

3 RECONSTRUCTION UPDATE



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Photo on previous page

Afghan National Police women load AK-47 rifle magazines during an eight-week course at the Kabul Military Training Center. (U.S. Air Force photo by Staff Sgt. Sarah Brown)

RECONSTRUCTION UPDATE

OVERVIEW

On October 5, 2016, the European Union and the government of Afghanistan co-hosted the Brussels Conference on Afghanistan. The conference brought together 75 countries and 26 international organizations and agencies. The Afghan government introduced the Afghanistan National Peace and Development Framework (ANPDF), the Afghan government's new five-year strategy for achieving self-reliance. International participants confirmed their intention to provide \$15.2 billion between 2017 and 2020 in support of Afghanistan's development priorities. Secretary of State John Kerry, speaking in Brussels, pledged to work with the United States Congress to provide civilian assistance "at or very near" the current levels through 2020.

September marked the two-year anniversary of the compromise agreement, brokered by the United States, that resolved the 2014 election crisis and created the National Unity Government. In September 2014, the two candidates from the second round of presidential elections—Ashraf Ghani and Abdullah Abdullah—agreed to implement reforms prior to parliamentary elections and, before September 2016, convene a *Loya Jirga* (grand assembly) to amend the constitution and consider creating the post of executive prime minister. Election reform efforts have stalled, the 2015 parliamentary election was postponed, and the *Loya Jirga* has not been held. As the deadline approached, opposition groups questioned the government's legitimacy.

In September, the Afghan government and the Gulbuddin faction of Hezb-e Islami signed a peace deal. The United States designated Gulbuddin Hekmatyar, the leader of Hezb-e Islami Gulbuddin (HIG), a global terrorist in 2003 for participating in and supporting terrorist acts committed by al-Qaeda and the Taliban. In a statement, the U.S. Embassy in Kabul welcomed the agreement as an Afghan-led step in bringing the conflict in Afghanistan to a peaceful end.

This quarter, USFOR-A described the "sustainable security strategy" the Afghan National Defense and Security Forces (ANDSF) is using to classify which areas of the country to "Hold" at all costs, which to "Fight" for, and which to "Disrupt" insurgent activity when resources are available. Almost a year after the battle for Kunduz, Afghan forces were again fighting

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the Taliban in Kunduz City. In northern Faryab Province, Taliban dressed in police uniforms ambushed the convoy of First Vice President General Abdul Rashid Dostum, but he was not injured. As this report went to press, the ANDSF were fighting insurgents in Helmand, Farah, Faryab, Kunduz, Uruzgan, and Baghlan Provinces. U.S. advisors reported the continual misuse and overuse of the Afghan Special Security Forces may result in their burnout.

Results of ANA recruits and soldiers surveyed from December 2015 through May 2016 found overall positive job expectations and satisfaction. Of note was the increased education levels of new recruits: 62% reported having a high-school education compared to 26% of current soldiers; only 3% of new recruits reported having no formal education compared to 30% of current soldiers.

Afghanistan became the World Trade Organization's 164th member (and ninth least-developed country) on July 29, 2016.

In October, the World Bank said it expected slow economic recovery over the next four years. Afghanistan's growth prospects depend on new sources of revenues, exports, and more donor aid (or more aid delivered on budget). The Bank said past gains are eroding: poverty, unemployment, underemployment, violence, out-migration, internal displacement, and the education gender gap have all increased, while services and private investment have decreased. The International Monetary Fund projected Afghanistan's real (net of inflation) gross domestic product, excluding opium, to grow 2.0% in 2016, higher than the estimated 0.8% in 2015. Although an improvement, the World Bank said it remains far below the growth necessary to increase employment and improve living standards. According to Afghan treasury department data total domestic revenues—a figure that excludes donor grants—stood at AFN 115.6 billion (\$1.76 billion in current dollars) in the first nine months of FY 1395, which runs December 21, 2015–December 20, 2016. This is about 42.5% above the same period last year, yet it paid for slightly more than half of Afghanistan's total non-security budget expenditures so far in FY 1395. Afghan government expenditures, AFN 222.6 billion (\$3.38 billion), grew by about 6.5%.

Afghanistan's large year-on-year revenue increase does not reflect an improved economy, according to an Afghan Analysts Network report. Although some revenue was the result of stronger collection efforts and the impact of new taxes at higher rates, the report said some was due to currency depreciation, which artificially increased paper profits from exchange-rate changes, and one-time revenue injections from public enterprises such as the sales of government land and other property, which are likely unsustainable.

The U.S. government's revised counter-narcotics strategy is making its way through the interagency clearance process, and the November U.S. elections should have minimal impact on the timeline, according to INL.

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The U.S. has provided \$8.5 billion for counternarcotic efforts since 2002, yet this year saw a 43% increase in opium production, according to the United Nations. Eradication results are the lowest in a decade because of security challenges, namely in Helmand Province.

Cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$115.2 billion, as of September 30, 2016. Of the total cumulative amount appropriated for Afghanistan reconstruction, \$96.9 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately \$7.5 billion of this amount remained available for potential disbursement.

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STATUS OF FUNDS

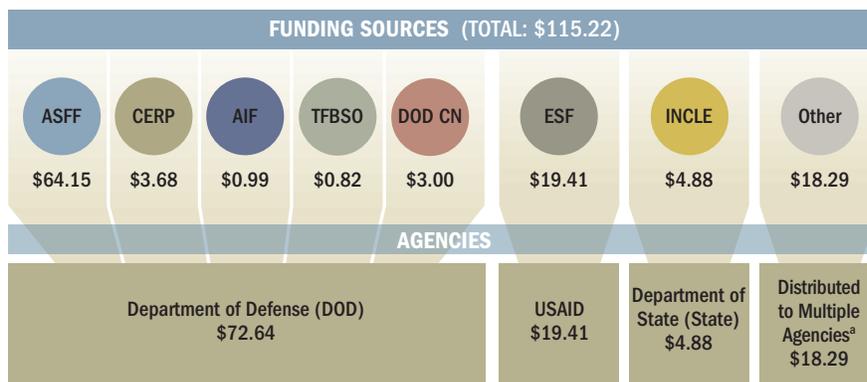
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of September 30, 2016, the United States had appropriated approximately \$115.22 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$68.67 billion for security (\$4.31 billion for counternarcotics initiatives)
- \$32.83 billion for governance and development (\$4.22 billion for counternarcotics initiatives)
- \$3.04 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, 10/18/2016, 10/12/2016, 10/11/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 10/18/2016, 10/12/2016, 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, 10/19/2016, 7/11/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 9/30/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016,” 10/19/2016; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS



U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

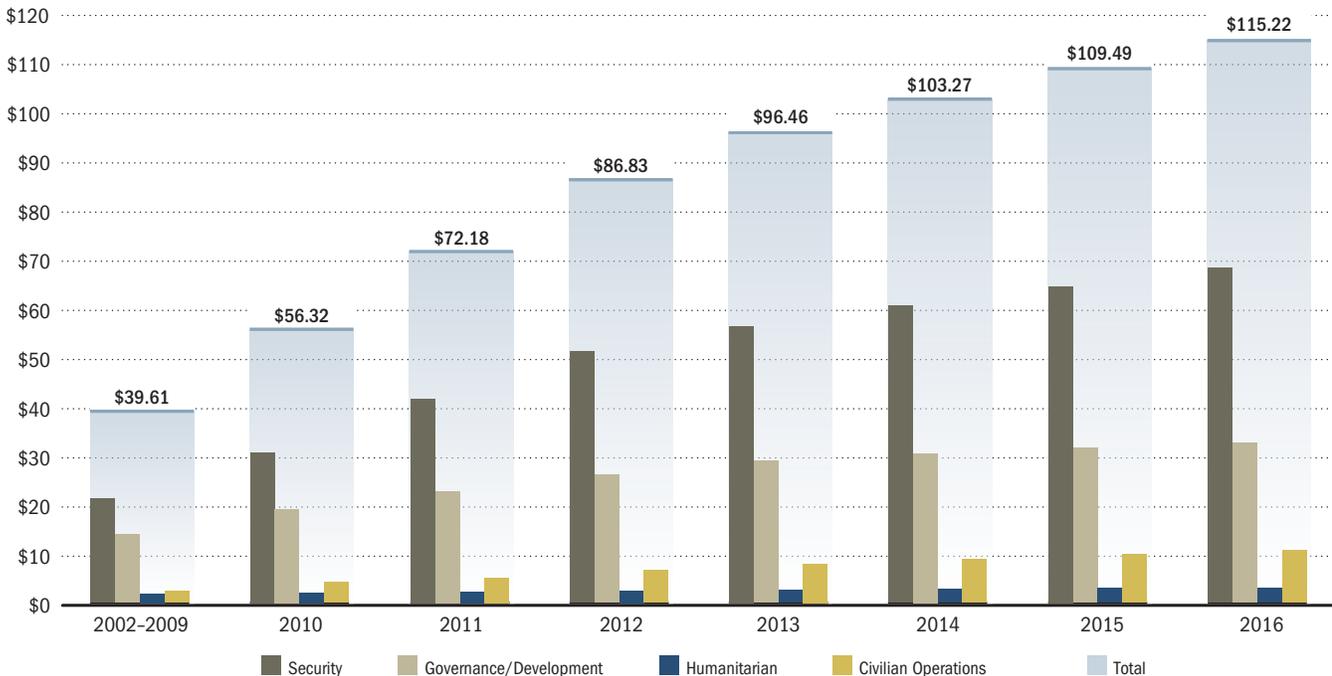
As of September 30, 2016, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$115.22 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.53 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.31 billion) and governance and development (\$4.22 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

This quarter, DOD reprogrammed \$230 million into FY 2015 ASFF as part of DOD's omnibus reprogramming request for 2016, increasing the total cumulative appropriations for FY 2015 to \$6.22 billion, as shown in Figure 3.3 After numerous reprogramming outflows and rescissions, this was the first reprogramming inflow in the ASFF's history.¹⁶⁰

The amount provided to the seven major U.S. funds represents more than 84.1% (over \$96.93 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, almost 93.3% (nearly \$90.43 billion) has been obligated, and over 87.6% (nearly \$84.96 billion) has been disbursed. An estimated \$4.52 billion of the amount appropriated these funds has expired.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF SEPTEMBER 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 reprogrammed \$230 million into FY 2015 ASFF. 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, 10/18/2016, 10/12/2016, 10/11/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 10/18/2016, 10/12/2016, 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, 10/19/2016, 7/11/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 9/30/2016, and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016," 10/19/2016; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

The United States aims to channel at least 50% of its development assistance on-budget to the Government of Afghanistan.¹⁶¹ 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.¹⁶² Since 2002, the United States has provided more than \$10.22 billion in on-budget assistance. This includes about \$5.62 billion to Afghan government ministries and institutions, and nearly \$4.60 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

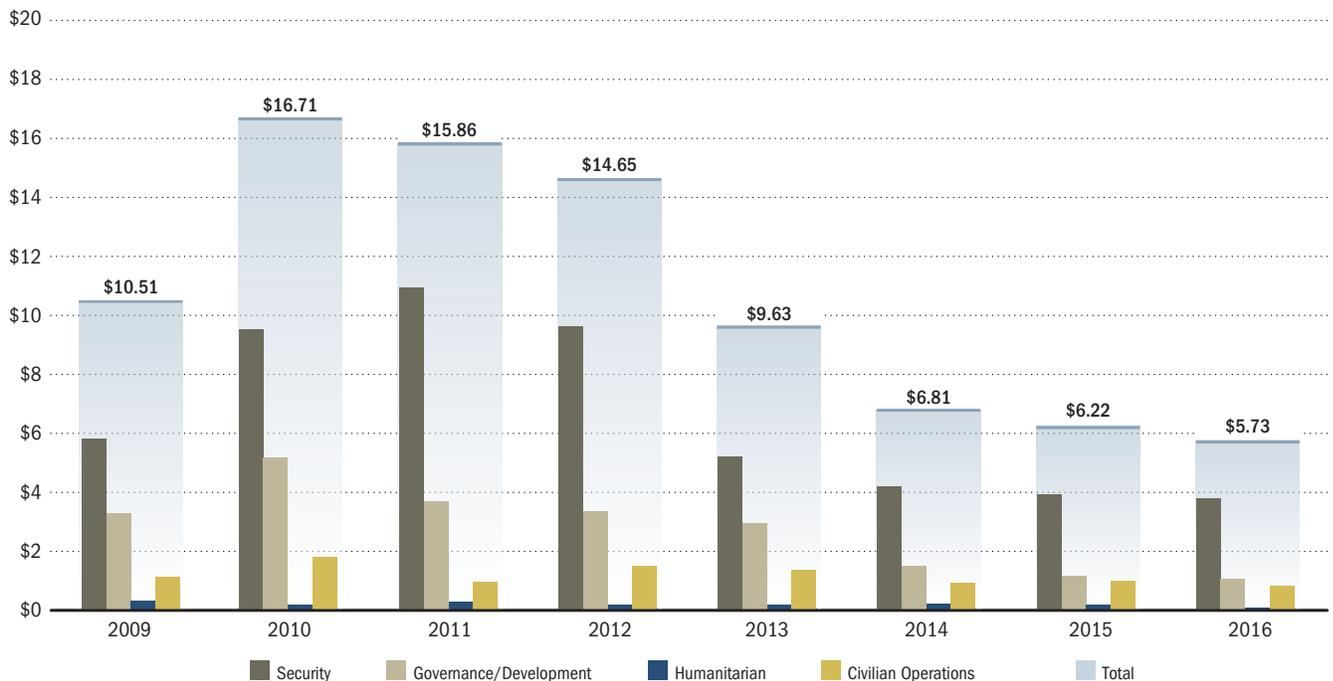
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$4,946
State	92
USAID	587
Multilateral Trust Funds	
LOTFA	\$1,641
ARTF	2,842
AITF	113

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 September 30, 2016, USAID had obligated approximately \$1.2 billion for government-to-government assistance.

Source: USAID, response to SIGAR data call, 10/13/2016; DOD, response to SIGAR data call, 6/25/2015; World Bank, "ARTF: Administrator's Report on Financial Status as of September 21, 2016 (end of 9th month of FY 1395)", p.4; UNDP, response to SIGAR data call, 10/13/2016.

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 reprogrammed \$230 million into FY 2015 ASFF. 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, 10/18/2016, 10/12/2016, 10/11/2016, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data calls, 10/18/2016, 10/12/2016, 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, 10/19/2016, 7/11/2016, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data calls, 9/30/2016 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016," 10/19/2016; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated approximately \$115.22 billion for Afghanistan relief and reconstruction. Of this amount, \$96.93 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)

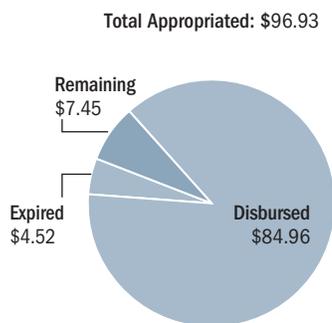


TABLE 3.3

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2016 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$64.15	\$61.19	\$60.08	\$2.09
Commander's Emergency Response Program (CERP)	3.68	2.29	2.27	0.02
Afghanistan Infrastructure Fund (AIF)	0.99	0.77	0.57	0.20
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	3.00	3.00	0.00
Economic Support Fund (ESF)	19.41	17.87	14.56	4.12
International Narcotics Control & Law Enforcement (INCLE)	4.88	4.55	3.83	0.91
Total Major Funds	\$96.93	\$90.43	\$84.96	\$7.45
Other Reconstruction Funds	7.61			
Operations & Oversight	10.68			
Total	\$115.22			

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, 10/20/2016.

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

As of September 30, 2016, approximately \$7.45 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.

The major reconstruction accounts were appropriated \$4.79 billion for FY 2016. Of this amount, almost \$2.67 billion had been obligated from ASFF, and \$138.76 million had been transferred from DOD CN to the military services and defense agencies for obligation and disbursement, as of September 30, 2016. More than \$2.07 billion remained for possible disbursement. Table 3.2 shows amounts appropriated the major reconstruction funds for FY 2016.

STATUS OF FUNDS

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, nearly \$1.05 billion remained for possible disbursement, as of September 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	\$3,947.42	\$3,809.09	\$138.33
CERP	30.00	6.62	6.44	0.18
AIF	144.00	127.92	12.96	114.95
TFBSO	122.24	106.77	85.84	20.93
DOD CN	238.96	238.96	238.96	0.00
ESF	907.00	835.92	216.48	619.43
INCLE	225.00	224.74	69.56	155.18
Total Major Funds	\$5,629.54	\$5,488.34	\$4,439.33	\$1,049.01

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$141 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, 10/20/2016.

Congress appropriated more than \$5.03 billion to four of the seven major reconstruction funds for FY 2015. Of that amount, more than \$1.59 billion remained for possible disbursement, as of September 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	\$3,939.33	\$3,939.23	\$3,361.81	\$577.42
CERP	10.00	3.37	1.60	1.77
ESF	831.90	790.40	2.00	788.40
INCLE	250.00	249.98	27.03	222.95
Total Major Funds	\$5,031.23	\$4,982.98	\$3,392.44	\$1,590.53

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$48 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, 10/20/2016.

FIGURE 3.5

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

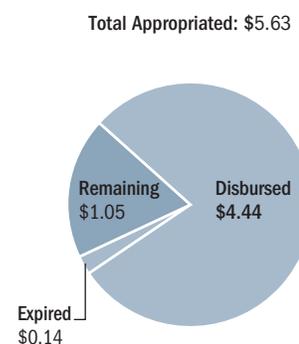
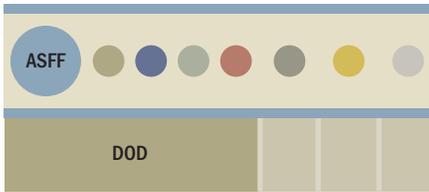


FIGURE 3.6

FY 2015 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)



STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

DOD reported ASFF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.¹⁶³ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan.¹⁶⁴ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.¹⁶⁵

This quarter, DOD reprogrammed \$230 million into FY 2015 ASFF, increasing total cumulative funding to more than \$64.15 billion. This reprogramming activity, which was part of DOD's omnibus reprogramming request for 2016, was the first reprogramming inflow in the fund's history.¹⁶⁶

As of September 30, 2016, more than \$61.19 billion of total ASFF funding had been obligated, of which more than \$60.08 billion had been disbursed.¹⁶⁷ Figure 3.7 displays the amounts made available for the ASFF by fiscal year. DOD reported that cumulative obligations increased by nearly \$1.10 billion over the quarter, and cumulative disbursements increased by more than \$1.75 billion.¹⁶⁸ Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

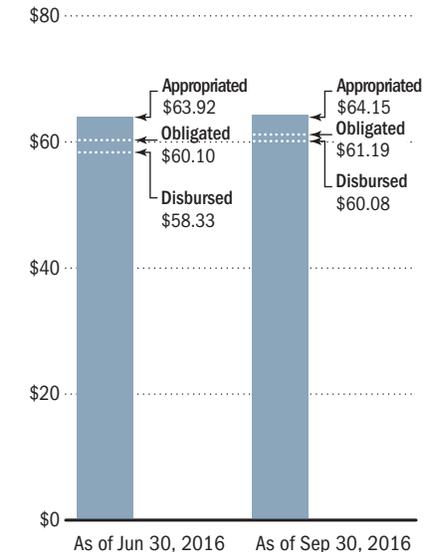
FIGURE 3.7

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. DOD reprogrammed \$230 million into FY 2015 ASFF.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016," 10/19/2016; 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, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

STATUS OF FUNDS

ASFF BUDGET ACTIVITIES

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

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

Funds for each **budget activity group** are further allocated to **four subactivity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.¹⁶⁹ The AROC must approve the requirement and acquisition plan for any service requirements in excess of \$50 million annually and any non-standard equipment requirement in excess of \$100 million.¹⁷⁰

As of September 30, 2016, DOD had disbursed more than \$59.80 billion for ANDSF initiatives. Of this amount, nearly \$40.20 billion was disbursed for the ANA, and nearly \$19.61 billion was disbursed for the ANP; the remaining \$388.36 million was directed to related activities such as detainee operations. This total is about \$108 million higher than the cumulative total disbursed due to an accounting adjustment which arises when there is a difference between the amount of disbursements or collections reported to the Defense Finance and Accounting Service and the Department of the Treasury.¹⁷¹

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly \$17.31 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than \$8.38 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.¹⁷²

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–SEPTEMBER 30, 2016 (\$ BILLIONS)

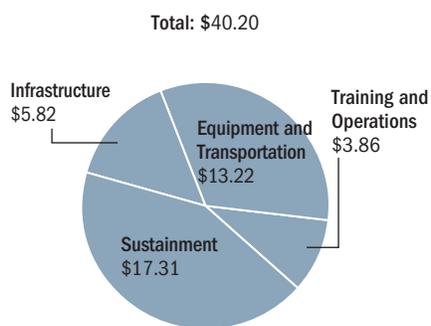
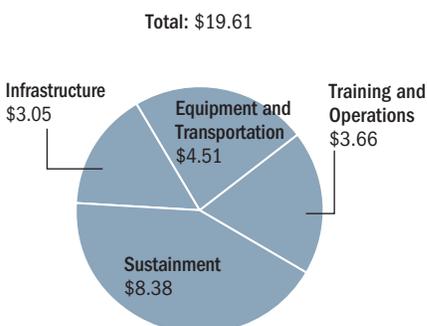


FIGURE 3.10

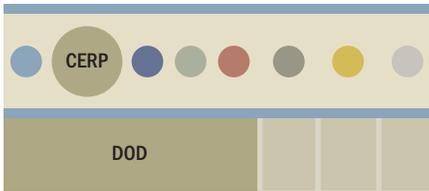
ASFF DISBURSEMENTS FOR THE ANP
BY SUBACTIVITY GROUP,
FY 2005–SEPTEMBER 30, 2016 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016," 10/15/2016.

STATUS OF FUNDS



CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than \$500,000 each.¹⁷³ CERP-funded projects may not exceed \$2 million each.¹⁷⁴

The Consolidated Appropriations Act, 2016, appropriated \$5 million for CERP, increasing total cumulative funding to more than \$3.68 billion.¹⁷⁵ Of this amount, DOD reported that nearly \$2.29 billion had been obligated, of which nearly \$2.27 billion had been disbursed as of September 30, 2016.¹⁷⁶ Figure 3.11 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

After a period of consistent and substantial decreases in CERP funding levels, as shown in Figure 3.12, the FY 2016 CERP obligation rate of 63% of the \$5 million appropriated was the fund's highest since FY 2011. Regardless, FY 2016 CERP obligations of \$3.13 million were still \$243,104 less than the amount obligated in FY 2015.¹⁷⁷

FIGURE 3.11

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

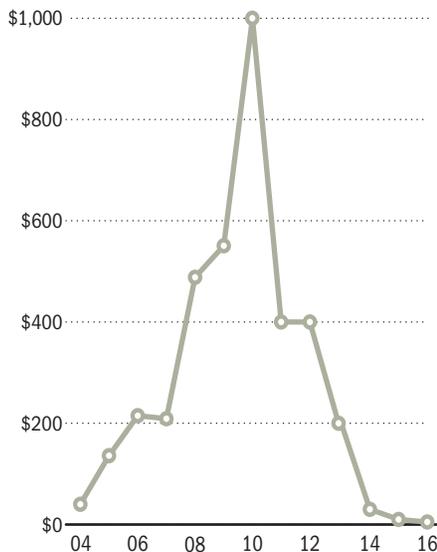
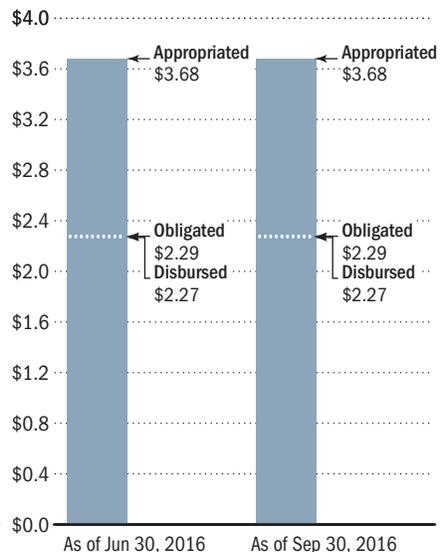


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

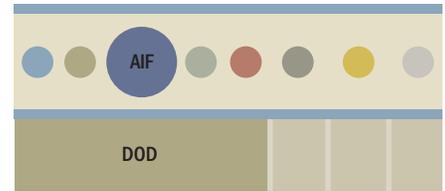
Source: DOD, response to SIGAR data calls, 10/18/2016 and 7/19/2016; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

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.¹⁷⁸ 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.¹⁷⁹

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.¹⁸⁰ Figure 3.13 shows AIF appropriations by fiscal year.

As of September 30, 2016, nearly \$774.71 million of total AIF funding had been obligated, and nearly \$571.22 million had been disbursed, as shown in Figure 3.14.¹⁸¹



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)

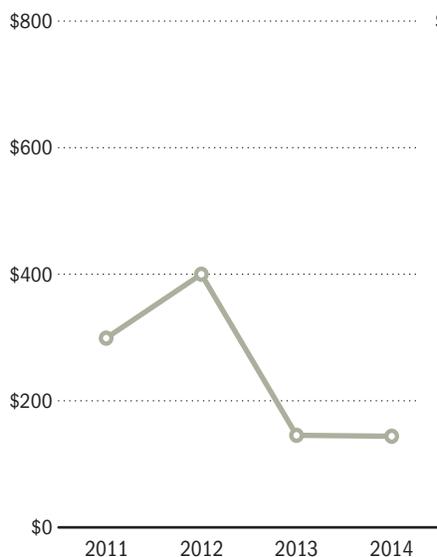
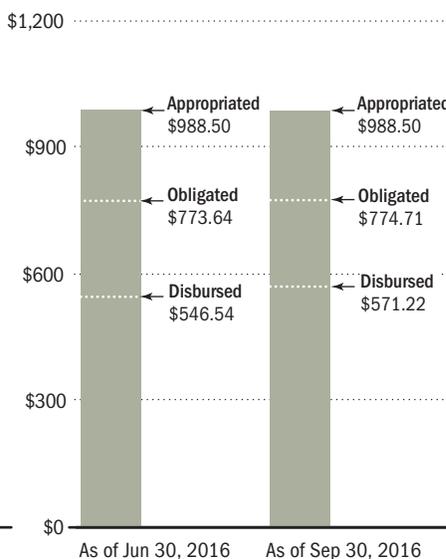


FIGURE 3.14

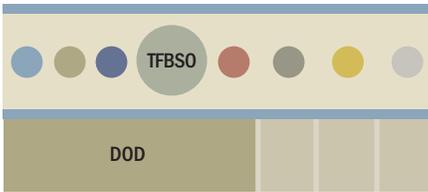
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



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

STATUS OF FUNDS



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.¹⁸²

Through September 30, 2016, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, more than \$754.36 million had been obligated and more than \$640.61 million had been disbursed.¹⁸³ 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.

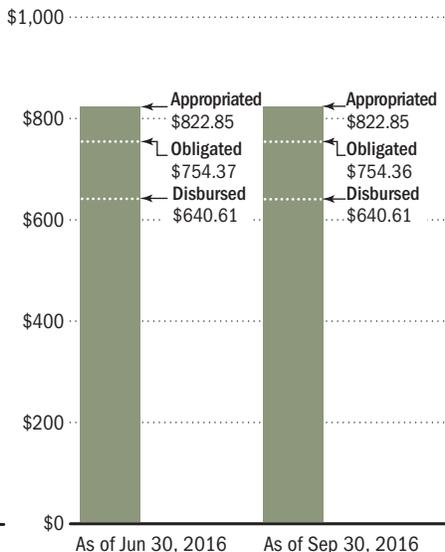
FIGURE 3.15

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.

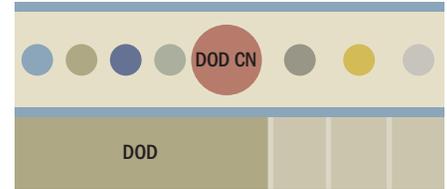
Source: DOD, response to SIGAR data calls, 10/11/2016, 7/12/2016, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, and 112-10.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-drug Activities (DOD CN) fund supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.¹⁸⁴

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.¹⁸⁵

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 billion since FY 2004, all of which had been transferred to the military services and defense agencies for DOD CN projects, as of September 30, 2016.¹⁸⁶ Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



DOD CN FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

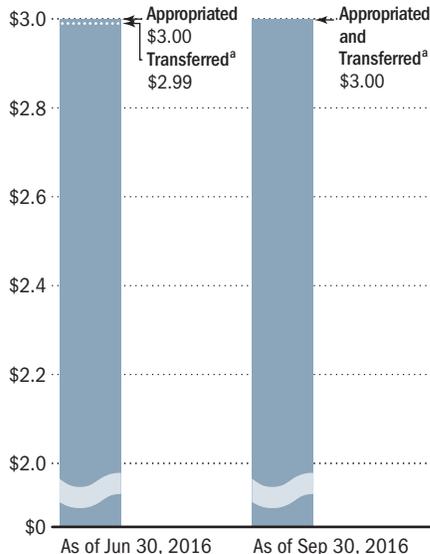
FIGURE 3.17

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

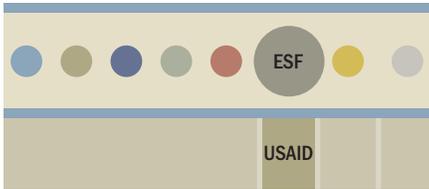


Note: Numbers have been rounded. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

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

Source: DOD, response to SIGAR data calls, 10/12/2016 and 6/21/2016; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.¹⁸⁷

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, nearly \$17.87 billion had been obligated, of which nearly \$14.56 billion had been disbursed.¹⁸⁸ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of September 30, 2016, increased nearly \$787.62 million and cumulative disbursements increased by more than \$78.49 million from the amounts reported last quarter.¹⁸⁹ 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)

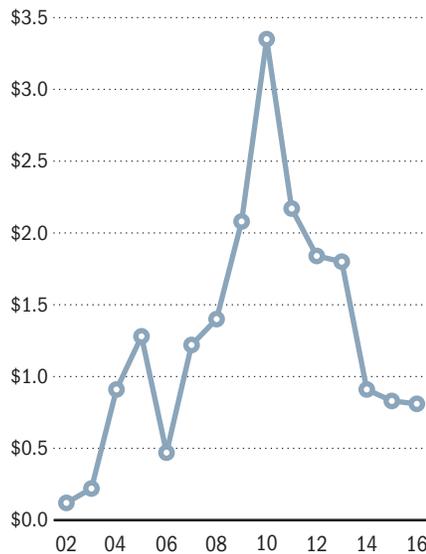
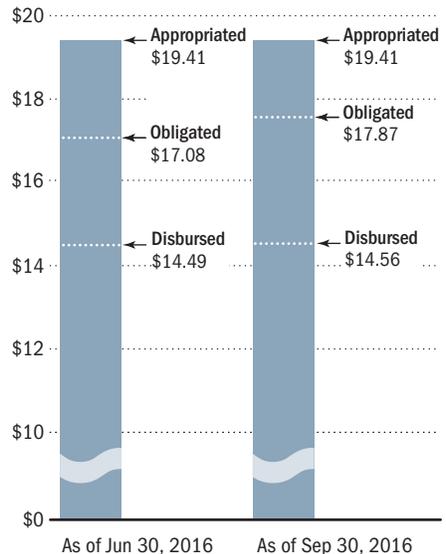


FIGURE 3.20

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.

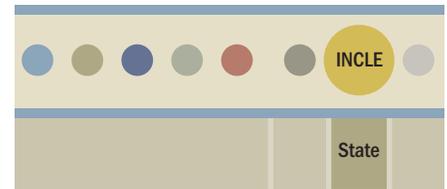
Source: USAID, response to SIGAR data calls, 10/19/2016 and 7/11/2016; State, response to SIGAR data calls, 5/4/2016, 10/20/2015, 4/15/2015, and 4/15/2014.

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.¹⁹⁰

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 \$4.55 billion had been obligated, of which, nearly \$3.83 billion had been disbursed.¹⁹¹ Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of September 30, 2016, increased nearly \$229.20 million and cumulative disbursements increased nearly \$97.90 million over amounts reported last quarter.¹⁹² 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)

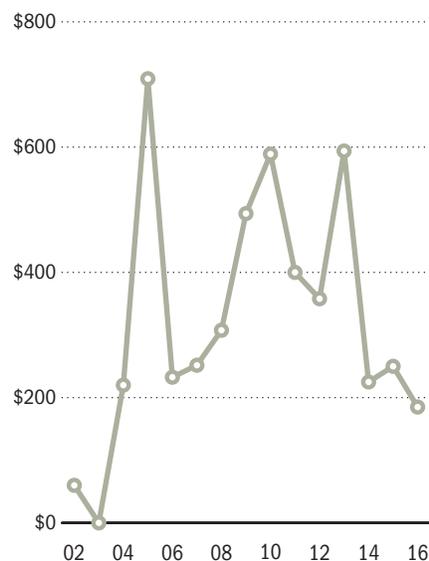
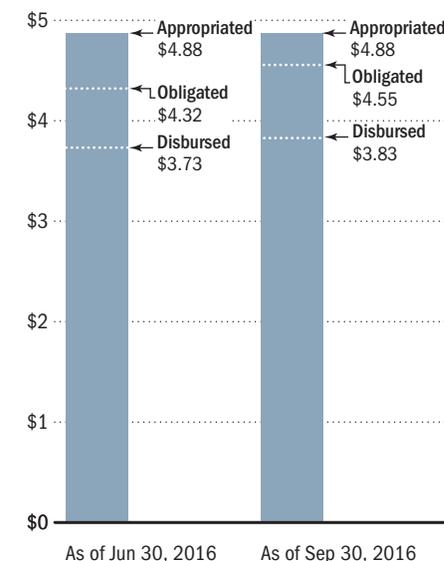


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

Source: State, response to SIGAR data calls, 10/12/2016, 7/15/2016, 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).¹⁹³

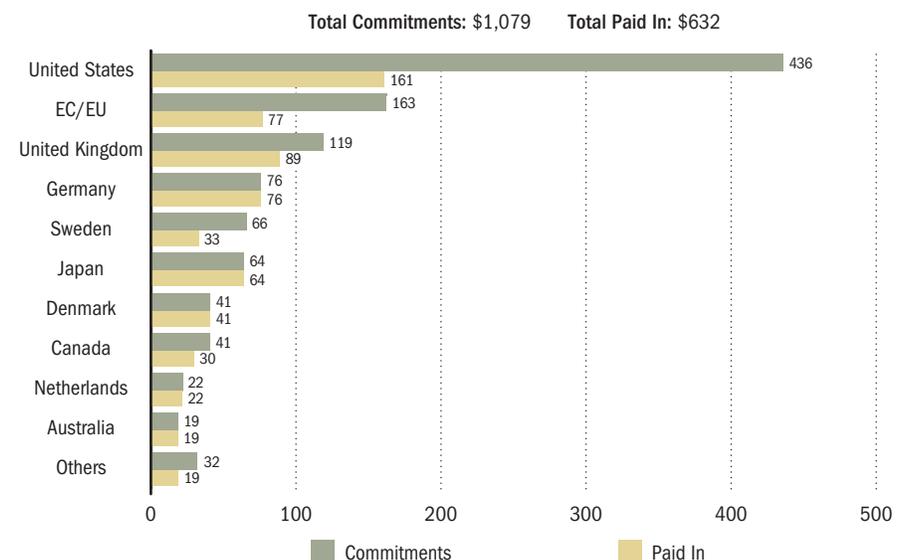
Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to September 21, 2016, the World Bank reported that 34 donors had pledged more than \$9.66 billion, of which nearly \$9.22 billion had been paid in.¹⁹⁴ According to the World Bank, donors had pledged nearly \$1.08 billion to the ARTF for Afghan fiscal year 1395, which runs from December 22, 2015, to December 21, 2016.¹⁹⁵ Figure 3.23 shows the 10 largest donors to the ARTF for FY 1395.

As of September 21, 2016, the United States had pledged nearly \$3.12 billion and paid in more than \$2.84 billion since 2002.¹⁹⁶ The United States and

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1395 BY DONOR, AS OF SEPTEMBER 21, 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 September 21, 2016 (end of 9th month of FY 1395)," p. 1.

STATUS OF FUNDS

the 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.¹⁹⁷ As of September 21, 2016, according to the World Bank, more than \$4.05 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.¹⁹⁸ 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.¹⁹⁹

The Investment Window supports the costs of development programs. As of September 21, 2016, according to the World Bank, nearly \$4.46 billion had been committed for projects funded through the Investment Window, of which nearly \$3.53 billion had been disbursed. The World Bank reported 25 active projects with a combined commitment value of nearly \$3.12 billion, of which nearly \$2.19 billion had been disbursed.²⁰⁰

Contributions to the Law and Order Trust Fund for Afghanistan

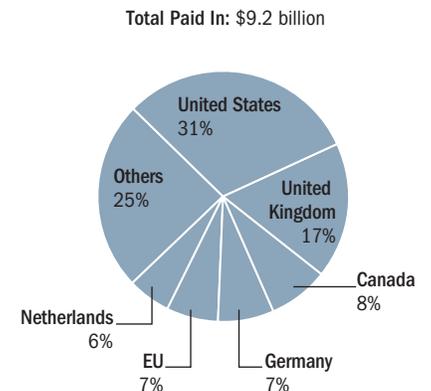
The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior (MOI).²⁰¹ Since 2002, donors have pledged more than \$4.70 billion to the LOTFA, of which nearly \$4.68 billion had been paid in, as of October 13, 2016. UNDP reported that the United States had committed and paid in more than \$1.64 billion since the fund’s inception.²⁰² 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, 2016.²⁰³ 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.²⁰⁴ 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.²⁰⁵

From July 1, 2015, through June 30, 2016, UNDP had expended more than \$439.79 million on the SPM project for Phase VIII. Of this amount, nearly \$435.98 million was transferred to the MOF to pay for ANP and CPD staff. In addition, more than \$9.37 million was expended on the MPD project.²⁰⁶

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–SEPTEMBER 21, 2016

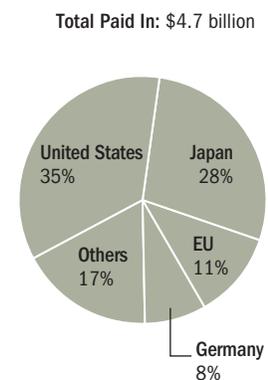


Note: Numbers have been rounded. “Others” includes 28 donors.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of September 21, 2016 (end of 9th month of FY1395),” p. 4.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF OCTOBER 13, 2016



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

Source: UNDP, response to SIGAR data call, 10/13/2016.