise Gilbane to address the report's eight internal-control findings.
3. Advise Gilbane to address the report's seven noncompliance findings.

Financial Audit 16-42-FA: Construction of Facilities for the 1st Special Forces, 1st Commando Brigade, and Transient Kandak

Audit of Costs Incurred by the Gilbane Company Inc.

On March 15, 2011, the 772nd Enterprise Sourcing Squadron, in support of the Air Force Center for Engineering and the Environment—reorganized in 2012 as the Air Force Civil Engineer Center—awarded a 20-month, $25,716,166 task order to Innovative Technical Solutions Inc. (ITSI). In 2010, Gilbane Company Inc. (Gilbane) acquired ITSI. The purpose of the task order was to support the construction of facilities for the Afghan National Army's 1st Special Forces, 1st Commando Brigade, and Transient Kandak in Gardez, Afghanistan. A kandak consists of approximately 800 soldiers and is equivalent to a U.S. Army battalion. After 18 modifications, the total cost of the task order increased to $31,588,250, and the period of performance was extended to July 8, 2014. SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed $31,529,663 in expenditures charged to the task order from March 15, 2011, through July 8, 2014.

Crowe identified one material weakness and six significant deficiencies in Gilbane's internal controls, and six instances of noncompliance with the terms and conditions of the task order. Specifically, Crowe found that Gilbane could not provide supporting documentation for subcontractor and professional-service costs. Crowe noted weaknesses in Gilbane's internal controls over its procurement processes and review of allowable costs. Further, Crowe identified deficiencies and noncompliance related to the improper allocation of payroll and business taxes, a lack of control over the budgeting and billing process, and the procurement of unallowable equipment. Moreover, Gilbane did not maintain adequate documentation for multiple contract-line-items numbers, which encompassed, but were not limited to, equipment, subcontractor costs, labor payments, and rebilled costs.

As a result of these internal control weaknesses and instances of noncompliance, Crowe identified $1,321,242 in total questioned costs, consisting of $428,126 in ineligible costs and $893,116 in unsupported costs.

Crowe reviewed a prior Defense Contract Audit Agency report applicable to the scope of this audit (see Defense Contract Audit Agency, Independent Audit Report on Gilbane Federal's (formerly Innovative Technical Solutions Inc.) Direct Costs Under Contract No. FA8903-06-D- 8513, Task Orders 0030 and 0049, Audit Report No. 04281-2014I10180001 (Revised), March 25, 2015). Crowe identified three prior findings that were material to this audit's SPFS and determined that Gilbane had properly addressed one of the findings. The two other findings concerned unreasonable costs, procurement

procedures, and subcontract costs. Crowe identified similar issues in this audit.

Crowe issued a disclaimer of opinion on Gilbane's SPFS because Crowe was unable to verify the data presented in the SPFS. Gilbane could not provide supporting documentation for the SPFS and provided several versions of the SPFS throughout the audit that had material differences from previous versions. Crowe also noted Gilbane's weaknesses in internal controls concerning its procurement processes and review of allowable costs.

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at the Air Force Civil Engineer Center:

1. Determine the allowability of and recover, as appropriate, $1,321,242 in questioned costs identified in the report.
2. Advise Gilbane to address the report's seven internal control findings.
3. Advise Gilbane to address the report's six noncompliance findings.

Financial Audit 16-43-FA: Construction of the 4th Special Forces Kandak Facilities and Renovation of the 2nd Commando Brigade Headquarters

Audit of Costs Incurred by PRI/DJI, A Construction JV

On April 18, 2011, the 772nd Enterprise Sourcing Squadron, in support of the Air Force Center for Engineering and the Environment—reorganized in 2012 as the Air Force Civil Engineer Center (AFCEC)—awarded an 18-month, $15.6 million cost-plus-fixed-fee task order to PRI/DJI, A Construction JV (PRI/DJI). The joint venture comprises Project Resources Inc. and Del-Jen Inc. The purpose of the task order was to design and construct facilities for the Afghan National Army's 4th Special Forces Kandak, and renovate existing facilities for the 2nd Commando Brigade Headquarters, both located at Shindand Airfield in Herat Province, Afghanistan. Through seven modifications to the task order, the period of performance was extended to September 14, 2013, and the total award amount increased to $28.1 million. SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed $28,179,391 in expenditures charged to the task order from April 18, 2011, through September 14, 2013.

Crowe identified three material weaknesses and two significant deficiencies in PRI/DJI's internal controls, and five instances of noncompliance with the terms of the task order. Specifically, Crowe found that neither PRI/DJI nor its subcontractor, Tetra Tech EC Inc. (TtEC), could provide sufficient documentation to support the receipt, disposition, or transfer of $6,177 in equipment and property used during the project. Additionally, Crowe noted that PRI/DJI and TtEC could not provide supporting documentation for $53,800 in subcontractor costs. Also, TtEC did not provide adequate support for competitive procurement processes for four vendors/subcontractors, resulting in $14,116 of potential overpayments for services. Finally, Crowe

found that PRI/DJI incorrectly calculated its fixed-fee amount. However, this mathematical error did not prompt any questioned costs.

As a result of these internal control weaknesses and instances of noncompliance, Crowe identified $74,093 in unsupported costs. Crowe identified no ineligible costs.

PRI processed payments to its subcontractors beyond the seven-day FAR requirement, thus PRI/DJI effectively received an advance from the U.S. government, resulting in $1,427 in interest due to the U.S. government. Crowe did not identify any prior audit reports or other assessments that pertained to PRI/DJI's activities under the construction project.

Crowe issued a qualified opinion on PRI/DJI's Special Purpose Financial Statement because PRI/DJI and TtEC did not maintain adequate records for property acquired during the task order. As a result, Crowe was unable to obtain sufficient appropriate audit evidence to conclude that the value of property presented in the statement was accurate and complete.

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at AFCEC:

1. Determine the allowability of and recover, as appropriate, $74,093 in questioned costs identified in the report.
2. Collect $1,427 in interest from PRI/DJI.
3. Advise PRI/DJI to address the report's five internal-control findings.
4. Advise PRI/DJI to address the report's five noncompliance findings.

Financial Audit 16-44-FA: USAID's Afghanistan Electoral Reform and Civic Advocacy Program

Audit of Costs Incurred by Democracy International Inc.

On July 13, 2009, USAID awarded a $5.0 million, 140-day cooperative agreement to Democracy International Inc. (Democracy International) to fund the International Election Observation Mission for the 2009 Presidential and Provincial Council Elections in Afghanistan. The program's initial goals were to conduct a preliminary assessment, election observations, and a post-election reporting. On January 24, 2012, the program was renamed the Afghanistan Electoral Reform and Civic Advocacy (AERCA) program, and the scope of the program was expanded to include strengthening Afghan organizations to advocate for electoral reform and supporting research on electoral reform. After 31 modifications, the total cost of the agreement was increased to $51.3 million, and the period of performance was extended to June 30, 2017. SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed $7,205,022 charged to the cooperative agreement from July 1, 2014, through December 31, 2015.

Crowe did not identify any material weaknesses or significant deficiencies in Democracy International's internal controls, or instances of noncompliance with the terms and conditions of the AERCA program

cooperative agreement. As a result, Crowe did not identify any questioned costs or ineligible costs.

Crowe obtained and reviewed prior audit reports related to Democracy International's implementation of the AERCA program and that could have a material impact on the Special Purpose Financial Statement. Crowe identified five prior audit findings and one additional matter from three prior audits, including SIGAR 15-84-FA, *USAID's Afghanistan Electoral Reform and Civic Advocacy Program: Audit of Costs Incurred by Democracy International Inc.*, September 2, 2015. After reviewing and assessing information on the applicable findings, Crowe concluded that Democracy International took adequate corrective actions that addressed these findings.

Crowe issued an unmodified opinion on Democracy International's Special Purpose Financial Statement, noting that it presents fairly, in all material respects, revenues received, costs incurred, and the balance for the indicated period audited. SIGAR is not making any recommendations to USAID regarding this cooperative agreement.

Financial Audit 16-45-FA: Construction of the Afghan District Headquarters Uniform Police Stations in Helmand Province

Audit of Costs Incurred by PRI/DJI, A Construction JV

On September 1, 2011, the 772nd Enterprise Sourcing Squadron, in support of the Air Force Center for Engineering and the Environment—reorganized in 2012 as the Air Force Civil Engineer Center—awarded a 21-month, $8.8 million cost-plus-fixed-fee task order to PRI/DJI, A Construction JV (PRI/DJI). The joint venture comprises Project Resources Inc. and Del-Jen Inc. The purpose of the task order was to design and construct two District Headquarters Uniform Police stations for the Afghan National Police in Marjah and Balakina in Helmand Province, Afghanistan. Construction of the Balakina police station was terminated for convenience on February 23, 2012, so only the police station in Marjah was completed. Through seven modifications to the task order, the period of performance was extended to December 20, 2013, and the total award amount increased to $14.3 million. SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed $14,318,329 in expenditures charged to the task order from September 1, 2011, through December 20, 2013.

Crowe identified three material weaknesses, three significant deficiencies, and two deficiencies in PRI/DJI's internal controls, and seven instances of noncompliance with the terms of the task order. Specifically, Crowe found that neither PRI/DJI nor its subcontractor, Tetra Tech EC Inc. (TtEC) could provide sufficient documentation to support the receipt, disposition, or transfer of property acquired under the task order. Crowe noted that PRI/DJI did not properly account for $2,184 of task order property that had been damaged or destroyed, and did not have adequate supporting

documentation related to the disposition of $65,337 in equipment. PRI/DJI and TtEC also could not provide supporting documentation for $1,076,762 in subcontractor costs. Finally, TtEC did not provide adequate support for competitive procurement processes for six subcontractors, resulting in $7,058 of potential overpayments for services.

As a result of these internal control weaknesses and instances of noncompliance, Crowe identified $1,151,341 in unsupported costs. Crowe did not identify any ineligible costs. Additionally, because PRI/DJI drew down more funds than required to meet immediate cash needs, this resulted in a $282 loss in interest to the U.S. government. Crowe did not identify any prior audit reports or other assessments that pertained to PRI/DJI's activities under the construction project.

Crowe issued a qualified opinion on PRI/DJI's Special Purpose Financial Statement because PRI/DJI and TtEC did not maintain adequate records for property acquired during the task order. As a result, Crowe was unable to obtain sufficient, appropriate evidence to conclude the value of the property presented in the statement is accurate and complete.

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at Air Force Civil Engineer Center:

1. Determine the allowability of and recover, as appropriate, $1,151,341 in questioned costs identified in the report.
2. Collect $282 in interest from PRI/DJI.
3. Advise PRI/DJI to address the report's eight internal-control findings.
4. Advise PRI/DJI to address the report's seven noncompliance findings.

INSPECTIONS

Inspection Report Published

COMPLETED INSPECTION REPORT

- Inspection Report 16-48-IP: Bagrami Industrial Park

This quarter, SIGAR published one inspection report that examined whether the construction of the Bagrami Industrial Park in Kabul Province was completed in accordance with contract requirements and construction standards.

Inspection Report 16-48-IP: Bagrami Industrial Park

Lack of Adherence to Contract Requirements Left This $5.2 Million Park Without Adequate Water Supply and Sewer Systems

On May 24, 2004, the U.S. Agency for International Development (USAID) awarded a $10 million contract to Technologists Inc. (TI), a U.S. company, for the development of three industrial parks in Afghanistan: Bagrami Industrial Park in Kabul Province, Gorimar Industrial Park in Balkh Province, and Shorandam Industrial Park in Kandahar Province. These industrial parks were being built to promote economic growth and to create employment opportunities for the local population. After 11 modifications, the contract's value increased to $21.1 million.

TI's contract called for it to oversee the solicitation and bids for the design and construction of the three industrial parks. However, the third contract modification added a requirement for TI to build the infrastructure for the parks, rather than just oversee the solicitations and bids. The infrastructure at the parks included (1) a power plant and electrical distribution system, (2) a water supply system, (3) a sewer system, (4) paved roads, (5) a communications system, and (6) flood channels.

SIGAR reported on its inspections of Gorimar Industrial Park and Shorandam Industrial Park in January and April 2015, respectively. This inspection focuses on Bagrami Industrial Park, which sits on 22 acres of government-owned land and is located about 7.5 kilometers east of Kabul on the road to Bagrami Village. Bagrami Industrial Park was designed as a secure location with 34 sites for Afghan entrepreneurs to establish businesses. The park cost $5.2 million and opened in October 2005. As a result of some missing documents, including the record of final payment, USAID could not tell SIGAR when the park was completed or when it was transferred to the Afghanistan Investment Support Agency (AISA), the Afghan government agency responsible for managing all industrial parks in Afghanistan.

The objectives this inspection of Bagrami Industrial Park were to determine whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the industrial park was being used.

More than 10 years have passed since Bagrami Industrial Park opened as a secure site for Afghans to establish businesses. Although the contractor, TI, properly constructed some of the park's infrastructure components, such as the electrical distribution, water distribution, and telecommunications systems, SIGAR found that it did not construct other components, specifically the water supply and sewer systems, as the contract required. Further, although missing project documentation prevented SIGAR from assessing the extent to which USAID provided oversight of the project, it appears that the agency did not provide adequate oversight and paid TI for these systems even though they were not completed or properly constructed.

Despite the missing and deficient systems, the park flourished in 2011 and 2012, employing 2,200 people or almost three-fourths of its 3,000 employee goal. However, at the time of SIGAR's July 2015 site inspection, the number of employees had decreased to about 700 among the 27 out of 32 possible businesses operating in the park. During a follow-up site inspection in June 2016, nearly a year later, 27 businesses were still operating, but the number of Afghans employed had decreased to about 500 workers.

Afghan women trainees at the Bagrami Industrial Park's garment factory on July 15, 2015. (SIGAR photo)

NEW INSPECTIONS

- Inspection of Renovations and Construction at the Kabul Military Training Center
- Inspection of the Northeast Power System Project

New Inspections Announced This Quarter

This quarter SIGAR announced two new inspections. One will examine the renovations and construction work done at the Kabul Military Training Center. The other is an inspection of the Northeast Power System project.

Inspection of Renovations and Construction at the Kabul Military Training Center

On July 18, 2013, the U.S. Army Corps of Engineers (USACE) awarded a $17.6 million firm-fixed-price contract—number W5J9JE-13-C-0034—to Mega Tech Construction Services for building renovations as well as the design and construction of new permanent facilities for the Afghan National Army located throughout the Kabul Military Training Center (KMTC), located in Dih Sabz district, Kabul Province. The project includes renovations to existing facilities and the design, material, labor, and equipment needed to construct new buildings, parking areas, paving, utility tie-ins, and other infrastructure for approximately 800 personnel. Since July 2013, the contract has been modified several times.

In 2011, SIGAR reported on the Combined Security Transition Command-Afghanistan's $140 million project to support the construction of facilities at KMTC. SIGAR found that the costs for the project increased by $12.5 million and that construction was nearly two years late. Further, while it was not possible to determine all reasons for cost increases or schedule delays due to incomplete or contradictory documentation regarding contract modifications, SIGAR found that poor contractor performance and inaccurate site information were contributing factors. SIGAR recommended that project planning be more detailed, that contract and task order files contain complete and consistent information regarding modifications, and that repair costs related to poor contract performance be reimbursed by the contractor.

SIGAR plans to inspect select KMTC facilities renovated or constructed under the July 2013 contract. Specifically, SIGAR plans to assess whether (1) the renovations and construction were completed in accordance with contract requirements and applicable construction standards, and (2) the facilities are being used and maintained.

Inspection of the Northeast Power System Project

On September 27, 2013, the U.S. Army Corps of Engineers (USACE) awarded a $112.8 firm-fixed-price contract—number W912ER-13-C-0034—to Zwakman Nabizai Construction Company to construct facilities for the Northeast Power System (NEPS). NEPS is the largest power-transmission network in Afghanistan and extends from Mazar-e Sharif and Kunduz in the northern provinces of Balkh and Kunduz, respectively, south to Kabul Province. Once completed, NEPS will include 55 kilometers of electrical transmission line from Pul-e Alam in Logar Province to Gardez in Paktiya

Province, and a power substation at Gardez for future connection. Since September 2013, the contract has been modified several times; the cost is now approximately $117.1 million.

In July 2012, SIGAR reported on challenges in implementing programs under the Afghanistan Infrastructure Fund (AIF), including NEPS, to build infrastructure aimed at providing power to critical areas. SIGAR conducted this audit early in the life of the AIF program to identify opportunities for improvement prior to the impending drawdown of U.S. troops and transfer of security responsibility to the Afghan government at the end of 2014.

SIGAR found that acquisition and funding delays postponed the project-execution schedules for power-sector projects between six and 15 months. The inspection also found that the DOD and State did not ensure the sustainability of these projects. For example, although these agencies produced project-sustainment plans, these plans did not define sustainment costs, and this cost information was not conveyed to the Afghan government. SIGAR recommended, among other things, that roles and responsibilities for lead and secondary agencies be better defined, that systems be developed to monitor project implementation, and that lead agencies develop comprehensive sustainment plans for projects.

SIGAR plans to inspect NEPS facilities and infrastructure to assess whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the facilities are being used and maintained.

Status of SIGAR Recommendations

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed nine recommendations contained in five audit and inspection reports. One of the reports contained recommendations that resulted in the recovery of $133,285 in ineligible or unsupported contract costs paid by the U.S. government.

From 2009 through June 2016, SIGAR published 220 audits, alert letters, and inspection reports and made 661 recommendations to recover funds, improve agency oversight, and increase program effectiveness. SIGAR has closed over 82% of these recommendations. Closing a recommendation generally indicates SIGAR's assessment that the audited agency has either implemented the recommendation or otherwise appropriately addressed the issue. In some cases, a closed recommendation will be the subject of follow-up audit work.

The Inspector General Act of 1978, as amended, also requires SIGAR to report on any significant recommendations from prior reports on which corrective action has not been completed. In this quarter, SIGAR continued to monitor agency actions on recommendations in 40 audit and five inspection reports. In this quarter, there were no recommendations over 12 months old

where the agency had yet to produce a corrective-action plan that SIGAR believes would resolve the identified problem or otherwise respond to the recommendations. However, there are 37 audit reports over 12 months old where SIGAR is waiting for the respective agencies to complete their agreed-upon corrective actions.

COMPLETED SPECIAL PROJECTS

- Inquiry Letter 16-33-SP: USAID Support to Develop and Implement the Afghan Railway
- Inquiry Letter 16-34-SP: Department of State Support to Develop and Implement the Afghan Railway
- Inquiry Letter 16-35-SP: DOD Support to Develop and Implement the Afghan Railway
- Inquiry Letter 16-37-SP: Department of Labor Reconstruction Spending
- Alert Letter 16-38-SP: Structural Damage at Educational Facility in Herat Province
- Inquiry Letter 16-39-SP: Department of Transportation Support to Develop and Implement the Afghan Railway
- Review 16-40-SP: USAID-Supported Health Facilities in Badakhshan Province

SPECIAL PROJECTS

SIGAR's Office of Special Projects was created to examine emerging issues and deliver prompt, actionable reports to federal agencies and the Congress. The team conducts a variety of assessments, producing reports on all facets of Afghanistan reconstruction. The directorate is made up of auditors, analysts, investigators, lawyers, subject-matter experts, and other specialists who can quickly and jointly apply their expertise to emerging problems and questions.

This quarter SIGAR's Office of Special Projects produced seven products addressing a range of issues, including: one alert letter on structural damage at a USAID-funded educational facility in the Kushk district of Herat Province; four inquiry letters to DOD, USAID, State, and the Department of Transportation (DOT) about their efforts in developing and implementing the rail infrastructure in Afghanistan; a fact sheet on U.S. Department of Labor (Labor) reconstruction spending in Afghanistan; and conducted a review of USAID-supported health facilities in Badakhshan Province.

Inquiry Letter 16-33-SP: USAID Support to Develop and Implement the Afghan Railway

On May 5, 2016, SIGAR sent an inquiry letter to the USAID Mission Director for Afghanistan requesting information regarding U.S. support for the development, construction, operation, or promotion of rail infrastructure in Afghanistan.

The Afghan government's July 2013 Afghanistan National Railway Plan (ANRP) highlights the important role that an expanded national railway could play in reducing Afghanistan's dependence on foreign assistance. The ANRP is an Afghan government document that was developed in coordination with representatives from multiple U.S. government agencies. The plan notes that much attention is focused on expanding the national railway as a means to haul significant tonnages of commodities and resources from mines to markets. The ANRP also suggests that, without an expanded national railway, some of Afghanistan's largest mineral deposits would not be economically viable for private-sector investment. Additionally, a SIGAR audit also noted the importance of rail infrastructure to the development of the Afghan mining sector. As stated in SIGAR's audit, Afghanistan's lack of rail networks is a key factor contributing to slow extractive industry development. The report also found

that Afghanistan's rail network is almost nonexistent and the few railroad lines that do exist use gauges (track spacings) that are incompatible with each other.

In a letter dated May 17, 2016, the USAID Mission Director for Afghanistan responded that the U.S. Government's participation in this sector was led by the Department of Transportation (DOT). Given USAID's statement concerning DOT's leadership on this important Afghan industry, SIGAR requested information regarding DOT's efforts to support the development of the Afghan railway sector.

Inquiry Letter 16-34-SP: Department of State Support to Develop and Implement the Afghan Railway

On May 5, 2016, SIGAR sent an inquiry letter to U.S. Ambassador to Afghanistan Michael McKinley requesting information regarding U.S. support for the development, construction, operation, or promotion of rail infrastructure in Afghanistan.

In a letter dated June 14, 2016, the Deputy Special Representative for Afghanistan and Pakistan responded that the State Department searched their files and found no record of State assistance in support of the Afghan National Railway or promotion of rail infrastructure in Afghanistan since 2010.

Inquiry Letter 16-35-SP: DOD Support to Develop and Implement the Afghan Railway

On May 5, 2016, SIGAR sent an inquiry letter to Secretary of Defense Ashton Carter requesting information regarding U.S. support for the development, construction, operation, or promotion of rail infrastructure in Afghanistan.

In a letter dated June 21, 2016, the Acting Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia stated that SIGAR was correct that the ANRP was developed with the assistance of the U.S. Central Command (USCENTCOM), which helped develop the ANRP at the request of the Department of State in support of its New Silk Road Initiative. After an initial review of their records, DOD found no other additional railway-sector projects in Afghanistan. The Deputy Assistant Secretary added that developing Afghanistan's railway sector is not within the scope of DOD's current missions and that the Department therefore has no plans to provide additional railway-sector assistance to the Afghan government at this time.

Fact Sheet 16-37-SP: Department of Labor Reconstruction Spending

On May 9, 2016, SIGAR sent a fact sheet to several congressional committees regarding the Department of Labor's (Labor) reconstruction spending

in Afghanistan from 2002–2015. As of December 31, 2015, the United States had appropriated approximately $113 billion since FY 2002 for relief and reconstruction in Afghanistan. SIGAR has reported that $96 billion of that amount has been appropriated for reconstruction funds managed by DOD, the State, and the USAID, and $17 billion was distributed to multiple other U.S.-government entities for reconstruction projects in Afghanistan. The fact sheet summarizes the funds appropriated to Labor that were used for projects or programs supporting Afghanistan reconstruction. After analyzing the information provided by Labor, SIGAR determined that it obligated $11.05 million for reconstruction assistance between September 2002 and November 2015.

Labor obligated these funds to support a variety of efforts, including projects to provide vocational training, protect workers' rights through capacity building with the Afghan government, and remove child soldiers from the battlefield and reintegrate them into civil society. SIGAR had not previously reported on Labor's use of its appropriated funds for Afghanistan reconstruction.

Labor worked with implementing partners and awarded six cooperative agreements worth a total of $10.45 million and one task order under a blanket purchase agreement worth $600,000 to carry out its reconstruction efforts in Afghanistan. The seven awards were given to seven different implementing partners conducting work in Afghanistan. The leading recipient was the International Rescue Committee (IRC), which received $3.4 million to provide skills and vocational training to vulnerable Afghans to improve their social and economic conditions. UNICEF received the second-largest award, $3 million to remove child soldiers from the battlefield and provide them with reintegration support services such as education in literacy and life skills. Labor awarded the for-profit corporation ICF International with a $600,000 task order under a blanket purchase agreement to collect and analyze data regarding child labor and raise awareness of the issue. The remaining four organizations received $4.05 million in awards that ranged from $300,000 to $2 million for activities that included training Afghan women to produce school uniforms for Afghan girls; assisting the Ministry of Labor, Social Affairs, Martyrs, and Disabled to improve protection of workers' rights; and reforming labor laws and regulations.

Of the total awards between September 2002 and November 2015, six of the seven projects have been completed.

Alert Letter 16-38-SP: Structural Damage at Educational Facility in Herat Province

On May 19, 2016, SIGAR alerted USAID Administrator Gayle E. Smith that an educational facility USAID refurbished in the Kushk district of Herat Province appears to have serious electrical issues and structural damage that could endanger students, teachers, and other occupants. While the

site inspection on November 26, 2015, focused on assessing the overall operating conditions at the facility, inspectors also completed a basic safety review of the structural integrity of classroom buildings at facility S145A that included the collection of photographic documentation. Following the site visit, SIGAR engineers examined photographs of facility S145A and found damage that is both substantial and potentially life-threatening. They identified several structural deficiencies including deteriorating and failing roofs, cracked and crumbling walls, improper installation of masonry, and serious electrical hazards.

Structural failures observed in photos taken at the facility indicate that the roofing and walls at educational facility S145A cannot withstand heavy loads, such as snowfall, heavy rains, and other natural events. It appears that the continued lack of proper maintenance paired with improper construction methods likely caused these deficiencies. Continued roof and wall deterioration could endanger students and staff.

In 2006, the Afghan Ministry of Education (MOE) provided standard designs for schools including details for foundation stability, durability, and structural construction requirements. Although USAID renovated S145A before the ministry standards were put in place, SIGAR found that plans used in its construction do not meet current MOE standards, and is concerned with the quality of the renovation funded by USAID and the extent to which the agency ensured that International Organization for Migration adhered to acceptable construction standards.

SIGAR urged USAID to contact partners at MOE regarding the damage at facility S145A so that corrective actions and repairs may occur. USAID told SIGAR that it will make the MOE aware of the issues raised in this alert letter.

Inquiry Letter 16-39-SP: Department of Transportation Support to Develop and Implement the Afghan Railway

On June 27, 2016, SIGAR sent an inquiry letter to Secretary of Transportation Anthony Foxx to address USAID's response to SIGAR's May 5, 2016, inquiry letter regarding U.S. support for the development, construction, operation, or promotion of rail infrastructure in Afghanistan. In response to that request, USAID stated that the U.S. participation in this sector was led by the Department of Transportation (DOT). Given USAID's statement concerning DOT's leadership on this important Afghan industry, SIGAR requested information regarding DOT's efforts to support the development of the Afghan railway sector.

In a letter dated July 12, 2016, the Deputy Assistant Secretary for Aviation and International Affairs responded that DOT maintained a small technical team of 10 advisors in Afghanistan from 2011 to 2013 focusing on highway, rail, aviation, and urban transportation. These advisors helped draft the Afghanistan National Railway Plan (ANRP) and provided other

expert advice related to the development of transportation safety standards, good governance of Afghanistan's railway system, and operations, planning, and organizational structure for improved function. The Deputy Assistant Secretary added that DOT did not have funding for contracts, projects, or programs beyond these advisory services, and they did not directly fund programs that specifically addressed the challenges to railway development as outlined in the ANRP. DOT's engagement in Afghanistan ended in 2013, and they do not have plans to implement programs or projects to address the challenges and issues raised in the ANRP.

Review 16-40-SP: USAID-Supported Health Facilities in Badakhshan Province

On June 30, 2016, SIGAR sent a letter to USAID Administrator Gayle E. Smith to detail SIGAR's review of site inspections conducted by SIGAR to verify the locations and operating conditions at 29 public-health facilities in Badakhshan Province. This was the third in a series of health-facility reviews SIGAR is conducting in provinces throughout Afghanistan. These facilities in Badakhshan are supported by USAID through the World Bank-administered Afghanistan Reconstruction Trust Fund (ARTF). Previously, the Ministry of Public Health (MOPH) received funds through direct bilateral assistance from USAID to fund operations at these facilities.

All of the 29 facilities SIGAR inspected were supported by USAID's $259.6 million Partnership Contracts for Health (PCH) program from July 2008 through June 2015. The PCH program provided funding to support the operations of approximately 600 health facilities in 13 Afghan provinces, including 79 in Badakhshan Province. A key component of the PCH program in Badakhshan was the use of detailed geospatial location information—in the form of global positioning system (GPS) coordinates—to ensure health facilities were in the appropriate locations and provided the local population with needed health services. Of the 79 facilities in Badakhshan, SIGAR conducted site inspections at 29, failed to locate one, and was prohibited from inspecting the 49 remaining facilities due to security conditions in Badakhshan.

SIGAR found substantial inaccuracies in the geospatial coordinates USAID previously provided for many of these 29 health facilities, 12 of which were more than 10 kilometers from the actual facility location. While all 29 facilities appeared to be open and operational, it was observed that not all facilities had access to electricity and drinking water, and most had basic structural concerns.

SIGAR encouraged USAID to work with the MOPH and the World Bank to confirm and update the coordinates for the 29 clinics inspected, particularly those facilities that were more than 10 kilometers away from the coordinates provided by USAID. SIGAR also encouraged USAID to urge the World Bank and the MOPH monitoring teams and implementing partners

to use cameras that are capable of producing photos with embedded geospatial data and to conduct more robust site inspections that include descriptions of facility condition and operations. USAID's commitment to requesting and maintaining this information will help ensure that its funding to improve the health of specific populations is reaching the intended communities. USAID says it has informed the MOPH and World Bank about the issues raised in this letter.

LESSONS LEARNED

SIGAR created the Lessons Learned Program (LLP) to identify comprehensive lessons from Afghanistan-reconstruction efforts from 2001 to the present. The LLP currently has six projects in development: interagency strategy and planning, coordination of international donor aid, U.S. perceptions of and responses to corruption, counternarcotics, private-sector development and economic growth, and security-sector reconstruction.

This quarter the LLP announced a project that will review the U.S. stabilization strategy in Afghanistan and its associated military and civilian-stabilization programs.

NEW LESSONS LEARNED PROJECT ANNOUNCED

- SIGAR-LL-07 Stabilization

Stabilization

Since 2001, the U.S. government has sought to deny transnational terrorist networks the ability to use Afghanistan as a safe haven for planning and launching global attacks. The United States has directed tremendous resources toward stabilizing Afghanistan through programs that were meant to improve security and governance from the bottom up—at the district and even village level—thus helping to expel the insurgents, protect the population, and build credible and legitimate institutions at the subnational level.

Stabilization was at the center of U.S.-security and development policy in Afghanistan and is still integral to how the U.S. government fights asymmetric wars and supports governments mired in conflict around the world; yet there has been no rigorous, interagency, and holistic examination of stabilization's multi-billion dollar execution, much less its impact on future programming.

This project will examine U.S. reconstruction efforts from 2001 to 2014 that were meant to stabilize Afghanistan. More specifically, it will (1) define stabilization as a strategy and policy, specifically addressing how it was conceived, by whom, and how it fit into other U.S. and coalition policies and strategies, including counterinsurgency; (2) identify the main U.S.-sponsored programs that fell under a stabilization heading, the resources they received, and where stabilization was prioritized and by which agencies; (3) delineate the theories of change implied by stabilization policies and programs; (4) assess the degree of effectiveness of stabilization

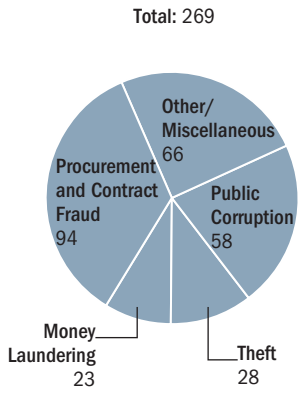
programs; and (5) distill key lessons and recommendations for U.S. policy and practice in future stabilization and reconstruction missions.

INVESTIGATIONS

During this quarter's reporting period, there was one criminal information, one indictment, one conviction, and one sentencing. Fines and restitutions totaled $10,000. SIGAR initiated 13 new investigations and closed 33, bringing the total number of ongoing investigations to 269, see Figure 2.1.

FIGURE 2.1

SIGAR INVESTIGATIONS: NUMBER OF OPEN INVESTIGATIONS, AS OF JUNE 30, 2016



Source: SIGAR Investigations Directorate, 7/13/2016.

Criminal Charges Filed Against U.S. Military Member

On May 16, 2016, a criminal information was filed in the U.S. District Court in Fairbanks, Alaska, against Sheldon J. Morgan, charging one count of conspiracy to receive bribes and defraud the United States.

From May 2010 until May 2011, Morgan, then a specialist in the U.S. Army, was deployed at Forward Operating Base (FOB) Fenty near Jalalabad, Afghanistan, which served as a hub for distribution of fuel to nearby military bases. Fuel would be brought to FOB Fenty in large fuel trucks, downloaded for storage, and then transported to other bases as needed in smaller trucks. Morgan's duties included assisting in overseeing the distribution of fuel to the bases.

According to the criminal information, a translator employed by an Afghan trucking company at FOB Fenty asked Morgan to allow him to steal fuel in exchange for money. On two occasions in December 2010, Morgan arranged for the Afghan to steal a truckload of fuel, which was accomplished by inserting an extra 5,000 gallon tanker truck onto an already scheduled mission without proper paperwork. In return, the Afghan promised Morgan $5,000 per truck. Morgan had his wife, residing in the Philippines, open an account in her name so that the Afghan could wire the money to it. Morgan and his wife used the money, totaling $10,000. The loss to the U.S. government occasioned by the conspiracy was approximately $37,300.

Prosecutions of Former U.S. Government Officials

An investigation was initiated on August 15, 2013, upon receipt of a SIGAR hotline complaint from an individual requesting confidentiality. The investigation concerned matters associated with certain contracts handled by the Non-Standard Rotary Wing Aircraft (NSRWA) Program Office at Redstone Arsenal, a component of the U.S. Army's Program Executive Office (PEO) Aviation, which was responsible for contracts involving certain "non-standard" helicopters, including the Russian-made Mi-17.

On April 25, 2016, (former) Colonel Norbert Vergez, U.S. Army, was sentenced to eight months' home confinement, five years' probation, and ordered to pay a fine of $10,000 and a special assessment of $300. Vergez's sentence resulted from his having pled guilty to two counts of false

statements and one count of conflict of interest. From 2010 to 2012, Vergez served as the project manager for NSRWA.

In three instances Vergez made false statements and used false writings in communicating with the Department of Defense Office of Inspector General (DODIG) in connection with a DODIG audit of a Mi-17 overhaul contract administered in part by NSRWA. One aspect of the audit had to do with the role NSRWA played in certain contract disputes that involved various contractors and subcontractors in the contracting chain, including a third-tier subcontractor known as Avia Baltika Aviation Ltd. (AVB). Vergez admitted in his plea agreement that on two occasions he made or caused his office to make false representations to DODIG that his office had no direct contact with AVB concerning its subcontract on the Northrop Grumman contract, when, as Vergez then knew, he and his direct subordinates at NSRWA had significant direct contacts with AVB related to its subcontract.

Vergez also admitted that on February 1, 2012, he directed a subordinate official to create and sign a document bearing the typed date Dec. 5, 2011, representing that a $3.67 million claim by AVB under the contract was reasonable. As a result of this backdating, it falsely appeared that the subordinate official had approved the $3.67 million payment before directions were given to Northrop to make that payment. That document was then provided to DODIG in response to its requests for supporting documentation surrounding this attempt to have Northrop pay AVB.

Vergez admitted that he engaged in a criminal conflict of interest by taking official acts as a government official to assist a helicopter manufacturing company in negotiating a "foreign military sale" and adjusting a contract so that the company received payment faster than originally agreed upon at a time when Vergez was negotiating future employment with that company.

Finally, Vergez admitted that he made false statements in his "Confidential Financial Disclosure Report," a government ethics form, for the year 2012, by not disclosing that his wife had received a Rolex wristwatch from the wife of a representative of AVB; that he had accepted an offer of employment with a private company; and that he had received a $30,000 check from that company.

In connection with the same investigation, on June 8, 2016, following a two-and-a-half-day trial in the United States District Court for the Northern District of Alabama, a federal jury convicted Willis Epps on one count of signing a false tax return. The evidence at trial revealed that Epps, a former contracting official for the U.S. Army Contract Command who handled contract matters for NSRWA at Redstone Arsenal, knowingly signed and filed a false income tax return for calendar year 2013, in which he failed to report $56,250 in income that he received in 2013.

The evidence at trial further revealed that after retiring from the Army as the Director of Contracts in January 2013, Epps and two other individuals were awarded a consulting contract under the business name of BioTech

from a helicopter manufacturing firm, MD Helicopters, in the amount of $250,000. The evidence revealed that Epps worked with Vergez when the two men were in the government, and at the time the consulting contract was awarded, Vergez was serving as executive vice president for Patriarch Partners, the parent company for MD Helicopters, and played a role in causing MD Helicopters to issue the consulting contract to BioTech. The evidence at trial revealed that after MD Helicopters paid BioTech, BioTech in turn paid Epps in the form of a cashier's check, and Epps thereafter failed to report that income on his 2013 return.

The investigation was jointly conducted by SIGAR, the FBI, DCIS, and the U.S. Army Criminal Investigation Command (USCID), and the Internal Revenue Service.

SIGAR Efforts Help Resolve a Subcontractor Nonpayment Dispute

In April 2016, the SIGAR hotline received a complaint from an Afghan subcontractor alleging nonpayment of $200,000 for work completed under a subcontract for repairs of the sprinkler and fire-alarm systems at the New Kabul Compound. The subcontract was executed in December of 2013, with work commencing the same month. In May 2014, all work was completed and accepted.

In July 2014, the subcontractor invoiced the prime contractor the full amount of $200,000 but after a years' time had yet to receive payment. Eventually, both parties came to an agreement whereby payment would be made in monthly installments of $50,000 from October 2015 until January 2016. Yet, after six months, not a single installment had been paid and subsequently the subcontractor submitted a complaint to the SIGAR hotline.

The hotline analyst requested all supporting documentation from the subcontractor and after assessing the information, determined the subcontractor was indeed due the total amount of $200,000. Subsequently, SIGAR contacted the prime contractor and on May 28, 2016, the subcontractor received a payment of $25,000, with the understanding there will be additional installment payments made until the $175,000 balance is fully satisfied.

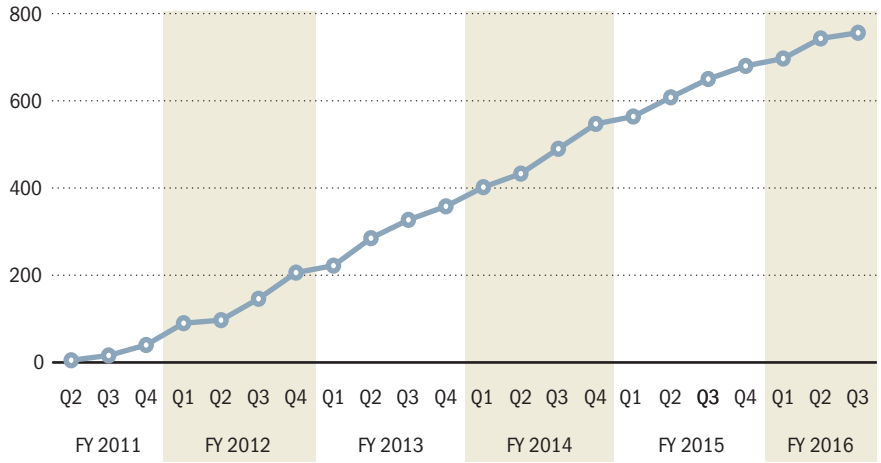
Since early 2014, SIGAR has been assisting Afghan subcontractors in recouping money owed to them by prime contractors. To date, SIGAR has been instrumental in the recovery of more than $610,000.

Suspensions and Debarments

This quarter, SIGAR's suspension and debarment program referred eight individuals and five companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 756, encompassing 401 individuals and 355 companies to date, see Figure 2.2.

FIGURE 2.2

SIGAR INVESTIGATIONS: CUMULATIVE REFERRALS FOR SUSPENSION AND DEBARMENT, Q3 FY 2011–Q3 FY 2016



Source: SIGAR Investigations Directorate, 6/30/2016.

As of the end of June 2016, the efforts of SIGAR to utilize suspension and debarment to address fraud, corruption, and poor performance in Afghanistan have resulted in a total of 132 suspensions, 441 finalized debarments, and 28 special-entity designations of individuals and companies engaged in U.S.-funded reconstruction projects. An additional 14 individuals and companies have entered into administrative compliance agreements with the government in lieu of exclusion from contracting since the initiation of the program. During the third quarter of 2016, SIGAR's referrals resulted in 23 finalized debarments of individuals and entities by agency suspension and debarment officials.

Suspensions and debarments are an important tool for ensuring that agencies award contracts only to responsible entities. SIGAR's program addresses three challenges posed by U.S. policy and the contingency contracting environment in Afghanistan: the need to act quickly, the limited U.S. jurisdiction over Afghan nationals and Afghan companies, and the vetting challenges inherent in the use of multiple tiers of subcontractors. SIGAR continues to look for ways to enhance the government's responses to these challenges through the innovative use of information resources and investigative assets both in Afghanistan and the United States.

SIGAR makes referrals for suspensions and debarments—actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct—based on completed investigations in which SIGAR participates. In most cases, SIGAR's referrals

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

SIGAR's emphasis on suspension and debarment is exemplified by the fact that of the 756 referrals for suspension and debarment that have been made by the agency to date, 729 have been made since the second quarter of 2011. During the 12-month period prior to July 1, 2016, referrals by SIGAR's suspension and debarment program resulted in the exclusion of 110 individuals and companies from contracting with the government. SIGAR's referrals over this period represent allegations of theft, fraud, poor performance, financial support to insurgents, and mismanagement as part of reconstruction contracts valued at $526,840,132.71.

Two Afghan Trucking Company Representatives Debarred for Theft of Fuel and Bribery at FOB Fenty

On April 14, 2016, as a result of an investigation conducted by SIGAR and the Army Criminal Investigative Command's Major Procurement Fraud Unit (CID), Shafiullah Mohammad Zahir, a.k.a. "Shafiullah," a.k.a. "Shafie," and Mohammad Saber were debarred by the Department of the Army based on their participation in a conspiracy to steal fuel from FOB Fenty between February 2010 and June 2011.

Evidence developed during the investigation showed that Saber, an employee of an Afghan trucking contractor, provided cash payments to military and civilian personnel assigned to the FOB Fenty fuel storage facility in exchange for the creation of fraudulent documentation which purported to authorize fuel-transportation missions. Using these fraudulent documents, Saber arranged for the transport of 125 truckloads of fuel from the FOB Fenty to locations in the vicinity of Jalalabad, where it was sold to third parties. During the four months that Saber participated in this conspiracy, his actions resulted in the theft of 625,000 gallons of fuel valued at $2,216,250.

Following the redeployment of Saber's military and civilian co-conspirators to the United States in October 2010, the Afghan trucking contractor assigned Shafiullah to work as its representative on FOB Fenty in place of Saber. Soon after assuming this position, Shafiullah attempted to provide payments to an Army officer in exchange for fraudulent documents that

would change the characterization of 55 fuel-transportation missions from no-show missions to completed missions. Shafiullah admitted to the Army officer, now acting as an informant, that the documents would be submitted to the Army in order to avoid his employer's being charged approximately $600,000 for the 275,000 gallons of missing fuel in these 55 missions, none of which had reached their assigned destinations.

As part of his efforts to obtain these fraudulent documents, Shafiullah made payments of $132,000 to a bank account set up by investigators in Florida, as well as $3,000 in gold rings and other items directly to the Army officer at FOB Fenty. Saber and Shafiullah were debarred by the Army for a period of five years, ending on December 3, 2020, a period of time that takes into account the period that they were in proposed debarment status, beginning on December 3, 2015.

The debarments of Saber and Shafiullah represent an additional action taken as a result of an extensive investigation undertaken by SIGAR and CID investigators regarding the theft of fuel from FOB Fenty and other locations by contractors during the performance of the Host Nation Trucking contract during 2010 and 2011.

Explosive Ordnance Disposal Equipment Supplier Debarred for the Payment of Kickbacks

On June 20, 2016, the Department of the Army debarred Robert W. Gannon, Robert Gillam, Simon Davies, Mondial Defence Systems Ltd., Mondial Defense Systems USA LLC, and Mondial Logistics based on the payment of kickbacks in exchange for the award of subcontracts awarded by RONCO Consulting Corporation to procure for explosive ordnance-disposal equipment for use by the Afghan National Defense and Security Forces. Specifically, as part of an investigation conducted by SIGAR, the Federal Bureau of Investigation, and the City of London Police, it was determined that Gannon, a vice president at RONCO, had received payments of approximately $190,000 from Davies, the owner of Mondial Defence Systems, and Gillam, the company's financial director, in exchange for information regarding pricing data received from other suppliers by RONCO. This information resulted in the award of three purchase orders, valued at $5,997,151, to Mondial Defence Systems by RONCO on August 4, 2009.

Based on the financial and e-mail records obtained as part of this investigation, on December 2, 2014, both Gillam and Davies were arrested by the City of London Police based on allegations that they were in violation of the United Kingdom's anticorruption laws. On September 3, 2015, a criminal complaint was filed against Gannon in the U.S. District Court for the Eastern District of Virginia charging him with one count each in violation of 41 U.S.C. § 8702, solicitation and receipt of kickbacks and 18 U.S.C. § 371, conspiracy. On November 4, 2015, Gannon entered into a plea agreement with the Department of Justice, admitting to the allegations made against him and

agreed to enter a plea of guilty. On February 4, 2016, a criminal judgement was entered against Gannon, sentencing him to confinement for 12 months and one day at the Federal Corrections Institute, Morgantown, West Virginia; a fine of $193,665; two years' supervised release; and a $100 special assessment. Gannon, Gillam, Davies, Mondial Defence Systems Ltd, Mondial Defense Systems USA LLC, and Mondial Logistics were all debarred for a period of six years, ending on February 4, 2022, a period of time that takes into account the period that they were in proposed debarment status, beginning on March 21, 2015, and the period of confinement imposed on Gannon as part of his criminal judgement.

OTHER SIGAR OVERSIGHT ACTIVITIES

Deputy Inspector General Aloise Speaks at the Audit and Fraud Roundtable

Deputy Inspector General Gene Aloise spoke at a group meeting of the Audit and Fraud Roundtable on May 23, 2016, in Copenhagen, Denmark. The Roundtable provides a forum for donor practitioners to discuss issues such as internal audit, fraud, risk management, anticorruption, due diligence, accountability, and assurance as related to development assistance and to seek areas of cooperation and coordination. Members of the group are from ministries of foreign affairs and bilateral donors of Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Netherlands, Norway, Sweden, the United Kingdom and the United States.

After summarizing SIGAR's mission, mandate, and successes, Aloise explained the five key challenges to the U.S. reconstruction effort in Afghanistan—namely, inadequate planning, poor quality assurance, questionable sustainability, corruption, and poor security. He addressed how SIGAR's work has found each of these issues to be major roadblocks for the U.S.-government agencies in better implementing, assessing, and sustaining the programs and facilities initiated as part of the Afghanistan-reconstruction effort. Failure to do so has resulted in large-scale waste of taxpayer dollars and regression on some important fronts of reconstruction progress.

In addition, Aloise discussed SIGAR's creation of its High-Risk List in 2014 (with an updated version forthcoming in 2016), a report highlighting the specific program areas and elements of the reconstruction effort in Afghanistan that are especially vulnerable to waste, fraud, and abuse. In its first version, the report focused U.S.-government agencies' failure to mitigate risks in areas under their purview where changes could still have a positive impact on the reconstruction effort. The program areas outlined for consideration by these agencies and Congress included: (1) corruption and rule of law; (2) sustainability; (3) ANDSF capacity and capabilities;

(4) on-budget support; (5) counternarcotics; (6) contract management and oversight access; and (7) strategy and planning. Aloise particularly emphasized the damaging effects of contract mismanagement.

The speech closed with Aloise laying out seven questions to guide U.S.-government officials as they assess their current programs and facilities as well as best practices for use of remaining reconstruction funds. He emphasized that a main takeaway from the U.S. government's experience in Afghanistan should be that "oversight cannot be an afterthought"; it must be a "core objective."

SIGAR BUDGET

SIGAR's annual appropriation (the Consolidated and Further Continuing Appropriations Act, 2016) provides the agency with $56.9 million through September 30, 2016. The budget supports SIGAR's oversight activities and products by funding SIGAR's (1) Audits and Inspections, (2) Investigations, (3) Management and Support, and (4) Research and Analysis directorates, as well as the Special Projects Team and the Lesson Learned Program.

SIGAR STAFF

SIGAR's staff count remained steady since the last report to Congress, with 195 employees on board at the end of the quarter; 28 were at the U.S. Embassy Kabul and two others were at Bagram Airfield. SIGAR employed five local Afghans in its Kabul office to support the Investigations and Audits directorates. In addition, SIGAR supplements its resident staff with personnel assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had seven employees on temporary duty in Afghanistan for a total of 82 days.

"Afghanistan is not a perfect place. It remains one of the poorest countries in the world. It is going to continue to take time for them to build up military capacity that we sometimes take for granted. And given the enormous challenges they face, the Afghan people will need the partnership of the world—led by the United States—for many years to come. But with our support, Afghanistan is a better place than it once was."

—President Barack Obama

Source: The White House, "Statement by the President on Afghanistan," 7/6/2016.

3 RECONSTRUCTION UPDATE

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An interviewer questions a returning Afghan refugee, in part to confirm that her return is voluntary. Hundreds of thousands of Afghans are refugees in other countries. (European Union photo by Pierre Prakash)

RECONSTRUCTION UPDATE

OVERVIEW

This quarter the United States reaffirmed its commitment to the reconstruction of Afghanistan. On June 6, 2016, President Obama granted the U.S. forces in Afghanistan new authorities to assist the conventional Afghan forces. The authorities allow the commander of the U.S. forces to use all available U.S. air and ground capabilities and enabling support to assist the Afghan forces when such action would have a "strategic effect" on battlefield outcomes. Before this expansion of authorities, U.S. forces could only accompany Afghan special forces or to attack insurgent groups that participate in hostilities or are declared hostile.

A month later President Obama, acknowledging the Afghan National Defense and Security Forces' (ANDSF) need for continued support, revised the U.S. troop withdrawal schedule so that 8,400 U.S. troops will remain in Afghanistan throughout his term. During a July 12 press briefing, Lieutenant General John W. Nicholson, commander of the U.S. and Coalition forces in Afghanistan, said about 400 additional U.S. troops will continue to support the Resolute Support train, advise, and assist mission although stationed outside Afghanistan.

President Obama pledged to recommend that his successor continue to fund the ANDSF at or near current levels through 2020; DOD is requesting $3.45 billion for 2017 for funding for the ANDSF.

For a second time in 10 months, the Taliban lost its supreme leader when Mullah Mansour was killed in a U.S. drone strike on May 21. President Obama had authorized the action after learning of "specific imminent threats" Mansour was planning against U.S. and Coalition forces in Afghanistan. Four days later, Haibatullah Akhundzada was announced as the new Taliban supreme leader.

This quarter, for the first time, USFOR-A classified the overall ANA and ANP attrition rates and the ANP pillar force strengths. USFOR-A reported the information was classified in accordance with Resolute Support classification guidance.

On June 20, 2016, the Afghan parliament confirmed Abdullah Khan Habibi as the first defense minister under the nearly two-year-old National Unity Government.

The Department of State (State) still has not issued a new or revised U.S. counternarcotics strategy for Afghanistan. In June, the United Nations Office on Drugs and Crime (UNODC) published its *World Drug Report 2016*, which still ranks Afghanistan as the largest producer of global opium: it accounts for 80% of the world's opium seizures.

On May 5, the European Union hosted its second annual conference on anticorruption. During the conference, President Ghani announced several anticorruption initiatives including: (1) reorganizing the government's Council on Governance and Justice to become a High Council for Governance, Law, and Anti-Corruption to articulate the government's reform agenda and ensure its dissemination; (2) enhancing the justice sector by requiring new qualifications, increased legal rigor, and the rotation or retirement of unqualified candidates within the justice institutions; (3) prioritizing ministries for "clean-up" with initial focus on the ministries of interior, transport, mining, public health, communications, and education; and (4) establishing a specialized anticorruption justice center, with a target of a final confirmation and startup before the July NATO summit in Warsaw. According to DOD, the anticorruption justice center was established and funded on June 30.

In April, the International Monetary Fund (IMF) called the Afghan outlook for 2016 and beyond "very difficult" and weaker than when last assessed in November 2015. The IMF reported that Afghanistan's "perilous" security environment, political uncertainties, and endemic corruption negatively affect development spending, private investment, institutional reforms, economic efficiency, and equality. Despite these risks, the World Bank said Afghanistan has maintained overall macroeconomic stability and set the conditions for slow economic recovery depending on stronger government progress on reforms, political stabilization, and improved security.

This quarter, Afghanistan's parliament ratified the World Trade Organization's terms of accession, putting Afghanistan on track to become the WTO's 164th member as of July 29. The Afghan government also reached an agreement with the IMF on an economic program supported by a three-year, $45 million Extended Credit Facility (ECF) loan arrangement. The IMF executive board approved it on July 20.

Domestic revenues collected in the first half of FY 1395 (December 21, 2015–December 20, 2016) rose 53.2% above the same period in FY 1394, covering 60.1% of total budget expenditures. Expenditures increased 5.5% compared to FY 1394. However, Afghanistan's currency, the afghani, has depreciated approximately 22% against the U.S. dollar since 2012. The change affects purchasing power and reduces the impact of the improved government revenue collections by raising the cost of dollar-denominated imports like fuel and electric power.

With the addition of FY 2016 State and USAID foreign-assistance accounts, cumulative appropriations for relief and reconstruction in

Afghanistan totaled approximately $114.9 billion, as of June 30, 2016. Of the total cumulative amount appropriated for Afghanistan reconstruction, $96.7 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately $9.2 billion of this amount remained available for potential disbursement.

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STATUS OF FUNDS

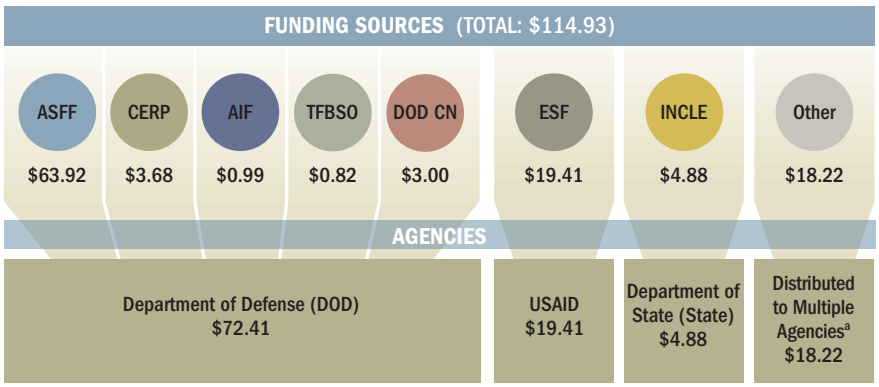
To fulfill SIGAR's legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2016, the United States had appropriated approximately $114.93 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- $68.44 billion for security ($4.31 billion for counternarcotics initiatives)
- $32.83 billion for governance and development ($4.15 billion for counternarcotics initiatives)
- $2.98 billion for humanitarian aid
- $10.68 billion for civilian operations

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

FIGURE 3.1

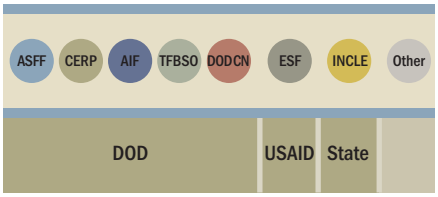
U.S. FUNDS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS ($ BILLIONS)



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

Note: Numbers have been rounded.
[a] Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, Broadcasting Board of Governors (BBG), and SIGAR.

Source: DOD, response to SIGAR data calls, 7/12/2016, 6/21/2016, 4/19/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 7/15/2016, 7/7/2016, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data calls, 7/11/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 6/17/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2016," 7/15/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.



The amount provided to the seven major U.S. funds represents more than 84.1% (over $96.70 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, more than 91.3% (nearly $88.31 billion) has been obligated, and over 85.8% (nearly $83.00 billion) has been disbursed. An estimated $4.46 billion of the amount appropriated these funds has expired.

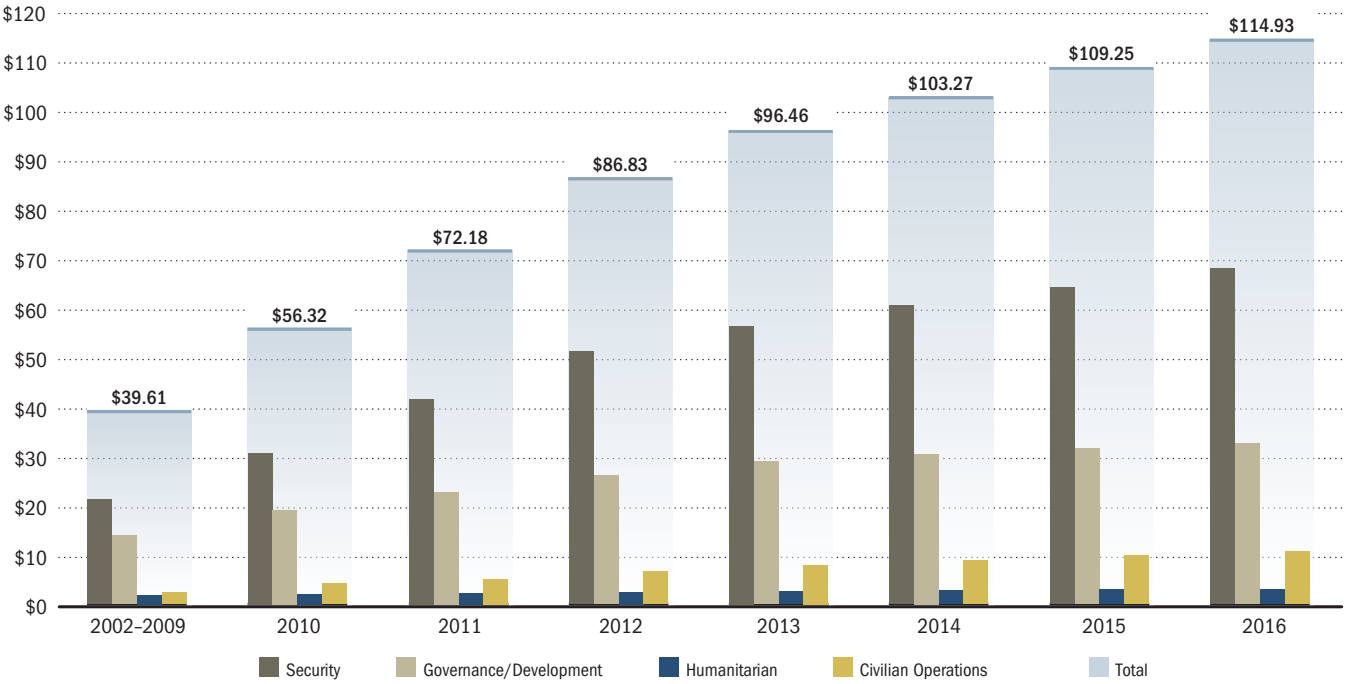
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of June 30, 2016, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately $114.93 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately $8.46 billion of these funds support counternarcotics initiatives which crosscut both the security ($4.31 billion) and governance and development ($4.15 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

This quarter State and USAID notified FY 2016 allocations for foreign assistance accounts to Congress. The notification allocated $812.27 million for the Economic Support Fund (ESF) and $185 million for the International Narcotics Control and Law Enforcement (INCLE) account. The additional funding brings the amount appropriated for FY 2016 to more than $5.67 billion, as shown in Figure 3.3.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JUNE 30, 2016 ($ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed $1 billion from FY 2011 ASFF, $1 billion from FY 2012 ASFF, and $178 million from FY 2013 ASFF to fund other DOD OCO requirements. ASFF data reflects the following rescissions: $1 billion from FY 2012 in Pub. L. No. 113-6, $764.38 million from FY 2014 in Pub. L. No. 113-235, and $400 million from FY 2015 in Pub. L. No. 114-113. DOD transferred $101 million from FY 2011 AIF, $179.5 million from FY 2013 AIF, and $55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

Source: DOD, response to SIGAR data calls, 7/12/2016, 6/21/2016, 4/19/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 7/15/2016, 7/7/2016, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data calls, 7/11/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 6/17/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2016," 7/15/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

The United States aims to channel at least 50% of its development assistance on-budget to the Government of Afghanistan.[81] This assistance is provided either directly to Afghan government entities or via contributions to multilateral trust funds that also support the Afghan government's budget.[82] Since 2002, the United States has provided nearly $10.12 billion in on-budget assistance. This includes about $5.61 billion to Afghan government ministries and institutions, and over $4.51 billion to three multinational trust funds—the World Bank's Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme's Law and Order Trust Fund (LOTFA), and the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

TABLE 3.1

U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 ($ MILLIONS)

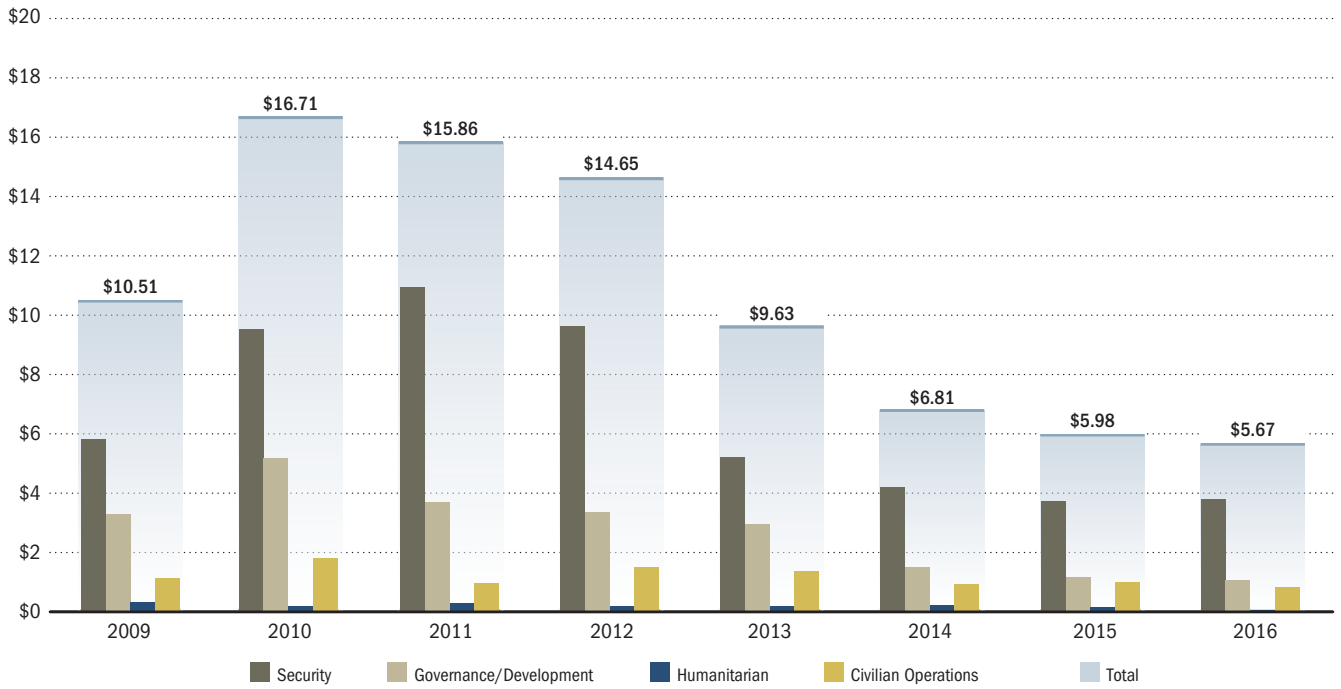
Government-to-Government	
DOD	$4,946
State	92
USAID	571
Multilateral Trust Funds	
LOTFA	$1,556
ARTF	2,842
AITF	113

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of June 30, 2016, USAID has obligated approximately $1.2 billion for government-to-government assistance.

Source: USAID, response to SIGAR data call, 7/11/2016; DOD, response to SIGAR data call, 6/25/2015; World Bank, "ARTF: Administrator's Report on Financial Status as of June 20, 2016 (end of 6th month of FY 1395)", p. 6; UNDP, response to SIGAR data call, 7/19/2016.

FIGURE 3.3

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



Note: Numbers have been rounded. DOD reprogrammed $1 billion from FY 2011 ASFF, $1 billion from FY 2012 ASFF, and $178 million from FY 2013 ASFF to fund other DOD OCO requirements. ASFF data reflects the following rescissions: $1 billion from FY 2012 in Pub. L. No. 113-6, $764.38 million from FY 2014 in Pub. L. No. 113-235, and $400 million from FY 2015 in Pub. L. No. 114-113. DOD transferred $101 million from FY 2011 AIF, $179.5 million from FY 2013 AIF, and $55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

Source: DOD, response to SIGAR data calls, 7/12/2016, 6/21/2016, 4/19/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 7/15/2016, 7/7/2016, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data calls, 7/11/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 6/17/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2016," 7/15/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly $114.93 billion for Afghanistan relief and reconstruction. Of this amount, $96.70 billion (84.1%) was appropriated to the seven major reconstruction funds, as shown in Table 3.3.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED ($ BILLIONS)

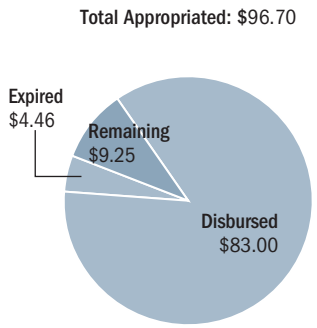


TABLE 3.3

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2016 ($ BILLIONS)

	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	$63.92	$60.10	$58.33	$3.64
Commander's Emergency Response Program (CERP)	3.68	2.29	2.27	0.02
Afghanistan Infrastructure Fund (AIF)	0.99	0.77	0.55	0.23
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.64	0.11
DOD Drug Interdiction and Counter-Drug Activities (DOD CN)	3.00	2.99	2.99	0.00
Economic Support Fund (ESF)	19.41	17.08	14.49	4.24
International Narcotics Control & Law Enforcement (INCLE)	4.88	4.32	3.73	1.01
Total Major Funds	**$96.70**	**$88.31**	**$83.00**	**$9.25**
Other Reconstruction Funds	7.54			
Operations & Oversight	10.68			
Total	**$114.93**			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $4.5 billion that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2016.

As of June 30, 2016, approximately $9.25 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to train, equip, and sustain the ANDSF; complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

This quarter State and USAID completed the 653(a) congressional consultation process to finalize foreign assistance allocation amounts for FY 2016. The notification allocated $812.27 million from ESF and $185 million from INCLE for Afghanistan, bringing the total appropriated the major reconstruction funds for FY 2016 to $4.79 billion—roughly the same amount as FY 2015 after rescissions, as shown in Table 3.2.

TABLE 3.2

FY 2016 AMOUNTS APPROPRIATED ($ MILLIONS)

	Appropriated
ASFF	$3,652.26
CERP	5.00
DOD CN	138.76
ESF	812.27
INCLE	185.00
Total Major Funds	$4,793.29

Congress appropriated nearly $5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, nearly $1.13 billion remained for possible disbursement, as of June 30, 2016, as shown in Table 3.4 and Figure 3.5.

TABLE 3.4

FY 2014 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED
($ MILLIONS)

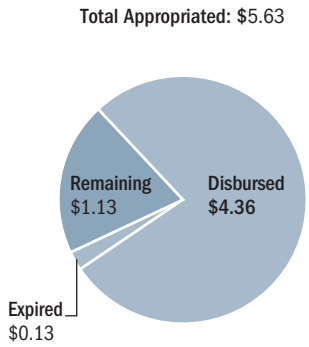
	Appropriated	Obligated	Disbursed	Remaining
ASFF	$3,962.34	$3,956.71	$3,780.66	$176.05
CERP	30.00	6.62	6.44	0.18
AIF	144.00	127.92	12.16	115.76
TFBSO	122.24	106.77	85.84	20.93
DOD CN	238.96	238.96	238.96	0.00
ESF	907.00	835.92	188.46	647.46
INCLE	225.00	224.74	51.77	172.97
Total Major Funds	**$5,629.54**	**$5,497.63**	**$4,364.28**	**$1,133.35**

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $132 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2016.

FIGURE 3.5

FY 2014 AMOUNT REMAINING TO BE DISBURSED ($ BILLIONS)



Congress appropriated more than $4.80 billion to four of the seven major reconstruction funds for FY 2015. Of that amount, more than $1.80 billion remained for possible disbursement, as of June 30, 2016, as shown in Table 3.5 and Figure 3.6.

TABLE 3.5

FY 2015 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED
($ MILLIONS)

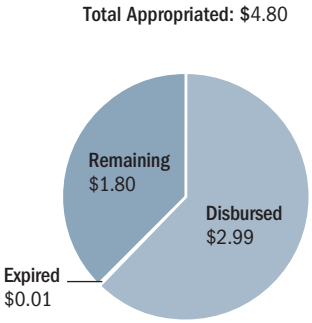
	Appropriated	Obligated	Disbursed	Remaining
ASFF	$3,709.33	$3,498.87	$2,969.14	$740.20
CERP	10.00	3.37	1.60	1.77
ESF	831.90	2.00	2.00	829.90
INCLE	250.00	20.78	17.96	232.04
Total Major Funds	**$4,801.23**	**$3,525.02**	**$2,990.69**	**$1,803.91**

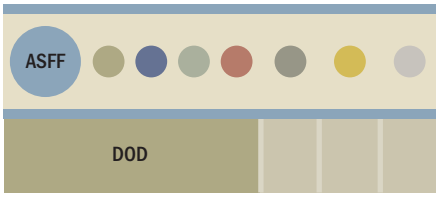
Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $7 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 7/19/2016.

FIGURE 3.6

FY 2015 AMOUNT REMAINING TO BE DISBURSED ($ BILLIONS)





ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.[83] The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.[84] A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.[85]

The Consolidated Appropriations Act, 2016, appropriated more than $3.65 billion for the ASFF for FY 2016, increasing total cumulative funding to more than $63.92 billion.[86] As of June 30, 2016, nearly $60.10 billion of total ASFF funding had been obligated, of which more than $58.33 billion had been disbursed.[87] Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by nearly $1.95 billion over the quarter, and cumulative disbursements increased by more than $1.28 billion.[88] Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR
($ BILLIONS)

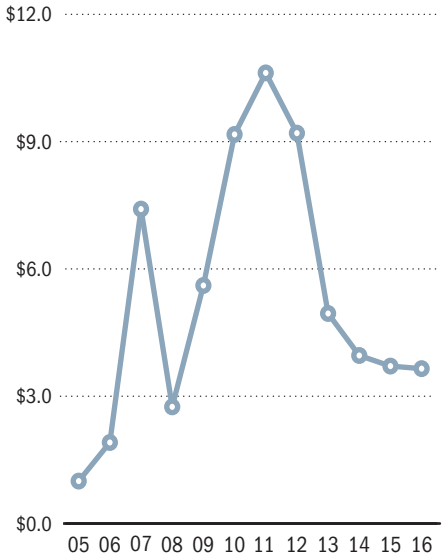
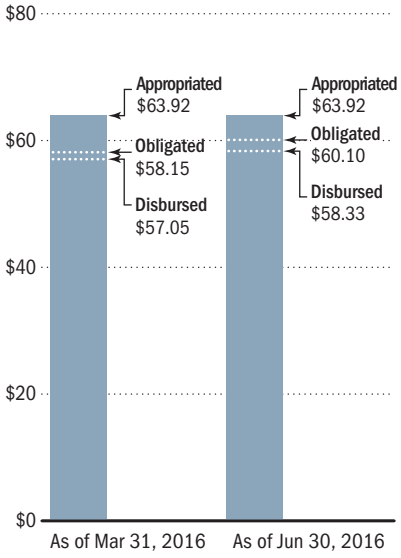


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON
($ BILLIONS)



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

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2016," 7/15/2016; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2016," 4/15/2016; Pub. L. Nos. 114-113, 113-235, 113-76, and 113-6.

ASFF Budget Activities

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

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

Funds for each budget activity group are further allocated to four subactivity groups: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.[89] The AROC must approve the requirement and acquisition plan for any service requirements in excess of $50 million annually and any nonstandard equipment requirement in excess of $100 million.[90]

As of June 30, 2016, DOD had disbursed more than $58.33 billion for ANDSF initiatives. Of this amount, nearly $39.05 billion was disbursed for the ANA, and more than $18.89 billion was disbursed for the ANP; the remaining $389.12 million was directed to related activities.[91]

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than $16.58 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than $8.03 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.[92]

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

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

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

FIGURE 3.9

ASFF DISBURSEMENTS FOR THE ANA BY SUBACTIVITY GROUP, FY 2005–JUN 30, 2016 ($ BILLIONS)

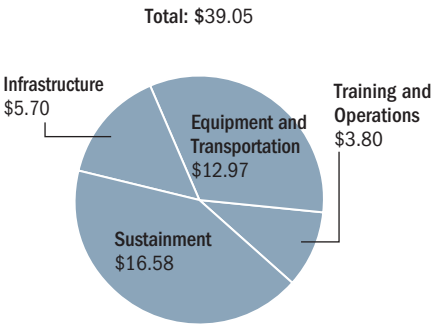
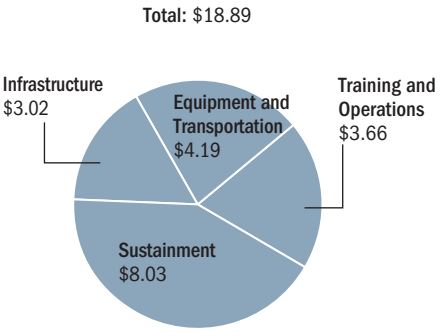


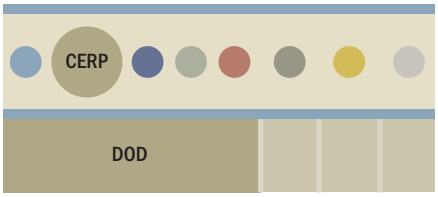
FIGURE 3.10

ASFF DISBURSEMENTS FOR THE ANP BY SUBACTIVITY GROUP, FY 2005–JUN 30, 2016 ($ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2016," 7/15/2016.



CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than $500,000 each.[93] CERP-funded projects may not exceed $2 million each.[94]

The Consolidated Appropriations Act, 2016, appropriated $5 million for CERP, increasing total cumulative funding to more than $3.68 billion.[95] Of this amount, DOD reported that nearly $2.29 billion had been obligated, of which nearly $2.27 billion had been disbursed as of June 30, 2016.[96] Figure 3.11 shows CERP appropriations by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.11

CERP APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

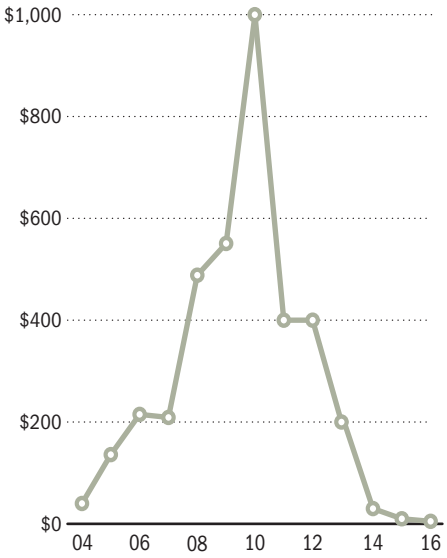
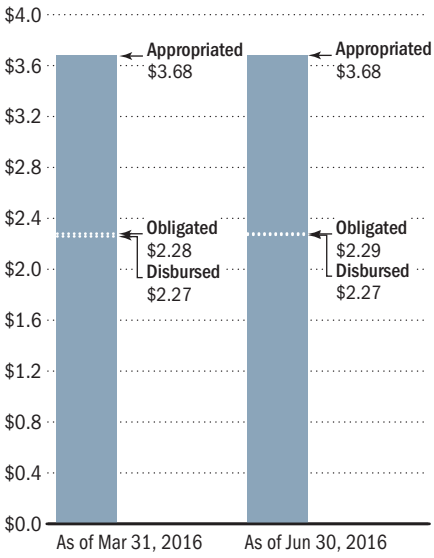


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
($ BILLIONS)



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

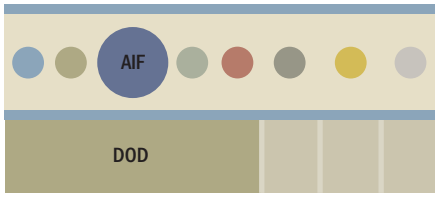
Source: DOD, response to SIGAR data calls, 7/19/2016 and 4/19/2016; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

AFGHANISTAN INFRASTRUCTURE FUND

The AIF was established in FY 2011 to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort. Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.[97] The AIF received appropriations from FY 2011 through FY 2014. Although the AIF no longer receives appropriations, many projects remain in progress. DOD may obligate up to $50 million from FY 2016 ASFF to complete existing AIF projects.[98]

The AIF received cumulative appropriations of over $1.32 billion; however, $335.50 million of these funds were transferred to the Economic Support Fund (ESF) for USAID's power transmission lines projects, bringing the cumulative amount remaining in the AIF to $988.50 million.[99] Figure 3.13 shows AIF appropriations by fiscal year.

As of June 30, 2016, nearly $773.64 million of total AIF funding had been obligated, and nearly $546.54 million had been disbursed, as shown in Figure 3.14.[100]



AIF FUNDS TERMINOLOGY

DOD reported AIF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

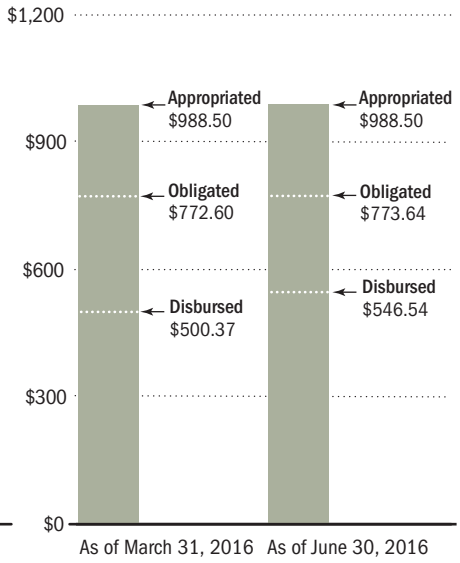
Source: DOD, response to SIGAR data call, 4/13/2012.

FIGURE 3.13

AIF APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

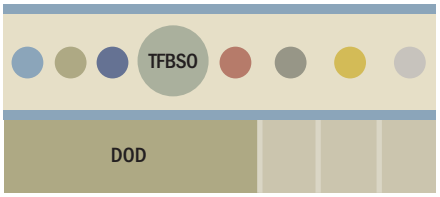
FIGURE 3.14

AIF FUNDS, CUMULATIVE COMPARISON
($ MILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to USAID's Economic Support Fund: $101 million for FY 2011, $179.5 million for FY 2013, and $55 million for FY 2014.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2016," 7/15/2016; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts March 2016," 4/15/2016; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.



TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.[101]

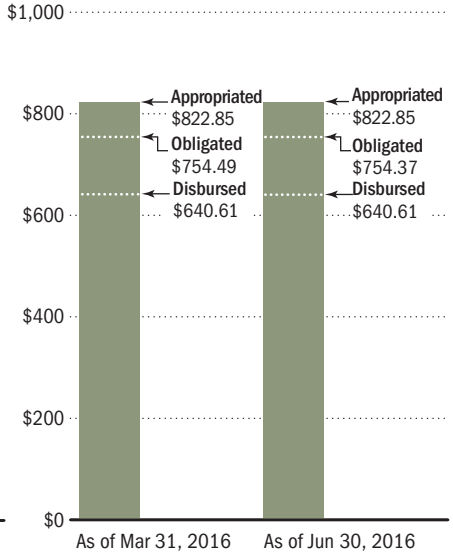
Through June 30, 2016, the TFBSO had been appropriated more than $822.85 million since FY 2009. Of this amount, nearly $754.37 million had been obligated and more than $640.61 million had been disbursed.[102] Figure 3.15 displays the amounts appropriated for the TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

FIGURE 3.15

TFBSO APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

FIGURE 3.16

TFBSO FUNDS, CUMULATIVE COMPARISON
($ MILLIONS)



Note: Numbers have been rounded. Updated data resulted in a lower obligated figure than reported last quarter. Of the $822.85 million appropriated the TFBSO, $366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

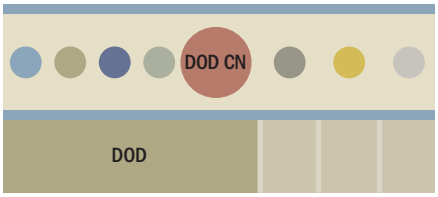
Source: DOD, response to SIGAR data calls, 7/12/2016, 4/18/2016, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, 112-10.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-drug Activities (DOD CN) fund supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.[103]

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.[104]

DOD reported that DOD CN received more than $138.76 million for Afghanistan for FY 2016, bringing cumulative funding for DOD CN to nearly $3.00 billion since FY 2004. Of this amount, more than $2.99 billion had been transferred to the military services and defense agencies for DOD CN projects, as of June 30, 2016.[105] Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



DOD CN FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

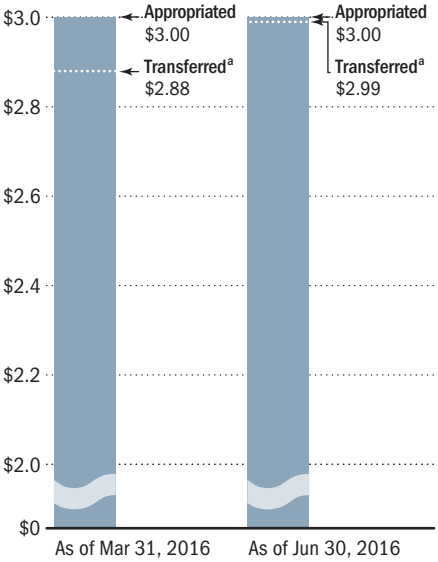
Source: DOD, response to SIGAR data call, 4/13/2010.

FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

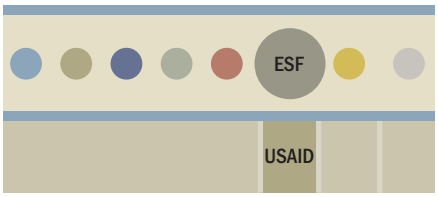
FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
($ BILLIONS)



Note: Numbers have been rounded. Reprogramming activity resulted in a lower appropriated figure for FY 2016 than reported last quarter. DOD reprogrammed $125.13 million out of FY 2015 DOD CN because several requirements for the Afghanistan Special Mission Wing were funded from the ASFF instead of DOD CN.
[a] DOD reprograms all funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data calls, 6/21/2016 and 4/12/2016; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.



ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.[106]

The ESF was appropriated $812.27 million for FY 2016, bringing cumulative funding to more than $19.41 billion, including amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, more than $17.08 billion had been obligated, of which nearly $14.49 billion had been disbursed.[107] Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of June 30, 2016, decreased $84,809 and cumulative disbursements increased by more than $327.51 million from the amounts reported last quarter.[108] Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
($ BILLIONS)

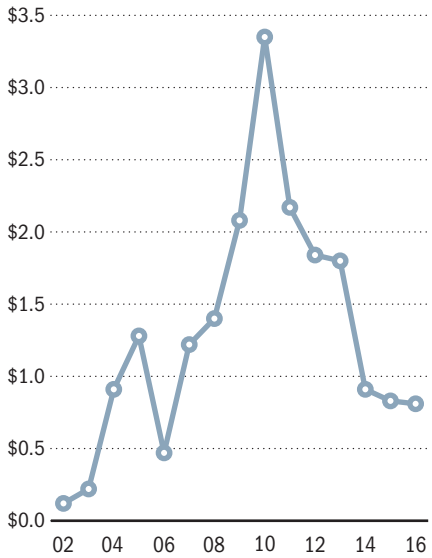
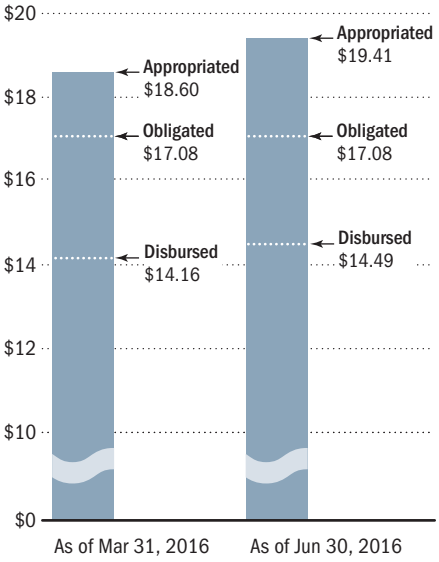


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
($ BILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: $101 million for FY 2011, $179.5 million for FY 2013, and $55 million for FY 2014.

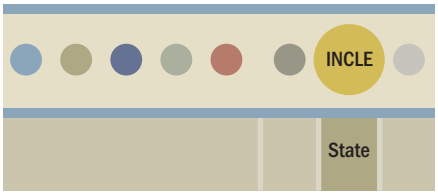
Source: USAID, response to SIGAR data calls, 7/11/2016 and 4/9/2016; State, response to SIGAR data calls, 5/4/2016, 10/20/2015, 4/15/2015 and 4/15/2014.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages the International Narcotics Control and Law Enforcement (INCLE) account which funds projects and programs for advancing rule of law and combating narcotics production and trafficking. INCLE supports several INL program groups, including police, counternarcotics, and rule of law and justice.[109]

State reported that INCLE was appropriated $185 million for FY 2016, bringing cumulative funding for INCLE to nearly $4.88 billion. Of this amount, more than $4.32 billion had been obligated, of which, more than $3.73 billion had been disbursed.[110] Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of June 30, 2016, increased $12.66 million and cumulative disbursements increased more than $82.34 million over amounts reported last quarter.[111] Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

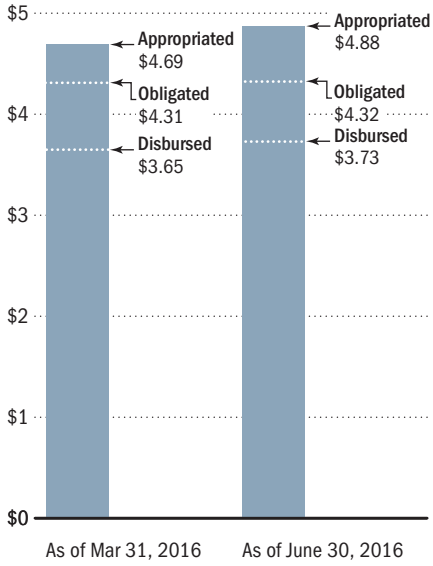
Source: State, response to SIGAR data call, 4/9/2010.

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
($ BILLIONS)



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

Source: State, response to SIGAR data calls, 7/15/2016, 5/4/2016, and 4/7/2016.

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. Most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).[112]

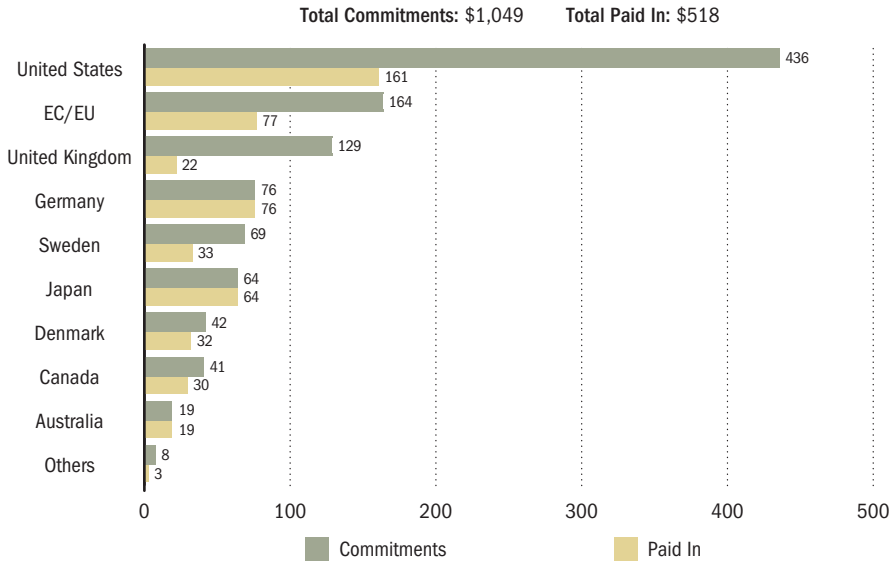
Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to June 20, 2016, the World Bank reported that 34 donors had pledged more than $9.63 billion, of which more than $9.10 billion had been paid in.[113] According to the World Bank, donors had pledged nearly $1.05 billion to the ARTF for Afghan fiscal year 1395, which runs from December 22, 2015, to December 21, 2016.[114] Figure 3.23 shows the nine largest donors to the ARTF for FY 1395.

As of June 20, 2016, the United States had pledged nearly $3.12 billion and paid in more than $2.84 billion since 2002.[115] The United States and the

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1395 BY DONOR, AS OF JUNE 20, 2016 ($ MILLIONS)



Note: Numbers have been rounded. FY 1395 = 12/22/2015–12/21/2016.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of June 20, 2016 (end of 6th month of FY 1395)," p. 1.

United Kingdom are the two biggest donors to the ARTF, together contributing over 48% of its total funding, as shown in Figure 3.24.

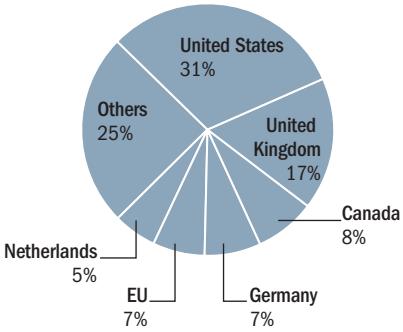
Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.[116] As of June 20, 2016, according to the World Bank, more than $4.02 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.[117] The RC Window supports the operating costs of the Afghan government because the government's domestic revenues continue to be insufficient to support its recurring costs. To ensure that the RC Window receives adequate funding, donors to the ARTF may not "preference" (earmark) more than half of their annual contributions for desired projects.[118]

The Investment Window supports the costs of development programs. As of June 20, 2016, according to the World Bank, nearly $4.33 billion had been committed for projects funded through the Investment Window, of which more than $3.42 billion had been disbursed. The World Bank reported 23 active projects with a combined commitment value of nearly $2.99 billion, of which more than $2.08 billion had been disbursed.[119]

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–JUNE 20, 2016

Total Paid In: $9.1 billion



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

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of June 20, 2016 (end of 6th month of FY 1395)," p. 6.

Contributions to the Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).[120] Since 2002, donors have pledged more than $4.76 billion to the LOTFA, of which more than $4.59 billion had been paid in, as of July 14, 2016. UNDP reported that the United States had committed more than $1.64 billion since the fund's inception and had paid in nearly $1.56 billion of the commitment.[121] Figure 3.25 shows the four largest donors to the LOTFA since 2002.

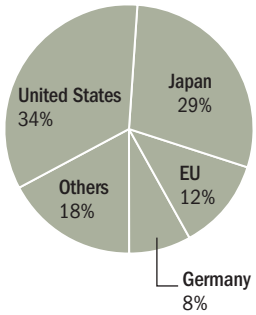
The LOTFA's eighth phase began on July 1, 2015. The phase has an initial estimated budget of $883.56 million and is planned to run through December 31, 2016. The Phase VIII budget is divided between two individual projects. Over $850.56 million is for the Support to Payroll Management (SPM) project that aims to develop the capacity of the Afghan government to independently manage all non-fiduciary aspects of its pay budget for the ANP and Central Prisons Directorate (CPD) staff by December 31, 2016.[122] While capacity building is an important aspect of the project, most SPM project funding—nearly $842.44 million—will be transferred from the UNDP Country Office to the Ministry of Finance (MOF) for ANP and CPD staff remunerations.[123] The MOI and Police Development (MPD) project is budgeted the remaining $33 million. The MPD project focuses on institutional development of the MOI and police professionalization of the ANP.[124]

From July 1, 2015, through March 31, 2016, UNDP had expended more than $326.67 million on the SPM project. Of this amount, $324.03 million was transferred to the MOF to pay for ANP and CPD staff. In addition, more than $7.24 million was expended on the MPD project.[125]

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF JULY 14, 2016

Total Paid In: $4.6 billion



Note: Numbers have been rounded. EU = European Union. "Others" includes 26 donors.

Source: UNDP, response to SIGAR data call, 7/19/2016.

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SECURITY

As of June 30, 2016, the U.S. Congress had appropriated more than $68.4 billion to support the Afghan National Defense and Security Forces (ANDSF). This accounts for 60% of all U.S. reconstruction funding for Afghanistan since fiscal year (FY) 2002. In 2005, Congress established the Afghanistan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANDSF, which comprises all security forces under the Ministry of Defense (MOD) and the Ministry of Interior (MOI). Additionally, the ASFF is used to support the Afghan Local Police (ALP), which is under the MOI, although the ALP is not considered part of the ANDSF. Most U.S.-provided funds were channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency. Of the $63.9 billion appropriated for the ASFF, $60.1 billion had been obligated and $58.3 billion disbursed.[126]

This section discusses assessments of the Afghan National Army (ANA), Afghan National Police (ANP), and the Ministries of Defense and Interior; gives an overview of how U.S. funds are used to build, equip, train, and sustain the Afghan security forces; and provides an update on efforts to combat the cultivation of and commerce in illicit narcotics in Afghanistan.

KEY ISSUES AND EVENTS THIS QUARTER

U.S. and NATO Allies Pledge Over $4 Billion Annually to Support the ANDSF

The Administration has asked Congress for $3.45 billion in fiscal year (FY) 2017 funding for the ANDSF. President Obama pledged in July to recommend his successor continue funding the ANDSF at or near current levels through 2020. At the Warsaw Summit July 8 and 9, 2016, the 30 North Atlantic Treaty Organization (NATO) nations pledged more than $800 million annually to sustain the Afghan security forces from 2018–2020. The Afghan government also committed to increase its spending as their economy and revenues grow from the $421 million they provided last year to sustain the ANDSF.[127] On the eve of the conference, President Obama announced a revision to the U.S. troop-withdrawal schedule, acknowledging

"I strongly believe that it is in our national security interest—especially after all the blood and treasure we've invested in Afghanistan over the years—that we give our Afghan partners the very best opportunity to succeed."

—President Barack Obama

Source: The White House, "Statement by the President on Afghanistan," 7/6/2016.

the need for continued support to the Afghan army and police by keeping 8,400 U.S. troops in Afghanistan when he leaves office, rather than drawing down to 5,500 as previously planned.[128] Later, Lieutenant General John W. Nicholson, commander of U.S. and NATO troops in Afghanistan, said about 400 U.S. forces committed to the NATO Resolute Support Mission would be deployed outside Afghanistan.[129] According to DOD the U.S. troop level in Afghanistan has been generally at or below 9,000 since February 2015; the number of U.S. forces in Afghanistan as of May 1, 2016, was about 9,200.[130]

New Authorities Allow U.S. Forces to Assist Afghans on the Battlefield

This quarter, President Obama granted U.S. forces in Afghanistan the authority to assist conventional Afghan security forces whenever the U.S. Forces-Afghanistan commander determines such action would have a "strategic effect" on battlefield outcomes. DOD clarified the new authorities apply when "there are distinctive opportunities to support Afghan operations that will significantly further the overall security objectives for Afghanistan, which are to promote the sustainability of the Afghan security forces and the stability of the Government of Afghanistan." Prior to this expansion of authority, U.S. forces were authorized only to accompany Afghan special forces or to attack insurgent groups that participate in hostilities or are declared hostile.[131] However, the new authority did not lift the restriction to allow U.S. forces to target the Taliban unless they pose an immediate threat to U.S. or Coalition forces, or if the Afghan forces face a catastrophic failure.[132] At a joint press conference with Secretary Carter on July 12, General Nicholson reported using the new authorities "almost daily" to enable the ANDSF to take offensive actions.[133] He said the support to conventional forces can mean combat enablers, such as air support as well as advisors. Secretary Carter clarified that General Nicholson can use the full suite of U.S. air and ground capabilities.[134] According to DOD this will allow for more proactive combat enabling and tactical advising.[135]

President Obama indicated in his remarks that this new authority provides more flexibility on the ground and in the air to support both Afghan regular and special-operations forces. The new authority authorizes U.S. troops to deploy with conventional Afghan forces and also provides the authority to directly target Taliban insurgents. In vetting comments, DOD noted that the change in authority does not allow U.S. forces to target members of the Taliban because of their membership in the Taliban, but, in limited circumstances, "U.S. forces could target Taliban forces in support of key offensive operations by the ANDSF."[136]

Taliban Leadership Changes

U.S. forces targeted and killed Taliban leader Mullah Mansour in a drone strike near the Afghanistan-Pakistan border on May 21, 2016. President

Obama authorized the action due to "specific imminent threats" to U.S. and Coalition forces in Afghanistan that the Taliban leader was planning.[137] Four days later a Mansour deputy, Haibatullah Akhundzada, was announced as the Taliban's new supreme commander.[138] Another of Mansour's deputies, Sirajuddin Haqqani, and the eldest son of Taliban-founding leader Mohammad Omar, Mohammad Yaqoob, were appointed as Akhundzada's deputies.[139]

DOD reports Sirajuddin will maintain the Haqqani Network's influence within the Taliban even as the Haqqani Network remains semi-autonomous.[140] The media reported a recording released by the Taliban in which Akhundzada vowed never to "bow down" to their enemies and said Mansour's death will inspire the Taliban to fight even harder.[141] The same day, a Taliban suicide bomber killed 11 Afghan judicial workers in revenge for the Afghan government's hanging six Taliban prisoners convicted of perpetrating grave crimes against civilians and public security.[142]

"Terrorists are terrorists. There is no difference between good terrorists and bad terrorists."

—Afghan President Ashraf Ghani

Source: *Tolo News*, "Carter Reaffirms U.S. Commitment to Afghanistan," 7/13/2016.

State Reports on ISIL-Khorasan

For a second year, the State Department declared the Islamic State of Iraq and the Levant (ISIL) as the greatest global terrorist threat.[143] However, the June report on terrorism said ISIL-Khorasan (ISIL-K) gained little support among Afghanistan's population in 2015, despite having a small presence in eastern Nangarhar Province for much of the year.[144] During 2015, the Afghan Taliban, the Haqqani Network, and ISIL were the three major, active terrorist or insurgent organizations in Afghanistan. While al-Qaeda has been severely degraded, its affiliate, al-Qaeda in the Indian Subcontinent, continues to operate in Afghanistan.[145]

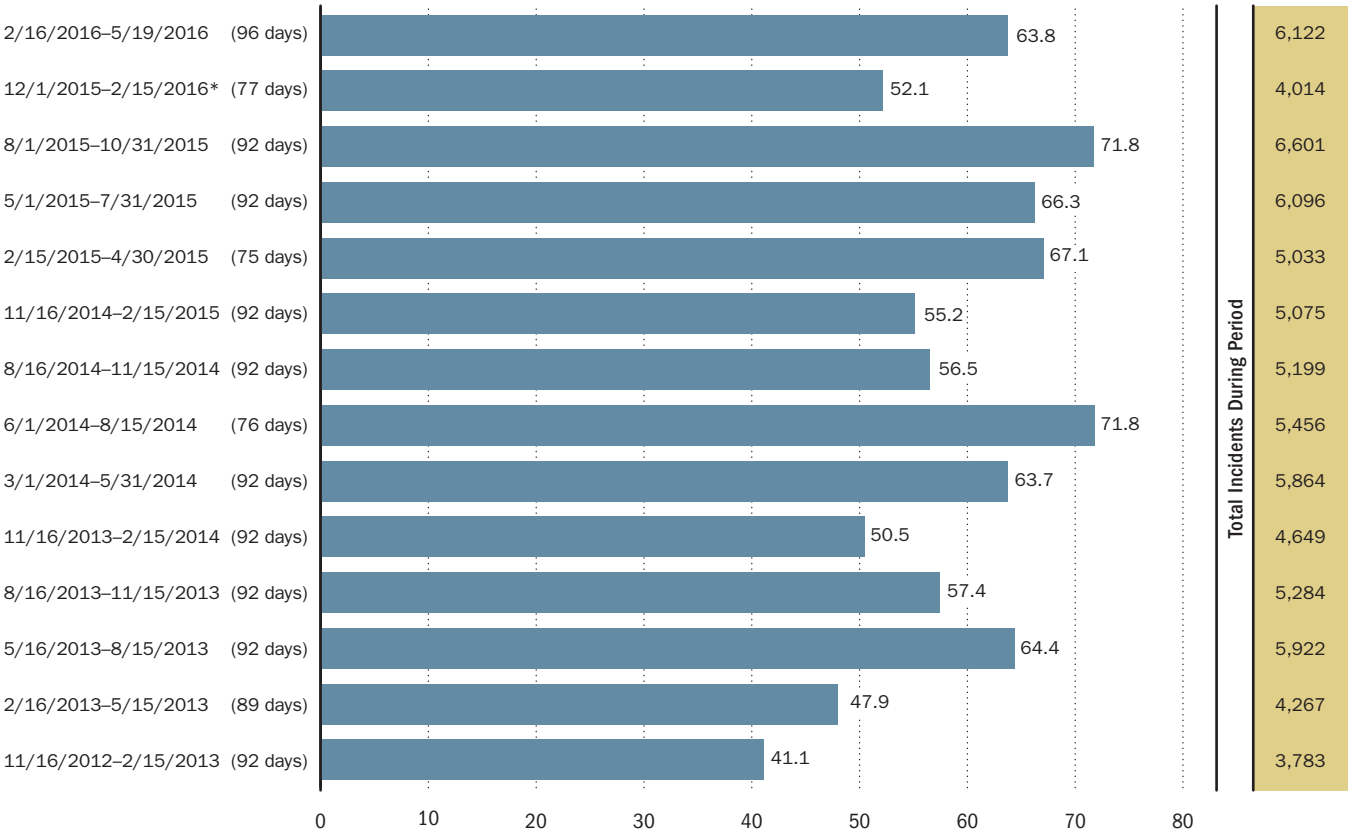
The report also claims a number of Taliban-coordinated attacks were planned and launched from safe havens in Pakistan.[146] Afghan officials noted the difficulty in confiscating or freezing insurgent-group finances due to the personal and informal banking systems used to transfer assets.[147]

The Worsening Security Situation in Afghanistan

The United Nations (UN) Secretary-General assessed in June that the overall security situation in Afghanistan had worsened considerably over the past four months. The UN recorded 6,122 security incidents between February 16, and May 19, 2016, as reflected in Figure 3.26 on the following page. While there has been a decrease in total reported security incidents compared to the same time period last year, the number of armed clashes and the number of documented civilian casualties have both increased.[148] According to DOD, the capital city experienced 10 high-profile attacks between December 1, 2015, and May 20, 2016, with 50 others across the rest of Afghanistan. This represents a 41% decrease in high-profile attacks in Kabul compared to 26 during the same period a year earlier.[149] The Taliban have been exceptionally active in 2016, particularly after launching their

FIGURE 3.26

AVERAGE NUMBER OF REPORTED SECURITY INCIDENTS PER DAY, NOVEMBER 2012–MAY 2016



Note: * Security incidents were not reported for November 2015.

Source: UN, reports of the Secretary-General, *The situation in Afghanistan and its implications for International peace and security*, 6/10/2016, p. 4; 3/7/2016, p. 6; 12/10/2015, p. 5; 9/1/2015, p. 4; 6/10/2015, p. 4; 2/27/2015, p. 4; 12/9/2014, p. 5; 9/9/2014, p. 6; 6/18/2014, p. 5; 3/7/2014, p. 5; 12/6/2013, p. 6; 9/6/2013, p. 6; 6/13/2013, p. 5; and 3/5/2013, p. 5.

The Institute of Economics and Peace reported the number of annual internal-conflict deaths in Afghanistan increased between 2008 and 2016 from 4,210 to 22,170.

Source: Institute for Economics and Peace, *Global Peace Index, 2016, Ten Years of Measuring Peace*, 6/2016.

annual spring offensive "Operation Omari." This year, the campaign has largely overlooked civilian government targets, instead focusing on district administrative centers and the strategically important parts of Uruzgan Province along the Kandahar-Tirin Kot highway and Baghlan Province.[150]

The UN reported that the ongoing effort to reach a peace agreement with the Taliban has stagnated, with the Taliban intending not to participate in any peace talks until their demands are met by the Afghan government and its international supporters.[151] Moreover, Mullah Mansour's death shuffled Taliban leadership, exacerbated infighting, and left the future of the peace process uncertain. The Afghan government experienced some success with the Hezb-e-Islami insurgent group, releasing a final draft for a peace agreement

that received the approval of the High Peace Council chair; although critics expressed concerns that a peace agreement may prevent some actors in Hezb-e-Islami from being held accountable for their crimes.[152] However, by late June the peace talks had lost momentum and then completely fell through when the leader of Hezb-e-Islami, Gulbuddin Hekmatyar, withdrew entirely and called for the dissolution of the Afghan unity government.[153]

The ANDSF have struggled to respond to the Taliban's growing national presence. There has been particularly stiff resistance in provinces along the border with Pakistan, such as Helmand, Kandahar, and Nangarhar, with reports that 68.5% of security incidents occur in southern, southeastern, and eastern Afghanistan.[154] Many of the issues preventing the ANDSF from properly engaging the Taliban relate to deficiencies in key areas such as command and control, leadership, logistics, and overall coordination. High attrition rates, including high casualty rates, continue to make the sustainability of the ANDSF a major concern and priority for leadership.[155] However, its international military aid will remain constant. NATO Secretary General Jens Stoltenberg flew to Kabul to pledge continued support to President Ghani and Chief Executive Abdullah. Thereafter, NATO members agreed on extending funding for the ANDSF and examined Resolute Support's future in Afghanistan beyond 2016.[156]

The ANDSF has also had to address activity from other insurgent groups, most notably the Islamic Movement of Uzbekistan (IMU) and ISIL-K, which have remained active despite pressure from both Afghan forces, supported by Coalition air strikes, and the Taliban. ISIL-K's safe haven in Nangarhar has been greatly reduced and some members of the group are now working to establish safe havens in Kunar and Nuristan Provinces to the north.[157]

A State Department report on terrorism released in June disclosed that a number of insurgent attacks were planned and launched from safe havens in Pakistan.[158] A Pakistani researcher with the U.S.-based Hudson Institute claims Taliban and terrorists are being trained at three madrassas, in Karachi and Khyber-Pakhtunkhwa, one located near a Pakistani military facility.[159] A week later, a minister in the Khyber-Pakhtunkhwa administration announced that 300 million rupees (over $2.8 million) would be provided to a madrassa with top Afghan Taliban leaders among its graduates.[160]

In June, Brigadier General Cleveland provided an assessment of the security situation throughout Afghanistan. In northern Afghanistan, the ANDSF were able to repel the Taliban in Kunduz but faced "fairly serious" fighting in Baghlan.[161] In the south, where the Taliban has shifted their main efforts, fighting did not resume in Helmand after the poppy-harvest season but is expected to later this summer.[162] Small engagements involved roughly 50–100 Taliban fighters massing at night, hitting checkpoints, and moving out before ANDSF reinforcements could arrive.[163] Resolute Support (RS) is concerned about security in Uruzgan in eastern Afghanistan as the Taliban still control parts of the main road.[164]

A Brussels-based South Asia researcher, Siegfried O. Wolf, contends ISIL-K is the major problem for the Taliban; ISIL-K is gaining strength, and the Taliban infighting is leading frustrated militants to defect to ISIL-K.

Source: *Deutsche Welle*, "Locals recount IS brutality in eastern Afghanistan," 6/28/2016.

Madrassa: a Muslim school, college, or university that is often part of a mosque.

Source: *Merriam-Webster.com*

"We don't think that they are trying to expand, we think they are trying to survive."

—Brigadier General Charles Cleveland, Resolute Support Deputy Chief of Staff for Communications, discussing ISIL in Afghanistan

Source: *VOA News*, "Afghan Forces Kill 135 Militants Linked to IS," 6/26/2016.

USFOR-A reports that approximately 65.6% of the country's districts are under Afghan government control or influence as of May 28, 2016, a decrease from the 70.5% reported as of January 29, 2016.[165] Of the 407 districts within the 34 provinces, 268 districts were under government control or influence, 36 districts (8.8%) within 15 provinces were under insurgent control or influence, and 104 districts (25.6 %) were "at risk."[166] Of the 36 districts under insurgent control or influence, nine districts with a population of 524,072 are under insurgent control and 27 districts with a population of 1.98 million are under insurgent influence.[167]

According to USFOR-A, the RS mission determines district status by assessing five indicators of stability: governance, security, infrastructure, economy, and communications.[168] For additional information refer to the matrix in the SIGAR April 2016 *Quarterly Report to the United States Congress*, page 96.

USFOR-A assesses that the increased insurgent control since January be put in context of the Afghan sustainable security strategy which focuses Afghan forces in high-priority areas to achieve strategic and operational objectives.[169] This strategy includes redeploying forces from checkpoints and lower-priority areas so they are available to conduct offensive operations, gain and maintain the initiative, exploit opportunities, and consolidate tactical gains.[170]

According to Afghan media, the MOI spokesman reported that more than 50 (12.3%) of the country's districts face serious threats from insurgents, with nine out of the government's control as of June 28, 2016. Those districts include four in Helmand, two in Badakhshan, and one each in Ghazni, Sar-e Pul, and Zabul Provinces.[171] Afghan media also reported the Ghazni police chief claims the Taliban have suicide-bomber and motor-bomb training centers in the Nawa district of Ghazni.[172]

Afghan media reported in early June that Taliban insurgents used a government hand-held biometric system to test the identity of bus passengers in Kunduz. Those affiliated with the security forces were reportedly executed.[173] Bus-passenger abductions continued into the month of June with more than 25 passengers taken from the Kabul-Kandahar Highway on June 21 in addition to the 200-plus passengers abducted on the Baghlan-Kunduz Highway two weeks earlier.[174]

A U.S. National Public Radio photojournalist and an Afghan journalist were killed in June when a rocket-propelled grenade hit their vehicle while traveling with a small ANA convoy.[175] Since the U.S. return to Afghanistan following the September 11, 2001, attacks, 26 journalists have been killed in Afghanistan, according to the Committee to Protect Journalists.[176]

One of the deadliest attacks on foreign workers since the war began nearly 15 years ago occurred on June 20th when a suicide bomber hit a bus carrying Nepali and Indian security guards for the Canadian Embassy killing 14 and wounding nine other guards and civilians.[177] Both the Taliban

and ISIL-K claimed responsibility for the attack, the first in Kabul in two months.[178] Hours later a second attack in Kabul injured an Afghan provincial minister and five others when a bomb planted on the lawmaker's vehicle detonated.[179] The next day 24 Nepali guards resigned. One guard told the Associated Press that regulations preventing them from carrying weapons except when at the Canadian Embassy left them at risk from other attacks.[180]

On June 30, 2016, at least 32 police cadets returning to Kabul from a training program in Wardak Province were killed and at least 53 were wounded when a suicide bomber rammed his explosive-laden car into the convoy of police buses. A second suicide bomber targeted first responders, killing one civilian and wounding another. The Taliban claimed responsibility for both attacks.[181] Following the incident, President Ghani suspended at least five MOI generals from the Wardak training center pending an investigation of alleged negligence in transporting the police cadets.[182] According to the Afghan national security advisor, mass transit of security forces is prohibited without adequate security measures.[183] The investigation will attempt to determine if police personnel may have colluded with the attackers, as survivors reported the suicide bombers were on the bus.[184]

An earlier incident in Wardak Province led to an investigation of the police chief. Afghan media reported that after the Taliban's spy chief in Baghlan Province was wounded by Afghan security forces, he was later captured on June 19th while riding in a Wardak police vehicle, en route to Kabul and accompanied by the chief's relatives; he allegedly had plans to travel on to Pakistan.[185]

A sign of the growing insecurity in Kabul are the increasing number of concrete blast walls that surround government buildings, foreign embassies, companies, and the homes of wealthy residents.[186] However, Afghan media reported in July that the number of insurgent attacks in the country decreased in June by 17%. An increased number of Afghan and Coalition air strikes during the month is reported to have had a major impact on eliminating insurgent fighters.[187] On June 29, a spokesman for the Nangarhar governor reported at least 88 ISIL-K fighters were killed in the Kot district, where the retreating fighters torched 90 homes in retribution for locals assisting the Afghan security forces.[188] The eastern province of Nangarhar was reported as the most insecure province with Daykundi, centrally located, and Panjshir, in the northeast, the most secure.[189]

A report by the Open Society Foundations provided recommendations to the United States Congress and Departments of State and Defense for civilian-protection policies that it said could avoid significant damage to U.S. strategic interests. According to the research of Open Society Foundations, the report said the number of civilian deaths attributed to ISAF and pro-government forces reduced from 39% in 2008 to 9% by 2012 after reforms to reduce civilian harm were implemented. Among the insights from over 60 experts interviewed was that the good will generated from U.S. assistance was negated by enemy-focused strategies that also led to costly mistakes impacting U.S. strategic interests.

Source: Open Society Foundations, *The Strategic Costs of Civilian Harm, Applying Lessons from Afghanistan to Current and Future Conflicts*, June 2016.

U.S. FORCES IN AFGHANISTAN

DOD reported about 9,200 U.S. troops were serving in Afghanistan as of May 31, 2016. This was an increase of 350 over the 8,850 reported as of February 29, 2016. Of the 9,200, about 6,800 are U.S. forces supporting the RS train, advise, and assist mission. An additional 2,400 troops either

TROOP DRAWDOWN SLOWS

On July 6, 2016, President Obama announced that the United States will maintain a presence of 8,400 U.S. troops in Afghanistan into 2017. This is a change from a previous plan to have only 5,500 troops there by the end of 2016.[190] This quarter, DOD reported that 9,200 U.S. troops were serving in Afghanistan.[191] On July 12, 2016, Resolute Support mission commander General John Nicholson told the media that, in addition to the 8,400 troops, 400 U.S. forces outside of Afghanistan will support NATO's mission in Afghanistan and can be called forward if necessary.[192]

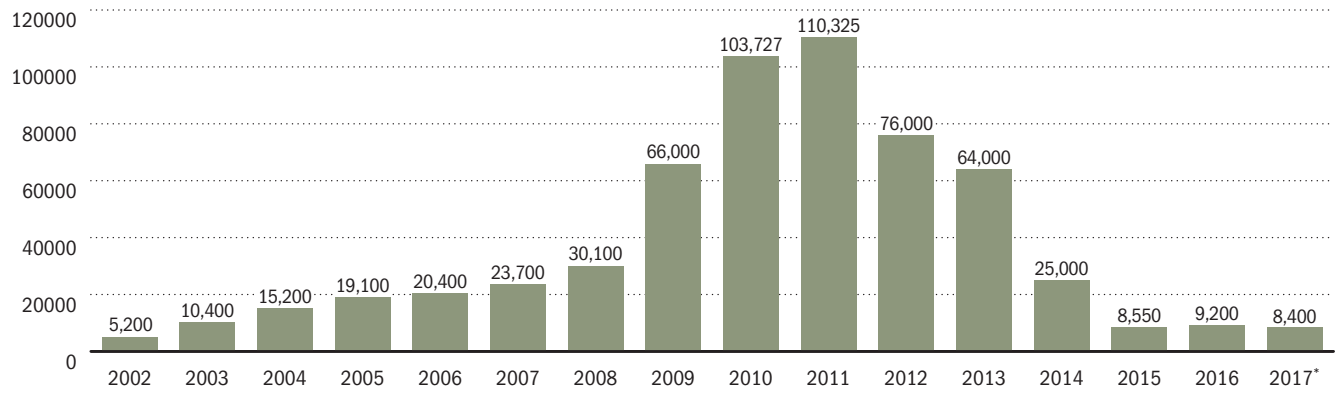
The active combat role of U.S. forces in Afghanistan ended in December 2014. Their mission since then is training, advising and assisting the ANDSF and conducting counterterrorism missions. In June, President Obama also authorized them to assist the conventional ANDSF on the battlefield in certain circumstances.

Since the beginning of U.S. operations in Afghanistan, U.S. troop levels there have fluctuated. From 2002 to 2006, the number increased from 5,200 to 20,400. That number increased again to more than 30,000 U.S. troops in 2008.[193] In December 2009, as troop levels in Iraq were decreasing, President Obama announced plans to deploy an additional 30,000 U.S. troops in an effort to "seize the initiative, while building the Afghan capacity that can allow for a responsible transition of our forces out of Afghanistan."[194] By June 2011, as the transition to Afghan-led security was beginning, more than 110,000 U.S. troops were serving in Afghanistan, as shown in Figure 3.27.[195] That same month, President Obama announced plans to begin withdrawing troops—10,000 by the end of 2011 and 33,000 more by the following summer.[196]

In May 2014, approximately 32,000 U.S. troops were serving in Afghanistan. At that time, President Obama announced that the U.S. combat mission in Afghanistan would end in 2014 and set out a timeline for U.S. troop withdrawal as security responsibility shifted to the

FIGURE 3.27

U.S. TROOP LEVELS IN AFGHANISTAN, 2002–2016



Note: Troop strengths in 2002–2008 are CRS fiscal-year estimates. For 2009–2010 and 2012–2015, figures are as of October. Troop strength in 2011 is for July to show peak U.S. deployment.
* Projected, based on President Obama's announcement on July 6, 2016.

Source: CRS, *Troop Levels in the Afghan and Iraq Wars*, FY2002–FY2012, 7/2/2009; DOD, *Report on Progress toward Security and Stability in Afghanistan*, 10/2009, p. 18; SIGAR, *Quarterly Report to the United States Congress*, 10/30/2010, p. 73; 7/30/2011, p. 71; 10/30/2012, p. 95; 10/30/2013, p. 87; 10/30/2014, p. 91; 10/30/2015, p. 92; OSD-Policy, response to SIGAR vetting, 7/18/2016; The White House, "Statement by the President on Afghanistan," 7/6/2016.

Afghan government: U.S. forces would be reduced to approximately 9,800 by the beginning of 2015.[197] That number would decline by half during 2015 with remaining U.S. forces being consolidated at Bagram Airfield and in Kabul. By the end of 2016, U.S. force strength would "be reduced to a normal embassy presence with a security-assistance component."[198] The first goal to drawdown to 9,800 by the start of 2015 was met ahead of schedule; 9,500 U.S. troops were serving in Afghanistan as of December 20, 2014.[199]

However, since the end of Operation Enduring Freedom at the end of 2014, the security situation in Afghanistan has deteriorated. According to the United Nations, Afghanistan experienced record-high civilian casualties from the ongoing hostilities in 2015: more than 3,500 killed—a quarter of them children—and nearly 7,500 wounded.[200] As of January 2016, USFOR-A reported 287 (70.5%) of Afghanistan's 407 provincial districts were "directly under [government] control or influence," while 26 districts (6.4%) were under insurgent control or influence, and another 94 (23.1%) were "at risk."[201] Moreover, the temporary fall of Kunduz City to the Taliban in October 2015 and the need to "rebuild" the ANA's 215th Corps in Helmand,[202] have made it clear that despite U.S. expenditures of nearly $70 billion to build and sustain the ANDSF, challenges remain, and the force intended to stand on its own by now still needs help.

Soldiers from the 36th Infantry Division, Texas Army National Guard, deploy to southern Afghanistan on June 11, out of Fort Hood, Texas, in support of Operation Freedom's Sentinel. They are part of the Train, Advise and Assist team whose mission is to work with the Afghan National Defense and Security Forces. (U.S. Army photo by Maj. Randall Stillinger)

Enablers: support units that provide services needed to keep the combat units operational; such as logistics, maintenance, medical, transportation, intelligence, and close-air support.

Source: *MilitaryFactory.com*, "U.S. DoD Terminology: enabling force," accessed 4/15/2016.

conduct the U.S. counterterrorism mission or provide aviation, medical, logistical, and other enabler support for U.S. forces.[203] According to NATO, 13,079 Coalition forces, including the 6,800 U.S. forces, are serving in Afghanistan as of July 8, 2016.[204] During the joint press conference with Secretary Carter on July 12, 2016, addressing the new authorities and troop levels, General Nicholson said roughly 2,150 troops are to support counterterrorism missions, about 3,000 to support the RS mission, and about 3,300 troops will support or enable both missions.[205]

Since the RS mission began on January 1, 2015, through July 1, 2016, 11 U.S. military personnel were killed in action, in addition to 10 non-hostile deaths, for a total of 21 U.S. military deaths. During this period, 106 U.S. military personnel were wounded in action.[206] Seven U.S. civilians or contractors were killed during hostile actions, in addition to nine non-hostile deaths, for a total of 16 DOD, U.S. civilian, or contractor deaths. Nine DOD, U.S. civilian, or contractor personnel were wounded during this period.[207] In vetting comments, DOD noted that some of the contractors may have been involved in missions other than Resolute Support's train, advise, and assist mission.[208]

Since the Resolute Support Mission began on January 1, 2015, through May 19, 2016, seven insider attacks were directed against U.S. forces.[209] Whereas the two attacks that occurred during 2016 inflicted no casualties, the five insider attacks during 2015 resulted in three deaths and 14 woundings.[210] Insider attacks during 2015 were also responsible for the death of three of the seven U.S. civilians killed and one of the nine wounded during this period.[211] There were 77 insider attacks against the Afghan security forces during the same period, resulting in the deaths of 205 and the wounding of 103 Afghan security forces.[212] Of these attacks, 20 occurred in 2016, resulting in the deaths of 68 and the wounding of 48 Afghan security forces.[213]

SIGAR SPECIAL PROJECT

Last quarter SIGAR examined the disposal and transfer of U.S. equipment and property in Afghanistan valued at $907 million. For more information, see the SIGAR April 2016 *Quarterly Report to the United States Congress*, page 46.

Challenges in Developing the Essential Functions of the ANDSF, MOD, and MOI

Key areas of the RS mission are organized under eight Essential Functions (EF). The highlights of each function reported to SIGAR this quarter include:

- **EF-1 (Multi-Year Budgeting and Execution):** EF-1 supports the ministries with contracted support programs that aim to hire Afghan civilians to fill business-type positions (finance, procurement, logistics, information technology, and human resources). The MOD has filled 62 of the 64 positions allotted for the first proof-of-concept phase. The second phase allows for an additional 280 positions.[214] The MOI has hired 286 individuals to fill 361 subject-matter-expert positions.[215]
- **EF-2 (Transparency, Accountability, and Oversight):** Advisors provided on-the-job training in inspections/audits from planning to report writing. Although much improvement is still needed, the MOD approved its counter- and anticorruption plan and the MOI its Counter

Administrative Corruption Policy; the EF-2 advisors are to monitor milestone and reporting compliance with the conditionality clauses in the financial commitment letters and assess penalties or provide incentives as warranted.[216]

- **EF-3 (Civilian Governance of Afghan Security Institutions):** According to RS, the Major Crimes Task Force (MCTF) has become quite effective under its current leader, who resists external attempts to influence cases. However, the MCTF still encounters issues with transparency on case disposition at the Attorney General's Office as well as interference from MOI leadership.[217]
- **EF-4 (Force Generation):** The Human Resources Management advisors supported the MOD in conducting reenlistment conferences at the ANA 201st, 205th, 207th, 209th Corps, and in the Kabul area that assessed the corps' reenlistment and retention processes, identified gaps, and provided ways to improve reenlistment. Findings revealed that corps leadership in many areas created hostile work conditions, and the country's insecurity plagued reenlistment efforts. Countermeasures include incentive pay for reenlisting noncommissioned officers, a leave-rotation policy, and for leaders to treat soldiers with respect and provide for their basic logistical needs.[218]
- **EF-5 (Sustainment):** For the first time since CSTC-A inaugurated the use of financial commitment letters with the MOD, fuel-consumption reporting for June was 100% in compliance with the conditions imposed in the Letter.[219] Also, for the first time the MOD provided brigade-level ammunition inventory and consumption reports on schedule.[220] Both the MOD and MOI made progress toward removing battle-damaged vehicles. The MOI received approval to demilitarize 1,500 vehicles; since January the MOD has demilitarized 190 vehicles and have approved another 300.[221] A joint CSTC-A and MOD Pay and Compensation Board approved a temporary pay increase for medical aviation and medical command personnel in May.[222] Additionally, EF-5 efforts resulted in the delivery of 7,000 radio batteries and 41 pallets of radio spare parts to support maintenance-training programs.[223]
- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):** No report was received from EF-6 this quarter.
- **EF-7 (Intelligence):** Advisor assessments conducted this quarter allowed Operational Coordination Centers in Jalalabad and Kandahar to improve intelligence sharing among the districts, provinces, and regions.[224] The MOI Intelligence Investigations Department and the Inspector General's Office codified how corruption investigations within the MOI will be executed. The document specified which organization leads investigations for corruption, major crimes, minor crimes, and infiltration, and the procedures to be followed during the investigations.[225] Expansion of the intelligence, surveillance, and reconnaissance equipment and sites is

expected to provide improved intelligence information for the summer campaign. Two additional ScanEagle unmanned aerial vehicle sites became operational in April, as did five new Rapid Aerostat Initial Deployment surveillance towers in May, with four additional sites planned to have been operational by the end of June.[226]

- **EF-8 (Strategic Communications):** Coalition advisory efforts focused on developing budgeting and contract requirements and on-going training on areas such as broadcast writing, train-the-trainer programs, press conferences, basic photography and videography, and crisis communications.[227] For a more in-depth perspective on the MOD and MOI information operations, see page 98 of this section.
- **Gender Office:** This quarter RS Gender Relations office provided train, advise, and assist activities resulting in several female-focused accomplishments. The ANA added 57 positions specifically for women, and the ANA and ANP added an 88 additional special operations positions for women. In May 2016, the ANA's first training program in Turkey was initiated with 109 female recruits. Additionally, 60 women in the General Command for Police Special Units and 35 in the ANP began the first major postgraduate course in Turkey, and another 12 female ANP recruits enrolled in a radio maintenance class alongside male colleagues in Afghanistan. RS is currently overseeing the hiring of four female budget employees in the MOD finance and gender departments, assisting the Inspector General's office with hiring a woman, and helping the MOI hire a female lawyer and a subject-matter expert.[228]

While the impact of executive-level conflicts within the National Unity Government has not affected all EF efforts, USFOR-A reported that instances of senior officers being appointed based on relationships rather than experience has negatively impacted the development of essential functions.[229] For example, USFOR-A reported that delays in the selection of key personnel has slowed progress because temporary appointees are hesitant to make decisions affecting procurements, expenditures, and policy.[230]

RS advisors rotate in and out of Afghanistan, with tours ranging from six to 12 months. The EF offices reported differing impacts of the short-term rotations.[231] For example, EF-4 (Force Generation) reported that the low number of advisors in 2015 and their inability to travel to Afghan facilities had a greater impact than the tour duration of individual advisors.[232] The EF-7 (Intelligence) office reported that, if the office were sufficiently staffed, the turnovers would have minimal impact due to overlapping advisory responsibilities.[233] However, USFOR-A reported that "short tours and frequent turnovers significantly and negatively impact the mission" due to the loss of institutional knowledge, changes of priorities based on personal preferences, and a lack of continuity. USFOR-A also noted that the ability to tap into the institutional knowledge of prior advisors existed in only one

SIGAR LESSONS LEARNED PROGRAM (LLP)

SIGAR LLP worked with graduate students from the Woodrow Wilson School of Public and International Affairs at Princeton University on the "Lessons from the U.S. Civilian Surge in Afghanistan, 2009–2014," published in January 2016. The publication addressed the impact that short tours have on the continuity and efficiency of reconstruction programs.

EF office, and that is "strongly dependent on the individual's personality, motivation, and commitment/investment to the mission."[234] The time to acclimate within the EF-5 (Sustainment) office can take four to six weeks, which impacts the ministerial development efforts of RS advisors with a tour of less than six months. That EF office reported that a minimum of a one-year tour "is the most effective" tour length "to maintain consistency, stability, and unity of effort."[235] DOD is working to create reach-back cells to provide access to both technical experts and personnel with prior Afghan experience to help mitigate the effect of rapid turnover of advisors.[236]

ANP Drives ANDSF Strength Growth

This quarter, ANDSF assigned force strength was 319,595 (not including civilians), according to USFOR-A.[237] As reflected in Table 3.6, this is 90.8% of the ANDSF authorized force strength of 352,000, not including MOD civilian employees. Although the April/May 2016 assigned-strength number reflects a decrease of 5,313 (not including civilians) over the same period last year, it represents an increase of 1,085 since January 2016.[238]

The ANP had the largest increase of 1,863 personnel; the ANA lost 778 personnel, as shown in Table 3.7.[239]

TABLE 3.6

ANDSF ASSIGNED MILITARY FORCE STRENGTH, APRIL/MAY 2016

ANDSF Component	Approved End-Strength Goal	Target Date	Current Assigned as of April/May 2016	% of Target Authorization	Difference Between Current Assigned and Approved End-Strength Goals	Difference (%)
ANA including AAF	195,000	December 2014	171,428	87.9%	(23,572)	(12.1%)
Afghan National Police	157,000	February 2013	148,167	94.4%	(8,833)	(5.6%)
ANDSF Total*	**352,000**		**319,595**	**90.8%**	**(32,405)**	**(9.2%)**

Note: ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force.
* In vetting, USFOR-A reported the total ANDSF approved end-strength goal decreased from 360,004 to 359,904 including civilians, however, the ANDSF component which decreased was not identified. The ANA employs civilians, whose approved end-strength goal is an additional 8,004 personnel, but their assigned-strength numbers have not been publicly released this quarter. ANA data is as of May 20, 2016; ANP data is as of April 19, 2016.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 12/2012, p. 56; USFOR-A, response to SIGAR data calls, 3/4/2016 and 6/3/2016; USFOR-A, response to SIGAR vetting, 4/12/2016.

TABLE 3.7

ANDSF ASSIGNED FORCE STRENGTH, FEBRUARY 2014–APRIL 2016

	2/2014	5/2014	8/2014	11/2014	2/2015	5/2015	7/2015	10/2015	1/2016	4/2016[c]
ANA including AAF[a]	184,839	177,489	171,601	169,203	174,120	176,762	176,420	178,125	179,511	171,428
ANP[b]	153,269	152,123	153,317	156,439	154,685	155,182	148,296	146,026	146,304	148,167
Total ANDSF	**338,108**	**329,612**	**324,918**	**325,642**	**328,805**	**331,944**	**324,716**	**324,151**	**325,815**	**319,595**

Note: ANDSF = Afghan National Defense and Security Forces; ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police. ANA and AAF numbers include civilians except for the April 2016 numbers; available data for ANP do not indicate whether civilians are included.
[a] The total "ANA including AAF" numbers for July 2015 and October 2015 are not fully supported by the detailed numbers in the USFOR-A response to SIGAR data call; Trainee, Transient, Holdee, and Students (TTHS) may represent all or part of the unreconciled portion.
[b] Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.
[c] The ANA data is as of May 20, 2016; the ANP data as of April 19, 2016.

Source: CSTC-A response to SIGAR data calls, 3/31/2014, 7/1/2014, and 10/6/2014; RSM, response to SIGAR request for clarification, 3/14/2015; USFOR-A, response to SIGAR vetting, 4/10/2015, 7/12/2015, 1/29/2016, and 4/12/2016; USFOR-A, response to SIGAR data calls, 12/28/2014, 3/24/2015, 6/29/2015, 9/11/2015, 12/14/2015, 3/4/2016, and 6/3/2016.

This quarter, for the first time, the details on ANA top-line attrition and ANP pillar force strength and attrition were classified by USFOR-A, citing the Resolute Support Security Classification Guide, while details of the ANA force strength at corps level and below remained classified. SIGAR will report on them in a classified annex to this report.

The RS Train Advise Assist Command-West deputy commander reported that low recruitment in Herat and other western provinces may be due to ANA salaries that are lower than what the Iranian Army is offering to fight ISIL in Syria.[240] The commander added another factor contributing to low recruitment is that the region's relatively good economy provides opportunities in the private sector that pay better than the ANA.[241] DOD estimates the total annual cost to sustain the ANDSF at an end-strength of 352,000 in FY 2017 is approximately $4.9 billion. The President's FY 2017 Budget Request included $3.45 billion for the ASFF, which represents the U.S. contribution to that expense.[242]

ANDSF ASSESSMENTS REFLECT MODEST IMPROVEMENT BUT CHALLENGES REMAIN

USFOR-A assesses that the ANDSF is still developing but is a capable force.[243] However, USFOR-A reports that U.S. advisors participating in the RS train, advise, and assist mission have little or no direct contact with ANDSF units below ANA corps and ANP zone-headquarters levels.[244] The effort undertaken since late last year to reconstitute several battalions of the ANA 215th Corps is one exception to this.[245] The advisors rely on data provided by the Afghan ministries to evaluate the operational readiness and effectiveness of the ANDSF; the consistency, comprehensiveness, and credibility of this data varies.[246] The RS deputy chief of staff for communications assessed the ANDSF is performing better than they were last year primarily because they switched from a defensive mindset to an offensive one, although not every corps or at every location. He also assessed the ANDSF are better at employing the new capabilities—the A-29s, the MD-530s, providing close air support—and the special operation forces are reportedly doing "exceptionally well."[247] According to USFOR-A, the Afghan Special Security Forces (ASSF), with the MOD elements in particular, remain the most capable element of the Afghan forces and one of the best special operations forces in the region.[248] The MOD ASSF elements—the ANA Special Operations Command (ANASOC), the *Ktah Khas* (KKA) counterterrorism unit, and the Special Mission Wing—have the highest operational tempo of the ANDSF.[249] USFOR-A reports the ASSF are capable of conducting independent operations using Afghan-acquired intelligence and their aircraft, and predicts as the ASSF increase operational capacity, the number of ASSF operations will outnumber the Coalition-advised and unilateral operations.[250] The RS deputy chief of staff for communications said the Coalition forces can accompany ASSF on missions.[251] He added that for 10–15% of ASSF missions, the Coalition provides planning, logistical, or aerial support, and that Coalition forces partner with the ASSF on 10% of missions. Military leaders consider the mission payoff, risk, complexity, and the availability of medical evacuation before embarking on a partnered mission.[252]

Minister of Defense Abdullah Khan Habibi

Confirmed June 20, 2016
Ethnicity Pashtun
Nominated by President Ashraf Ghani
Experience – Defense Ministry Chief of Army Staff
– Commander of the 201st Selab Army Corps
– Military Aide for Minister of Defense Abdul Rahim Wardak
Background Minister Abdullah Khan has served in the Afghan military in every regime since President Najibullah. He graduated from the Military Academy in Kabul with honors and received a masters of arts in military science in Russia. President Ghani previously tapped him for the minister of defense position, but Minister Abdullah Khan withdrew before the Wolesi Jirga (lower house) voted.

Minister of Defense Abdullah Khan Habibi (Wikimedia Commons photo)

Source: *Tolo News*, "MPs Approve Defense Minister and NDS Chief," 6/20/2016; Afghanistan Analysts Network, "Old Names for the NDS and Defense Ministry," 5/13/2016; *Pajhwok*, "Brief life sketches of new ministers-designate," 3/23/2015.

While the ASSF elements, primarily the ANASOC, rely heavily on High Mobility Multi-Purpose Wheeled Vehicles and Mobile Strike Force Vehicles with heavy armor and large-caliber weapons, the processes to sustain those vehicles are still developing. Difficulties exist keeping the vehicles in mission-ready state due to a lack of spare parts and sufficient mechanics.[253] The supporting National Mine Reduction Group is responsible for clearing routes to allow the ASSF to maneuver. While increasing in capability, the Group still needs to improve to effectively support the ASSF operations.[254] USFOR-A reports the ANDSF rely heavily on the ASSF for conventional missions that the ANA or ANP should perform. And after successful ASSF counterattacks, poorly planned and executed ANA and ANP holding operations allow insurgents to return to the just-cleared areas.[255]

USFOR-A reports ANDSF performance in "combined arms" operations—operations that integrate multiple assets such as infantry, artillery, and air forces—is uneven. The ANDSF requires Coalition support to effectively incorporate capabilities such as artillery to alleviate the reliance on air-to-ground capabilities, to better integrate air-to-ground capabilities into combined arms operations, and to develop intelligence, surveillance, and reconnaissance capabilities.[256] Within the ANA, combat capabilities such as artillery and the Mobile Strike Force Brigades are not sufficiently coordinated and integrated into operational planning. Moreover, USFOR-A reports the Mobile Strike Force Brigades are often used in defensive operations or are deployed in static positions, hindering their intended use as an offensive capability.[257]

The RS Advise and Assist Cell-Southwest (AAC-SW) provides security-force assistance to the ANA 215th Corps responsible for only Helmand Province, as Nimroz Province was recently transferred to the ANA 207th

Corps.[258] According to the RS deputy chief of staff for communications, a significant number of the ANA leadership within the 215th Corps have been replaced—the corps commander, all the brigade commanders, and also many of the lower level commanders.[259] AAC-SW, whose major focus has been on reconstituting the corps, has been deployed to Camp Shorab since December 2015. Along with the U.S. Army Task Force Forge, the AAC-SW retrained and equipped four of the six 215th Corps infantry kandaks, assisted with effective use of armed helicopters in support of operations, and worked on enhancing ANA-ANP intelligence sharing and operations coordination.[260] The two remaining kandaks were expected to complete training by the end of June; each kandak comprises roughly a "couple hundred" soldiers.[261] The AAC-SW also assisted ANA and ANP units in consolidating checkpoints into defensible tolai-sized bases, and addressing high attrition and poor leadership. USFOR-A reported areas for continued AAC-SW focus include addressing corruption in the 215th Corps and improving ANA and ANP equipment readiness rates and logistics support capability.[262]

Tolai: a unit of about 100 personnel, equivalent to a U.S. Army company.

Source: ISAF, *RS Security Force Assistance Guide 3.1, 7/1/2014.*

Within the ANP, the recently established zone headquarters are reported to have helped address ANA-ANP coordination challenges, but progress is limited and continued Coalition advising efforts are required.[263] Refer to Figure 3.28 for the locations of the ANP zones in comparison to the ANA corps. Additionally, MOI police forces often are misemployed as personal security or for mission sets outside their intended scope, detracting from the ANDSF combat capability and effectiveness against insurgents.[264]

USFOR-A reports the Afghans have made modest progress moving to an offensive-oriented strategy, but they continue to struggle with pursuing the Taliban and holding areas once cleared. Coalition advisors have advocated a more sustainable security strategy that consolidates forces where needed to provide security to key areas of the country.[265] Additionally, according to USFOR-A, ANDSF commander emphasis on cross-leveling resources (adjusting inventories among units to avoid excess accumulations and shortages), property accountability, and consumption reports is limited, and corruption continues to impact readiness down to the unit level.[266]

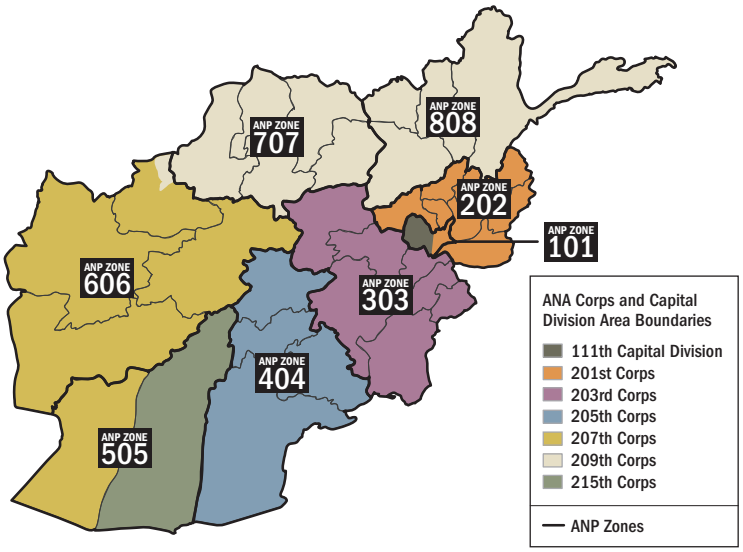
Afghan president Ghani has ordered an investigation of Agence France Presse (AFP) press reports of the Taliban's tactic of taking advantage of *bacha bazi*—a practice that may include older men sexually abusing young boys—by using boys to infiltrate police checkpoints; after gaining the trust of the policemen, the boys kill, drug, or poison them. Afghan security officials reported at least six incidents to the AFP between January and April this year.[267] According to the AFP, multiple Afghan officials say that some police refuse to join outposts that do not have boys present.[268] Earlier requests by the Afghan Attorney General for Uruzgan province officials to investigate police checkpoints have gone unanswered as one official expressed concern that police commanders will retaliate if they

Members of Congress Ask SIGAR to Investigate Allegations of Sexual Abuse

A bipartisan, bicameral group led by Senator Patrick Leahy (D-VT) and Representative Thomas J. Rooney (R-FL) and 91 other Members of Congress in December asked SIGAR to conduct an inquiry into the U.S. government's experience with allegations of sexual abuse of children committed by members of the Afghan security forces. The inquiry will also look into the manner in which the Leahy amendment prohibiting DOD and the State Department from providing assistance to units of foreign security forces that have committed gross violations of human rights is implemented in Afghanistan. See SIGAR *Quarterly Report to the United States Congress*, January 2016, p. 40 for more information. The Department of Defense Inspector General is conducting a similar investigation.

FIGURE 3.28

ANP ZONES VS. ANA CORPS AREA BOUNDARIES



Source: DOD, *Enhancing Security and Stability in Afghanistan*, June 2016, pp. 63, 95.

investigate.[269] After the Attorney General's failure, President Ghani ordered a thorough investigation according to a statement from the presidential palace, and anyone, regardless of rank, found guilty will be prosecuted in accordance with Afghan laws and international obligations.[270] DOD has been unable to independently confirm the AFP reporting. DOD continues to engage with Afghan senior leaders concerning this issue and fully supports both the ongoing SIGAR and DOD Inspector General investigations.[271]

This quarter, SIGAR will report on the classified aspects of the ANDSF assessment in the classified annex to this report.

MINISTRIES OF DEFENSE AND INTERIOR MAKE MODEST PROGRESS, STILL FAR FROM ACHIEVING HIGHEST RATINGS

Each RS Essential Function (EF) directorate and the Gender Advisor office use the Essential Function Program of Actions and Milestones (POAM) to assess the essential-function capabilities of the offices in the ministries of Defense and Interior.[272] This quarter, the MOD offices were assessed on 44 milestones—one less than last quarter. MOI offices were assessed on 33 milestones—one more than last quarter.[273] The milestones are assessed

SIGAR AUDIT

Last quarter a SIGAR inspection report that assessed U.S. efforts to construct the Ministry of Defense headquarters found while contract requirements were generally met and the building appears well built, several construction issues need to be assessed. For more information, see the April 2016 SIGAR *Quarterly Report to the United States Congress*, pp. 37–40. In vetting comments, USFOR-A said the U.S. Air Force Civil Engineer Center completed a comprehensive evaluation of the Ministry of Defense headquarters building, concluding that the building either met or exceeded all requirements including earthquake-survivability features.

Minister of Interior Taj Mohammad Jahid

Confirmed April 9, 2016
Ethnicity Tajik
Nominated by Chief Executive Abdullah Abdullah
Experience – Commander of the 207th Zafar Military Corps
– Commander of the Defense University
Background After joining the mujahedeen at age 16 in 1981, Minister Jahid pursued a decades-long career in the Afghan Army and attained the rank of major general. He holds an advanced graduate degree from the Kabul Military University.

Source: *Tolo News*, "MPs Approve Interior Minister and Attorney General," 4/9/2016; Afghan Biographies, *Jahid, Taj Mohammad MajGen*, 5/13/2016.

Minister of Interior Taj Mohammad Jahid (Facebook photo)

using a five-tier rating system displayed in Table 3.8.[274] Milestone assessments are combined to determine the overall assessment of a department. Department assessments are then combined to determine the assessment of the overall ministry.[275] The five ratings reflect the degree to which Afghan systems are in place, functioning, and being used effectively. The highest rating, "sustaining capability," indicates an Afghan ministry can perform a specific function without Coalition advising or involvement.[276]

SIGAR is not able to verify the accuracy of the ministry-assessment data provided by the RS mission.

This quarter, the RS assessment indicates both the MOD and MOI continue to show improvement in the percentage of its "sustaining capability" or "fully capable" development milestones. The MOD has increased from 6.7% to 11.1% then to 18.2% over the last two quarters. The MOI also increased its ratings from 7.5% then to 9.4% to 21.2% of its development milestones at "sustaining capability" or "fully capable".[277]

This quarter, the MOI continues to possess the sole "sustaining capability" assessment rating (the highest rating), which was achieved for an EF-5 (Sustainment) milestone.[278] Also this quarter, the RS assessment reflects the MOD EF-3 (Civilian Governance of the Afghan Security Institutions) and the MOI EF-1 (Multi-Year Budgeting and Execution) and Gender Relations offices earned their first "fully capable" rating.[279]

RS forecasts that by the end of 2016, MOD will attain a "sustaining" or "fully capable" rating in 50% of its milestones, with MOI "sustaining" or "fully capable" in 61% of its milestones.[280]

Communication and Messaging

According to RS, both the MOD and the MOI are emphasizing the use of information operations to counter insurgent messaging, synchronizing messaging between the ANA and ANP, and incorporating the use of social media.[281] The first quarterly conference for ANA corps and police zone public-affairs officers was held in April to provide guidance for the Afghan campaign plan and Operation Shafaq messaging, facilitate

TABLE 3.8

PROGRESS TOWARD ACHIEVING A "SUSTAINING" RATING FOR ESSENTIAL FUNCTION MILESTONES

MINISTRY OF DEFENSE ASSESSMENT

Essential Functions	Scoped/Agreed	In Development	Partially Capable	Fully Capable	Sustaining	Total Number of Milestones
1. Multi-Year Budgeting & Execution	-	2	2	2	-	**6**
2. Transparency, Accountability, & Oversight	-	1	3	-	-	**4**
3. Civilian Governance of the Afghan Security Institutions	-	-	3	1	-	**4**
4. Force Generation	-	1	3	-	-	**4**
5. Sustainment	-	1	7	3	-	**11**
6. Strategy & Policy, Planning, Resourcing, & Execution	-	1	0	2	-	**3**
7. Intelligence	-	1	2	-	-	**3**
8. Strategic Communications	-	2	4	-	-	**6**
* Gender Advisor	-	3	-	-	-	**3**
Essential Function Totals	**0**	**12**	**24**	**8**	**-**	**44**
This quarter, percent of total milestones	0%	27%	55%	18%	0%	
Last quarter, percent of total milestones	4%	29%	56%	11%	0%	

MINISTRY OF INTERIOR ASSESSMENT

Essential Functions	Scoped/Agreed	In Development	Partially Capable	Fully Capable	Sustaining	Total Number of Milestones
1. Multi-Year Budgeting & Execution	-	2	1	3	-	**6**
2. Transparency, Accountability, & Oversight	-	1	2	-	-	**3**
3. Civilian Governance of the Afghan Security Institutions	-	-	3	-	-	**3**
4. Force Generation	1	-	-	1	-	**2**
5. Sustainment	-	2	9	1	1	**13**
6. Strategy & Policy, Planning, Resourcing, & Execution	-	-	2	-	-	**2**
7. Intelligence	-	1	-	-	-	**1**
8. Strategic Communications	-	-	-	-	-	**0**
* Gender Advisor	-	2	-	1	-	**3**
Essential Function Totals	**1**	**8**	**17**	**6**	**1**	**33**
This quarter, percent of total milestones	3%	24%	52%	18%	3%	
Last quarter, percent of total milestones	6%	22%	63%	6%	3%	

Note: * Not EF-numbered, but rated. EF = Essential Function; last quarter data as of 2/4/2016; this quarter data as of 5/18/2016.

Source: USFOR-A, response to SIGAR data calls, 3/10/2016 and 5/31/2016.

on-going communication between the two security forces, and provide continuing education.[282]

During the past quarter, the MOD increased engagements with the public, the media, and religious scholars and mullahs, particularly in support of the summer campaign against the insurgents.[283] During ANDSF operations in Helmand, Badakhshan, and Nangarhar, the MOD arranged for local and international media to attend events with ANA and ANP leaders, and local and provincial officials.[284] The MOD also is focusing on reporting the ANA capabilities instead of the number of casualties and security incidents; it is too early to know if such engagements and reporting had a positive effect on public perception and operations against the Taliban and other insurgent forces.[285]

Within the MOI, RS reported the Kabul City Police call center transitioned to a toll-free number and identified ongoing challenges that include cross-ministry communications during contingency situations, an insufficient number of ANP zone headquarters public-affairs personnel, and the need to improve recruitment-focused communications.[286]

Afghan Local Police

Afghan Local Police (ALP) members, known as "guardians," are usually local citizens selected by village elders or local leaders to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.[287]

As of May 2016, according to the NATO Special Operations Component Command-Afghanistan (NSOCC-A), the ALP has 29,838 guardians, 25,004 of whom are trained.[288] Consistent with advising the Afghan security forces to the ANA corps and ANP zone or equivalent level, NSOCC-A advises the ALP at the ALP Staff Directorate level.[289] According to Afghan reporting, 0.21% of ALP guardians were killed in action during the first five months of 2016. An additional 1.41% have been dropped from the rolls, while none were reported becoming disabled or injured. These numbers yield an aggregate attrition rate of 1.62%. The Afghan government is no longer reporting the number of ALP guardians who have renewed their contracts.[290] NSOCC-A reports the FY 2016 cost to support the ALP at its authorized end strength of 30,000 is $117 million. The United States expects to fund approximately $112.5 million, with the Afghan government contributing the remaining $4.5 million.[291]

In its October 2015 *Quarterly Report to the United States Congress*, SIGAR reported on MOI reforms enacted after the Afghan Uniform Police in 2015 assessed the ALP in 164 of the 170 districts in which they operate.[292] This quarter NSOCC-A reported efforts continue to enroll the ALP personnel into the Afghan Human Resources Information Management System, to transition ALP salary payments to an electronic funds-transfer process, and to inventory materiel.[293] According to NSOCC-A the FY 1395

assessment is under way, with all ALP district assessments to be completed by December 20, 2016.[294]

AFGHAN NATIONAL ARMY

As of June 30, 2016, the United States had obligated $40.1 billion and disbursed $39.0 billion of ASFF funds to build, train, equip, and sustain the ANA.[295]

ANA Military Personnel Experience Slight Decrease

As of May 20, 2016, the overall assigned strength of the ANA, including the Afghan Air Force (AAF) but not including civilians, was 171,428 personnel, according to USFOR-A.[296] This is an overall decrease of 778 from the January 2016 assigned-end-strength report of 172,206.[297] The number of ANA civilians were not reported in an unclassified manner this quarter.[298] ANA assigned military personnel are at 87.9% of the approved end strength.[299]

USFOR-A reports high attrition is impacting the experience level of front-line troops. Annually almost one-third of the force is lost to attrition, resulting in many new recruits, and the focus on basic training for new troops reduces the ability to conduct advanced training.[300]

SIGAR has previously reported on the overall ANA attrition rate, but this quarter USFOR-A, citing the Resolute Support Security Classification Guide, did not provide the data in an unclassified format. SIGAR will report on the ANA attrition and corps-level troop strength in a classified annex to this report.

ANA Sustainment

As of June 30, 2016, the United States had obligated $17.3 billion and disbursed $16.6 billion of ASFF for ANA sustainment.[301] The most prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition, organizational clothing and individual equipment (OCIE), aviation sustainment, and vehicle maintenance.[302]

CSTC-A reported the total amount expended for all payroll and nonpayroll sustainment requirements in Afghan FY 1394 (2015) was $876.1 million and $131.8 million in Afghan FY 1395 through March 14, 2016.[303] Sustainment for the combat forces (27%) and the Afghan Air Force (29%) are the largest uses of the funding, followed by funding for communications equipment and information technology (18%) and vehicles and transportation (10%).[304] According to a May 2106 *Washington Post* article, Afghan security forces have had a shortage of adequate footwear. Moreover, 23% of the boots ordered for the ANA and 29% of the boots ordered for the ANP during 2014 and 2015 were not delivered until early 2016.[305] According to DOD, the shortage of adequate boots was due to a variety of factors including (1) possible Afghan noncompliance with the Berry Amendment, (2) the Afghan decision to buy short-lasting, poor-quality boots from local or Chinese sources, (3) a system that tracked quantities of boots procured but not their sizes, which led to a surplus of boots too large for most Afghans, and (4) a U.S. production base that could not keep up with the increased

The Berry Amendment: (Title 10 United States Code Section 2533a) requires DOD-purchased textile components (among other items) over the simplified acquisition threshold of $250,000 to be produced in the United States when using appropriated funding. This law, passed in 1941, applies when CSTC-A is purchasing uniforms for the ANDSF or when providing on-budget financing to the Afghan ministries for uniform purchases.

Source: Defense Procurement and Acquisition Policy, "Berry Amendment FAQ," 10/5/2014.

demand for high-quality boots. DOD reported that the rate of production of high-quality boots has increased and that production is quickly catching up with demands.[306]

ANA Salaries and Incentives

CSTC-A reported that the funding required for ANA base salaries, bonuses, and incentives will be $676.2 million in FY 2016, followed by an average $545.8 million annually over the next five years.[307] In vetting comments, however, DOD noted that these forecasted numbers are for planning purposes only and are not valid indicators of future DOD support.[308] During Afghan FY 1394 (2015), the United States provided $271 million directly to the Afghan government to fund ANA salaries and contractor pay, with the significant majority of the funding, $179.5 million, applied toward officer base pay. An additional $91 million was used for noncommissioned officers' and soldiers' pay, and $500,000 for ANA contractors' base pay.[309] Funding provided for FY 1395 salaries and incentives through March 14, 2016, totaled $89.6 million.[310]

To encourage the MOD to use electronic-payment systems, CSTC-A plans to provide 100% funding only for personnel in authorized *tashkil* positions being paid electronically, once the automated pay system is ready for use later this year.[311] USFOR-A reports as of May 20, 2016, that thousands more active-duty personnel records are in the computerized Afghan Human Resource Information Management System (AHRIMS) than in the monthly paper Personnel Status reports. One of the ongoing efforts is correcting the employment status of those personnel retired, separated, or killed in action.[312] Additionally, 134,844 (79% of the number reported in the monthly Personnel Status report) personnel have been slotted in AHRIMS into an approved FY 1394 tashkil position as of May 20, 2016.[313]

Tashkil: List of personnel and equipment requirements used by the MOD and MOI that detail authorized staff positions and equipment items. The word means "organization" in Dari.

Source: GAO, *Afghanistan Security*, GAO-08-661, 6/2008, p. 18.

AHRIMS contains a personnel module that includes name, rank, education level, identification card number, current tashkil position, and other data. A tashkil module within AHRIMS contains all the approved positions within the MOD and the MOI along with pertinent information such as unit, location, and duty title. Personnel records in AHRIMS are linked to the appropriate position within the tashkil module. These two modules form the core of the personnel system for the MOD and MOI. The Afghan Personnel Pay System (APPS) is to ensure pay accountability by integrating the data in the AHRIMS modules with the compensation and payroll modules to process authorizations, personnel accountability, payroll, and funds disbursement.[314] The APPS program office expected 19,000 records to be corrected when the FY 1395 tashkil was loaded into AHRIMS, which was scheduled for late May.[315] At that time the ANA Corps was scheduled to be given AHRIMS access to update the tashkil modules, unlike in the past when ANA officials would pass paper personnel records to Kabul for input.[316]

Two other systems round out the initiative to manage personnel: the Afghan Automated Biometric Identification System (AABIS) and the ANDSF Identification Card System (ID). APPS, AABIS, and ID will contain a biometrics registration number as a unique key. Only those ANDSF members registered in AABIS will be issued an ID, and only those members both registered and with a linked ID will be authorized to have an APPS record. CSTC-A is overseeing the integration of the biometrically linked ID into the APPS.[317] This effort is to ensure the employee exists and payments are sent directly into the employee's bank account.[318] According to CSTC-A, this structure will dramatically reduce the potential for nonexistent personnel to be entered into APPS, although it will not completely eliminate the risk of paying for "ghost" personnel. Routine inventories are required to determine that personnel are properly accounted for and are still actively serving in the ANDSF.[319]

ANA Equipment and Transportation

As of June 30, 2016, the United States had obligated $13.1 billion and disbursed $13.0 billion of ASFF for ANA equipment and transportation.[320] Most of these funds were used to purchase vehicles, aircraft, communication equipment, weapons, and related equipment. Approximately 48.4% of U.S. funding in this category was for vehicles and related parts, as shown in Table 3.9.

TABLE 3.9

COST OF U.S.-FUNDED ANA EQUIPMENT, AS OF MAY 31, 2016

Type of Equipment	Procured	Remaining to be Procured	Procured and Fielded to the ANA
Weapons	$642,851,434	$25,406,939	$531,702,009
Vehicles	7,346,261,325	527,416,334	6,648,731,649
Communications	856,203,711	75,853,672	745,480,497
Aircraft	2,442,053,461	299,705,828	1,433,936,360
Ammunition	2,469,192,080	268,857,178	2,180,830,996
Transportation Services	89,380,000	0	13,459,569
C-IEDs	455,211,247	67,099,585	341,550,056
Other	884,304,375	0	801,295,177
Total	**$15,185,457,633**	**$1,264,339,536**	**$12,696,986,313**

Note: C-IED = Counter-improvised-explosive devices. Equipment category amounts include the cost of related spare parts.

Source: CSTC-A, response to SIGAR data call, 5/25/2016.

Since last quarter, the total cost of equipment procured for the ANA increased by over $125.6 million.[321] The majority of the increase was in vehicle procurements, followed by transportation services and counter-improvised-explosive devices.[322] Additionally, CSTC-A has a purchase request at the Defense Security Cooperation Agency for ammunition

The first donation of military equipment from China, including logistical equipment, vehicle parts, tankers, ammunition, and weapons, arrived in Kabul on July 3. The Afghan national security advisor said another shipment due later this year would include scanners to detect explosive devices.

Source: *Tolo News*, "First Military Aid from China Arrives in Kabul," 7/3/2016; *VOA News*, "China Delivers First Batch of Military Aid to Afghanistan," 7/3/2016.

SIGAR AUDIT

SIGAR released an audit this quarter on the ANA vehicle-maintenance capability and the DOD-managed ANA Technical Equipment Maintenance Program (A-TEMP). SIGAR found (1) the capacity of the Afghans to manage the supply chain did not meet key assumptions, (2) the cost of spare parts was significantly underestimated, (3) performance metrics did not accurately assess contractor performance or progress, and (4) ANA maintenance capability did not develop as anticipated. Additionally, contract oversight declined due to deteriorating security conditions and payments to the contractor were based on the number of vehicles in the ANA fleet, not the number of vehicles repaired, escalating per-vehicle repair costs from $1,954 to $59,402 as maintenance sites closed and vehicle turn-ins practically halted. These and other factors resulted in the final contract cost being more than double the original estimate, with DOD planning to award a more costly follow-on contract. For more information, see Section 2, pp. 29-32.

totaling $260 million.[323] CSTC-A reported a decrease in the "remaining to be procured" amount for vehicles, including related maintenance and spare parts, because MOI leadership determined additional unarmored light-tactical vehicles were not required and DOD reported extending the ANA and ANP vehicle-maintenance contracts for one year while the new National Maintenance Strategy contract requirements were reviewed and refined.[324]

According to CSTC-A, there are over 54,000 vehicles in the ANA inventory, although DOD noted that estimates of the number of operational vehicles are far lower.[325] Due to inconsistent and unreliable reporting by the MOD, the accuracy of the ANA equipment operational-readiness rate remains questionable. CSTC-A said data quality is expected to improve once the National Maintenance Strategy is implemented and training results are realized, but pointed to several factors within MOD that contribute to poor readiness rates:[326]

- high number of battle- or accident-damaged vehicles
- a shortage of about 600 trained mechanics for vehicle maintenance (mechanic retention and training remains a serious concern for both the ANA and ANP)[327]
- assignment of mechanics to combat-related duties such as staffing checkpoints

According to the ANA, as of May 9, 2016, the 207th Corps in Herat and Nimroz Provinces,[328] reported the highest vehicle-readiness rate at 82%, while the beleaguered 215th Corps in Helmand Province reported only 35% readiness.[329] But CSTC-A questioned the accuracy of ANA reporting on the 215th Corps rate as it does not appear to reflect that new vehicles had been delivered and vehicle maintenance had occurred.[330]

Equipment purchased for the ANA that was later determined to no longer be required by the ANDSF or that was damaged before transfer to the Afghan government can be converted into DOD stock for disposition, after USFOR-A considers alternative dispositions and DOD notifies Congress. DOD said no notification was processed during this reporting period, so the cumulative value notified to the U.S. Congress since 2014 remains at $215 million.[331]

Core Information Management System

CSTC-A also provided an update on the Core Information Management System (CoreIMS) this quarter. CoreIMS is part of the solution to address the Afghan supply-chain logistical-capability gap. Since 2012, efforts have been under way to develop and implement an automated system within both ministries to replace their paper-based process. CoreIMS is a proprietary inventory-management system that is being enhanced to eventually provide visibility of basic items like vehicles, weapons, night-vision devices, and repair parts, both in-stock and on-order. The system will allow for

informed allocation of material, predictive analysis of requirements, and proactive budgeting, while reducing the opportunity for fraud.[332] The web-based CoreIMS is available at ANA Regional Logistics Supply Centers, which each include a Corps Support Battalion and a Forward Supply Depot.[333] The goal is to improve Afghan sustainment processes from the national level to the corps and regional levels by providing managers and decision-makers with current asset status.[334]

In March, the MOD established a program-management office to manage the implementation, training, and support of the ANDSF's logistics solution.[335] Recording parts inventory in CoreIMS is an ongoing effort that is expected to be completed in December.[336] Once fully implemented, CoreIMS will track requested parts, completed orders, and existing inventory, as well as the time required to fulfill the supply request. Using this data, CoreIMS will provide a predictive analysis capability to identify parts for reordered.[337]

ANA Infrastructure

As of June 30, 2016, the United States had obligated $5.9 billion and disbursed $5.7 billion of ASFF for ANA infrastructure such as facilities for military-headquarters, schoolhouses, barracks, maintenance facilities, airfields, and roads.[338]

As of May 31, 2016, the United States had completed 382 infrastructure projects valued at $5.2 billion, with another 23 ongoing projects valued at $161.5 million, according to CSTC-A.[339] The largest ongoing ANA infrastructure projects this quarter are: the second phase of the Marshal Fahim National Defense University in Kabul (its estimated costs decreased from $76.3 million to $73.3 million, and are now $72.5 million), to be completed

Kabul Military Training Center Phase 4 Forward Operating Base area (Photo by CSTC-A CJ-Eng)

in December 2017; the fourth phase of the Kabul Military Training Center in Kabul ($19.7 million), which was scheduled for completion in June 2016; and utilities for the South Kabul International Airport ($7.1 million), to be completed in September 2016.[340] In addition, the Logistics Officers Branch School in Kabul was completed at a cost of $33.6 million,[341] and a $1.1 million contract for the ANA Shorabak Power Technical Assistance Project was terminated for cause.[342] The exact reason for the termination was not provided to SIGAR.

Two contracts were awarded this quarter at a cost of $574,000, including a $204,000 acquisition to construct a well for the Special Mission Wing in Mazar-e Sharif.[343] Among the 21 projects ($182.6 million) in the planning phase, four projects are to construct facilities for females ($33.6 million), five projects are to construct facilities for the AAF, three projects are to support the national electrical-grid strategy, and nine projects are for sustainment, restoration, and modernization.[344]

CSTC-A reported the MOD Construction and Properties Management Department (CPMD) was on schedule to meet the FY 1395 MOD Financial Commitment Letter requirements to provide CSTC-A a plan to divest unsustainable bases. However, the department did not develop all the required standard operating procedures, resulting in a 10% funding hold-back until all six procedures are completed.[345]

CSTC-A reported that several infrastructure-framed train, advise, and assist activities are ongoing. Eight CSTC-A engineering advisors mentor the MOD CPMD engineers three or four times a week.[346] A program to train Afghan facility engineers to operate and maintain power plants, heating and air-conditioning systems, water-treatment plants, and waste-water-treatment plants has 224 graduates with 30 students in the current classes.[347] After instructing three four-week courses, the ANA Engineer School's 18 instructors, mentored by CSTC-A advisors and contractors, demonstrate a willingness to learn proper instruction techniques and have improved their curriculum-teaching ability.[348]

CSTC-A reported using the Functional Area Support Team program to hire 74 Afghan engineers and specialists in an effort to build the Afghan civil-service workforce. The initial six hires were placed at CPMD headquarters; the remaining hires will be placed in ANA corps. In addition to engineering and construction management, the program hires will be placed in project management, financial management, and procurement positions.[349]

ANA and MOD Training and Operations

As of June 30, 2016, the United States had obligated and disbursed $3.8 billion of ASFF for ANA and MOD training and operations.[350] CSTC-A reported 17 ongoing U.S.-funded training programs, including 13 focusing on technical training.[351] The majority of the funding is applied toward

pilot training, aviation and equipment maintenance, and essential-function development training.[352]

Afghan Air Force and the Special Mission Wing

As of May 2016, the United States has appropriated more than $3.9 billion and obligated more than $3 billion to support and develop the AAF since FY 2010. Current obligations for FY 2016 stand at $223.8 million, while appropriations have reached more than $590 million. The majority of the funding is dedicated to sustainment costs, which account for 71% of obligated funds and 74% of appropriated funds. In contrast, training costs account for 29% of obligated funds and 27% of appropriated funds. No funds were obligated for infrastructure or equipment and aircraft, though $27 million was appropriated for equipment and aircraft costs.[353] The AAF's current inventory of aircraft, as of June 6, 2016, includes:

- 3 Mi-35 helicopters
- 47 Mi-17 helicopters
- 15 MD-530 helicopters
- 24 C-208 airplanes
- 4 C-130 airplanes
- 8 A-29 airplanes

This quarter, USFOR-A reported 10 Mi-17s, 2 MD-530s, and 1 C-130 were currently unusable for combat operations.[354] In addition, four of the eight A-29s are operational with the remaining four expected to clear all pre-operating testing in June.[355] The newest addition to the AAF, the A-29 Super Tucanos, have proven to be valuable assets on a strategic and tactical level. Four pilots reached combat-mission-ready status on April 1; two of them completed the AAF's first A-29 combat mission on April 14. By May 24, the AAF had undertaken 18 A-29 missions.[356] Over the next two years, the AAF will receive 12 more A-29s DOD has procured once their pilots complete their training at Moody Air Force Base, and 12 MD-530s still on the assembly line.[357] Not yet reflected in the AAF inventory are 10 of the 12 MD-530 Cayuse Warrior helicopters, five were delivered on June 17, 2016, and five more on July 17. These helicopters have the capability to fire rockets or .50-caliber machine guns. Another two helicopters are scheduled to arrive by the end of summer.[358]

The *Wall Street Journal* reported on the urgency to replace the aging Mi-17s and Mi-35s that are reaching the end of their service life. According to that news report, over 16,000 Mi-17 missions were flown in 2015, a significant increase over the 4,500 in 2014, and the continuous demand is placing pressure on the existing AAF fleet. The *Wall Street Journal* also reported that U.S. commanders in Afghanistan are waiting for DOD to respond to recommendations they have provided.[359] In vetting comments, DOD questioned the accuracy of that news report.[360]

Five new MD-530 Cayuse Warrior helicopters arriving in Kabul on a C-17 Globemaster III, June 17, 2016. (U.S. Air Force photo by Capt. Jason Smith)

SIGAR AUDIT

Last quarter SIGAR issued an inspection report that assessed U.S. efforts to convert the National Military Academy of Afghanistan into the Afghan Air Force University. The report found that contract requirements were generally met, but said instances of noncompliance, poor workmanship, and inadequate maintenance needed to be addressed. For more information, see the April 2016 SIGAR *Quarterly Report to the United States Congress*, p. 42.

The Special Mission Wing (SMW) is the aviation branch of the MOD's Afghan Special Security Forces (ASSF) alongside the special operations command ANASOC and the Ktah Khas counterterrorism unit.

USFOR-A reported that as of February 2016, NSOCC-A advisors provide train, advise, and assist support to the Counternarcotics Police of Afghanistan (CNPA) in addition to the support RS advisors provide the MOI. Their focus is to improve the CNPA coordination with the SMW for aviation support for counternarcotics raids.[361]

Details of the AAF capabilities and the SMW budget, manpower, and capabilities are classified. SIGAR will report on them in a classified annex to this report.

AFGHAN NATIONAL POLICE

As of June 30, 2016, the United States had obligated $19.6 billion and disbursed $18.9 billion of ASFF funds to build, train, equip, and sustain the ANP.[362]

The MOI spokesman announced the investigation of the former Helmand police chief on charges of exploiting his official powers and establishing ghost police. The current police chief called his predecessor's actions treasonous and alleged the former chief had been receiving the salaries of 270 unverified personnel. The chief claimed half of the Helmand police were ghosts.

Source: *Tolo News*, "Helmand's Ex-Police Chief To be Investigated Over Ghost Soldiers," 6/9/2016; *Pajhwok Afghan News*, "Efforts on to replace ghost Helmand police with real," 6/20/2016.

ANP Strength

As of April 19, 2016, the overall assigned end strength of the ANP, including the Afghan Uniform Police, Afghan Border Police, Afghan National Civil Order Police, and MOI Headquarters and Institutional Support (MOI HQ & IS), was 148,167, according to USFOR-A.[363] This is an increase of 1,863 ANP personnel since last quarter, but 7,015 below the May 2015 assigned end strength that was reported at 155,182.[364] Patrol personnel represent the largest component of the ANP with 70,681 members; noncommissioned officers numbered 49,941, while officer ranks stood at 27,545.[365] The largest increase this quarter occurred within the officer ranks.[366]

This quarter, for the first time, USFOR-A, citing the Resolute Support Security Classification Guide, classified data pertaining to ANP attrition and pillar strength. SIGAR will report on them in a classified annex to this report.

According to USFOR-A, all ANP members receive basic counternarcotics training whose course curriculum was developed by the U.S. Drug Enforcement Agency. While no statistics exists, the ANP Training General Command has released individuals from training and ANP service due to illicit drug use.[367]

ANP Sustainment

As of June 30, 2016, the United States had obligated $8.4 billion and disbursed $8.0 billion of ASFF for ANP sustainment.[368] This includes ASFF contributions to the Law and Order Trust Fund for Afghanistan (LOTFA), which pays for ANP salaries, the most prominent use of sustainment funding. Other uses of ANP sustainment funding include ammunition and ordnances, information technology, and organizational clothing and individual equipment.[369] According to CSTC-A, $201.8 million has been provided for ANP sustainment during Afghan FY 1395 (2016) through May 25, 2016.[370]

Of that amount, $156.8 million represents the U.S. contribution to LOTFA to fund salaries, incentives, and the United Nations Development Programme management fee.[371] CSTC-A reports that the U.S. funding required for LOTFA over the next five years will depend on the contributions of Coalition partners. However, due to the Afghan government starting to fund the ANP salaries, CSTC-A now estimates fiscal year 2016 expenses to be $223.5 million and fiscal year 2017 to be $77.2 million, down significantly from the earlier reported fiscal year 2016–2020 average of $613.2 million.[372] According to the UNDP country director in Afghanistan, $45 million is allocated monthly to the ANP.[373] Afghan police officials said on average Afghan police officers earn $176–$221 monthly, whereas detectives in the major-crime task force earn $294–$353 monthly on average.[374] In addition to LOTFA, CSTC-A has provided $66.6 million for ALP salaries and incentives and $45 million toward non-payroll items.[375]

In March 2016, LOTFA funding ended for 22 contracted advisors that staffed the MOI Media and Public Affairs Directorate (MPAD). RS reports the directorate performance, once regarded as the Afghan government's most capable public-affairs office, has deteriorated because the MOI has failed to staff civilian positions.[376]

To encourage the MOI to use electronic-payment systems, CSTC-A plans to provide funding only for those authorized tashkil positions being paid electronically, once the automated pay system is ready for use in 2016. In addition, CSTC-A will not fund salaries for personnel not validated in the Afghan Human Resource Information Management System (AHRIMS) or the current electronic-pay system, or for those personnel without a valid, current ID.[377]

USFOR-A stated the EF-4 advisors met with key MOI human resource leaders to build awareness of the need to use electronic-pay systems. USFOR-A reports that, as of May 16, 2016, the MOI has input 93% of the ANP forces into the AHRIMS personnel module and input 85% in the tashkil module filling an approved tashkil position.[378] USFOR-A reports that not all data fields are populated in records entered into the AHRIMS personnel and tashkil modules.[379]

SIGAR AUDIT

An ongoing SIGAR audit will review DOD's procurement, maintenance, and oversight of organizational clothing and individual equipment purchases for the ANDSF.

ANP Equipment and Transportation

As of June 30, 2016, the United States had obligated $4.3 billion and disbursed $4.2 billion of ASFF for ANP equipment and transportation.[380] Most of these funds were used to purchase vehicles, ammunition, weapons, and communication equipment as shown in Table 3.10 on the following page. Approximately 68% of the funding in this category was used to purchase vehicles and vehicle-related equipment.

Since last quarter, the total cost of equipment procured for the ANP increased by over $94.4 million, primarily within the vehicle category, but also for weapons, transportation services, and

TABLE 3.10

COST OF U.S.-FUNDED ANP EQUIPMENT, AS OF MAY 2016

Type of Equipment	Procured	Remaining to be Procured	Procured and Fielded to the ANP
Weapons	$309,685,463	$35,072,318	$205,851,400
Vehicles[a]	3,568,042,669	373,842,300	3,209,856,026
Communications	230,376,282	0	231,735,291
Ammunition	738,345,011	34,017,600	419,352,362
Transportation Services	41,404,983	0	7,770,471
C-IEDs	125,211,256	16,583,858	115,581,810
Other	243,097,382	0	91,438,300
Total	**$5,256,163,046**	**$459,516,076**	**$4,281,585,660**

Note: C-IEDs = Counter-improvised-explosive devices.
[a] Vehicle costs include vehicles and parts.

Source: CSTC-A, response to SIGAR data call, 6/25/2016.

counter-improvised-explosive devices.[381] The vehicles "remaining to be procured" amount increased for a second quarter from $164.4 million, to $234.9 million, and now to $373.8 million.[382] Additionally, CSTC-A has a $34 million purchase request at the Defense Security Cooperation Agency for ammunition.[383] DOD reported there is a continued requirement to replace battle losses and equipment that is not economical to repair.[384] CSTC-A is also procuring HMMWVs ("Humvees") to replace both destroyed HMMWVs and unarmored Ford Ranger pickup trucks for police units. While the HMMWV is more expensive than the Ford Ranger, HMMWVs will significantly improve survivability against small-arms fire and provide greater operational capabilities.[385] Equipment purchased for the ANP that was later determined to be no longer required by the ANDSF, or that was damaged before transfer to the Afghan government, can be converted to DOD stock for disposition, after USFOR-A considers alternative dispositions and DOD notifies Congress. DOD said no notification was processed during the quarter, so the cumulative value of ANP equipment transferred to DOD since FY 2014 remains at $18.4 million.[386]

ANP Infrastructure

SIGAR has an inspection under way of the new MOI headquarters in Kabul to assess whether the work was completed in accordance with contract requirements and applicable construction standards, and if the complex is being maintained and used.

As of June 30, 2016, the United States had obligated $3.1 billion and disbursed $3.0 billion of ASFF for ANP infrastructure.[387]

According to CSTC-A, as of May 31, 2016, the United States had completed 738 infrastructure projects valued at $3.7 billion, with another seven projects valued at $14.6 million ongoing.[388] The largest ongoing ANP infrastructure project this quarter remains the training center for females in Nangarhar (with an estimated cost of $6.4 million) followed by the female compound at MOI headquarters in Kabul ($3.4 million).[389] While no infrastructure projects were completed this quarter, four contracts were

MOI Headquarters, Women's Compound Fitness Facility, in Kabul Province (CSTC-A CJ-Eng photo)

awarded.[390] These included the $4 million re-award for the MOI headquarters administrative information-technology complex; the initial $3 million award was terminated due to a contract protest. Others include the MOI headquarters temporary entry-control point ($998,330) and improvements to the Kandahar regional training center to accommodate females ($279,228).[391] In addition, CSTC-A reports the majority of the 22 projects in the planning phase ($129.7 million) are in support of the Women Participation Program.[392]

CSTC-A reported several ongoing activities aimed at developing Afghan capacity to build and maintain infrastructure. Seven CSTC-A engineering advisors mentor the MOI Facilities Department engineers at least twice a week.[393] A program to train Afghan facility engineers to operate and maintain power plants, heating and air-conditioning systems, water-treatment plants, and waste-water-treatment plants had 65 students attend quality assurance/control, site-facility engineering, and leadership courses in Kabul and Nangarhar.[394] CSTC-A contracted 70 Afghan subject-matter experts to assist the MOI Facilities Department in meeting daily operation requirements, training facility engineers, and in contract management. Twenty-two subject-matter experts are located at the MOI Facilities Department in Kabul, one is co-located at CSTC-A serving the subject-matter-expert liaison and the Women's Participation Program manager, and the others are located throughout the provinces.[395]

CSTC-A reported on the MOI Facilities Department status to provide the procurement packages for connecting second-phase facilities to the electric grid, in accordance with the FY 1395 MOI Bilateral Financial Commitment

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

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

Letter requirements. While all the provincial requirements are not finalized, seven Kabul sites were connected and eight provincial site connections are under way.[396] However, the status of the MOI requirement to submit procurement packages for the divestiture of the facilities identified in the FY 1394 divestment plan was not submitted.[397]

ANP Training and Operations

As of June 30, 2016, the United States had obligated and disbursed $3.7 billion of ASFF for ANP and MOI training and operations.[398] CSTC-A reported five ongoing U.S.-funded training programs: four focused on technical training and one focused on basic training.[399] The largest U.S.-funded training includes essential-function development training and operational-specialty training, such as vehicle-maintenance, radio-operation and maintenance, and special infantry training.[400]

A Ktah Khas Afghan female tactical platoon member participates in a shooting drill outside Kabul, Afghanistan, May 29, 2016. (U.S. Air Force photo by Staff Sgt. Douglas Ellis)

WOMEN COMPRISE 1.3% OF ANDSF PERSONNEL

This quarter, RS reported 4,228 women serving in the ANDSF, a 323-person increase from last quarter.[401] Despite the respectable increase in female recruits, the overall percentage of women in the ANDSF is only 1.3%. Of the 4,228 women, 2,879 were in the ANP, 213 were in the ASSF, 1,039 were in the ANA, and 97 were in the AAF.

Of the women in the ANP, ANA, and AAF, 1,263 were officers, 1,317 were noncommissioned officers, and 1,215 were enlisted.[402] No breakout of the ranks of the women serving in the ASSF was provided.

To support women in the ANDSF, a Woman's Promotion Board was created to afford women in the ANDSF fair opportunities for promotions. Some 5,005 new gender-neutral positions were added to the MOD tashkil, 525 of which are reserved for women. The ANP also added new positions for women, increasing the total number of positions open to women to 5,969; 5,024 positions for ANP personnel, 175 for positions in prisons and detention centers, and 770 civilian positions. RS will provide support to encourage assignment of women to these gender-neutral positions.[403]

ANDSF MEDICAL/HEALTH CARE

CSTC-A reports as of May 31, 2016, there are 860 physicians and 2,509 other medical staff within the ANDSF healthcare system, with vacancies of 375 (30.4%) and 520 (17.2%) respectively.[404] In an effort to increase the number of medical personnel in hard-to-fill positions, the MOI Surgeon General has urged the MOD Medical Commander to allow police medical officers to attend the Armed Forces Academy of Medical Sciences Physician's Assistance program.[405] Additionally, to incentivize medical professionals to accept a position outside the Kabul area, the MOD approved additional

pay for personnel assigned to a hard-to-fill position.[406] And after completing training in Turkey, 26 female nurses (a 24% increase) were assigned to the ANP hospital.[407]

Earlier CSTC-A reported that the MOI approved eight 20-bed regional hospitals. The Balkh facility opened in May; the Helmand and Kunduz facilities are to begin operations later this year. These regional facilities will also serve as satellite medical-supply points, thereby reducing the dependence on the Kabul warehouse.[408] CSTC-A reported that problems with the ANDSF supply chain impacting the ANDSF medical corps include:[409]

- The ordering and distribution authorization process is too lengthy, requiring numerous command-level approvals, including some external to the medical command.
- Lack of an automated inventory system results in inaccurate stock levels that may lead to critical shortages of medical supplies and pharmaceuticals, delaying medical care.
- Inadequate inventory storage spaces can result in pharmaceuticals and consumables losing sterility, quality, and efficacy due to uncontrollable changes in temperature and humidity.
- Inventory-security measures are insufficient to secure the pharmaceuticals and consumables.

REMOVING UNEXPLODED ORDNANCE

The Department of State's (State) Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PM/WRA) manages the conventional-weapons destruction program in Afghanistan. Since FY 2002, State has provided $331.6 million in weapons destruction and humanitarian mine-action assistance to Afghanistan. PM/WRA has two-year funding, and all but $1 million of FY 2015 money has been obligated. Approximately $3.3 million of FY 2016 has been obligated; PM/WRA plans to obligate the remaining $17 million in the coming months.[410]

State directly funds five Afghan nongovernmental organizations (NGOs), four international NGOs, and one U.S. government contractor. These funds enable clearing areas contaminated by explosive remnants of war (ERW) and support clearing conventional weapons used by insurgents to construct roadside bombs and other improvised explosive devices. As of March 31, 2016, State-funded implementing partners have cleared more than 186.9 million square meters of land (approximately 72.16 square miles) and removed or destroyed approximately 7.7 million landmines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stockpiled munitions, and homemade explosives since 2002 (see Table 3.11 on the next page).[411]

The estimated total area of contaminated land continues to fluctuate as clearance activities reduce hazardous areas, while ongoing survey activities find new contaminated land. At the beginning of this quarter, there were

TABLE 3.11

CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, FISCAL YEARS 2010–2016

Fiscal Year	Minefields Cleared (m^2)	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared	Estimated Contaminated Area Remaining (m^2)*
2010	39,337,557	13,879	663,162	1,602,267	4,339,235	650,662,000
2011	31,644,360	10,504	345,029	2,393,725	21,966,347	602,000,000
2012	46,783,527	11,830	344,363	1,058,760	22,912,702	550,000,000
2013	25,059,918	6,431	203,024	275,697	10,148,683	521,000,000
2014	22,071,212	12,397	287,331	346,484	9,415,712	511,600,000
2015[a]	7,419,944	1,287	31,806	64,688	2,449,357	558,900,000
2016[b]	14,572,084	1,802	1,438	57,475	4,399,621	617,000,000
TOTAL	**186,888,602**	**58,130**	**1,876,153**	**5,799,096**	**75,631,657**	**570,800,000**

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition.
Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m^2) to an acre.
* Total area of contaminated land fluctuates as clearance activities reduce hazardous areas while ongoing survey identifies and adds new contaminated land in the Information Management System for Mine Action (IMSMA) database.
[a] Final quarter results for fiscal year unavailable; partial-year results only.
[b] Results for first two quarters only.

Source: PM/WRA, response to SIGAR data call, 6/30/2016.

589 square kilometers (227 square miles) of contaminated minefields and battlefields. During the quarter, 3.2 square kilometers (1.2 square miles) were cleared. However, ongoing surveys identified 31.2 square kilometers (12 square miles) of additional contaminated areas, bringing the known contaminated area to 617 square kilometers (238 square miles) by the end of the quarter. PM/WRA defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.[412]

USAID, in partnership with the UN Mine Action Centre for Afghanistan (UNMACA), provides services for victims and survivors of mines and ERW, as well as for civilians affected by conflict and persons with disabilities, through the Afghan Civilian Assistance Program (ACAP). The goal of this project is to mitigate the short-term and long-term impact of conflict on civilians, including victims of mines and ERW.[413]

UNMACA draws on its wider network under the Mine Action Programme of Afghanistan (MAPA), which consists of 50 international and national organizations, to access beneficiaries and communities. One of those organizations, the Mine Action Coordination Centre of Afghanistan (MACCA), collects casualty data on mine/ERW victims to help prioritize its clearance activities. According to USAID, ACAP funding will allow MACCA to expand its victim-assistance activities beyond service provision and data collection to include immediate assistance for individual survivors and their families.[414] In September 2015, the United Nations Mine Action Service (UNMAS) issued a nine-month grant for physical rehabilitation in Farah Province. The Afghan Amputee Bicyclists for Rehabilitation and Recreation (AABRAR) project will establish a center to assist war, landmine, and ERW victims, as well as

persons with disabilities, by providing physiotherapy and orthopedic devices among its various services.[415] UNMAS presented an awareness workshop in March 2016 coupled with an institutional-capacity needs assessment for the Ministry of Labor, Social Affairs, Martyrs and Disability.[416]

According to the UN, over 6,100 security incidents took place between February 16 and May 19, 2016. Armed attacks represent the greatest number of incidents. Improvised-explosive devices (IEDs) were the second most prevalent form of attack and represent 17.4% of security incidents during that period.[417] The $30.2 million ACAP program has expended $19.6 million to date and will conclude in February 2018.[418]

COUNTERNARCOTICS

As of June 30, 2016, the United States has provided $8.5 billion for counternarcotics efforts in Afghanistan since 2002. Nonetheless, Afghanistan remains the world's leading producer of opium, providing 80% of the world's output over the past decade, according to the United Nations.[419]

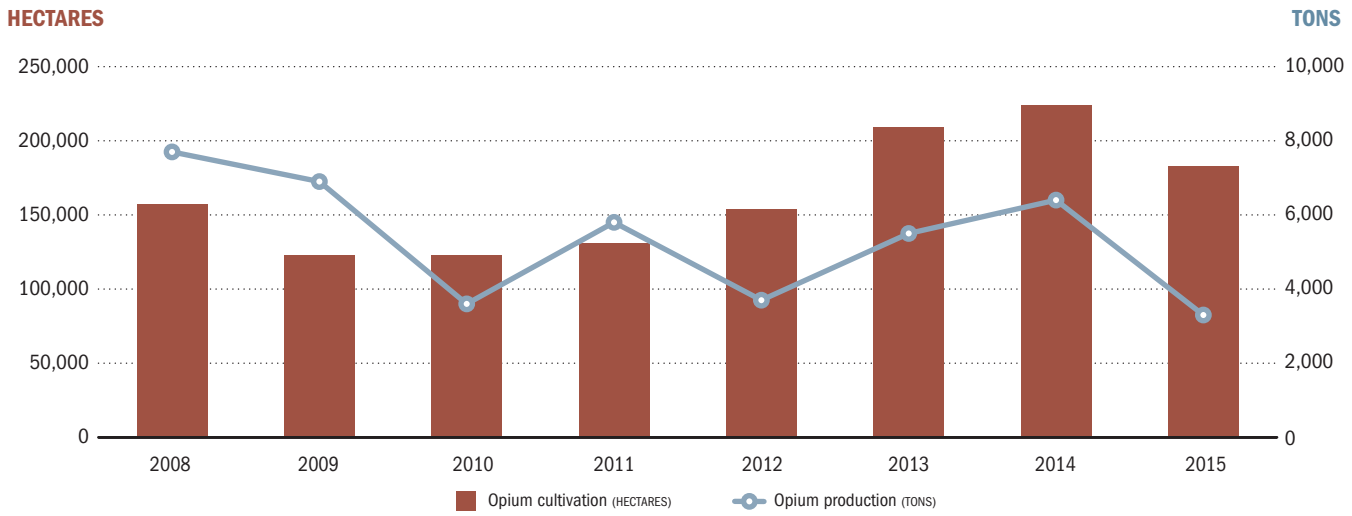
Congress appropriated most of these funds through the DOD Drug Interdiction and Counter-Drug Activities (DOD CN) Fund ($3 billion), the Afghan Security Forces Fund (ASFF) ($1.3 billion), the Economic Support Fund (ESF) ($1.5 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account ($2.2 billion). ASFF is primarily used to develop the Afghan National Army and Police. It also funds the Counternarcotics Police and Special Mission Wing who support MOD and MOI efforts to address narcotics problems.[420] USAID's alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. In addition to reconstruction funding, the Drug Enforcement Administration (DEA) receives funding through direct appropriations to operate in Afghanistan. See Appendix B for additional funding information.[421]

Revised U.S. Counternarcotics Strategy Still Pending

In his 2014 nomination hearing before the Senate Foreign Relations Committee, Ambassador P. Michael McKinley promised to work with SIGAR and other oversight agencies to review U.S. counternarcotics policies in Afghanistan.[422] In February 2015, Ambassador McKinley informed SIGAR that a revised counternarcotics strategy would be prepared within six months. The State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) subsequently reported that the United States was in the final stages of updating its counternarcotics strategy for Afghanistan. INL is currently operating under the 2012 U.S. Government counternarcotics strategy, which has not succeeded in curbing the illicit drug trade.[423] The highlight on pages 118–119 provides an overview of current and prior U.S. counternarcotics strategies.

FIGURE 3.29

AFGHAN OPIUM CULTIVATION AND PRODUCTION SINCE 2008



Note: a hectare is slightly less than 2.5 acres.

Source: UNODC, *Afghanistan Opium Survey 2008*, 11/2008, p. 5; *Afghanistan Opium Survey 2009*, 12/2009, p. 5; *Afghanistan Opium Survey 2010*, 12/2010, p. 7; *Afghanistan Opium Survey 2011: Summary Findings*, 10/2011, p. 1; *Afghanistan Opium Survey 2013*, 12/2013, p. 12; *Afghanistan Opium Survey 2014: Cultivation and Production*, 11/2014, p. 7; *Afghanistan Opium Survey 2015: Cultivation and Production*, 12/2015, p. 3.

The United Nations on Drugs and Crime (UNODC) released its *World Drug Report 2016* in June 2016. Though Afghanistan accounts for nearly two-thirds of the planet's illicit opium cultivation, it played a significant part in the world's opium production decline of 38% from the previous year. Afghanistan's estimated opium production declined 48% to 3,300 metric tons from its 2014 level of 6,400 tons. Its opium-cultivation level of 183,000 hectares decreased 18% from its 2014 total of 224,000 hectares. UNODC attributes the decline mainly to poor harvests in the southern provinces.[424] UNODC did change its methodology between 2014 and 2015; it is unclear how much that change factored into the reported decline. UNODC cautions that the changing methodology could make changes seem greater than represented.[425] Production and cultivation results had been rising for the past decade, as illustrated in Figure 3.29.[426]

The UNODC report also looked at the role of women in drug trafficking. For the first time in Afghanistan, the UNODC opium survey included women in focus groups. Results showed that women (in the northern provinces) participate in many of the arduous tasks related to opium-poppy cultivation such as weeding, field clearing, and lancing; they also prepare opium gum and by-products such as oil and soap. Men plow and cultivate the fields and occasionally take part in lancing the poppy capsule.[427]

In rural areas where adequate health facilities are nearly nonexistent, women have traditionally used opium to treat common ailments in children and adults. The focus groups indicated that women were aware that one can become dependent with continued usage and were concerned with opium's effects on the next generation. The survey found that women used opium income for living expenses (food, clothing, furniture, etc.), but also used the poppy for cooking (oil is extracted from the seeds and poppy straw is used for kitchen fuel).[428] Women, however, have limited influence on the decision whether to cultivate poppy or alternative crops.[429]

Afghan Government's Revised Counternarcotics Strategy

The Afghan government rolled out its national counternarcotics strategy, the National Drug Action Plan (NDAP), last year. According to INL, its introduction has refocused international attention and engagement on the country's illicit drug problem. The NDAP featured prominently during several high-profile international meetings, including the December 2015 High-Level Meeting of Partners for Afghanistan and Neighbouring Countries, the December 2015 Paris Pact Policy Consultative Group, and during a side-event at the April 2016 UN General Assembly Special Session on the World Drug Problem. INL stated that the NDAP has been thoroughly reviewed during meetings between the United States and key international partners. International donors and impacted countries have reiterated their intention to create and adapt programs and counternarcotics action to address the needs identified in the NDAP.[430]

Drug-Demand Reduction

Although Afghanistan has one of the highest substance-abuse rates in the world, INL is reducing funding to all Afghan treatment centers for drug addiction. The remaining funding is being redirected to treatment and prevention programs in rural areas, where studies show drug use is significantly higher than in urban areas.[431]

INL started to transition the first group of 13 treatment centers to Ministry of Public Health (MOPH) responsibility in January 2015. Another 15 treatment centers began transitioning in January 2016; another 21 treatment centers will begin transitioning in January 2017; the remaining treatment centers will be transitioned by the end of 2019. INL reduced funding to all facilities (including the MOPH portfolio of 23 centers) by approximately 20% in 2015 and another 15% in 2016.[432]

INL is revisiting the transition plan to determine whether changes are needed. According to INL, the MOPH has expressed confidence in managing the transition—assuming there is sufficient funding from their own government and the international community.[433] INL informed SIGAR that 500 clinical staff working for NGO-run treatment centers were supposed to be working for the government by January 2016. The MOPH reported

The Regional Programme for Promoting Counter Narcotics Efforts in Afghanistan and Neighbouring Countries

It provides a strategic framework for drug-control initiatives as well as a platform for coordinating and facilitating counternarcotics efforts across the region. There are eight countries covered under this regional program: Afghanistan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

The program, inaugurated in December 2011, focuses on four areas: law-enforcement cooperation; cooperation in criminal matters; prevention and treatment of addiction; and trends and impacts.

Source: UNODC, *Regional Programme for Promoting Counter Narcotics Efforts in Afghanistan and Neighbouring Countries 2011-14, Semi-Annual Progress Report Issue No. 5, pp. 6, 10*; UNODC, *Regional Programme for Promoting Counter Narcotics Efforts in Afghanistan and Neighbouring Countries 2011-14, A framework for action to achieve greater impact in West and Central Asia,* ii, accessed 7/3/2016.

The Paris Pact: The partnership of several countries and international organizations to combat illicit opium traffic from Afghanistan. It originated from a meeting of various ministers held in Paris in 2003 on Central Asian drug routes. It aims to reduce opium-poppy cultivation, production and global consumption of heroin and other opiates, and to establish a broad international coalition to combat illicit traffic in opiates.

Source: *Paris Pact* website, "What is it?" https://www.paris-pact.net, accessed 7/16/2014.

U.S. COUNTERNARCOTICS STRATEGY IN AFGHANISTAN

The Afghanistan counternarcotics (CN) effort reveals the interconnectedness of civilian and military interests in a nation with an unstable security situation. Rural Afghan families may grow opium poppies to support themselves, yet by doing so may at times, directly or indirectly, support the insurgency. Corrupt government officials facilitate narco-insurgency networks that undermine the security efforts.

U.S. CN strategy in Afghanistan has changed over time as the security situation changed. But the 2007, 2010, and 2012 U.S. counternarcotics strategies each encouraged counternarcotic and counterinsurgency (COIN) planning integration and cooperation, building government institution accountability and capability, and protecting affected civilian populations.

The 2007 Counternarcotics Strategy focused on improving the implementation of five pillars: alternative development, eradication, interdiction, public information, and justice reform to support the efforts of the Afghan government. The strategy outlined three major goals, each of which could be applied to the pillars:[434]

- increase development assistance to encourage licit agrarian development, while increasing disruption and eradication operations of opium-poppy cultivation and production. This goal emphasized the importance of alternative development programs, particularly the Good Performers Initiative, USAID's crop and seed programs, and the National Solidarity Program (NSP) in addition to encouraging private-sector engagement.[435]
- more cooperation between CN and COIN operations and planning, with particular emphasis on integrating elements of interdiction operations into the larger COIN mission. The United States sought to improve CN and COIN cooperation on public information campaigns and construct a recognized command structure for all CN forces within a given region.[436]
- encourage political will for the counternarcotics effort among Afghan officials, cooperating partners, and related international and military organizations.[437]

The 2007 strategy also encouraged the extradition of high-value targets related to the CN effort to the United States while Afghanistan continued to build its capacity to effectively prosecute major drug traffickers.[438]

The 2010 Counternarcotics Strategy focused on the expansion of Afghan government control and the continued degradation of insurgent influence through CN-informed COIN operations. This strategy outlined two major goals:

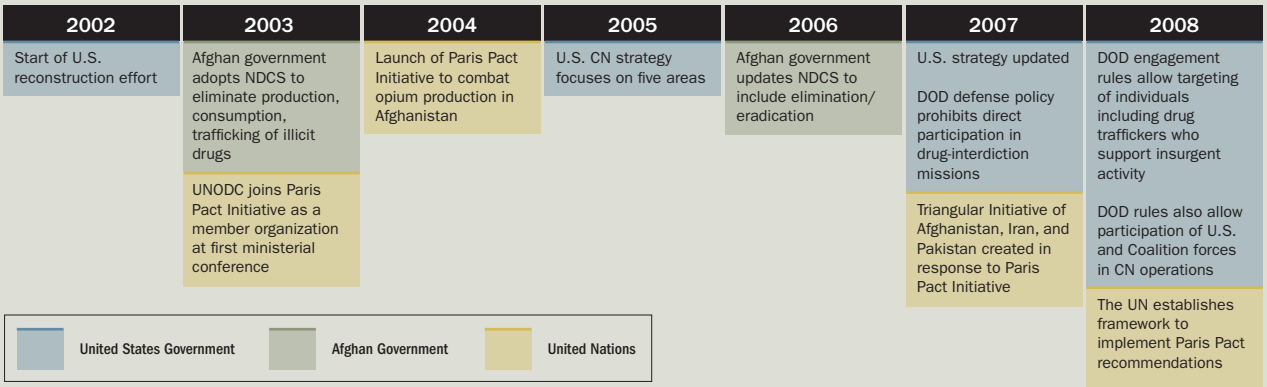
- weakening the link between narcotics and insurgency, reducing the support insurgents receive from the narcotics industry; and
- addressing the narcotics-related corruption problems within the Afghan government.

It also maintained the U.S. commitment to the Afghan National Drug Control Strategy (NDCS), which expanded the five pillars in the 2007 strategy to include demand reduction, institution building, and international and regional cooperation. The NDCS focused on four priorities:

- disrupting narcotics trade flows by targeting traffickers and financiers,

FIGURE 3.30

COUNTERNARCOTICS STRATEGY OVERVIEW, 2002–PRESENT



Note: USG = US Government; NDCS = National Drug Control Strategy; CN = counternarcotics; CI = counterinsurgency; UN= United Nations; PPI = Paris Pact Initiative

- diversifying and incentivizing licit rural livelihoods,
- reducing the demand for illegal drugs and increasing treatment opportunities for drug users, and
- developing Afghan institutions at the district and provincial level to support the CN strategy.

Under the 2010 strategy, the United States stopped funding large-scale eradication operations, in particular the centrally led Afghan eradication force, but continued to fund the governor-led eradication effort. This placed most CN operations within the larger COIN strategy in order to locate centers of insurgent and narcotics activity and government corruption and to disrupt them.[439] Achieving these goals increasingly became the responsibility of Afghan counternarcotics forces, which required sustained capability development to move towards self-sufficiency. The strategy also sought to improve incentives for farmers to switch from the profitable opium poppy to licit alternatives in order to lower opium-production levels.[440] To address corruption, it suggested developing the capabilities of the Ministry of Counter Narcotics (MCN), Ministry of Interior (MOI), and Attorney General's Office (AGO), among others, to boost the Afghan government contribution to the CN effort and ensure the punishment of corrupt officials undermining its progress.[441]

The CN effort currently operates under the provisions outlined in the strategic agreement signed by the United States and the Afghan government on May 2, 2012. The strategy outlines two major goals: (1) building the government's ability to be a self-sufficient force in reducing the drug trade, stabilizing the region, and improving the security situation and (2) further weakening the link between insurgents and narcotics, specifically targeting the funds insurgents receive from the narcotics industry. This strategy again maintains the U.S. commitment to supporting the Afghan strategy and its four priorities.[442] It also takes into account the reduction of the U.S. presence in Afghanistan and the then-pending transfer of security responsibilities from the International Security Assistance Forces to the Afghan National Defense and Security Forces (ANDSF) alongside the transfer of CN-implementation responsibilities from U.S. Provincial Reconstruction Teams and U.S.-funded third parties to Afghan elements. Further emphasis lies on cooperation between U.S. agencies and international and regional partners to support and augment Afghan government plans to disrupt insurgent-narcotics networks.[443] Ultimately, the first goal remains in focus during the pursuit of the second; Afghan ministries and organizations that are CN-related continue to develop institutional capacities and investigative and operational capabilities in order to legitimize the prospect of full Afghan responsibility and leadership as they work alongside their U.S. and international allies against narcotics-funded insurgents, see Figure 3.30.[444]

The United States promised more than a year ago to issue a revised U.S. counternarcotics strategy that takes into account the new security situation with the ANDSF in charge of battling the insurgency. INL informed SIGAR last quarter that the revised U.S. strategy will continue to prioritize building Afghanistan's capacity to counter narcotics, and will support Afghanistan's counternarcotics goals and objectives, as outlined in the government's National Drug Action Plan (NDAP). INL reports that the United States worked closely with the Afghan government in the development of the NDAP, and is committed to supporting its implementation.[445]

2009	2010	2011	2012	2013	2014	2015	2016
U.S. approach emphasizes CI and ceases support to Afghan eradication force		UNODC announces the Regional Programme for Afghanistan And Neighbouring Countries	U.S. strategy revised to address security transition Afghan Government updates NDCS PPI members issue the Vienna Declaration outlining four pillars of cooperation alongside UNODC Strategic Framework for 2014–2015	PPI Enters into Phase IV		Afghan government adopts NDAP	Scheduled end of Phase IV of the PPI

Source: GAO, *Afghanistan Drug Control*, 3/2010, pp. 1, 10–11, 21; GIROA, Press Release "President Ghani approves national counter narcotics plan," 10/15/2015; The White House, Office of National Drug Control Policy, Afghanistan web page *www.whitehouse.gov/ondcp/afghanistan-southwest-asia accessed* 11/06/2013; UNODC, Paris Pact Initiative, *Vienna Declaration*, 2/16/2012; UNODC, *Project Document of The Paris Pact Initiative Phase IV*, pp. 2, 8; UNODC, Regional Programme for Promoting Counter Narcotics Efforts in Afghanistan and Neighbouring Countries, *First Progress Report December 2011–February 2012*, p. 2.

that as of May 2016, the process had begun for 105 clinical staff from the 11 treatment centers to be transitioned to the MOPH's operational control in January 2016; however, only 10 staff had been listed on the tashkil, an Afghan government document establishing personnel and equipment authorization. INL told SIGAR that according to the ministry, only clinical staff working in centers fully transitioned to the MOPH can be given tashkil status in accordance with Afghan government policy; therefore, putting all clinical staff on the tashkil has run into delays.[446] According to INL, the transition of the 500 NGO staff to the tashkil will be revised to coincide with the transition of their respective drug-treatment centers. In addition, INL is reviewing the transition plan to assess progress.[447] A total of 251 clinical staff have been trained so far this calendar year with 153 trained last quarter and 98 this quarter.[448]

In May 2016, the MOPH requested $1.3 million from the Ministry of Finance to cover the budget cuts to treatment-center operations planned by INL in 2017. The MOPH opened eight new treatment centers in 2016 using approximately $2 million in new Afghan government development funds.[449]

INL has provided funding for operational costs for all 89 facilities as follows:

- $2.18 million from October 1 to December 31, 2015;
- $1.55 million from January 1 to March 31, 2016; and
- $1.36 million this quarter.[450]

Colombo Plan: instituted as a regional intergovernmental organization to further economic and social development, it was conceived at a conference held in Colombo, Sri Lanka (then Ceylon), in 1950 with seven founding member countries, and has expanded to 26 member countries. INL continues to support the Colombo Plan's Asian Centre for Certification and Education of Addiction Professionals (ACCE), a training unit of treatment experts to assist governments in developing a professional certification process for addiction professionals in Asia and Africa.

Source: *The Colombo Plan Secretariat* website, History, www.colombo-plan.org, accessed 4/7/2014; State, INL, *International Narcotics Control Strategy Report: Volume I, Drug and Chemical Control*, 3/2016, pp. 23–24.

INL contributed over $4.6 million to the Colombo Plan in April 2015 and $12.9 million during 2015 for drug-treatment and education programs. It has not yet received or obligated FY 2015 or FY 2016 funds.[451]

Counter-Narcotics Community Engagement

INL funds the nationwide Counter-Narcotics Community Engagement (CNCE) program, which focuses on discouraging poppy cultivation, preventing drug use by raising public awareness, and encouraging licit crop production. Since 2013, INL has spent $9.18 million on the program, reflecting all funding available on the current grant prior to its extension. The program was extended for 18 months, to October 2017, with an additional cost of $2.9 million.

The program pays an Afghan company, Sayara Media Communications (Sayara), to place 42 reporters in Afghan provinces which are ranked from tier 1 to tier 4 based on cultivation levels, to gather information and gauge perceptions of counternarcotics policies and messaging. Sayara assesses the effectiveness of campaigns and seeks to identify the provincial drivers of drug trafficking, opium cultivation, and public sentiment.[452]

Sayara also monitors counternarcotics-related items in the media and evaluates any changes in coverage monthly. However, CNCE is moving away from Sayara, according to INL, due to the MCN's successful

implementation of public information campaigns. INL started a pilot program in 2015 for public information campaigns led by the MCN with Sayara staff mentoring MCN staff. With the success of the MCN-led campaigns and through discussions with Sayara, INL made the determination for the MCN to implement public information campaigns under the continued guidance and mentorship of Sayara staff. The CNCE campaigns funded by INL were paused during negotiations with Sayara for the $2.9 million cost extension which was approved in May 2016. INL anticipates that CNCE programs will restart in July 2016 as Sayara finalizes its mentors.[453]

Ministry of Counter Narcotics Capacity Building

INL has focused resources in the following five areas to promote capacity-building efforts at the MCN: finance and fiscal transparency, administration support, public outreach and strategic communications, policy-development support, and ministerial-level advising by U.S. personal-services contractors. This quarter, INL awarded a skills-based training grant and expects training will begin this fall after a needs assessment for development in English-language ability and computer skills.[454]

INL's first assessment of the MCN Capacity Building Program after implementation of the performance-measurement plan (PMP) was completed in November 2015. The next review took place in June 2016. INL did not share the findings but informed SIGAR it would concentrate on delivering training in financial and administrative capacity building. INL considers those areas essential to improving overall functionality at the MCN.[455]

Last year, SIGAR reported on INL's risk assessment of the MCN's public financial-management system. INL conducted that independent assessment during the first quarter of 2015. The report identified deficiencies that increased the potential for inaccurate financial reporting, inefficiency and ineffectiveness of operations, and noncompliance with laws and regulations; areas of particular concern were internal control, program management and monitoring, and fixed-assets management. INL's remediation plan for the MCN assessment was finalized during the quarter of July 1–September 30, 2015. INL will award the financial-remediation plan contract and the skills-based training grant in July 2016. Successful remediation will permit the MCN to receive direct assistance. INL told SIGAR implementation will begin by September 2016.[456]

INL has supported a capacity-building program since at least 2012, yet the first assessment—once the performance-measurement plan was in place—was not conducted until November 2015.[457] As SIGAR previously reported, in February 2014, INL signed a memorandum of understanding with the MCN regarding renewing its capacity-building program for 18 months and providing funding for 24 local national advisors to help build capacity at the MCN. The performance-measurement plan designed

to assess progress, however, was not completed until February 2015.[458] INL previously told SIGAR that the "MCN has shown significant progress in institutional development and an increased ability to develop staff and programs," yet last quarter it cited capacity issues as the reason for terminating the Good Performers Initiative program.[459] SIGAR has written in prior reports about the remediation plan and the deficiencies in the MCN's public-financial-management system.[460] The Afghan government's own ministry report noted capacity issues as far back as 2014. In its annual report on the Good Performers Initiative (GPI), it remarked the MCN had "unprofessional" staff responsible for procurement, slowing down implementation. In addition, on-budget payments delayed by over two months by the Ministry of Finance also hampered project implementation.[461]

Governor-Led Eradication Program

INL funds the annual million-dollar Governor-Led Eradication (GLE) program, which reimburses provinces for the cost of eradicating poppies. Between 2007 and 2015, INL has contributed $10 million to the MCN for the GLE program, which accounts for less than 2% of INL's annual counternarcotics budget for Afghanistan. The MCN tracks cumulative results that are verified by UNODC. According to UNODC, a total of 3,720 hectares (1 hectare is slightly less than 2.5 acres) were eradicated in 2015, a 40% increase from 2014. INL disbursed $540,750 to the ministry in April 2015 for the final 2015 GLE payment.[462] The United Nations reports little eradication took place this year due to funding constraints and the security situation in the important poppy-growing areas.[463]

INL informed SIGAR it began collaborating this quarter with the MCN to start eradication according to the 2016 National Eradication Plan, but approval of the plan has been delayed. INL is working with the ministry to gain approval of next year's eradication plan by December 2016.[464]

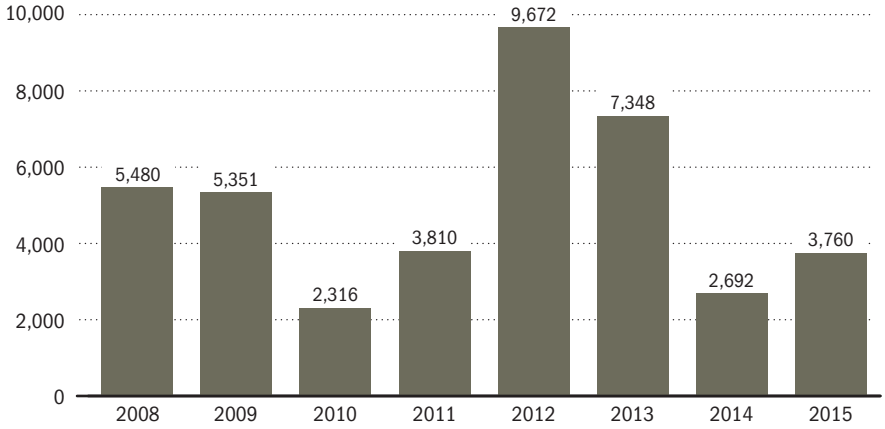
Eradication results have generally been declining with some fluctuations over the past few years, as shown in Figure 3.31, and are a small fraction of the opium-cultivation and production results shown in Figure 3.29 on page 116.

Good Performer's Initiative Ends Due to MCN Shortcomings

INL ended the $126 million GPI this quarter due to the MCN's inability to implement the program properly. GPI was a program implemented by the MCN that sought to incentivize provincial counternarcotics performance. No new GPI projects have been approved since April 30, 2016, but funding will continue until current projects are completed. INL and UNODC are in negotiations for two new alternative-development programs that will launch in September to supplement activities performed under GPI. Moreover, INL is independently developing a post-GPI alternative-development, food-zone based program.[465]

FIGURE 3.31

GOVERNOR-LED OPIUM-POPPY ERADICATION, 2008–2015 (HECTARES)



Note: Program results are based on UNODC-verified eradication figures.

Source: UNODC, *Afghanistan Opium Survey 2008*, 11/2008, p. 5; *Afghanistan Opium Survey 2009*, 12/2009, p. 5; *Afghanistan Opium Survey 2010*, 12/2010, p. 7; *Afghanistan Opium Survey 2011: Summary Findings*, 10/2011, p. 1; *Afghanistan Opium Survey 2013*, 12/2013, p. 12; *Afghanistan Opium Survey 2014: Cultivation and Production*, 11/2014, p. 7; *Afghanistan Opium Survey 2015: Cultivation and Production*, 12/2015, p. 8.

As of June 30, 2016, there are 286 approved projects with a value of $126.0 million. Eighteen projects are ongoing including two scheduled for completion by the end of July. The remainder should all be completed by the end of the calendar year.[466]

ALTERNATIVE DEVELOPMENT/ALTERNATIVE LIVELIHOOD

USAID's alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. INL funding supports supply-reduction and alternative-development programs. INL told SIGAR it coordinates regularly with USAID to ensure that INL-supported alternative-development efforts complement past and ongoing investments by USAID in licit livelihoods and rural development in Afghanistan.[467]

Strengthening Afghan Governance and Alternative Livelihoods

The nongovernmental Aga Khan Foundation (AKF) and its partners implemented activities under INL's $11.9 million Strengthening Afghan Governance and Alternative Livelihoods (SAGAL) grant across 16 provinces: Badakhshan, Baghlan, Takhar, Bamyan, Kunduz, Parwan, Faryab, Kabul, Balkh, Jowzjan, Kandahar, Nangarhar, Helmand, Laghman, Uruzgan,

and Kunar. The SAGAL grant ended January 20, 2016; INL is reviewing close-out financial reports. As of May 31, 2016, $10.4 million has been expended.[468] While security challenges affected project implementation, AKF and its partners were successful in meeting the program's five objectives.

Under the first objective of improving agricultural yields of high-potential licit crops, the implementers introduced new agricultural technologies with the emphasis on high-value crops to more than 27,000 farmers. Capacity-building training sessions were held for more than 460 agricultural input suppliers to support these farmers. (Over 240 new input suppliers were created.)

The second objective was to increase economic return for licit crops. Nearly 20,000 farmers received training to increase the post-production value of their crops. Over 3,500 farmers were linked with 159 buyers thanks to the numerous linkage-building meetings held at the provincial, district, and village levels. The application of those techniques resulted in several contracts for farmers to provide agricultural products such as pomegranates, grapes, and onions to Kabul and local traders.[469]

Under the third objective of improving farmers' access to financing, approximately 20,400 farmers received financial-literacy training. Among those trained, nearly 1,200 received loans and services from microfinance institutions (MFIs) and non-MFI organizations such as business-membership organizations and farmer cooperatives. The First Microfinance Bank of Afghanistan also developed 23 and piloted five agricultural loan products specifically for farmers.[470]

The program's fourth objective—reduce the vulnerability of at-risk populations to engage in the illicit economy—led to the establishment of 81 new community-based savings groups (CBSGs) and also delivered capacity-building training. Four civil-society organizations targeting youth also received capacity-building support to create economic initiatives. Three received micro-grants allowing them to provide technical skill training for youth.[471]

Under the final objective, which focused on improving the subnational governance systems, district and provincial Afghan government staff received capacity-building training. Many district-governor offices adopted electronic governance (e-governance) practices and over two dozen held public audit meetings.[472]

INL is developing a new alternative-development program which will incorporate objectives similar to those of the SAGAL project.[473] SAGAL's strategy was to provide farmers with technical assistance and skills to render them self-reliant (and no longer dependent on assistance). Previous projects have focused on input distribution without capacity-building activities.[474]

Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a three-year, $27.7 million USAID project, implemented by International Relief and Development Inc. (IRD) under a joint strategy and in close coordination with INL. KFZ is designed to identify and address the drivers of poppy cultivation in targeted districts of Kandahar province through grants for activities that improve community infrastructure, strengthen alternative livelihoods and support small businesses. KFZ has four pillars: public outreach, eradication, drug-demand reduction and alternative livelihoods.[475] USAID implements the alternative livelihoods pillar and approved a two-year extension this quarter extending the program through the end of August 2018.[476]

KFZ expended $2.2 million between January and March 2016. During that period, KFZ awarded a communication-campaign contract to bring public awareness and change behavior about poppy cultivation. USAID acknowledges that it is too early to determine the impact of this campaign on changing behavior and attitudes.[477]

KFZ to date has rehabilitated 17 irrigation canals in target districts which provide water to more than 24,000 hectares (59,305 acres) of farmland, benefiting more than 22,000 households. During the initial years of the program, KFZ completed 33 alternative-livelihood activities including creating 47 greenhouses, conducting training workshops, and training nearly 400 government officials. KFZ's activities led to the first-ever gender policy and ministry-wide anti-sexual-harassment training at the MCN.[478]

According to USAID, infrastructure-construction activities have netted more than 50,000 person-days of employment over the last three years. In March 2016, KFZ organized an agriculture fair attended by over 2,000 people at the Panjwayi District Center. The fair connected farmers to buyers and input suppliers and featured new agricultural technique demonstrations.[479]

As of June 30, 2016, USAID has disbursed $24.8 million since the program's launch.[480]

Regional Agricultural Development Program

The Regional Agricultural Development Program (RADP) is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects are under way in the southern, western, and northern regions of Afghanistan. The projects focus on strengthening the capacity of farmers to improve the productivity of high-value crops and livestock. Using a value-chain approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains. RADP consumes the majority of USAID's alternative-development staff resources that include contractor staff: 81.8% are dedicated to the various RADP programs.[481]

Value chain: the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing and transportation, and wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.

RADP-North is a five-year, $78.4 million project scheduled to end in May 2019. RADP-North advances food and economic security in rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces. Between January and March 2016, RADP-North implemented 10 activities and issued 41 grants valued at $4.2 million. The project facilitated the signature of nine contracts between seed companies, seed enterprises, bakeries, mills, and cooperatives for the sale of Afghan wheat. Various trainings on the topics of hygiene and nutrition, seed business development, and weed control occurred across several provinces. Efforts to support agribusiness development led to $233,200 in new sales this quarter for businesses that took part in international trade shows in Kazakhstan and Turkey. During that period, project activities supporting the meat value chain also took place: training for 100 butchers on diseases, training on cashmere harvesting, and implementing wool production and processing. As of June 30, 2016, USAID has made cumulative disbursements of $21 million.[482]

The purpose of RADP-South is to improve food and economic security for rural Afghans in Helmand, Kandahar, Zabul, and Uruzgan. It began in October 2013 and is scheduled to end in October 2018 at an estimated cost of $125 million. Between January and March 2016, over 40 agribusinesses applied new management practices using improved financial-management systems, administrative procedures, and marketing strategies. RADP-South support led total reported sales for 63 agribusinesses of AFN 56,064,500 ($819,297). Sixty producer organizations were formed to support ruminant care and increase the production and sale of animals and animal by-products. Farmers increased their high-value crop production on 862 hectares. When extrapolated to RADP-South trained farmers, the program has resulted in over 10,260 hectares producing high-value crops, according to the implementer.[483]

Also in March, RADP-South ceased all gender-programming activities pending an embezzlement investigation in Zabul. Female beneficiaries accused a high-ranking Department of Women's Affairs official of withholding a portion of female beneficiaries' benefits. The investigation is ongoing. RADP-South also discontinued some agribusiness partnerships in Kandahar and Helmand. The monitoring site visits revealed that the businesses had no revenue streams or partners. The firms were either franchises of larger companies or businessmen seeking start-up capital. RADP-South will continue company site visits to ensure program qualifications outlined in the work plan are being met. As of June 30, 2016, USAID has made cumulative disbursements of $62 million for RADP-South.[484]

The $70 million five-year RADP-West program focuses on helping rural Afghans in the western provinces of Herat, Farah, and Badghis to improve food and economic security. The project supports the Ministry of Agriculture, Irrigation, and Livestock in its efforts to enhance the

productivity and profitability of wheat, high-value crops, and livestock. RADP-West's key accomplishments between January and March 2016 include:

- assessing and monitoring 859 cultivated wheat-plot germination rates in Herat
- providing wheat-cultivation training for over 1,570 farmers from all targeted provinces
- administering post-harvest training for 63 female farmers in Badghis
- seed distribution for the spring planting season
- conducting vegetable-cultivation training and pruning training
- implementing orchard-programming activities and
- conducting livestock and value-chain programming efforts such as linking cashmere-processing companies and herders or deworming sheep and goats.[485]

Security restrictions in certain areas of Herat and Farah were still in place at the end of March and altered the schedule of planned activities. USAID has terminated the contractor for RADP-West. According to USAID, the termination occurred primarily so the remaining resources could be better aligned with the Ministry of Agriculture, Irrigation and Livestock's new strategy for the western region.[486]

USAID has made cumulative disbursements of $22 million as of June 30, 2016.[487] RADP-East is still in procurement; USAID anticipates awarding a contract next quarter.[488]

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a $45.3 million USAID program designed to boost agricultural productivity and food security, provide market opportunities, and decrease poppy production. The program has three components:

- quality improvement
- high-value agricultural marketing and agribusiness development; and
- gender integration.[489]

CHAMP works to reduce poverty among rural Afghan farmers by helping them shift from relatively low-value subsistence crops, such as wheat and corn, to high-value crops such as fruits and vegetables.[490]

CHAMP is currently working with 289 producer groups comprising over 4,000 member farmers. At CHAMP farmer-field schools, participants learn new agricultural practices such as orchard or trellis management and receive modern agricultural tools. During the previous quarter, the program arranged farmer field-school programs for over 2,500 farmers, including 294 women, in six provinces. The training topics covered agricultural practices such as land preparation, pruning, irrigation, winter-soil application, natural

A producer group: consists of a lead farmer and 10 to 15 member farmers (sub-farmers). The lead farmer is responsible for disseminating information on CHAMP trainings throughout the group.

Source: USAID, *Commercial Horticulture and Agricultural Marketing Program (CHAMP) 2015 Annual Report*, 1/2016, p. 7.

insecticide and herbicide application, fertilizing, and animal-manure application. All farmer field-school activities concluded in April 2016.[491]

The program also provides direct assistance in fruit processing, sorting, grading and packing, and introducing improved packaging that meets international market standards. Last quarter, CHAMP facilitated the export of over 5,000 metric tons of grapes and pomegranates to Pakistan, valued at nearly $5.9 million.[492]

CHAMP's trade offices in Dubai and New Delhi created stronger linkages between Afghan exporters and local buyers. CHAMP also participated in international trade fairs in Dubai, Kabul, and New Delhi, enabling Afghan traders to bring their products to an international audience, most notably the February 2016 Dubai Gulfood exhibition, at which CHAMP traders signed nearly $2.3 million in contracts with international buyers. In March, the New Delhi trade office gave a presentation at the International Conference on Food Quality and Safety, which focused on mycotoxin (toxic substance produced by fungus) assessment for Afghan dry fruits, nuts, and wheat. It also organized visits by the Afghan delegation to Indian government offices.[493]

As of March 31, 2016, USAID has disbursed all funds for the CHAMP program.[494] According to USAID, all funds have been disbursed but not spent; the implementing partner has concluded two the program's three components but enough funds are available to continue activities until December 30, 2016. USAID will extend the program for an additional three years after its conclusion.[495]

Interdiction Operations and Results

The Counternarcotics Police of Afghanistan (CNPA) consists of regular narcotics police and specialized units in all 34 provinces. The specialized units include the Sensitive Investigation Unit (SIU), National Interdiction Unit (NIU), and the Intelligence Investigation Unit (IIU). Nearly half of the CNPA's 2,800 personnel are assigned to Kabul. In addition to the CNPA, law-enforcement elements contributing to interdiction activities include members of the Afghan National Police, Afghan Border Police, Afghan Uniform Police, and the General Command of Police Special Unit.[496]

For the first time this quarter, DOD provided counternarcotics information that is included in the classified annex of the quarterly report. Since February 2016, Coalition advisors have been providing train, advise, and assist support to the CNPA. Recent emphasis has been on improving CNPA coordination with the Special Mission Wing (SMW). The relationship has proven to be beneficial since it culminated in the arrest of Haji Watan, one of the country's top drug traffickers on April 4, 2016, in Nangarhar.[497]

Since 2004, DOD's CN requirements for Afghanistan have been funded mostly through supplemental and Overseas Contingency Operations appropriations. These train-and-equip programs aim to support U.S. regional

goals and reduce CN-related terrorism and financing. The majority of funding is for special-purpose vetted units such as the SMW and the Afghan Counternarcotics Police.[498]

INL supports the maintenance and operations of NIU/SIU and DEA facilities as well as a judicial wire-intercept unit (JWIP). INL also provides support to the NIU and SIU of the CNPA including, salary supplements for NIU members (and DEA for SIU members). INL reported last quarter that the NIU strength was between 532 and 536.[499]

As of late 2015, INL has been supporting for SIU training and professional development. The NIU/SIU program is also supported by various DOD-funded activities, which include specialized training and the Special Mission Wing, a rotary- and fixed-wing force that supports NIU missions, among others. During this quarter, INL completed refurbishment of properties where DEA and SIU officers now convene for case coordination and operation of the JWIP system.[500]

According to UNODC, seizures involving Afghan opiates account for some 80% of global opiate seizures. Seizure data suggest that the Balkan route (through Iran and Turkey by way of southeastern Europe to western and central Europe) is the main heroin trafficking route accounting for nearly half of worldwide heroin and morphine seizures.[501]

During the January to March 2016 period, INL reported that combined seizures of the NIU and SIU totaled 1,054 kilograms (kg) of heroin, 1,500 kg of morphine base, and 167 kg of hashish. One kilogram is about 2.2 pounds. The SIU was involved in 22 enforcement operations, the NIU in 10.[502]

DOD reported that from April 1 to June 20, 2016, Afghan security forces and law-enforcement agencies conducted 56 drug-interdiction operations resulting in the detention of 83 individuals. These operations included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. The Afghans' combined operations resulted in the seizures of 1,489 kg of opium, 650 kg morphine, 919 kg of heroin, 2,426 kg of hashish/marijuana, and 1,435 kg of precursor chemicals. As noted in previous SIGAR reports, interdiction results have been declining since 2012, as shown in Table 3.12 on the next page.[503]

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," 2009, viii.

According to USFOR-A, the CNPA took decisive action against a number of senior Afghan government officials and their associates or family members for involvement in the drug trade, demonstrating increased professionalism and dedication to the CN mission. For example, in August 2015, CNPA officers in Baghlan Province detained an ANA general officer after finding 18.7 kilograms of morphine hidden in his vehicle, and in September, the Primary Court of the Counter Narcotics Justice Center convicted and sentenced a high-ranking ANA official for narcotics trafficking violations. Additionally, all Afghan National Police (ANP) receive basic counter-narcotics training. The Counter-Narcotics Training Center has trained 215 ANP in the last 12 months. The curriculum was developed

TABLE 3.12

INTERDICTION RESULTS, FISCAL YEARS 2008–2016

	2008	2009	2010	2011	2012	2013	2014	2015	2016*	TOTAL
Number of Operations	136	282	263	624	669	518	333	270	153	3,248
Detainees	49	190	484	862	535	386	442	394	224	3,566
Hashish seized (kg)	241,353	58,677	25,044	182,213	183,776	37,826	19,088	24,785	122,871	895,633
Heroin seized (kg)	277	576	8,392	10,982	3,441	2,489	3,056	2,859	3,078	35,150
Morphine seized (kg)	409	5,195	2,279	18,040	10,042	11,067	5,925	505	2,150	55,612
Opium seized (kg)	15,361	79,110	49,750	98,327	70,814	41,350	38,379	27,600	6,880	427,571
Precursor chemicals seized (kg)	4,709	93,031	20,397	122,150	130,846	36,250	53,184	234,981	1,753	697,301

Note: The large increase in total precursor-chemical seizures from 2014 to 2015 reflects a 12/2015 seizure of 135,000 liters.
* Results for period 10/1/2015-6/20/2016 only.

Source: DOD, response to SIGAR data calls, 7/29/2015 and 7/6/2016.

by the DEA. USFOR-A did report that ANP Training General Command released individuals from training due to illicit drug use, but no data is available to support this statement.[504]

According to DOD, the security situation has negatively impacted counternarcotics activities in Afghanistan. In the south and southwest, operations are extremely difficult to conduct due to the increased requirement that security forces protect threatened district centers and security-force positions.[505]

DOD also informed SIGAR of a reduction in available transportation for CN operations, particularly helicopters. DOD also said counternarcotics forces are needed to play general security roles where drug trade and antigovernment forces are concentrated in southern, southwest, and northern Afghanistan. Recent partnering of CN forces with U.S. Special Forces has not yet yielded immediate results, but may present opportunities for future operations.[506]

In 2015, DOD created a regional-narcotics interagency-fusion cell (RNIFC) to combat the regional drug trade given the U.S. military's reduced capabilities in Afghanistan. The RNIFC, located in Bahrain, tracks and interdicts the illicit movement of Afghan heroin on *dhows* (traditional sailboats) destined for the Middle East and East Africa.[507]

According to INL, the Afghan Government and its partners have made progress toward implementing the National Drug Action plan, and completed the following actions regarding the specialized units and interdiction activities:

- The Afghan government continues to resource the specialized units and supports ongoing use of the JWIP.
- The MOI and MOD continue to provide the NIU and SIU with access to Special Mission Wing assets.

- The MCN and MOPH convened the first of regular stakeholders meetings with a broad range of Afghan ministries to plan drug-demand-reduction programming.

The Afghan government and UNODC inaugurated four independent joint port-control units which include officials from Customs, Border, and Counter Narcotics Police. [508]

Aviation Support

Between April 1 and June 25, 2016, the air wing in Afghanistan provided the following air support to DEA (fixed-wing and rotary-wing support for NIU movements): 14.3 flight hours, 11 sorties, 252 personnel transported, and 13,278 pounds of cargo moved. The air wing provided transport for 309 INL and DEA passengers on embassy-required air shuttles for all movements within Kabul.[509]

INL's ability to support tactical operations in the south and southwest regions of the country has been constrained since the June 2015 closure of INL's base at Kandahar Air Field. INL continues to assist the NIU and SIU. The arrival of a Resolute Support advisory team in February 2016 at the NIU compound has greatly improved NIU access to Resolute Support assets, including the SMW for movement support for operations in northern and eastern Afghanistan. See page 107 of this report for more information on the SMW.[510]

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GOVERNANCE

As of June 30, 2016, the United States had provided more than $32.8 billion to support governance and economic development in Afghanistan. Most of this funding, more than $19.4 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).

KEY EVENTS

Afghanistan continues to face significant challenges that have tested government stability. According to the United Nations Secretary-General, low economic growth, high unemployment, and an intensifying insurgency have led to new levels of internal displacement and migration and have fueled vocal political opposition.[511] In one visible sign of tension, First Vice President Abdul Rashid Dostum in June publicly lashed out at the government, accusing the administration of marginalizing him and his followers.[512] In July, President Ashraf Ghani appeared to acknowledge the political discord, with *Tolo News* quoting him as saying "Being in opposition to the government does not mean uprooting an administration or government system. Anyone who has attempted to live isolated from the system or tried to lay a trap for the system, will be isolated and caught in that trap themselves."[513]

On May 21, the United States killed Taliban leader Mullah Akhtar Mansur in a drone strike in Pakistan. President Obama and NATO Secretary-General Stoltenberg afterward declared Mullah Mansur an impediment to peace talks and reconciliation. Pakistan's special assistant to the prime minister on foreign affairs told the U.S. Ambassador to Pakistan that the drone strike violated Pakistan's sovereignty and could adversely impact reconciliation efforts.[514] On July 2, Mullah Mansur's successor, Mawlawi Haibatullah Akhundzada, called for the complete withdrawal of international forces as a prerequisite for peace.[515]

On May 5, the European Union hosted its second annual conference on anticorruption. During the conference, President Ghani announced several anticorruption initiatives including: (1) reorganizing the government's Council on Governance and Justice to become a High Council

for Governance, Law, and Anti-corruption to articulate the government's reform agenda and ensure its dissemination; (2) enhancing the justice sector by requiring new qualifications, increased legal rigor, and the rotation or retirement of unqualified candidates within the justice institutions; (3) prioritizing ministries for "clean-up" with initial focus on the ministries of interior, transport, mining, public health, communications, and education; and (4) establishing a specialized anticorruption justice center, with a target of a final confirmation and startup before the July NATO summit in Warsaw.[516] According to DOD, the anticorruption justice center was established and funded on June 30.[517]

Refreshed Mutual Accountability

At the Senior Officials Meeting (SOM) in September 2015, the Self-Reliance through Mutual Accountability Framework (SMAF) superseded the Tokyo Mutual Accountability Framework (TMAF). The SMAF is intended to guide the activities of the Afghan government and the international community at least to the end of the present government's term. The SMAF covers six areas: (1) improving security and political stability (with three associated indicators); (2) anticorruption, governance, rule of law, and human rights (14 indicators); (3) restoring fiscal sustainability and integrity of public finance and commercial banking (nine indicators); (4) reforming development planning and management, and ensuring citizens' development rights (three indicators); (5) private-sector development and inclusive growth and development (four indicators); and (6) development partnerships and aid effectiveness (eight indicators).[518] In addition to the SMAF indicators, the six areas include 39 short-term deliverables collectively due to be completed by the end of 2016.[519]

Portions of 10 SMAF short-term deliverables were due to be completed by the end of the second quarter of 2016. According to USAID, international donors have yet to reach a consensus on whether the Afghan government has made sufficient progress on all of these deliverables.[520] As of April, the Afghan government self-assessed that four deliverables were achieved, five were in progress and on track, and one was in progress but delayed until implementation of the National Action Plan for Women Peace and Security.[521]

Overall, SOM donors reaffirmed their Tokyo commitment of sustaining support through 2017 at or near the levels of the past decade.[522] At the time of the SOM, USAID said that although it cannot identify funds that may be awarded or withheld directly related to compliance or noncompliance with SMAF targets and indicators, noncompliance with SMAF indicators could impact donor confidence and aid contributions.[523]

Electoral Reform Challenges

Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his former election rival, Chief Executive Abdullah, after the troubled 2014 presidential elections. The September 2014 agreement that led to forming the national-unity government called for immediate establishment of a special commission for election reform. The intent was to implement reform before the 2015 parliamentary elections, and to distribute electronic identity cards to all Afghan citizens as quickly as possible.[524]

However, electoral reforms stalled this quarter after the lower house of parliament again rejected President Ghani's elections-related legislative decree. According to State, electoral reforms are awaiting the reconstitution of the electoral management bodies—the Independent Election Commission (IEC) and the Independent Electoral Complaints Commission (ECC)—that have the legal authority to implement reforms and plan for the elections.[525] However, the leadership of the IEC and ECC is unclear following the March resignation of the IEC chairman. The position of IEC chairman remains vacant and IEC has an overall vacancy rate of 40%.[526]

On June 13, the lower house rejected President Ghani's decree amending the Law on the Structure, Duties, and Authorities of the IEC and ECC.[527] On June 28, however, the upper house approved the decree.[528] The matter must now be resolved by a joint commission of the chambers.[529] In February, President Ghani issued the recently rejected decrees after his previous electoral reform decrees had been turned down in the lower house. Prior to the parliament's rejection of the electoral-reform decrees, the United Nations Secretary-General had concluded that there was limited progress in electoral reform.[530]

Despite the setbacks, President Ghani has publically committed to holding parliamentary and district-council elections on October 15, 2016. On April 9, President Ghani requested United Nations electoral assistance for the vote; in May, the United Nations conducted an initial needs-assessment mission in Kabul.[531]

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

Summary of On-Budget Agreements

To improve governance and align development efforts with Afghan priorities, international donors at the 2010 Kabul Conference committed to increase to 50% the proportion of civilian development aid delivered on-budget through the Afghan government.[532] Donors, including the United States, reiterated this pledge at the July 2012 Tokyo Conference and again at both the December 2014 London Conference and the September 2015 SOM.[533]

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 through direct bilateral agreements between the donor and Afghan government entities, or through multidonor trust funds.

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.

The Afghan government and donors are currently discussing priority reform areas in preparation for the ministerial-level development conference scheduled to be held in Brussels in October, at which new development-assistance pledges for 2017–2020 will be made.[534]

As shown in Table 3.13, USAID expects to spend $942 million on active, direct bilateral-assistance programs. It also expects to contribute $1.9 billion to the Afghanistan Reconstruction Trust Fund (ARTF), on top of $1.37 billion disbursed under the previous grant agreement between USAID and the World Bank. USAID has disbursed $113 million to the Afghanistan Infrastructure Trust Fund (AITF).[535]

The U.S. government announced in March 2015 that it intends to seek funding to support the Afghan National Defense and Security Forces (ANDSF), including the army and police, at the level of 352,000 personnel through at least 2017.[536] The Department of Defense (DOD) was appropriated $3.652 billion to support the ANDSF for fiscal year (FY) 2016.[537]

Previously, at the 2012 Chicago Conference, the United States and its allies affirmed commitments to support the Afghan security forces, noting that the pace and size of a gradual, managed force reduction from the surge

TABLE 3.13

USAID ON-BUDGET PROGRAMS

Project/Trust Fund Title	Afghan Government On-Budget Partner	Special Bank Account?	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Bilateral Government-to-Government Projects						
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	Yes	1/1/2013	12/31/2018	$725,000,000	$98,566,700
Sheberghan Gas Development Project (SGDP)	Ministry of Mines and Petroleum	Yes	5/15/2012	8/31/2016	90,000,000	23,295,875
Kajaki Unit 2 Project (Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant)	DABS	Yes	4/22/2013	9/28/2016	80,000,000	43,912,559
Afghanistan Workforce Development Project (AWDP)	MOE	Yes	9/18/2013	7/31/2017	11,500,000	2,748,644
Basic Education, Learning, and Training (BELT) - Textbooks Printing and Distribution	MOE	Yes	11/16/2011	12/31/2018	26,996,813	24,970,742
Claims Related to the Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant	DABS	Yes	4/1/2013	5/31/2016	5,000,000	--
E-Government Resource Center (EGRC)	Ministry of Communications and Information Technology (MOCIT)	Yes	8/28/2013	12/1/2017	3,900,000	1,205,000
Multi-Donor Trust Funds						
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	No	3/31/2012	3/31/2017	1,900,000,000	1,289,505,530
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	No	3/7/2013	3/6/2018	113,670,184	113,000,000

Note: * USAID had a previous award to the ARTF that concluded in March 2012 and totaled $1,371,991,195 in disbursements. Cumulative disbursements from the two ARTF awards are currently $2,661,496,725.

Source: USAID, response to SIGAR data calls, 6/23/2016 and 7/11/2016.

CSTC-A Commander Maj. Gen. Gordon "Skip" B. Davis Jr. speaks at an Oversight Coordination Body meeting in advance of the NATO Warsaw Summit. (DOD photo by LTJG Christopher Hanson)

force of 352,000 personnel to a sustainable level would be conditions-based and decided by the Afghan government in consultation with the international community. The preliminary model envisioned Afghan security forces of 228,500 personnel with an estimated annual budget of $4.1 billion, to be reviewed regularly against the changing security environment.[538]

According to DOD, the surge force structure of 352,000 personnel has been sustained due to the security situation.[539] At the September 2014 Wales Summit, NATO allies and partners reaffirmed their commitment to the financial sustainment of the ANDSF through the end of 2017. The international community has pledged an additional amount of almost €1 billion, or approximately $1.29 billion, annually to sustain the ANDSF for 2015 through the end of 2017.[540] At a December meeting in Brussels, NATO foreign ministers agreed to begin steps to secure international funding for the ANDSF through the end of 2020.[541]

In July, NATO allies and partners met in Warsaw and committed to extend the financial commitments made at the 2012 NATO Summit in Chicago. Some 30 nations renewed pledges to sustain the Afghan security forces through 2020 at or near current levels. Thus far, the international community has pledged more than $800 million annually for 2018–2020, and the United States has requested $3.45 billion in the 2017 budget. President Obama also pledged that he will recommend to his successor that the United States continue to seek funding for the ANDSF at or near current levels through 2020.[542]

Prior to the NATO Warsaw Summit, the commander of the Combined Security Transition Command-Afghanistan (CSTC-A), Major General Gordon "Skip" Davis Jr. was quoted in the *Washington Post* saying, "There was discussion [among the donors] last year about having some specific benchmarks before the Warsaw summit, but I think the allies felt it was impractical […] there just wasn't enough time." He added that donors have confidence in President Ghani's stewardship of international funds.[543]

Of the total funds committed, for 2016, DOD expects to contribute $110 million for police salaries to the Ministry of Interior (MOI) through the United Nations Development Programme's (UNDP) Law and Order Trust Fund for Afghanistan (LOTFA).[544]

DOD also expects to contribute approximately $1.13 billion this year in direct contributions to the Ministry of Defense (MOD) and approximately $412 million in direct contributions to the MOI.[545]

Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with seven Afghan government entities and (2) contributions to two multidonor trust funds, the ARTF and the AITF.[546] According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance for each program.[547]

The ARTF, administered by the World Bank, provides funds to both the Afghan government's operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.[548] The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.[549] According to USAID, the majority of on-budget funding has been and will continue to be directed through the multidonor trust funds, particularly the ARTF.[550]

SIGAR AUDIT

SIGAR has an ongoing audit of the ARTF. In July 2011, SIGAR found that the World Bank and the Afghan government had established mechanisms to monitor and account for ARTF contributions, but that several limitations and challenges should be addressed. This new audit will assess the extent to which the World Bank and the Afghan government (1) monitor and account for U.S. contributions to the ARTF; (2) evaluate whether ARTF-funded projects have achieved their stated goals and objectives; and (3) utilize and enforce any conditionality on ARTF funding.

On-Budget Assistance to the ANDSF

A large portion of on-budget U.S. assistance is for the Afghan security forces. DOD provides on-budget assistance to the Afghan government through (1) direct contributions from the Afghanistan Security Forces Fund (ASFF) to the MOD and the MOI, and (2) ASFF contributions to the multidonor LOTFA.[551] Administered by the UNDP, LOTFA primarily funds Afghan National Police (ANP) salaries and incentives.[552] Direct-contribution funding is provided to the Ministry of Finance, which allots it incrementally to the MOD and MOI, as required.[553]

In February 2011, the Under Secretary of Defense Comptroller authorized CSTC-A to provide direct contributions to the Afghanistan government from ASFF to develop ministerial capacity and capability in the areas of budget development and execution, acquisition planning, and procurement. CSTC-A administers all contributions of ASFF resources to

the MOD and MOI subject to certain conditions that the ministries must meet for the use of the funds.[554] CSTC-A monitors and formally audits the execution of those funds to assess ministerial capability and to ensure proper controls and compliance with documented accounting procedures and provisions of the annual commitment letters.[555] Most of the CSTC-A provided, on-budget funds support salaries with limited amounts provided for local procurement of supplies. Funding is also provided for facility maintenance contracts.[556]

Thus far in the current Afghan fiscal year, CSTC-A has provided $499 million to the MOD and $251 million to the MOI. Of the $251 million for the MOI, $194 million were direct contributions and $57 million was provided via LOTFA.[557]

MOD and MOI Generally Met Conditions for U.S. Funding; But Some Arms and Equipment Withheld Due to Insufficient Accountability

In May, DOD found that while the MOD and MOI generally met the agreed conditions for U.S. funding assistance, both ministries had deficiencies.

Of 47 MOD conditions defined in the commitment letter, the MOD made satisfactory progress on 28 conditions, while 19 had insufficient progress. CSTC-A provided incentive funding to the MOD for submitting a prioritized construction plan and a prioritized road project list ahead of schedule, as well as progress in female recruitment. CSTC-A identified three deficiencies that warranted a penalty, including the MOD's tracking of small-arms losses and accountability of night-vision devices, resulting in CSTC-A withholding future small-arms and night-vision device deliveries until the MOD provides greater accountability. Additionally, CSTC-A found that one MOD student was absent without leave while on a U.S.-funded training event overseas. CSTC-A recommended that the MOD impose a penalty on the missing student. CSTC-A identified a further 16 conditions with insufficient progress but did not impose additional penalties on the MOD.[558]

Of 48 MOI conditions defined in the commitment letter, the MOI made satisfactory progress on 30 conditions, while 18 had insufficient progress. CSTC-A provided incentive funding to the MOI for submitting a project planning list and an anticorruption plan. CSTC-A identified four deficiencies that warranted a penalty including one deficiency related to MOI's inputting personnel data into the Afghanistan Human Resources Information Management System (AHRIMS). Rather than levy a penalty directly, CSTC-A recommended that the Afghan government withhold 10% of the salaries of 29 provincial chiefs of police until personnel data is loaded into AHRIMS. Additionally, CSTC-A found fault with the MOI's accountability of ammunition, small arms, and night-vision devices. In response, CSTC-A will withhold future small arms and night-vision devices until accountability improves and will place additional requirements on ammunition allocation.

CSTC-A identified a further 14 conditions with insufficient progress but imposed no additional penalties on the MOI.[559]

NATIONAL GOVERNANCE

Capacity-Building Programs

USAID capacity-building programs seek to improve Afghan ministries' ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity-building of Afghan government entities.[560] USAID also seeks to increase civil-society capacity through the Afghan Civic Engagement Program (ACEP). As shown in Table 3.14, active programs include the Ministry of Women's Affairs (MOWA) Organizational Restructuring and Empowerment (MORE) project, a $14 million project that, among other things, assists the ministry to improve its financial management, as required for future on-budget assistance.[561] As MORE nears its final six months of implementation, the focus has shifted to building sustainability and effectively transferring responsibilities to MOWA officials. This quarter, six MORE-sponsored MOWA staff completed their undergraduate degrees. In addition, 81 MOWA staff continue to attend English-language classes.[562]

USAID has also provided $5 million for the $150 million ARTF-managed Capacity Building for Results (CBR) program. CBR aims to improve the capacity and performance of Afghan government ministries through the provision of skilled civil servants to implement ministries' reform programs. CBR provides Afghan government ministries with the opportunity to recruit high-capacity staff into critical posts at salaries closer to market rates. The aim is to increase on-budget service delivery and reduce reliance upon the so-called "second civil service" wherein Afghan consultants, instead of civil servants, perform government functions.[563]

According to the World Bank, CBR has made limited progress over the past three years. The World Bank reports that 682 out of a planned 1,500 CBR-supported Afghan government positions—reduced from the

TABLE 3.14

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL

Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Afghan Civic Engagement Program (ACEP)	N/A	12/4/2013	12/3/2018	$70,000,000	$32,325,032
Assistance to Legislative Bodies of Afghanistan (ALBA)	Parliament	3/28/2013	3/27/2018	24,990,827	15,960,938
Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE)	Ministry of Women's Affairs	12/20/2012	12/19/2016	14,182,944	9,415,349

Source: USAID, response to SIGAR data call, 7/11/2016.

original target of 2,400—have been advertised and are in different stages of screening and recruitment.[564] As of April, the five CBR-supported ministries with the most ambitious recruitment goals were well below the recruitment targets or approved allotments including: Ministry of Public Health (zero recruited against a target of 510), Ministry of Agriculture, Irrigation, and Livestock (eight recruited against a target of 331), Ministry of Communications and Information Technology (11 recruited against an approved allocation of 300 positions), Ministry of Rural Rehabilitation and Development (four recruited against an approved allocation of 300 positions), and Mines and Petroleum (two recruited against an approved allocation of 153 positions).[565] According to the SMAF, at least 800 civil-service positions are to be filled through CBR by December 2016.[566]

National Assembly

Since the beginning of the new legislative year in March, the parliament has rarely achieved quorum. Two-thirds of all plenary sessions fail to achieve quorum, meaning many bills on the agenda could not be voted on and the parliament has fallen behind in its legislative calendar. Parliament has suspended six members of parliament who had been absent from parliament for more than 21 consecutive days, and threatened to suspend three more. Parliament has also quietly been declaring quorums present at sessions where only a minority of members were actually in attendance.[567]

Despite the challenges to quorum, parliament confirmed the nominees for minister of defense, director general of the National Directorate of Security (NDS), and the supreme court. On June 20, the lower house confirmed Lieutenant General Abdullah Habibi to head MOD and Masoom

Members of the upper house's Commission for Defense and Internal Security meet with the Helmand Chief of Police during an oversight trip to Helmand Province. (USAID photo)

Stanekzai for director general of the NDS. Habibi received 167 out of 224 votes; Stanekzai received 161 out of 224 votes. Habibi, age 64, is an ethnic Pashtun from Kunar Province with 40 years of Afghan military experience and is generally well regarded within the security ministries. Stanekzai, age 58, who has served as acting minister of defense since May 2015. Also on June 20, the lower house confirmed Mohammad Zaman Sangari as a supreme court judge by a vote of 139 to 85.[568]

On June 13, the lower house rejected President Ghani's decree amending the Law on the Structure, Duties, and Authorities of the Independent Election Commission (IEC) and the Independent Electoral Complaints Commission (ECC). Also in June, the upper and lower house voted in favor of Afghanistan's membership in the World Trade Organization (WTO).[569]

USAID funds the $25 million Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan's parliament operate as an independent and effective legislative, representative, and oversight body.[570] In April, ALBA supported an outreach trip to Kandahar Province by the upper house's religious, cultural, education, and higher-education affairs commission. The parliamentary delegation met with students and heard their concerns, reviewed how education centers are established, inspected schools, investigated methods of textbook distribution, and investigated the issue of inadequate numbers of teachers. Also in April, ALBA facilitated an oversight trip to Farah and Nimroz Provinces by the lower house's budget commission to assess incomes resulting from several revenue generating departments such as fuel and gas, customs, and transportation.[571]

Civil Society

The Afghan Civic Engagement Program's goal is to promote civil-society and media engagement that enables Afghan citizens to influence policy, monitor government accountability, and serve as an advocate for political reform. ACEP aims to achieve this goal through five program areas: (1) regular civil-society organization (CSO) engagement with the Afghan government, (2) increased CSO and media thematic expertise in democracy and governance, (3) expanded civic engagement, (4) improved access to independent news and public affairs information, and (5) increased CSO organizational capacity.[572]

This quarter, ACEP awarded 18 grants to provincial and regional CSOs. ACEP also provided training on advocacy and legislative process to 32 members of the parliamentary technical working group on persons with disabilities. Finally, ACEP introduced 15 female journalism graduates of the Young Journalists Internship Program to local media outlets in Kabul, Herat, and Balkh Provinces. This internship program provided three months of practical workplace experience, development of professional networks, and future employment opportunities for young female journalists.[573]

SUBNATIONAL GOVERNANCE

Provincial and Municipal Programs

USAID has two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.15 summarizes total program costs and disbursements to date.

TABLE 3.15

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2017	$73,499,999	$19,766,143
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	62,364,687	7,945,408

Source: USAID, response to SIGAR data call, 7/11/2016.

Initiative to Strengthen Local Administrations

The $62 million ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement. This should lead to services that more closely respond to all citizens' needs in health, education, security, justice, and urban services.[574]

ISLA recently analyzed the number of projects contained in 16 provincial development plans (PDP) to determine how many were actually budgeted in national ministry budgets for FY 1394 (December 22, 2014–December 21, 2015) and FY 1395 (December 22, 2015–December 21, 2016). ISLA found 3,541 projects were proposed in 1394 PDPs and 3,471 projects were proposed in 1395. However, only 50 PDP projects were budgeted in the 1394 national budget plans, while 145 were budgeted in the 1395 national budget plans. ISLA plans to use these findings as a baseline for capacity building efforts.[575]

Strong Hubs for Afghan Hope and Resilience

The objective of the $73 million SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. Targeted support to municipal governments, as well as to the General Directorate of Municipal Affairs and municipal advisory boards, aims to improve municipal financial management, urban service delivery, and citizen consultation.[576]

In March, SHAHAR-supported municipalities registered a total of 281 new businesses (an increase over February's 165) but issued only 1,826

SIGAR AUDIT

SIGAR has an ongoing audit of the Measuring Impacts of Stabilization Initiatives (MISTI) project. This audit plans to (1) assess the extent to which the MISTI contractor provided third-party monitoring services in accordance with the terms of the contract; (2) assess the extent to which USAID considered MISTI program results in planning and implementing stabilization programs; and (3) identify challenges in MISTI, if any, with USAID using third-party monitoring to evaluate stabilization reconstruction programs, and the extent to which USAID has addressed those challenges.

new business licenses (a decrease from the 2,243 in February). These efforts resulted in approximately $58,454 in new municipal revenue for the month, a 14% decrease compared to February.[577] As of March, 5,624 new business licenses have been issued in the previous three months. Total business license collection for these three months was $175,029, representing approximately 16% of the revenues collected by SHAHAR-supported municipalities for this revenue source.[578]

SHAHAR-supported municipalities also collected $244,045 in property taxes, an 18% decrease compared to February.[579] As of March, 616 new business licenses have been issued in the previous three months. Total property tax collection for these three months was $806,593, representing approximately 15% of the revenues collected by SHAHAR-supported municipalities for this revenue source.[580]

RECONCILIATION AND REINTEGRATION

According to the United Nations Secretary-General, the peace process of the Quadrilateral Coordination Group (QCG)—consisting of Afghanistan, Pakistan, the United States, and China—lost its initial momentum this quarter.[581]

The QCG met five times between January 11 and May 18. According to State, the meetings were important steps in forging a regional consensus in support of Afghan-led peace talks. Quadrilateral Coordination Group members pledged to advance the peace process and seek direct talks with the Taliban. The Ghani administration has demonstrated a willingness to work with the Pakistani government on coordinated reconciliation objectives, a departure from previous attempts at reconciliation. Both Afghanistan and Pakistan have made repeated, public calls for the Taliban to participate in direct talks with the Afghan government.[582] On July 14, however, an Afghan presidential spokesman said that Afghanistan did not have plans for any new QCG meetings. He also said that terrorist groups "have a support base in Pakistan." A spokesman for Chief Executive Abdullah did not rule out future QCG meetings, especially if the "United States and China can guarantee a fruitful outcome."[583]

In April, President Ghani delivered a speech to a joint session of parliament in which he made strong statements against the insurgency, including his intention to apply the death penalty per Afghan law. While President Ghani did not directly blame Pakistan for the April 19 attack in Kabul, he said he no longer expects Pakistan to deliver the Taliban to the negotiating table. Instead, he expected Pakistan to take action against insurgent sanctuaries on its territory.[584] On May 3, Pakistan's foreign policy adviser Sartaj Aziz responded to Ghani's demands by saying that Afghanistan's outrage at Pakistan was an expression of frustration because Afghan leaders were expecting reconciliation talks would have started by now and led to a

"Part of the problem is that we don't really know, and we won't know until and unless a negotiation process begins, what the Taliban's concrete demands and grievances are."

—Ambassador Richard Olson, Special Representative for Afghanistan and Pakistan

Source: Comments at the "International Commitment to Afghanistan" event, Atlantic Council, 6/21/2016.

reduction in violence. Additionally, he confirmed that a Taliban delegation from Qatar visited Pakistan in April as part of the "exploratory contacts" associated with peace talks.[585]

According to State, the subsequent QCG meeting on May 18 played a key role in maintaining communications between the Afghanistan and Pakistan governments while maintaining diplomatic pressure on Pakistan to alter their relationship with the Taliban.[586]

In March, the Hezb-e-Islami insurgent group met with the High Peace Council (HPC) after publicly announcing they were ready to join political reconciliation talks with the Afghan government.[587] This quarter, however, the HPC announced that Hezb-e-Islami introduced new demands, which the HPC labeled "unacceptable."[588] Hezb-e-Islami countered that the Afghan government acted unilaterally when the draft language was modified from mutual agreement on "having no foreign troops" to representing that both sides agreed to support the presence of foreign forces.[589] A few days later, Gulbuddin Hekmatyar of the Hezb-e-Islami withdrew from peace talks and called for the dissolution of the Afghan unity government.[590]

Afghanistan Peace and Reintegration Program Closes

On March 31, the Afghanistan Peace and Reintegration Program (APRP) closed following a decision by APRP donors, the Afghan government, and UNDP.[591] The APRP was an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society.[592] The APRP was the only institutional mechanism within the Afghan government with capacity to pursue both high-level reconciliation negotiations and provincial-level reintegration of insurgent fighters.[593] The United States provided $55 million to the APRP between 2010 and 2016.[594]

No combatants were demobilized in April or May following the closure of APRP.[595] On April 1, the HPC terminated most of its provincial presence, maintaining only the chairs of provincial peace councils and the heads of provincial joint secretariat teams.[596] During a transition period (planned to last from April to July) to fill the gap between the closure of APRP and the commencement of a new program, the Joint Secretariat of the HPC is conducting programmatic and structural assessments of APRP—including a conflict analysis and the in-depth review of the peace-building architecture—to guide a forthcoming national peace and reconciliation strategy.[597]

According to State, the APRP faced several challenges including a deteriorating security environment that dissuaded insurgents from reintegrating, and an outdated APRP national program document that expired in July 2015. The Afghan government has only recently started working on a new national peace and reconciliation strategy for Afghanistan.[598]

RULE OF LAW AND ANTICORRUPTION

Project Summary

The United States has assisted the formal and informal justice sectors through several mechanisms. These include the State Department's Justice Sector Support Program (JSSP) and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.16.

In April, USAID launched the $68 million Afghanistan Development Assistance for Legal Access and Transparency (ADALAT) program. ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector, (2) strengthen the linkages between the formal and traditional justice sectors, and (3) increase citizen demand for quality legal services. The *Adalat* ("justice" in Dari and Pashto) program will work closely with Afghan justice institutions to increase the professionalism of justice sector actors, to improve judicial administrative and management systems, and to strengthen the Ministry of Justice (MOJ) Department of the Huquq and its interaction with traditional justice on civil-related matters. It also will develop the technical, organizational, and management capacity of USAID civil-society partners operating in the formal and traditional justice sectors and will support their missions to eliminate practices that violate human rights in traditional dispute resolution within the informal justice sector and to increase citizen awareness of and demand for fair and accessible justice services.[599]

In the area of anticorruption, USAID has a cooperation arrangement with the United Kingdom's Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID support funds the MEC's monitoring, analysis,

TABLE 3.16

RULE OF LAW AND ANTICORRUPTION PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Justice System Support Program II (JSSP II)	6/16/2010	2/28/2017	$270,142,052	$241,422,671
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/15/2016	4/14/2021	68,163,468	90,518
Electoral Reform and Civic Advocacy (AERCA)*	7/13/2009	6/30/2017	51,302,682	39,574,689
Corrections System Support Program (CSSP IV)	3/1/2016	2/28/2017	15,000,000	2,604,657
Justice Training Transition Program (JTTP) Follow On	4/1/2016	11/30/2017	7,216,016	--
Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)	5/19/2015	8/31/2020	3,000,000	500,000

Note: * On November 1, 2015, USAID extended the AERCA award beyond the planned December 31, 2015, end date, added $12.6 million in estimated costs, and incorporated additional anticorruption activities into the program description. Table data reflects the entire award.

Source: State, INL, response to SIGAR data call, 6/24/2016; USAID, response to SIGAR data call, 7/11/2016.

and reporting activities, including its vulnerability-to-corruption assessments.[600] Last year, USAID facilitated an agreement between the MEC and the Ministry of Public Health (MOPH) for the MEC to conduct a ministry-wide anticorruption assessment. USAID hopes this approach will be a model for other Afghan government ministries.[601]

USAID aims to improve public services by reducing corruption opportunities in Afghan government administrative and business processes. In November 2015, USAID modified the existing Advancing Effective Reforms for Civic Accountability (AERCA) project—previously the Afghanistan Electoral Reform and Civic Advocacy (AERCA) project—to address immediately identifiable corrupt practices. Through a combination of its support to the MEC and AERCA project, USAID aims to (1) strengthen local Afghan capacity to identify corruption vulnerabilities and develop sensible recommendations in response, (2) provide technical assistance to target government agencies to plan for and operationalize those recommendations, and (3) strengthen civil society's ability to fulfill its watchdog function.[602]

AERCA aims to increase the demand from civil-society organizations to spur the Afghan government's efforts to reduce administrative corruption while building a foundation of lawfulness that can over time chip away at what the World Bank has called "grand corruption." AERCA is in the work-planning phase and is consulting with the Afghan government to plan specific interventions. Additionally, AERCA is working with civil society to prepare grants to track and monitor Afghan government reform promises.[603]

This quarter, AERCA released a political-economy analysis that summarized the significant investment USAID and other donors have made in promoting good governance and in combatting corruption as well as the widely held view that many such reforms failed to achieve their intended goals.[604] According to AERCA, senior Afghan government officials share an urgent appreciation of the corruption challenge, while a large number of mid-level government personnel are eager for reform but lack direction.[605] AERCA identified 10 services that are important to Afghans but are perceived as not working as well as expected. AERCA plans to conduct in-depth service value-chain mapping exercises of these 10 services, and partner with three ministries to improve their delivery. The 10 services include: (1, 2) disability and martyr payments by the Ministry of Martyred, Disabled, Labor, & Social Affairs; (3, 4, 5) driver's license issuance, vehicle registration, and national identification by the Ministry of Interior; (6, 7) issuance of diplomas and transcripts by the Ministry of Higher Education; (8) small business license registration by the Kabul Municipality; (9) property registration by the Supreme Court; and (10) high-school diploma issuance by the Ministry of Education.[606]

The State Department's JSSP objectives include continuing to develop a case-management system (CMS) to track cases throughout Afghanistan's

justice system and to build the capacity and administrative skills of ministry officials.[607]

This quarter, JSSP highlighted the Afghan Attorney General's Office (AGO) securing nearly $700,000 in funds for a Human Resources Management Strategy (HRMS) project funded by World Bank as an example of JSSP's capacity-building efforts. According to JSSP, the successful implementation of HRMS will help accomplish AGO workforce distribution, assignment, and relocation of human resources to meet priority goals set in the AGO five-year strategic plan.[608]

This quarter, the $48 million Justice Training Transition Program completed an evaluation of its efforts. JTTP provided regional training to justice-sector officials on a wide range of criminal-justice topics.[609] JTTP aimed to increase the confidence of Afghan citizens in their justice sector and to achieve two outcomes: (1) increase the capacity and competencies of Afghan justice-sector professionals in delivering justice according to Afghan law, and (2) ensure that Afghan justice institutions are capable of managing the sustainable implementation of training programs.[610] The evaluation found that JTTP's activities were generally conducted in an effective and efficient manner.[611]

According to the evaluators, JTTP's individual capacity-building activities have performed a valuable service that was appreciated both by the Afghan national justice institutions and by the participants in the training themselves. The JTTP became increasingly effective at working with the target justice-sector institutions to define the assistance that it can provide towards establishing and supporting operational in-house training departments. JTTP also became more proactive in looking for linkages between its work on strengthening the capacity of the justice sector and those organizations that are involved in monitoring its performance in relation to justice and human rights. The evaluators concluded that the JTTP's activities have had a positive impact, which could be sustainable in at least the medium term, given some continuing external support. Additionally, the JTTP spent significantly less than expected, which enabled State to extend JTTP for nine months and fund a 20-month follow-on program using unspent JTTP funds.[612]

The Supreme Court and the Formal Justice Sector

On June 20, the lower house of parliament confirmed Mohammad Zaman Sangari as a supreme court judge by a vote of 139 to 85. Sangari filled the position left vacant by the passing of Justice Gran, who died on January 20. Sangari was the chief judge of the trial court at the Counter-Narcotics Justice Center before his elevation to the highest court. According to State, he is an experienced judge who worked in the criminal and public-security division, and was also an instructor at the Judicial Training Center.[613]

The United Nations Secretary-General reported that the Judicial Surveillance Department of the Supreme Court arrested, investigated and referred for prosecution 85 individuals, including six judges and 14 administrative staff of the judiciary and defense counsel suspected of involvement in judicial corruption between March 2015 and March 2016. The Afghan government has also reassigned 602 trial and appellate judges, representing one-quarter of the judiciary, including all chief appeals-court judges in 33 of 34 provinces, to new positions to promote judicial independence by reducing the risk of local influence.[614]

According to the SMAF, short-term deliverables related to the justice sector include the launch of a justice-sector reform plan and a draft of a revised penal code, both to be completed by December 2016. This plan has been drafted but not yet finalized.[615]

Afghan Correctional System

According to State, the inmate population of Afghanistan's prisons managed by the General Directorate of Prisons and Detention Centers (GDPDC) has increased by an average of 6.51% annually over the past five years. As of March 30, the GDPDC incarcerated 27,030 males and 843 females, while the Ministry of Justice's Juvenile Rehabilitation Directorate (JRD) incarcerated 889 male juveniles and 100 female juveniles. These incarceration totals do not include detainees held by any other Afghan governmental organization, as INL does not have access to their data.[616]

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for adult males, although state-funded prison construction has added some new prison beds and presidential amnesty decrees have reduced the prison population significantly. As of June 8, the total male provincial-prison population was at 319% of capacity, as defined by the International Committee of the Red Cross's (ICRC) minimum standard 3.4 square meters per inmate. The total female provincial-prison population was at 81% of the ICRC-recommended capacity. The JRD's juvenile-rehabilitation centers' population was at 75% of ICRC-recommended capacity.[617]

This quarter, Afghan authorities implemented alternative sanctions in some juvenile cases. In late May, a Kabul prosecutor dismissed petty charges against a juvenile offender rather than seeking detention, marking a shift in how such cases are typically handled. Additionally, the Kabul Juvenile Rehabilitation Center (KJRC) recently identified over 40 eligible juveniles that it will recommend for release or transfer to an open detention center. The KJRC offers juvenile offenders for less serious crimes educational and vocational courses during the day in lieu of formal incarceration, with the evenings being spent with their parents.[618]

A Corrections System Support Program (CSSP) mobile training team traveled this quarter to Herat, Jowzjan, Kandahar, Samangan, and Sar-e Pul

Provinces and delivered a total of 45 classes to 731 GDPDC staff—620 male and 111 female—including prison commanders, deputy commanders, and facility education directors. The classes covered several topics including human rights, use of force, frisk search, inmate transportation, conflict resolution, and inmate visitation.[619]

Anticorruption

On March 19, a decree of President Ghani created the Higher Council on Governance, Justice, and the Fight Against Corruption. The council will oversee the drafting and implementation of a national anticorruption strategy. President Ghani will chair the council, whose members will include Chief Executive Abdullah, the two vice presidents, the chief justice, the minister of justice, and the attorney general.[620]

On May 5, President Ghani announced both the establishment of a specialized anticorruption court and plans to strengthen the existing Major Crimes Task Force (MCTF) to support anticorruption investigations.[621] The Anti-Corruption Justice Center (ACJC) will bring together MCTF investigators, AGO prosecutors, and judges to combat serious corruption. The current plan calls for the ACJC to prosecute cases that (1) involve officials at the rank of brigadier general (or civilian equivalent) or (2) involve cases of corruption exceeding five million afghani (approximately $75,000). The ACJC aims to have its first case before the October Brussels conference.[622] According to President Ghani's

Special Inspector General John Sopko met with Afghan Attorney General Mohammad Farid Hamidi on June 11, 2016, at the presidential palace. (SIGAR photo by Steven Mocsary)

decree, the ACJC will be free of any influences and proceed in a fair and transparent manner.[623]

Afghan Attorney General's Office

On April 9, the lower house of parliament approved the nomination of Mohammad Farid Hamidi for attorney general.[624] According to DOD, the new attorney general has begun reforms and restructuring of his office, but he has also maintained known corrupt officials.[625] The United Nations Secretary-General, however, reports that on May 28, the new attorney general appointed or transferred 40 key officials, including 19 of 34 new chief provincial prosecutors, and new directors for three internal units relating to countering corruption, internal audit, and the elimination of violence against women.[626] According to State, their JSSP program has assisted the AGO's human resources directorate to decrease the number of prosecutors who only possessed high school degrees by 48%.[627]

Independent Joint Anti-Corruption Monitoring and Evaluation Committee

A presidential decree established the Monitoring and Evaluation Committee (MEC) in March 2010. Its mandate is to develop anticorruption recommendations and benchmarks, to monitor efforts to fight corruption, and to report on these efforts. It comprises three Afghan members and three international members, and is led by an Afghan executive director. The MEC has approximately 20 staff. USAID notes that the MEC may increase its staff since President Ghani has increasingly sought analytical products from it.[628]

This quarter, the MEC released reports on corruption vulnerabilities in the Ministry of Public Health (MOPH), corruption vulnerabilities affecting work permits for internationals, a review of the transition of airspace-management responsibility to the government of Afghanistan, and corruption vulnerabilities in municipal revenue collection. See page 187 of this report for more information on the MOPH assessment.

MEC's vulnerability assessment of the process for issuing work permits for foreigners working in Afghanistan found that despite the existence of rules, laws, and regulations covering the process, there remain numerous problems related to enforcing punishment of known violators. The assessment indicated that there are foreign citizens working illegally in Afghanistan. This has resulted in the unemployment of Afghan citizens and the loss of Afghan government revenue that could have been realized through work permit fees. The MEC recommended that the Ministry of Labor, Social Affairs, Martyrs and Disabled establish formal cooperation with the MOI and Ministry of Foreign Affairs for the process of issuing entrance and work visas. The MEC further recommended that there be an addition to the current internationals' employment regulations which would provide penalties for violations.[629]

MEC also released the findings of a review on the transition of Afghanistan Air Space management responsibility to the government of Afghanistan. The Afghanistan Civil Aviation Authority (ACAA) was re-established as independent authority in 2013. However, the MEC found that despite significant improvements and the large investments the ACAA still lacks adequate technical staff and financial resources. The ACAA remains dependent on international assistance, hindering the transition of control of Afghanistan airspace to the Afghan authority.[630]

In July, MEC released their findings on corruption vulnerabilities in municipal revenue collection. The report assessed the vulnerabilities in legislation, organizational structure, human resources, and administrative affairs of the revenue collection process of municipalities. The MEC found that serious vulnerabilities in the revenue collection process are the result of (1) the lack of conformity of laws with the actual requirements of cities and (2) the contradiction of these laws with the Afghan constitution. For example, while the constitution requires the democratic election of mayors, this has not occurred. The MEC found that incompetent mayors can affect municipal revenue collection and service delivery and are vulnerable to corruption. The MEC concluded that widespread corruption resulted in a substantial loss of potential municipal revenues.[631]

High Office of Oversight and Anticorruption

The High Office of Oversight and Anti-Corruption (HOO) was established in July 2008 by presidential decree to oversee and coordinate implementation of the Afghan government's anticorruption strategy. The HOO collects corruption complaints through a hotline and complaint boxes installed in several ministries and other public-service delivery institutions, and conducts the initial investigation of corruption allegations that it receives before referring allegations to the Attorney General's Office (AGO) for further investigation and possible prosecution. According to USAID, these investigations seldom lead to prosecution. Mutual recrimination between AGO and HOO is common.[632] The HOO is primarily charged with collection and verification of asset declarations submitted by Afghan government officials.[633]

Security Services

According to DOD, the Afghan government's efforts to fight corruption within the army and police have suffered from political conflict between President Ghani and Chief Executive Abdullah. This conflict has resulted in the removal of Afghan officials who DOD assessed as making exceptional progress in eliminating corruption. According to DOD, these officials have been replaced by senior officers who violate Afghan law.[634]

Contrary to this broader trend, however, the Major Crimes Task Force (MCTF) appears a bright spot and enjoys senior officer support in the MOI.[635]

Ministry of Defense

Three active forums are addressing corruption issues within the MOD: the Counter Corruption Working Group, the Senior High Level Committee on Anti-Corruption, and the Senior Leader Counter Corruption Panel.

According to DOD, despite anticorruption rhetoric at all levels, the MOD has pursued few corruption cases without Coalition prompting. The Afghan government rarely prosecutes senior MOD officials involved in corruption and often allows those accused to retire instead of facing charges. Of the various MOD anticorruption efforts, DOD reported no measurable or significant progress since last quarter.[636]

Also this quarter, the MOD's General Staff Inspector General (GS IG) began a special investigation into several corruption allegations against the army's 215th Corps based in Helmand Province. The allegations included facilitating drug trafficking and selling supplies to requiring bribes for contracts, maintaining "ghost" soldiers in payroll and personnel systems, and failing to properly track supplies. Many of the accused were mid-level leaders, with cases against 10 of them now in various stages of prosecution.[637]

Ministry of Interior

The executive-level anticorruption Transparency, Accountability, and Law Enforcement (TALE) Committee, chaired by the MOI Inspector General (MOI IG), has met three times since its establishment in 2015. According to DOD, this committee is an effective forum for cross-coordination and development of anticorruption policy recommendations. However, since the new MOI IG was appointed in April, there have been no TALE meetings. The MOI has recently established province- and multi-province zonal-level TALE committees; however, the MOI IG has only limited ability to reach these committees, and there is no permanent MOI IG presence in the zones.[638] DOD reports that there are plans for four MOI IG personnel for each MOI zone.[639]

Major Crimes Task Force

In December 2015, the MCTF lost its complement of National Directorate of Security (NDS) personnel—roughly half of the MCTF staff—and is now housed within the MOI's anti-crime police. According to DOD, the departure of NDS personnel has not had a major impact. Since a January change in MCTF leadership, the MCTF has opened 200 cases, cleared 46 cases by arrest, arrested 99 suspects, and seized several hundred thousand dollars in assets and counterfeit currency, 120 tons of illegally mined lapis lazuli and 836 tons of other minerals. This is a significant increase in MCTF efforts compared to the previous nine-month period that saw the MCTF open 74 cases and arrest 107 lower-level personnel. In one recent case, the MCTF arrested the provincial police chief of Kapisa Province—the first arrest of such an official—for his role in a fuel-theft scheme.[640] The MCTF made

this arrest despite political interference by senior MOI and AGO officials. Although the MCTF resisted these pressures and made the arrest, the provincial chief of police was immediately released by a senior AGO official.[641]

Despite recent progress, DOD reports that the MCTF's effectiveness against high-level corruption will continue to be limited by external factors, such as AGO corruption and political pressure. According to DOD, while the MCTF is developing into a reliable partner in the fight against corruption, the MCTF is swimming against the tide of a broader culture of corruption and impunity within the Afghan government.[642]

HUMAN RIGHTS

This quarter, State released its annual report on human trafficking. According to State, Afghanistan is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking. Internal trafficking is more prevalent than transnational trafficking. Most Afghan trafficking victims are children who end up in carpet making and brick factories, domestic servitude, commercial sexual exploitation, begging, poppy cultivation, transnational drug smuggling, and assistant truck driving within Afghanistan, as well as in the Middle East, Europe, and South Asia. Nongovernmental organizations have documented the practice of bonded labor, whereby customs allow families to force men, women, and children to work as a means to pay off debt or to settle grievances, sometimes for multiple generations with children forced to work to pay off their parents' debt.[643]

According to State, some Afghan families knowingly sell their children into sex trafficking, including for *bacha bazi*—where men, including some government officials and security forces, use young boys for social and sexual entertainment. There are reports that some law-enforcement officials, prosecutors, and judges accept bribes from or use their relationships with perpetrators of bacha bazi to allow them to escape punishment.[644]

Some families send their children to obtain employment through labor brokers and the children end up in forced labor. Opium-farming families sometimes sell their children to settle debts with opium traffickers. According to the Afghan government and the UN, insurgent groups forcibly recruit and use children as suicide bombers. Boys, especially those traveling unaccompanied, are particularly vulnerable to trafficking. Children in orphanages are also particularly vulnerable and were sometimes subjected to trafficking. Some entire Afghan families are trapped in debt bondage in the brick-making industry in eastern Afghanistan. Members of the Shia Hazara minority group were victims of forced recruitment and forced labor.[645]

State concluded that the Afghan government does not fully meet the minimum standards for the elimination of trafficking; however, it is making

Members of Congress Ask SIGAR to Investigate Allegations of Sexual Abuse

A bipartisan, bicameral group led by Senator Patrick Leahy (D-VT) and Representative Thomas J. Rooney (R-FL) and 91 other Members of Congress in December asked SIGAR to conduct an inquiry into the U.S. government's experience with allegations of sexual abuse of children committed by members of the Afghan security forces. The inquiry will also look into the manner in which the Leahy amendment prohibiting DOD and the State Department from providing assistance to units of foreign security forces that have committed gross violations of human rights is implemented in Afghanistan. See SIGAR *Quarterly Report to the United States Congress*, January 2016, p. 40 for more information. The Department of Defense Inspector General is conducting a similar investigation.

significant efforts to do so. The Afghan government doubled convictions and increased prosecutions of trafficking-related offenses in 2015. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, State placed Afghanistan on Tier 2 Watch List, a lower rating than the past two years.[646]

Refugees and Internal Displacement

According to the Afghan Ministry of Refugees and Repatriation, in 2015 approximately 180,000 Afghans left the country to seek asylum in Europe. Eurostat—the statistical office of the European Union (EU)—reported roughly 48,000 Afghans sought asylum in the EU in the first four months of 2016. Afghans are part of the controversial EU-Turkey deal in which those who enter Greece illegally after March 19, 2016, are sent to Turkey in an attempt to stem the flow of migrants. While humanitarian groups have concerns about the EU-Turkey deal, it appears to be having the desired effect since Eurostat data shows no Afghans applied for asylum in Greece in April.[647]

This quarter, SIGAR wrote to USAID and State to share its observations on U.S. and Afghan government efforts to assist internally displaced persons (IDPs) in Afghanistan as part of its audit examining issues related to Afghan IDPs, refugees living in Iran and Pakistan, and returnees in Afghanistan. SIGAR reported on its audit of U.S. efforts to assist Afghan refugees and returnees in August 2015. For more information, see pp. 26–28 in Section 2.

In March, the United Nations High Commissioner for Refugees (UNHCR) interviewed 592 Afghans arriving in Greece: 78% cited conflict and violence as their reason for leaving Afghanistan; 55% said they had been internally displaced before leaving; 14% said they were born in Iran and had not lived in Afghanistan. When asked how they chose their country of final destination, 25% said they did not choose the destination; 21% cited respect for human rights; and 20% cited family reunification.[648]

The International Organization for Migration reported that 102,000 undocumented Afghans were either deported or spontaneously returned to Afghanistan from Iran and Pakistan in the first three months in 2016. According to State, every year, unknown numbers of Afghans travel to Pakistan and Iran (and return) as part of mixed migration flows across the borders. In the first five months of 2016, UNHCR recorded only 6,298 Afghans voluntarily repatriating to Afghanistan, a significant decrease from the 33,555 during the same period in 2015.[649]

State has previously reported that many returned refugees felt pressured to return to Afghanistan due to reported arrests, detention, extortion, and harassment by local Pakistani authorities following the December 2014 Peshawar school attacks and the Pakistani security response.[650] Despite State and UNHCR concerns of increased harassment and uncertainty for the 1.5 million Afghan refugees holding temporarily extended proof of registration cards in Pakistan, there has been no statistical increase in detentions or recorded deportations of Afghans holding these temporary cards.[651] The day before the deadline for Afghan refugees to register with the Pakistan government was set to expire in June, Pakistan extended it for six months.[652]

As of April, the United Nations Office for the Coordination of Humanitarian Affairs (OHCA) reported a total of 1.2 million conflict-affected internally displaced persons. In the first four months of 2016, OHCA recorded 118,000 individuals fled their homes due to conflict.[653]

Gender

The largest gender-focused initiative in USAID's history is the Promote partnership that aims to assist over 75,000 Afghan women in achieving leadership roles over five years in all parts of society, including business, academia, politics, and public policy.[654] According to USAID, 8,169 have benefited from Promote activities.[655] As shown in Table 3.17, USAID has committed $216 million to Promote and hopes to raise an additional $200 million from other international donors.[656] However, no donors have committed to contribute funds to Promote.[657] The first Promote component began in September 2014.[658]

In May, Promote's Women's Right Groups and Coalitions (Musharikat) program hosted nearly 300 female civil-society representatives from 33 provinces for a national summit. The conference participants identified issues preventing Afghan women from exercising their rights and fully participating in Afghan society. From these issues, summit delegates selected the final three highest-priority issues, formed broad coalitions, and developed initial action plans to tackle these key challenges which included access to education, violence against women, and access to economic opportunities.[659]

This quarter, Promote's Women's Leadership Development (WLD) program provided leadership training to 749 students. WLD plans to provide leadership training courses for women civilian Afghan police cadets.[660]

Last quarter, Promote's Women in Government (WIG) program began a pilot program for 25 interns at the Afghanistan Civil Service Institute.[661] This quarter, the WIG project team monitored the pilot interns' progress at the six partner ministries, while also monitoring the 126 interns in the

TABLE 3.17

USAID GENDER PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Afghan Women's Leadership in the Economy	7/1/2015	6/30/2020	$71,571,543	$ 6,950,405
Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	11,223,104
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	3,942,663
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	2,337,576
Promote: Economic Empowerment of Women in Afghanistan	5/8/2015	5/7/2018	1,500,000	300,000
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data call, 7/11/2016.

A graduation event for the Promote Women's Leadership Development program. (USAID photo)

WLD trainings. The WLD interns started working at the Ministry of Rural Rehabilitation and Development in June.[662]

In June, USAID formally launched the Promote Scholarship Program that aims to provide scholarships to 720 Afghan girls over the next five years enabling them to complete their bachelor's degree at private universities in Afghanistan. The recipients of the Promote scholarship, in turn, are expected to contribute to creating an environment that fosters women's empowerment.[663]

The SMAF includes several short-term deliverables related to women's rights, including the requirement for a plan for implementing the peace and security and financing components of the National Action Plan for Women, approved by the end of 2015, with implementation starting by mid-2016; an anti-harassment regulation for improving working environments for public-sector women, to be issued by mid-2016; and dedicated violence-against-women prosecution units established in 26 provinces by December 2016.[664] The Afghan government has reported that it is behind schedule for the implementation of the National Action Plan for Women.[665]

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ECONOMIC AND SOCIAL DEVELOPMENT

As of June 30, 2016, the U.S. government has provided more than $32.8 billion to support governance and economic and social development in Afghanistan. Most of these funds—more than $19.4 billion—were appropriated to the U.S. Agency for International Development's (USAID) Economic Support Fund (ESF). Of this amount, $17.1 billion has been obligated and $14.5 billion has been disbursed.[666]

U.S.-funded civilian-assistance programs in Afghanistan focus on the country's long-term development, self-reliance, and sustainability. They aim to bolster gains in health, education, and gender equality. They also seek to increase government revenue through private-sector-led investment and growth, and stronger regional market connectivity.[667]

ESF investments are made in key sectors like agriculture, extractives, and information technology. ESF programs promote improved governance, rule of law, anticorruption initiatives, and alternatives to illicit narcotics production. The ESF is also being used to help the Afghan government finish and maintain major infrastructure investments to build electric-power grids in the north and south, critical components of the United States' economic-growth strategy for Afghanistan.[668]

KEY EVENTS

Several events this quarter are likely to affect Afghanistan's prospects for economic and social development:

- Afghanistan's parliament ratified the World Trade Organization's terms of accession, putting Afghanistan on track to become the WTO's 164th member as of July 29, 2016.[669]
- Having recently completed an informal IMF Staff-Monitored Program, the Afghan government reached an agreement with the IMF for funding support under a more formal, three-year, $45 million Extended Credit Facility (ECF) loan agreement.[670]
- Domestic revenues collected in the first half of FY 1395 (December 21, 2015–December 20, 2016) rose 53.2% above the same period in FY 1394, covering 60.1% of total budget expenditures. Expenditures increased 5.5% compared to FY 1394.[671] However, the afghani has depreciated

approximately 22% against the dollar since 2012.[672] The change affects purchasing power and reduces the impact of the improved government revenue collections by raising the cost of dollar-denominated imports like fuel and electric power.

- In June, the Independent Joint Anti-Corruption Monitoring & Evaluation Committee released a report on the Ministry of Public Health's (MOPH) vulnerability to corruption. It found "deep and endemic" corruption problems in the public-health sector and broadly confirmed a 2013 SIGAR audit that warned that due to the MOPH's financial management deficiencies, U.S. funds to the MOPH were at risk of fraud, waste, and abuse.[673]

ECONOMIC PROFILE

In April, the International Monetary Fund (IMF) called the Afghan outlook for 2016 and beyond "very difficult" and weaker than when last assessed in November 2015. The IMF reported that Afghanistan's "perilous" security environment, political uncertainties, and endemic corruption negatively affect development spending, private investment, institutional reforms, economic efficiency, and equality.[674] Despite these risks, the World Bank said Afghanistan has maintained overall macroeconomic stability and set the conditions for slow economic recovery.[675]

The IMF lowered its medium-term revenue assumptions for Afghanistan this quarter, no longer forecasting revenue increases from a value-added tax or the extractives sector due to government-capacity constraints and poor investment climate. Instead, revenue increases will stem from the government's strengthened tax enforcement and compliance reforms, and electricity-transit fees starting in 2018.[676]

The IMF and World Bank projected Afghanistan's real (net of inflation) gross domestic product (GDP), excluding opium, to grow 1.9–2.0% in 2016, slightly higher than the IMF-estimated 0.8% in 2015, which it said was far below what is necessary to increase employment and improve living standards.[677] In contrast, Afghanistan's FY 1395 (2016) budget estimated GDP growth at 4.4%.[678]

The World Bank expects slow economic recovery over the next three years with Afghan growth prospects dependent on stronger government progress on reforms, political stabilization, and improved security.[679] It added that Afghanistan suffers from weak domestic demand with no signs of recovery in either private consumption or investment.[680] Lower foreign-military spending has reduced demand for goods and services, causing the loss of tens of thousands of jobs. Although the Afghan government is working with the IMF and other donors on long-term economic reforms, the World Bank reported that the country is suffering from a major economic downturn. Meanwhile, the strength of the insurgency

has caused the government to spend more on the military and less on job-creating investments.[681]

Consumer prices dropped to a World Bank-estimated average of -1.5% in 2015, compared to a 4.6% rise in 2014. This was attributed to declining global commodity prices and waning domestic demand. Exchange-rate depreciation would normally cause higher consumer prices for an import-dependent nation like Afghanistan, but this was offset by declining global prices.[682]

Afghanistan's lack of security threatens not only personal safety but also the delivery of public services and private investment.[683] Economic growth has not been inclusive and has not reduced poverty rates, according to the World Bank. It reflects GDP growth that is lower than population growth, limiting employment opportunities. Nearly 23% of Afghanistan's labor force was unemployed in 2013–2014, almost triple the level of the 2011–2012 surge years.[684]

Industry and services, which benefited from the Coalition's large presence, security spending, and aid flows prior to 2015, have grown at the slowest pace since 2013.[685] Yet they still led economic growth in 2015, offsetting the contraction in agriculture, which declined by an estimated 2% in 2015, according to the World Bank.[686] Agricultural output and income fluctuate with the weather, so economic growth based on this sector is necessarily volatile.[687]

Afghanistan's Fiscal Outlook

Afghanistan's fiscal vulnerability remains high, according to the World Bank, and will require a large increase in revenues and sustained levels of aid. Its medium-term economic outlook is "unfavorable."[688] While domestic revenues have increased, the World Bank said security costs have grown beyond donors' initial projections.[689]

Afghan National Defense and Security Forces (ANDSF) costs in FY 2016 are $5.01 billion, of which the United States is paying $3.65 billion. Other donors and Afghan funds cover the gap between U.S. payments and total costs. The 2012 NATO summit in Chicago predicted Afghanistan's contribution to ANDSF costs would be at least $500 million in 2015, however Afghanistan did not achieve this in 2015 if its cost share is denominated in dollars (Afghanistan contributed $421 million); it did if denominated in afghanis (AFN) due to the AFN's approximately 22% depreciation against the dollar since 2012.[690]

The World Bank attributes Afghanistan's currency depreciation to a decline in aid, the preference of Afghan consumers for the dollar, and possibly capital outflows associated with migration out of the country. This out-migration is mostly caused by few employment opportunities, increasing poverty, and the deteriorating security environment.[691] At the time of the summit, Afghanistan's $500 million commitment to security was equivalent to roughly AFN 25 billion, about $369 million, which is what the government

"Most assessments suggest that Afghanistan's economy will not grow rapidly enough in the next five years to allow the government to assume a significantly larger share of the cost of their security."

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 6/2016, p. 100.

Donor-funding commitments made at the Chicago summit were for ANDSF only, which comprises the Afghan National Army and Afghan National Police. Afghanistan's other security-related expenditures—the National Directorate of Security and the Presidential Protective Service, for example—are funded through other means.

Source: DOD, *Enhancing Security and Stability in Afghanistan*, 12/2015, p. 79.

Donors are expected to finance approximately 69% of Afghanistan's FY 1395 national budget, mostly through grants. This covers approximately 55% of the operating budget and 89% of the development budget.

Source: MOF, *National Budget Document, 1395 Fiscal Year*, 1/18/2016.

budgeted for in 2015. Afghanistan's cost share is increasing.[692] The 2016 national budget allocated AFN 27 billion for security, roughly $393 million—approximately 20% of expected revenues.[693]

FY 1395 Revenues and Expenditures—First Six Months

Afghanistan's domestic revenues and expenditures both increased in the first six months of FY 1395 compared to the same period in FY 1394. Total collected domestic revenues—a figure that excludes donor grants—stood at AFN 80.2 billion ($1.17 billion), about 53.2% above the same period in FY 1394. Afghan government expenditures, AFN 133.4 billion ($1.95 billion), increased by about 5.5%.[694] Afghanistan's currency depreciation against the U.S. dollar may affect purchasing power and reduce the impact of improved government revenue collections.

The fiscal gap—the difference between domestic revenues and expenditures—is large, with donor assistance narrowing or closing it, as depicted in Figure 3.32. However, Afghanistan's fiscal gap (39.9%) narrowed compared to the same period in FY 1394 (58.6%). Still, domestic revenues paid for 60.1% of Afghanistan's total non-security budget expenditures so far in FY 1395, representing a net deficit of AFN 53.3 billion ($779.9 million). With donor contributions, the budget surplus was AFN 53.5 billion ($783.3 million).[695] A fiscal gap can widen or shrink, depending on variables including budget-execution rates, donor grants received, qualification for donor incentive funds, revenue collection, and changing expenditures.[696]

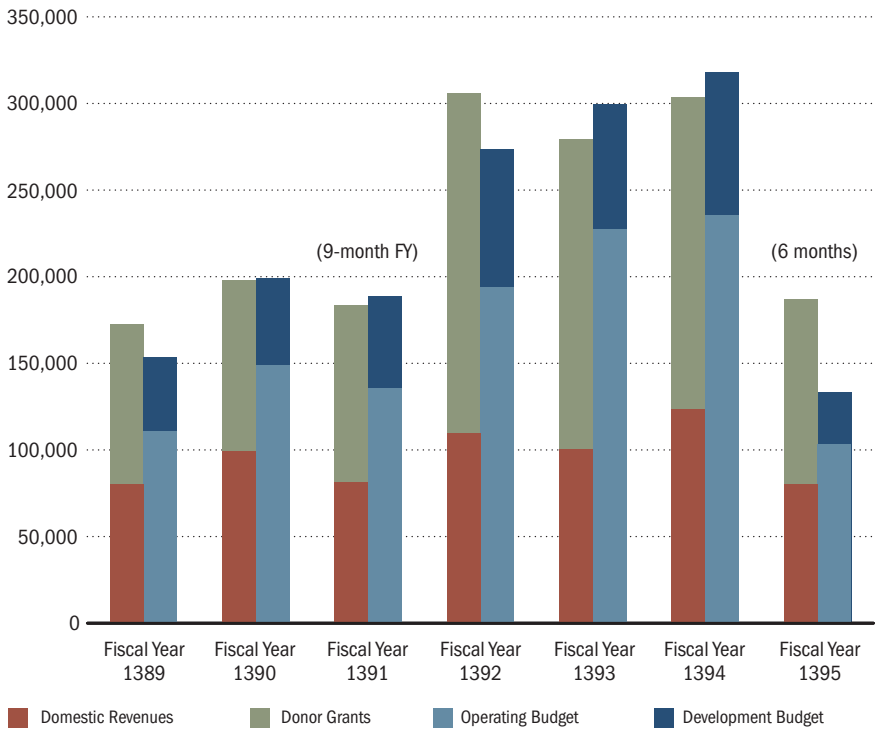
The World Bank estimates that Afghanistan has a government-revenue potential of 17% of GDP; expenditures in 2014, however, were 26% of GDP and are expected to rise to 36% of GDP by 2020.[697] Even with a 23% improvement in actual revenue collections in FY 1394 compared to the previous year, and a 53% revenue increase in the first half of FY 1395 (year-on-year), the World Bank said that it would be unrealistic to expect Afghanistan to cover the current level of expenditures, even if its revenue potential was realized in all sectors. Therefore, the World Bank said the government must also reduce expenditures, especially in the security sector, to achieve fiscal sustainability.[698]

Customs Revenue and Administration

Customs duties and fees made up 33.9% of the government's total domestic revenues in 2015, and 31.4% in the first six months of 2016.[699] This quarter, the Ministry of Finance announced a phased, nationwide expansion of a program that allow customs duties to be paid electronically from any commercial bank, rather than only at central bank offices within customs houses.[700] This follows pilot programs in Balkh Province, at Kabul International Airport, and at Kabul's inland customs office. The State Department said electronic payments expedite the release of goods at the border, reduce the need to carry cash, and reduce opportunities for graft.[701]

FIGURE 3.32

AFGHANISTAN'S DOMESTIC REVENUES AND DONOR GRANTS COMPARED TO OPERATING AND DEVELOPMENT BUDGET EXPENDITURES (AFN MILLIONS)



Note: Until recently, Afghan fiscal years ran approximately March 20 to March 20 of Gregorian calendar years. FY 1389 corresponds to March 20, 2009, to March 20, 2010, and so on. Nine-month data for fiscal year 1391 reflect a change in the timing of the Afghan fiscal year. Afghan fiscal years now generally run December 22 through December 21. Grants represent funds received from donors. Donor grants are often for specific projects or activities, but can sometimes be spent at GIROA's discretion.

Source: MOF, *Jawza Financial Statements FY 1395*, 6/29/2016; MOF, *Qaws Financial Statements FY 1394*, 2/27/2016; MOF, "Annual Fiscal Report 1393," 3/12/2015; MOF "1394 National Budget," 1/28/2015; MOF, "1393 National Budget," 2/1/2014.

The World Bank acknowledged Afghan government progress in its customs administration, but said improvements in operational performance—management, declaration processing, risk management, and inspections—would help the customs department realize more of its customs revenue-collection potential.[702]

International Monetary Fund Support Agreement Reached

On April 13, 2016, having recently completed an informal IMF Staff-Monitored Program, the Afghan government requested IMF funding support under a more formal Extended Credit Facility (ECF) loan agreement.[703] ECF negotiations were held in May and June. On July 2, the IMF announced

The Extended Credit Facility (ECF): a three-year program that provides financial assistance to Afghanistan, as well as other countries, and is the primary IMF tool for providing medium-term assistance to low-income countries. ECF financial support is generally provided through loans at zero percent interest rates.

Source: IMF, "IMF Extended Credit Facility," Factsheet, 3/16/2016.

a staff-level agreement was reached on an economic program supported by a three-year, $45 million ECF. The IMF executive board approved it on July 20.[704]

The ECF will focus on structural reforms to support private-sector development, including mobilizing revenue and strengthening public financial management. It will also aim to preserve macroeconomic and financial stability by helping Afghanistan maintain low public debt and sufficient international reserves; strengthen vulnerable and weak banks, reform state-owned banks; maintain price stability and a flexible exchange rate; and instill confidence in Afghanistan's domestic currency.[705] Afghanistan's poor record with its two previous ECF arrangements, the most recent of which expired in November 2014, caused program reviews to be suspended. The IMF said both ECFs fell short of their goals.[706]

Trade

Afghanistan's trade balance was an IMF-estimated negative $7.4 billion (equivalent to 38.5% of GDP) in 2015 and is projected to be negative $7.6 billion (equivalent to 44% of GDP) in 2016. Afghanistan's legal exports consist of goods (29.4%) and services (70.6%).[707] However, about 15–20% of the total value of Afghanistan's trade is said to be unrecorded, generally involving smuggled goods, according to the World Bank.[708]

"The principal connection between the Afghan economy and the rest of the world are donor inflows. These inflows finance most imports and dwarf (licit) exports."

Source: IMF, *Staff Report for the 2015 Article IV Consultation and the First Review Under the Staff-Monitored Program*, 11/3/2015, p. 13.

World Trade Organization Terms of Accession Ratified

Afghanistan's lower house of parliament ratified the country's terms of accession to the World Trade Organization (WTO) on June 18, 2016. The upper house of parliament ratified them on June 21, 2016.[709] Afghanistan will become the WTO's 164th member on July 29, 2016.[710]

Afghanistan applied for WTO membership in 2004 for several reasons: its exports could benefit from favorable trade terms guaranteed between WTO-member countries;[711] a trade dispute or violation, especially with a more economically powerful country, could be remedied or compensated through WTO mechanisms; the government expects the WTO's trade rules will provide sufficient stability to allow Afghan businesses to better compete domestically and internationally; and it anticipates greater government revenues through customs collections and taxes from increased trade and business activity.[712]

Integration into the world economy is one of Afghanistan's key development goals and WTO-aligned institutional reforms can promote economic efficiency. However, a recent study published in the *South Asia Economic Journal* said Afghanistan faces WTO compliance and other post-accession challenges. It contended that WTO-mandated tariff cuts on imported goods may bring down consumer prices, but it may also lower government revenues by the amount of tariff reduction, or raise them if imports rise.[713] Customs duties and fees—the revenue stream most directly affected by

tariff rates—supplied 34% of the government's total domestic revenues in 2015, and 31.4% so far in 2016.[714]

The study also noted that Afghanistan's producers are in a nascent stage. WTO-mandated import liberalization may negatively affect those that are already vulnerable to competition from cheap imports. The Afghan government will lose certain policy-making freedoms, like protecting its long-term industrial development. Afghanistan must have competent institutions to benefit economically from WTO membership. The study argued that Afghanistan's capacity—industrial, human, and legal—as well as its ability to manage trade and investment in a rule-based trading system are major concerns. Given Afghanistan's lack of competence and efficiency in domestic production, it concludes that the country's sensitive production sectors—agriculture, textiles, cement, and services—will lose in global competition.[715]

USAID noted that WTO membership will not necessarily result in lower government revenue. It said tariff rates negotiated with the WTO are higher for a majority of Afghan goods than the current rate, which would allow the Afghan government to preserve enough policy space to offset potential revenue decreases on some goods with tariff increases on others. These decisions could lead to revenue increases.[716]

A 2015 USAID Afghanistan Trade and Revenue midterm program evaluation found that the Afghan government showed little capacity to implement or comply with WTO-related legislation. USAID said the evaluation took place in the early stages of ATAR's capacity-building efforts; these efforts are ongoing with better results expected over the next two years.

Source: USAID, *The Afghanistan Trade and Revenue Project, Mid-Term Evaluation (June 4–August 12, 2015)*, 7/23/2015, pp. 3, 17; USAID, OEG, response to SIGAR vetting, 1/14/2016.

Afghanistan Trade and Revenue Project

USAID's four-year, $77.8 million Afghanistan Trade and Revenue (ATAR) project is a trade-facilitation program designed to (1) improve trade-liberalization policies, including support for Afghanistan's accession to the WTO; (2) improve and streamline the government's ability to generate revenue by modernizing Afghanistan's customs institutions and practices; and (3) facilitate bilateral and multilateral regional-trade agreements.[717]

This quarter, ATAR continued helping the government amend its laws to comply with WTO rules and commitments. ATAR ran baseline economic models for the Ministry of Commerce and Industry that showed some similar conclusions to the *South Asia Economic Journal* study—when Afghan tariffs would be lowered to comply with WTO-negotiated rates, trade would increase, consumer prices would lower, and government revenue would decrease slightly. The baseline model also concluded that potential revenue losses could be offset by other unnamed taxes; that prices of inputs and services could decrease in the long-term, making Afghan producers more competitive; and that Afghan exports could double by 2021 from AFN 30 billion (approximately $437 million in current dollars) to AFN 60 billion ($874 million). However, this is all contingent on the Afghan government's policy decisions.[718]

Iran-India-Afghanistan Transit Trade Agreement Signed

The presidents of Iran, India, and Afghanistan signed a transit trade agreement on May 23, 2016, that will provide sea access through Iran's Chabahar

port.[719] The Afghan government said this will allow it and India to reduce its dependency on Pakistani ports to transit commercial goods, as well as lower time and cost to trade with Europe.[720]

Pakistan is Afghanistan's largest trading partner, but implementation of the Afghanistan-Pakistan Transit Trade Agreement (APTTA), which gives Afghanistan access to three Pakistani ports, as well as border access to China and India, has been contentious. Both countries complain of transit and clearance delays at the border.[721] This quarter, ATAR helped prepare revisions to the APTTA to be finalized at the next Afghanistan Pakistan Transit Trade Coordination Authority meeting, which was not yet scheduled as this report went to press.[722]

Export and Import Data

Although Afghanistan routinely sustains a large trade deficit, donor aid helped the country maintain an IMF-estimated current-account surplus equivalent to 4.5% of GDP ($872 million) in 2015. This is projected to fall to 3.3% of GDP ($578 million) in 2016. Without donor assistance, the IMF estimated Afghanistan to have a current-account deficit equivalent to 35.7% of its GDP in 2015 ($6.86 billion) and is projected to grow to 41.2% of GDP in 2016 ($7.13 billion).[723]

During 2013–2015, Afghanistan exported $2.3 billion to $4.0 billion worth of goods and services annually, compared to $9.2 billion to $11.3 billion in imports. The IMF projected Afghanistan's 2016 exports at $2.3 billion, not including illicit narcotics (valued at $2.7 billion in 2014). Afghanistan's 2016 imports were projected to be around $9.5 billion, with more than $7.1 billion paid for by official donor grants.[724]

Unsurprisingly, IMF staff said that Afghanistan needs to increase and diversify its exports, which will stimulate innovation and good management.[725] Exports are heavily dependent on agricultural outputs, which the World Bank said can increase if Afghanistan develops supply chains for higher value-added products. However, this will require investments to develop and improve irrigation and extension services, and to build downstream agro-processing capacities.[726]

BANKING AND FINANCE

The World Bank said access to finance remains low and is a major constraint to Afghan economic growth. On the demand side, only 5.7% of Afghan firms are reported to have a bank loan, and only 2% use banks to finance investments.[727] Less than 10% of the Afghan population uses banks, according to a State Department report, with approximately 90% of financial transactions going through the informal money-services businesses (MSB)/*hawala* system.

There is no clear division between MSBs/hawala and formal banking systems—*hawaladars* keep bank accounts and use wire-transfer services, while banks occasionally use hawalas to transmit funds to remote areas in Afghanistan. MSBs and hawaladars, which likely account for a substantial portion of illegal proceeds moving through Afghanistan's financial system, are generally not as closely scrutinized by the Afghan government as formal financial institutions.[728]

The IMF reported that state-owned banks remain strategically and operationally deficient, contributing to significant fiscal risk. While the fiscal positions of these banks are improving, IMF staff noted that Afghanistan must urgently implement a public-policy framework—including enhanced governance and regulatory enforcement—for them.[729] The World Bank reported that the quality of bank assets (generally, not state banks specifically) has deteriorated and profitability declined. Commercial bank loans to the private sector grew 6.2% in 2015 and were valued at $685 million (equivalent to 3.6% of GDP). The World Bank attributes this weak commercial lending to Afghanistan's overall economic slowdown, low investor confidence, stricter implementations of regulations governing foreign exchange-denominated loans, and banks being risk averse following the Kabul Bank crisis.[730]

U.S. Treasury Assistance

The U.S. Treasury's Office of Technical Assistance (OTA) continued implementing its March 2015 agreement to develop technical assistance and capacity-building programs for Afghanistan's Ministry of Finance (MOF). OTA assistance is focusing on:

- Budget: linking policy to national and provincial budget processes, developing baseline budgets and out-year estimates
- Economic crimes: improving Afghanistan's financial intelligence unit and evaluating the central bank's capacity to supervise money-service providers for compliance against money laundering and terror financing
- Banking: electronic reporting and risk management, and state-bank restructuring (this assistance can be provided from the U.S. Embassy-Kabul and remotely)
- Tax: setting up a customs and tax academy, including curriculum design, course delivery, and supplying course materials[731]

OTA has conducted six assessment missions to Afghanistan so far, but none this quarter due to security concerns. Treasury said security conditions continue to be a major constraint in establishing a more sustained presence in Afghanistan.[732]

"Money laundering, tax evasion, corruption, and other practices have dominated 65% of Afghanistan's financial transactions."

Source: Integrity Watch Afghanistan, "Curbing Illicit Financial Flows in Afghanistan," press release, 4/21/2016.

Financial Action Task Force (FATF): an intergovernmental policy-making body that sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system. Its 36 members include the United States, United Kingdom, Switzerland, and the European Union; observers include the United Nations and the Asian Development Bank.

Source: Financial Action Task Force website, "Who We Are," and "Members and Observers," accessed 1/3/2016.

Money Laundering

The State Department lists Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds, all of which "continue to pose serious threats to the security and development of Afghanistan." Narcotics, corruption, and contract fraud are major sources of the country's illegal revenues and laundered funds. State found Afghanistan's laws to be largely in line with international standards, but still deficient, with implementing regulations lacking clarity and effectiveness. Afghanistan has weak or nonexistent supervisory and enforcement administration, and weak political will to combat corruption.[733]

Financial Action Task Force

At its most recent plenary session in Busan, Korea on June 22–24, 2016, the Financial Action Task Force (FATF) chose to keep Afghanistan on its "Improving Global Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Compliance" document, also known as the "gray list." This means that while Afghanistan has strategic AML/CFT deficiencies, its government has developed an action plan, made a high-level political commitment to address those deficiencies, and is making progress.[734] This is the seventh consecutive FATF review in which Afghanistan has maintained this status since being downgraded to the "dark gray" list in February 2014.[735]

FATF said Afghanistan has improved its AML/CFT administration since it met in February 2016. However, Treasury said Afghanistan still needs to show progress by further implementing its legal framework for identifying, tracing, and freezing terrorist assets, and by establishing regulations for declaring cross-border cash transactions.[736]

Afghanistan made progress toward that this quarter. Treasury reported that Afghanistan's attorney general continued to freeze terrorist accounts under United Nations (UN) resolutions, albeit inconsistently and with delay. Afghanistan aims to improve its freeze order process to within seven days of UN terrorist designations being issued. Also, Afghanistan's financial intelligence unit revoked the licenses of 69 money service providers in Kabul for either not complying with the banking law or for suspected terrorist financing. Additionally, Afghanistan announced its first successful conviction of an individual for money laundering under its 2014 AML law for drug trafficking-related financial transactions.[737]

Kabul Bank Theft Accountability

The U.S. Departments of State and Justice continued to engage with the Kabul Bank Receivership and attorney general's offices this quarter. However, no new information was available on the Afghan government's efforts to hold accountable those responsible for economic crimes related to Kabul Bank.[738] For the most recent information on cash and asset

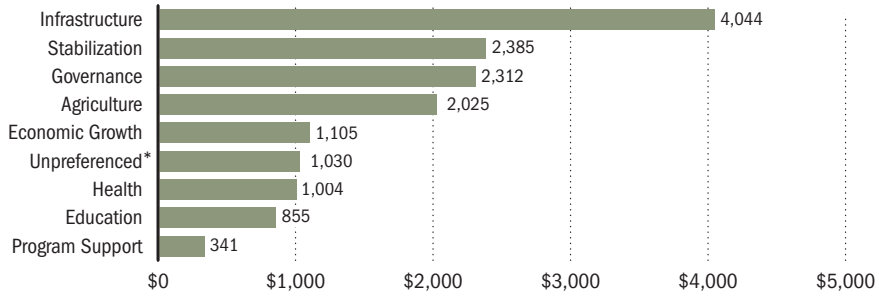
recoveries, repayments, and accountability challenges, see pages 176–177 in the SIGAR April 2016 *Quarterly Report to the United States Congress*.

U.S. ECONOMIC AND DEVELOPMENT SUPPORT

Most assistance from the Economic Support Fund goes toward USAID's development programs. In September 2015, USAID published an updated Performance Management Plan to guide and measure its development objectives, and to articulate its development strategy through 2018. The plan will be reviewed at least annually and updated as necessary.[739] Figure 3.33 shows USAID assistance by sector.

FIGURE 3.33

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF JUNE 30, 2016
($ MILLIONS)



Note: Numbers rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and other programs that built health and education facilities.
*Unpreferenced funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.

Source: SIGAR analysis of USAID, response to SIGAR data call, 7/11/2016; SIGAR analysis of World Bank, ARTF, *Administrator's Report on Financial Status*, as of May 20, 2016, accessed 7/13/2016.

Development Of Natural Resources

Minister of Mines and Petroleum Daud Shah Saba resigned on March 28, 2016.[740] President Ghani has not formally accepted his resignation, but Dr. Saba has reportedly left the country and said he will not return. Former ministry policy director Ghazaal Habibyar was appointed Acting Minister.[741] Absent a permanent minister, though, USAID said that no significant foreign or domestic mining investments were made this quarter.[742]

Although geological surveys show that Afghanistan has significant mineral resources, mining has so far contributed only slightly to the country's GDP.[743] Actual receipts in FY 1394 were only about 38% of the budget projection.[744] In the first six months of FY 1395, actual receipts were AFN 198.1 million compared to AFN 366.9 million in the same period last year (46% lower).[745]

Developing Afghanistan's natural-resources sector and reforming the fiscal administration for its extractives industries are essential to strengthening domestic revenue mobilization. The security environment, insufficient infrastructure, declining global commodities prices, and inadequate capacity at the Ministry of Mines and Petroleum (MOMP) have all hampered the development of this sector.[746]

USAID cited other issues attributing to investor uncertainty: regulations to support implementation of the new mining law passed in November 2014 are still being developed; amendments to the law and several mineral tenders remain unsigned by President Ghani; and a combination of corporate income taxes, export and import duties, production royalties, and other charges constitute an uncompetitive levy of about 80% on mineral production.[747]

Under the WTO, Afghanistan has until January 2021 to remove legal provisions that require mining contractors and license holders to procure Afghan services that are similar or equivalent to foreign services in quality, quantity, and price; and that give priority to Afghan suppliers and create conditions less favorable for foreign than for Afghan services suppliers.[748]

Mining Investment and Development for Afghan Sustainability

USAID's Mining Investment and Development for Afghan Sustainability (MIDAS) program aims to strengthen the MOMP and relevant private-sector-entity capacities to exploit Afghanistan's natural resources in accordance with international standards.[749] MIDAS and USAID's other extractives-assistance programs are listed in Table 3.18.

USAID said the MOMP is currently incapable of administering the approximately 339 existing extractives contracts. This caused MIDAS to be rescoped last quarter to encourage national and international investment in Afghanistan's natural resources. It now provides technical assistance and transaction advisory services to the MOMP in its effort to either cancel or renegotiate contracts and amend the 2014 mining law. MIDAS advisors helped develop a package of amendments last quarter that was approved by then-Minister of Mines Saba and sent to the Ministry of Justice for review (it will then have to be submitted to the council of ministers and then parliament for review and approval). It continued to help modify the mining law

TABLE 3.18

USAID EXTRACTIVES-ASSISTANCE PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Mining Investment and Development for Afghan Sustainability (MIDAS)	3/31/2013	3/31/2017	$38,718,320	$29,428,865
Sheberghan Gas Generation Activity (SGGA)	12/21/2011	7/31/2016	30,440,958	26,380,845
Sheberghan Gas Development Project (SGDP)	5/15/2012	8/31/2016	90,000,000	23,295,875

Source: USAID, response to SIGAR data call, 7/11/2016.

this quarter, but no amendments advanced because USAID said the acting minister is not yet familiar with MIDAS activities and has no authority to make decisions.[750]

Some efforts did progress this quarter. A MIDAS advisor helped the MOMP redraft procedures for artisanal mining contracts; continued to draft regulations that will govern bidding, licensing, and future mineral tender processes; helped review the long-delayed draft Aynak copper mine feasibility study submitted by Chinese state-owned Metallurgical Corporation of China, which was awarded the excavation rights in 2008; and completed a report on talc and barite/gypsum deposits that will be included in several smaller tenders the acting minister wants to advance quickly.[751]

Hydrocarbons

Afghanistan's efforts to develop its oil and gas reserves focus on the Amu Darya Basin and Afghan-Tajik Basin, both in northern Afghanistan.[752] Afghanistan has only small-scale topping plants—early-stage refineries that can process only limited petroleum components of crude oil—and remains heavily dependent on fuel imports.[753] The country imports 10,000 tons of oil products a day from Turkmenistan, Uzbekistan, Russia, Pakistan, and Iran, representing roughly one-fourth of all annual Afghan imports, or approximately $1.5 billion.[754]

Sheberghan Programs

The Sheberghan gas fields hold the potential for cheap natural-gas-generated power that could be competitive with imported power from Uzbekistan, according to the World Bank.[755] USAID is supporting the Sheberghan project to help Afghanistan identify and manage gas resources to be used for power generation through two mechanisms: (1) the $90 million, on-budget Sheberghan Gas Development Project (SGDP) to rehabilitate and drill wells in the Amu Darya Basin and fund a gas-gathering system and gas-processing plant; and (2) the $30.4 million, off-budget Sheberghan Gas Generation Activity (SGGA) for capacity building and technical assistance to the MOMP.[756]

SGDP drilling activities in the Juma and Bashikurd gas wells were completed in January 2016; core-sample testing showed better-than-predicted commercial prospects. Construction for a gas processing plant has not yet started.[757] This quarter, McDaniel & Associates, which was contracted to evaluate data and reserve estimates for up to seven Sheberghan-area gas fields, found gas resources in three main producing fields to be significantly lower than what was reported in 2005.[758]

This quarter, SGGA continued to gather and provide additional information for further well and field examinations, but reported a "pattern of non-cooperation from almost all staff levels at MOMP" in providing data for McDaniel's gas-field studies, even though the analyses are for the ministry.

SGGA also completed a library of core samples in Sheberghan and was nearing completion of a larger repository in Mazar-e Sharif to help the Afghan government with future planning and decision making. SGGA will complete its program assistance on July 31, 2016.[759] USAID intends a follow-on program—Extractives Technical Assistance Activity—to help the MOMP develop and exploit Afghanistan's petroleum and gas resources.[760]

AGRICULTURE

Agriculture continues to be the main source of employment and subsistence for the Afghan population, accounting for about 25% of GDP, employing more than 50% of the labor force, and affecting 75% of Afghans who depend on agricultural activities for their livelihoods.[761] USAID believes agriculture can stimulate and sustain Afghan-led economic growth. Its agricultural projects focus on wheat, high-value horticultural crops, and livestock. They aim to help farmers improve their output and sales through new technology, management practices, and the cultivation of key high-value crops, while also focusing on improving natural-resource management, and creating or rehabilitating irrigation and drainage systems.[762]

Since 2002, USAID has disbursed more than $2 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy.[763] This quarter, USAID reported $30.6 million worth of various Afghan agricultural commodities were sold in FY 2015, and $324.8 million cumulatively from FYs 2008–2015.[764] Pages 123–128 of this quarterly report discuss USAID's alternative-development programs. A list of active USAID agriculture programs is found in Table 3.19.

TABLE 3.19

USAID ACTIVE AGRICULTURE PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Capacity Building and Change Management Program II (CBCMP II)	7/10/2014	7/9/2017	$19,999,989	$13,789,272
Afghanistan Agriculture Extension Project II (AAEP-II)	10/1/2014	9/30/2017	20,229,771	11,994,650
Strengthening Afghan Agricultural Faculties (SAAF)	3/25/2011	12/31/2016	7,824,209	6,709,755
Mothers and Under-Five Nutrition and Child Health (MUNCH)	12/16/2014	12/31/2016	5,000,000	5,000,000
Famine Early Warning System Network (FEWSNET) Phase III	12/29/2011	12/28/2016	11,340,000	4,420,553
Agriculture Credit Enhancement II (ACE II)	6/24/2015	6/23/2018	18,234,849	3,725,129
SERVIR	9/14/2015	9/30/2020	3,100,000	-

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see pp. 123–128 of this report.

Source: USAID, response to SIGAR data call, 7/11/2016.

Agricultural Credit Enhancement II

The Agricultural Credit Enhancement II (ACE II) project is the technical-assistance/advisory support component of the conditions-based Agricultural Development Fund (ADF) administered by the Ministry of Agriculture, Irrigation, and Livestock. ADF extends agriculture-related credit access to small- and medium-sized farms and agribusinesses in all regional economic zones, particularly to those that add value to agricultural products, such as distributors, producers, processors, and exporters.[765] USAID reported that with ACE II help, ADF has cumulatively provided more than $67 million in credit to over 32,000 beneficiaries.[766]

This quarter, ACE II completed a review of ADF's sustainability in terms of its business and strategic plan, and the effect on lenders and borrowers resulting from the afghani's depreciation against the U.S. dollar. ACE II also finalized a draft evaluation report on the ADF loan portfolio to identify causes for delinquency in order to revise ADF credit policies and procedures. Fifty-four loans were classified as overdue since ADF inception.[767] USAID reported that four loans, cumulatively valued at AFN 32.5 million (approximately $480,600) were written off in 2015, but none so far in 2016.[768] ACE II implementers reported that the continuing deterioration of both security and the economy is reducing demand for agricultural credit and loan repayments.[769]

Afghan community leaders and government officials attended a UN-sponsored meeting in Kabul in June 2016 to discuss ways to boost agricultural exports. (UNAMA photo by Fardin Waezi)

ESSENTIAL SERVICES AND DEVELOPMENT

Since 2002, the United States has provided reconstruction funds to increase the electricity supply, build roads and bridges, and improve health and education in Afghanistan. This section addresses key developments in U.S. efforts to improve the government's ability to deliver these essential services.

Power Supply

Afghanistan has one of the lowest rates of electrification in the world, with only an estimated 25–33% of Afghans connected to the power grid.[770] Most parts of urban areas like Kabul, Herat, Kandahar, and Mazar-e Sharif have 24-hour power, although power outages are not uncommon, but only 10% of the rural population have access to grid-connected power.[771]

Afghanistan imports approximately 80% of its total electricity from Iran (16%), Tajikistan (25%), Turkmenistan (12%), and Uzbekistan (27%). The rest comes from its own hydropower and thermal sources.[772] Electricity imports are expected to rise in the near term, according to the World Bank, which also noted that limited access to electricity is one of Afghanistan's biggest constraints to private-sector development.[773] Afghanistan will need regional cooperation to meet its energy demands.[774]

Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan Transmission Line Rerouting and Protests

The Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) regional power-sharing initiative will enable power to be dispatched from the Central Asian republics and Afghanistan to Pakistan through linked electricity grids. Two-way transmission lines will protect against seasonal power outages in participating countries.[775] TUTAP is financed by the ADB and the ADB-administered Afghanistan Infrastructure Trust Fund, to which USAID contributes. Work is scheduled to be completed by 2020.[776]

In January 2016, Hazara members of parliament tried to prevent the Afghan government from rerouting the proposed TUTAP route away from their ethnic settlement areas in Bamyan Province to the Salang Pass to better benefit the country's central provinces.[777] A broader public protest movement emerged in early May after the cabinet's April 30th decision to stick with the Salang rerouting plan, with protestors following President Ghani to an anticorruption summit in London. On May 15, under pressure, President Ghani ordered a TUTAP review commission and sent all related documents to parliament for deliberation.[778] The commission reaffirmed the Salang route, but ruled that Bamyan Province should get its own 220 kV power line by 2019.[779] In June 2016, ADB agreed to fund it.[780]

Central Asia-South Asia Electricity Transmission and Trade Project

A groundbreaking ceremony for the long-delayed Afghanistan-Tajikistan-Kyrgyzstan-Pakistan, Central Asia-South Asia Electricity Transmission

and Trade project (CASA-1000) took place on May 12, 2016.[781] Although a final transmission route has yet to be determined, Afghanistan was scheduled to receive up to 300 MW of generation capacity from Tajikistan and Kyrgyzstan, and collect transit-fee revenue from electricity delivered to Pakistan.[782] The World Bank is covering all of Afghanistan's financing needs for this project—$316 million.[783]

Even with TUTAP and CASA-1000-generated power, the Afghan government said it will still face an energy deficit.[784] Yet, in June, a Pakistani news report surfaced that Afghanistan had opted out of their 300 MW allotment, allegedly due to inadequate demand. Instead, Pakistan would receive Afghanistan's portion, for a total of 1,300 MW.[785] While these reports are unconfirmed, a 2014 addendum to Afghanistan's power-sector master plan said the 300 MW power imported through CASA-1000 would only flow in the summer, when Afghanistan may not need it because domestic demand is met with domestic hydropower or imported energy at lower prices.[786]

U.S. Power Sector Assistance

Since 2002, USAID disbursed more than $1.5 billion in Economic Support Funds to build generators, substations, and transmission lines, and provide technical assistance in the sector.[787] USAID believes that economic expansion and increased employment depend on maintaining and improving Afghanistan's electrical infrastructure. It is helping Afghanistan's national electric utility, Da Afghanistan Breshna Sherkat (DABS), increase electricity supply and revenue generation by improving sustainability, management, and commercial viability.[788] For its part, the Department of Defense (DOD) has disbursed approximately $180.1 million for power projects through the Commander's Emergency Response Program, as of July 2015, and roughly $350.8 million through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.[789]

Afghanistan's two primary power systems are the Northeast Power System (NEPS) and the Southeast Power System (SEPS). USAID projects to connect and increase the electricity supply in both systems include: (1) the Power Transmission Expansion and Connectivity (PTEC) project to construct a transmission line connecting Kabul with Kandahar and build the capacity of DABS to sustain energy-infrastructure investments, and (2) the soon-concluding Sheberghan Gas Development Project to attract private investment to develop gas resources in Sheberghan and build power plants.[790] USAID's active power-infrastructure projects are listed in Table 3.20 on the following page.

NEPS: imports electricity from the Central Asian Republics to provide power to Kabul and the communities north of Kabul.

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

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

SIGAR AUDIT

An ongoing SIGAR audit is examining U.S. government efforts to increase the supply, quantity, and distribution of electric power from the Kajaki Dam.

Kajaki Dam–Unit 2 Turbine Installation

DABS continued its efforts to increase long-term, sustainable hydropower from Kajaki Dam to Kandahar and Helmand Provinces by installing a third turbine, known as Unit 2, in the powerhouse.[791] USAID transferred

TABLE 3.20

USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursement, as of 6/30/2016 ($)
Contributions to the Afghanistan Infrastructure Trust Fund (AITF)	3/7/2013	3/6/2018	$113,670,184	$113,000,000
Power Transmission Expansion and Connectivity (PTEC)	1/1/2013	12/31/2018	725,000,000	98,566,700
Afghan Engineering Support Program	11/9/2009	11/8/2016	97,000,000	82,954,192
Kajaki Dam Unit 2	4/22/2013	9/28/2016	75,000,000	43,912,559
PEER Grants	7/25/2011	7/24/2016	5,440,647	5,440,647
Utility Executive Exchange	9/30/2007	9/30/2017	698,555	698,555
Claims Related to the Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant	4/1/2013	5/31/2016	5,000,000	-

Note: The Sheberghan Gas Generation Activity (SGGA), Sheberghan Gas Development Project (SGDP), and Mining Investment and Development for Afghan Sustainability (MIDAS) programs, which are categorized under the power sector in USAID's funding pipeline report, are listed in the extractives-sector programs subsection on p. 170 of this report.

Source: USAID, response to SIGAR data call, 7/11/2016.

In June 2016, Afghanistan's Ministry of Energy and Water signed a memorandum of understanding with the Turkish 77 Construction Company for the expansion of water storage and electricity production at the Kajaki Dam hydropower plant. Four new turbines would be installed under this agreement, increasing production capacity to 151 MW. No timeframe was given for when work would begin.

Source: *Pajhwok*, "MOU Signed with Turkish Firm on Kajaki Dam Expansion," 6/7/2016.

responsibility for installing, testing, and commissioning the third turbine to DABS, along with a $75 million commitment, in April 2013.[792] USAID committed an additional $5 million last quarter and is funding technical support, site security, life-support services, and helicopter support to DABS.[793] DABS, in consultation with USAID, chose not to extend the existing contract with GFA due to poor performance. Tetra Tech is now performing these activities. Unit 2 has a power generating capacity of 18.8 MW. Combined with the other two turbines, the powerhouse has a maximum generating capacity of 51.5 MW.[794]

Ongoing fighting in Kandahar and Helmand Provinces continued to delay contractors at Kajaki Dam and some SEPS construction sites. USAID reported that Route 611—the only road from Kandahar to Kajaki—has been closed since December 2014 due to insurgent activity. In order to overcome the delayed delivery of construction materials, USAID, through Tetra Tech, helicoptered all contractor equipment and material from Kandahar to Kajaki in March 2016. USAID reports that the project is 60% complete, including turbine assembly. The turbine-installation completion date was revised to September 30, 2016, but is subject to change based on security.[795]

Power Transmission Expansion and Connectivity Program

The U.S.-funded PTEC program was designed to strengthen and expand Afghanistan's power-generation, transmission, and distribution systems, including funding the 320-mile transmission line between Kabul and Kandahar to connect NEPS with SEPS.[796] PTEC's DABS commercialization and capacity-building components aim to help the utility become financially sustainable by increasing revenues using utility management software in

A substation and power lines on rugged hills by the Kajaki Dam are part of the infrastructure needed to expand electric service in Afghanistan. (U.S. Navy photo by Specialist 2nd Class Jonathan David)

Kabul, Mazar-e Sharif, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.[797]

Construction on the transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector continued this quarter. USAID reported that the transmission line is 90% complete and the substations are 60% complete.[798] Land acquisition and resettlement issues along the transmission-line path continued to impact timelines, but construction is scheduled to be completed in December 2016. The Arghandi connector substation that will feed this line will not be ready until after December 2017. Alternatives to power the Arghandi-Ghazni project are under consideration.[799] As of March 2016, the most recent data provided, $46.2 million has been disbursed to PTEC contractors for this segment.[800]

USAID is providing $350 million in direct assistance to DABS in support of the second segment of the NEPS-SEPS connector, Ghazni to Kandahar—$179.5 million was transferred to USAID through the Afghanistan Infrastructure Fund. DABS issued two requests for proposals to construct one transmission line and five substations; bids are still being evaluated. USAID said security will be a major challenge to implementing this project.[801]

U.S. fuel subsidies totaling $141 million for power generation at two industrial parks in Kandahar City ceased at the end of September 2015.[802] USAID referred SIGAR to DABS this quarter for information on how much power the industrial parks' diesel generators were currently producing, and

for whom.[803] Last quarter, USAID reported that the Shorandam Industrial Park's diesel generators, which had been producing an average of 120,000 kilowatt-hours (kWh) daily on a 24-hour basis, were reduced to producing 48,000 kWh daily while running only eight hours a day, six days a week. The generators at Bagh-e Pol, which had also been running 24 hours a day, have stopped. Both of the generation facilities served residential and industrial electrical loads.[804]

To help bridge the gap between Kandahar's electric-generation capacity and demand until the NEPS-SEPS transmission line is completed, PTEC is funding a reverse auction whereby independent power producers will compete to construct and sell power to DABS from a solar-power plant. This plant may be able to operate at an installed capacity of 10 MW of power; the diesel generators in Kandahar City have a combined average operational capacity of about 18 MW.[805] The project was still under procurement, as of June 24, 2016.[806]

Afghanistan Infrastructure Fund Power Programs

AIF projects were initiated to support critical counterinsurgency and economic-development objectives in Afghanistan. Although DOD's mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, it is still focused on completing AIF projects.[807]

U.S. Forces-Afghanistan (USFOR-A) has completed four AIF power projects so far. All were phases of the now-concluded Kandahar Power Bridging Solution, which provided fuel and technical support for diesel power-generation plants in Kandahar City while turbine-installation work at Kajaki Dam was under way. USFOR-A has six other ongoing power projects; USAID has three, as shown in Table 3.21.[808]

Ongoing fighting in Kandahar and Helmand Provinces, as well as bureaucratic delays in getting right-of-way approvals for NEPS and SEPS transmission lines, continued to challenge AIF contractors and some project-completion schedules. However, DOD remained focused on implementing power projects to complete its portion of the NEPS and SEPS using FY 2011–FY 2014 AIF money.[809] No FY 2015 or FY 2016 AIF funds were requested or appropriated, but up to $50 million from the FY 2016 Afghanistan Security Forces Fund may be used under limited circumstances to help finish existing AIF projects.[810]

Afghanistan's Capacity to Sustain Power Projects

DABS and other government entities will be responsible for sustaining NEPS-SEPS power projects, including operations and maintenance (O&M) costs once they are completed and turned over to the government.[811] USAID said DABS faces four critical challenges—reducing losses (which are currently very high by international standards), increasing revenues, improving

TABLE 3.21

AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS, AS OF JUNE 2, 2016 ($ MILLIONS)

	AIF Project	Description	Notified Amount	Obligated	Disbursed	Status
AIF FY 2011	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	$40.5	$39.1	$39.1	Complete
	SEPS - Kajaki Dam to Lashkar Gah	Repair, install transmission lines; rebuild, construct power substations	130.0	66.4	51.0	Terminated due to out-of-scope security cost increases
	NEPS - SEPS Connector, Arghandi to Ghazni	Design, construct transmission lines and substations (first segment of NEPS-SEPS connection) USAID: PTEC	101.0	101.0	65.7	Substations civil works ongoing; transmission tower requirements testing concluded (completion: 12/2016)
	NEPS - Arghandi to Pul-e Alam	Design, construct transmission line and power substation	93.7	50.3	16.3	Transmission line and substation under construction; community land issues affecting some tower locations (completion: 12/2016)[a]
AIF FY 2012	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	67.0	64.7	64.7	Complete
	SEPS - Maiwand to Durai Junction - Phase 2	Design, construct transmission line; rebuild and construct substations	40.0	28.7	8.8	Under construction; tower excavation, tower erection, civil work ongoing; substation design under review (completion: 8/2016)[b]
	NEPS - Pul-e Alam to Gardez - Phase 2	Design, construct transmission line and power substation	77.5	69.1	50.0	Transmission line under construction; substation under review; pending modification for one transformer (completion: 12/2016)[c]
	NEPS - Charikar to Gul Bahar and Nejrab - Phase 3	Design, construct transmission lines and power substation	42.5	38.8	23.2	Transmission line under construction; substation design under review; community issues affecting some tower locations (completion: 12/2016)[d]
AIF FY 2013	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	37.0	34.0	34.0	Complete
	NEPS - Charikar to Gul Bahar and Nejrab - Phase 3	Design, construct transmission lines and power substation	33.0	24.1	21.0	Transmission line under construction; substation design under review; community issues affecting some tower locations (completion: 12/2016)[d]
	SEPS Completion - Phase 1	Civil, structural, architectural improvements to substations in Tangi, Sangin North and South	15.0	62.9	33.3	Civil work ongoing (continued delays); major security challenges (completion: 6/2017)[e]
		Design, construct, transmission lines from Sangin North to Lashkar Gah	60.0			Survey work began in Sangin North; Durai to Lashkar Gah transmission towers, under construction; community issues affecting some tower locations; security challenges (completion: 12/2016)[f]
	NEPS - SEPS Connector, Ghazni to Kandahar	Design, Construct transmission line and substations. Final phase of NEPS-SEPS connector. USAID: PTEC	179.5	350.0[g]	0.0	Bids under evaluation by DABS; expected award: 9/2016
AIF FY 2014	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	4.0	3.9	3.9	Complete
	SEPS Completion - Phase 2	Design, construct transmission line, and install equipment and commission substations	55.0	55.0	0.0	Transferred to USAID for on-budget implementation through DABS; expected award: 7/2016.
	NEPS - Gardez to Khowst - Phase 4	Design, construct transmission line and substation. DOD's final contribution to NEPS.	130.0	119.0	5.5	Distribution line design descoped; substation design under review; right of way granted (completion:12/2017)

Note: All AIF power projects are to be sustained by Afghanistan's Ministry of Energy and Water, and Da Afghanistan Breshna Sherkat (DABS), Afghanistan's national electric utility. Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 5/30/2016. All other information is as of 6/2/2016.

[a] 74 tower foundations complete. Only one of 246 towers completed. Substation design was rejected, resubmitted, and is under review. Two of four transformers descoped based on estimated electricity demand and being transferred to Gardez substation. Community land issues affecting 35% of tower locations. Completion date at high risk for delay.

[b] 86% of tower excavations completed. 30 tower foundations complete. Transmission tower erection began 6/18/2016. Completion date at high risk for delay.

[c] All 214 transmission towers erected. Conductor lines 87% strung. Gardez substation design 100% complete. Substation placement 60% complete.

[d] 77% of transmission towers erected from Charikar to Gul Bahar; community land issues affecting nine tower locations. 100% of transmission towers erected from Gul Bahar to Nejrab. Conductor lines 11% strung. Gul Bahar substation 85% complete. Completion date at high risk for delay.

[e] Completion date at high risk for further delays.

[f] Durai Junction to Lashkar Gah segment: 60% of tower excavations completed; Community land issues affecting 30% of tower locations; Completion date at high risk for delay.

[g] Includes additional, non-AIF USAID funding.

Source: DOD, response to SIGAR data call 6/29/2016; DOD, response to SIGAR vetting, 7/16/2016; USACE, Garrison and Infrastructure Working Group, AIF LIR, 6/22/2016; USAID, OI, response to SIGAR data call, 6/24/2016.

business systems, and enhancing effective corporate governance. USAID began assisting DABS in 2009 to improve its commercial performance.[812]

SIGAR has questioned DABS's current capacity and resources—financial and otherwise—to pay for O&M.[813] USAID said the utility's revenues have increased over the last three years, allowing it to pay for more of its operating expenses, although nonrecurring major capital-infrastructure expenses are still mainly funded by donors.[814]

DABS' Electricity Commercialization Program, a 36-month, $27.5 million component of USAID's PTEC program, began in July 2014. It aims to make the utility financially sustainable—capable of paying for O&M and capital investments—with effective commercial and technical management. One subcomponent of that effort is USAID's Corporate Management Support contract.[815]

This quarter, DABS announced that it is raising the electricity tariff by 25% in 15 of Afghanistan's 34 provinces retroactive to March 2016. The utility said it lost between $17 million and $18 million last year from having to pay for electricity imports in U.S. dollars. It charges its customers in Afghan currency, which has depreciated significantly against the dollar.[816]

A World Bank report cautioned that even though DABS, with donor assistance, has been able to reduce some commercial losses and improve revenue collections, its commercial (meter-reading and billing errors, theft, etc.) and technical (heating, magnetic, and other transmission and distribution) losses "remain significant." The report added that DABS cannot raise or expect donors to provide the capital necessary to meet Afghanistan's energy infrastructure requirements.[817]

Corporate Management Support Program

USAID's 36-month, $20.8 million Corporate Management Support program aims to help strengthen DABS's financial management and accounting, including oversight of USAID on-budget support invoices. It also aims to help DABS establish a corporate-governance framework and comply with USAID's risk-management requirements. So far, a five-year business plan was approved, DABS automated its accounting and payroll systems, DABS utilized software to report on inventory, procurement, and O&M, and is progressing toward a uniform human-resources system—job descriptions, pay scales, reporting, etc. USAID said payroll process dropped from several weeks to two days and DABS's ability to verify and valuate assets is improving.[818]

SIGAR AUDIT

An ongoing SIGAR audit focuses on DOD and State Department progress in completing FY 2011 Afghanistan Infrastructure Fund projects, the impact on other infrastructure priorities and counterinsurgency objectives, and sustainment challenges.

TRANSPORTATION

Afghanistan's lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said Afghanistan's transportation-infrastructure shortcomings constrain the

service and agriculture sectors, which have typically been the leading drivers of the economy. It also holds back the mining industry, whose future revenues the Afghan government and international donor community are counting on to offset declining international aid.[819] This quarter, the United States continued its efforts to develop the capacity of the Ministry of Public Works in the areas of road construction, operations, and maintenance.[820]

Roads

Since 2002, USAID has provided approximately $2.2 billion cumulatively for more than 1,240 miles of road construction and O&M.[821] Afghanistan has more than 76,400 miles of road, 28,000 of which has been rehabilitated or improved. However, the World Bank has reported 85% are in poor shape and a majority cannot be used year-round.[822] Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to USAID. Afghanistan is estimated to spend $17 million annually for O&M, leaving a projected $100 million annual shortfall.[823]

Road Sector Sustainability Project

USAID's three-year, $25.5 million, Road Sector Sustainability Project (RSSP) aims to provide technical assistance to the Ministry of Public Works (MOPW) to manage Afghanistan's road network. RSSP is working with Afghan authorities in establishing a roads authority, road fund, and transportation institute. All three of these institutions were endorsed this quarter by government representatives, and structure reports for these institutions were submitted and accepted by USAID. Transition and legal plans are ongoing. As of May 31, RSSP has fully reached its year-two milestones for identifying the roads it intends to fund, and short- and long-term plans for road maintenance funding. It almost completed its targets to finish designs for the road authority and road fund, as well as the transportation institute study.[824] USAID's active road-construction and O&M programs are listed in Table 3.22.

SIGAR AUDIT

An ongoing SIGAR audit is reviewing U.S. efforts to sustain roads and strengthen the Afghan government's ability to perform road maintenance.

TABLE 3.22

USAID ACTIVE ROAD-CONSTRUCTION AND OPERATIONS-AND-MAINTENANCE PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Support for USAID's Construction of Health and Education Facilities Program	1/19/2008	6/30/2016	$57,541,288	$56,465,885
Technical Assistance to Ministry of Public Works	8/3/2014	8/2/2017	25,486,058	15,263,342
Salang Tunnel Maintenance	3/24/2013	3/30/2016	3,533,350	3,522,851
Emergency Road O&M	12/1/2015	11/30/2016	5,000,000	-

Source: USAID, response to SIGAR data call, 7/11/2016.

TABLE 3.23

AFGHANISTAN INFRASTRUCTURE FUND ROAD PROJECTS, AS OF JUNE 2, 2016 ($ MILLIONS)

	AIF Project		Description	Notified Amount	Obligated	Disbursed	Status
AIF FY 11	Lashkar Gah to Nawar Road		Design, construct 22.5 km road	$22.0	$20.5	$20.5	Complete
AIF FY 12	RC-East Border Transportation Corridor	Saracha Bridge	Design, construct 0.16 km bridge over Chaparhar River, along Hwy 7 in Nangarhar Province	8.0	6.8	6.8	Complete
		Ghulam Khan Corridor	Design, construct 24.1 km road, 4 bridges, culverts, switchback repairs in Khowst Province	27.6	12.7	11.8	Complete
	Parwan to Bamiyan Road - Section 6	Section 6.1	Design, construct 7 km road of Salang bypass in Bamiyan Province	3.0	3.0	3.0	Complete
		Section 6.2	Design, construct 11 km road of Salang bypass in Bamiyan Province	7.0	7.0	7.0	Complete
	Dahla Dam Phase 2 - Site Preparation (Route Bear Road)		Realign 4.7 km road along NW shore of Dahla Dam	11.2	7.2	7.2	Complete
AIF FY 14	Ghulam Khan Corridor - Phase 2		Design, construct remaining 7 km road to Khowst city and 1 bridge to complete Ghulam Khan Transportation Corridor	10.0	5.1	0.4	Design under review; 18% of culverts placed; limited cleared for construction approval; MOU signed for MOPW quality assurance, capacity building (Completion: 9/2017)

Note: Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 5/30/2016. All other information is as of 6/2/2016. No FY 2013 funds were appropriated.

Source: DOD, response to SIGAR data call 6/29/2016; USACE, Garrison and Infrastructure Working Group, AIF LIR, 6/22/2016.

Afghanistan Infrastructure Fund Road Projects

DOD has obligated $62.3 million and disbursed $56.7 million for five road projects under the AIF, as of May 30, 2016. Four road projects, some consisting of multiple phases, have been completed. Only the final 7 km of the Ghulam Khan Transportation Corridor, Phase II remains, as shown in Table 3.23.[825]

ECONOMIC GROWTH

The IMF said security challenges make it difficult to ignite private-sector-led and inclusive growth to its full potential. It recommended the government eliminate regulatory and administrative barriers for businesses, improve infrastructure, and provide key business services while simultaneously strengthening structures for macroeconomic management, the financial sector, and economic governance.[826]

Afghanistan ranked 177th of 189 countries in the World Bank's *Doing Business 2016* report on regulatory quality and efficiency—a six-place rise from 2015.[827] USAID, which is assisting in this effort, has disbursed approximately $1.1 billion cumulatively for economic-growth programs in

TABLE 3.24

USAID ACTIVE ECONOMIC-GROWTH PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Financial Access for Investing in the Development of Afghanistan (FAIDA)	2/7/2011	8/5/2016	$108,258,374	$104,766,915
Assistance in Building Afghanistan by Developing Enterprise (ABADE)	10/16/2012	10/16/2016	104,997,656	81,361,936
Afghanistan Trade and Revenue Project (ATAR)	11/7/2013	11/6/2017	77,754,267	47,374,529
Afghanistan Workforce Development Program (AWDP) Off-Budget	4/5/2012	6/30/2018	44,919,458	31,168,118
Multi-Input Area Development-Global Development Alliance	3/23/2013	3/22/2018	30,481,436	10,369,778
Afghan Women's Leadership in the Economy (AWLE)	7/1/2015	6/30/2020	71,571,543	6,950,405
Commercial Law Development Program	3/1/2014	9/30/2019	10,000,000	4,549,156
Afghanistan Public Financial Management (APFM)	7/27/2015	7/26/2018	22,130,033	4,138,849
IFC PIO Grant - Support of Business Environment Reform	10/15/2010	10/30/2017	4,030,000	4,030,000
Strengthening the Revenue Collection Capacity of GIROA	11/30/2014	12/30/2018	4,000,000	4,000,000
Afghanistan Workforce Development Program (AWDP) On-Budget	9/18/2013	4/3/2016	11,500,000	2,748,644
E-Government Resource Center II	8/28/2013	12/1/2017	3,900,000	1,205,000
Rebranding Afghanistan: Creating Jobs, Changing Perceptions, Empowering Women	11/2/2015	11/1/2018	4,800,000	800,000
Afghanistan International Bank Guarantee Agreement	9/27/2012	9/27/2020	2,000,000	520,800
Afghanistan Investment Climate Program	3/27/2015	3/26/2020	13,300,000	420,200
Turquoise Mountain Smithsonian Exhibition	3/9/2015	12/31/2016	535,055	376,931
Mobile-izing Saving Study	N/A	N/A	50,022	50,022
Development Credit Authority (DCA) with FINCA, OXUS, and First Microfinance Banks	9/25/2014	9/24/2020	1,953,875	-
Regional Water Management	10/1/2015	9/30/2020	9,499,795	-

Note: The Mobile-izing Saving Study explores financial inclusion products to encourage Afghans to build savings. USAID's Development Credit Authority (DCA) provides partial credit guarantees to mobilize local financing. FINCA, OXUS, and First Microfinance Banks are to use these guarantees to secure loans from larger lenders, and in turn lend to micro and small businesses in Afghanistan. Afghanistan International Bank is to use the DCA guarantee to mitigate its lending risk and facilitate lending to small and medium-size enterprises.

Source: USAID, response to SIGAR data call, 7/11/2016; Innovations for Poverty Action, "Mobile-izing Savings with Defaults in Afghanistan," 12/8/2015; USAID, Development Credit Authority, "Overview," 2/2/2015.

Afghanistan.[828] USAID active economic-growth programs have a total estimated cost of $526 million and can be found in Table 3.24.

Assistance in Building Afghanistan by Developing Enterprises

USAID's four and a half-year, $105 million, Assistance in Building Afghanistan by Developing Enterprises (ABADE) aims to help small-to-medium enterprises (SMEs) add jobs, increase investment, and improve sales of domestic products and services through public-private alliances (PPAs). ABADE has three components: implementing approved PPAs; identifying, selecting, and supporting the alliances with technical-assistance and

business-advisory services; and working with the government to improve the environment for business.[829]

From January through March 31, 2016, 34 PPAs worth $17.4 million were completed and closed out, meaning that the deliverables from all parties have been completed. Of that, ABADE contributed $1.7 million worth of equipment; the SMEs covered the rest. Eighteen new PPAs were signed, valued at $45.4 million, of which ABADE contributed $7.1 million. As of March 31, 2016, ABADE had 167 active PPAs, valued at $261.3 million, of which its contribution is $36.4 million, with the rest invested by the SMEs—more than a 7-to-1 ratio. Also during this time, ABADE provided technical assistance and training in business marketing and brand management, accounting, health and safety, hygiene, and sanitation. It trained 49 people, nine of them women.[830]

Financial Access for Investing in the Development of Afghanistan

USAID's 66-month, $108.3 million, Financial Access for Investing in the Development of Afghanistan (FAIDA) program aims to promote an inclusive, diverse, and sustainable financial sector that generates jobs and provides a range of services for micro, small, and medium enterprises. FAIDA helps Afghan partners build capacity to deliver financial services, develop a legal framework and market infrastructure, provide technical assistance to mobile network operators for mobile-money services, and assist Afghan women entrepreneurs with business-development training so they can gain access to financing and opportunities for economic and professional growth.[831]

From January 1, 2016, through March 31, 2016, FAIDA facilitated the approval of 42 loans worth $767,347 for Afghan enterprises, which are expected to create 181 jobs, 85 of them for women. FAIDA also helped businesses submit 118 loan applications valued at $3.3 million to create 456 jobs, 97 of which are for women. Additionally, on February 22, FAIDA, along with Afghanistan's central bank and a local partner, helped launch a mobile-money public-awareness campaign to increase the use of mobile money—a key goal of President Ghani's—to help improve transparency and reduce corruption. Dozens of kiosks were set up in Kabul for Islamic-banking customers to repay loans and for mobile-network customers to receive telecom services. Some 56,000 customers registered for mobile-money services, and 7,736 new DABS (electricity utility) customers registered to pay their bills electronically.[832]

EDUCATION

According to the Ministry of Education's (MOE) annual joint sector review for FY 1394 (2015), Afghanistan reportedly has 15,249 general-education (government) schools, including 714 closed schools, with 184,024 teachers, and almost 8.7 million students enrolled.[833] The number of enrolled students

is the sum of present and absent students.[834] The MOE counts students who have been absent for up to three years as enrolled because it says they might return to school.[835] The MOE acknowledged a large number of children are out of school, but is unaware of how many, who or where they are, or their backgrounds.[836]

Barriers to data collection in Afghanistan have resulted in imprecise and inaccurate Education Management Information System (EMIS) statistical data.[837] School administrators are not always instructed on how to fill out EMIS forms, and EMIS officials don't have the staff or resources for data verification, and are impeded by lack of security around the country.[838]

A teacher in a community-based education program reads to a young learner. (UNICEF Afghanistan photo by Mohammad Ali Sheida)

USAID Programs

USAID aims to improve equitable access to quality education in Afghanistan through community-based classes in remote regions, as well as to develop relevant, in-demand technical skills to better prepare Afghans for employment. Its programs focus on early-grade reading, textbooks and other learning materials, and raising literacy rates through teacher and educator training.[839] USAID had disbursed approximately $855 million for education programs in Afghanistan, as of June 30, 2016.[840] USAID's active education programs have a total estimated cost of $382 million and can be found in Table 3.25.

TABLE 3.25

USAID ACTIVE EDUCATION PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	$77,402,457	$77,402,457
Afghanistan University Support and Workforce Development Program	1/1/2014	12/31/2018	91,927,769	28,963,619
Basic Education, Literacy, and Technical-Vocational Education (BELT), Textbooks	11/16/2011	12/31/2016	26,996,813	24,970,742
Support to American University of Afghanistan	8/1/2013	7/31/2018	45,902,538	23,124,523
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	8,342,828
Early Grade Reading Survey	7/27/2015	3/27/2017	12,487,469	4,800,547
Afghanistan's Global Partnership for Education	10/11/2012	6/30/2017	4,270,954	2,342,163
Assessment of Learning Outcomes and Social Effects in Community-Based Education	1/1/2014	12/31/2017	7,262,016	2,272,019
PROMOTE Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522
BELT/All Children Reading and Improved Access	7/27/2015	3/27/2017	427,585	437,275
Afghans Read Program (ARP)	4/6/2016	4/5/2021	69,547,810	159,938

Source: USAID, response to SIGAR data call, 7/11/2016; USAID, OED, response to SIGAR vetting, 7/14/2016.

An Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) assessment found that despite some successes, EQUIP has failed to meet its overall goals since it began in 2004. The program suffers from poor planning, weak monitoring, and ineffective coordination among implementers that has caused 30–40% of funds to be misused, schools to be poorly constructed, and students to be inadequately educated.

Source: Independent Joint Anti-Corruption Monitoring and Evaluation Committee, *Vulnerability to Corruption Assessment of the Education Quality Improvement Program in the Ministry of Education*, 11/2015, p. 3.

Basic Education, Learning, and Training/ Education Quality Improvement Project

Basic Education, Learning, and Training (BELT) aims to expand and improve basic education access and quality. BELT encompasses a number of activities, including a national early-grade reading program, and textbook printing and distribution—1.2 million textbooks and other reading material nationwide so far, covering Afghanistan's entire primary-school population.[841]

BELT also does capacity building at the MOE, and pre- and in-service teacher training through the World Bank-administered Education Quality Improvement Project (EQUIP II) program, which has trained more than 154,000 teachers/educators and awarded 11,436 female students scholarships to attend teacher-training colleges.[842]

This quarter, USAID reported that a third extension will be requested for EQUIP II to implement the civil works (incomplete/stopped school construction) component of the program to compensate for delays and cost overruns. EQUIP II is focused on completing existing activities before it starts new programs.[843]

This quarter, EQUIP II administrators visited seven general-education schools in Balkh Province, most in Mazar-e Sharif, and found problems with textbook availability, particularly for upper grades that had no books at all and no clear schedule for their delivery.[844] A USAID-funded technical assessment reported the MOE repeatedly fails to adequately plan for textbook needs and "demonstrated an inability to develop a concrete and realistic distribution plan."[845]

EQUIP II staff discovered that wealthier families bought MOE textbooks in the market, an issue EQUIP II personnel said should be addressed by MOE officials. Other challenges found include: about 10% of enrolled students in some schools were permanently absent; only 400 of 900 teacher-trainee graduates have been absorbed into the job market despite teacher shortages; and inadequate school infrastructure.[846]

SIGAR AUDIT

An ongoing SIGAR audit is focusing on USAID's efforts to support and improve Afghanistan's healthcare services and focuses on the extent to which USAID assessed the overall impact of its efforts and the extent to which USAID collects, verifies, and reconciles healthcare data to determine its accuracy.

HEALTH

Afghanistan's health indicators have improved since 2002, though they remain below average among low-income countries. Afghanistan's public health is beset by many challenges—tuberculosis, polio, poor maternal health, and one of the world's highest levels of child malnutrition, according to the World Bank.[847]

Afghanistan Demographic and Health Survey

This quarter, the Afghan government released key indicators of a USAID-funded Demographic and Health Survey (DHS), a nationally representative June 2015–February 2016 survey designed to help the Afghan government

develop modern health and social programs.[848] USAID said the DHS is the commonly accepted gold standard of population-based surveys, and utilizes the highest caliber data-collection and quality-assurance methodologies. USAID added that Afghanistan's DHS met that standard and is comparable to DHS results collected in other countries. Since survey methodologies have changed over time, previous Afghan studies are not directly comparable from a statistical modeling perspective.[849] But cross-country comparisons using the new methods can be made.

Key findings include:[850]

- a fertility rate of 5.3 births per woman (age 15–49), on average (comparable to Zambia and Senegal)
- infant mortality of 45 deaths per 1,000 live births (comparable to Zambia and Cambodia)
- under-5 mortality of 55 deaths per 1,000 live births (comparable to Senegal, Namibia, and Gambia)
- 46% of children received all basic vaccinations (comparable to Democratic Republic of Congo and Uganda)
- 43% of infants under six months of age are exclusively breastfed, while 15% of children 6–23 months eat a minimally acceptable diet (comparison not available)

Corruption Assessment of the Ministry of Public Health

In June, the Independent Joint Anti-Corruption Monitoring & Evaluation Committee (MEC) released a report on the Ministry of Public Health's (MOPH) vulnerability to corruption and ongoing efforts to address structural and procedural deficiencies in Afghanistan's health system.[851] The report broadly parallels a 2013 SIGAR audit that warned of the MOPH's financial-management deficiencies and insufficient oversight, and found strong evidence that U.S. support intended for Basic Package of Health Services (BPHS) and Essential Package of Hospital Services (EPHS) was vulnerable to fraud, waste, and abuse despite USAID's protestations to the contrary. In response to the criticism in SIGAR's audit of the MOPH's management of funds, USAID said that the MOPH's Grants Contract Management Unit (GCMU) greatly enhanced the ministry's ability to manage public funds. Yet the MEC report described the MOPH's contracting processes as "suspect, compromised, corrupted, and inconsistent." The MEC therefore recommended a comprehensive independent investigation of the GCMU to ensure its bid evaluation and negotiation processes are "reviewed, clarified, transparent, standardized, and reliable."[852]

Generally, the MEC assessment found "deep and endemic" corruption problems in the public-health sector. The report said corruption in the Afghan health sector covers a range of illegal and unethical acts within an environment of systemic failure. In interviews with MEC investigators, public-health officials, employees and clients said corruption is entrenched, widespread, and dominant, and it affects all stakeholders. They said officials and employees are often powerless to stop it.[853] The Minister of Public Health publicly committed to use the MEC's 115 recommendations—three of which include establishing an Independent Council on Health Sector Accountability and Reporting, an Independent Commission on Accrediting Health Organizations, and a High Council on Oversight of Health Sector Integrity—to develop the MOPH's anticorruption strategy.[854]

The report was undertaken at the urging of the Minister of Public Health and facilitated by USAID, which provides funding to both the MEC and MOPH.[855] USAID directed its Electoral Reform and Civic Advocacy program to develop talking points for the Minister of Public Health's press conference on the public release of the report;[856] said it will support the MOPH with its anti-corruption strategy;[857] and planned for a post-MEC-report public-relations campaign to highlight health reforms and how the MOPH is curbing corruption. USAID reportedly saw the MEC report and the MOPH response as helpful in the run-up to the October conference in Brussels at which Afghanistan will seek continued support from the international community.[858]

- less than 1% of women and 2% of men age 15–49 have been tested for HIV in the past year and received the test results (comparable to Madagascar and Chad, respectively)
- only 9% of women and 33% of men age 15–49 know that using condoms and limiting sexual contact to one faithful and uninfected partner helps prevent contracting HIV (comparison not available)

USAID Funding and Health Programs

U.S.-funded health-sector programs aim to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health includes capacity-building, training, and quality-assurance activities to strengthen the ministry's management and control over healthcare delivery across Afghanistan.[859]

U.S. on- and off-budget assistance to Afghanistan's health sector totaled more than $1 billion, as of June 30, 2016.[860] On-budget assistance to the MOPH provides basic healthcare and essential hospital services. Off-budget assistance includes activities to strengthen health systems, engage the private sector, reduce child and maternal deaths, reduce tuberculosis-related deaths, reduce child undernutrition, improve the use of modern family-planning methods, and eliminate polio.[861]

TABLE 3.26

USAID ACTIVE HEALTH PROGRAMS

Project Title	Start Date	End Date	Total Estimated Cost ($)	Cumulative Disbursements, as of 6/30/2016 ($)
Strengthening Pharmaceutical System	8/28/2011	7/10/2017	$34,399,936	$27,782,575
Disease Early Warning System Plus (DEWS Plus)	1/1/2015	12/30/2020	32,728,000	16,401,447
Central Contraceptive Procurement	3/11/2009	9/8/2022	25,000,000	13,035,571
Helping Mother and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	12,091,749
Regional Fortification in the Central Asian Republics and Afghanistan	9/29/2014	9/29/2016	9,722,000	9,722,000
Demographic and Health Surveys	9/9/2013	9/8/2018	6,699,863	5,453,731
Weekly Iron Folic Acid Supplementation	11/7/2014	12/31/2017	5,610,012	5,408,826
Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea	7/21/2015	7/7/2020	15,002,610	4,400,000
Challenge Tuberculosis	1/1/2015	9/29/2019	15,000,000	2,759,164
Health Sector Resiliency (HRS)	9/28/2015	9/27/2020	37,936,471	2,211,932
Sustaining Health Outcomes through the Private Sector (SHOPS Plus)	6/1/2016	6/1/2018	6,000,000	2,133,749
Family Planning and Assessment	5/16/2015	5/15/2016	634,833	634,833
Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)	5/5/2016	5/4/2021	75,503,848	-

Note: The Regional Fortification in the Central Asian Republics and Afghanistan project aims to increase iron, zinc, folic acid and vitamin A nutrient intake by 20% through distribution of fortified wheat and edible oil.

Source: USAID, response to SIGAR data call, 7/11/2016; Global Alliance for Improved Nutrition, "Regional Fortification in the Central Asian Republics," accessed 1/15/2016.

USAID believes that the MOPH's ability to deliver quality healthcare through the Basic Package of Health Services (BPHS) and Essential Package of Hospital Services (EPHS)—the cornerstone of health-service delivery in Afghanistan—is critical to improve health outcomes.[862] USAID's active health programs have a total estimated cost of $324 million, and are listed in Table 3.26.

BPHS: provides primary healthcare services—such as immunizations and prenatal care—at small and rural health clinics, and forms the core of health-service delivery for all primary-care facilities in Afghanistan.

EPHS: outlines the medical services each type of hospital in the Afghan healthcare system should provide in terms of general services, staff, equipment, diagnostic services, and medications while promoting a health-referral system that integrates the BPHS with hospitals.

Source: SIGAR, *Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not be Sustainable and Existing Hospitals are Facing Shortages in Some Key Medical Positions*, SIGAR 13-9-AR, 4/2013, p. 1.

Sustaining Health Outcomes through the Private Sector Plus

This quarter, USAID instituted a two-year, $6 million, Sustaining Health Outcomes through the Private Sector Plus (SHOPS Plus), which aims to provide technical assistance to the Afghan Social Marketing Organization (ASMO) in their efforts to delivery family-planning, reproductive-health, and other services to targeted populations. SHOPS Plus will specifically try to improve the health of mothers and children in rural areas and increase the use of contraceptives through social marketing.[863]

Polio

Afghanistan and Pakistan are the only two countries where polio is still endemic.[864] Both countries, which share a 1,500-mile border, suffer from the Taliban's opposition to vaccination campaigns.[865]

Afghanistan reportedly had six new polio cases in 2016, as of June 29.[866] The United Nations estimates that 200,000 children in Afghanistan have not been vaccinated, mostly due to fighting and insurgents' preventing access to children.[867] Data for FY 2003–FY 2014, the most recent supplied, show USAID provided nearly $25 million for polio eradication in Afghanistan.[868]

4 OTHER AGENCY OVERSIGHT

OTHER AGENCY OVERSIGHT CONTENTS

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Photo on previous page
Five new MD-530 helicopters arrive in Kabul on a C-17 transport plane to augment the Afghan Air Force's capabilities. The helicopters can fire rockets or .50-caliber machine guns. The AAF now has 18 MD-530s, with another nine slated to arrive by the end of August 2016. (USAF photo by Captain Jason Smith)

OTHER AGENCY OVERSIGHT

SIGAR's enabling legislation requires it to keep the Secretary of State and the Secretary of Defense fully informed about problems relating to the administration of reconstruction programs, and to submit a report to Congress on SIGAR's oversight work and on the status of the U.S.-reconstruction effort no later than 30 days after the end of each fiscal quarter. Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. This section compiles these updates. Publicly available copies of completed reports are posted on the agencies' respective websites.

The descriptions appear as submitted, with minor changes to maintain consistency with other sections of this report: acronyms and abbreviations in place of full names; standardized capitalization, punctuation, and preferred spellings; and third-person instead of first-person construction.

These agencies perform oversight activities in Afghanistan and provide results to SIGAR:

- Department of Defense Office of Inspector General (DOD IG)
- Department of State Office of Inspector General (State OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 lists the four oversight projects related to reconstruction that participating agencies reported as completed this quarter.

TABLE 4.1

RECENTLY COMPLETED OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF JUNE 30, 2016

Agency	Report Number	Date Issued	Project Title
State OIG	MA-16-01	4/12/2016	Management Alert: Hazardous Electrical Current in Office and Residential Buildings Presents Life, Health, and Safety Risks at U.S. Embassy Kabul, Afghanistan
State OIG	AUD-MERO-16-35	4/22/2016	Improvements Needed To Strengthen Vehicle-Fueling Controls and Operations and Maintenance Contract at Embassy Kabul, Afghanistan
GAO	GAO-16-562T	4/19/2016	VA Health Care: Actions Needed to Improve Access to Primary Care for Newly Enrolled Veterans
USAID OIG	F-306-16-001-S	6/28/2016	Additional Controls Have Improved USAID's Administration of Involuntary Separate Maintenance Allowance in Afghanistan

Source: DOD IG, response to SIGAR data call, 6/23/2016 and 7/14/2016; State OIG, response to SIGAR data call, 6/28/2016 and 7/14/2016; GAO, response to SIGAR data call, 6/6/2016; USAAA, response to SIGAR data call 6/21/2016; USAID OIG, response to SIGAR data call, 6/23/2016 and 7/14/2016.

U.S. Department of Defense Office of Inspector General

During this quarter, DOD IG released no reports related to Afghanistan reconstruction.

U.S. Department of State Office of Inspector General-Middle East Regional Operations

During this quarter, State OIG released two reports related to Afghanistan reconstruction.

Management Alert: Hazardous Electrical Current in Office and Residential Buildings Presents Life, Health, and Safety Risks at U.S. Embassy Kabul, Afghanistan

During the course of an ongoing audit of the Bureau of Overseas Buildings Operations' (OBO) construction and commissioning of a new office and residential apartment building at the U.S. Embassy in Kabul, Afghanistan, the Department of State (State) Office of Inspector General (OIG) and the U.S. Army Corps of Engineers (USACE) identified life, health, and safety risks to building occupants due to a type of hazardous electrical current—known as objectionable current—in both the office and apartment building. Specifically, State OIG and the USACE team, which included master electricians from Task Force Protect Our Warfighters and Electrical Resources (POWER), discovered objectionable currents measuring up to 16.7 amps in the New Office Annex (NOX) building and up to 27 amps in the residential apartment building—Staff Diplomatic Apartment (SDA-1). Objectionable current is electrical current occurring on the grounding wiring of a building. Although the National Electrical Code does not establish a life/safety

threshold for objectionable current, Task Force POWER considers any objectionable current a risk to life and safety. Industry safety standards regarding electrical shock indicate that loss of life is probable with current as low as 10 amps. In the case of the NOX, the objectionable current measured 6 amps more than the level that the Centers for Disease Control and Prevention (CDC) have determined is likely to result in cardiac arrest, severe burns, and probable death. With respect to the residential apartment, or SDA-1, the objectionable current measured 17 amps more than the level of amperage that the CDC has determined is likely to result in death. The most common causes of objectionable current are improperly installed electrical wiring, equipment, and faulty electrical appliances.

The NOX is designed to accommodate more than 900 Department personnel, and when fully occupied, SDA-1 will house nearly 300 residents. When objectionable current flows on metal parts, it can cause electric shock and even death from ventricular fibrillation because of the elevated voltage. It can also cause a fire to ignite if combustible material is placed near the current. As a result, the life, health, and safety of Department personnel occupying these buildings are at risk. Accordingly, State OIG recommended that Embassy Kabul in coordination with OBO take immediate action to: (1) examine the installation of electrical wiring, equipment, and appliances in the NOX and SDA-1 to ascertain the cause for the objectionable current; (2) determine what mitigation measures can be immediately taken to eliminate or reduce risk to personnel occupying the buildings; (3) and, to the extent necessary, inform residents of the existence of objectionable current and the risks associated with it, and provide instructions on how to eliminate or avoid accompanying hazards.

Improvements Needed To Strengthen Vehicle-Fueling Controls and Operations and Maintenance Contract at Embassy Kabul, Afghanistan

In December 2010, State OIG reported that an Afghan fuel vendor, National Fuels Inc., billed Embassy Kabul for $346,682 in fuel that it had not received. State OIG conducted this audit to determine whether U.S. Embassy Kabul had implemented adequate controls to safeguard and account for purchased fuel and whether PAE Government Services Inc. (PAE), the embassy's operations and maintenance contractor, performed its fuel-monitoring duties in accordance with the statement of work. State OIG made 10 recommendations to Embassy Kabul to improve fuel operations at the embassy and Camp Sullivan including increasing oversight of PAE, updating the Department's vehicle-fueling system to prevent unauthorized access to fuel and promote accountability, reviewing $1.21 million in unsupported costs, and relocating the fueling station office on the embassy compound to a location that offers sufficient egress capacity in the event of an emergency.

Government Accountability Office

During this quarter, GAO issued one report related to Afghanistan reconstruction.

VA Health Care: Actions Needed to Improve Access to Primary Care for Newly Enrolled Veterans

GAO was asked to examine the Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) efforts to provide timely access to primary care services. This report examines, among other things, (1) newly enrolled veterans' access to primary care and (2) VHA's related oversight. GAO interviewed officials from six VA medical centers selected to provide variation in factors such as geographic location, clinical services offered, and average primary care wait times; reviewed a randomly selected, non-generalizable sample of medical records for 180 newly enrolled veterans; and interviewed VHA and medical center officials on oversight of access to primary care. GAO evaluated VHA's oversight against relevant federal standards for internal control.

GAO found that not all newly enrolled veterans were able to access primary care from the VHA, and others experienced wide variation in the amount of time they waited for care. Sixty of the 180 newly enrolled veterans in GAO's review had not been seen by providers at the time of the review; nearly half were unable to access primary care because VA medical center staff did not schedule appointments for these veterans in accordance with VHA policy. The 120 newly enrolled veterans in GAO's review who were seen by providers waited from 22 days to 71 days from their requests that VA contact them to schedule appointments to when they were seen, according to GAO's analysis. These time frames were impacted by limited appointment availability and weaknesses in medical center scheduling practices, which contributed to unnecessary delays.

U.S. Army Audit Agency

The USAAA completed no audits related to Afghanistan reconstruction this quarter.

U.S. Agency for International Development Office of Inspector General

This quarter, USAID OIG issued one review related to Afghanistan reconstruction-activities.

Additional Controls Have Improved USAID's Administration of Involuntary Separate Maintenance Allowance in Afghanistan

The objective of the review was to determine whether USAID's implementation of some of its recommendations (1, 2, 4 and 9) from the Audit of USAID/Afghanistan's Internal Controls in the Administration of the

Involuntary Separate Maintenance Allowance prevented improper use of ISMA.

The review found no evidence of improper use of ISMA, except for one personal services contractor who received $6,500 in ISMA while under a six-month contract. In addition, 25% of spouses' signatures on Form SF-1190 were not verified at the mission and some ISMA applications were missing Form OF-126.

The review made three recommendations to address these issues.

ONGOING OVERSIGHT ACTIVITIES

As of July 31, 2016, the participating agencies reported 13 ongoing oversight activities related to reconstruction in Afghanistan. The activities reported are listed in Table 4.2 and described in the following sections by agency.

TABLE 4.2

ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF JUNE 30, 2016

Agency	Project Number	Date Initiated	Project Title
DOD IG	D2016-D00SPO-0153.000	5/17/2016	Assessment of U.S./Coalition Efforts to Enable the Afghan Ministry of Defense to Develop its Oversight and Internal Control Capability
DOD IG	D2016-D000JB-0150.000	5/5/2016	Audit of Reliability of Navy Financial Data Reported for Operation Freedom's Sentinel
DOD IG	D2016-D000JB-0089.000	3/9/2016	Audit of the Government of Islamic Republic of Afghanistan's Controls Over U.S. Direct Assistance Funded Contracts
DOD IG	D2016-D00SPO-0054.000	11/25/2015	Assessment of U.S./Coalition Efforts to Transition Security Cooperation and Assistance Activities Supporting the Government of the Islamic Republic of Afghanistan from Department of Defense Authority to Department of State Authority
DOD IG	D2016-D000PT-0030.000	10/16/2015	Summary Report on Inspections of DOD Facilities and Military Housing
DOD IG	D2015-D000JB-0239.000	8/14/2015	Audit of Contract Oversight in Afghanistan
State OIG	16AUD051	12/22/2015	Audit of Department of State Compliance with Critical Environment Contracting Requirements
State OIG	15AUD044	10/15/2015	Audit of the Embassy Kabul Construction and Commissioning
GAO	100431	1/21/2016	DOD Use of Overseas Contingency Operations (OCO) Funds
GAO	100148	10/7/2015	Disposal of Waste in Burn Pits
GAO	351991	11/21/2014	Military Construction in a Contingency Environment
USAID OIG	FF1C0216	5/11/2016	Audit of USAID/Afghanistan's New Development Partnership
USAID OIG	FF1C0116	1/20/2016	Audit of USAID/Afghanistan's Use of the Afghanistan Reconstruction Trust Fund

Source: DOD IG, response to SIGAR data call, 6/23/2016 and 7/14/2016; State OIG, response to SIGAR data call, 6/28/2016 and 7/14/2016; GAO, response to SIGAR data call, 6/6/2016; USAAA, response to SIGAR data call 6/21/2016; USAID OIG, response to SIGAR data call, 6/23/2016 and 7/14/2016.

U.S. Department of Defense Office of Inspector General

The Department of Defense Office of Inspector General (DOD IG) has identified priorities based on those challenges and high-risks. DOD IG oversight focuses on the areas of monitoring and oversight of acquisition and contracting processes that support training, equipping, and sustaining Afghanistan Security Forces (ASF). The DOD IG will also continue

to review and assess the Department's efforts to train and equip Afghan National Security Forces.

The DOD IG-led Southwest Asia Joint Planning Group assists in the coordination and deconfliction of Federal and DoD OCO related oversight activities. The DOD IG, working with the SIGAR as well as fellow Inspectors General and Defense oversight community members, has issued the FY 2016 Comprehensive Oversight Plan for Overseas Contingency Operations (COP–OCO), formerly known as the Comprehensive Oversight Plan for Southwest Asia. The COP–OCO includes the Joint Strategic Oversight Plans (JSOP) for Operation Inherent Resolve and Afghanistan. The Afghanistan JSOP includes Operation Freedom's Sentinel (OFS), as well as reconstruction and humanitarian assistance programs and activities that are separate from OFS.

DOD IG has six ongoing projects this quarter that relate to reconstruction or security operations in Afghanistan.

Assessment of U.S./Coalition Efforts to Enable the Afghan Ministry of Defense to Develop its Oversight and Internal Control Capability

(D2016-D00SP0-0153.000, Initiated May 17, 2016)

DOD IG is determining whether U.S. Government and Coalition Train-Advise-Assist efforts will enable the Afghan Ministry of Defense (MOD) and subordinate organizations to develop a Transparency, Accountability, and Oversight capability that helps the MoD to run efficient and effective operations, report reliable information about its operations, and comply with applicable laws and regulations.

Audit of Reliability of Navy Financial Data Reported for Operation Freedom's Sentinel

(D2016-D000JB-0150.000, Initiated May 5, 2016)

DOD is determining whether the Navy has adequate accountability of DOD funds supporting Operation Freedom's Sentinel by determining the accuracy of obligations and disbursements, as reported in the Cost of War report, for select Navy appropriations.

Audit of the Government of Islamic Republic of Afghanistan's Controls Over U.S. Direct Assistance Funded Contracts

(D2016-D000JB-0089.000, Initiated March 9, 2016)

DOD is determining whether the Combined Security Transition Command-Afghanistan and the Government of Islamic Republic of Afghanistan's Ministries of Defense and Interior have established and implemented effective controls over the contract-management process.

Assessment of U.S./Coalition Efforts to Train, Advise, Assist, and Equip the Afghan National Army Special Operations Forces

(Project No. D2016-D00SPO-0054.000, Initiated November 25, 2015)

DOD IG is determining whether U.S.-government and Coalition goals, objectives, plans, and resources to train the Afghan National Army Special Operations Forces are sufficient, operative, and relevant.

Summary Report on Inspections of DOD Facilities and Military Housing

(Project No. D2016-D000PT-0030.000, Initiated October 16, 2015)

This project will collectively evaluate the results of the previous DOD IG inspections of buildings and housing facilities in Afghanistan, Japan, Korea, and regions of the continental United States, as well as the ongoing facility inspection in Jordan. DOD IG is performing additional analysis based on these reports to identify any potential broader findings and recommendations related to electrical system safety, fire protection systems, environmental health and safety, etc. Specifically, DOD IG will evaluate common deficiencies and systemic issues found throughout DOD facilities during the previous inspections. DOD IG will also evaluate DOD policy regarding health and safety standards and requirements for DOD-occupied facilities worldwide.

Audit of Contract Oversight in Afghanistan

(Project No. D2015-D000JB-0239.000, Initiated August 14, 2015)

DOD IG is determining whether contracting officer's representatives were properly appointed and trained and were able to effectively perform their oversight responsibilities for contracts in Afghanistan.

U.S. Department of State Office of Inspector General-Middle East Regional Operations

State OIG has two ongoing projects this quarter related to Afghanistan reconstruction.

Audit of Department of State Compliance with Critical Environment Contracting Requirements

(Project No. 16AUD051, Initiated December 22, 2015)

The primary objective of this audit is to determine whether the Critical Environment Contracting Analytics Staff has conducted risk assessments and developed risk-mitigation plans for operational and political risks associated with contractor performance in Iraq and Afghanistan.

Audit of the Embassy Kabul Construction and Commissioning

(Project No. 16AUD044, Initiated October 15, 2015)

State OIG is conducting this audit in order to determine whether the Bureau of Overseas Building Operations followed Department policies and guidance governing the affirmation of substantial completion and final acceptance of construction projects at U.S. Embassy Kabul.

Government Accountability Office

GAO has three ongoing projects this quarter related to Afghanistan reconstruction.

DOD Use of Overseas Contingency Operations (OCO) Funds

(Project No. 351991, Initiated January 21, 2016)

Since September 2001, DOD has received more than $1.5 trillion designated as Overseas Contingency Operations (OCO), Global War on Terror (GWOT), or as emergency funding for the wars in Iraq and Afghanistan as well as other activities like disaster relief and evacuation efforts. In FY 2015, Congress appropriated $64 billion in OCO-designated funds as DOD continues to draw down troops in Afghanistan. Despite a significant reduction in the number of troops deployed to Afghanistan, OCO-designated funding remains proportionally high. In fact, the cost per deployed troop supported by OCO-designated funding has grown from roughly $1 million per troop in FY 2013 to $4 Million per troop in FY 2015. GAO has reported on the need for DOD to improve the reliability of its OCO cost reporting and to become more disciplined in its approach to developing OCO budgets, including moving long-term enduring costs funded by OCO-designated appropriations into the base defense budget to better account for the true costs of it operations and plan for future budget needs. Spending these funds for activities unrelated to war operations hides the true cost of government and inhibits the Congress' ability to knowledgably set funding levels for government programs.

Disposal of Waste in Burn Pits

(Project No. 100148, Initiated October 7, 2015)

A provision in the Carl Levin and Howard "Buck" McKeon National Defense Authorization Act for FY 2015, Pub. L. No. 113-291, § 313 (2014) requires GAO to assess the methodology used by the Secretary of Defense in conducting DOD's review of disposal of waste in open air burn pits, the adequacy of DOD's report, and compliance with DOD instruction and applicable law regarding the disposal of covered waste in burn pits by the military departments and combatant commands.

Military Construction in a Contingency Environment

(Project No. 351991, Initiated November 21, 2014)

The audit will examine: (1) the processes DOD officials used to make decisions about military construction in Iraq and Afghanistan, to include procedures for determining whether a structure should be permanent or temporary; (2) the costs associated with decisions made about military construction in Iraq and Afghanistan, to include the sources of funding; (3) any lessons the Department has learned about military construction during contingency operations based on the experiences of Iraq and Afghanistan; and (4) any other issues related to military construction in a contingency environment that may come to light during the course of the audit.

U.S. Army Audit Agency

This quarter the USAAA has no ongoing audits related to Afghanistan reconstruction.

U.S. Agency for International Development Office of Inspector General

This quarter USAID OIG has two ongoing audits related to reconstruction initiatives.

Audit of USAID/Afghanistan's New Development Partnership

(Project No. FF1C0216, Initiated May 11, 2016)

Audit Objectives: Has USAID/Afghanistan adopted internal policies and procedures to adequately verify the achievement of New Development Partnership indicators contained in the July 25, 2015 NDP results framework; and, has USAID/Afghanistan adequately verified the achievement of completed indicators under the New Development Partnership for any payments made to date?

Audit of USAID/Afghanistan's Use of the Afghanistan Reconstruction Trust Fund

(Project No. FF1C0116, Initiated January 20, 2016)

Audit Objective: Has USAID/Afghanistan adopted effective and consistent practices to provide reasonable assurance that activities implemented through the Afghanistan Reconstruction Trust Fund contribute to achieving USAID's objectives in Afghanistan?

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The Official Seal of SIGAR

The official seal of SIGAR represents the coordination of efforts between the United States and Afghanistan to provide accountability and oversight of reconstruction activities. The phrases in Dari (top) and Pashto (bottom) on the seal are translations of SIGAR's name.

APPENDICES AND ENDNOTES

APPENDIX A

CROSS-REFERENCE OF REPORT TO STATUTORY REQUIREMENTS

This appendix cross-references the pages of this report to the quarterly reporting and related requirements under SIGAR's enabling legislation, the National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 1229 (Table A.1).

TABLE A.1

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229

Public Law Section	SIGAR Enabling Language	SIGAR Action	Report Section
Purpose			
Section 1229(a)(3)	To provide for an independent and objective means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress on corrective action.	Ongoing; quarterly report	Full report
Supervision			
Section 1229(e)(1)	The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense.	Report to the Secretary of State and the Secretary of Defense	Full report
Duties			
Section 1229(f)(1)	OVERSIGHT OF AFGHANISTAN RECONSTRUCTION — It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including subsections (A) through (G) below.	Review appropriated/available funds Review programs, operations, contracts using appropriated/available funds	Full report
Section 1229(f)(1)(A)	The oversight and accounting of the obligation and expenditure of such funds	Review obligations and expenditures of appropriated/available funds	SIGAR Oversight Funding
Section 1229(f)(1)(B)	The monitoring and review of reconstruction activities funded by such funds	Review reconstruction activities funded by appropriations and donations	SIGAR Oversight
Section 1229(f)(1)(C)	The monitoring and review of contracts funded by such funds	Review contracts using appropriated and available funds	Note 1
Section 1229(f)(1)(D)	The monitoring and review of the transfer of such funds and associated information between and among departments, agencies, and entities of the United States, and private and nongovernmental entities.	Review internal and external transfers of appropriated/available funds	Appendix B
Section 1229(f)(1)(E)	The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund[s]	Maintain audit records	SIGAR Oversight Appendix C Appendix D

Continued on the next page

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229			
Public Law Section	**SIGAR Enabling Language**	**SIGAR Action**	**Report Section**
Section 1229(f)(1)(F)	The monitoring and review of the effectiveness of United States coordination with the Governments of Afghanistan and other donor countries in the implementation of the Afghanistan Compact and the Afghanistan National Development Strategy	Monitoring and review as described	Audits
Section 1229(f)(1)(G)	The investigation of overpayments such as duplicate payments or duplicate billing and any potential unethical or illegal actions of Federal employees, contractors, or affiliated entities, and the referral of such reports, as necessary, to the Department of Justice to ensure further investigations, prosecutions, recovery of further funds, or other remedies	Conduct and reporting of investigations as described	Investigations
Section 1229(f)(2)	OTHER DUTIES RELATED TO OVERSIGHT — The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1).	Establish, maintain, and oversee systems, procedures, and controls	Full report
Section 1229(f)(3)	DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978 — In addition, ... the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978.	Duties as specified in Inspector General Act	Full report
Section 1229(f)(4)	COORDINATION OF EFFORTS — The Inspector General shall coordinate with, and receive the cooperation of, each of the following: (A) the Inspector General of the Department of Defense, (B) the Inspector General of the Department of State, and (C) the Inspector General of the United States Agency for International Development.	Coordination with the inspectors general of DOD, DOS, and USAID	Other Agency Oversight
Federal Support and Other Resources			
Section 1229(h)(5)(A)	ASSISTANCE FROM FEDERAL AGENCIES — Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee.	Expect support as requested	Full report
Section 1229(h)(5)(B)	REPORTING OF REFUSED ASSISTANCE — Whenever information or assistance requested by the Inspector General is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the Secretary of State or the Secretary of Defense, as appropriate, and to the appropriate congressional committees without delay.	None reported	N/A

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TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229			
Public Law Section	**SIGAR Enabling Language**	**SIGAR Action**	**Report Section**
Reports			
Section 1229(i)(1)	QUARTERLY REPORTS — Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate committees of Congress a report summarizing, for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time of the submission of the report, the activities during such period of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following –	Report – 30 days after the end of each calendar quarter Summarize activities of the Inspector General Detailed statement of all obligations, expenditures, and revenues	Full report Appendix B
Section 1229(i)(1)(A)	Obligations and expenditures of appropriated/donated funds	Obligations and expenditures of appropriated/donated funds	Appendix B
Section 1229(i)(1)(B)	A project-by-project and program-by-program accounting of the costs incurred to date for the reconstruction of Afghanistan, together with the estimate of the Department of Defense, the Department of State, and the United States Agency for International Development, as applicable, of the costs to complete each project and each program	Project-by-project and program-by-program accounting of costs. List unexpended funds for each project or program	Funding Note 1
Section 1229(i)(1)(C)	Revenues attributable to or consisting of funds provided by foreign nations or international organizations to programs and projects funded by any department or agency of the United States Government, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of donor funds	Funding
Section 1229(i)(1)(D)	Revenues attributable to or consisting of foreign assets seized or frozen that contribute to programs and projects funded by any U.S. government department or agency, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of funds from seized or frozen assets	Funding
Section 1229(i)(1)(E)	Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan	Operating expenses of agencies or any organization receiving appropriated funds	Funding Appendix B
Section 1229(i)(1)(F)	In the case of any contract, grant, agreement, or other funding mechanism described in paragraph (2)* — (i) The amount of the contract or other funding mechanism; (ii) A brief discussion of the scope of the contract or other funding mechanism; (iii) A discussion of how the department or agency of the United States Government involved in the contract, grant, agreement, or other funding mechanism identified and solicited offers from potential contractors to perform the contract, grant, agreement, or other funding mechanism, together with a list of the potential individuals or entities that were issued solicitations for the offers; and (iv) The justification and approval documents on which was based the determination to use procedures other than procedures that provide for full and open competition	Describe contract details	Note 1

Continued on the next page

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229			
Public Law Section	**SIGAR Enabling Language**	**SIGAR Action**	**Report Section**
Section 1229(i)(3)	PUBLIC AVAILABILITY — The Inspector General shall publish on a publicly available Internet website each report under paragraph (1) of this subsection in English and other languages that the Inspector General determines are widely used and understood in Afghanistan.	Publish report as directed at www.sigar.mil Dari and Pashto translation in process	Full report
Section 1229(i)(4)	FORM — Each report required under this subsection shall be submitted in unclassified form, but may include a classified annex if the Inspector General considers it necessary.	Publish report as directed	Full report
Section 1229(j)(1)	Inspector General shall also submit each report required under subsection (i) to the Secretary of State and the Secretary of Defense.	Submit quarterly report	Full report

Note 1: Although this data is normally made available on SIGAR's website (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for future SIGAR use and publication.

* Covered "contracts, grants, agreements, and funding mechanisms" are defined in paragraph (2) of Section 1229(i) of Pub. L. No. 110-181 as being—

"any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:

To build or rebuild physical infrastructure of Afghanistan.

To establish or reestablish a political or societal institution of Afghanistan.

To provide products or services to the people of Afghanistan."

APPENDIX B

U.S. FUNDS FOR AFGHANISTAN RECONSTRUCTION ($ MILLIONS)

Table B.1 lists funds appropriated for Afghanistan reconstruction by program, per year, as of June 30, 2016. Table B.2 lists fund appropriated for counternarcotics initiatives since 2002.

TABLE B.2

COUNTERNARCOTICS, CUMULATIVE AMOUNT APPROPRIATED, SINCE 2002 ($ MILLIONS)	
ASFF	1,311.92
DOD CN	2,996.85
ESF	1,536.48
INCLE	2,178.47
DEA[a]	439.10
Total	**$8,462.81**

Table B.2 Note: Numbers have been rounded. Counternarcotics funds cross-cut both the Security and Governance & Development spending categories; these funds are also captured in those categories in Table B.1. Figures represent cumulative amounts appropriated for counternarcotics initiatives in Afghanistan since 2002. Intitatives include eradication, interdiction, support to Afghanistan's Special Mission Wing (SMW), counternarcotics-related capacity building, and alternative agricultural development efforts. ESF and INCLE figures show the cumulative amounts appropriated for counternarcotics intiatives from those funds. SIGAR excluded ASFF funding for the SMW after FY 2013 from this analysis due to the decreasing number of counternarcotics missions conducted by the SMW.

a DEA receives funding from State's Diplomatic & Consular Programs account in addition to DEA's direct line appropriation listed in Appendix B.

Table B.2 Source: SIGAR analysis of counternarcotics funding, 7/19/2016; State, response to SIGAR data call, 7/15/2016; DOD, response to SIGAR data calls, 6/21/2016 and 3/8/2016; USAID, response to SIGAR data call, 7/11/2016; DOJ, response to SIGAR data call, 6/17/2016.

Table B.1 Note: Numbers have been rounded. DOD reprogrammed $1 billion from FY 2011 ASFF, $1 billion from FY 2012 ASFF, and $178 million from FY 2013 ASFF to fund other DOD OCO requirements. ASFF data reflects the following rescissions: $1 billion from FY 2012 in Pub. L. No. 113-6, $764.38 million from FY 2014 in Pub. L. No. 113-235, and $400 million from FY 2015 in Pub. L. No. 114-113. DOD transferred $101 million from FY 2011 AIF, $179.5 million from FY 2013 AIF, and $55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

Table B.1 Source: DOD, response to SIGAR data calls, 7/12/2016, 6/21/2016, 4/19/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 7/15/2016, 7/7/2016, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/9/2015; OMB, response to SIGAR data calls, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data calls, 7/11/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 6/17/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2016," 7/15/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

TABLE B.1

U.S. FUNDING SOURCES	AGENCY	TOTAL	FY 2002–04
Security			
Afghanistan Security Forces Fund (ASFF)	DOD	63,922.65	0.00
Train & Equip (DOD)	DOD	440.00	150.00
Foreign Military Financing (FMF)	State	1,059.14	662.34
International Military Education and Training (IMET)	State	17.07	1.24
Drug Interdiction & Counter-Drug Activities (DOD CN)	DOD	2,996.85	71.80
Total - Security		**68,435.71**	**885.37**
Governance & Development			
Commander's Emergency Response Program (CERP)	DOD	3,684.00	40.00
Afghanistan Infrastructure Fund (AIF)	DOD	988.50	0.00
Task Force for Business and Stability Operations (TFBSO)	DOD	822.85	0.00
Economic Support Fund (ESF)	USAID	19,411.27	1,248.06
Development Assistance (DA)	USAID	886.50	213.98
Afghanistan Freedom Support Act (AFSA)	DOD	550.00	450.00
Child Survival & Health (CSH + GHAI)	USAID	554.63	90.60
Commodity Credit Corp (CCC)	USAID	31.48	8.80
USAID (Other)	USAID	52.11	5.50
Non-Proliferation, Antiterrorism, Demining & Related (NADR)	State	730.94	145.60
Provincial Reconstruction Team Advisors	USDA	5.70	0.00
Treasury Technical Assistance	Treasury	4.45	1.96
International Narcotics Control & Law Enforcement (INCLE)	State	4,875.86	280.00
Drug Enforcement Administration (DEA)	DOJ	230.99	7.17
Total - Governance & Development		**32,829.27**	**2,491.67**
Humanitarian			
Pub. L. No. 480 Title I	USDA	5.00	5.00
Pub. L. No. 480 Title II	USAID	891.28	205.60
Disaster Assistance (IDA)	USAID	592.91	294.00
Transition Initiatives (TI)	USAID	37.69	30.98
Migration & Refugee Assistance (MRA)	State	1077.57	265.90
Voluntary Peacekeeping (PKO)	State	69.33	53.83
Emergency Refugee & Migration Assistance (ERMA)	State	25.20	25.00
Food for Progress	USDA	109.49	14.04
416(b) Food Aid	USDA	95.18	95.18
Food for Education	USDA	50.49	15.39
Emerson Trust	USDA	22.40	0.00
Total - Humanitarian		**2,976.54**	**1,004.92**
Civilian Operations			
Oversight		422.05	0.00
Other		10,262.05	403.34
Total - Civilian Operations		**10,684.10**	**403.34**
Total Funding		**114,925.62**	**4,785.30**

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
995.00	1,908.13	7,406.40	2,750.00	5,606.94	9,166.77	10,619.28	9,200.00	4,946.20	3,962.34	3,709.33	3,652.26
290.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
396.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.95	0.98	1.19	1.66	1.40	1.76	1.56	1.18	1.42	1.50	1.05	1.20
224.54	108.05	290.97	192.81	230.06	392.27	379.83	472.99	255.81	238.96	0.00	138.76
1,907.28	**2,017.17**	**7,698.57**	**2,944.47**	**5,838.40**	**9,560.80**	**11,000.67**	**9,674.16**	**5,203.44**	**4,202.80**	**3,710.38**	**3,792.22**
136.00	215.00	209.00	488.33	550.67	1,000.00	400.00	400.00	200.00	30.00	10.00	5.00
0.00	0.00	0.00	0.00	0.00	0.00	299.00	400.00	145.50	144.00	0.00	0.00
0.00	0.00	0.00	0.00	14.44	59.26	239.24	245.76	138.20	122.24	3.72	0.00
1,283.00	473.39	1,224.75	1,399.51	2,077.48	3,346.00	2,168.51	1,836.76	1,802.65	907.00	831.90	812.27
169.21	185.08	166.81	149.43	0.40	0.30	0.00	0.00	0.35	0.00	0.95	0.00
100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38.00	41.45	100.77	63.04	58.23	92.30	69.91	0.00	0.25	0.01	0.06	0.00
0.00	0.00	0.00	10.77	4.22	4.22	3.09	0.38	0.00	0.00	0.00	0.00
0.00	0.00	0.00	21.96	2.81	4.90	6.25	7.10	1.84	0.80	0.82	0.13
40.65	35.72	36.72	29.72	59.92	70.74	69.30	65.32	52.60	43.20	43.50	37.96
0.00	0.00	0.00	0.00	5.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.95	0.19	0.13	0.75	0.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00
709.28	232.65	251.74	307.56	493.90	589.00	400.00	357.92	593.81	225.00	250.00	185.00
16.77	23.66	20.38	40.59	18.88	19.20	18.70	18.70	17.00	18.70	9.05	2.21
2,493.85	**1,207.14**	**2,010.30**	**2,511.66**	**3,287.12**	**5,185.92**	**3,673.99**	**3,331.93**	**2,952.19**	**1,490.96**	**1,149.99**	**1,042.56**
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
49.20	56.60	60.00	60.00	177.00	58.13	112.55	0.00	46.20	66.00	0.00	0.00
4.23	0.04	0.03	16.87	27.13	29.71	66.39	56.00	21.51	28.19	25.71	23.13
1.60	0.00	0.00	0.00	0.75	0.85	1.08	0.63	0.32	0.83	0.60	0.05
47.10	41.80	54.00	44.25	76.79	80.93	65.00	99.56	76.07	107.89	118.28	0.00
15.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30.10	23.24	9.47	20.55	12.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10.02	25.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	22.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
157.75	**146.76**	**123.50**	**164.07**	**293.96**	**169.62**	**245.01**	**156.18**	**144.09**	**202.91**	**144.59**	**23.18**
0.00	0.00	2.50	14.30	25.20	34.40	37.20	59.00	58.70	62.65	68.60	59.50
136.29	131.90	207.80	435.51	1,065.86	1,761.70	905.10	1,425.47	1,272.59	852.62	909.50	754.36
136.29	**131.90**	**210.30**	**449.81**	**1,091.06**	**1,796.10**	**942.30**	**1,484.47**	**1,331.29**	**915.27**	**978.10**	**813.86**
4,695.16	**3,502.96**	**10,042.67**	**6,070.00**	**10,510.54**	**16,712.43**	**15,861.97**	**14,646.74**	**9,631.01**	**6,811.94**	**5,983.07**	**5,671.83**

APPENDIX C

SIGAR WRITTEN PRODUCTS*

SIGAR Audits

Completed Audit Alert Letter

SIGAR completed one audit alert letter during this reporting period.

COMPLETED SIGAR PERFORMANCE AUDITS AS OF JUNE 30, 2016		
Report Identifier	**Report Title**	**Date Issued**
SIGAR 16-47-AL	Efforts to Support Afghan Internally Displaced Persons (IDPs)	7/2016

Completed Performance Audits

SIGAR completed two performance audits during this reporting period.

COMPLETED SIGAR PERFORMANCE AUDITS AS OF JUNE 30, 2016		
Report Identifier	**Report Title**	**Date Issued**
SIGAR 16-46-AR	Afghanistan's Information and Communications Technology (ICT) Sector	7/2016
SIGAR 16-49-AR	Afghan National Army Technical Equipment Maintenance Program	7/2016

Ongoing Performance Audits

SIGAR had 13 performance audits in progress during this reporting period.

ONGOING SIGAR PERFORMANCE AUDITS AS OF JUNE 30, 2016		
Project Identifier	**Project Title**	**Date Initiated**
SIGAR 115A	U.S. Government Efforts to Increase the Supply, Quantity, and Distribution of Electric Power from the Kajaki Dam	4/2016
SIGAR 114A	Task Force for Business and Stability Operations' Programs and Activities in Afghanistan from 2010 through 2014	3/2016
SIGAR 112A	Administration, Monitoring, and Reporting of the Afghanistan Reconstruction Trust Fund	12/2015
SIGAR 111A	Award, Administration, and Performance of Legacy Research Contracts	8/2015
SIGAR 110A	Effectiveness of the Commander's Emergency Response Program in Afghanistan	8/2015
SIGAR 109A	U.S. Salary Supplements for Afghan Government Employees and Technical Advisors	6/2015
SIGAR 108A	USAID's Efforts to Support Land Reform in Afghanistan	5/2015
SIGAR 107A	U.S. Efforts to Sustain Afghanistan's Road Infrastructure	6/2015
SIGAR 106A	Accountability for ANSF Organizational Clothing and Individual Equipment	4/2015
SIGAR 105A	USAID's Efforts to Support and Improve Afghanistan's Health Sector	4/2015
SIGAR 103A	USAID Measuring Impacts of Stabilization Initiatives Program	12/2014
SIGAR 102A	Afghanistan Infrastructure Fund Follow-Up	11/2014

Continued on the next page

ONGOING SIGAR PERFORMANCE AUDITS AS OF JUNE 30, 2016 (CONTINUED)		
Project Identifier	**Project Title**	**Date Initiated**
SIGAR 100A	DOD Oversight of Infrastructure Projects Transferred to the Afghan Government	8/2014

Completed Financial Audits

SIGAR completed six financial audits during this reporting period.

COMPLETED SIGAR FINANCIAL AUDITS AS OF JUNE 30, 2016		
Report Identifier	**Report Title**	**Date Issued**
SIGAR 16-45 FA	Construction of the Afghan District Headquarters Uniform Police Stations in Helmand Province	7/2016
SIGAR 16-44 FA	USAID'S Afghanistan Electoral Reform and Civic Advocacy	7/2016
SIGAR 16-43 FA	Construction of the 4th Special Forces Kandak Facilities and Renovation of the 2nd Commando Brigade Headquarters	7/2016
SIGAR 16-42 FA	Construction of Facilities for the 1st Special Forces, 1st Commando Brigade, and Transient Kandak	7/2016
SIGAR 16-41 FA	Afghan National Police Construction Project	7/2016
SIGAR 16-36 FA	Construction of the Afghan Defense University	5/2016

New Financial Audits

SIGAR initiated six financial audits during this reporting period.

NEW SIGAR FINANCIAL AUDITS AS OF JUNE 30, 2016		
Project Identifier	**Project Title**	**Date Initiated**
F-103	DOD Contract with AAR Parts Trading Inc.; AAR Defense Systems and Logistics Subsidiary for C-130H Contractor Logistic Support for the Afghan Air Force	6/2016
F-102	DOD Contract with Sierra Nevada Corp. for Afghan National Army Special Operations Forces Contractor Logistics Support for PC-12 Fixed Wing Aircraft	6/2016
F-101	DOD Contract with Lockheed Martin Integrated Systems Inc. for Afghan Air Force Spare Parts Surge Buy in Support of the Afghan Security Forces	6/2016
F-100	DOD Contract with Textron Inc. for Training and Logistics Support with the Afghan National Army Mobile Strike Force Vehicle Program	6/2016
F-099	DOD Contract with Textron Inc. for Mobile Strike Force Vehicle Interim Contractor Training Support for the Afghan National Army	6/2016
F-098	State Grants with Sesame Workshop to Produce Afghan-Adapted *Sesame Street* Programs in Dari and Pashto	5/2016

* SIGAR may also report on products and events occurring after June 30, 2016, up to the publication date.

Ongoing Financial Audits

SIGAR had 18 financial audits in progress during this reporting period.

ONGOING SIGAR FINANCIAL AUDITS AS OF JUNE 30, 2016

Project Identifier	Project Title	Date Initiated
F-097	Task Force for Business and Stability Operations' Programs and Activities in Afghanistan from 2010 through 2014	4/2016
F-096	USAID Cooperative Agreement with International Relief and Development (IRD) for the Kandahar Food Zone (KFZ) Program	3/2016
F-095	USAID Cooperative Agreement with Volunteers for Economic Growth Alliance (VEGA) for Assistance in Building Afghanistan by Developing Enterprise (ABADE)	3/2016
F-094	USAID Cooperative Agreement with Roots of Peace for Commercial Horticulture and Agriculture Marketing Program (CHAMP)	3/2016
F-093	USAID Cooperative Agreement with Management Sciences for Health (MSH) for Strengthening Pharmaceutical Systems (SPS)	3/2016
F-092	USAID Contract with Chemonics International Inc. for Financial Access for Investing in the Development of Afghanistan (FAIDA)	3/2016
F-091	USAID Implementation Letter with Da Afghanistan Breshna Sherkat (DABS) for Kajaki Dam Unit 2	3/2016
F-090	USAID Contract with Checchi and Company Consulting Inc. (CCCI) for Services Under Program Project Offices for Results Tracking (SUPPORT II)	3/2016
F-089	DOD Contract with Sterling Global Operations for Afghanistan—Wide Mine, Battle Area, and Range Clearance—Phase II	11/2015
F-088	DOD Contract with AECOM for Construction of Nimroz Border Patrol Facilities	11/2015
F-087	State Grant with Sayara Media and Communications for Afghanistan Counternarcotic Program	11/2015
F-086	State Grant with Aga Khan Foundation USA for the Strengthening Afghan Governance and Alternative Livelihoods (SAGAL) Program	11/2015
F-085	State Grants for Afghanistan Counternarcotic Program	11/2015
F-084	USAID Contract with Black & Veatch Special Projects Corporation for the Kandahar-Helmand Power Program	10/2015
F-082	USAID Contract with Counterpart International for the Promoting Afghan Civic Education (PACE) Program	10/2015
F-076	DOD Contract with Gilbane Federal Construction of 1st Commando Brigade HQ & Transient Kandak, Gardez	3/2015
F-073	DOD Contract with Mission Essential Personnel LLC for Translation/ Linguist Support Services	3/2015
F-061	DOD Contract with DynCorp International LLC for Mentoring and trainings Service in Support of the ANSF	4/2014

SIGAR Inspections

Completed Inspection

SIGAR completed one Inspection report this reporting period.

COMPLETED SIGAR INSPECTION AS OF JUNE 30, 2016

Product Identifier	Product Title	Date Issued
SIGAR 16-48-IP	Bagrami Industrial Park	7/2016

New Inspections

SIGAR initiated two Inspection reports this reporting period.

NEW SIGAR INSPECTIONS AS OF JUNE 30, 2016

Product Identifier	Product Title	Date Initiated
I-040	Inspection of Renovations and Construction at the Kabul Military Training Center	5/2016
I-041	Inspection of Northeast Power System Project	5/2016

SIGAR Special Projects

Completed Special Projects

SIGAR completed seven Special Projects products this reporting period.

COMPLETED SIGAR SPECIAL PROJECTS AS OF JUNE 30, 2016

Product Identifier	Product Title	Date Issued
SIGAR 16-40-SP	USAID-Supported Health Facilities in Badakhshan Province	6/2017
SIGAR 16-39-SP	Department of Transportation Support to Develop and Implement the Afghan Railway	6/2016
SIGAR 16-38-SP	Structural Damage at Educational Facility in Herat Province	5/2016
SIGAR 16-37-SP	Department of Labor Reconstruction Spending	5/2016
SIGAR 16-35-SP	DOD Support to Develop and Implement the Afghan Railway	5/2016
SIGAR 16-34-SP	Department of State Support to Develop and Implement the Afghan Railway	5/2016
SIGAR 16-33-SP	USAID Support to Develop and Implement the Afghan Railway	5/2016

SIGAR Lessons Learned Projects

Ongoing Lessons Learned Projects

SIGAR has six ongoing Lessons Learned projects this reporting period.

ONGOING SIGAR LESSONS LEARNED PROJECTS AS OF JUNE 30, 2016

Project Identifier	Project Title	Date Initiated
SIGAR-LL-06	Security Sector Reconstruction	10/2015
SIGAR-LL-05	Private Sector Development and Economic Growth	10/2015
SIGAR-LL-04	Counternarcotics in Afghanistan Reconstruction	4/2015
SIGAR-LL-03	Corruption in Afghanistan: Perceptions and Responses of the U.S. Government	12/2014
SIGAR-LL-02	U.S. Coordination with External Partners in Administering Aid	12/2014
SIGAR-LL-01	Interagency Coordination on Strategy and Planning	12/2014

New Lessons Learned Project

SIGAR initiated one Lessons Learned project this reporting period.

NEW SIGAR LESSONS LEARNED PROJECT AS OF JUNE 30, 2016

Project Identifier	Project Title	Date Initiated
SIGAR-LL-07	Stabilization	7/2016

APPENDIX D

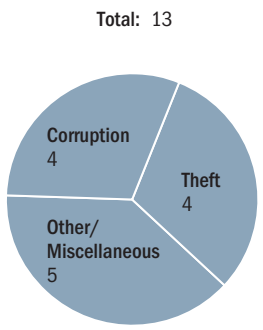
SIGAR INVESTIGATIONS AND HOTLINE

SIGAR INVESTIGATIONS

This quarter, SIGAR opened 13 new investigations and closed 33, bringing the total number of open investigations to 269. Of the new investigations, most were corruption and theft, as shown in Figure D.1. Of the closed investigations, most were closed due to lack of investigative merit, as shown in Figure D.2.

FIGURE D.1

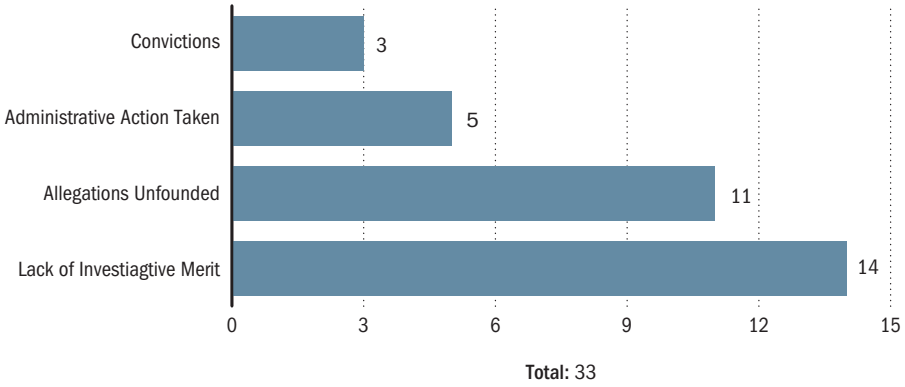
SIGAR NEW INVESTIGATIONS, APRIL 1–JUNE 30, 2016



Source: SIGAR Investigations Directorate, 7/13/2016.

FIGURE D.2

SIGAR INVESTIGATIONS: CLOSED INVESTIGATIONS, APRIL 1–JUNE 30, 2016



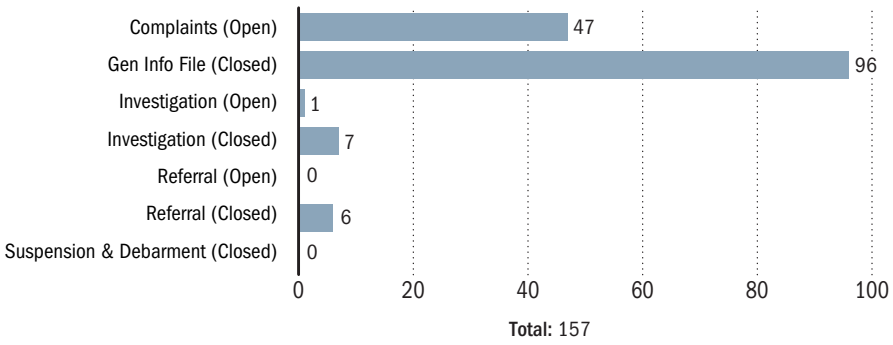
Source: SIGAR Investigations Directorate, 7/13/2016.

SIGAR HOTLINE

Of the 97 Hotline complaints received this quarter, most were received electronically, as shown in Figure D.3. In addition to working on new complaints, the Investigations directorate continued its work this quarter on complaints received prior to July 1, 2015. This quarter, the directorate processed 254 complaints, most of which are under review or were closed, as shown in Figure D.4.

FIGURE D.4

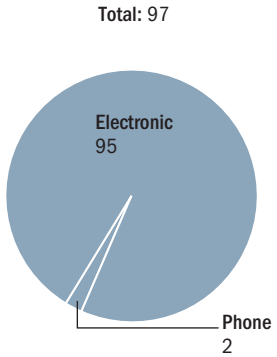
STATUS OF SIGAR HOTLINE COMPLAINTS: JUNE 30, 2016



Source: SIGAR Investigations Directorate, 7/13/2016.

FIGURE D.3

SOURCE OF SIGAR HOTLINE COMPLAINTS, APRIL 1–JUNE 30, 2016



Source: SIGAR Investigations Directorate, 7/13/2016.

SIGAR SUSPENSIONS AND DEBARMENTS

Table D.1 is a comprehensive list of finalized suspensions, debarments, and special entity designations relating to SIGAR's work in Afghanistan as of July 7, 2016. *SIGAR lists its suspensions, debarments, and special entity designations for historical purposes only.* For the current status of any individual or entity listed herein as previously suspended, debarred or listed as a special entity designation, please consult the System for Award Management, www.sam.gov.

Entries appearing in both the suspension and debarment sections are based upon their placement in suspended status following criminal indictment or determination of non-responsibility by agency suspension and debarment official. Final debarment was imposed following criminal conviction in U.S. Federal District Court and/or final determination by agency suspension and debarment official regarding term of debarment.

TABLE D.1

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF JUNE 30, 2016

Special Entity Designations

Arvin Kam Construction Company	Khan, Haji Mohammad Almas	Saadat, Vakil
Arvin Kam Group LLC, d.b.a. "Arvin Kam Group Security," d.b.a. "Arvin Kam Group Foundation," d.b.a. "Arvin Global Logistics Services Company"	Noh-E Safi Mining Company	Triangle Technologies
Ayub, Mohammad	Noor Rahman Company	Wasim, Abdul Wakil
Fruzi, Haji Khalil	Noor Rahman Construction Company	Zaland, Yousef
Haji Amir Muhammad	Nur Rahman Group, d.b.a. "NUCCL Construction Company," d.b.a. "RUCCL Rahman Umar Construction Company," d.b.a. "Rahman Trading and General Logistics Company LLC	Zurmat Construction Company
Haji Dhost Mohammad Zurmat Construction Company	Rahman, Nur, a.k.a. "Noor Rahman", a.k.a. "Noor Rahman Safa"	Zurmat Foundation
Jan, Nurullah	Rhaman, Mohammad	Zurmat General Trading
		Zurmat Group of Companies, d.b.a. "Zurmat LLC"
		Zurmat Material Testing Laboratory

Suspensions

Al-Watan Construction Company	United States California Logistics Company	Pudenz, Adam Jeff Julias
Basirat Construction Firm	Yousef, Najeebullah	Elham, Yaser, a.k.a. "Najibullah Saadullah"
Brophy, Kenneth	Rahimi, Mohammad Edris	Everest Faizy Logistics Services
Naqibullah, Nadeem	Wooten, Philip Steven	Faizy Elham Brothers Ltd.
Rahman, Obaidur	Domineck, Lavette Kaye	Faizy, Rohullah
Campbell, Neil Patrick	Markwith, James	Hekmat Shadman General Trading LLC
Borcata, Raul A.	All Points International Distributors Inc.	Hekmat Shadman Ltd., d.b.a. "Hikmat Shadman Ltd."
Close, Jarred Lee	Cipolla, James	Hikmat Shadman Construction and Supply Company
Logistical Operations Worldwide	Hercules Global Logistics	Hikmat Shadman Logistics Services Company, d.b.a. "Hikmat Shadman Commerce Construction and Supply Company," d.b.a. "Hikmat Shadman Commerce Construction Services"
Robinson, Franz Martin	Schroeder, Robert	Saif Hikmat Construction Logistic Services and Supply Co.
Taylor, Zachery Dustin	AISC LLC	Shadman, Hikmatullah, a.k.a. "Hikmat Shadman," a.k.a. "Haji Hikmatullah Shadman," a.k.a. "Hikmatullah Saadulah"
Aaria Group Construction Company	American International Security Corporation	Travis, James Edward
Aaria Group	Brothers, Richard S.	Sherzai, Akbar Ahmed
Aaria Herai General Trading	David A Young Construction & Renovation Inc.	Bertolini, Robert L.
Aaria M.E. General Trading LLC	Force Direct Solutions LLC	Kahn, Haroon Shams, a.k.a. "Haroon Shams"
Aaria Middle East	Harris, Christopher	Shams Constructions Limited
Aaria Middle East Company LLC	Hernando County Holdings LLC	Shams General Services and Logistics Unlimited
Aaria Middle East Company Ltd. – Herat	Hide-A-Wreck LLC	Shams Group International, d.b.a. "Shams Group International FZE"
Aaria Supplies Company LTD	Panthers LLC	Shams London Academy
Aaria Supply Services and Consultancy	Paper Mill Village Inc.	Shams Production
Aftech International	Shroud Line LLC	Shams Welfare Foundation
Aftech International Pvt. Ltd.	Spada, Carol	Autry, Cleo Brian
Alam, Ahmed Farzad	Taylor, Michael	Chamberlain, William Todd
Albahar Logistics	Welventure LLC	Cook, Jeffrey Arthur
American Aaria Company LLC	World Wide Trainers LLC	Harper, Deric Tyron
American Aaria LLC	Young, David	Swim, Alexander
Barakzai, Nangialai	Espinoza, Mauricio	
Formid Supply and Services	Long, Tonya	
Greenlight General Trading	Brophy, Kenneth Michael	
Kabul Hackle Logistics Company	Rivera-Medina, Franklin Delano	
Sharpway Logistics	Peace Thru Business	

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF JUNE 30, 2016 (CONTINUED)

Suspensions (continued)

Walls, Barry Lee, Jr.	Advanced Ability for U-PVC	Sura Al Mustakbal
Ciampa, Christopher	Al Bait Al Amer	Top Techno Concrete Batch
Casellas, Luis Ramon	Al Iraq Al Waed	Edmondson, Jeffrey B.
International Contracting and Development	Al Quraishi Bureau	Lugo, Emanuel
Sobh, Adeeb Nagib, a.k.a. "Ali Sobh"	Al Zakoura Company	Montague, Geoffrey K.
Stallion Construction and Engineering Group	Al-Amir Group LLC	Pena, Ramiro
Wazne Group Inc., d.b.a. "Wazne Wholesale"	Al-Noor Contracting Company	Ware, Marvin
Wazne, Ayman, a.k.a. "Ayman Ibrahim Wazne"	Al-Noor Industrial Technologies Company	Green, Robert Warren
Hampton, Seneca Darnell	California for Project Company	Bailly, Louis Matthew
Green, George E.	Civilian Technologies Limited Company	Albright, Timothy H.
Tran, Anthony Don	Industrial Techniques Engineering Electromechanically Company	Bailly, Louis Matthew
Vergez, Norbert		Bunch, Donald P.
Mayberry, Teresa	Jamil, Omar K.	Epps, Willis
Addas, James	Pulsars Company	Kline, David
	San Francisco for Housing Company	

Debarments

Farooqi, Hashmatullah	Radhi, Mohammad Khalid	Kunari, Haji Pir Mohammad
Hamid Lais Construction Company	Safi, Fazal Ahmed	Mushfiq, Muhammad Jaffar
Hamid Lais Group	Shin Gul Shaheen, a.k.a. "Sheen Gul Shaheen"	Mutallib, Abdul
Lodin, Rohullah Farooqi	Espinoza-Loor, Pedro Alfredo	Nasrat, Sami
Bennett & Fouch Associates LLC	Campbell, Neil Patrick	National General Construction Company
Brandon, Gary	Navarro, Wesley	Passerly, Ahmaad Saleem
K5 Global	Hazrati, Arash	Rabi, Fazal
Ahmad, Noor	Midfield International	Rahman, Atta
Noor Ahmad Yousufzai Construction Company	Moore, Robert G.	Rahman, Fazal
Ayeni, Sheryl Adenike	Noori, Noor Alam, a.k.a. "Noor Alam"	Roshandil, Mohammad Ajmal
Cannon, Justin	Northern Reconstruction Organization	Saber, Mohammed
Constantino, April Anne	Shamal Pamir Building and Road Construction Company	Safi, Azizur Rahman
Constantino, Dee		Safi, Matiullah
Constantino, Ramil Palmes	Wade, Desi D.	Sahak, Sher Khan
Crilly, Braam	Blue Planet Logistics Services	Shaheed, Murad
Drotleff, Christopher	Mahmodi, Padres	Shirzad, Daulet Khan
Fil-Tech Engineering and Construction Company	Mahmodi, Shikab	Uddin, Mehrab
Handa, Sdiharth	Saber, Mohammed	Watson, Brian Erik
Jabak, Imad	Watson, Brian Erik	Wooten, Philip Steven
Jamally, Rohullah	Abbasi, Shahpoor	Espinoza, Mauricio
Khalid, Mohammad	Amiri, Waheedullah	Alam, Ahmed Farzad
Khan, Daro	Atal, Waheed	Greenlight General Trading
Mariano, April Anne Perez	Daud, Abdulilah	Aaria Middle East Company LLC
McCabe, Elton Maurice	Dehati, Abdul Majid	Aaria Middle East Company Ltd. – Herat
Mihalczo, John	Fazli, Qais	Aaria M.E. General Trading LLC
Qasimi, Mohammed Indress	Hamdard, Mohammad Yousuf	Aaria Middle East

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF JUNE 30, 2016 (CONTINUED)

Debarments (continued)

Barakzai, Nangialai	Khan, Solomon Sherdad, a.k.a. "Solomon"	Johnson, Angela
Formid Supply and Services	Mursalin, Ikramullah, a.k.a. "Ikramullah"	CNH Development Company LLC
Aaria Supply Services and Consultancy	Musafer, Naseem, a.k.a. "Naseem"	Johnson, Keith
Kabul Hackle Logistics Company	Ali, Esrar	Military Logistic Support LLC
Yousef, Najeebullah	Gul, Ghanzi	Eisner, John
Aaria Group	Luqman Engineering Construction Company, d.b.a. "Luqman Engineering"	Taurus Holdings LLC
Aaria Group Construction Company	Safiullah, a.k.a. "Mr. Safiullah"	Brophy, Kenneth Michael
Aaria Supplies Company LTD	Sarfarez, a.k.a."Mr. Sarfarez"	Abdul Haq Foundation
Rahimi, Mohammad Edris	Wazir, Khan	Adajar, Adonis
All Points International Distributors Inc.	Akbar, Ali	Calhoun, Josh W.
Hercules Global Logistics	Crystal Construction Company, d.b.a. "Samitullah Road Construction Company"	Clark Logistic Services Company, d.b.a. "Clark Construction Company"
Schroeder, Robert	Samitullah (Individual uses only one name)	Farkas, Janos
Helmand Twinkle Construction Company	Ashna, Mohammad Ibrahim, a.k.a. "Ibrahim"	Flordeliz, Alex F.
Waziri, Heward Omar	Gurvinder, Singh	Knight, Michael T., II
Zadran, Mohammad	Jahan, Shah	Lozado, Gary
Afghan Mercury Construction Company, d.b.a. "Afghan Mercury Construction & Logistics Company"	Shahim, Zakirullah a.k.a. "Zakrullah Shahim", a.k.a. "Zikrullah Shahim"	Mijares, Armando N., Jr.
Mirzali Naseeb Construction Company	Alyas, Maiwand Ansunullah a.k.a. "Engineer Maiwand Alyas"	Mullakhiel, Wadir Abdullahmatin
Montes, Diyana	BMCSC	Rainbow Construction Company
Naseeb, Mirzali	Maiwand Haqmal Construction and Supply Company	Sardar, Hassan, a.k.a. "Hassan Sardar Inqilab"
Robinson, Franz Martin	New Riders Construction Company, d.b.a. "Riders Construction Company," d.b.a. "New Riders Construction and Services Company"	Shah, Mohammad Nadir, a.k.a. "Nader Shah"
Smith, Nancy	Riders Constructions, Services, Logistics and Transportation Company	Tito, Regor
Sultani, Abdul Anas a.k.a. "Abdul Anas"	Riders Group of Companies	Brown, Charles Phillip
Faqiri, Shir	Domineck, Lavette Kaye	Sheren, Fasela, a.k.a. "Sheren Fasela"
Hosmat, Haji	Markwith, James	Anderson, Jesse Montel
Jim Black Construction Company	Martinez, Rene	Charboneau, Stephanie, a.k.a. "Stephanie Shankel"
Arya Ariana Aryayee Logistics, d.b.a. "AAA Logistics," d.b.a. "Somo Logistics"	Maroof, Abdul	Hightower, Jonathan
Garst, Donald	Qara, Yousef	Khan, Noor Zali, a.k.a. "Wali Kahn Noor"
Mukhtar, Abdul a.k.a. "Abdul Kubar"	Royal Palace Construction Company	Saheed, a.k.a. "Mr. Saheed;" a.k.a. "Sahill;" a.k.a. "Ghazi-Rahman"
Noori Mahgir Construction Company	Bradshaw, Christopher Chase	Weaver, Christopher
Noori, Sherin Agha	Zuhra Productions	Al Kaheel Oasis Services
Long, Tonya	Zuhra, Niazai	Al Kaheel Technical Service
Isranuddin, Burhanuddin	Boulware, Candice a.k.a. "Candice Joy Dawkins"	CLC Construction Company
Matun, Navidullah, a.k.a. "Javid Ahmad"	Dawkins, John	CLC Consulting LLC
Matun, Wahidullah	Mesopotamia Group LLC	Complete Manpower Solutions
Navid Basir Construction Company	Nordloh, Geoffrey	Mohammed, Masiuddin, a.k.a. "Masi Mohammed"
Navid Basir JV Gagar Baba Construction Company	Kieffer, Jerry	Rhoden, Bradley L., a.k.a. "Brad L. Rhoden"
NBCC & GBCC JV		Rhoden, Lorraine Serena
Noori, Navid		Royal Super Jet General Trading LLC
Asmatullah, Mahmood, a.k.a. "Mahmood"		Super Jet Construction Company
Khan, Gul		Super Jet Fuel Services

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF JUNE 30, 2016 (CONTINUED)

Debarments (continued)

Super Jet Group	Haidari, Mahboob	LTCCORP O&G LLC
Super Jet Tours LLC, d.b.a. "Super Jet Travel and Holidays LLC"	Latifi, Abdul	LTCCORP Renewables LLC
Super Solutions LLC	McCammon, Christina	LTCCORP Inc.
Abdullah, Bilal	Mohibzada, Ahmadullah, a.k.a. "Ahmadullah Mohebzada"	LTCCORP/Kaya Dijbouti LLC
Farmer, Robert Scott	Neghat, Mustafa	LTCCORP/Kaya East Africa LLC
Mudiyanselage, Oliver	Qurashi, Abdul	LTCCORP/Kaya Romania LLC
Kelly, Albert, III	Raouf, Ashmatullah	LTCCORP/Kaya Rwanda LLC
Ethridge, James	Shah, David	LTCORP Technology LLC
Fernridge Strategic Partners	Touba, Kajim	Toltest Inc., d.b.a. "Wolverine Testing and Engineering," d.b.a. "Toledo Testing Laboratory," d.b.a. "LTC," d.b.a. "LTC Corp," d.b.a. "LTC Corp Ohio," d.b.a. "LTC Ohio"
AISC LLC	Zahir, Khalid	Toltest/Desbuild Germany JV LLC
American International Security Corporation	Aryubi, Mohammad Raza Samim	Veterans Construction/Lakeshore JV LLC
David A Young Construction & Renovation Inc.	Atlas Sahil Construction Company	Afghan Royal First Logistics, d.b.a. "Afghan Royal"
Force Direct Solutions LLC	Bab Al Jazeera LLC	American Barriers
Harris, Christopher	Emar-E-Sarey Construction Company	Arakozia Afghan Advertising
Hernando County Holdings LLC	Muhammad, Pianda	Dubai Armored Cars
Hide-A-Wreck LLC	Sambros International, d.b.a. "Sambros International LTD," d.b.a. "Sambros-UK JV"	Enayatullah, son of Hafizullah
Panthers LLC	Sambros JV Emar-E-Sarey Construction Company, d.b.a. "Sambros JV ESCC"	Farhas, Ahmad
Paper Mill Village Inc.	Antes, Bradley A.	Inland Holdings Inc.
Shroud Line LLC	Lakeshore Engineering & Construction Afghanistan, Inc., d.b.a. "Lakeshore General Contractors Inc."	Intermaax FZE
Spada, Carol	Lakeshore Engineering Services, Inc.	Intermaax Inc.
Welventure LLC	Lakeshore Engineering Services/Toltest JV LLC	Karkar, Shah Wali
World Wide Trainers LLC	Lakeshore Toltest – Rentenbach JV LLC	Sandman Security Services
Young, David Andrew	Lakeshore Toltest Corporation, d.b.a. "Lakeshore Group," d.b.a. "LTC Newco d.b.a. "LTC CORP Michigan," d.b.a. "Lakeshore Toltest KK"	Siddiqi, Atta
Woodruff and Company	Lakeshore Toltest Guam LLC	Specialty Bunkering
Travis, James Edward	Lakeshore Toltest JV LLC	Spidle, Chris Calvin
Khairfullah, Gul Agha	Lakeshore Toltest RRCC JV LLC	Vulcan Amps Inc.
Khalil Rahimi Construction Company	Lakeshore/Walsh JV LLC	Worldwide Cargomasters
Momand, Jahanzeb, a.k.a. "Engineer Jahanzeb Momand"	LakeshoreToltest METAG JV LLC	Aziz, Haji Abdul, a.k.a. "Abdul Aziz Shah Jan," a.k.a. "Aziz"
Yar-Mohammad, Hazrat Nabi	LTC & Metawater JV LLC	Castillo, Alfredo, Jr.
Walizada, Abdul Masoud, a.k.a. "Masood Walizada"	LTC Holdings Inc.	Abbasi, Asim
Alizai, Zarghona	LTC Italia SRL	Muturi, Samuel
Aman, Abdul	LTC Tower General Contractors LLC	Mwakio, Shannel
Anwari, Laila	LTCCORP Commercial LLC	Ahmad, Jaweed
Anwari, Mezhgan	LTCCORP E&C Inc.	Ahmad, Masood
Anwari, Rafi	LTCCORP Government Services - OH Inc.	A & J Total Landscapes
Arghandiwal, Zahra, a.k.a. "Sarah Arghandiwal"	LTCCORP Government Services Inc.	Aryana Green Light Support Services
Azizi, Farwad, a.k.a. "Farwad Mohammad Azizi"	LTCCORP Government Services-MI Inc.	Mohammad, Sardar, a.k.a. "Sardar Mohammad Barakzai"
Bashizada, Razia		Pittman, James C., a.k.a. "Carl Pittman"
Coates, Kenneth		
Gibani, Marika		

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF JUNE 30, 2016 (CONTINUED)

Debarments (continued)

Poaipuni, Clayton	Raj, Janak	Top Techno Concrete Batch
Wiley, Patrick	Singh, Roop	Albright, Timothy H.
Crystal Island Construction Company	Masraq Engineering and Construction Company	Insurance Group of Afghanistan
Afghan Columbia Constructon Company	Miakhil, Azizullah	Ratib, Ahmad, a.k.a. "Nazari"
Ahmadi, Mohammad Omid	Stratton, William G	Jamil, Omar K.
Dashti, Jamsheed	Umeer Star Construction Company	Rawat, Ashita
Hamdard, Eraj	Zahir, Mohammad Ayub	Casellas, Luis Ramon
Hamidi, Mahrokh	Marshal Afghan American Construction Company	Saber, Mohammad a.k.a. "Saber," a.k.a. "Sabir"
Raising Wall Construction Company	Marshal, Sayed Abbas Shah	Zahir, Shafiullah Mohammad a.k.a. "Shafiullah," a.k.a. "Shafie"
Artemis Global, Inc., d.b.a. "Artemis Global Logistics and Solutions," d.b.a. "Artemis Global Trucking LLC"	Peace Thru Business	Achiever's International Ministries Inc., d.b.a. "Center for Achievement and Development LLC"
O'Brien, James Michael, a.k.a. "James Michael Wienert"	Pudenz, Adam Jeff Julias	Bickersteth, Diana
Tamerlane Global Services Inc. d.b.a. "Tamerlane Global LLC," d.b.a. "Tamerlane LLC," d.b.a. "Tamerlane Technologies LLC"	Green, Robert Warren	Bonview Consulting Group Inc.
Jean-Noel, Dimitry	Mayberry, Teresa	Fagbenro, Oyetayo Ayoola, a.k.a. "Tayo Ayoola Fagbenro"
Hampton, Seneca Darnell	Addas, James	Global Vision Consulting LLC
Dennis, Jimmy W.	Advanced Ability for U-PVC	HUDA Development Organization
Timor, Karim	Al Bait Al Amer	Strategic Impact Consulting, d.b.a. "Strategic Impact KarKon Afghanistan Material Testing Laboratory"
Wardak, Khalid	Al Iraq Al Waed	Davies, Simon
Rahmat Siddiqi Transportation Company	Al Quraishi Bureau	Gannon, Robert, W.
Siddiqi, Rahmat	Al Zakoura Company	Gillam, Robert
Siddiqi, Sayed Attaullah	Al-Amir Group LLC	Mondial Defence Systems Ltd.
Umbrella Insurance Limited Company	Al-Noor Contracting Company	Mondial Defense Systems USA LLC
Taylor, Michael	Al-Noor Industrial Technologies Company	Mondial Logistics
Gardazi, Syed	California for Project Company	Khan, Adam
Smarasinghage, Sagara	Civilian Technologies Limited Company	Khan, Amir, a.k.a. "Amir Khan Sahel"
Security Assistance Group LLC	Industrial Techniques Engineering Electromechanically Company	Sharq Afghan Logistics Company, d.b.a. "East Afghan Logistics Company"
Bailly, Louis Matthew	Pena, Ramiro	
Kumar, Krishan	Pulsars Company	
	San Francisco for Housing Company	
	Sura Al Mustakbal	

APPENDIX E

ABBREVIATIONS AND ACRONYMS

ACRONYM OR ABBREVIATION	DEFINITION
AABRAR	Amputee Bicyclists for Rehabilitation and Recreation Project
AABIS	Afghan Automated Biometric Identification System
AAC-SW	Advise and Assist Cell-Southwest
AAEP	Afghanistan Agriculture Extension Project
AAF	Afghan Air Force
ABADE	Assistance Building in Afghanistan by Developing Enterprises
ACAA	Afghanistan civil Aviation Authority
ACAP	Afghan Civilian Assistance Program
ACC	Army Contracting Command
ACCE	Asian Centre for Certification and Education of Addiction Professionals
ACE	Agricultural Credit Enhancement
ACEP	Afghan Civil Engagement Program
ACJC	Anti-Corruption Justice Center
ADALAT	Afghanistan Development Assistance for Legal Access and Transparency
ADB	Asian Development Bank
ADF	Agricultural Development Fund
AECOM	AECOM International Development Inc.
AERCA	Afghanistan Electoral Reform and Civic Advocacy Program
AFCEC	Air Force Civil Engineer Center
AFN	afghani (currency)
AFP	Agence France Presse
AFSA	Afghan Freedom Support Act
AGO	Attorney General's Office
AHRIMS	Afghan Human Resource Information Management System
AIF	Afghanistan Infrastructure Fund
AISA	Afghanistan Investment Support Agency
AISS	Afghanistan Integrated Support Services
AITF	Afghanistan Infrastructure Trust Fund
AKF	Aga Khan Foundation
ALBA	Assistance to Legislative Bodies of Afghanistan
ALP	Afghan Local Police
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism

Continued on the next page

ACRONYM OR ABBREVIATION	DEFINITION
AMT	Advisor-Mentor Teams
ANA	Afghan National Army
ANASOC	ANA Special Command
ANDSF	Afghan National Defense and Security Forces
ANP	Afghan National Police
ANRP	Afghanistan National Railway Plan
AO	Abandoned Ordinance
APFM	Afghanistan Public Financial Management program
APPS	Afghan Personnel Pay System
APRP	Afghan Peace and Reintegration Plan
APTTA	Afghanistan-Pakistan Transit Trade Agreement
ARG	Afghanistan Reconstruction Group
AROC	Afghanistan Resources Oversight Council
ARP	Afghans Read Program
ARTF	Afghanistan Reconstruction Trust Fund
ASFF	Afghanistan Security Forces Fund
ASMO	Afghan Social Marketing Organization
ASSF	Afghan Special Security Forces
ATAR	Afghanistan Trade and Revenue Project
A-TEMP	Afghanistan Technical Equipment Maintenance Program
AVB	Avia Baltika Aviation Ltd.
AWDP	Afghanistan Workforce Development Program
AWLE	Afghan Women's Leadership in Economy
BELT	Basic Education, Literacy, and Technical-Vocational Education and Training
BBG	Broadcasting Board of Governors
BPHS	Basic Package of Health Services
CASA-1000	Central Asia-South Asia Electricity Transmission and Trade Project
CBCMP	Capacity Building and Change Management Program
CBSG	Community-Based Savings Group
CBR	Capacity Building for Results Program
CCC	Commodity Credit Corp
CCCI	Checchi and Company Consulting, Inc.
CERP	Commander's Emergency Response Program
CHAMP	Commercial Horticulture and Agricultural Marketing Program
CHS	Child Survival and Health
CIGIE	Council of the Inspectors General on Integrity and Efficiency

Continued on the next page

ACRONYM OR ABBREVIATION	DEFINITION
CMS	case-management system
CN	Counternarcotics
CNCE	Counter Narcotics Community Engagement
COIN	counterinsurgency
CoreIMS	Core Information Management System
CPD	Central Prison's Directorate
CPMD	Construction and Properties Management Department
CSSP	Corrections System Support Program
CSTC-A	Combined Security Transition Command-Afghanistan
CTA	Central Transfer Account
DA	Development Assistance
DABS	Da Afghanistan Breshna Sherkat
DCA	Development Credit Authority
DCAR	Delegated Cooperation Agreement
DCMA-A	Defense Contract Management Agency-Afghanistan
DEA	Drug Enforcement Administration (U.S.)
DEWS Plus	Disease Early Warning System Plus
DFID	Department for International Development
DHS	Demographic and Health Survey
DIG	Deputy Inspector General
DOD	Department of Defense (U.S.)
DOD CN	Department of Defense Drug Interdiction and Counter-Drug Activities fund (U.S.)
DOD IG	Department of Defense Office of Inspector General
DOJ	Department of Justice (U.S.)
DOT	Department of Transportation
ECC	Electoral Complaints Commission
EF	essential function
EMIS	Education Management Information System (Afghan)
EPHS	Essential Package of Hospital Services
EQUIP	Education Quality Improvement Project
ERW	Explosive Remnants of War
EU	European Union
FAIDA	Financial Access for Investing in the Development of Afghanistan
FATF	Financial Action Task Force
FEWSNET	Famine Early Warning System Network
FMF	Foreign Military Financing
FOB	Forward Operating Base

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ACRONYM OR ABBREVIATION	DEFINITION
FY	fiscal year
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office (U.S.)
GCMU	Grants Contract Management Unit (Afghan)
GDP	gross domestic product
GDPDC	General Directorate of Prisons and Detention Centers
GIROA	Government of the Islamic Republic of Afghanistan
GLE	Governor-Led Eradication
GPI	Good Performer's Initiative
GPS	Global Positioning System
GS IG	MOD General Staff Inspector General (Afghan)
HEMAYAT	Helping Mothers and Children Thrive
HOO	High Office of Oversight for Anti-Corruption (aka "HOOAC") (Afghan)
HPC	High Peace Council
HRMS	Human Resources Management Strategy
HVT	High-Value Target
ICRC	International Committee of the Red Cross
ICT	information and communications-technology
ID	ANDSF Identification Card System
IDA	Disaster Assistance
IDPs	Internally Displaced Persons
IEA	International Energy Agency
IED	Improvised-Explosive Devices
IEC	Independent Election Commission (Afghan)
IG	inspector general
IHSAN	Initiative for Hygiene, Sanitation, and Nutrition
IIU	Intelligence Investigation Unit
IMET	International Military Education and Training
IMF	International Monetary Fund
IMSMA	Information Management System for Mine Action
IMU	Islamic Movement of Uzbekistan
INCLE	International Narcotics Control and Law Enforcement (U.S)
INL	Bureau of International Narcotics and Law Enforcement Affairs (U.S.)
IPA	Independent Public Accountant
IRC	International Rescue Committee
IRD	International Relief and Development Inc.
ISAF	International Security Assistance Force

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ACRONYM OR ABBREVIATION	DEFINITION
ISIL	Islamic State in Iraq and the Levant
ISIL-K	Islamic State in Iraq and the Levant-Khorasan
ISLA	Initiative to Strengthen Local Administrations
ITSI	Innovative Technical Solutions Inc.
JRD	Juvenile Rehabilitation Directorate
JSSP	Justice Sector Support Program (State)
JTTP	Justice Training Transition Program (State)
JWIP	Judicial Wire-Intercept Unit
KBS	Kandahar Bridging Solution
KFZ	Kandahar Food Zone
KJRC	Kabul Juvenile Rehabilitation Center
KKA	Ktah Khas Counterterrorism Unit
KMTC	Kabul Military Training Center
LLP	Lessons Learned Program
LOTFA	Law and Order Trust Fund for Afghanistan
MACCA	Mine Action Coordination Centre of Afghanistan
MAPA	Mine Action Programme of Afghanistan
MCN	Ministry of Counter-Narcotics (Afghan)
MCTF	Major Crimes Task Force
MEC	Monitoring and Evaluation Committee (Afghan)
MFI	Microfinance Institution
MIDAS	Mining Investment and Development for Afghan Sustainability
MISTI	Measuring Impacts of Stabilization Initiatives
MOCIT	Ministry of Communications and Information Technology (Afghan)
MOD	Ministry of Defense (Afghan)
MOE	Minister of Education (Afghan)
MOF	Ministry of Finance (Afghan)
MOI	Ministry of Interior (Afghan)
MOI HQ & IS	Ministry of Interior Headquarters and Institutional Support (Afghan)
MOJ	Ministry of Justice (Afghan)
MOMP	Ministry of Mines and Petroleum (Afghan)
MOPH	Ministry of Public Health (Afghan)
MOPW	Ministry of Public Works (Afghan)
MORE	Ministry of Women's Affairs Organizational Restructuring and Empowerment project
MOWA	Ministry of Women's Affairs
MPAD	MOI Media and Public Affairs Directorate
MPD	Ministry of Interior and Police Development Program

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ACRONYM OR ABBREVIATION	DEFINITION
MIDAS	Mining Investment and Development for Afghan Sustainability
MRA	Migration and Refugee Assistance
MSB	Money-Services Business
MSH	Management Sciences for Health
MUNCH	Mothers Under-Five Nutrition and Child Health Program
NADR	Non-Proliferation, Antiterrorism, Demining & Related
NATO	North Atlantic Treaty Organization
NDAP	National Drug Action Plan
NDCS	Afghan National Drug Control Strategy
NDS	National Directorate of Security (Afghan)
NEPS	Northeast Power System
NGO	nongovernmental organization
NIU	National Interdiction Unit
NSOCC-A	NATO Special Operations Component Command-Afghanistan
NSP	National Solidarity Program
NSRWA	Non-Standard Rotary Wing Aircraft
O&M	operations and maintenance
OCIE	operational clothing and individual equipment
OCO	overseas contingency operations
OHCA	Office for the Coordination of Humanitarian Affairs
OIG	Office of the Inspector General
OPPD	Office of Program and Project Development (USAID)
OSD	Office of the Secretary of Defense (U.S.)
OTA	Office of Technical Assistance (U.S. Treasury)
PACE	Promoting Afghan Civic Education Program
PCH	Partnership Contracts for Health
PDP	Provincial Development Plans
PEO	U.S. Army Program Executive Office
PEPCO	Potomac Electric Power Company
PKO	Voluntary Peacekeeping
PM/WRA	Bureau of Political-Military Affairs-Office of Weapons Removal and Abatement (U.S.)
PMP	Performance-Measurement Plan
POAM	Plan of Action and Milestones
PPA	Public-Private Alliance
PTEC	Power Transmission Expansion and Connectivity
QCG	Quadrilateral Coordination Group
RADP	Regional Agriculture Development Program

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ACRONYM OR ABBREVIATION	DEFINITION
RC	recurrent cost
RNIFC	regional narcotics interagency fusion cell
RS	Resolute Support
SAAF	Strengthening Afghan Agricultural Faculties
SAGAL	Strengthening Afghan Governance and Alternative Livelihoods
SEA	Strengthen Education in Afghanistan
SEPS	Southeast Power System
SGDP	Sheberghan Gas Development Program
SGGA	Sheberghan Gas Generation Activity
SHAHAR	Strong Hubs for Afghan Hope and Resilience
SHOPS Plus	Sustaining Health Outcomes through the Private Sector
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIU	Sensitive Investigation Unit
SMAF	Self-Reliance through Mutual Accountability Framework
SME	Small-to-Medium Enterprise
SMW	Special Mission Wing (Afghan)
SOM	Senior Officials Meeting
SPM	Support to Payroll Management
SPS	Strengthening Pharmaceutical Systems
State OIG	Department of State Office of the Inspector General
SUPPORT	Services Under Program Project Offices for Results Tracking
TALE	Transparency, Accountability, and Law Enforcement Committee
TFBSO	Task Force for Business and Stability Operations in Afghanistan
TI	Technologists Inc.
TI	Transition Initiatives
TMAF	Tokyo Mutual Accountability Framework
TtEC	Tetra Tech EC
TTHS	Trainee, Transient, Holdee, and Students
TUTAP	Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan Transmission Line
UN	United Nations
UNAMA	UN Assistance Mission in Afghanistan
UNDP	UN Development Programme
UNHCR	UN High Commissioner for Refugees
UNICEF	UN Children's Fund
UNMACA	UN Mine Action Centre for Afghanistan
UNMAS	United Nations Mine Action Service
UNODC	UN Office on Drugs and Crime

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ACRONYM OR ABBREVIATION	DEFINITION
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	USAID Office of the Inspector General
USCENTCOM	U.S. Central Command
USCID	U.S. Army Criminal Investigation Command
USDA	U.S. Department of Agriculture
USFOR-A	U.S. Forces-Afghanistan
UXO	unexploded ordnance
VEGA	Volunteers for Economic Growth Alliance
WLD	Women's Leadership Development Program
WTO	World Trade Organization

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An Afghan burqa shop. (Institute for Money, Technology and Financial Inclusion photo)

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