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KEY ISSUES AND EVENTS

Despite multi-billion-dollar international efforts to reduce narcotics production in Afghanistan, the total area of Afghan land under opium-poppy cultivation increased by 63% during the 2017 growing season from the previous year, and raw opium production increased by an estimated 88%.⁶⁵² The early warning system for famine for Afghanistan noted that low seasonal precipitation might hamper rainfed and irrigated crop production in 2018.⁶⁵³ What direct effect this drought will have on opium-poppy cultivation in 2018 is difficult to determine. In the past, severe nationwide drought has coincided with significant decreases in opium-poppy cultivation. This was the case for the 1999–2001 drought and again for the 2008 drought.⁶⁵⁴ However, there are multiple factors that complicate a straightforward assessment.

During the 1999–2001 drought, the Taliban government successfully enforced a poppy ban in 2001 that eliminated cultivation in most of the country (over 90% of Afghanistan). Likewise, during the 2008 drought the provincial governor of Nangarhar Province, Gul Agha Sherzai, enforced a poppy ban that eliminated poppy cultivation in the province and removed perhaps 19,000 hectares of cultivation compared to 2007.⁶⁵⁵

In 2008, the United Nations Office of Drug Control (UNODC) said the tripling in wheat prices, partially due to the drought, explained the nationwide decline in poppy cultivation. This meant that more farmers cultivated wheat instead of poppy.⁶⁵⁶ Droughts also produce effects that may not be apparent for years. Droughts amidst general insecurity cause greater stress for farmers and droughts may encourage further acceptance of poppy-cultivation once rainfall finally returns, and price differentials return to long-run averages.⁶⁵⁷

Afghanistan remains the world's dominant source of illicit opiates, although not a leading source of heroin available within the United States, according to the March 2018 International Narcotics Control Strategy Report from the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL).

According to the United Nations (UN), opium prices dropped 41% from December 2016 to December 2017 due to the record harvests reported in 2017, while heroin prices declined 7% over the same period. The UN

attributes relatively stable heroin prices to the high number of opiate interdictions throughout 2017 and the high prices of the precursor chemical acetic anhydride, which is used to make heroin, following shipment seizures into the country.⁶⁵⁸ The record opium-production level likely prevented any heroin price fluctuation despite the price increase of precursor chemicals. According to the U.S. Drug Enforcement Administration (DEA), opium from prior harvests can be stored for a long time. Therefore, the overall supply of opium has not decreased to a point where the interdictions would have an effect on opium supply and cause heroin prices to rise.⁶⁵⁹

State INL says the Afghan government has been slow to implement its ambitious 2015 National Drug Action Plan (NDAP) to address the impact of the illicit drug trade, despite professed support from Afghan officials. INL adds that the government will require financial and technical assistance from the international community to achieve the NDAP's objectives.⁶⁶⁰

This quarter, the U.S. Agency for International Development (USAID) informed SIGAR it will not plan, design, or implement any new programs to address opium-poppy cultivation. The agency's aim in the agriculture sector will be restricted to strengthening the capabilities of licit private enterprises that link to domestic and international markets. USAID said they will coordinate closely with INL, who will manage alternative-development programs.⁶⁶¹

Meanwhile, the United States has still not finalized the revised counternarcotics strategy under development since 2014. According to State, the current draft strategy seeks to deny the Taliban drug revenue to pressure them to participate in peace negotiations. The draft strategy also maintains focus on building and improving Afghan counternarcotics (CN) capabilities and capacity. It is still undergoing interagency coordination.⁶⁶²

Between January and March 20, 2018, Afghan law-enforcement personnel conducted 59 interdiction operations. Seizures included 1,399 kilograms (kg) of opium, 251 kg of heroin, 376 kg of hashish, and 449 kg of precursor chemicals.⁶⁶³ A kilogram is about 2.2 pounds.

SIGAR LESSONS LEARNED REPORT

An ongoing SIGAR Lessons Learned report is examining U.S. counternarcotics efforts from 2002 through 2017. This comprehensive review will incorporate satellite-imagery data analysis and provide recommendations to policymakers to improve future strategies and programs.

U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of March 31, 2018, the United States has provided \$8.78 billion for CN efforts in Afghanistan since 2002. Congress appropriated most CN funds for Afghanistan through the Department of Defense Drug Interdiction and Counter-Drug Activities (DOD CN) Fund (\$3.25 billion), the Afghan Security Forces Fund (ASFF) (\$1.31 billion), the Economic Support Fund (ESF) (\$1.42 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account (\$2.26 billion).⁶⁶⁴

ASFF is primarily used to develop the Afghan National Army and Police, including the Counter Narcotics Police of Afghanistan (CNPA) and the Special Mission Wing (SMW), which support the counternarcotics efforts of the Ministries of Defense (MOD) and Interior (MOI).⁶⁶⁵

INTERDICTION AND ERADICATION

The U.S. and Afghan governments use both interdiction and eradication to counter the cultivation and production of illicit narcotics in Afghanistan.

According to State:

- **Interdiction**—preventing illicit drugs from reaching their destination—is important in stemming the flow of illegal drugs and countering the negative effects of organized criminal groups. INL supports interdiction efforts through training, equipping, and providing technical assistance to partner nation law enforcement agencies. Such efforts increase the capacity to detect, investigate, disrupt, and seize shipments of illicit drugs and the chemicals (known as precursors) needed to process and produce drugs.
- **Eradication**—physical destruction—of illicit crops remains an important tool for decreasing the production of illegal drugs and preventing them from entering the United States or other drug markets. INL provides training, equipment, and technical assistance to foreign governments to support their own eradication programs, and address related counternarcotics and law enforcement challenges.⁶⁶⁶

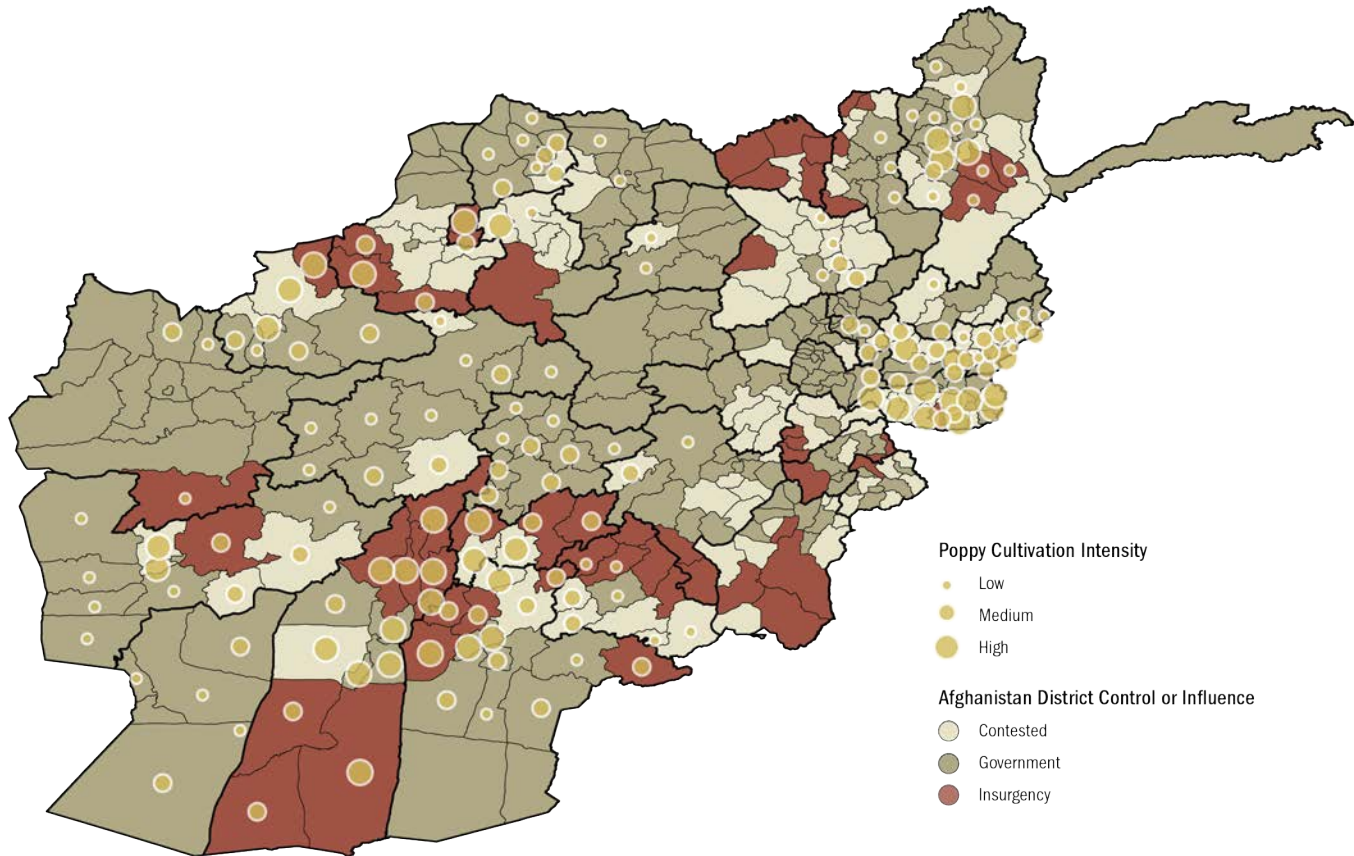
According to DOD, “Revenue from drug trafficking, taxation/extortion, illicit mining/agriculture, and foreign financial support continues to sustain the insurgency and Afghan criminal networks.”⁶⁶⁷ The CNPA, comprising regular narcotics police and specialized units, leads counternarcotics efforts among Afghan security forces.⁶⁶⁸ Afghan Uniform Police and Afghan Border Police also participate in counternarcotic activities.⁶⁶⁹

In addition, the General Command of Police Special Units conducts high-risk operations against terrorism, narcotics and organized crime.⁶⁷⁰ The specialized units include the Sensitive Investigative Unit (SIU), National Interdiction Unit (NIU), and the Intelligence Investigation Unit. The CNPA has approximately 2,000 assigned personnel; roughly half of them are based in Kabul.⁶⁷¹ The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat Provinces.⁶⁷² The Technical Investigative Unit (TIU) is an individual component, comprising 100 translators, that works within the Joint Wire Intercept Platform (JWIP) in support of SIU/NIU investigations. Another SIU component has four officers who are responsible for the administrative management of court orders obtained by SIU investigators to conduct Afghan judicially authorized intercepts.⁶⁷³

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FIGURE 3.37

DISTRICT OPIUM-POPPY CULTIVATION AND AFGHAN GOVERNMENT CONTROL OR INFLUENCE



Note: The district-level administrative boundary file was originally obtained from Princeton University's Empirical Studies of Conflict (ESOC) portal (<https://esoc.princeton.edu/files/administrative-boundaries-398-districts>). ESOC's file was created based off of the district file originally created by the Afghanistan Information Management Services (<http://www.aims.org.af/>) and includes 398 districts. Because Resolute Support (RS) uses a district-level boundary file that contains 407 districts, some districts could not be assessed at the level used by RS. The following districts were assessed by RS but do not appear in UNODC's breakdown and cannot be located or plotted on the map: Marjah in Helmand (results included with Nad-ali), Bad Pash in Laghman, Jaghatu in Ghazni, Delaram in Nimroz, Mirzakah in Paktya, and Chinartu in Uruzgan (do not exist in UNODC listing). UNODC has poppy cultivation results for the following districts which are not listed in RS: Hisa-i-Duwumi in Panjshir Province. As of 2017, UNODC includes Ghormach District in Faryab Province in 2017, but it remains part of Badghis Province in RS's data.

The analysis was conducted with ArcGIS Pro software. Districts with zero hectares of poppy in 2017 were eliminated from the data before analysis. Poppy area (ha) was then normalized by district area (m^2) and placed into three classes based on a geometric interval method. Geometric interval places an approximately equal number of observations into each class, however the width of the classes may not be equal. The "Low," "Medium," and "High," upper limits are respectively 1.2×10^7 , 13.0×10^7 , and 120.0×10^7 .

Source: USFORA, data call response, 3/22/2018; UNODC, *Afghanistan Opium Survey 2017: Cultivation and Production*, 11/2017, pp. 64–70.

INL estimates that its total funding for operations and maintenance for the NIU and SIU is approximately \$26 million per year. Costs directly attributable to NIU and SIU include \$2.47 million in support of the JWIP program under an interagency agreement with DEA and \$425,000 per year for NIU salary supplements. SIU supplements are funded by DEA.⁶⁷⁴ Salary supplements are used to attract and retain the most qualified and highly trained officers to the specialized units. Supplements are provided to all NIU officers, from the police officer to the unit commander; the amount of the supplement is based on the individual's rank.⁶⁷⁵

DOD provided \$675,000 for equipment to the NIU for 2017 and \$1 million for equipment to be delivered in 2019.⁶⁷⁶

According to the UN International Narcotics Control Board, drug trafficking and production takes place mainly in areas where government institutions are weak or the government is unable to exercise full control because of the deteriorating security situation, although trafficking is not limited to areas controlled by insurgents. The UN stated that up to 90% of drug production currently falls within Taliban-controlled areas, although it is unclear how “illicit production” is defined.⁶⁷⁷ However, as shown on Figure 3.37, a SIGAR analysis found that strictly in terms of poppy cultivation, there are districts under Afghan government control or influence with significant levels of cultivation. In certain provinces, the districts with the largest area of opium-poppy cultivation for 2017 are under government influence or control: Argo, assessed to be under Afghan government influence, is the highest opium-poppy-cultivating district in Badakhshan (3,658 hectares); Nahr-e Saraj, considered under government control in Helmand (18,464 hectares) and Zharey, considered under government influence in Kandahar (7,605 hectares) are the second-highest producing districts in their respective provinces. The two top-producing districts in Nimroz Province (Khash Rod and Chahar Burjak with 7,256 hectares and 4,167 hectares respectively) are also under government influence.⁶⁷⁸

Further, when the area of poppy cultivation in a given district is divided by the area of the district, the calculated cultivation intensity allows for cross-district comparisons throughout Afghanistan, as shown in Figure 3.37. The map illustrates the intensity of opium-poppy cultivation overlaid on RS’s district control assessment as of January 31, 2018. Among the 47 districts in the high intensity category, 14 are assessed as being under government control or influence (for instance Achin, Arghandab in Kandahar, Balkh, Lashkar Gah, Nahr-e Saraj, Sarkani, Shinwar, and Surkh Rod), 22 are contested districts, and 11 are under insurgent control or influence (for instance Baghran, Ghormach, Kajaki, Musa Qala, and Sangin).

The medium intensity category includes 63 districts with 34 under government control or influence, 16 contested, and 13 under insurgent control or influence. Districts in the low intensity grouping include 43 under government control or influence, 13 contested and six under insurgent control or influence. The final category of poppy-free districts includes 226 districts of which 132 are under government control or influence, 27 under insurgent control or influence, and 67 are contested.⁶⁷⁹

Overall, the relationship between control and poppy cultivation is a mixed picture. RS data shows that the government controls or influences more districts than the insurgents. When combined with UNODC data, government control or influence also translates into control or influence of poppy cultivating districts. This relationship holds true for the absolute area

SIGAR FINANCIAL AUDITS

SIGAR is conducting two financial audits (F-129 and F-130) on Bureau of International Narcotics and Law Enforcement Affairs (INL) programs:

- one on the Pacific Architects and Engineers Incorporated (PAE) contract (SAQMMA15C0032) for costs incurred during the period January 1, 2015, through February 26, 2016, totaling \$23.5 million. Under the contract, PAE provided a framework and defined requirements to assist the Afghan government in implementing goals and objectives of INL’s Corrections System Support Program (CSSP). PAE also supported the National Justice Program to modernize and develop the Afghan corrections system by providing mentoring, training, infrastructure support, and professional assistance to the correctional entities within the Ministries of Justice and Interior, and the General Directorate of Prisons and Detention Centers;
- another on the PAE contract (SAQMMA15C0003) for security services for the National Interdiction Unit, Sensitive Investigative Unit, and the Justice Sector Support Program and CSSP activities for costs incurred during the period December 15, 2014, to September 18, 2017, totaling \$78.78 million.

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of poppy cultivation but is particularly evident when poppy cultivation is compared across districts.

More information on territorial control is available in the Security section beginning on page 86.

Interdiction Results

State INL funds support programs to disrupt illicit drug production, strengthen criminal-justice systems and law-enforcement institutions, and combat transnational organized crime.⁶⁸⁰ In Afghanistan, INL partners with DEA and DOD to build the capacity of the CNPA, with particular focus on support for two specialized units mentored by DEA—the SIU and the NIU.⁶⁸¹ NIU and SIU this quarter (through March 20, 2018) seized 3,028 kg of morphine, 251 kg of heroin, as well as 449 kg of chemicals, according to figures reported to DEA by the units. NIU and SIU were responsible for 61 detentions and reported 59 operations for the quarter.⁶⁸²

U.S. support for the train, advise, and assist mission includes a U.S. Special Forces team that mentors specialized CNPA units.⁶⁸³

There are growing concerns about the production, use, and trafficking of synthetic drugs in Afghanistan. Methamphetamine production and seizures have increased and treatment of individuals with related drug-use disorders rose in parts of the country.⁶⁸⁴ The data suggest that the main cause of the rise could be increased methamphetamine use by opiate users, as smuggling and possibly illicit local manufacture had expanded the market for synthetic drugs.⁶⁸⁵ Even though only one methamphetamine laboratory was reported to have been dismantled in 2015, precursors such as ephedrine and pseudoephedrine, which can be used to manufacture methamphetamine, were widely available in the country, imported legally and illegally.⁶⁸⁶

TABLE 3.21

INTERDICTION RESULTS, FISCAL YEARS 2008–2018*											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018**	TOTAL
Number of Operations	282	263	624	669	518	333	270	190	156	82	3,523
Detainees	190	484	862	535	386	442	394	301	152	93	3,888
Hashish seized (kg)	58,677	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,327	34,781	1,157,933
Heroin seized (kg)	576	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,975	683	38,262
Morphine seized (kg)	5,195	2,279	18,040	10,042	11,067	5,925	505	13,041	106,369	5,301	178,173
Opium seized (kg)	79,110	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,263	7,901	463,342
Precursor chemicals seized (kg)	93,031	20,397	122,150	130,846	36,250	53,184	234,981	42,314	89,878	2,963	830,703

Note: The significant difference in precursor chemicals total seizures between 2014 and 2015 is due to a 12/22/2014 seizure of 135,000 kg of precursor chemicals.

* The following FY 2008 results are not shown in Table: 136 operations; 49 detainees; 241,353 kg of hash; 277 kg of heroin; 409 kg of morphine; 15,361 kg of opium; 4,709 kg of precursor chemicals.

** Results for period 10/1/2017–3/20/2018.

Source: DOD(CN), response to SIGAR data call, 7/29/2015, 7/20/2017, and 3/27/2018.

The security situation in Afghanistan remains poor and has hindered interdiction activities.⁶⁸⁷ During the second quarter of FY 2018, most interdiction activities occurred in the capital and the eastern regions. These activities included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. Between January 1 and March 20, 2018, Afghan operations resulted in the following seizures and destruction of multiple drug labs: nearly 1,400 kg of opium, 3,028 kg of morphine, 251 kg of heroin, 376 kg of hashish, and 449 kg of precursor chemicals.⁶⁸⁸ The number of operations increased from 23 to 59—a 156% increase from last quarter. DOD said the increase is probably a result of the continuing mentorship from Special Forces units, as well as support from RS assets, and improved interoperability.⁶⁸⁹ The Special Forces advisory team has facilitated NIU access to key enablers including rotary wing lift and enabled missions in remote areas.⁶⁹⁰ No eradication operations took place this quarter.⁶⁹¹

This quarter, DEA reported that eight labs were destroyed, but no high-value persons were apprehended as of March 18, 2018. Two high-value targets were apprehended during FY 2017.⁶⁹²

As shown in Table 3.21, from fiscal year 2008 through March 20, 2018, over 3,520 interdiction operations have resulted in the seizure of 463,342 kg of opium. However, the sum of these seizures over nearly a decade would account for little more than 5.1% of the opium produced in Afghanistan in 2017 alone. According to the United Nations Office on Drugs and Crime (UNODC) 2017 Opium Survey, Afghanistan's potential opium production in 2017 was approximately 9,000 metric tons (or 9 million kg).⁶⁹³ U.S. government estimates for 2017 were slightly higher, but reveal a similar trend when compared to 2016: 9,140 metric tons for opium production and 329,000 hectares for opium-poppy cultivation, as opposed to 328,000 hectares and 9,000 metric tons reported by UNODC.⁶⁹⁴

The SMW is the only Afghan National Defense and Security Forces (ANDSF) organization with night-vision, rotary-wing air assault, and manning fixed-wing intelligence, surveillance, and reconnaissance capabilities.⁶⁹⁵ The SMW is essential to expanding the ability of the counterterrorism/counternarcotics units to engage high-value targets. The SMW is used by the Afghan Special Security Forces to conduct helicopter assault raids throughout the country.⁶⁹⁶

DOD Classifies Information on Strategic Air Campaign

Last quarter, SIGAR reported on the air campaign against narcotics facilities and financial networks conducted under new authorities provided by the Administration's South Asia strategy. The new authorities enable USFOR-A to target insurgent financial networks and revenue streams, such as narcotics facilities and training centers. U.S. air assets such as B-52s, F-18s, and other aircraft support Afghan Air Force (AAF) pilots using A-29s, MD-530s, and other air assets in the campaign.⁶⁹⁷

At a RS press briefing on February 8, Major General James Hecker stated that AAF air-strike sorties were nearly double those of the U.S. Air Force in Afghanistan. In 2017, the AAF conducted approximately 2,000 air-strike sorties. He noted that the air strikes were disrupting the insurgency, “putting turmoil into their process.”⁶⁹⁸ In April, USFOR-A and ANDSF targeted narcotics-production facilities beyond southern Afghanistan for the first time in this counter-revenue campaign: 11 facilities were destroyed in Farah and Nimroz Provinces. Since November 2017, there have been 75 strikes overall against narcotics-production facilities; the AAF conducted five operations against Taliban narcotics production facilities.⁶⁹⁹

In its January 2018 *Quarterly Report to the United States Congress*, SIGAR questioned USFOR-A’s valuation of destroyed narcotics labs. USFOR-A told SIGAR it determines the value of narcotics destroyed as part of counter-threat-finance efforts by using the chain value in the Afghan opium/heroin trade based on an assessment of the revenue generation potential of a target. According to USFOR-A, this accounts for the total product value when it leaves areas controlled by the Taliban. The estimate that the Taliban receive 20% of total product value is based on the multiple ways the Taliban receive revenue from narcotics, including profits from direct ownership, fees for transportation and protection, licensing fees to drug traffickers, and taxation at harvest. According to USFOR-A, the 20% provides an estimate of the financial impact to the Taliban, but is not a hard number.⁷⁰⁰

USFOR-A classified information on the campaign against insurgents’ financial networks this quarter, such as the financial assessment of revenue denied to the insurgency, the effectiveness of the air campaign, and the total number of facilities and networks targeted (though some of the latter information is available on RS’s website). SIGAR will report on the campaign in the classified annex to this report. More information on the SMW is available on page 110 of this report.

New Penal Code Contains More Counternarcotics Provisions

The Afghan government introduced a new penal code in November 2017.⁷⁰¹ According to INL, the new penal code has considerably more laws specific to counternarcotics and carries higher sentences than the 1976 penal code. INL considers the new code a “wholly more comprehensive and modern law.”⁷⁰²

The new code favors prison terms to fines and now criminalizes behavior by public officials that would jeopardize official investigations.⁷⁰³ It authorizes confiscating assets (including land, structures, and vehicles) used in, or earned through, illicit drug production, and trafficking.⁷⁰⁴ For the first time, smuggling, distribution, and sale of psychotropic drugs, a category that was not previously covered by Afghanistan’s narcotics laws, has been incorporated in the penal code.⁷⁰⁵

Afghanistan's parliament recently passed a new Counter Narcotics Law (CNL), which was signed by President Ghani and came into effect in February 2018. That new CNL contained criminal provisions that would have superseded the new penal code and nullified the new penal code provisions. The Council of Ministers held an extraordinary meeting where they approved the repeal of the criminal provisions of the new CNL. On March 6, the Ministry of Justice published on its website the decree repealing the criminal provisions of the new CNL. The decree is coupled with an amendment to the penal code (Article 916), which will now include the language repealing the criminal CNL provisions, thus maintaining the PC as the criminal law of the land. INL hopes that the enforcement of the new penal code goes will deter landowners from supporting the cultivation of poppy or other illicit crops.⁷⁰⁶

INL hopes that once the new penal code goes into effect, its enforcement will deter landowners from supporting the cultivation of poppy or other illicit crops.⁷⁰⁷

Eradication Results

Governor-Led Eradication

Under the Governor-Led Eradication (GLE) program, INL reimburses provincial governors \$250 for the eradication costs of every UNODC-verified hectare of eradicated poppy.⁷⁰⁸ For 2017, GLE resulted in 750 hectares eradicated in Nangarhar, Kandahar, Badakhshan, Balkh, Kunar, Kapisa, Laghman, Ghor, Herat, Badghis, Nimroz, Takhar, and Kabul Provinces.⁷⁰⁹ Eradication activities will begin next quarter for this growing season.⁷¹⁰ The MCN informed INL that they received no eradication funding in 2018.⁷¹¹ INL has obligated and disbursed \$6.9 million since the program's inception.⁷¹² As Figure 3.38 on the next page illustrates, eradication efforts have had minimal impact on curbing opium-poppy cultivation.⁷¹³

Good Performers Initiative

The INL-funded Good Performers Initiative (GPI) sought to incentivize provincial governors' counternarcotics and supply-reduction activities by supporting sustainable, community-led development projects in provinces that significantly reduced or eliminated poppy cultivation. However, GPI is no longer taking on new projects.

According to INL, the program was deemed "ineffectual at curbing opium cultivation" in those provinces receiving awards. MCN's inability to adequately manage the program was also a factor in INL's phasing it out. No new GPI projects were approved after April 30, 2016.⁷¹⁴

As of February 28, 2018, INL reported that 286 projects valued at \$126.3 million have been contracted. Of those, 262 projects have been completed and 24 are still in progress.⁷¹⁵ INL will continue to fund ongoing

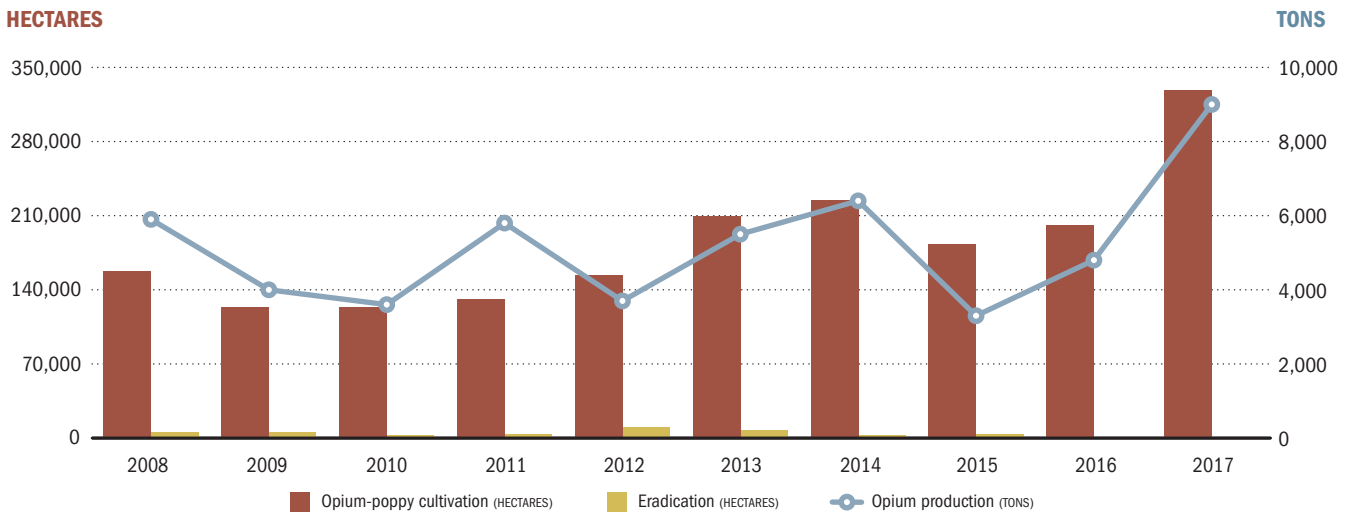
SIGAR SPECIAL PROJECTS

SIGAR's Office of Special Projects issued a report on two GPI infrastructure projects in March 2018. SIGAR found that INLs reported geospatial coordinates for both projects were within half a kilometer from the actual project location. SIGAR also found that both structures were in usable condition, with no apparent structural deficiencies, and that they both had access to power and water. However, SIGAR found that for one project, the facility and grounds already showed serious wear and tear; clear indications of poor workmanship; a lack of maintenance; and that the facility was not being used as intended. More information on this report is available in Section 2.

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FIGURE 3.38

AFGHAN OPIUM-POPPY CULTIVATION, ERADICATION, AND PRODUCTION SINCE 2008



Source: UNDOC, *World Drug Report 2016*, 5/2016, Annex, vii, ix, xii; UNODC, *Afghanistan Opium Survey 2017: Cultivation and Production*, 11/2017, pp. 5–6, 64–71.

Colombo Plan: Instituted as a regional intergovernmental organization to further economic and social development, it was conceived at a conference held in Colombo, Sri Lanka (then Ceylon) in 1950 with seven founding-member countries. It has since expanded to 26 member countries. INL supports the Colombo Plan's Universal Treatment Curriculum, a national-level training and certification system for drug-addiction counselors aimed at improving the delivery of drug treatment services in Africa, Asia, and Latin America.

Source: Colombo Plan Secretariat website, "History," www.colombo-plan.org, accessed 7/1/2017; INL, *International Narcotics Control Strategy Report: Volume I, Drug and Chemical Control*, 3/2018, p. 19.

projects until their completion.⁷¹⁶ INL launched an alternative-development project called Boost Alternative Development Intervention through Licit Livelihoods (BADILL) in August 2016. BADILL is expected to follow through on INL's commitments to those provinces most affected by the GPI cancellation.⁷¹⁷ More information on BADILL is available in the Alternative Development section, beginning on page 196.

Ministry of Counter Narcotics Capacity-Building

Since 2008, INL has obligated \$35.7 million and disbursed \$27.7 million to build capacity at the Ministry of Counter Narcotics (MCN).⁷¹⁸ During the third quarter of FY 2015, INL conducted an independent risk assessment of the MCN's public financial-management system. The report identified significant deficiencies that increased the potential for inaccurate financial reporting, inefficiency, ineffective operations, and noncompliance with laws and regulations. Areas of particular concern were internal controls, program management and monitoring, and facility management.⁷¹⁹

INL is implementing a skills-based training grant and a financial-remediation plan contract through the Afghanistan Holding Group under MCN Capacity Building.⁷²⁰ INL has another capacity-building program under the **Colombo Plan** whereby Asian University for Women (AUW) fellows from Kabul are assigned to the MCN.⁷²¹ Last year, the Colombo Plan selected the

10 AUW fellows and recruited the first MCN advisor assisting in revising the National Drug Action Plan (NDAP).⁷²² Since 2012, INL has obligated \$1.13 million and disbursed \$1.1 million.⁷²³

The NDAP revision is working its way through the Afghan government clearance process and will be translated into English upon its completion. The MCN, Colombo Plan, and INL continue to recruit advisors for the four focus areas: provincial affairs, procurement, law enforcement, and finance. Two out of the four advisors positions have been filled.⁷²⁴

INL reported last year that it had yet to receive the second formal review of Afghanistan's NDAP. The MCN is mandated to publish annual reports on the implementation of the NDAP.⁷²⁵

ALTERNATIVE DEVELOPMENT

USAID Ends Alternative Development in Afghanistan

This quarter, USAID reported that it will no longer implement or develop new alternative-development (AD) programs in Afghanistan, nor focus on counternarcotic areas. According to USAID, the agency expects its work in the agriculture sector to increase economic opportunities for Afghans. INL will manage alternative programming.⁷²⁶

Opium-poppy cultivation and production reached an unprecedented level in 2017, as reported by the UNODC: production reached 9,000 metric tons and cultivation 328,000 hectares—88% and 63% higher, respectively, than in 2016.⁷²⁷ The early warning system for famine for Afghanistan noted that low seasonal precipitation might hamper rainfed and irrigated crop production in 2018. It is unclear how the below-average precipitation forecasts for the spring season will affect opium-poppy cultivation.⁷²⁸ In the past, severe nationwide drought has been positively correlated with significant decreases in opium-poppy cultivation. This was the case for the 1999–2001 drought and again for the 2008 drought.⁷²⁹ However, the Taliban successfully enforced a poppy ban during the first drought (2001) and the Nangarhar provincial government also enforced a poppy-ban during the second drought (2008).⁷³⁰ Further, UNODC has shown that drought can increase wheat prices, making poppy cultivation less appealing.⁷³¹ Nonetheless, droughts amidst general insecurity cause greater stress for farmers and droughts may encourage further acceptance of poppy-cultivation once rainfall finally returns, and price differentials return to long-run averages.⁷³²

In January 2018, USAID launched a three-year, \$19 million program called Promoting Value Chains-West in partnership with the Food and Agriculture Organization of the United Nations. The program will support agribusiness and livestock development in Badghis, Farah, Herat, and Nimroz Provinces. Project beneficiaries will include small and medium enterprises, input suppliers, private service providers, traders, millers and

processors, and producer groups. The program aims to benefit nearly 40,000 small-farm owners from 5,700 enterprise households.⁷³³

According to INL, it has been implementing AD programming in Afghanistan since 2007 through GPI and a series of grants with the non-governmental Aga Khan Foundation to strengthen subnational governance and alternative livelihoods. INL AD programs target high poppy-cultivating areas, in line with Afghan government priorities laid out in Afghanistan's National Drug Action Plan.⁷³⁴

Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a five-year, \$45.4 million, USAID-funded project implemented by International Relief and Development (IRD). KFZ aims to address the drivers of poppy cultivation in Kandahar Province by rehabilitating irrigation infrastructure, expanding alternative-livelihood opportunities, supporting small businesses, and building the capacity of the MCN to develop effective alternative-development policies. USAID awarded a two-year extension in 2016 to continue work in the three target districts of Zheray, Panjwayi, and Maywand. Development activities include rehabilitating irrigation infrastructure and existing orchards and vineyards, creating new orchards and vineyards, promoting the cultivation of off-season horticulture, marketing high-value crops, and developing agribusiness.⁷³⁵

In FY 2017, KFZ rehabilitated 11 canals in Zheray and Panjwayi providing improved irrigation water to an estimated 8,890 hectares, benefiting 5,765 households. KFZ also trained 19 **mirabs** on canal maintenance; identified 24 locations in Zheray and Panjwayi where additional control gates were needed to improve water distribution; and conducted focus groups with

Mirabs: persons elected by water users and landowners to be responsible for allocating water from canals to farm fields and for routine and emergency canal maintenance and repairs. Farmers pay them annual fees for surface irrigation water. They organize labor provided by farmers and landowners to clean canals, collect fees for minor canal repairs, and supervise the repairs.

Source: USAID, *Kandahar Food Zone Program (KFZ) Year 5 Work Plan, August 31, 2017, to August 31, 2018, 9/21/2017*, pp. 10–11.



Training **mirabs** on canal maintenance. (USAID Photo)

farmers, community leaders, Afghan government district agricultural offices staff members, and mirabs from Do Aab in Panjwayi and Sangi-Hisar in Zheray about canal maintenance, on-farm water management, and lobbying for larger water allocations. KFZ activities centered on the Do Aab canal included interviewing 62 farmers to design a water management program and completing the registration of a water user group. Also in FY 2017, KFZ rehabilitated 348 hectares of existing vineyards; established 70 hectares of new pomegranate orchards; provided on-farm technical assistance to 715 vineyard farmers and 100 farm women cultivating off-season vegetables; and increased fruit exports by \$3.6 million and national sales by \$190,000.⁷³⁶

For FY 2018—the program’s final year—KFZ intends to rehabilitate another 127 kilometers of 14 canals and organize a water-user group to negotiate a more equitable distribution of water from the Dahla Dam. KFZ is expanding its vineyard project to include additional farmers, plant new pomegranate orchards, level farmland to improve on-farm water management, assist food processors to increase production and sales, and help traders’ access international markets. The program will also expand training for, and distribute fertilizer and materials to, 300 farm women for growing off-season vegetables.⁷³⁷ As of March 31, 2018, USAID has disbursed \$42.8 million for the program.⁷³⁸

Regional Agricultural Development Program

USAID’s Regional Agricultural Development Program (RADP) is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. RADP projects are ongoing in the eastern and northern regions of Afghanistan. The projects focus on strengthening the capacity of farmers to improve the productivity of wheat, high-value crops, and livestock. Using a **value-chain** approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains.⁷³⁹

RADP-East

RADP-East (RADP-E) is USAID’s five-year, \$28.1 million program designed to expand sustainable agriculture-led economic growth in Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul Provinces. RADP-E will run through July 2021. RADP-E works with the private sector to identify constraints to business and value-chain performance, and implement market-based solutions. RADP-E aims to increase the sales of agricultural goods and services by \$57 million by the final year of the program. Activities support the apricot, tomato, poultry, and dairy value chains.⁷⁴⁰ RADP-E’s result for FY 2017 was \$79,995, lower than the original target of \$500,000. According to USAID, RADP-E’s first sub-grant was not awarded until July 2017. The value of national sales will be tracked and reported during FY 2018. Most current reported sales are

Value chain: the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing, transportation, and wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.



Business-to-farmer meeting facilitated by Tala Dairy Processing Company, Kabul, November 21, 2017. (USAID Photo)

Paraveterinarian or paravet: a community-based animal health worker who provides initial diagnosis and basic treatment of animals.

Mobile marketing stops: extensions of temporary outlets which carry certified seeds, but are also points where sellers promote the characteristics of new seeds through presentations and marketing materials. Farmers can respond to the presentation by buying seed from the mobile marketing stop vehicle, or by going to the temporary outlet at a later time.

Source: A. Catley, T. Leyland, et al., "Para-veterinary professionals and the development of quality, self-sustaining community-based services," *Revue scientifique et technique* (International Office of Epizootics), 2004, p. 225; USAID, response to SIGAR vetting, 4/10/2018.

business-to-business transactions which took place during the off-season; those sales will be reported in the next fiscal year.⁷⁴¹

The program has allotted \$2.5 million for a market-development fund and \$1.7 million for training. The fund uses grants to build capacity across the public and private sectors, as well as civil society.⁷⁴² Some of the program's goals for FY 2018 are to benefit 8,400 households, create 1,500 full-time jobs, have 15% of beneficiaries be women, and connect 250 small and medium-size enterprises to large firms.⁷⁴³

During January 2018, RADP-E expanded activities for 15 market-development grants (MDGs) valued at \$505,304; over half of the grant values (\$259,540) involved cost-sharing by the grantee. The program submitted an additional 11 MDG grant packages to USAID valued at \$238,536. USAID approved all MDG applications by the end of February 2018 in time for the spring growing season.⁷⁴⁴

RADP-E also facilitated market linkages between agribusinesses and farmers. One business-to-farmer activity between Narakh Sheen Ban Agriculture Company and 17 greenhouse owners resulted in 10 contract agreements valued at \$27,110. RADP-E also sponsored five agribusinesses for the Gulfood Exhibition 2018 held in Dubai on February 18–22.⁷⁴⁵

Some key accomplishment during FY 2017 were:⁷⁴⁶

- business-to-business, and business-to-farmer events which resulted in sales agreements totaling approximately \$85,200
 - participation in the 2016 and 2017 Kabul International Agriculture Fair
 - participation in the India Afghanistan Trade and Investment Show held in September 2017 with potential deals of \$15,229,000
 - agriculture value-chain finance training for credit managers and bankers to update and upgrade the capacity of Afghanistan's financial sector
- As of March 31, 2018, USAID has disbursed \$6.6 million for RADP-E.⁷⁴⁷

RADP-North

RADP-North (RADP-N) is USAID's five-year, \$78.4 million program that is scheduled to end in May 2019. RADP-N invests in increased sustainability and profitability of wheat, high-value crops, and livestock value chains in the rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces.⁷⁴⁸ RADP-N issued 18 grants valued at \$617,725 to local partners during the first quarter of FY 2018. RADP-N also connected seed companies, mills, and manufacturers, which resulted in four signed contracts. Seed companies sold 35 metric tons of wheat and earned nearly \$14,000 (AFN 952,062). The program supported nine agribusinesses to attend the 2017 World Food India trade show in November 2017, enabling them to generate \$1.6 million in sales. A thousand beneficiaries including 200 women participated in **paravet** training.⁷⁴⁹

RADP-N plans to increase the number of **mobile marketing stops** from 70 last year to 120 this fiscal year, while maintaining eight district outlets and 16



Laser-land-leveling demonstration field day in Qabchoq Uliya village, Sholgara District, Balkh Province, October 24, 2017. (USAID Photo)

village outlets. According to USAID, temporary outlets have good potential, and sales increase the beneficiary numbers and productivity. Last year's seed sales included temporary outlets for the first time and seed companies were said to be pleased to have direct sales outlets. The program also worked with agricultural equipment suppliers to import better equipment since a significant number of units broke during their first year of use. For example, 75% of backpack sprayers broke during their first year of use and only 44% remained in working condition the second year. The program stressed the need to train new owners in the use, maintenance, and repair of the units.⁷⁵⁰

As of March 31, 2018, USAID has disbursed \$48.9 million for the RADP-N program.⁷⁵¹

RADP-South

RADP-South (RADP-S) was a \$111.4 million program terminated by USAID in November 2017 because it did not meet its productivity and income targets. The regions targeted by RADP-S will be covered by new contracts from the Afghanistan Value Chains-Crops and Afghanistan Value Chains-Livestock programs.⁷⁵² Contract awards are under procurement.⁷⁵³

Commercial Horticulture and Agricultural Marketing Program

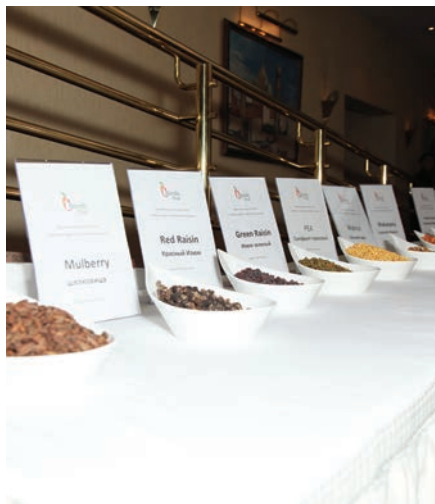
The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a USAID-funded \$71.3 million program designed to boost agricultural productivity and food security, provide market opportunities, and decrease poppy production. The program started in 2010 and is scheduled to end in December 2019.⁷⁵⁴ During December 2017, USAID increased the

SIGAR FINANCIAL AUDIT

SIGAR is conducting a financial audit (F-136) of USAID's Regional Agricultural Development-North Program auditing \$17.8 million in costs incurred by Development Alternatives Inc. during the period January 1, 2016–December 31, 2017.

SIGAR AUDIT

An ongoing SIGAR audit of USAID's Regional Agricultural Development Program is examining the extent to which USAID and its contractors have successfully designed and implemented the program, and whether RADP has met its goals and objectives.



CHAMP Afghan products exhibition at the Almaty Trade Office opening in Kazakhstan. (USAID Photo)

program cost from \$61.3 million to \$71.3 million and expanded program activities to Kandahar to focus on harvest quality, improve cold storage, introduce new grape varieties, expand exports to Central Asia, and overcome impediments to exports.⁷⁵⁵

To date, the program has exported 80,000 tons of produce valued at \$95 million to markets in Pakistan, Canada, the United Arab Emirates (UAE), and Russia; created over 8,200 agribusiness jobs; constructed more than 230 storage facilities; and trained over 110,000 farmers, including 3,850 women. During December 2017, CHAMP supported the participation of Afghan exporters in the India Packaging Show held in Mumbai on December 18–22. The program reported the export of 961 metric tons of nuts, dried fruits, saffron, and sesame seeds to the Netherlands, Australia, India, Iraq, Pakistan, Russia, Saudi Arabia, Turkey, the UAE, the United Kingdom, and the United States. The exports were valued at \$5.6 million.⁷⁵⁶ The CHAMP trade office in Almaty, Kazakhstan, was officially inaugurated in February 2018 to facilitate agricultural exports from Afghanistan. CHAMP also has trade offices in New Delhi and Dubai.⁷⁵⁷

As of March 31, 2018, USAID has disbursed \$53.3 million for the program.⁷⁵⁸

Boost Alternative Development Intervention Through Licit Livelihoods

Boost Alternative Development Intervention through Licit Livelihoods (BADILL) is an INL-funded program implemented by UNODC to strengthen and diversify licit livelihoods of small and marginal farmers by supporting horticulture value chains. BADILL will be implemented in 13 provinces and aims to reach 50,000 households in four years.⁷⁵⁹

INL transferred its entire \$20 million BADILL contribution to UNODC in late 2016.⁷⁶⁰ Between October and December 2017, UNODC completed the procurement for three small-scale projects, selected beneficiaries in all target districts and provinces, and established two groups of poultry and dairy farmers in Takhar Province (each group deals with 400 dairy and poultry farmers). The program has reached the halfway completion goal with targeted communities signing a social contract exhibiting their commitment to disallow the cultivation of narcotics on their land and with the creation of a land-stabilization committee in Nimroz. UNODC supported the participation of 10 small and medium entrepreneurs (SMEs) to participate in the national agriculture exhibition organized by the Ministry of Agriculture, Irrigation and Livestock (MAIL) during October 18–20, 2017. SMEs were also sent to India to visit village-based poultry farms and attend the 12th International Dairy and Agri-Expo held in December.⁷⁶¹

The MAIL, with UNODC technical support, hosted the 5th National Saffron Conference in Kabul, November 6–8. The event was attended by over 200 saffron-cultivating farmers, entrepreneurs, and Agriculture

University professors and scientists from Afghanistan and India. During the conference, areas of mutual cooperation were identified, and linkages established with the research-and-development institutes of India and Iran. The conference determined the next steps for the effective implementation of the saffron value-chain development program over five years.⁷⁶²

UNODC held coordination meetings with ministerial representatives and implementing partners, and conducted field visits with provincial stakeholders. Consultations were held with provincial stakeholders in Helmand and Uruzgan Provinces to accept the stakeholders' comments and suggestions for better implementation and to better coordinate activities with the provincial directorates. The MCN, MAIL, and UNODC teams traveled to the southern region to monitor the progress of ongoing activities in Helmand and Uruzgan.⁷⁶³

UNODC noted the security situation presents a continuing challenge. The security at the sub-national level has "deteriorated immensely in the past few months," limiting the mobility and accessibility of project staff.⁷⁶⁴

Community-Based Agriculture and Rural Development

INL has obligated and disbursed \$17.8 million for its Community-Based Agriculture and Rural Development (CBARD) project: \$2.8 million to UNODC and \$15 million to the United Nations Development Programme (UNDP), its two implementing partners. The program aims to improve household income while reducing dependency on illicit poppy cultivation for selected communities.⁷⁶⁵ In FY 2017, INL obligated an additional \$9.3 million for CBARD-West in September and \$22.1 million to UNDP for a new project, CBARD-East.⁷⁶⁶

CBARD-West

CBARD-West aims to test alternative livelihoods to opium-poppy cultivation in Farah and Badghis Provinces. In addition to supporting local farmers with field schools, CBARD-West will develop, and strengthen existing public and private agro-business infrastructures in the areas of irrigation, transportation, and agricultural value chain facilities.⁷⁶⁷

During the first quarter of FY 2018, CBARD-West trained 374 people, including 79 women, on business development, project monitoring and implementation, and the concept of value-chain and agribusiness development. The trainings are expected to increase the local beneficiaries' capacity to establish businesses, monitor projects, and work on value chain of high-value crops. Additionally, 279 people and 551 households benefitted from various infrastructures including the construction of 95 greenhouses, 19 irrigation infrastructures and 45 compost exhibitions. The benefits include increase in income, improved accessibility to markets, and improved access and management of water.⁷⁶⁸

CBARD-East

CBARD-East aims to reduce the overall poverty rate in Nangarhar by 2%. During the quarter, the program identified the communities for intervention and selected the high-value crops.⁷⁶⁹ Minister Nasir Ahmed Durani of the Ministry of Agriculture, Irrigation, and Livestock and Nangarhar Governor Gulab Mangal inaugurated the CBARD-E provincial office in Jalalabad on March 13, 2018. At the inauguration the minister and governor also signed several contracts with community-development-councils for the establishment of 195 commercial greenhouses.⁷⁷⁰

DRUG DEMAND REDUCTION

A 2015 Afghanistan National Drug Use Survey conservatively estimated that roughly 11% of the population would test positive for one or more drugs, including 5.3% of the urban population and 13% of the rural population. Drug use among women and children is among the highest documented worldwide, and 30.6% of households tested positive for some form of illicit drug.⁷⁷¹ According to the UN, 0.6% of the global adult population suffer from drug use disorders. Opioids, including heroin, remain the most harmful drug type.⁷⁷² According to INL, inadequate border security and weak enforcement capacity hamper control of precursor chemicals used to produce drugs. During 2017, Afghan officials noted an increase in the amount of precursor chemicals trafficked into the country.⁷⁷³

Precursor chemical: a substance that may be used in the production, manufacture, and/or preparation of narcotic drugs and psychotropic substances.

Source: UNODC, *Multilingual Dictionary of Precursors and Chemicals*, 2008, viii.

The United States is helping Afghanistan face this public-health crisis by funding a new rural treatment program to expand substance abuse treatment to the hardest-hit local communities. According to INL, the demand for treatment and prevention services far exceeds the capacity of the centers, most of which have extensive waiting lists for new patients.

The United States also supports UNODC's global child-addiction program to develop protocols for treating opioid-addicted children, training treatment staff, and delivering services through NGOs.⁷⁷⁴ The United States also funds an antidrug curriculum in Afghan schools, which has trained over 1,900 teachers and reached over 600,000 students in 900 schools.⁷⁷⁵ INL provided \$6.3 million in FY 2016 appropriated funds during this reporting period and funded \$13.7 million to the Colombo Plan in FY 2017.⁷⁷⁶ INL provides assistance for substance abuse treatment programs in Afghanistan through the Colombo Plan Drug Advisory Programme, which includes residential, outpatient, and outreach programs. INL also supports the Colombo Plan with training and certification of drug addiction counselors.⁷⁷⁷

INL also started a pilot rural treatment program in June 2017 in Jowzjan and Laghman Provinces; however, its activities have been delayed due to security and winter weather conditions. Implementing partners are

negotiating memoranda of understanding with the Afghan government. INL expects to roll out the program in June 2018.⁷⁷⁸

Since 2015, INL has transitioned responsibility for 42 of 86 U.S.-funded drug treatment centers in Afghanistan to the Ministry of Public Health (MOPH): 14 of the centers transitioned over to the MOPH as of January 2018.⁷⁷⁹ This quarter, INL and the Colombo Plan continued to revise the plan in accordance to the accelerated transition schedule. UNODC neared completion of their quality-assurance report on drug demand reduction which had been anticipated in early 2018.⁷⁸⁰ The remaining treatment centers are scheduled to transition by the end of 2019. INL reduced funding to all facilities (including the 28 MOPH centers) by approximately 20% in 2015, another 15% in 2016, and another 25% in 2017.⁷⁸¹

Most of the patients at the remaining treatment centers are adult males. Of the 86 facilities, 66 are residential and 20 are outpatient centers; 31 are dedicated to female clients. Among the residential treatment centers, 44 also offer home-based services.⁷⁸² The residential treatment centers comprise 40 centers for adult males, eight for adult females, eight for children, five for adolescent males, and five for adolescent females.⁷⁸³ Twelve of the 44 home-based programs provide services to adult females.⁷⁸⁴

INL has obligated approximately \$150.7 million for the Colombo Plan since 2008.⁷⁸⁵

Counter-Narcotics Community Engagement

INL has obligated \$12.7 million and spent \$11.9 million on its Counter-Narcotics Community Engagement (CNCE) program since its inception in April 2013.⁷⁸⁶ CNCE funds communication and outreach programs aimed at discouraging poppy cultivation, preventing drug use, and encouraging licit crops. According to INL, surveys indicate that the public messaging campaigns are having an increasing impact on Afghan attitudes about illicit narcotics.⁷⁸⁷ The public-health surveys conducted in 2014 indicate high exposure to antidrug messaging, particularly for messages related to health risks of drug use and addiction.⁷⁸⁸

Sayara Strategies is completing its final target audience assessment. The program is scheduled to end March 31, 2018.⁷⁸⁹

SIGAR AUDIT

An ongoing SIGAR audit of INL's drug treatment programs in Afghanistan is examining the extent to which INL and its implementers: (1) developed strategies and assessed program achievements; (2) conducted required oversight, and identified and addressed program challenges; and (3) incorporated sustainment into the programs.

