

SIGAR

Special Inspector General for
Afghanistan Reconstruction

OCT 30
2017

QUARTERLY REPORT TO THE UNITED STATES CONGRESS





The National Defense Authorization Act for FY 2008 (P.L. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).

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

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

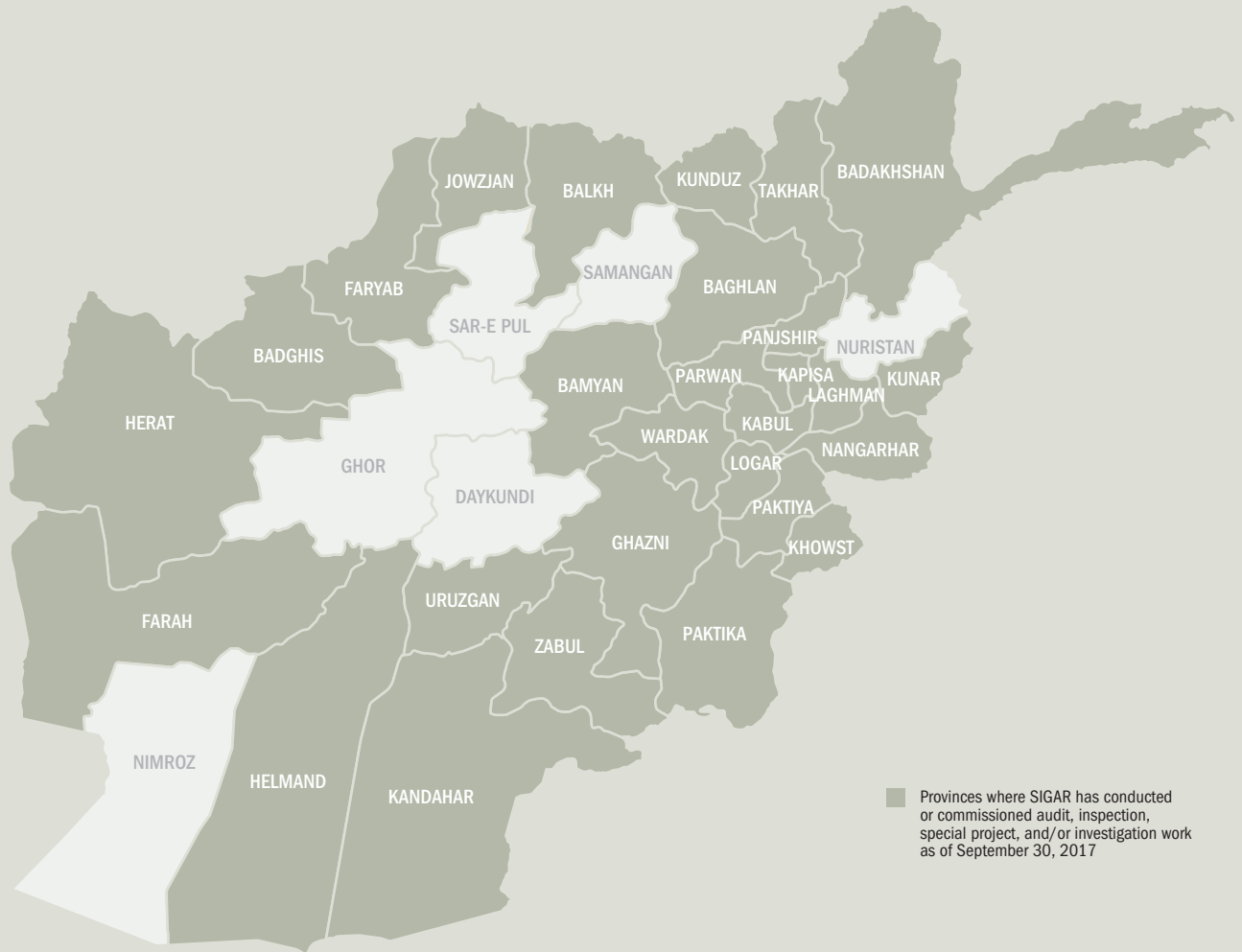
Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

Source: P.L. 110-181, "National Defense Authorization Act for FY 2008," 1/28/2008.

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

Cover photo:

Soldiers of the Afghan National Army (ANA) soldiers march in review in Herat as they complete their 10-week training program. (AFP photo)





SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, and the Secretaries of State and Defense, SIGAR's 37th quarterly report on the status of the U.S. reconstruction effort in Afghanistan.

Afghanistan is at a crossroads. President Donald Trump's new strategy has clarified that the Taliban and Islamic State-Khorosan will not cause the United States to leave. At the same time, the strategy requires the Afghan government to set the conditions that would allow America to stay the course.

One such requirement is effective action against corruption. The National Unity Government recently adopted an ambitious anticorruption strategy as pledged at the Brussels Conference in 2016. Congress has asked SIGAR to play a special role in evaluating the Afghan government's performance against the goals they have set for themselves. This quarter I traveled to Afghanistan to meet with President Ashraf Ghani and Chief Executive Abdullah Abdullah, as well as Afghan ministers, U.S. officials, and ambassadors from other donor nations to discuss this critical process. President Ghani promised to give SIGAR access to his ministries and their books and records in order to assess their internal controls over U.S. budget assistance. He also promised to issue a presidential decree ordering Afghan officials to cooperate fully with the SIGAR assessment. Chief Executive Abdullah pledged his support for both measures.

The anticorruption strategy and other Afghan reforms dominated discussion at the Senior Officials Meeting in October; at a Kandahar ceremony marking the U.S. delivery of UH-60 Black Hawk helicopters for the Afghan Air Force; and at a meeting I attended of the High Council on the Rule of Law and Anti-Corruption. On each occasion, President Ghani noted the National Unity Government's close cooperation with SIGAR and thanked us for our help fighting corruption. At the Kandahar ceremony, President Ghani vowed to account for every penny of American assistance to his government.

President Ghani has nominated or appointed an impressive group of younger, reform-minded officials to help advance his agenda, but the road ahead for his team will be hard, as entrenched interests work to stymie change. SIGAR is following the concerns raised by some members of the international community and Afghan civil-society organizations about the new anticorruption strategy. In particular, outside observers have questioned the need for or practicality of consolidating most Afghan anticorruption bodies under the Attorney General's Office, and the fact that there is no strong and independent anticorruption commission established to monitor progress.

SIGAR will keep abreast of the implementation of the Kabul Compact, an Afghan-led initiative announced in August to "demonstrate the government's commitment to creating a peaceful, stable, and prosperous society." The compact process consists of four U.S.- and Afghan-chaired working groups covering governance, economic development, peace and reconciliation, and security issues. Each working group has a matrix of benchmarks—subject to change—to chart reform progress for the next three years. However, the compact is not a strategy, not a signed or legally binding document and, unlike some other agreements, sets no conditions linking benchmarks to U.S. aid. U.S. officials describe the compact as a useful compendium or scorecard of commitments already made by the Afghan government.

Section 1 of this report discusses SIGAR's Lessons Learned Program report released in September, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*. The report examines U.S. security-sector assistance to Afghanistan over 15 years, drawing lessons and recommendations for the future. The Chairman of the Joint Chiefs of Staff, General Joseph F. Dunford Jr.; his NATO colleagues; and Congressional staff are receiving briefings on the report.

In a significant development this quarter, U.S. Forces-Afghanistan (USFOR-A) classified or otherwise restricted information SIGAR has until now publicly reported. These include important measures of ANDSF performance such as casualties, personnel strength, attrition, capability assessments, and operational readiness of equipment. (A more detailed description of what has been classified or restricted may be found in the Security chapter of Section 3 of this report.) USFOR-A said the casualty data belonged to the Afghan government, and the government had requested that it be classified. More than 60% of the approximately \$121 billion in U.S. funding for reconstruction in Afghanistan since 2002 has gone to build up the ANDSF, so the increased classification of ANDSF data will hinder SIGAR's ability to publicly report on progress or failure in a key reconstruction sector. In Appendix E of this report, SIGAR has published a list of the nine questions it provided to USFOR-A whose precise answers can no longer appear in the public report.

This is the second time the U.S. military has sought to classify information on ANDSF capabilities. In 2015, NATO-led Resolute Support classified the answers to some 31 SIGAR questions, only to declassify the bulk of them a few days after SIGAR published its January 30, 2015, quarterly report. Since 2015, SIGAR has published a classified annex to each of its quarterly reports concerning the information that remained classified. The classified annex for this quarterly report will also contain the new types of information classified. The classified annex will be made available upon request to Congress, DOD, and the Department of State.

This quarter, SIGAR issued a variety of audits, inspections, reviews, and other products. One performance audit found that the Departments of Defense and State, and the United States Agency for International Development, failed to assess the effectiveness of six Afghanistan Infrastructure Fund projects initiated in 2011 and valued at \$474 million. SIGAR work to date has identified about \$2.1 billion in savings for the U.S. taxpayer.

During the reporting period, SIGAR investigations resulted in one indictment, one criminal information, two guilty pleas, two sentencing, nearly \$500,000 in restitutions and forfeitures, and over \$134.9 million in savings for the U.S. government. These results raise the total cost savings and recoveries from investigations to the U.S. taxpayer to more than \$1.2 billion. SIGAR initiated 11 new cases and closed 47, bringing the total number of ongoing investigations to 231.

SIGAR's suspension and debarment program referred two individuals and four companies to cognizant officials for possible suspension or debarment from federal contracting based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

My staff and I look forward to working together with Congress and other stakeholders to continue to provide comprehensive oversight for the most ambitious reconstruction effort the United States has ever undertaken.

Respectfully,

A handwritten signature in black ink, appearing to read 'John F. Sopko', written in a cursive style.

John F. Sopko
Special Inspector General for Afghanistan Reconstruction

EXECUTIVE SUMMARY

This report summarizes SIGAR’s oversight work and updates developments in the four major sectors of Afghanistan’s reconstruction effort from July 1 to September 30, 2017.* It also includes an essay on the reasons for the successes and failures of the U.S. security-sector assistance mission in Afghanistan, and extracting usable lessons from them. During this reporting period, SIGAR published 16 audits, inspections, reviews, and other products assessing the U.S. efforts to build the Afghan security forces, improve governance, facilitate economic and social development, and combat the sale and production of narcotics. During the reporting period, SIGAR criminal investigations resulted in one criminal indictment, one criminal information, two guilty pleas, two sentencings, nearly \$500,000 in restitutions and forfeitures, and over \$134.9 million in savings for the U.S. government. SIGAR initiated 11 new cases and closed 47, bringing the total number of ongoing investigations to 231. Additionally, SIGAR’s suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and in the United States.

SIGAR OVERVIEW

AUDITS AND INSPECTIONS

This quarter, SIGAR published one performance audit, five financial audits, and four inspection reports.

The **performance audit** found:

- DOD, State, and USAID have not assessed whether six fiscal year 2011 Afghanistan Infrastructure Fund projects, worth \$474 million, achieved their counterinsurgency objectives.

The **financial audits** identified \$1,215 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included ineligible travel costs and a misinterpretation of a federal acquisition regulation.

The **inspection reports** found:

- Phase 2 of the U.S. Army Corps of Engineers’ construction of Ministry of Interior headquarters experienced lengthy delays, increased costs, and construction deficiencies.
- A U.S. Army Corps of Engineers’ award to MegaTech Construction Services to complete Phase IV of the Kabul Military Training Center resulted in the potential waste of \$4.1 million due to poor design and construction, and contractor noncompliance.
- Eleven of 13 State and USAID reconstruction projects that SIGAR assessed between July 2009 and March 2017 did not meet contract requirements. Additionally, seven of 13 met neither contract requirements nor technical specifications.
- An Air Force Center for Engineering and the Environment award to Innovative Technical Solutions to construct

* SIGAR may also report on products and events occurring after September 30, 2017, up to the publication date.

EXECUTIVE SUMMARY

Ministry of Defense headquarters generally met contract requirements, but four safety-related deficiencies needed to be addressed.

SPECIAL PROJECTS

This quarter SIGAR's Office of Special Projects wrote nine reviews, inquiry letters, and alert letters expressing concern on a range of issues including:

- USAID's implementation of an electronic payment system to improve customs revenue collection
- observations on site visits to health facilities in Nangarhar Province
- the prevalence of Afghan foreign military trainees in the U.S. going Absent Without Leave
- structural damage at health and educational facilities in Khowst and Kapisa Provinces

LESSONS LEARNED

This quarter, SIGAR's Lessons Learned Program issued *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*, which examines how the U.S. government—primarily the Departments of Defense, State, and Justice—developed and executed security-sector assistance programs to build, train, advise, and equip the Afghan National Defense and Security Forces.

INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in one indictment, one criminal information, two guilty pleas, two sentencing, nearly \$500,000 in restitutions and forfeitures, and over \$134.9 million in savings for the U.S. government. SIGAR initiated 11 new cases and closed 47, bringing the total number of ongoing investigations to 231. SIGAR's suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States.

Investigations highlights include:

- the National Procurement Commission, chaired by President Ashraf Ghani, suspending the award of a \$134.9 million contract due to corruption exposed by a bribery investigation
- a U.S. military member indicted on two counts of receiving and agreeing to receive bribes
- a former employee of U.S. Army Corps of Engineers charged in a criminal information with one count of seeking and receiving bribes as a public official
- a former U.S. soldier sentenced for theft and conversion of \$289,276 worth of government property
- SIGAR special agents intercepting \$1.6 million in smuggled gold, transferring it to the Afghan national bank, and beginning a joint investigation with a special working group formed by President Ashraf Ghani

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“The truth is sometimes a hard pill to swallow. It sometimes causes us difficulties at home and abroad. It is sometimes used by our enemies in attempts to hurt us. But the American people are entitled to it, nonetheless.”

—*Senator John McCain*

1 LESSONS OF 15 YEARS



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An Afghan commando provides security during a patrol training exercise in Kabul Province. (U.S. Army photo by Spc. Ryan DeBooy)

LESSONS LEARNED POINT WAY TO STRONGER AFGHAN SECURITY FORCES

U.S. government agencies have long recognized that reconstruction in Afghanistan depends above all on Kabul's ability to deploy effective security forces. Assessing the first three years of U.S. and allied efforts to build such forces, the Government Accountability Office cautioned in 2005 that “establishing viable Afghan army and police forces will almost certainly take years and substantial resources.”¹

And so it has. When the United States intervened in late 2001 to overthrow the al-Qaeda-harboring Taliban regime, the Afghan army and police had effectively dissolved.² By 2005, the United States had already committed \$4.3 billion to develop the Afghan security forces, and one official estimate was that the rebuilding programs “could cost up to \$7.2 billion to complete.”³

That estimate proved optimistic. As of 2017, congressional appropriations for the Afghan security sector total more than \$70 billion—more than



A U.S. Army staff sergeant helps an ANA recruit zero in his M16 rifle. (U.S. Army photo by Guy Volb)

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60% of all reconstruction funding—and an undertaking lasting four times as long as U.S. participation in World War II remains incomplete.

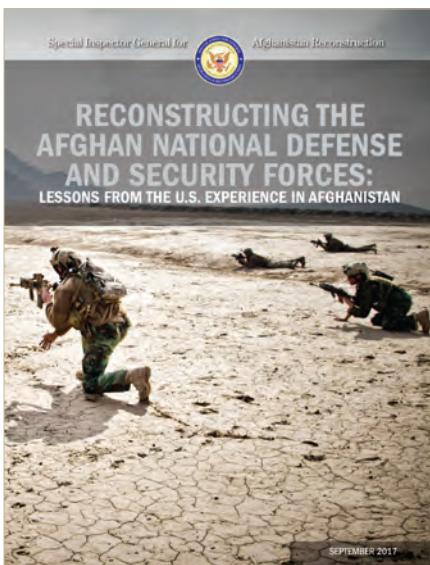
In its June 2017 semiannual report to Congress, the Department of Defense (DOD) said, “The Afghan National Defense and Security Forces (ANDSF) began the third year of full responsibility for their nation’s security [starting January 1, 2015] with a new plan to end the stalemate with the Taliban and restructure the force to become more agile and lethal over the next four years.”⁴ Since the DOD submitted that report, the new Administration in the United States has announced a revised strategy for Afghanistan and is adding several thousand U.S. troops to bolster the train, advise, assist (TAA) mission there.

Meanwhile, as SIGAR has reported, the ANDSF is suffering unsustainable casualty rates, Taliban insurgents and terrorist groups operate in much of the country, and large areas of Afghanistan are no-go zones for foreigners. According to DOD:

The ANDSF are at a critical point in the fight against the insurgency. The plan to modify the force structure and develop into a more agile and lethal force is under way, but 2017 is a year of setting conditions to build momentum. The ANDSF must weather the storm from the insurgency and deny the Taliban strategic victories on the battlefield, fight [ISIS], grow and train the Afghan Special Security Forces, conduct planning to realign forces within the Ministry of Defense [for the army] and Ministry of Interior [for the police], and posture itself to become a more offensive force in 2018.⁵

Without the enormous personal and financial sacrifices already made by Afghans and their international partners, the country might have relapsed to control by extremists and terrorists. That has not happened, and as DOD has noted, insurgents have been stymied in all their attempts to take and hold major population centers. Still, the continuing lack of a fully effective ANDSF undermines the viability of the Kabul government and impedes U.S. efforts to disengage from combat operations in Afghanistan. Clearly, the time is ripe to ask why an undertaking begun in 2002 and costing \$70 billion has—so far—not yielded bigger dividends.

Understanding the reasons for the successes and failures of the U.S. security-sector assistance mission in Afghanistan—and extracting usable lessons from them—is the focus of a new report from SIGAR’s Lessons Learned Program (LLP).



SIGAR’s new LLP report.

SIGAR’S LESSONS LEARNED PROGRAM

The Special Inspector General for Afghanistan Reconstruction established the Lessons Learned Program at the urging of former U.S. Ambassador

to Afghanistan Ryan Crocker, General John Allen, and several members of Congress.

LLP aims to pursue longer-range, broader-scope, and more whole-of-government analysis of issues than appear in SIGAR's more tightly focused audits, inspections, and investigations. Its first report, *Corruption in Conflict*, was released in fall 2016.

LLP operates under the direction of Joseph Windrem, former deputy director of SIGAR's Research and Analysis Directorate. James Cunningham was lead research analyst for the security-assistance report, with editorial and writing support from LLP Acting Deputy Director Kim Corthell and Writer-Editor Elizabeth Young. Additional members of the research team included Samantha Hay, Clint Hougen, Kristin Pettersen, and Ashley Schortz.

FRESH LOOK AT A FORMIDABLE UNDERTAKING

The report, *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*, was released on September 21, 2017, during a speech by SIGAR's Inspector General John F. Sopko at the Center for Strategic and International Studies in Washington, DC.

In his remarks, Inspector General Sopko said:⁶

Considering the duration and cost of our effort in Afghanistan, and the increasing likelihood of demands on our military and our resources emanating from North Korea, the Middle East, and elsewhere, three things are clear from today's report:

1. We need to help the Afghans stand on their own in order to reduce the need for international military support over time;
2. Building an effective Afghan security forces is and has always been the keystone of that effort; and,
3. We need to do a better job of building them.

SIGAR is uniquely positioned to take a fresh look at the security-assistance effort and to extract lessons from its long history. SIGAR's statutory mandate is to investigate and report to Congress and the Administration on the entirety of U.S. reconstruction efforts in Afghanistan, to highlight problems, and to offer recommendations for improvements.⁷ SIGAR is also a uniquely independent oversight agency, able to investigate, inspect, audit, and report on any aspect of Afghanistan reconstruction regardless of federal departmental boundaries.

SIGAR's mandate, however, does not extend to second-guessing national policy. SIGAR oversight focuses on seeking out waste, fraud, and abuse; assessing effectiveness and identifying problems; and suggesting

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improvements in the programs devised to implement policy. Our settled national policy is that Afghanistan must not again become a launching pad for international terrorist attacks. From that standpoint and other considerations, Afghanistan is important to U.S. national security, and improving security-assistance efforts there is a high-priority mission.

OVERVIEW OF LESSONS LEARNED REPORT

SIGAR's analysis revealed that the U.S. government was not properly prepared from the outset to help build an Afghan army and police force that was capable of protecting Afghanistan from internal and external threats and preventing the country from becoming a terrorist safe haven. SIGAR found the U.S. government lacked a comprehensive approach to security-sector assistance and a coordinating body to successfully implement the whole-of-government programs necessary to develop a capable and self-sustaining ANDSF.

As then Secretary of Defense Robert Gates said in 2010, "Our military was designed to defeat other armies, navies and air forces, not to advise, train and equip them." America's "interagency toolkit" for building the security capacity of partner nations, Gates said, was a "hodgepodge of jerry-rigged arrangements constrained by a dated and complex patchwork of authorities, persistent shortfalls in resources, and unwieldy processes."⁸

Ultimately, the United States designed a force that was not able to provide nationwide security, especially as that force faced a larger threat than anticipated after the drawdown of coalition military forces. But the



Afghan National Army drivers train on vehicle preventive maintenance. (U.S. Army photo by Mike MacLeod)

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Afghan National Defense and Security Forces, the ANDSF, remain vital to everything the United States hopes to achieve in Afghanistan. Without an effective ANDSF, insurgents and terrorists will increase their control of provinces and populations. The Kabul government will struggle to build popular support and provide basic services. And reconstruction advisors and oversight personnel will be constrained in getting around the country to do their jobs.

Unfortunately, as SIGAR has documented, U.S. security-sector assistance in Afghanistan has suffered from serious problems, many of which persist. Numerous examples, documented in SIGAR reports over recent years, include:

- Unreliable and inconsistent assessments of ANDSF capabilities
- Ineffective management of ANDSF fuel and equipment
- Inadequate literacy-training programs for ANDSF personnel
- Thousands of “ghost” soldiers on the rolls, distorting readiness assessments and allowing corrupt commanders to pocket the salaries paid from U.S. taxpayers’ funds
- Nearly a half-billion dollars wasted on transport planes bought second-hand from Italy that could not operate in Afghanistan’s harsh environment and that were scrapped for pennies on the dollar
- Shoddily constructed, unsafe, and unwanted buildings

Despite the massive U.S. commitment to build the ANDSF, the forces continue to struggle with the external threats of terrorism and a resilient insurgency, as well as internal issues such as gaps in military capabilities



Afghan recruits fall in at the Kabul Military Training Center. (Photo by Jason Howk)

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like intelligence gathering, casualty evacuation, administrative skills, and over-reliance on static checkpoints.

So with a revised U.S. strategy under way, SIGAR's report comes at an opportune time to improve chances of success in Afghanistan. Now, more than ever, it is necessary not to dwell upon failures, but to learn lessons from and improve our security-sector assistance efforts.

HOW THE REPORT WAS PREPARED

In preparing the security-assistance report, SIGAR's Lessons Learned staff consulted hundreds of public and nonpublic documents, within and outside of government agencies. They interviewed and held discussions with more than 100 people including U.S., European, Afghan, and other experts from academia, think tanks, NGOs, and government entities, along with current and former U.S. civilian and military officials deployed to Afghanistan.

The report also drew upon the experience and advice of General Joseph Dunford, chairman of the Joint Chiefs of Staff; CENTCOM commander General Joseph Votel; Resolute Support mission commander General John Nicholson; former Combined Security Transition Command-Afghanistan commander Major General Richard Kaiser; and other subject matter experts such as Dr. Anthony Cordesman of the Center for Strategic and International Studies (CSIS).

SIGAR has also been encouraged by positive responses to drafts of the report from many DOD officials, senior military officers and national-security policy officials. Their reactions matter. No matter how ironclad and compelling a report may be to its authors, it is useless if decision makers do not accept the accuracy of its findings and the logic of its recommendations. Their initial reactions to the draft report bode well for the practical value of the final product in preventing a repetition of mistakes made in Afghanistan.

The Lessons Learned report is posted on SIGAR's website, www.sigar.mil, for reading and downloading. The website also offers an interactive version of the report that gives users quick and easy access to a summary embedded with imagery, graphs, and responsive content. SIGAR is not aware of any other federal IG office that produces such whole-of-government lessons-learned reports with interactive Web versions. The website also hosts SIGAR's September 2016 Lessons Learned report on corruption—another serious and complex threat to the viability of the Afghan state. Additional reports are in preparation.

WHAT SIGAR FOUND

The \$70 billion U.S. effort to create an effective ANDSF has been under way since 2002. From the outset, however, this effort has been a coalition

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operation, with the United Kingdom, Germany, Italy, Canada, Australia, Turkey, Japan, and other partner nations contributing, as well as the United States.

Not surprisingly, such a long and costly undertaking has attracted a great deal of attention to the lessons that might be extracted from it. Such lessons are generally not very cheerful reading, for as a British military historian observed, “History is ... a record of how things usually go wrong.”⁹ The work of SIGAR, other federal inspectors general, the GAO, CSIS, and others strongly supports that judgment. But not everything goes wrong, and our report also highlights some encouraging successes in security assistance that may augur well for the future.

SIGAR’s report contains a detailed array of findings, lessons, and recommendations. It comprises:

- Twelve researched and documented *findings*,
- Eleven *lessons* drawn from those findings, and
- Thirty-five *recommendations* for addressing those lessons: two for Congress to consider, seven that apply to executive agencies in general, seven that are DOD-specific, and nineteen that are Afghanistan-specific and applicable to either executive agencies at-large or to DOD.

The full report elaborates on a dozen findings of fact, richly researched, and presented with full discussion and numerous examples.¹⁰ A few of the most significant findings:

1. The U.S. government was ill-prepared to conduct security-sector assistance programs of the size and scope required in Afghanistan, whose population is about 70% illiterate and largely unskilled in technology. In particular, the U.S. government lacks a deployable police-development capability for high-threat environments, so training of more than 100,000 Afghan police has been performed by a variety of U.S. Army aviators, infantry officers, and civilian contractors. The only ministerial advisory training program is designed solely for civilians, but in Afghanistan mostly untrained military officers are conducting that mission. One U.S. officer watched TV shows like *Cops* and *NCIS* to learn what he should teach. In eastern Afghanistan, SIGAR met a U.S. Army helicopter pilot assigned to teach policing. Afghan police training has suffered because of this misalignment of U.S. advisors.
2. U.S. military plans for ANDSF readiness were created under politically constrained timelines, rather than based upon realistic assessments of Afghan readiness. These plans consistently underestimated the resilience of the Afghan insurgency and overestimated ANDSF capabilities. Consequently, the ANDSF was ill-prepared to deal with deteriorating security after the drawdown of U.S. combat forces.

LESSONS OF 15 YEARS

3. The United States failed to optimize coalition nations' capabilities to support security-assistance missions in the context of international political realities. Partner nations' restrictions on the use of their troops, disparate rationales for joining the Coalition, their own resource constraints, differing military capabilities, and NATO's force-generation processes led to an increasingly complex implementation of security sector assistance programs. For example, the NATO training mission for the ANDSF was chronically understaffed by more than 50%. Gaps existed even in positions identified as mission-critical.
4. The lag in Afghan ministerial and security-sector governing capacity hindered planning, oversight, and the long-term sustainability of the ANDSF. Insufficient attention to Afghan institutional capacity meant that the personnel, logistical, planning, administrative, and other functions vital to sustaining the fighting forces remained underdeveloped—as they do today. Creating inventory systems for equipment, fuel, and personnel began in earnest only in the past few years.
5. As security deteriorated, efforts to sustain and professionalize the ANDSF became secondary to meeting immediate combat needs.

FINDINGS YIELD TOUGH LESSONS

These and other findings provide the bones and connective tissue of the report. But the heart of any lessons-learned report consists—naturally—of lessons. SIGAR's Lessons Learned Program extracted 11 lessons from its research:¹¹

Lesson 1. The U.S. government is not well organized to conduct Security-Sector Assistance (SSA) missions in post-conflict nations or in the developing world. Furthermore, U.S. doctrine, policies, personnel, and programs are insufficient to meet SSA mission requirements and expectations.

The United States does not lack the capability to conduct effective SSA programs; it lacks a comprehensive interagency approach to implement these programs. Most U.S. SSA programs focus on improving fighting capabilities of partner-nation security forces, with limited efforts to improve the *institutions* necessary for security, governance, and sustainability.

Lesson 2. SSA cannot employ a one-size-fits-all approach; it must be tailored to a host nation's context and needs. Security-force structures and capabilities will not outlast U.S. assistance efforts if the host nation does not fully buy into such efforts and take ownership of SSA programs.

From 2002 to 2015, senior U.S. and NATO officials took ownership of ANDSF development, with little to no input from senior Afghan officials. Afghan buy-in

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Afghan National Police train in controlling and cuffing suspects. (IJC photo by Sandra Arnold)

largely occurred through the process of U.S. and NATO officials briefing Afghan leaders on military plans and training programs for the ANDSF. In just one example of “cut-and-paste” program applications from other settings that negatively impacted the overall effort, the U.S. military employed PowerPoint-based police training curricula previously used in the Balkans that were a mismatch given the high levels of illiteracy within the Afghan police force. Additionally, the lack of Afghan ownership of force development, operational planning, and security-sector governance prevented the Afghans from effectively overseeing and managing the ANDSF following the security transition at the end of 2014.

Lesson 3. Senior government and nongovernment leaders in post-conflict or developing-world countries are likely to scrimp for control of security forces; SSA missions should avoid empowering factions.

U.S. officials should expect host-nation leaders to compete for control of the military and police, including attempts to manipulate U.S. efforts to advance their own personal and political agendas. In Afghanistan, the United States largely ignored the transitional security forces operating throughout the country, as well as the political imbalances throughout the rank-and-file that were eroding security, both of which were often supported by host-nation elites. As a result, major social and political imbalances remain within the ANDSF today.

Lesson 4. Western equipment and systems provided to developing-world militaries are likely to create chronic, high-cost dependencies.

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Many developing-world security forces have military and police personnel with far lower rates of literacy than their Western counterparts. Advanced weapons systems and vehicles, demand-based supply systems, and high-tech personnel and command and control systems that work for Western militaries could be inappropriate for many developing-world forces. Even if some personnel at higher echelons can master the systems, such capabilities might not be realistic in tactical units. Those with such skills are also more likely to seek higher-paying (and safer) employment in the private sector or senior civil service. Western advisors, therefore, are likely to step in to perform the jobs themselves rather than see the tasks done poorly or not at all. In Afghanistan, this reliance on U.S. support created a chronic dependency within the ANDSF on foreign partners.

Lesson 5. Security force assessment methodologies are often unable to evaluate the impact of intangible factors such as leadership, corruption, malign influence, and dependency, which can lead to an underappreciation of how such factors can undermine readiness and battlefield performance.

Assessment methodologies used to evaluate the ANDSF measured tangible outputs, such as staffing, equipping, and training status, but were less capable of evaluating the impact of intangible factors, such as battlefield performance, leadership, corruption, malign influence, and changes in systems and equipment. DOD forecasts and targets for force readiness were largely based on the U.S. military's capacity for recruitment and training, and not based on battlefield performance and other factors corroding the Afghan force. Issues such as ghost soldiers, corruption, and high levels of attrition were more critical than training capacity to measuring true ANDSF capabilities.



Female ANP officers train in riot control. (Kansas Army National Guard photo by Sgt. Darren D. Heusel)

Lesson 6. Developing and training a national police force is best accomplished by law enforcement professionals in order to achieve a police capability focused on community policing and criminal justice.

In Afghanistan, two different U.S. government agencies led police-development activities. Each of these efforts alone was insufficient. State, mandated by legislation and supported by funding, is responsible for foreign police development. However, State's Bureau of International Narcotics and Law Enforcement Affairs (INL) is staffed by civilian program managers, not law-enforcement professionals. Therefore, State largely relied on contracting with DynCorp International to conduct police training and development programs in Afghanistan. U.S. civilian police trainers were largely restricted from operating in high-threat environments and therefore could not provide follow-on field training to new Afghan National Police (ANP) recruits. The mission was eventually transferred to DOD, which was largely inexperienced and improperly prepared to provide rule-of-law training to foreign police forces. As a result, training and development of the ANP was militarized and resulted in a police capability focused more on force protection and offensive operations than on community policing and criminal justice.

Lesson 7. To improve the effectiveness of SSA missions in Coalition operations, the U.S. government must acknowledge and compensate for any Coalition staffing shortfalls and national caveats that relate to trainers, advisors, and embedded training teams.

The ANDSF training mission suffered from chronic understaffing. Even during the surge from 2010 to 2011, required trainer billets at the NATO Training Mission-Afghanistan were staffed at less than 50%. Due to the operational restrictions imposed by some NATO countries, deployed trainers could not be appropriately assigned throughout Afghanistan. In late 2011, ANP trainers in Kabul were overstaffed by 215%, while police trainers in hostile and non-permissive areas of eastern Afghanistan were 64% understaffed. Chronic understaffing persists.

Lesson 8. Developing foreign military and police capabilities is a whole-of-government mission.

Successful SSA missions require whole-of-government support from the civilian and defense agencies with expertise in training and advising foreign countries in both security operations and the necessary institutional development of the security forces' governing institutions. Within DOD, SSA is a defense enterprise mission, not strictly one to be executed by the military chain of command. Deploying military combat commanders in this role results in over-prioritizing development of the fighting force at the expense of governing and sustainability missions. For police-related missions, the United States lacks a deployable rule-of-law training force that can operate in high-threat environments; in Afghanistan, this limited the U.S. ability to develop the ANP.

LESSONS OF 15 YEARS

Lesson 9. In Afghanistan and other parts of the developing world, the creation of specialized security force units often siphons off the conventional force's most capable leaders and most educated recruits.

In post-conflict nations and the developing world, where human capital for a professional military and police force is limited, it may be necessary to create smaller, specialized forces. In that case, however, the U.S. military must analyze the impact that removing the potential cadre of promising leaders will have on the conventional forces. Creating the Afghan National Army (ANA) commandos and special forces entailed removing literate and proficient soldiers from the ranks of the conventional forces and assigning them to the elite units. Within the Afghan National Police, creation of the Afghan National Civil Order Police and special police units likewise removed the most literate and capable police recruits from the regular force. While the elite units have performed admirably, the conventional units have struggled.

Lesson 10. SSA missions must assess the needs of the entire spectrum of the security sector, including rule of law and corrections programs, in addition to developing the nation's police and armed forces. Synchronizing SSA efforts across all pillars of the security sector is critical.

Successful security-sector development is often achieved when all aspects of the security sector are developed in concert with one another. Developing a national police force without also developing programs and reforms of the nation's judicial and corrections systems will create perverse incentives for the police to capture and release criminals for bribes or be involved in extra-judicial activities. In Afghanistan, the 2002 division of security-sector reform into the five independent "silos" of military reform (U.S.), police reform (Germany), judicial reform (Italy), counternarcotics (UK), and disarmament, demobilization and reintegration (Japan) undermined each individual program's success, as the process lacked necessary coordination and synchronization.

Lesson 11. U.S. SSA training and advising positions are not currently career-enhancing for uniformed military personnel, regardless of the importance U.S. military leadership places on the mission. Therefore, experienced and capable military professionals with SSA experience often choose non-SSA assignments later in their careers, resulting in the continual deployment of new and inexperienced forces for SSA missions.

The career path of a U.S. Army officer, for example, relies on commanding U.S. soldiers. Outside of joint military exercises, experiences partnering with a foreign military have little positive impact on an officer's promotion-board review. Although U.S. military commanders publicly emphasized the importance of the train, advise, and assist missions in Iraq and Afghanistan, their statements did not improve the way the military rewarded members who volunteered for or were deployed in support of SSA missions.

SIGAR's report goes into detail on these lessons. They spring from our findings about security-sector assistance in Afghanistan to date, but are also prudent points to bear in mind for future efforts in Afghanistan and elsewhere.

NEEDED NOW: WHOLE-OF-GOVERNMENT APPROACH

One of the security-assistance report lessons has special implications for oversight agencies in Afghanistan—especially SIGAR, the agency with the largest oversight staff and broadest mandate in Afghanistan. That lesson is that a whole-of-government approach is necessary to successfully develop foreign military and police capabilities.

Afghanistan may be the definitive case study for that judgment. As our report notes, “While the U.S. government has a number of individual department and agency initiatives to improve security sector assistance programs, it currently lacks a comprehensive, whole-of-government approach and coordinating body to manage implementation and provide oversight of these programs.”¹²

This continuing failure is not only a serious impediment to success in Afghanistan, but could be the Achilles' heel of future contingency operations.

Even if the United States has a well-conceived whole-of-government approach, poor execution can undermine it. For example, embassy understaffing and tight restrictions on travel can add to the burden on our military, undermine the ability of civilian implementing agencies to perform



Afghan troops train in room-clearing techniques. (U.S. Army photo by Spc. Ryan DeBooy)

LESSONS OF 15 YEARS

their reconstruction tasks in Afghanistan, and hinder the work of SIGAR and other oversight entities.

For example, when Inspector General Sopko was able to visit the U.S.-led Coalition's southern training headquarters in Kandahar this spring, the senior leadership there said they had not met or seen anyone from the U.S. Embassy in Kabul since deployment, so the military had to deal with the local governor and other Afghan civilian officials on development and reconstruction matters that should have been an Embassy concern. When the Inspector General returned to Kandahar in the fall of 2017 to observe the first hand-off of UH-60 helicopters to the Afghan Air Force, U.S. military leaders there said they had still not received anyone from the Embassy. Their comments suggest the U. S. Embassy still has not employed a successful whole-of-government approach.

Similar troubling observations come from Major General Richard Kaiser, who until recently led the Combined Security Transition Command-Afghanistan. He noted that, "A lack of embassy manning is a huge challenge for us. They are understaffed, because of a lack of funding and the lack of an ability to hire people." Consequently, some tasks for which State is supposed to have the lead, such as counternarcotics and ministry coordination, are performed by the U.S. military. General Kaiser also noted, "I often meet with the [Afghan] minister of finance, then I collaborate with the embassy and tell them what has occurred." He adds, "This then is a real gap that can will cause fractures along the lines of communications."¹³

SIGAR's July 2017 *Quarterly Report to the United States Congress* noted that U.S. Embassy Kabul's severe restrictions on travel have increased the difficulty of carrying out the U.S. government's oversight mandate in Afghanistan. Other federal civilian agencies are similarly burdened.



ANA soldiers train on use of walls as cover. (U.S. Army photo by Spc. Ryan DeBooy)

To be blunt, the U.S. whole-of-government approach in Afghanistan suffers from a gap, a *hole in* our government approach, and that is particularly obvious when discussing civilian advisors who fall under Chief of Mission protection protocols. The high-threat environment in Afghanistan and Embassy Kabul's risk-avoidance posture impedes U.S. advisors from engaging regularly with their Afghan counterparts. Their tasks include important work like training Afghan judicial and police staff, giving technical support to Afghan ministries and monitoring the progress of USAID projects. Their limited access hinders building working relationships, trust, and follow-through on critical missions with direct negative impact on our military and reconstruction efforts.

With the civilian advisory mission mostly stuck behind embassy walls in Kabul, even with an expanded "Green Zone," there are limits on what can be achieved—unless Congress and the Administration quickly address the highly risk-averse posture that the State Department appears to have adopted in Afghanistan. That posture may in fact be inconsistent with the policy guidance in the State Department's own *Foreign Affairs Manual*, which states:

Advancement of U.S. foreign policy objectives inherently involves diverse types of risk, and the Department recognizes that taking considered risks is essential to creating value for our stakeholders. ... Department leaders, including Chiefs of Mission, should require the best possible assessment of risk, identification of mitigation measures, and evaluations of any remaining residual risk before making decisions. Decisions should include judgments on whether the benefits of a proposed activity or course of action outweigh the residual risks.¹⁴

Accepting risk is also critical to oversight work in challenging environment as Afghanistan. SIGAR believes, based on 17 visits to that country by Inspector General Sopko over the past five years and on the observations of SIGAR staff deployed there since 2009, that front-line U.S. civilian personnel understand these risks and want to be untethered so that they can reach more areas of Afghanistan more often to perform their assigned duties.

FROM LESSONS TO RECOMMENDATIONS

Offering lessons, no matter how carefully researched or compellingly presented, does little good without some idea of what to do about them. SIGAR's LLP report offers 35 recommendations, comprising 33 general and Afghanistan-specific recommendations for executive agencies and DOD, plus two for Congress to consider. SIGAR believes these recommendations are timely, sensible, and actionable, especially as the Administration implements its new strategy for Afghanistan.

The full set of recommendations is detailed in the Lessons Learned report. For purposes of this essay, the focus is on some of the end states or outcomes that would result if they were adopted.

LESSONS OF 15 YEARS

SIGAR's recommendations for executive agencies would, if implemented, lead to outcomes including:

- Better matching of U.S. advisors to the needs of the ANDSF and the Afghan Ministries of Defense and the Interior
- A stateside entity providing persistent and comprehensive support to the U.S. military and to the train, advise, and assist commands in Afghanistan
- Stringent conditions attached to U.S. funding to eliminate the ANDSF's "culture of impunity"

DOD-specific recommendations would, if implemented, bring about:

- Improved training and equipping for the Afghan Air Force
- Extending the reach of the U.S. military's train, advise, and assist mission below the Afghan corps level to allow for better observation and mentoring of maneuver units
- Taking into account the need for more military "guardian angels" for trainers and advisors who need to travel in insecure areas

SIGAR also offers two recommendations for the U.S. Congress that could:

- Provide a systematic review of authorities, roles, and resource mechanisms of major U.S. government stakeholders in security-sector assistance
- Identify a lead agency for foreign police training in high-threat and post-conflict environments, and resolving the current misalignments among Justice, State, and DOD.

CONCLUSION

SIGAR's new lessons-learned report includes well-documented findings, compelling lessons, and practical, actionable recommendations to improve strategic outcomes in Afghanistan and in operations yet to come.

Improving those outcomes requires taking a fresh, bolder look at the Afghan security forces and their well-documented problems with morale, literacy, drug use, corruption, leadership, and technical skill. But it also requires recognizing that the U.S. approach to security-sector assistance in Afghanistan over the past 15 years may have actually *contributed* to the ANDSF's inability to secure the country from threats and prevent the re-establishment of safe havens for terrorists.

As our report puts plainly, the United States failed to understand the complexities and scale of the mission required to stand up and mentor security forces in a country suffering from 30 years of war, misrule, corruption, and deep poverty. The United States still needs to address the problems of defining mission requirements in Afghanistan, and of executing these missions adequately.

LESSONS OF 15 YEARS



A U.S. Air Force senior master sergeant mentors an ANA military-police officer at the Kabul Military Training Center. (USAF photo by Cecilio M. Ricardo Jr.)

The ANDSF is fighting hard, and improving in many ways. But the United States has to do a better job of assisting their growth. Smarter and more appropriate security assistance is vital, now in Afghanistan, and later in whatever new contingencies arise.

Based on SIGAR's discussions with key leaders in our military, in DOD offices, and at the National Security Council, there are grounds for cautious optimism that a properly resourced, persistent, and comprehensive train, advise, and assist operation can pay big dividends.

Two good examples of where the United States has succeeded—noted in the security sections of previous SIGAR quarterly reports to Congress—are in building the core competency of the Afghan Special Security Forces and providing the Afghan Air Force with A-29 close-support aircraft and training for their pilots. There is still time to make a real difference in the capabilities and performance of the rest of the ANDSF.

“The future,” Harvard University historians Richard Neustadt and Ernest May wrote 30 years ago, “has no place to come from but the past.” Therefore, “what matters for the future ... is departures from the past, alterations, changes, which prospectively or actually divert familiar flows from accustomed channels.”¹⁵

As SIGAR's report has found, the accustomed channels of U.S. security-sector assistance have been, until recently, meandering and clogged. They need more dredging and straightening. Resolving to do better in security-assistance missions, and absorbing even some of the lessons in SIGAR's new report will offer a better way forward for the Afghan people—and ultimately, a more successful way to hasten the end of America's longest war.

“Our nation must seek an honorable and enduring outcome worthy of the tremendous sacrifices that have been made.”

—*President Donald Trump*

2 SIGAR OVERSIGHT



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Photo on previous page

Afghan officials and representatives of 50 countries and nongovernmental organizations held a Senior Officials Meeting in Kabul in October 2017.
(Afghan presidential palace photo)

SIGAR OVERSIGHT ACTIVITIES

This quarter, SIGAR issued 16 audits, inspections, reviews, and other products. SIGAR work to date has identified about \$2.1 billion in savings for the U.S. taxpayer.

SIGAR published one performance audit report this quarter. This audit examined how DOD, State, and USAID assessed the effectiveness of six Afghanistan Infrastructure Fund projects initiated in 2011 as part of the U.S. counterinsurgency strategy.

SIGAR completed five financial audits of U.S.-funded contracts to rebuild Afghanistan. These financial audits identified \$1,215 in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR's financial audits have identified more than \$414.5 million in questioned costs.

SIGAR also published four inspection reports. Three examined the Ministry of Interior headquarters project, the Kabul Military Training Center project, and the Ministry of Defense Security and Support Brigade Headquarters project. The fourth reviewed SIGAR's prior inspections of State and USAID reconstruction projects.

SIGAR's Office of Special Projects issued five products on a range of issues including, among others, USAID's implementation of an electronic payment (e-payment) system to improve customs revenue collection, observations on site visits to health facilities in Nangarhar Province, and a review that found nearly half of all foreign military trainees who went AWOL while training in the U.S. since 2005 were from Afghanistan. Special Projects also issued one inquiry letter and two alert letters to relevant authorities on USAID's Kandahar Food Zone, structural damage at a health facility in Khowst Province, and structural damage at an educational facility in Khowst Province. Finally, Special Projects also issued Inspector General Sopko's testimony to Congress on the Special Projects review that identified \$28 million in wasteful spending on Afghan National Army uniforms.

SIGAR's Lessons Learned Program published *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*, which examines how the U.S. government—primarily the Departments of Defense, State, and Justice—developed and executed security-sector assistance programs to build, train, advise, and equip the ANDSF.

COMPLETED PERFORMANCE AUDITS

- Audit 18-10-AR: Assessment of DOD, State, and USAID spending on Afghanistan Infrastructure Funds on Six Projects to Support Counterinsurgency Objectives

COMPLETED FINANCIAL AUDITS

- Financial Audit 17-63-FA: U.S. Air Force Logistical Support to the Afghan Air Force
- Financial Audit 18-04-FA: U.S. Army Contracting Command's Acquisition of Mobile Strike Force Vehicles for the Afghan National Army
- Financial Audit 18-05-FA: DOD Task Force for Business and Stability Operations' Afghanistan Indigenous Industries Program
- Financial Audit 18-06-FA: U.S. Air Force Support for Pilatus PC-12 Knight Ryder Aircraft in Afghanistan
- Financial Audit 18-07-FA: U.S. Army Contracting Command's Interim Training Support for the Afghan National Army to Maintain and Sustain Mobile Strike Force Vehicles

COMPLETED INSPECTION REPORTS

- Inspection Report 17-65-IP: Afghan Ministry of Interior Headquarters Project
- Inspection Report 18-01-IP: Kabul Military Training Center Phase IV
- Inspection Report 18-08-IP: Department of State and USAID Reconstruction Projects in Afghanistan
- Inspection Report 18-09-IP: Afghan Ministry of Defense Headquarters Security and Support Brigade

COMPLETED SPECIAL PROJECTS REVIEWS

- Review 17-61-SP: USAID's Afghan Trade and Revenue
- Review 17-66-SP: Schools in Khowst Province
- Review 17-67-SP: Health Facilities in Nangarhar Province
- Review 18-02-SP: Schools in Kapisa Province
- Review 18-03-SP: U.S.-Based Training for Afghan Security Personnel

COMPLETED LESSONS LEARNED PRODUCTS

- Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan

SIGAR OVERSIGHT ACTIVITIES

During the reporting period, SIGAR investigations resulted in one indictment, one criminal information, two guilty pleas, two sentencing, nearly \$500,000 in restitutions and forfeitures, and over \$134.9 million in savings for the U.S. government. SIGAR initiated 11 new cases and closed 47, bringing the total number of ongoing investigations to 231.

This quarter, SIGAR's suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 872—encompassing 480 individuals and 392 companies to date.

AUDITS AND INSPECTIONS

SIGAR conducts performance audits, inspections, and financial audits of programs and projects connected to the reconstruction effort in Afghanistan. Since its last report to Congress, SIGAR has issued one performance audit, five financial audits, and four inspection reports. This quarter, SIGAR has 11 ongoing performance audits, 27 ongoing financial audits, and 11 ongoing inspections.

Performance Audit Reports Published

SIGAR published one performance audit report this quarter. This audit examined how the Department of Defense (DOD), Department of State (State), and the U.S. Agency for International Development (USAID) assessed the effectiveness of six Afghanistan Infrastructure Fund projects initiated in 2011 as part of the U.S. counterinsurgency strategy.

Performance Audit 18-10-AR: Afghanistan Infrastructure Fund DOD, State, and USAID Have Not Assessed Whether Six Fiscal Year 2011 Projects, Worth \$474 Million, Achieved Their Counterinsurgency Objectives

Congress created the Afghanistan Infrastructure Fund (AIF) in 2011 to enable the U.S. government, led by DOD and State, to implement high-priority, large-scale infrastructure projects in support of the U.S. counterinsurgency (COIN) strategy in Afghanistan. COIN is a comprehensive effort intended to reinforce host-government legitimacy, and simultaneously defeat and contain an insurgency and address its root causes.

Between fiscal years (FY) 2011 and 2014, Congress appropriated approximately \$1.3 billion to the AIF to fund large-scale infrastructure projects. In FY 2011, DOD and State notified Congress that six projects would receive funding, comprising four power-sector projects, one road-infrastructure project, and one project to refurbish provincial justice centers. These six projects, whose scopes and schedules underwent substantial changes, were valued at \$474 million.

COMPLETED PERFORMANCE AUDITS

- Audit 18-10-AR: Assessment of DOD, State, and USAID Spending on Afghanistan Infrastructure Funds on Six Projects to Support Counterinsurgency Objectives

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This is SIGAR's second report on U.S. efforts to implement the FY 2011 AIF projects. In July 2012, SIGAR reported that these six projects were up to 15 months behind schedule, could be counterproductive to the COIN strategy as a result, and lack adequate sustainment plans.

The objectives of this follow-up audit were to determine the extent to which (1) DOD, State, and USAID assessed whether the six FY 2011 AIF projects achieved their intended COIN objectives; (2) the agencies made progress completing the projects; and (3) the projects will be sustained once completed and transferred to the Afghan government.

SIGAR found that the six projects that DOD and State funded through AIF in FY 2011 are:

1. Nawa to Lashkar Gar road: Construction of an approximately 25-mile-long, 23-foot-wide paved road from Nawa to Lashkar Gar in Helmand Province;
2. Provincial Justice Centers (PJs): Construction of the physical infrastructure for five PJs in the capitals of Balkh, Herat, Kandahar, Khowst, and Nangarhar Provinces;
3. Kandahar Bridging Solution: Provision of fuel, and operation and maintenance for diesel power generators in Kandahar City;
4. Southeast Power System (SEPS) Phase 1: Improvements in the reliability and robustness of electricity transmission infrastructure in Helmand and Kandahar Provinces;
5. Northeast Power System (NEPS) – Chimtala to Ghazni: Improvements in the reliability and robustness of transmission infrastructure in Ghazni and Kabul Provinces;
6. NEPS – Chimtala to Gardez: Improvements in the reliability and robustness of transmission infrastructure lines and towers in Kabul, Logar, and Paktiya Provinces.

DOD, State, and USAID have not assessed the extent to which the six FY 2011 AIF projects achieved their COIN objectives. Although DOD, State, and USAID initially reported to Congress on how each FY 2011 AIF project supported the U.S. COIN strategy, they did not develop the performance metrics needed to assess the extent to which these objectives were achieved. At a strategic level, the 2009 *U.S. Government Counterinsurgency Guide*, which applied to U.S. COIN efforts worldwide, states that effective COIN efforts should specify their overarching goals and identify performance metrics that will be used to assess the achievement of those goals.

At an operational level, the 2009 *U.S. Integrated Civilian-Military Campaign Plan* required quarterly interagency assessments of the effectiveness of 11 COIN “transformative effects,” such as providing security for the population, expanding accountable and transparent government, and creating sustainable jobs for population centers. These quarterly

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assessments were required to show whether and how U.S. activities affect Afghan behavior and perceptions at the national, regional, district, and local levels. Additionally, the February 2011 *U.S. Integrated Civilian-Military Campaign Plan* provided the basis for implementing a whole-of-government effort in Afghanistan that included COIN, which AIF was intended to support. This plan specifically cited metrics by which U.S. government objectives could be measured, such as the number of districts in which the Afghan government reports that it delivers essential services, percent of Afghans who approve of the government, number of new Afghan businesses registered, and percent of respondents reporting improvement in their economic situation.

During the course of this audit, DOD, State, and USAID officials provided SIGAR with several rationales for why they were not required to assess whether FY 2011 projects were achieving their COIN objectives. Most notably, the agencies indicated that the underlying U.S. strategy in Afghanistan has not been COIN since 2012, and that AIF's appropriating legislation and U.S. strategic guidance did not require FY 2011 AIF project objectives to be measured. In addition, in May 2015, DOD officials told SIGAR that determining whether COIN objectives are achieved is an "intuitive process."

Later, in December 2015, DOD officials said they did not determine whether the COIN objectives for ongoing or completed FY 2011 AIF projects were achieved because DOD's current counterterrorism and train, advise, and assist missions do not include measuring COIN objectives of projects that were initiated during an earlier period of the conflict. These officials also noted that techniques for measuring the achievement of COIN objectives for AIF projects would be more suited to USAID or State because of their long-term development mission.

In April 2017, DOD, State, and USAID sent SIGAR a statement that presented their shared understanding of the strategic framework for U.S. priorities in Afghanistan. This statement pointed to 2012 U.S. strategic guidance, which outlined an intended shift from COIN and stability operations toward a more traditional diplomatic and developmental approach. Despite this purported shift away from the COIN strategy, DOD's AIF funding requests for FYs 2012, 2013, and 2014 were all premised on the notion that AIF projects were needed to support the U.S. COIN strategy in Afghanistan. In May and June 2017, DOD, State, and USAID officials stated that while the U.S. strategy for Afghanistan has changed since 2011, the objectives for AIF projects remain valid because they align with the congressional intent of the AIF. However, these officials also noted that AIF's legislation and the civil-military frameworks do not require the agencies to measure whether the AIF projects have achieved their objectives.

Regardless, the lack of project performance metrics and assessments of the six FY 2011 AIF projects limits the U.S. government's ability to measure progress, track accomplishments, and hold agencies accountable for how

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they have spent, and will spend, U.S. taxpayer funds. Moreover, the lack of performance metrics and the shifting explanations concerning the U.S. COIN strategy in Afghanistan mean that it is unlikely that U.S. taxpayers will ever know whether \$474 million worth of AIF projects have achieved or will ever achieve their intended COIN objectives.

SIGAR found that three of the six FY 2011 AIF projects are complete, but that three power-sector projects are incomplete and up to five years behind their original schedule. In July 2012, SIGAR reported that the six FY 2011 AIF projects were up to 15 months behind schedule and that substantial delays in the execution of these projects may delay any potential COIN benefits for several years, and could possibly result in negative COIN effects. During this follow-up audit, SIGAR found that DOD completed the Nawa–Lashkar Gar road and Kandahar Bridging Solution projects within their original timeframes, but completed the PJs 18 months later than originally scheduled.

As of the date of this report, the SEPS Phase 1, NEPS–Chimtala to Ghazni, and NEPS–Chimtala to Gardez power sector projects, which account for \$307.5 million, or 65%, of the total contract values of all FY 2011 AIF projects, were still incomplete. SIGAR found that land disputes, increased security costs, funding delays, and allegations of contractor fraud contributed to delays in executing the FY 2011 power sector projects. As of May 2017, a total of \$373.4 million, or 79% of the total contract values, had been spent on FY 2011 AIF power sector projects. Given these delays, it is still unclear whether these three power projects achieved any of their COIN objectives, whether the projects are currently supported by the Afghan people, and whether the projects have had negative COIN effects.

SIGAR also found that all six FY 2011 AIF projects are at risk of not being sustained once completed and transferred to the Afghan government. This is because DOD, State, and USAID did not develop comprehensive plans to sustain them, and the Afghan government lacks the resources to do so.

Congress authorized AIF projects with the expectation that DOD, State, and USAID would plan for the Afghan government to sustain them in the long term. Sustainability was also a U.S. strategic goal in civilian-military campaign plans and frameworks, and their subsequent revisions. In particular, the 2013 U.S. strategic guidance underscored the fundamental importance of improving the Afghan government’s capacity to maintain and sustain infrastructure investments as a way to promote economic growth. While DOD, State, and USAID originally developed plans to sustain FY 2011 AIF projects and included them in the May 2011 AIF notification to Congress, those plans were missing a number of critical elements, including (1) realistic cost estimates for project maintenance, (2) a reliability assessment of the planned source of sustainment funding, and (3) capacity assessments of the Afghan government entity responsible for each project.

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In its July 2012 report, SIGAR recommended that all ongoing AIF projects have sustainment plans, regardless of when they were initiated. In March 2013, DOD revised the AIF guidance to require additional elements to be in AIF project sustainment plans, including: (1) an estimate of the financial and other requirements necessary for the Afghan government to sustain the project on an annual basis after project completion; (2) an assessment of the responsible Afghan entity's commitment and capacity to operate and maintain the project after completion; and (3) a description of arrangements for project sustainment if the Afghan government lacked the capacity to do so.

However, when SIGAR requested the sustainment and contingency sustainment plans for the FY 2011 AIF projects from DOD, State, and USAID, agency officials stated that these plans did not exist because the agencies did not apply the new AIF sustainment requirements to FY 2011 projects. In addition, these officials told SIGAR that implementing the March 2013 guidance on sustainment and contingency sustainment plans was required only for AIF projects initiated after March 2013, and the guidance did not specify that sustainment plans had to be retroactively applied to the FY 2011 AIF projects. Nonetheless, it is important to ensure that the FY 2011 AIF projects are sustained. In addition, the remaining power sector projects—SEPS Completion Phase 1, NEPS–Chimtala to Ghazni, and NEPS–Chimtala to Gardez—were not rescoped or reprocured until after March 2013, meaning that the agencies had clear opportunity to apply the new sustainment guidance to those projects.

Finally, SIGAR found that the Ministry of Public Works (MOPW) and Da Afghanistan Breshna Sherkat (DABS), Afghanistan's electric power utility, have not maintained the completed FY 2011 AIF projects that DOD has transferred to the Afghan government because they lack the capacity and resources needed to do so. MOPW officials told us they do not have the funding to perform maintenance on the Nawa to Lashkar Gar road. In addition, a senior DABS official told SIGAR the national utility does not have the capacity to continue producing electrical power from the Kandahar Bridging Solution at the rates produced when DOD was purchasing fuel because of a lack of spare parts to repair disabled generators. According to this official, as of February 2016, only 20% of Kandahar City residents had access to electricity, and there were no plans to connect more residents because demand for electricity already significantly exceeded the supply.

When SIGAR asked DOD officials how FY 2011 AIF projects would be maintained over the long term, they responded that the Afghan government assumes all responsibility for AIF projects once the U.S. government transfers them. Although the Afghan government has taken ownership of three FY 2011 AIF projects, there is still time to improve the sustainment plans for the three remaining power sector projects before they are completed and transferred. A lack of updated sustainment and contingency plans for

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FY 2011 AIF projects, coupled with the Afghan government's inability to maintain these projects, increases the likelihood that at least \$474 million in major U.S. investments in AIF infrastructure projects will be wasted.

SIGAR made four recommendations. In recognition of their shared role in implementing FY 2011 AIF projects, SIGAR recommended that the Secretary of Defense and USAID Administrator, in coordination with the Secretary of State:

1. Conduct assessments of FY 2011 AIF projects to determine the extent to which each project has achieved its stated objectives and report the findings to the House and Senate Armed Services Committees and Appropriations Committees by January 31, 2018.

To help ensure that AIF projects are sustained by the Afghan government, SIGAR recommended that the Secretary of Defense and USAID Administrator, in coordination with the Secretary of State:

2. Develop and share with the appropriate Afghan government entities by January 31, 2018, comprehensive sustainment plans for the three incomplete FY 2011 AIF power sector projects that include validated estimates of the financial, human, technical, and other resources the Afghan government will require to operate and maintain each project at its intended performance level.
3. Conduct an assessment of the financial, human, and technical capacities of each Afghan government entity to which the three ongoing FY 2011 AIF power-sector projects will be transferred, to determine whether each entity has the capability to operate and maintain the projects for which it is responsible, and report the findings to the House and Senate Armed Services Committees and Appropriations Committees by March 31, 2018.
4. Based on those assessments, develop contingency sustainment plans by May 31, 2018, that specify how and whether the U.S. government or other international donors intend to ensure that the three remaining FY 2011 AIF power sector projects are sustained, should the Afghan government be unable to operate and maintain these projects at their intended performance level.

Financial Audits

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

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TABLE 2.1

SIGAR'S FINANCIAL AUDIT COVERAGE (\$ BILLIONS)	
100 completed audits	\$6.58
27 ongoing audits	\$0.86
Total	\$7.44

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

Source: SIGAR Audits and Inspections Directorate.

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

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

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

duplication of effort. SIGAR has 27 ongoing financial audits with \$859.6 million in auditable costs, as shown in Table 2.1.

This quarter, SIGAR completed five financial audits of U.S.-funded contracts to rebuild Afghanistan. These audits help provide the U.S. government and the American taxpayer reasonable assurance that the funds spent on these awards were used as intended. The audits question expenditures that cannot be substantiated or are potentially unallowable.

SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on **questioned amounts** identified in the report's audit findings. Since the program's inception, SIGAR's financial audits have identified nearly \$414.5 million in **questioned costs** and \$363,244 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. As of September 30, 2017, funding agencies had disallowed more than \$25.8 million in questioned amounts, which are subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, final disallowed-cost determinations remain to be made for several of SIGAR's issued financial audits. SIGAR's financial audits have also identified and communicated 351 compliance findings and 375 internal-control findings to the auditees and funding agencies.

SIGAR's financial audits have four specific objectives:

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

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

Financial Audits Published

This quarter, SIGAR completed five financial audits of U.S.-funded contracts to rebuild Afghanistan. These financial audits identified \$1,215 in questioned costs as a result of internal control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included ineligible travel costs and a misinterpretation of a federal acquisition regulation.

Financial Audit 17-63-FA: U.S. Air Force Logistical Support to the Afghan Air Force

Audit of Costs Incurred by AAR Supply Chain Inc.

On July 30, 2015, the U.S. Air Force Life Cycle Management Center (AFLCMC) awarded a 1-year, \$72.1 million contract to AAR Supply Chain Inc. (AAR) to provide logistical support to the Afghan Air Force (AAF). The objectives of the contract were to support and sustain up to four C-130H aircraft, provide on-call support, and interface with contractors tasked with training AAF maintenance personnel. The contract has been modified 11 times, increasing the value to \$75.4 million, and extending the period of performance to July 30, 2018. Three of the modifications, including one to exercise the second option year, were outside the scope of this audit.

SIGAR's financial audit, performed by Mayer Hoffman McCann (MHM), reviewed \$13,398,961 in reimbursable costs incurred on the contract between July 30, 2015, and July 30, 2016.

MHM identified three significant deficiencies in AAR's internal controls and three instances of noncompliance with the terms and conditions of the contract. All dealt with ineligible travel costs charged to the contract. Specifically, AAR charged airfare and lodging in excess of the amounts allowed by federal travel regulations, and claimed dental expenses as travel costs. As a result of these internal-control deficiencies and

COMPLETED FINANCIAL AUDITS

- Financial Audit 17-63-FA: U.S. Air Force Logistical Support to the Afghan Air Force
- Financial Audit 18-04-FA: U.S. Army Contracting Command's Acquisition of Mobile Strike Force Vehicles for the Afghan National Army
- Financial Audit 18-05-FA: DOD Task Force for Business and Stability Operations' Afghanistan Indigenous Industries Program
- Financial Audit 18-06-FA: U.S. Air Force Support for Pilatus PC-12 Knight Ryder Aircraft in Afghanistan
- Financial Audit 18-07-FA: U.S. Army Contracting Command's Interim Training Support for the Afghan National Army to Maintain and Sustain Mobile Strike Force Vehicles



Afghan Air Force C-130 aircraft of the Kabul Air Wing provide military cargo airlift, casualty evacuation, and personnel transport. (USAF photo by Staff Sgt. Alexander W. Riedel)

instances of noncompliance, MHM identified \$1,215 in total questioned costs, consisting entirely of ineligible costs. MHM did not identify any unsupported costs.

MHM reviewed prior audit reports applicable to the C-130H logistical support contract and identified one finding that could have had a material effect on the SPFS. Based on the results of its testing, MHM determined that AAR has taken adequate corrective action to address the prior finding. MHM issued an unmodified opinion on AAR's SPFS, noting that it presents fairly, in all material respects, revenues received and costs incurred for the period audited.

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

1. Determine the allowability of and recover, as appropriate, \$1,215 in questioned costs identified in the report.
2. Advise AAR to address the report's three internal control findings.
3. Advise AAR to address the report's three noncompliance findings.

Financial Audit 18-04-FA: U.S. Army Contracting Command's Acquisition of Mobile Strike Force Vehicles for the Afghan National Army

Audit of Costs Incurred by Textron Inc. Marine & Land Systems

On January 21, 2011, the U.S. Army Contracting Command (ACC) awarded an \$84,961,000 contract to Textron Inc. Marine & Land Systems (Textron) to support pre-production efforts and the production of Medium Armored Security Vehicles (MASV) for the Afghan National Defense and Security Forces. ACC modified the contract 60 times, which increased its value from \$84,961,000 to \$631,195,401 and extended the period of performance from January 31, 2012, to September 30, 2015. This financial audit focused on modifications P00021 and P00025, valued at \$30,512,355 and \$9,115,967, respectively. The purpose of these modifications was to exercise options requiring Textron to acquire MASV and Mobile Strike Force Vehicles for the Afghan National Army.

SIGAR's financial audit, performed by Mayer Hoffman McCann (MHM), reviewed \$26,612,072 in expenditures that Textron charged to the contract for the period from May 23, 2012, through May 25, 2014.

MHM did not identify any material weaknesses or significant deficiencies in Textron's internal controls, or any instances of noncompliance with the terms and conditions of the contract. Accordingly, MHM did not identify any questioned costs or unsupported costs.

MHM identified two prior findings that could have had a material effect on the SPFS pertaining to Textron's activities under the modifications. One finding was in the Defense Contract Audit Agency's Testing of Paid Vouchers for Textron Systems Marine & Land Systems, and the other finding was in one of Textron's month-end closing reviews. MHM tested



A Mobile Strike Force Vehicle transports Afghan commandos after convoy training near Kabul. (U.S. Army photo by Spc. Connor Mendez)

additional transactions and determined that Textron had implemented adequate corrective actions to address these prior findings.

MHM issued an unmodified opinion on Textron's SPFS, noting that it presents fairly, in all material respects, the respective revenue received and costs incurred during the period under audit.

MHM did not report any findings related to the two modifications to the preproduction efforts and production of MASV contract. Therefore, SIGAR is not making any recommendations.

Financial Audit 18-05-FA: Department of Defense Task Force for Business and Stability Operations' Afghanistan Indigenous Industries Program

Audit of Costs Incurred by DAI Global LLC

On May 7, 2014, the Department of Interior's Interior Business Center awarded a \$2,111,344 task order to Development Alternatives Inc., now DAI Global LLC (DAI), on behalf of the Department of Defense's Task Force for Business and Stability Operations (TFBSO). The task order was intended to support TFBSO's Afghanistan Indigenous Industries program, which was designed to link indigenous industries to international markets to support the growth of the licit economy in Afghanistan. This task order required that the contractor provide a weaving trainer to teach Afghan rug makers to produce rugs using the "Nepalese weave." After two modifications, the task

order's ceiling increased to \$2,266,320, but the six-month period of performance that ended on November 6, 2014, did not change.

SIGAR's financial audit, performed by Williams Adley & Company–DC LLP (Williams Adley), reviewed \$902,556 in expenditures charged to the task order from May 7, 2014, through November 6, 2014.

Williams Adley did not identify any material weaknesses or significant deficiencies in DAI's internal controls, or any instances of noncompliance with the terms and conditions of the task order. Accordingly, Williams Adley did not identify any questioned costs.

Williams Adley identified four findings and recommendations from one prior audit that were pertinent to DAI's performance under the task order, and determined that DAI had taken adequate corrective action on all four.

Williams Adley issued an unmodified opinion on DAI's Special Purpose Financial Statement, noting that it presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and items and technical assistance directly procured for TFBSO for the period under audit.

Williams Adley did not report any findings related to the Afghanistan Indigenous Industries program. Therefore, SIGAR is not making any recommendations.

Financial Audit 18-06-FA: U.S. Air Force Support for Pilatus PC-12 Knight Ryder Aircraft in Afghanistan

Audit of Costs Incurred by Sierra Nevada Corp.

On May 17, 2014, the Air Force Life Cycle Management Center (AFLCMC) awarded a \$34,425,000 contract to Sierra Nevada Corp. (SNC) to support a fleet of up to 13 modified Pilatus PC-12 Knight Ryder aircraft and three aircrew trainers for use by the North Atlantic Treaty Organization (NATO) Special Operations Component Command and the Afghan Special Mission Wing based at Kabul International Airport and Kandahar Airfield. The initial period of performance was May 17, 2014, through December 16, 2014. However, after 13 modifications, the contract amount increased to \$39,154,162, and the period of performance was extended to March 16, 2015.

SIGAR's financial audit, performed by Mayer Hoffman McCann (MHM), reviewed \$29,540,958 in expenditures charged to the contract from May 17, 2014, through March 16, 2015.

As part of obtaining reasonable assurance about whether the SPFS is free from material misstatements, MHM considered SNC's internal controls over financial reporting and performed tests of those controls. MHM discovered one internal-control finding, which was classified as a significant deficiency. MHM noted that employees' overtime hours did not have prior approval from the supervisor/manager as stated in SNC's timesheet and labor charging policy. There were no questioned costs related to this finding because the employees worked the overtime hours charged. MHM tested

SNC's compliance with certain provisions of the contract and other laws and regulations. The results of MHM's tests disclosed no instances of non-compliance related to this audit.

MHM did not identify any questioned costs or ineligible costs.

MHM identified one finding and one recommendation from a prior engagement that could have a material effect on SNC's SPFS. MHM reviewed and determined that SNC had taken adequate corrective actions to address the finding and recommendation.

MHM issued an unmodified opinion on SNC's SPFS, noting that it presents fairly, in all material respects, revenues received, costs incurred, and balance for the period audited.

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

1. Advise SNC to address the report's one internal-control finding.

Financial Audit 18-07-FA: U.S. Army Contracting Command's Interim Training Support for the Afghan National Army to Maintain and Sustain Mobile Strike Force Vehicles

Audit of Costs Incurred by Textron Inc. Marine & Land Systems

On August 31, 2015, the U.S. Army Contracting Command (ACC) awarded a \$17,434,922 contract to Textron Inc. Marine & Land Systems (Textron) to provide interim contractor training support, including mentorship, supply support, and parts management for the Afghan National Army (ANA). The contract's purpose was to enable the Afghans to support their own fleet of Mobile Strike Force Vehicles (MSFVs) and be self-sufficient in maintaining and sustaining them. After three modifications, funding has increased from \$17,434,922 to \$23,723,646, and the period of performance extended from August 31, 2016, to February 28, 2017.

SIGAR's financial audit, performed by Mayer Hoffman McCann (MHM), reviewed \$8,011,422 in expenditures that Textron charged to the contract for the period from August 31, 2015, through August 31, 2016.

MHM identified one significant deficiency in Textron's internal controls and one instance of noncompliance with the terms and conditions of the contract and applicable regulations. MHM found that Textron misinterpreted the Federal Acquisition Regulation (48 CFR 15.404-4.4iC) and its statutory requirements for fixed fees, which cannot be higher than 10%. Textron overcharged the ACC and paid its subcontractor 14.7% in excess fixed fees. Nevertheless, MHM determined that no reimbursement is due to ACC because Textron deducted the overcharged amount from its billings.

As a result of this internal-control deficiency and instance of noncompliance, MHM identified \$301,895 in total questioned costs, consisting entirely of ineligible costs. MHM did not identify any unsupported costs.

MHM identified two prior findings with potential material effects on the SPFS under the scope of this audit. One finding was identified in the

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Defense Contract Audit Agency's Testing of Paid Vouchers for Textron Systems Marine & Land Systems, and the other finding was in one of Textron's month-end closing reviews. MHM tested additional transactions and determined that Textron had implemented adequate corrective actions to address these prior findings.

MHM issued an unmodified opinion on Textron's SPFS that presents fairly, in all material respects, the respective revenue received and costs incurred.

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

1. Advise Textron to address the report's one internal-control finding.
2. Advise Textron to address the report's one noncompliance finding.

SIGAR is not making a recommendation related to the questioned costs because the excess amount charged has been reimbursed to the government.

COMPLETED INSPECTION REPORTS

- Inspection Report 17-65-IP: Afghan Ministry of Interior Headquarters Project
- Inspection Report 18-01-IP: Kabul Military Training Center Phase IV
- Inspection Report 18-08-IP: Department of State and USAID Reconstruction Projects in Afghanistan
- Inspection Report 18-09-IP: Afghan Ministry of Defense Headquarters Security and Support Brigade

Inspection Reports Published

This quarter, SIGAR published four inspection reports. These reports examined the Ministry of Interior headquarters project, the Kabul Military Training Center project, reviewed SIGAR inspection reports on State and USAID reconstruction projects, and examined the Ministry of Defense Security and Support Brigade Headquarters project.

Inspection Report 17-65-IP: Afghan Ministry of Interior Headquarters Project

Phase 2 Experienced Lengthy Delays, Increased Costs, and Construction Deficiencies that Need to Be Addressed

In September 2011, the U.S. Army Corps of Engineers (USACE) initiated a three-phase, \$90 million project to construct a headquarters complex near the Kabul International Airport for the Afghan Ministry of Interior (MOI) and the national police.

On December 16, 2011, USACE awarded a \$30.6 million firm-fixed-price contract to Technologists Inc. to complete phase 2 of the project. This phase required the construction of a MOI headquarters building, a communications building, gatehouse, water supply, wastewater-treatment plant, power plant, and fuel storage facility.

On December 24, 2012, USACE terminated the contract with Technologists Inc. for default, citing poor contractor performance. On June 23, 2013, USACE awarded a second contract, worth \$31.5 million, to Yuksel Insaat, a Turkish company, to complete the project. Following the contract's completion, the Combined Security Transition Command-Afghanistan (CSTC-A) funded a third contract on September 15, 2015, worth \$2.3 million, that the North Atlantic Treaty Organization Support

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Agency awarded to FEKA Insaat to make several aesthetic enhancements to the MOI headquarters building. The phase 2 project was completed on November 21, 2015.

The objectives of this inspection were to assess whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and whether (2) the MOI headquarters building was being used and maintained.

Phase 2 construction of the MOI headquarters project experienced lengthy delays and cost increases because of the need for three contracts to complete the project, one of which was terminated for default for poor work that was demolished and redone by the second contractor. The phase 2 project was completed in November 2015, more than two and a half years after the originally planned completion date of May 1, 2013. In addition, the phase 2 project's cost rose to approximately \$46.2 million or \$15.6 million more than originally planned.

During 13 site visits between October 2015 and August 2016, SIGAR found seven instances where the phase 2 contractors did not comply with contract requirements. Most significantly, Yuksel Insaat did not install certified fire-rated doors in the headquarters, communications buildings, and gatehouse, as the contract required, which raises safety concerns should a fire occur. Due to the seriousness of this issue, on October 5, 2016, SIGAR sent an alert letter to USACE, CSTC-A, and other Department of Defense components notifying them that none of the 153 doors installed under phase 2 were certified. In its May 9, 2017, response, USACE acknowledged



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

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that the doors did not meet certification requirements and stated that it requested corrective-action plans from Yuksel Insaat. USACE also stated that it was investigating the suitability of the noncertified doors that had been installed and the contractual issues involved, as well as developing several potential courses of action to address SIGAR's concerns. USACE further noted that it was implementing a personnel training program that entails a detailed review of fire-door assemblies, to include contract requirements and referenced standards.

The other six instances where the phase 2 contractors did not comply with contract requirements included several items that USACE overlooked, which raises concerns about the quality of USACE's project oversight. Some of these instances of noncompliance also pose potential health or safety risks:

- The design drawings required wires of various sizes, or capacities, for the electrical panel boards and feeding receptacles in the headquarters, communications buildings, and the gatehouse. However, SIGAR found that Yuksel Insaat installed wires that were not the required size. For example, SIGAR found that the headquarters building had wires that were only 2.5 square millimeters in cross-sectional area, where a 4-square-millimeter wire was required. These smaller wires can overheat and catch fire, and SIGAR found a burnt receptacle in the gatehouse.
- USACE approved the installation of door closers and hardware manufactured by Briton, a company based in the United Kingdom, for the headquarters, communications buildings, and the gatehouse, but SIGAR found that Yuksel Insaat installed door closers and hardware by Kale, a Turkish company, AoLiDa, a Chinese company, and other unidentified manufacturers. USACE did not approve the substitution and did not find the noncompliant hardware during its quality assurance process.

Areas around the headquarters building, special entry gate, and sidewalks were not properly sloped so that water could drain away from them. As a result, rainwater collects near the headquarters building entrance. In addition, the soil was not well compacted in some areas, and the soil around the wastewater treatment plant settled about 50 centimeters below grade level. The contract also required a soil density of 95%, and in eight of the 10 project sites where SIGAR conducted soil density tests, density levels ranged from 70 to 94%. As a result, the soil will erode and lead to unnecessary repairs.

- Yuksel Insaat installed rigid instead of the required flexible electrical conduits and cable trays across the two seismic joints that divide the headquarters building into three parts, allowing each part to react separately in a seismic event. As a result, the rigid electrical conduits and cable trays could break or be damaged during a seismic event.

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- The submittal register for the contract showed that Yuksel Insaat did not perform and submit the seismic bracing analysis for USACE's review, as required. The contract required that suspended equipment and other items be braced using specified arrangements of rods, wire rope, bars, or pipes to protect building occupants from falling objects during a seismic event. However, SIGAR found that equipment in the electrical and mechanical rooms did not have the required seismic bracing.
- Several locations in the headquarters building contained step risers constructed at a height of just over nine inches, and thereby exceeding the seven-inch height limit established by the International Building Code, which was required to be followed under the contract's specifications. An uneven step height can create a tripping or falling hazard.

The deficiencies that SIGAR found are associated with USACE's failure to adhere to its three-phase quality assurance inspection process. The process—preparatory, initial, and follow-up—is designed to help contractors and USACE detect and correct construction deficiencies. USACE's process requires a contractor to identify every definable feature of work (DFOW) in its quality control plan. A DFOW is separate from other tasks and has separate control requirements. However, USACE could not provide the required information from the preparatory and initial phases for any of the seven instances of contract noncompliance listed above. Further, the deficiencies were not identified during the follow-up inspection phase, the final inspection before USACE transferred the facility over to CSTC-A, or any of the warranty inspections after the transfer, raising concerns about the quality of USACE's project oversight.

Despite these construction deficiencies, SIGAR found that the MOI headquarters building was being used and maintained. SIGAR also found that IDS International Government Services, a U.S. company, was providing the operation and maintenance services required by the contract, and it had conducted all of the required operation and maintenance training for the MOI staff, including courses in electrical, plumbing, power generation, and general maintenance. Plans call for the staff to take over the site's maintenance responsibilities eventually.

To protect the U.S. taxpayers' investment in the MOI headquarters project, SIGAR recommended that the CSTC-A Commander and the USACE Commanding General and Chief of Engineers take the following actions and report the results back to SIGAR within 90 days:

1. Take immediate steps to replace the noncertified fire doors that were installed in the MOI headquarters building, communications building, and gatehouse that do not meet the fire-rating standards, as required in the contract.
2. Obtain a refund from Yuksel Insaat for deficient workmanship or direct the contractor to correct the issues identified in this report

involving noncompliance with the contract and poor workmanship, such as the use of substituted door closers and hardware, smaller than required wires for panel boards and receptacles, rigid instead of flexible electrical conduits and cable trays across seismic joints, lack of seismic bracing for suspended equipment in the electrical and mechanical rooms, poorly graded and compacted soil, and step risers that exceed specified height limits.

3. Clarify guidance of the project oversight team's responsibility to ensure that all three phases of USACE's inspection process are performed and documented so that all definable features of work are completed in accordance with the contract.

Inspection Report 18-01-IP: Kabul Military Training Center Phase IV

Poor Design and Construction, and Contractor Noncompliance Resulted in the Potential Waste of as Much as \$4.1 Million in Taxpayer Funds

On July 18, 2013, the U.S. Army Corps of Engineers (USACE) awarded a \$17.1 million firm-fixed-price contract to MegaTech Construction Services (MegaTech), an Afghan company, to complete the Kabul Military Training Center's (KMTC's) Phase IV design and construction of new facilities and renovation of several existing ones. Newly constructed facilities included three barracks, two dining facilities (DFACs), three storage buildings, eight latrines, and seven guard shacks. The KMTC is Afghanistan's primary training base for new Afghan National Army recruits, with about 18,000 receiving training in 2016. In 2011, SIGAR reported on the Combined Security Transition Command-Afghanistan's (CSTC-A's) \$140 million construction project covering Phases I through III of the KMTC.

The report noted that construction was completed nearly two years behind schedule and that project costs increased by \$12.5 million. Because of incomplete or contradictory documentation, SIGAR could not determine why the project was delayed and costs increased. However, SIGAR found that poor contractor performance and inaccurate site information were contributing factors. SIGAR made four recommendations to improve planning and maintenance of contract files, and for the contractor to reimburse the government for costs associated with correcting construction deficiencies. The U.S. Air Force Center for Engineering and the Environment implemented the recommendations, and SIGAR closed them in 2012. The objectives of this inspection were to determine whether the KMTC's Phase IV facilities (1) were constructed or renovated in accordance with contract requirements and applicable construction standards, and (2) are being used and maintained.

SIGAR found that the newly constructed and renovated KMTC Phase IV facilities were not completed according to contract requirements. There

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were instances of poor design and construction, contractor noncompliance, and unauthorized product substitution that resulted in the potential waste of as much as \$4.1 million in taxpayer funds. For example, MegaTech—based on USACE’s design—placed propane gas cylinders too close to the new DFACs, which could lead to a gas explosion in the kitchens; did not install certified fire-rated doors as required; and installed some counterfeit fire extinguishers. Although the contract required adherence to National Fire Protection Association standards, which specify at least 10 feet of separation between propane gas cylinders and any ignition source or building, USACE designed and approved specifications with “zero clearance” between the cylinders and the DFACs. As a result, despite USACE paying \$3.9 million to build two new DFACs, the kitchens have never been used to prepare meals because of gas issues that could lead to explosions. SIGAR found three additional instances where MegaTech did not comply with contract requirements and safety standards when constructing the two DFACs, all of which also could lead to gas explosions.

Propane gas pipelines in the DFACs are connected with welded instead of threaded connections, increasing the chance of gas leaks. Stainless-steel gas hoses were not connected to kitchen stoves with quick disconnect-devices, making them more susceptible to gas leaks. The gas line with a service valve was installed too close to electrical disconnect devices in one DFAC.

MegaTech was also required to install 62 certified fire-rated doors in eight of the Phase IV buildings, including the two DFACs and two of the new barracks. SIGAR found that none of the 62 doors installed was a certified fire-rated door, resulting in an estimated \$192,679 overpayment. More specifically, 42 of the doors appeared to have counterfeit fire-rating labels; 13 doors had no fire-rating labels, and seven had labels from an Afghan company that was not approved by USACE or certified to manufacture fire-rated doors. The contract required that companies with products approved by a certifying agency, such as Underwriters Laboratory, manufacture the doors and ensure that they have labels with information attesting to their fire-protection attributes and about the manufacturer.

The Phase IV contract also required MegaTech to install safety items to protect building occupants during a fire. SIGAR found that none of the required fire stops in the DFACs and barracks was installed; fire stops are used to fill holes in walls when wiring or piping is installed to help prevent fires from spreading quickly. In addition, MegaTech installed exit signs, but they only showed the word “Exit” and did not include the international symbol of a green man running in the direction of the exit, as the contract required.

Furthermore, MegaTech installed noncompliant fire extinguishers and approved faucets that were not compliant with the contract. The contract required MegaTech to install 88 fire extinguishers. SIGAR found

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that although USACE did not approve MegaTech's request to purchase equipment from Buckeye Fire Equipment Company (Buckeye), it allowed MegaTech to install 81 Buckeye fire extinguishers, including 17 with counterfeit Buckeye labels and five from another nonapproved manufacturer. The counterfeit fire extinguishers raise concerns about whether they will work in the event of a fire. USACE overpaid MegaTech by an estimated \$1,452 for the fire extinguishers not installed and for counterfeit items. Similarly, USACE approved noncompliant faucets.

The contract required MegaTech to install chrome-plated brass or bronze alloy wall-mounted faucets and prohibited the use of gooseneck faucets, except in the DFACs and medical clinics, where gooseneck faucets with wrist-blade handles were required. By installing faucets without wrist-blade handles in the DFACs and medical clinics, MegaTech failed to comply with the latter requirement. SIGAR determined that USACE overpaid MegaTech by an estimated \$10,841 for the substituted items.

The contract required MegaTech to assess the existing water supply and distribution system within the KMTC facility. In March 2014, MegaTech completed its assessment and found two existing water wells capable of providing about 1.18 million liters of water, or about one-third of the 3.36 million liters of water needed daily at the KMTC. MegaTech drilled two new water wells, but they were capable of providing only about 345,600 liters of water daily, increasing the total supply to 1.53 million liters. As a result, the supply of water is about 1.83 million liters short of daily requirements. Even though MegaTech did not find a sufficient amount of water, in



Noncommissioned officers listen to guest speakers during a conference at the Kabul Military Training Center. (USAF photo by Staff Sgt. Robert M. Trujillo)

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its written comments on a draft of this report, USACE stated that the company fully met contract specifications by providing the required two wells with a total drilled depth of 240 meters, and, as a result, it paid MegaTech \$604,084. USACE also stated that because water has proven to be scarce in the KMTC area, other alternatives are being researched. KMTC's water shortage has resulted in occupants of the facility having bathing and drinking water for only about one hour a day.

SIGAR found that USACE did not conduct adequate oversight of the Phase IV project, as evidenced by USACE's acceptance and transfer of the Phase IV facilities with little oversight and documentation that quality assurance activities occurred, including no evidence that either USACE or CSTC-A participated in inspections of the constructed facilities. Despite three key quality-assurance activities—the three-phase inspection process, final inspection, and the four- and nine-month warranty inspections—USACE failed to discover any of the construction deficiencies identified in this report.

Finally, SIGAR found that most of the Phase IV facilities it inspected were being used and generally well maintained. The two facilities not being used were the DFAC kitchens, as noted earlier, because of concerns about possible gas explosions. However, the latrines were being used but not well maintained, and emergency lighting systems were installed, but almost half were not functioning properly. The KMTC facility manager told SIGAR that the use of the latrines is limited due to the water shortage, and we found that the floor drains and sinks were clogged with dirt and other materials, causing water to pool.

To protect the U.S. taxpayers' investment in the KMTC Phase IV project, and to ensure the safety of Afghan National Army personnel using the facilities, SIGAR recommends that the USACE Commanding General and Chief of Engineers, in coordination with the CSTC-A Commander, take the following actions and report the results back to SIGAR within 90 days:

1. Eliminate the unsafe conditions at the KMTC and bring all construction into compliance with contract requirements by working with MegaTech to correct instances of contract noncompliance. Specifically, (a) move the propane gas cylinders at least 10 feet away from the walls of DFACs 510 and 511; (b) replace all welded connections used on pipelines 50 millimeters or less in diameter that are supplying propane gas in DFACs 510 and 511 with threaded connections; (c) replace the threaded gas-supply line's final connections to the DFAC kitchen stoves with quick-disconnect devices; (d) move the gas-line service valves and piping in DFAC 511 away from the electrical disconnect devices; and (e) install fire stops and correct the exit signage throughout the KMTC Phase IV facilities.
2. Examine all fire extinguishers and direct MegaTech to replace counterfeit or missing extinguishers.

3. Determine whether the installed fire-door assemblies and faucets meet the contract requirements, and direct.
4. MegaTech to replace the items that do not or seek reimbursement for the price difference.
5. Work with KMTC officials to identify alternate solutions, other than drilling new wells, to supplying sufficient amounts of water to meet the facility's daily needs.

Inspection Report 18-08-IP: Department of State and USAID Reconstruction Projects in Afghanistan

Analysis of SIGAR Inspection Reports Issued from August 2009 through March 2017

Through March 31, 2017, Congress appropriated \$117.3 billion for U.S. relief and reconstruction activities in Afghanistan. Of that amount, \$24.3 billion was appropriated to State and USAID. State reported that it had disbursed \$4 billion of the \$4.9 billion appropriated to it, while USAID reported that it had disbursed \$15.1 billion of the \$19.4 billion appropriated to it. State has funded most of its reconstruction projects through the International Narcotics Control and Law Enforcement Fund, and USAID has used the Economic Support Fund for its programs to advance U.S. interests.

State and USAID rely on private contractors, referred to as “implementing partners,” to complete their construction and renovation projects in Afghanistan. In some cases, State and USAID also rely on Department of Defense entities, such as the U.S. Army Corps of Engineers (USACE), to award and administer the contracts and oversee the reconstruction projects.

From August 2009 through March 2017, SIGAR issued 15 inspection reports covering 13 projects. The 13 projects—six State and seven USAID—have a combined contract award value of about \$194.5 million. The projects were located in seven of Afghanistan's 34 provinces.

The objectives of this report were to analyze and identify common themes in the findings from the 15 State and USAID inspection reports. Specifically, SIGAR assessed the extent to which (1) contractors met contract requirements and technical specifications when constructing or renovating facilities; (2) the facilities inspected were being used; and (3) State and USAID have implemented recommendations made in the prior reports.

State and USAID have paid for the construction of a variety of facilities for the benefit of the Afghan people, such as schools, prisons, hospitals, and industrial parks. However, the construction of those facilities was not always completed in accordance with contract requirements and technical specifications, which resulted in substandard facilities. SIGAR repeatedly found the same mistakes in the reconstruction projects, which demonstrate that there is still room for improvement. Reconstruction projects with deficiencies, particularly due to contractors not adhering to contract requirements and technical specifications, were too often the norm. Poorly

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prepared or unqualified contractor personnel, substandard materials, poor workmanship, inadequate government oversight, and possible fraud contributed to these results.

SIGAR found that seven of the 13 State and USAID reconstruction projects it inspected from July 2009 to March 2017 did not meet contract requirements and technical specifications. Four were State's projects, and three were USAID's. Noncompliance ranged from contractors substituting building materials without approval to not completing work required under the contract. Several projects had deficiencies that threatened the structural integrity of the facilities or the safety of the occupants. For example, during a follow-up inspection of the Gardez hospital in Paktiya Province, SIGAR found deficiencies in the fire safety system, exit signs pointing in the wrong direction, and missing fire alarms.

The construction deficiencies SIGAR identified during its inspections involved such issues as collapsible soil because of poor compaction; failure to connect generators to the power grid; substitution of products without authorization, such as wood for metal roof trusses; construction of external stairways that did not comply with International Building Code specifications; and failure to construct a storm-water management system, as required. In one case, the contractor, Mercury Development, abandoned a USAID project to build the Sheberghan Teacher Training Facility after being paid \$3.1 million of the \$3.4 million contract value. Despite Mercury Development's failure to complete construction and resolve health and safety issues, such as faulty wiring throughout the facility, USACE—which administered the contract—closed out the contract and released the company from further contractual liability.

The failure to hold contractors accountable for their work also occurred on other occasions. For example, State's Bureau of International Narcotics and Law Enforcement Affairs (INL) paid a contractor, Al-Watan Construction Company, \$18.5 million or 90% of the \$20.2 million contract, to renovate Pul-e Charkhi prison, even though Al-Watan completed only about 50% of the work. An independent firm identified defective workmanship, including the failure to backfill trenches, missing roof flashings, and soil settlement issues. In addition, SIGAR found that not all of Al-Watan's work was completed according to contract.

SIGAR found that only two of the 13 reconstruction projects inspected met contract requirements: a State project to construct a power grid at the Counter Narcotics Strip Mall in Kabul, and the Sheberghan Teacher Training Facility, which initially did not meet requirements. SIGAR found that the strip mall's constructed power lines, transformer substations, and control panels conformed to contract requirements. The location of the facility in a heavily guarded compound in Kabul allowed INL officials to routinely visit the site, resulting in robust oversight throughout the construction. During the follow-up inspection at the Sheberghan Teacher Training Facility, SIGAR

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determined that it generally was completed according to contract requirements and the electrical deficiencies were fixed.

Of the four remaining projects, one State and one USAID project were delayed. SIGAR could not determine whether the construction of two USAID projects met contract requirements because a significant number of contract files were missing.

SIGAR found a mix of outcomes in the 15 inspections. For example, in October 2013, SIGAR reported that the Gardez hospital, in addition to being a shell, was about 23 months behind its originally scheduled completion date and was missing contract files. In an August 2016 follow-up report, SIGAR noted that the hospital was transferred to the Ministry of Public Health in March 2016, but was still not being used because of operation and maintenance issues, and construction and mechanical deficiencies that needed to be resolved before the hospital could accept patients. For a State project for the Counter Narcotics Justice Center in Kabul and a USAID project to build the Kabul power plant, SIGAR determined that it was delayed between 12 to 18 months because of numerous nonconstruction deficiencies such as insufficient funds, necessary utility upgrades not in the original statement of work, and the inability to obtain an adequate title to the land for construction.

SIGAR found that of the 13 State and USAID reconstruction projects, 10 were complete—three of State's and all seven of USAID's. Two of State's three incomplete projects were not finished because of poor contractor performance. Facility usage varied. Six USAID projects were being used, and four State projects were being used, even though two of those State projects were incomplete. For example, Baghlan prison was complete, but was housing about 280 more prisoners than it was designed to hold. Conversely, only three of 22 possible businesses—less than 20%—were in Gorimar Industrial Park; the lack of electricity and water were the main reasons why more businesses had not moved in.

As of July 31, 2017, SIGAR had closed all 29 recommendations it made to State and USAID. SIGAR determined that State and USAID had implemented 23 of the 29 recommendations made in its 15 inspection reports. State had implemented 10 of SIGAR's 13 recommendations, while USAID had implemented 13 of 16. SIGAR closed three recommendations each to State and USAID as not implemented because it believed no further action would be taken. In SIGAR's view, the large number of recommendations implemented shows that State and USAID were generally responsive to taking action to improve the effectiveness of their reconstruction activities and correct construction deficiencies.

Because SIGAR's inspection reports contained several recommendations to improve the efficiency and effectiveness of State's and USAID's reconstruction activities in Afghanistan, this report contains no new recommendations.

Inspection Report 18-09-IP: Afghan Ministry of Defense Headquarters Security and Support Brigade Facility Construction Generally Met Contract Requirements, but Four Safety-Related Deficiencies Need to Be Addressed

On September 8, 2011, the Air Force Center for Engineering and the Environment awarded a \$16.5 million cost-plus-fixed-fee task order—number 0049—to Innovative Technical Solutions Inc. (ITSI) to construct facilities for the Ministry of Defense (MOD) Headquarters Security and Support Brigade (HSSB) in Kabul. ITSI was to demolish, renovate, design, and construct 16 facilities, such as a gym, a vehicle-maintenance building, and an administration/barrack building, by September 7, 2013. The facilities would accommodate 2,200 Afghan National Army personnel. After five modifications, the contract cost increased to \$35.1 million, and the completion date was extended to July 13, 2014. The Air Force closed out this task order in June 2014 before ITSI completed any of the HSSB facilities.

On July 30, 2014, the Air Force Civil Engineer Center (AFCEC) awarded Gilbane Federal—the new corporate name for ITSI—a \$10.6 million firm-fixed-price task order to complete the HSSB facilities by July 31, 2015. This task order, number TG06—also required site grading, road construction, and upgrades to the sewage, site water, and storm-water management systems.

On July 31, 2015, AFCEC awarded Gilbane Federal an \$18.6 million firm-fixed-price task order—number TG11—to finish construction of the partially completed facilities by March 14, 2016. After three modifications, this task order's value increased to \$19.8 million. The project was completed in November 2015.

The objectives for this inspection were to determine whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the facilities were being used and maintained.

The MOD HSSB project cost \$65.5 million, \$49 million more than the original cost, and it was completed more than two years after the original completion date. The cost increased despite five facilities, such as a quick reaction force building and an administration building, being descoped from the task orders. AFCEC officials stated that the increased cost was primarily due to the facilities not being completed under task order 0049 and attributed the delay mostly to the Afghan National Army's continued occupation of buildings designated for demolition under task order 0049. When AFCEC closed out task order 0049 in June 2014, it had already paid ITSI \$35.1 million based on the work performed up to the closeout date, even though the contractor had not completed any of the HSSB facilities. This required AFCEC to issue two additional task orders—numbers TG06 and TG11—to complete the project.

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SIGAR found that although the MOD HSSB facilities generally met contract requirements, four construction deficiencies exist that have safety implications associated with them—improperly installed electric heaters in restrooms, oversized circuit breakers in electrical panels, uninsulated hot water pipes, and suspended equipment installed without seismic bracing. Specifically,

- Three electric heaters in the administration/barrack building restrooms were installed above the ablution station, which army personnel use to wash themselves before prayer. AFCEC stated that the electric heaters installed above the ablution station were acceptable because the design for the electrical connections included a ground-fault circuit interrupter (GFCI), a safety feature that reduces the risk of electric shock and electrocution. However, the electric heaters were installed with an on-off disconnect switch instead of a GFCI connection. Because the electric heaters are within reach of the wash stations, people with wet hands could be shocked or electrocuted if they touch a faulty heater that does not have GFCI protection.
- Based on TG11 task order requirements, 60 circuit breakers—59 in the administration/barrack building and one in the fire station—and two main breakers in the administration/barrack building were oversized. For example, power panel 2 in the administration/barrack building contained 30 oversized circuit breakers, including circuit breakers 4 and 6 for unit heaters that required 16 amp circuit breakers, but had 32-amp circuit breakers installed. Installed circuit breakers that have a higher amperage rating than designed are considered “oversized” and could allow more electricity to flow than the wires can safely handle. This could melt the plastic coating around the wires and possibly start a fire.
- Exposed hot water pipes in the medical clinic were not insulated. According to the contract’s plumbing drawings for the medical clinic, “All hot water piping shall be insulated.” AFCEC officials stated that the water heater will not deliver water that is more than 120 degrees Fahrenheit. However, both the contract and the International Plumbing Code specifically required insulation on the hot water piping to prevent wasted energy and water, and protect occupants from exposed hot piping within their reach.
- The water heater on the ground floor of the medical clinic was mounted on the wall, close to the ceiling, without seismic straps. The water heater’s installation without seismic straps does not comply with the contract design drawings. It also violates the International Plumbing Code’s requirements for water heater seismic supports. Further, it is a significant safety risk because Kabul has the most seismic activity of all major cities in Afghanistan.

Despite the construction deficiencies and late completion, the Afghan National Army is using all of the HSSB facilities. Further, the MOD’s

engineering department manages the operations and maintenance for the headquarters facilities and its staff is maintaining the HSSB facilities adequately. However, the lack of adequate planning and coordination between AFCEC and Afghan officials during early stages of the medical clinic's design ultimately resulted in the building not meeting the user's needs.

To ensure the safety of Afghan National Army personnel at the MOD HSSB, SIGAR recommends that the Director of the Air Force Civil Engineering Center (AFCEC) take the following actions and report the results back to SIGAR within 90 days:

1. Notify the MOD HSSB facility managers that the electric heaters in the ablution areas are not on GFCI-protected circuits as indicated on the as-built drawings, and notify them of the potential risks to building occupants.
2. Use the electrical calculations and explanations in AFCEC's comments on a draft of this report to develop an accurate set of as-built drawings to show the as-built construction, specifically (a) document the installed electrical system, (b) have a registered professional electrical engineer approved the documents for the installed electrical design, and (c) provide the correct as-built drawings to the facility managers for effective O&M and future building modifications.
3. Use all means available to obtain a refund for the installation-labor and materials-for the construction deficiencies that need to be corrected in the as-built drawings.

Status of SIGAR Recommendations

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 16 recommendations contained in nine audit and inspection reports. These reports contained recommendations that resulted in the recovery of \$93,370 in ineligible or unsupported contract costs paid by the U.S. government.

From 2009 through September 2017, SIGAR published 273 audits, alert letters, and inspection reports and made 785 recommendations to recover funds, improve agency oversight, and increase program effectiveness. SIGAR has closed over 81% of these recommendations. Closing a recommendation generally indicates SIGAR's assessment that the audited agency has either implemented the recommendation or otherwise appropriately addressed the issue. In some cases, a closed recommendation will be the subject of follow-up audit or inspection work.

The Inspector General Act of 1978, as amended, also requires SIGAR to report on any significant recommendations from prior reports on which corrective action has not been completed. This quarter, SIGAR continued to monitor agency actions on 144 open recommendations. There were 31 recommendations more than 12 months old for which an agency had yet

to produce a corrective-action plan that SIGAR believes would resolve the identified problem or otherwise respond to the recommendations. Additionally, there are 22 recommendations more than 12 months old for which SIGAR is waiting for the respective agencies to complete their agreed-upon corrective actions. SIGAR previously reported these recommendations in a single category of “open,” however, SIGAR now uses the category of “open-resolved” to more accurately align SIGAR recommendations statuses with CIGIE.

COMPLETED SPECIAL PROJECTS REVIEWS

- Review 17-61-SP: USAID’s Afghan Trade and Revenue
- Review 17-66-SP: Schools in Khowst Province
- Review 17-67-SP: Health Facilities in Nangarhar Province
- Review 18-02-SP: Schools in Kapisa Province
- Review 18-03-SP: U.S.-Based Training for Afghan Security Personnel

SPECIAL PROJECTS

SIGAR’s Office of Special Projects was created to examine emerging issues and deliver prompt, actionable reports to federal agencies and the Congress. The team conducts a variety of assessments, producing reports on all facets of Afghanistan reconstruction. The directorate is made up of a team of analysts supported by investigators, lawyers, subject-matter experts, and other specialists who can quickly and jointly apply their expertise to emerging problems and questions. This quarter, SIGAR’s Office of Special Projects issued five products on a range of issues including, among others, USAID’s implementation of an electronic payment (e-payment) system to improve customs revenue collection, observations on site visits to health facilities in Nangarhar Province, and a review that found nearly half of all foreign military trainees that went AWOL while training in the U.S. since 2005 were from Afghanistan. Special Projects also issued one inquiry and two alert letters to relevant authorities on USAID’s Kandahar Food Zone, structural damage at a health facility in Khowst Province, and structural damage at an educational facility in Khowst Province. Special Projects also issued Inspector General Sopko’s testimony to Congress on wasteful ANA uniform procurement.

Review 17-61-SP: USAID’s Afghan Trade and Revenue Program has Failed to Achieve Goals for Implementation of E-Payment System to Collect Customs Revenues

The Afghan government’s ability to efficiently and effectively collect customs duties—a key source of government income—is of critical importance to its long-term sustainability. In previous reports, SIGAR has raised concerns about customs duty collections and their impact on the Afghan government’s ability to sustain its operations. For example, in a March 5, 2015, SIGAR inquiry letter to the USAID Administrator, SIGAR pointed out that representatives from the U.S. Embassy Kabul’s Economic Section noted that a large portion of the decline in revenue could be attributed to concerns that approximately half of the customs duties for Afghan fiscal year 1393—which ran from December 21, 2013, through December 20, 2014—are believed to have been stolen. USAID officials

suggested that eliminating or significantly stemming corruption in the customs process could potentially double the customs revenue remitted to the Afghan government.

SIGAR reviewed one component of USAID's four-year (November 2013–November 2017), \$77.8 million Afghanistan Trade and Revenue (ATAR) program to implement an e-payment system to provide a more efficient and effective way to collect custom duties. USAID, in consultation with its ATAR implementing partner, Chemonics, established an objective of collecting 75% of all custom duties electronically by the end of the program. However, SIGAR found that by the end of December 2016, less than 1% (0.59%) of all custom duty collections were being collected electronically.

SIGAR provided a draft of this review to USAID for comment on July 27, 2017. USAID provided comments on August 17, 2017. In its comments, USAID highlighted the challenges it encountered implementing the e-payment system, including the need for Da Afghanistan Bank—Afghanistan's central bank—and the Afghanistan Customs Department to work together, and the willingness of traders to use the system. USAID also pointed out, as does this review, that the implementation of the e-payment system was only one component of the ATAR program. Finally, USAID agreed with SIGAR's suggestion to hold Chemonics accountable to the terms of the contract and direct it to comprehensively assess the reasons why it failed to achieve the goals of the e-payment component, and said a root-cause analysis would be completed by August 31, 2017.

SIGAR conducted its work in Kabul, Afghanistan; at inland customs depots and border crossing points throughout Afghanistan; and in Washington, DC, from September 2016 through May 2017, in accordance with SIGAR's quality-control standards.

Review 17-66-SP: Schools in Khowst Province

Observations from Site Visits at 23 Schools

This report is the third in a series that discusses findings from SIGAR site visits at USAID-funded schools across Afghanistan. The 23 schools in Khowst province discussed in this report were either built or rehabilitated using taxpayer funds provided by USAID. The purpose of this Special Project review was to determine the extent to which those schools were open and operational, and to assess their current condition.

SIGAR was able to assess the general usability and potential structural, operational, and maintenance issues for each of the 23 schools. SIGAR's observations from these site visits indicated that there may be problems with student and teacher absenteeism at several of the schools visited in Khowst that warrant further investigation by the Afghan government. SIGAR also observed that several schools visited in Khowst lacked basic services, including electricity and clean water, and have structural deficiencies that are affecting the delivery of education.

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Serious foundation flaws at a school in Khowst Province. (SIGAR photo)



Few of the students enrolled at this school in the Tani District of Khowst Province could be seen there during a March 2017 visit. (SIGAR photo)

SIGAR provided a draft of this review to USAID for comment on August 24, 2017. USAID provided comments on September 10, 2017. In its comments, USAID pointed out “that of the 23 schools visited by SIGAR, two were constructed and 21 were rehabilitated by USAID. Of the 21 rehabilitated schools, seven were nonstructural renovations.” USAID also stated that the Afghan Ministry of Education (MOE) was responsible for the operation and maintenance of the schools, and USAID was no longer building new schools in Afghanistan. USAID reported that officials contacted the Khowst Provincial Education Director who indicated that the school calendar in Khowst varies in urban and rural localities, which might account for the low attendance rates observed at three schools. Finally, USAID stated that it “will ensure that the MOE is notified of the data issues identified by SIGAR for further analysis, and follow-up as well on other issues raised in the SIGAR review report.”

SIGAR conducted its work in Khowst and Kabul Provinces, Afghanistan, and in Washington, DC, from March 2017 through August 2017, in accordance with SIGAR’s quality-control standards.

Review 17-67-SP: Health Facilities in Nangarhar Province **Observations from Visits at Four Locations**

SIGAR conducted this review to verify the locations and operating conditions of four public health facilities in Nangarhar Province. All four facilities received funds from the Commander’s Emergency Response Program (CERP) in 2011. CERP was established to enable local U.S. commanders in Afghanistan to respond to urgent humanitarian and relief and

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Maternity-ward equipment at Health Facility 307, Nangarhar Province. (SIGAR photo)



Pharmacy at Health Facility 2509, Nangarhar Province. (SIGAR photo)

reconstruction requirements. SIGAR found that the location information maintained in DOD systems was accurate and SIGAR successfully located each facility within one kilometer of its expected location. SIGAR also found that all four facilities were operational and well-equipped, electrified, and had access to running water.

SIGAR provided a draft of this review to DOD for comment on August 24, 2017. SIGAR worked closely with DOD subject-matter experts to verify the projects and data associated with the health facilities reviewed in this report. DOD did not provide formal comments, but did provide technical comments to a draft version of the report. SIGAR incorporated DOD's technical comments, as appropriate.

SIGAR conducted this special project in Washington, DC, and Nangarhar Province, Afghanistan, from June 2016 to August 2017, in accordance with SIGAR's quality-control standards.

Review 18-02-SP: Schools in Kapisa Province

Observations from Site Visits at Five Schools

This report is the fifth in a series that details SIGAR findings from site visits at U.S.-built or rehabilitated schools across Afghanistan. The five schools discussed in this report were either built or rehabilitated in Kapisa Province, using U.S. taxpayer funds provided by CERP between 2007 and 2008 at a cost of approximately \$837,000. The purpose of this review was to determine the extent to which those schools were open and operational, and to assess their condition.

First, SIGAR found that each of the five schools was open and operational. Second, SIGAR found that most of the schools were structurally

sound, safe for educational use, and well-attended. However, SIGAR also found that most schools lacked access to clean water and all lacked access to reliable electricity.

SIGAR provided a draft of this report to DOD for comment on September 25, 2017. SIGAR worked closely with DOD officials to verify data for the five schools reviewed in this report. DOD officials also provided technical comments to a draft of this report, which we incorporated as appropriate.

SIGAR conducted its work in Kapisa Province, Afghanistan, and in Washington, DC, from March 2016 through August 2017, in accordance with SIGAR's quality-control standards.

Review 18-03-SP: U.S.-Based Training for Afghan Security Personnel

Trainees Who Go Absent Without Leave Hurt Readiness and Morale, and May Create Security Risks

This report discusses the results of SIGAR's review of Afghan security personnel going Absent Without Leave (AWOL) while training within the United States. The report determines (1) the extent to which Afghan security personnel went AWOL while training in the United States; (2) the processes for vetting and selecting Afghans for training in the United States, and for investigating their disappearance once they have gone AWOL; and (3) the impact AWOLs have on the United States and Afghan training and reconstruction efforts.

SIGAR found that nearly half of all foreign military trainees who went AWOL while training in the United States since 2005 were from Afghanistan (152 of 320). Of the 152 AWOL Afghan trainees, 83 either fled the United States after going AWOL or remain unaccounted for. SIGAR also found that these instances of AWOL may have negative consequences for both Afghanistan and the United States. For example, SIGAR found that the increasing instances of AWOL since 2015 may have had a negative impact on operational readiness of Afghan National Defense and Security Forces (ANDSF) units and the morale of fellow trainees and home units, and posed security risks to the United States.

To help prevent Afghan trainees in the United States from going AWOL in the future, SIGAR suggests that DOD mentors in Afghanistan work closely with the Ministry of Defense (MOD) and Ministry of Interior (MOI) to develop processes and procedures that increase the likelihood that ANDSF personnel returning from training in the United States will be placed in positions that take advantage of their newly acquired skills.

Additionally, to improve coordination between U.S. Citizenship and Immigration Services (USCIS) and U.S. Immigration and Customs Enforcement's (ICE), and to help prevent AWOL trainees who may pose a threat to U.S. national security from remaining in the United States, SIGAR

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suggests that USCIS and ICE develop policies or procedures that will ensure improved communication between the two agencies throughout the investigatory and potential asylum processes, such as requiring ICE to include important case information in the TECS system immediately upon initiating an investigation into AWOL Afghan trainees.

Finally, given the demonstrated propensity of Afghan trainees to go AWOL while training in the United States, when compared to trainees of other nations, SIGAR suggests that State, in coordination with DOD and the Department of Homeland Security (DHS), (a) determine whether requiring all Afghan trainees to complete an in-person interview prior to being granted an A-2 visa would help to mitigate AWOL occurrences or assist in ICE investigations when AWOLs occur, and (b) review the policy of exempting Afghan military trainees from provisions pertaining to registration as alien residents in the United States, as outlined in 8 U.S.C. § 1201, and evaluate the benefits of providing greater granularity on biographical and background information for all Afghan security trainees in the United States.

SIGAR provided a draft of this report to DOD, State, and DHS on August 29, 2017, SIGAR received both written and technical comments on a draft of this report from State and DHS. SIGAR incorporated their technical comments, as appropriate, and their written comments are reproduced in Appendix I and Appendix II, respectively. SIGAR also received technical comments from multiple DOD entities, including the Office of the Secretary of Defense, the Combined Security Transition Command-Afghanistan (CSTC-A), the Navy Internal Programs Office, and the Office of the Secretary of the Air Force Internal Affairs, which we incorporated as appropriate.

In its comments, State did not concur with one suggested action and neither agreed nor disagreed with another. The Department disagreed with the suggestion to determine whether requiring all Afghan trainees to complete an in-person interview prior to being granted a visa would help mitigate AWOL occurrences or assist in ICE investigations. However, SIGAR maintains that in-person interviews may provide valuable information regarding the likelihood of a trainee to abscond from training in the United States, and additional information (e.g., the names and addresses of friends and family members living in the United States) that, if shared with ICE, may be helpful in their investigative work.

Regarding SIGAR's suggestion that the Department review the policy of exempting Afghan military trainees from provisions pertaining to registration as alien residents in the United States and evaluate the benefits of providing greater granularity on biographical and background information for all Afghan security trainees in the United States, the Department neither agreed nor disagreed. Nevertheless, it is clear that Afghan trainees go AWOL while in the United States at a far higher rate than do trainees from any other

country, and SIGAR believes that the State Department (as well as other government agencies) should use all the tools at their disposal to reduce these occurrences and ensure that Afghan trainees return to Afghanistan and make use of the substantial U.S. taxpayer investment in training. Finally, the State Department disagreed with the phrasing used in the draft report related to improving coordination between USCIS and ICE. Accordingly, SIGAR revised the suggested action.

In its comments, DHS stated that it “has a number of mechanisms in place to identify and remove aliens who overstay their period of lawful admission in the United States,” and that ICE’s Counterterrorism and Criminal Exploitation Unit “focuses on preventing criminals and terrorists from exploiting our immigration system by proactively developing cases for investigation on individuals who violate the conditions of their status or overstay their period of admission.” Although the Department acknowledged the need for close cooperation with USCIS and other inter-agency partners to help ensure a safe and secure homeland, it did not agree with the language contained in a draft of suggested action because of the implications that such an action could have on the asylum process. SIGAR revised the language in response to the Department’s concern.

SIGAR conducted its work in Kabul, Afghanistan, Joint Base San Antonio, and Washington, DC, from May 2016 to August 2017, in accordance with SIGAR’s quality-control standards.

SPECIAL PROJECTS INQUIRY LETTER

· Inquiry Letter 17-64-SP: Kandahar Food Zone

Inquiry Letter 17-64-SP: Kandahar Food Zone

On September 8, 2017, SIGAR sent an inquiry letter to Mark Green, Administrator for USAID, to request information regarding USAID’s Kandahar Food Zone (KFZ) program. USAID launched the \$45.4 million KFZ program, a counternarcotic effort, in July 2013 to help rural farmers in targeted districts of Kandahar Province earn legitimate incomes from activities other than growing heroin-producing poppy. USAID initially awarded International Relief and Development Inc. (IRD) a three-year contract to implement the KFZ program, and the program has since been extended to run through August 2018.

USAID designed the KFZ program to create licit economic opportunities by providing small grants for infrastructure projects and alternative-livelihood training for local farmers in Kandahar Province. The KFZ program is also intended to strengthen the capacity of the Afghan Ministry of Counter Narcotics to promote licit alternatives to opium production through the implementation of alternative livelihood programs and piloting successful models of alternative development. In November 2016, USAID reported that the KFZ program has been successful in rehabilitating irrigation infrastructure, enhancing water management capacity, improving crop yields, and managing greenhouses efficiently.

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Given the tens of millions of U.S. taxpayer dollars USAID spent on KFZ, and the importance of counternarcotics efforts to Afghanistan's reconstruction, SIGAR sought additional information concerning the completed infrastructure projects and KFZ program activities. SIGAR requested that USAID provide the following:

1. A list of all completed and ongoing infrastructure projects constructed through the KFZ program (including irrigation canals, greenhouses, and any other structures), along with: (a) project status (completed or ongoing); (b) completion or anticipated completion dates; (c) GPS coordinates and names of associated villages for each project (or the most detailed location information available for each project); (d) funding levels for each project.
2. Copies of all prime contracts and contract modifications with implementing partner(s) for the KFZ program.

SIGAR requested a response and all requested documentation no later than September 22, 2017, and USAID responded on September 18, 2017.

Alert Letter 17-59-SP: Structural Damage at Health Facility 2132

On August 1, 2017, SIGAR sent an inquiry letter to Wade Warren, then-Acting Administrator for USAID to alert him of a safety matter that warrants action by USAID. SIGAR is conducting site inspections at USAID-supported health facilities throughout Afghanistan. USAID's support for these facilities is intended to enable health service delivery by providing funding for staff, basic supplies, and utilities, and is not intended to fund the construction or refurbishment of health facilities. While SIGAR site inspections at

SPECIAL PROJECTS ALERT LETTERS

- Alert Letter 17-59-SP: Structural Damage at Health Facility 2132
- Alert Letter 17-60-SP: Structural Damage at Educational Facility SR 21



Construction at a Khowst Province health facility supported by USAID funds administered through a World Bank program. (SIGAR photo)

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USAID support benefits a health facility in Khowst Province via the World Bank-administered SEHAT program. (SIGAR photo)

these facilities focus on the accuracy of location information maintained by USAID and the Afghan government and the operational status of the facilities, one aspect of SIGAR site inspections includes photographing and conducting a basic review of the structural integrity and general safety of the buildings at each site.

In April 2017, SIGAR conducted site visits to 20 health facilities in Khowst Province supported by USAID through the World Bank-administered System Enhancement for Health Action in Transition (SEHAT) program. Following each site visit, SIGAR analysts and engineers examined the status of the facilities. SIGAR found that while health facility 2132 is operational and being used to treat patients, it has substantial structural damage and is not safe for use as a health facility or for any other purpose. SIGAR engineers found the facility's beams, column, and roof to be severely damaged, and that clinic staff used wooden beams to temporarily support the roof.

Of particular concern at health facility 2132 is the number of staff and patients in the facility at any given time. According to staff interviewed at the facility, it provides health services to between 70 and 120 patients per day, from approximately 20 surrounding villages. While conducting the site inspection, SIGAR observed roughly 15 patients at the facility.

SIGAR strongly urged USAID to immediately contact its partners in the SEHAT program (i.e., the World Bank and the Afghan Ministry of Public Health) and alert them to the unsafe conditions at facility 2132. SIGAR is concerned that continued use of the building puts the lives of staff, patients, and visitors at risk, and that the building is not safe for use until remedial actions are taken.

SIGAR conducted its work in Kabul, Afghanistan, Khowst Province, Afghanistan, and Washington, DC, from April 2017 through July 2017, in accordance with SIGAR's quality-control standards.

Alert Letter 17-60-SP: Structural Damage at Educational Facility SR 21

On August 15, 2017, SIGAR sent an alert letter to then-Acting Administrator of USAID Wade Warren to alert him to a safety matter that warrants immediate action. SIGAR observed serious structural damage at one building near a school in Khowst District, Khowst Province (facility SR 21); a school that was rehabilitated by the International Organization for Migration (IOM) under a cooperative agreement with USAID. While SIGAR does not believe the building to be part of the school that was rehabilitated by IOM, it is currently being used as a classroom and poses a serious danger to students and teachers.

SIGAR is engaged in efforts to determine the operational condition of schools constructed or renovated by USAID in provinces throughout Afghanistan. As part of this effort, SIGAR inspectors visited Khowst facility

SIGAR OVERSIGHT ACTIVITIES



Irreparable damage to building used as a classroom in Khowst Province. (SIGAR photo)

SR 21. While the site inspection focused on assessing the overall operating conditions at the facility, the inspectors also completed a basic safety review of the structural integrity of classroom buildings at facility SR 21 that included the collection of photographic documentation. Following the site visit, SIGAR engineers examined photographs of SR 21 and other buildings nearby being used as classrooms. At one such building, SIGAR found damage that is both substantial and potentially life-threatening. Specifically, SIGAR identified a building occupied by staff and students that appeared unsafe, structurally unsound, and with damage that appeared to be beyond repair or rehabilitation.

Structural failures observed in photos taken in the building indicate that the reinforcing structure of the building near SR 21 cannot withstand the weight of several of its own concrete sections, and SIGAR believes that complete detachment of these sections is imminent. Anyone under these concrete sections is in danger of being seriously injured or killed. Furthermore, the danger of building collapse is likely in the event of an earthquake.

Of particular concern at the building being used as a classroom near facility SR 21 is the number of staff and students in the damaged building at any given time. Specifically, while conducting the site inspection, SIGAR observed several teachers and dozens of children in the building and found that it was being used as a classroom.

SIGAR OVERSIGHT ACTIVITIES

SIGAR strongly urged USAID to immediately contact its partners in the Ministry of Education and alert them to the unsafe conditions at the building which was apparently serving as an auxiliary facility to SR 21. SIGAR is concerned that continued use of this building puts the lives of staff and students at risk, and that the building is not safe and should not be used as a classroom or for any other purpose.

SIGAR provided a draft of this alert letter to USAID on August 2, 2017. In its response, dated August 9, 2017, USAID thanked SIGAR for alerting it of the structural damage of educational facility SR 21, and stated that it had “informed key personnel within the Ministry of Education of the situation and of the hazards of continued use of the facility.”

SIGAR conducted its work in Kabul, Afghanistan, Khowst Province, Afghanistan, and Washington, DC, from April 2017 through July 2017, in accordance with SIGAR’s quality-control standards.

SPECIAL PROJECTS TESTIMONY

- Testimony 17-58-TY: Procurement of Afghan Army Uniforms: Poor Decisions and Questionable Contracting Processes Added \$28 million to Procurement Costs

Testimony 17-58-TY Procurement of Afghan Army Uniforms: Poor Decisions and Questionable Contracting Processes Added \$28 Million to Procurement Costs

On July 25, 2017, IG Sopko testified before the U.S. House of Representatives Committee on Armed Services, Subcommittee on Oversight and Investigations, regarding the SIGAR Special Projects review that identified \$28 million in wasteful spending on Afghan National Army (ANA) uniform procurement.

IG Sopko’s testimony addressed (1) the generation of unnecessary, untested, and costly uniform specifications; (2) circumvention of Federal Acquisition Regulation requirements; and (3) a lack of oversight of direct assistance funds and the violation of U.S. law by the Afghan government.

IG Sopko reported that, as a result of the Special Projects review, DOD agreed to (1) take swift action and conduct an assessment to determine whether there is a more effective alternative, considering both operational environment and cost, available for the ANA, and (2) ensure that current contracting practices for ANA uniforms as well as Afghan National Police uniforms conform to all Federal Acquisition Regulation requirements.

COMPLETED LESSONS LEARNED PRODUCT

- Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan

LESSONS LEARNED

SIGAR’s Lessons Learned Program was created to identify and preserve lessons from the U.S. reconstruction experience in Afghanistan, and to make recommendations to Congress and executive agencies on ways to improve efforts in current and future operations. The program has five projects in development: interagency strategy and planning, counternarcotics, private-sector development, stabilization, and monitoring and evaluation.

Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan

On September 21, SIGAR issued *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*, which examines how the U.S. government—primarily the Departments of Defense, State, and Justice—developed and executed security-sector assistance programs to build, train, advise, and equip the ANDSF.

The development of the ANDSF is a cornerstone of the overall U.S. policy in Afghanistan and a key requirement of the U.S. strategy to transition security responsibilities to the Afghan government. Since 2002, the ANDSF has been raised, trained, equipped, and deployed to secure Afghanistan from internal and external threats, as well as to prevent the reestablishment of terrorist safe havens. To achieve this, the United States devoted over \$70 billion (60%) of its Afghanistan reconstruction funds to building the ANDSF through 2016, and continues to commit over \$4 billion per year to that effort.

Reconstructing the ANDSF draws important lessons from the U.S. experience building the ANDSF. These lessons are relevant to ongoing efforts in Afghanistan, where the United States will likely remain engaged in security-sector assistance efforts to support the ANDSF through at least 2020. In addition, the United States participates in efforts to build other developing-world security forces as a key tenet of its national-security strategy, an effort which SIGAR anticipates will continue and will benefit from the lessons learned in Afghanistan. The report contains a detailed array of findings, lessons, and recommendations intended to improve U.S. actions in Afghanistan and elsewhere. It includes 12 researched and documented findings, 11 lessons drawn from those findings, and 35 recommendations for addressing those lessons—two for Congress to consider, seven that apply to executive agencies in general, seven that are DOD-specific, and 19 that are Afghanistan-specific and applicable to either executive agencies at large or to DOD.

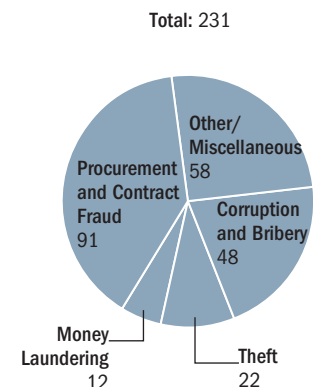
The findings, lessons, and recommendations outlined in the report are described in Section One of this report. The full report and an interactive version are posted at SIGAR’s website, www.sigar.mil.

INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in one indictment, one criminal information, two guilty pleas, two sentencing, nearly \$500,000 in restitutions and forfeitures, and over \$134.9 million in savings for the U.S. government. SIGAR initiated 11 new cases and closed 47, bringing the total number of ongoing investigations to 231, as seen in Figure 2.1.

FIGURE 2.1

SIGAR INVESTIGATIONS: NUMBER OF OPEN INVESTIGATIONS, AS OF SEPTEMBER 30, 2017



Source: SIGAR Investigations Directorate, 10/11/2017.

SIGAR INTERCEPTS \$1.6 MILLION IN SMUGGLED GOLD AT BAGRAM AIRFIELD

Reconstruction work in Afghanistan has been plagued with modern forms of criminality like bid rigging and money laundering. But the ancient trade of smuggling also survives, and its corrupt traffic includes the incorruptible metal prized since antiquity—gold.

In late July 2017, SIGAR Special Agents at Bagram Airfield (BAF) near Kabul trained contractors, law-enforcement members, and military personnel on fraud awareness.

Shortly thereafter, on August 4, a person who had attended the fraud briefing contacted SIGAR Special Agents to inform them that an individual was travelling from Kabul to BAF that day with a large quantity of gold in his possession. His final destination was reported to be Dubai in the United Arab Emirates.

Acting on this information, SIGAR Special Agents intercepted the traveler while he was changing planes at BAF. They quickly observed that he was carrying two heavy bags. The agents questioned the traveler, who said the bags contained eight newspaper-wrapped packages of gold bars.

The traveler could not show any documentation that authorized him to transport gold out of Afghanistan. But he did have papers indicating the nearly 92 pounds of gold he carried was worth about \$1.6 million.

SIGAR took possession of the gold while further investigation was conducted. The results of a subsequent interview indicated that the transport of the gold violated Afghan customs and anti-money laundering laws. Further investigation revealed that the individual was working as a courier for an Afghanistan-based organization that transports large quantities of gold from Afghanistan to Dubai. The investigation also identified links between this organization and people living in the United States.

Given likely violations of Afghanistan’s laws, and pursuant to the U.S.-Afghan Status of Forces Agreement, SIGAR Investigators contacted officials at the



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

presidential palace in Kabul. By mid-August, SIGAR had sent a letter to President Ghani’s special advisers outlining the facts of the investigation and receipt of the gold bars. In the letter, SIGAR investigators requested that the gold bars be transferred from SIGAR to Afghan government officials.

President Ghani then formed a special working group to investigate the case. Members of the working group included senior officials from the Ministry of Finance, the Customs Department, the Attorney General’s Office, Afghanistan’s central bank, and the Major Crimes Task Force. One of the working group’s first tasks was to coordinate the transfer of the gold from SIGAR to the central bank. Once that was completed, the working group and SIGAR began a joint investigation of the source and transport of the gold.

Whatever its final outcome, the case stands as a sterling example of what can be achieved when U.S. oversight agencies like SIGAR maintain good working relationships with Afghan officials.

To date, SIGAR investigations have resulted in a cumulative total of 114 criminal convictions. Criminal fines, restitutions, forfeitures, civil settlement recoveries, U.S. government cost savings and recoveries total more than \$1.2 billion.

Active Investigation Nets Over \$134.9 Million Savings to U.S. Government

On July 16, 2017, the National Procurement Commission (NPC), chaired by President Ashraf Ghani, suspended the awarding of a \$134,982,989 contract due to corruption exposed by a bribery investigation.

SIGAR and USAID OIG received information regarding alleged impropriety by Afghan-based contractors in the award process of the DABS contract to build five NEPS/SEPS connector substations. The contract, totaling \$134,982,989, was to be Afghan-administered, but funded by USAID. Afghan officials advised that a complaint was filed with the Afghan Ministry of Economy regarding an alleged \$2 million bribe paid to secure the contract award and that President Ghani had frozen the tentative contract award and requested SIGAR's assistance in investigating the matter. Afghan officials stated that the Chinese-based prime contractor used Afghan sub-contractors for assistance with interpreting and understanding Afghan procurement law, and with local logistics and transportation in Afghanistan. Afghan officials stated that part of the allegations received by the Office of the President was that the prime contractor had paid a \$2 million bribe to secure the contract.

On July 16, 2017, the contract details were presented for approval to the Afghan National Procurement Authority. The NPC and President Ghani suspended the awarding of the contract when the corruption was exposed. Previous corruption had also been uncovered under another bidding process in late 2016 for the same award, which was canceled. The NPC and President Ghani referred this matter to the Afghan Attorney General's Office (AGO), for further investigation by the AGO, SIGAR, and USAID-OIG/I.

These corruption and investigative findings were reported by USAID-OIG/I to USAID in Kabul, Afghanistan. On July 27, 2017, USAID prepared an official letter advising that USAID was indefinitely revoking consent for any award related to this contract. The letter further stated that contributing to USAID's decision was the NPC's public announcement to investigate the contract award process with participation of SIGAR, USAID-OIG, and Afghanistan's Major Crimes Task Force. The letter was provided to the Afghan Ministry of Finance. This ongoing investigation is being conducted jointly with SIGAR and USAID-OIG.

SIGAR Afghanistan Investigations Key Statistics September 1, 2016– September 30, 2017

- Over \$239 million in U.S. government cost avoidance/contract money protected as a direct result of SIGAR Afghanistan Investigations
- Apprehension and turnover to Da Afghanistan Bank approximately 91.5 pounds of gold with an estimated \$1.6 million value
- 75 recommendations for suspension and debarment
- Two U.S. citizen felony-plea agreements
- Two Afghan citizen arrests of Sayed Mustafa Kazemi and Major General Abdul Wasay Raoufi and the prosecution of Raoufi in coordination with the Attorney General's Office and the Anticorruption Justice Center
- 15 Afghan employee terminations/dismissals as a result of evidence gathered in criminal investigations
- High-level Afghan officials terminated by the Ghani Administration, or, who resigned as a result of SIGAR Afghanistan investigations:
 - Major General Abdul Wasay Raoufi, Ministry of Interior, Deputy to MOI Deputy Minister on Policy and Strategy, and Member of the Fuel Evaluation Committee, terminated as a result of a joint SIGAR/MCTF investigation
 - Deputy Minister Murtaza Rahimi, Ministry of Interior Support/Procurement, terminated for his role in the Raoufi investigation
 - CEO of Da Afghanistan Bresha Sherkat (Afghanistan Electric and Power Company) resigned as a result of an ongoing joint investigation by SIGAR/USAID/GIROA

Former U.S. Government Contractor Pleads Guilty to Accepting Kickbacks

On July 18, 2017, in the Northern District of Georgia, Nebraska McAlpine, former project manager of a DOD prime contractor in Afghanistan, pleaded guilty to accepting illegal kickbacks.

McAlpine and an Afghan executive agreed that in exchange for illicit kickbacks, McAlpine would ensure that the executive's companies were awarded lucrative subcontracts. McAlpine repeatedly informed his supervisors that these companies should be awarded sole-source subcontracts, which allowed them to supply services to the prime contractor without having to competitively bid on them. As a result of the kickback scheme, the prime contractor paid over \$1.6 million to the subcontractor to assist with maintaining the Afghanistan Ministry of the Interior ultra-high frequency radio communications system in Kabul, Afghanistan.

The executive agreed to pay kickbacks to McAlpine totaling approximately 15% of the value of the subcontracts and, in 2015 and 2016, McAlpine accepted over \$250,000 in kickbacks. McAlpine hid these cash payments from his employer and took steps to secretly bring them back to his home in Georgia. Upon receipt of the cash in Afghanistan, McAlpine stored the money at the secure facility near the Kabul Airport and physically transported the cash when he traveled by airplane from Afghanistan to the United States on leave. McAlpine deposited the majority of these funds—approximately \$183,250—into his bank accounts at bank branches in the Atlanta metropolitan area between August 2015 and May 2016.

This investigation is being conducted by the Defense Criminal Investigative Service (DCIS), SIGAR, and U.S. Army Criminal Investigation Command (CID-MPFU).

U.S. Military Member Indicted for Bribery

On July 27, 2017, in the Eastern District of California, David Turcios was indicted on two counts of receiving and agreeing to receive bribes.

Turcios is one of eight subjects of a major bribery investigation which focused on Afghan contractors paying bribes to U.S. military personnel in return for government contracts associated with the Humanitarian Aid Yard at Bagram Airfield. The Yard served as a storage-and-distribution facility for millions of dollars' worth of clothing, food, school supplies, and other items purchased from local Afghan vendors. U.S. military commanders provided those supplies to displaced Afghans as part of the Commander's Emergency Response Program (CERP) to meet urgent humanitarian relief needs for the Afghan people.

In June 2012, investigators uncovered an unusual pattern of suspect criminal activity at the Yard. They found traces of criminal activity affecting inventories, accounting, payments, and contract oversight.

As investigators conducted interviews, checked records, and scrutinized other evidence, they confirmed that U.S. military personnel, stateside contacts, and local Afghans had conspired in bribery, fraud, kickbacks, and money-laundering schemes. Among other improper acts, U.S. personnel took bribes from vendors or from Afghan interpreters who wanted to steer business to favored vendors. The conspiracies pervaded activities at the Yard, and persisted for years as new personnel were assigned there and, in some cases, adopted the corrupt practices of their predecessors.

The investigation led to a series of guilty pleas, prison terms, and forfeiture agreements as offenders were held accountable for their deeds.

Former USACE Employee Pleads Guilty to Bribery

On July 18, 2017, in the Central District of Illinois, Mark E. Miller, a former employee of the U.S. Army Corps of Engineers (USACE), was charged in a criminal information with one count of seeking and receiving bribes as a public official. On July 25, 2017, Miller pleaded guilty to soliciting almost \$320,000 in bribes while working in Afghanistan. In addition, Miller agreed to forfeiture of \$180,000 and a 2006 Harley-Davidson motorcycle.

From February 2009 to October 2011, Miller was assigned to Camp Clark military base in eastern Afghanistan. While in Afghanistan, Miller was the site manager and a contracting officer representative for a number of construction projects.

On December 10, 2009, the USACE awarded a contract worth approximately \$2.9 million to an Afghan construction company for the construction of a road from eastern Afghanistan to the Pakistan border. This contract later increased in value to approximately \$8.1 million. Miller admitted that he oversaw the work of the Afghan company on this road project, including verifying that the company performed the work called for by the contract and authorizing progress payments to the company by the USACE.

In the course of overseeing the contract with the Afghan company, Miller solicited approximately \$280,000 in bribes from its owners, in return for assisting a company associated with the road project, including making sure the contract was not terminated. After the contract was no longer active, he solicited an additional \$40,000 in bribes in return for possible future contract work and other benefits.

This matter was jointly investigated by SIGAR, the Federal Bureau of Investigation (FBI), DCIS, and CID-MPFU, with assistance from the U.S. Postal Inspection Service.

U.S. Contractor Sentenced for Making False Statements

On July 11, 2017, in the Eastern District of North Carolina, after pleading guilty to making false statements, William P. Anderson was sentenced to five months' incarceration, two years' supervised release and five months'

SIGAR OVERSIGHT ACTIVITIES



Head of SIGAR investigations Douglas Domin awards investigator Greg Hautau at the completion of a successful tour in Kabul (SIGAR photo by Charles Hyacinthe)

home confinement. Anderson was ordered to pay restitution of \$6,000 and a special assessment of \$100.

An investigation revealed that between May 2013 and May 2014, Anderson denied smuggling criminal proceeds out of Afghanistan. He falsely claimed that money he wired back to the United States resulted from the payments of gambling debts. In addition, he falsely denied concealing some of the criminal proceeds in plasma cutters he had stolen from Afghanistan.

The investigation was jointly conducted by SIGAR, the FBI, DCIS, and CID-MPFU.

Former Soldier Sentenced for Theft and Conversion of \$289,276 Worth of Government Property

On September 13, 2017, in the Eastern District of North Carolina, former U.S. Army Specialist, Kenneth Preston Blevins, was sentenced to 51 months' incarceration and three years' supervised release, and was ordered to pay \$289,276 in restitution for the theft and conversion of government property.

Federal agents conducted financial analysis and discovered that the spouse of Kenneth Blevins had received several suspicious wire transfers originating from Afghanistan in small denominations to skirt reporting requirements. These funds totaled in excess of \$17,000. Further investigation revealed the funds previously wired were proceeds from a scheme orchestrated by Blevins and former U.S. Army Specialist Michael Banks to sell food and dry goods from the dining facility (DFAC) they were assigned to at Camp Dyer, Afghanistan.

As food-service specialists responsible for the preparation and service of food at the DFAC, Blevins and Banks conspired to over-order food and supplies meant to feed U.S. Special Forces members. Once a substantial amount of supplies was set aside, Blevins and Banks used local Afghan DFAC daily workers who acted as negotiators and smuggled the stolen supplies off base to a local bazaar, where they were sold on the black market. A small portion of proceeds from the scheme was shared with the Afghan workers.

The case was jointly investigated by SIGAR, DCIS, CID, and the FBI.

SIGAR Investigations Personnel Receive FinCEN 2017 Certificates of Appreciation

During this quarterly reporting period, the SIGAR Investigations Directorate received a congratulatory letter from the Financial Crimes Enforcement Network (FinCEN) along with four certificates of appreciation for investigative staff. The letter and certificates are in recognition of SIGAR's submission to FinCEN's 3rd Annual Law Enforcement Awards Program.

The program recognizes law-enforcement agencies that demonstrate excellence in utilizing Bank Secrecy Act (BSA) reporting by financial

institutions in their criminal investigations. The goal of the program is to recognize law-enforcement agencies that made effective use of financial-institution reporting to obtain successful prosecution, and to demonstrate to the financial industry the value of its reporting to law enforcement. The awards program is overseen by senior FinCEN executive staff and is open to all federal, state, county, local, tribal, and other U.S. law-enforcement agencies.

The following summarizes the case which was submitted to FinCEN for consideration for their awards program.

SIGAR Investigations conducts an ongoing program to review FinCEN BSA reporting pertaining to individuals with an Afghanistan nexus, including uniformed military, civilians, and contractors, to identify criminal activities indicative of fraud and corruption.

During September/October 2012, a possible subject was identified when research into BSA reporting was being conducted by SIGAR. The subject, James Addas, was a contracting officer, government employee, and a retired U.S. Army major. Addas was employed by the U.S. Marine Corps as a business and technical management professional at Quantico, VA.

During the James Addas investigation, numerous interviews were conducted, approximately 15 grand jury subpoenas and two inspector-general subpoenas were served, and one search warrant was executed. Assisting in the investigation were CID, NCIS, DCIS, and IRS. In February 2015, in the U.S. District Court for the Eastern District of Virginia, Addas waived indictment and pleaded guilty to a two-count criminal information charging him with bribery of a public official, and making and signing a false tax return. On January 8, 2016, Addas was sentenced to 30 months' imprisonment and three years' supervised release, and was ordered to forfeit \$577,828, pay restitution to the IRS totaling \$115,435, and pay a court assessment of \$100.

Suspensions and Debarments

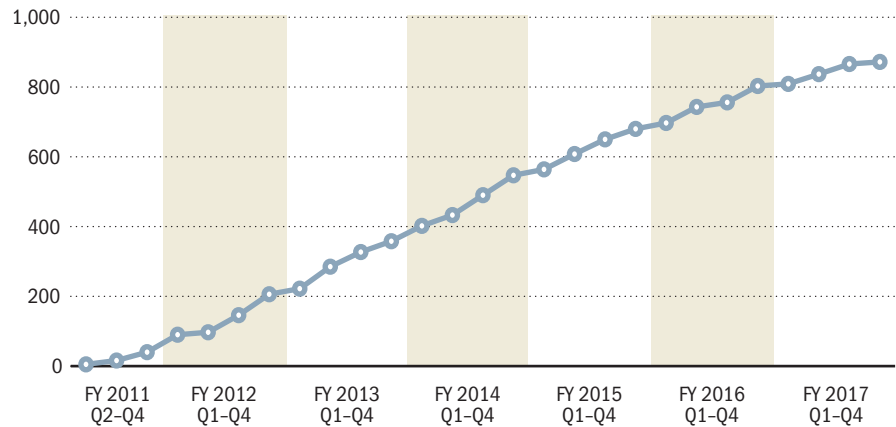
This quarter, SIGAR's suspension and debarment program referred two individuals and four companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 872, encompassing 480 individuals and 392 companies to date, as shown in Figure 2.2 on the next page.

As of the end of September 2017, the efforts of SIGAR to utilize suspension and debarment—actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct—to address fraud, corruption, and poor performance in Afghanistan have resulted in a total of 136 suspensions and 521 finalized debarments/special-entity designations of individuals and companies engaged in U.S.-funded reconstruction projects. An additional 23 individuals and companies have entered into administrative-compliance agreements

SIGAR OVERSIGHT ACTIVITIES

FIGURE 2.2

CUMULATIVE REFERRALS FOR SUSPENSION AND DEBARMENT, Q2 FY 2011–Q4 FY 2017



Source: SIGAR Investigations Directorate, 10/10/2017.

with the U.S. government in lieu of exclusion from contracting since the initiation of the program. During the third quarter of 2017, SIGAR's referrals resulted in 13 finalized debarments of individuals and entities by agency Suspension and Debarment Officials and the entry of nine individuals and companies into an administrative-compliance agreement. An additional seven individuals and companies are currently in proposed debarment status, awaiting final adjudication of their debarment decisions.

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

In most cases, SIGAR's referrals occur in the absence of acceptance of an allegation for criminal prosecution or remedial action by a contracting office and are therefore the primary remedy to address contractor misconduct. In making referrals to agencies, SIGAR provides the basis for a suspension or debarment decision by the agency as well as all of the supporting documentation needed for an agency to support that

decision should it be challenged by the contractor at issue. Based on the evolving nature of the contracting environment in Afghanistan and the available evidence of contractor misconduct and/or poor performance, on occasion SIGAR has found it necessary to refer individuals or companies on multiple occasions for consideration by agency Suspension and Debarment Officials.

SIGAR's emphasis on suspension and debarment is exemplified by the fact that of the 872 referrals for suspension and debarment that have been made by the agency to date, 845 have been made since the second quarter of 2011. During the 12-month period prior to October 3, 2017, referrals by SIGAR's suspension and debarment program resulted in the exclusion of 75 individuals and companies from contracting with the U.S. government. SIGAR's referrals over this period represent allegations of theft, fraud, poor performance, financial support to insurgents, and mismanagement as part of reconstruction contracts valued at approximately \$145,267,069.

Construction Contractor Debarred for Submission of Fraudulent Claims Made for Construction of Afghan National Army Support Facilities in Badghis Province

On August 31, 2017, the Department of the Army debarred Elizabeth N. Carver, Paul W. Carver; Areebel Engineering and Logistics; Areeb of East for Engineering and General Trading Company Limited, d.b.a. "Areeb of East LLC"; Areeb-Rixon Construction Company LLC, d.b.a. "Areeb-REC JV"; Afghan Bamdad Construction Company, d.b.a. "Afghan Bamdad Development Construction Company"; RAB JV; and Areeb-BDCC JV based on the submission of a fraudulent claim and certification for payment regarding work allegedly completed on Afghan National Army support facilities in the vicinity of Qala-e-Naw, Badghis Province, Afghanistan.

Evidence developed as part of an investigation conducted by SIGAR and the ICCTF showed that on September 2, 2012, Elizabeth Carver, owner of Areebel Engineering and Logistics, submitted a request for equitable adjustment (REA) to the U.S. Army Corps of Engineers for \$2,120,022 as part of contract W917PM-09-C-0023. The basis for this REA were changes made by the Spanish Provincial Reconstruction Team to reduce the dimensions of the footprint available for the construction of the ANA support facilities envisioned under the contract. These changes required a redesign of the facilities and a corresponding increase in the cost of the project. As part of her submission, Carver submitted a claim for \$102,920 in additional costs for design work completed by an Egyptian subcontractor in order to comply with the changes required by the PRT. Carver also stated that the subcontractor had previously been paid \$150,000 for design work associated with the project, bringing the overall costs associated with designing the support facilities to \$252,920. This claim was accompanied with a certification from Carver stating that the costs and supporting materials were

accurate and complete. When contacted by an ICCTF investigator to verify these costs, the subcontractor stated that Areebel Engineering and Logistics had not been charged the additional \$102,920 and had never made full payment on the \$150,000 for the original design work.

Areebel Engineering and Logistics had previously been debarred by the Department of the Army from March 7, 2013, through December 6, 2015, based on allegations that it obtained prohibited procurement sensitive information and employed an active duty Army contracting officer then overseeing multiple contracts awarded to the company in Iraq. During that time period, Areeb-Rixon, Areeb of East, and Areeb-REC JV were founded by Carver and her husband, Paul Carver, allowing these companies to continue to obtain government contracts despite having the identical facilities, management, affiliations and employees as Areebel Engineering and Logistics despite the exclusion from contracting imposed on that company.

Based on the allegations made against them, Elizabeth N. Carver, Paul Carver, and their companies were debarred for a period of three years, ending on June 22, 2020, a period of time that takes into account the period that they were in proposed debarment status beginning on June 22, 2017.

Operator of Green Village Compound Enters into Administrative Compliance Agreement Following Proposal for Debarment

On August 25, 2017, the Department of the Army entered into an Administrative Compliance Agreement with Neil Emilfarb, Stratex Hospitality Holdings A.G., Stratex Limited, Stratex Hospitality, Stratex Management Inc., Stratex F.Z.C., and Shield Security Services (collectively referred to as Stratex) based on an investigation conducted by SIGAR into the operation of the Green Village Compound, a housing facility utilized by government contractors in Kabul, Afghanistan.

In April 2017, SIGAR recommended that Emilfarb and his companies be debarred from additional government contracts and subcontracts based on allegations that between 2010 and 2014, Baryalai Gafuri, an individual working with Emilfarb's companies, participated in a bribery scheme to fraudulently obtain visas and work permits for contractors residing at the Green Village Compound, in violation of the Foreign Corrupt Practices Act. SIGAR's recommendation was based on the benefits received by Emilfarb and his companies from obtaining these documents for contractors at Green Village and their relationship with Gafuri. As a result of this recommendation, Emilfarb, Stratex Hospitality Holdings A.G., Stratex Limited, Stratex Hospitality, Stratex Management Inc., Stratex F.Z.C., and Shield Security Services were placed in proposed debarment status on June 22, 2017. Gafuri and his company, Stratex Logistics and Support, were also placed in proposed debarment status at that time.

SIGAR OVERSIGHT ACTIVITIES

Following a written and oral presentation to the Army Suspension and Debarment Official, in which it denied the allegations in the SIGAR recommendation, counsel for Emilfarb and his companies requested that the Department of the Army enter into an agreement in lieu of the imposition of a suspension or debarment in this matter. The agreement required Stratex to sever its business relationships with Gafuri, initiate a compliance program, including a code of business ethics and conduct, antibribery and anticorruption training for all employees, and the hiring of a compliance officer to oversee the company's internal controls, all to be completed within 180 days of the effective date of the agreement. Additional periodic reporting to the Army regarding the status of the compliance program is also required. The term of the ACA is three years, ending on August 25, 2020.

On September 7, 2017, Gafuri and Stratex Logistics and Support were debarred for a period of three years, ending on June 22, 2020, a period of time that takes into account the period that they were in proposed debarment status beginning on June 22, 2017.

OTHER SIGAR OVERSIGHT ACTIVITIES

Inspector General Sopko Speaks at the New York University Law Forum, New York City

On October 17, 2017, Inspector General Sopko spoke at the New York University Law School Symposium focused on transparency and corruption in the defense sector. IG Sopko spoke about SIGAR's law enforcement and auditing presence on the ground in Kabul, as well as the unique and innovative approaches SIGAR has taken in both areas to enable SIGAR to operate in a non-permissive environment.

Inspector General Sopko Speaks at Columbia University's School of International and Public Affairs, New York City

On October 16, 2017, Inspector General Sopko spoke at Columbia University's School of International and Public Affairs to discuss the importance of a "whole of government" approach. Given its multi-agency jurisdiction, IG Sopko said that SIGAR can play a strong role in developing lessons learned products that guide the current reconstruction effort in Afghanistan and future contingency operations.

Inspector General Sopko Speaks at the Center for Strategic and International Studies, Washington, DC

On September 21, 2017, Inspector General Sopko spoke to the Center for Strategic and International Studies on SIGAR's recently published Lessons Learned Program report titled *Reconstructing the Afghan National Defense*

OTHER SIGAR OVERSIGHT ACTIVITIES

- Inspector General Sopko Speaks at the New York University Law Forum
- Inspector General Sopko Speaks at Columbia University's School of International and Public Affairs
- Inspector General Sopko Speaks at the Center for Strategic and International Studies
- Deputy Inspector General Aloise Speaks at the University of Denver's Korbel School of International Studies
- Deputy Inspector General Aloise Speaks at a NATO Building Integrity Conference, Washington, DC

SIGAR OVERSIGHT ACTIVITIES



Gene Aloise, left, SIGAR Deputy IG, addressed a NATO panel on good governance and defense institution-building on September 12, 2017. (SIGAR photo by Alexandra Hackbarth)

and Security Forces: Lessons from the U.S. Experience in Afghanistan. He explained SIGAR’s oversight mission, described the status of corruption in Afghanistan, and highlighted SIGAR’s findings, lessons, and recommendations.

Deputy Inspector General Aloise Speaks at the University of Denver’s Korbel School of International Studies, Denver, Colorado

On September 25, 2017, Deputy Inspector General Aloise spoke at the Korbel School of International Studies at the University of Denver about SIGAR’s oversight work and challenges facing reconstruction efforts in Afghanistan. Using SIGAR’s seven key questions for decision-makers, he explained the importance of using evidence-based policy making during reconstruction efforts.

Deputy Inspector General Aloise Speaks at a NATO Building Integrity Conference, Washington, DC

On September 12, 2017, Deputy Inspector General Aloise spoke on a panel at a NATO conference, “NATO Building Integrity: Projecting Stability Through Good Governance and Defence Institution Building.” The panel in which DIG Aloise spoke was “Embedding Good Governance and Defence Institution Building in Operations and Missions from the Start.”

SIGAR OVERSIGHT ACTIVITIES



Inspector General Sopko (center) and staff meet with Afghan Second Vice President Sarwar Danish in Kabul. (Afghan government photo)

SIGAR BUDGET

SIGAR is fully funded through FY 2017 at \$54.9 million under the Consolidated Appropriations Act, 2017. The budget supports SIGAR's oversight activities and products by funding SIGAR's Audits and Inspections, Investigations, Management and Support, and Research and Analysis Directorates, as well as the Special Projects Team and the Lessons Learned Program.

SIGAR STAFF

SIGAR's staff count remained steady since the last report to Congress, with 184 employees on board at the end of the quarter: 27 SIGAR employees were at the U.S. Embassy Kabul and two others were at Bagram Airfield. SIGAR employed six Afghan nationals in its Kabul office to support the Investigations and Audits Directorates. In addition, SIGAR supplements its resident staff with personnel assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had 19 employees on temporary duty in Afghanistan for a total of 249 days.

“Only by instilling budget discipline, by establishing a culture of cost awareness, and by holding ourselves accountable, can we earn the trust and confidence of the Congress and the American people.”

—*Secretary of Defense James Mattis*

3 RECONSTRUCTION UPDATE



RECONSTRUCTION UPDATE CONTENTS

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Afghans in Jalalabad gathered on September 8, 2017, to protest the oppression and deaths of Rohingya Muslims in Myanmar (formerly Burma). (AFP photo)

RECONSTRUCTION UPDATE

This quarter, President Donald Trump unveiled his Administration's new strategy for the war in Afghanistan after a comprehensive review of the situation on the ground by officials in the Departments of Defense and State, and other U.S. agencies. In a speech at Fort Myer in Virginia on August 21, President Trump emphasized that the new approach to Afghanistan would be conditions-based, not built around "arbitrary timetables," in order to break the stalemated conflict and avoid the unacceptable consequences of a hasty withdrawal.

Efforts are already under way to implement the President's strategy. Before determining new troop levels for Afghanistan, the Pentagon acknowledged in August that there are more than 11,000 U.S. personnel already on the ground, about 3,000 more than the 8,400 figure previously reported. On August 31, Secretary Mattis signed new deployment orders to add over 3,000 troops in Afghanistan, which will bring the total to 14,000–15,000 personnel, not including civilians and contractors. The force increase is expected to expand the advising mission, increase training for Afghanistan's special operations forces, and allow for increased provision of U.S. air and artillery strikes in support of Afghan forces.

On October 5, the Afghan government, international community, and representatives from Afghanistan's civil society and private sector met to discuss progress and achievements in Afghanistan's reform agenda, and to reaffirm their partnership and commitment to Afghanistan's long-term development. The Senior Officials Meeting was held one year after the October 2016 Brussels Conference on Afghanistan.

At the Brussels conference, the Afghan government had agreed to draft and endorse an anticorruption strategy for the whole of government by the first half of 2017. On September 28, 2017, the High Council on Rule of Law and Anti-Corruption approved the National Strategy for Combatting Corruption. In commenting on the strategy, President Ghani said that the drive against corruption should be "measurable and vision-oriented." He also ordered that the government produce a comprehensive report every six months that covers the strategy's implementation.

In the July 30, 2017, quarterly report, SIGAR reported that Afghanistan's total domestic revenues for the first six months of FY 1396 (which began December 22, 2016) decreased by 25% compared to the first six months

RECONSTRUCTION UPDATE



The October 2017 Senior Officials Meeting drew members of the Afghan government, international community, and Afghan civil society to Kabul to discuss the country's reform agenda. (Afghan government photo)

of FY 1395. Using updated data, SIGAR analysis this quarter showed that aggregate domestic revenues remained roughly the same for the first eight months of FY 1396, compared to the first eight months of FY 1395. MOF senior officials told SIGAR this quarter that they classify revenues into “one-off” and “sustainable” categories. The MOF considers certain revenues—including customs, taxes, and non-tax fees—as “sustainable.” Using the Afghan government’s definition of sustainable domestic revenues, these categories collectively increased by about 12%, year-on-year, for the first eight months of FY 1396, compared to the first eight months of FY 1395.

This quarter, the United States and the Afghan government announced the launch of the bilateral Kabul Compact. The Kabul Compact process consists of four U.S.- and Afghan-chaired working groups covering governance, economic development, peace and reconciliation, and security issues. Each working group has a matrix of benchmarks to chart reform progress for the next three years. A joint U.S.-Afghan statement described the compact an important factor in developing the new U.S. Afghanistan policy.

Despite the United States having provided \$8.6 billion for counternarcotic efforts since 2002, the area under opium-poppy cultivation continues to rise. The United Nations will release official cultivation and eradication results this winter but media stories and MCN officials report cultivation results will likely exceed 2016’s level of 201,000 hectares. As a part of the U.S. administration’s new strategy for South Asia, U.S. government agencies are finalizing a revised counternarcotics strategy, which had been postponed since 2015. The Kabul Compact gives short shrift

to counternarcotics, with only three counternarcotics benchmarks out of over 400 on security, governance, economics development, and peace and reconciliation.

The Department of Defense Inspector General examined DEA's counternarcotics program in Afghanistan between 2009 and 2016 and found that DOD possibly wasted over \$64 million during that period. The aircraft purchased and modified for counternarcotics operations were never used.

Cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$120.8 billion, as of September 30, 2017. Of the total cumulative amount appropriated for Afghanistan reconstruction, \$101.8 billion went to the seven major reconstruction funds featured in the Status of Funds subsection of this report. Approximately \$7.4 billion of this amount remained available for potential disbursement, as of September 30, 2017.

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STATUS OF FUNDS

STATUS OF FUNDS

This section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of September 30, 2017, the United States had appropriated approximately \$120.78 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

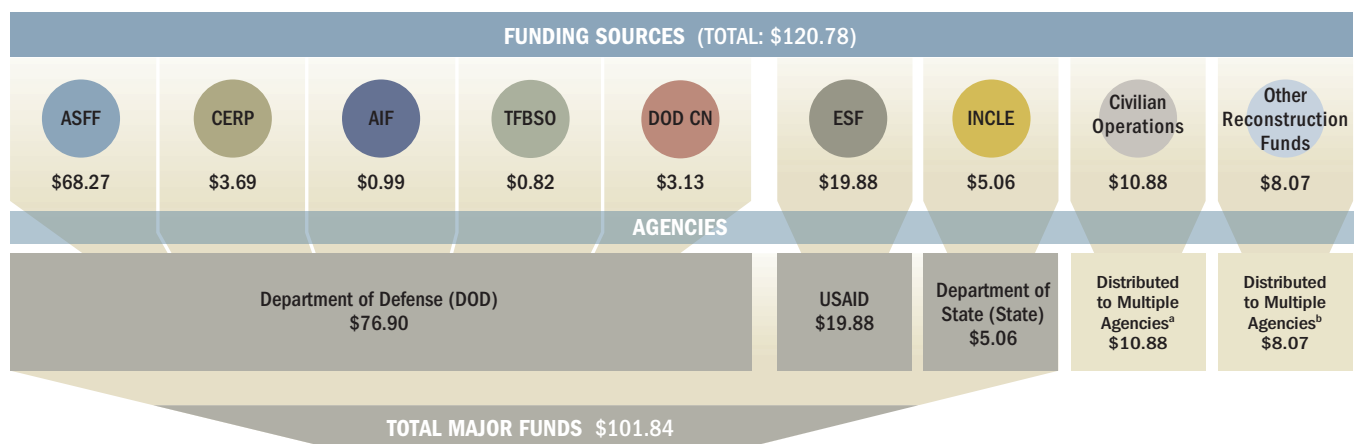
- \$75.53 billion for security (\$4.44 billion for counternarcotics initiatives)
- \$32.98 billion for governance and development (\$4.18 billion for counternarcotics initiatives)
- \$3.39 billion for humanitarian aid
- \$10.40 billion for civilian operations

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

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

FIGURE 3.1

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



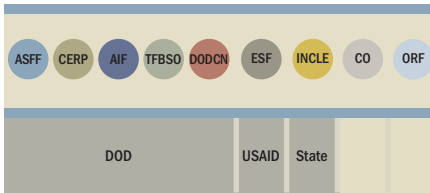
Note: Numbers have been rounded.

^a Includes: State, USAID, Broadcasting Board of Governors, SIGAR, USAID IG, and State IG.

^b Includes: USAID, State, DOD, DOJ, USDA, and Treasury.

Source: DOD, response to SIGAR data call, 10/18/2017, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 10/11/2017, 10/13/2017, 9/21/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 10/16/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft)," 10/18/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS



U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

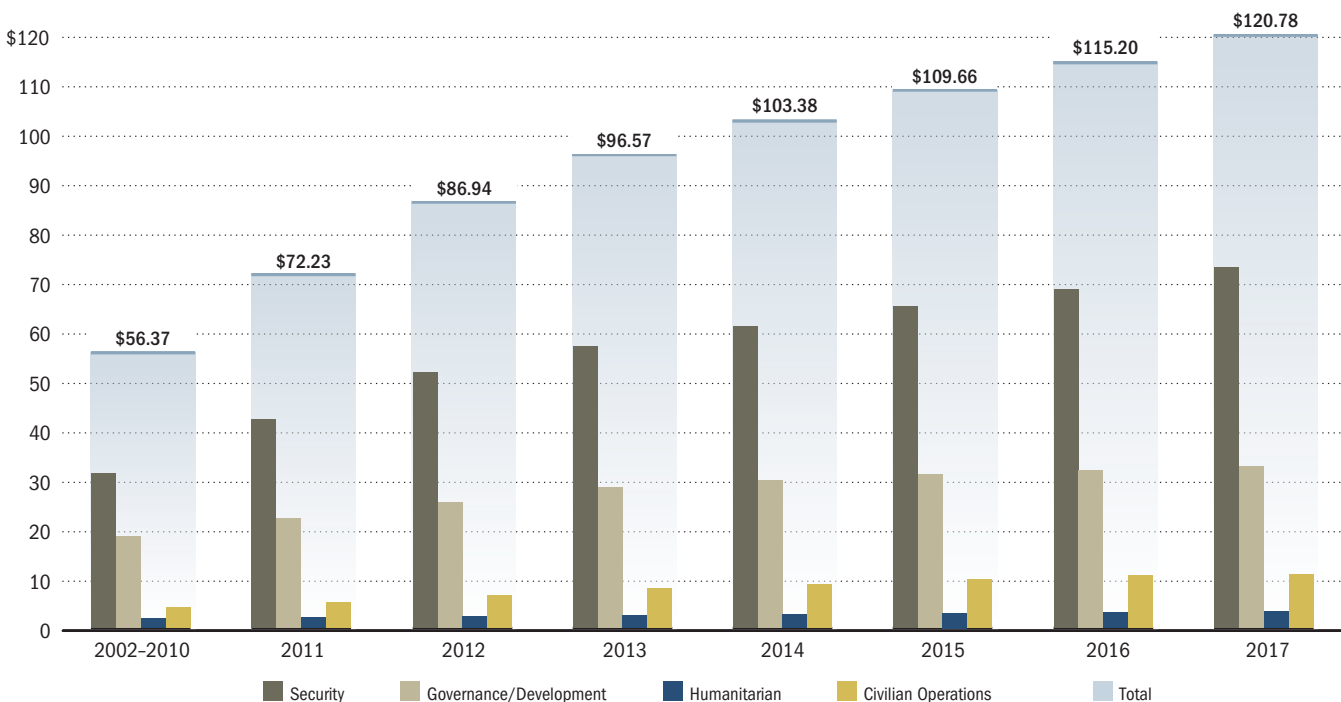
As of September 30, 2017, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$120.78 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately \$8.62 billion of these funds support counternarcotics initiatives which crosscut both the security (\$4.44 billion) and governance and development (\$4.18 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

This quarter, State and USAID transmitted to Congress the FY 2017 allocation report for foreign assistance accounts. For Afghanistan, State and USAID allocated \$650 million for the Economic Support Fund (ESF) and \$160 million for the International Narcotics Control and Law Enforcement (INCLE) account, bringing total funding for FY 2017 to nearly \$5.59 billion, as shown in Figure 3.3.¹⁶

The amount provided to the seven major U.S. funds represents more than 84.3% (over \$101.84 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 93.9% (almost \$95.62 billion) has been obligated, and nearly 88.4% (over \$89.98 billion) has been disbursed. An estimated \$4.44 billion of the amount appropriated these funds has expired.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF SEPTEMBER 30, 2017 (\$ BILLIONS)



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, and \$150 million from FY 2016 in Pub. L. No. 115-31. 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 call, 10/18/2017, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 10/11/2017, 10/13/2017, 9/21/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 10/16/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft)," 10/18/2017; OSD Comptroller, 16-22 PA Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

The United States is reviewing its previous policy aim of channelling at least 50% of its development assistance on-budget to the Government of Afghanistan.¹⁷ 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.¹⁸ Since 2002, the United States has provided nearly \$10.64 billion in on-budget assistance. This includes about \$5.69 billion to Afghan government ministries and institutions, and nearly \$4.95 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

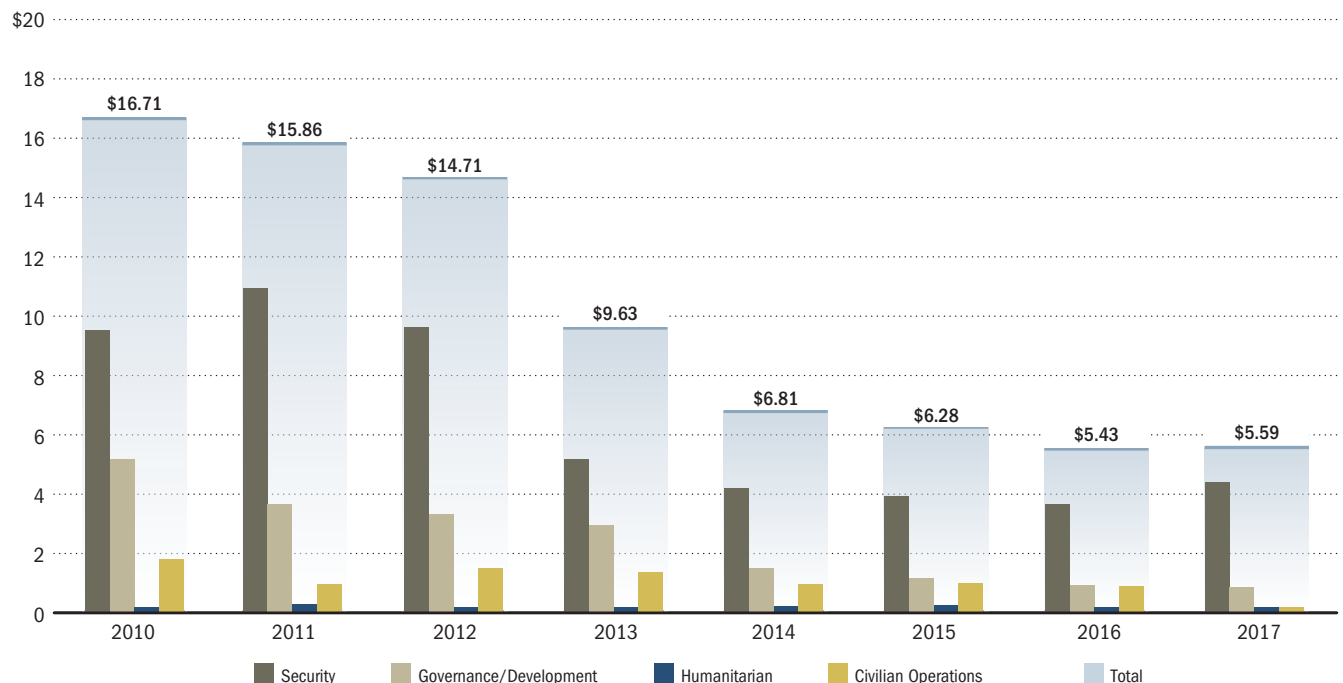
U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 (\$ MILLIONS)	
Government-to-Government	
DOD	\$4,946
State	92
USAID	651
Multilateral Trust Funds	
LOTFA	\$1,667
ARTF	3,128
AITF	154

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of September 30, 2017, USAID had obligated approximately \$1.3 billion for government-to-government assistance.

Source: USAID, response to SIGAR data call, 10/15/2017; DOD, response to SIGAR data call, 6/25/2015; World Bank, ARTF: *Administrator’s Report on Financial Status as of August 22, 2017 (end of 8th month of FY 1396)*, p. 4; UNDP, response to SIGAR data call, 10/15/2017.

FIGURE 3.3

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



Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, and \$150 million from FY 2016 in Pub. L. No. 115-31. 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 call, 10/18/2017, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 10/11/2017, 10/13/2017, 9/21/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013, and 1/4/2013; USAID, response to SIGAR data call, 10/16/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft),” 10/18/2017; OSD Comptroller, 16-22 PA Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

STATUS OF FUNDS

AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated approximately \$120.78 billion for Afghanistan relief and reconstruction. Of this amount, \$101.84 billion (84.3%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

FIGURE 3.4

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

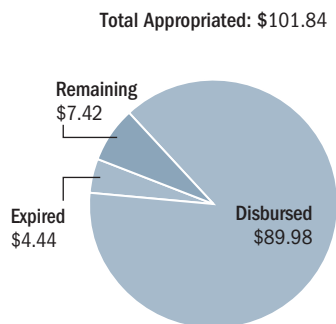


TABLE 3.2

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2017 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$68.27	\$65.45	\$63.53	\$2.86
Commander's Emergency Response Program (CERP)	3.69	2.28	2.28	0.01
Afghanistan Infrastructure Fund (AIF)	0.99	0.77	0.69	0.08
Task Force for Business & Stability Operations (TFBSO)	0.82	0.75	0.65	0.11
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	3.13	3.13	3.13	0
Economic Support Fund (ESF)	19.88	18.46	15.56	3.58
International Narcotics Control & Law Enforcement (INCLE)	5.06	4.76	4.14	0.78
Total Major Funds	\$101.84	\$95.62	\$89.98	\$7.42
Other Reconstruction Funds	8.07			
Civilian Operations	10.88			
Total	\$120.78			

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$4.4 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, 10/19/2017.

As of September 30, 2017, approximately \$7.42 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 pipeline total will rise if Congress approves the Administration's budget request. On May 23, President Trump released his FY 2018 budget request. The request, if approved, would provide an additional \$4.94 billion for the ASFF, an increase of \$674.8 million over the FY 2017 appropriation. The FY 2018 CERP request remained the same as the FY 2016 and 2017 appropriations at \$5 million.¹⁹

STATUS OF FUNDS

Congress appropriated nearly \$5.63 billion to the seven major reconstruction funds for FY 2014 and more than \$5.03 billion for FY 2015. Of the combined \$10.66 billion, more than \$1.51 billion remained for possible disbursement, as of September 30, 2017, as shown in Table 3.3 and Figure 3.5.

TABLE 3.3

FY 2014–2015 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$7,901.67	\$7,867.85	\$7,627.12	\$240.74
CERP	40.00	8.18	7.97	0.22
AIF	144.00	130.46	66.36	64.10
TFBSO	122.24	106.52	86.00	20.52
DOD CN	238.96	238.96	238.96	0
ESF	1,738.90	1,625.84	639.07	986.77
INCLE	475.00	474.66	274.60	200.06
Total Major Funds	\$10,660.77	\$10,452.47	\$8,940.07	\$1,512.40

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$179 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, 10/19/2017.

Congress appropriated nearly \$4.49 billion to five of the seven major reconstruction funds for FY 2016. Of that amount, more than \$1.43 billion remained for possible disbursement, as of September 30, 2017, as shown in Table 3.4 and Figure 3.6.

TABLE 3.4

FY 2016 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
ASFF	\$3,502.26	\$3,502.55	\$2,857.19	\$645.36
CERP	5.00	2.98	2.75	0.23
DOD CN	138.76	138.76	138.76	0
ESF	633.27	599.68	0.81	598.87
INCLE	210.00	210.00	22.21	187.78
Total Major Funds	\$4,489.29	\$4,453.98	\$3,021.73	\$1,432.25

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately \$35 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, 10/19/2017.

FIGURE 3.5

FY 2014–2015 AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)

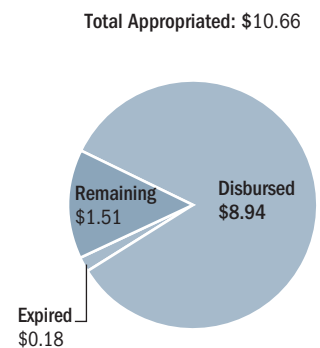
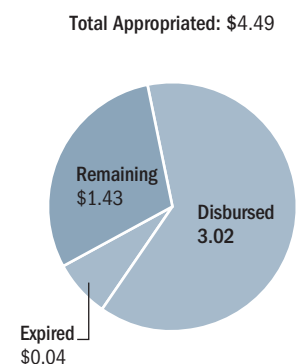
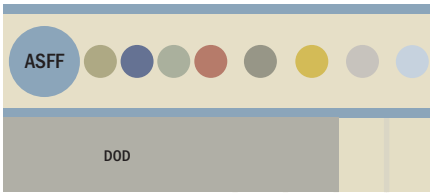


FIGURE 3.6

FY 2016 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.²⁰ The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan (CSTC-A).²¹ A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.²²

The Consolidated Appropriations Act, 2017, appropriated more than \$4.26 billion for the ASFF for FY 2017 and rescinded \$150 million of FY 2016 funds, bringing cumulative funding to nearly \$68.27 billion, as shown in Figure 3.7.²³ As of September 30, 2017, more than \$65.45 billion had been obligated from the ASFF, of which over \$63.53 billion had been disbursed.²⁴ The President is requesting an additional \$4.94 billion for the ASFF for FY 2018.²⁵

DOD reported that cumulative obligations increased by more than \$1.96 billion over the quarter, and cumulative disbursements increased by more than \$967.85 million.²⁶ Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.7

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)

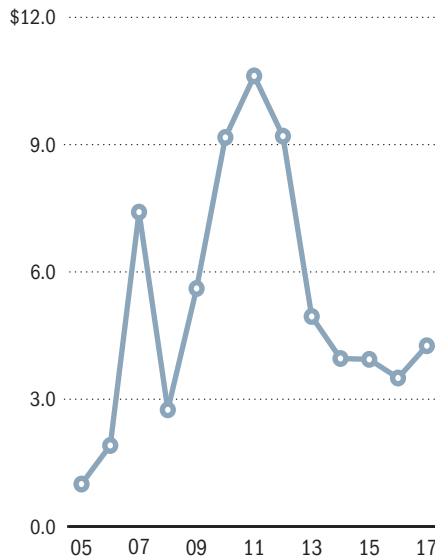
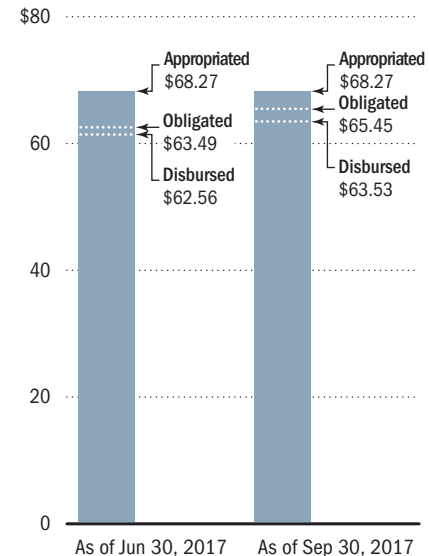


FIGURE 3.8

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



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

Source: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft)," 10/18/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2017," 7/18/2017; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, and 113-6; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016.

STATUS OF FUNDS

ASFF BUDGET ACTIVITIES

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

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

Funds for each **budget activity group** are further allocated to four **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.²⁷ 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.²⁸

As of September 30, 2017, DOD had disbursed more than \$63.38 billion for ANDSF initiatives. Of this amount, nearly \$43.32 billion was disbursed for the ANA, and nearly \$20.07 billion was disbursed for the ANP; the remaining \$393.59 million was directed to related activities such as detainee operations. The combined total—\$63.38 billion—is about \$243.90 million lower than the cumulative total disbursed due to an accounting adjustment which arises when there’s a difference between the amount of disbursements or collections reported to the Defense Finance and Accounting Service and the Department of the Treasury.²⁹

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than \$20.35 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—nearly \$8.73 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.³⁰

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

Sub-activity 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–SEP 30, 2017 (\$ BILLIONS)

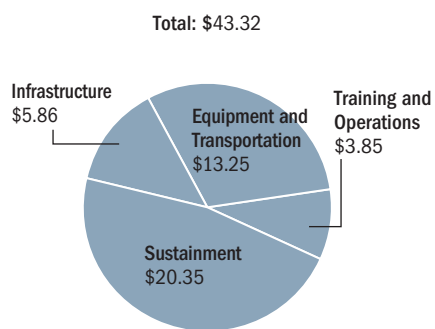
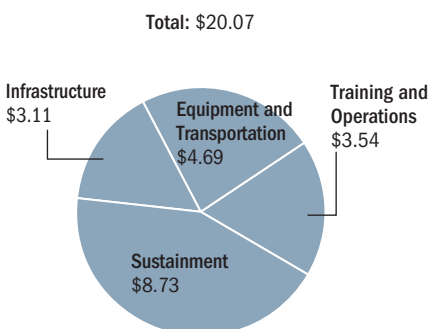


FIGURE 3.10

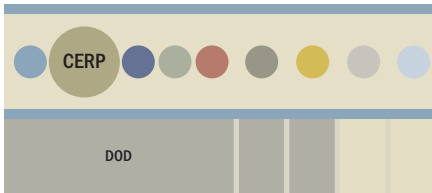
ASFF DISBURSEMENTS FOR THE ANP
BY SUBACTIVITY GROUP,
FY 2005–SEP 30, 2017 (\$ BILLIONS)



Note: Numbers have been rounded.

Source: DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft),” 10/18/2017.

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.³¹ CERP-funded projects may not exceed \$2 million each.³²

The Consolidated Appropriations Act, 2017, appropriated \$5 million for CERP for FY 2017. Figure 3.11 displays the amounts appropriated for CERP by fiscal year. As of September 30, 2017, total cumulative funding for CERP amounted to more than \$3.68 billion. Of this amount, more than \$2.28 billion had been obligated, of which nearly \$2.28 billion had been disbursed.³³

Over the quarter, DOD obligated \$573,538 and disbursed \$876,546 from CERP.³⁴ Figure 3.12 provides a cumulative comparison of amounts made available, obligated, and disbursed for CERP.

FIGURE 3.11

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

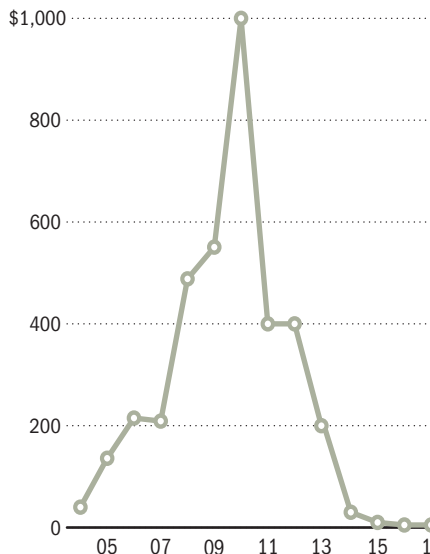
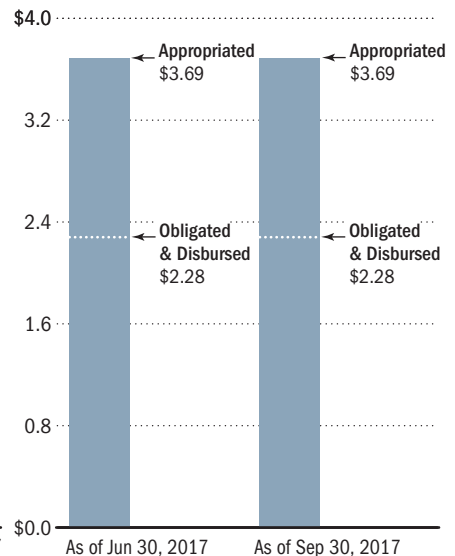


FIGURE 3.12

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers. Analysis includes data from a draft DOD financial report because the final version had not been completed when this report went to press.

Source: DOD, response to SIGAR data call, 10/18/2017 and 7/17/2017; OMB, response to SIGAR data call, 1/4/2013; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10.

STATUS OF FUNDS

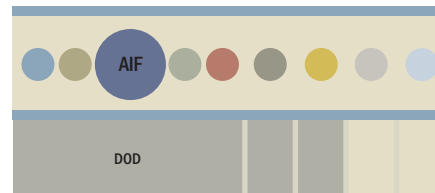
AFGHANISTAN INFRASTRUCTURE FUND

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

Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.³⁵ Although the AIF no longer receives appropriations, many projects remain in progress, and DOD may obligate up to \$50 million from the ASFF to complete existing AIF projects.³⁶ On September 22, DOD notified Congress that up to \$8 million of the FY 2017 ASFF appropriation will be used to fund the completion of the Northeast Power System Arghandi to Gardez Phase I project.³⁷

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.³⁸ Figure 3.13 shows AIF appropriations by fiscal year.

As of September 30, 2017, more than \$773.30 million of total AIF funding had been obligated, and nearly \$693.21 million had been disbursed, as shown in Figure 3.14.³⁹



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)

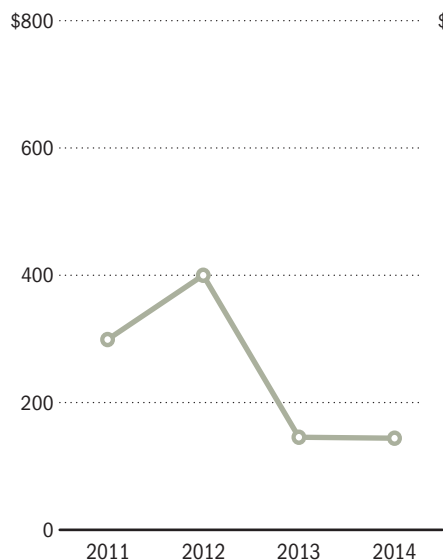
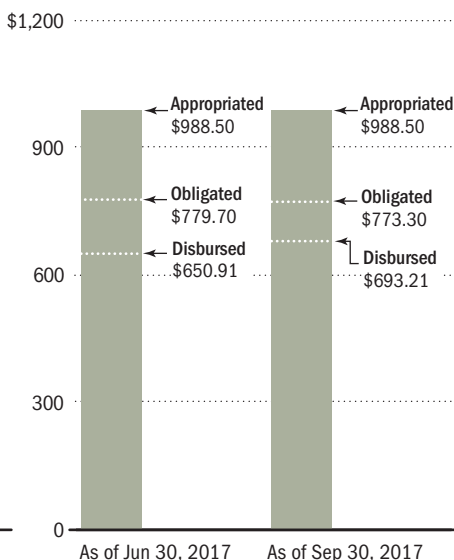


FIGURE 3.14

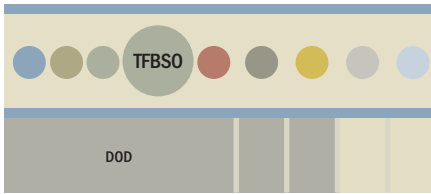
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Note: Numbers have been rounded. Updated data resulted in a lower obligated figure than reported last quarter. 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 2017 (Draft)," 10/18/2017; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts June 2017," 7/18/2017; 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.⁴⁰

Through September 30, 2017, the TFBSO had been appropriated more than \$822.85 million since FY 2009. Of this amount, nearly \$754.43 million had been obligated and more than \$648.73 million had been disbursed.⁴¹ 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)

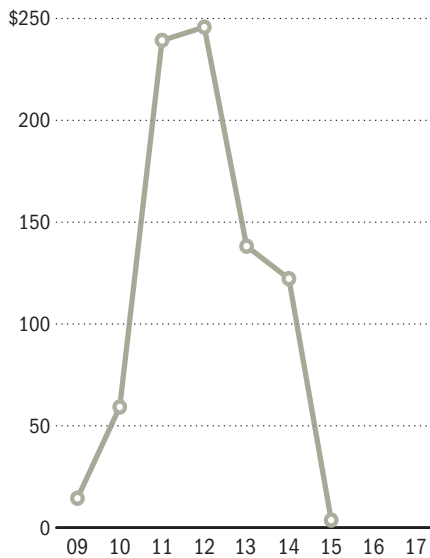
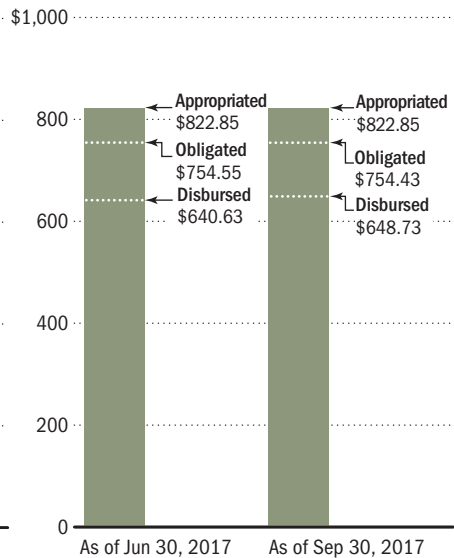


FIGURE 3.16

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.

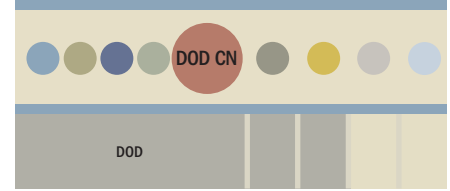
Source: DOD, response to SIGAR data call, 10/12/2017, 7/17/2017, and 10/4/2011; Pub. L. Nos. 113-76, 113-6, 112-74, 112-10.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

The DOD Drug Interdiction and Counter-drug Activities (DOD CN) fund supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.⁴²

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.⁴³

DOD reported that DOD CN received nearly \$135.61 million for Afghanistan for FY 2017, bringing cumulative funding for DOD CN to more than \$3.13 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, 2017.⁴⁴ 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)

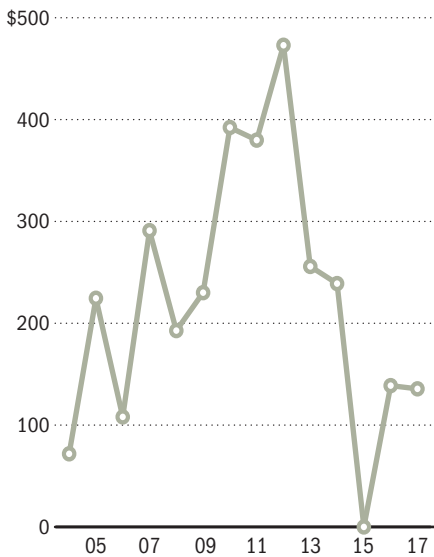
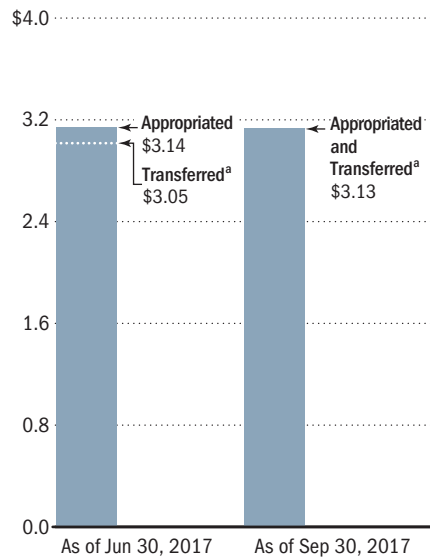


FIGURE 3.18

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

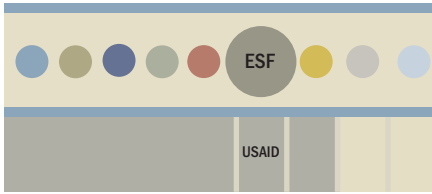


Note: Numbers have been rounded. Updated data resulted in a lower amount appropriated for FY 2017 than reported last quarter. DOD reprogrammed \$125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

⁴ DOD reprograms all DOD CN funds to the military services and defense agencies for obligation and disbursement.

Source: DOD, response to SIGAR data call, 10/18/2017 and 6/25/2017; OSD Comptroller, 15-23 PA: Omnibus 2015 Prior Approval Request, 6/30/2015, p. 42.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.⁴⁵

The ESF was appropriated \$650 million for FY 2017, bringing cumulative funding for the ESF to more than \$19.88 billion, including amounts transferred from AIF to the ESF for USAID's power transmission lines projects. Of this amount, nearly \$18.46 billion had been obligated, of which more than \$15.56 billion had been disbursed.⁴⁶ Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of September 30, 2017, increased by nearly \$594.67 million and cumulative disbursements increased by more than \$334.07 million from the amounts reported last quarter.⁴⁷ Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)

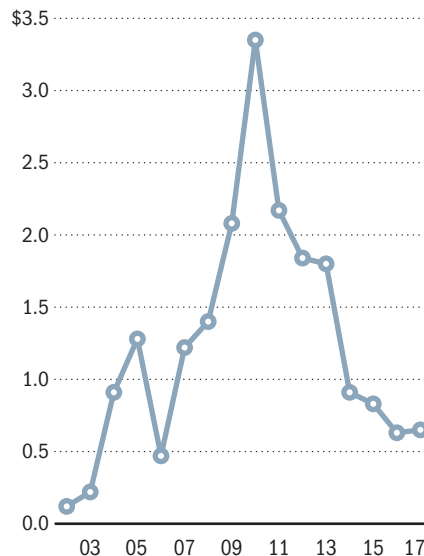
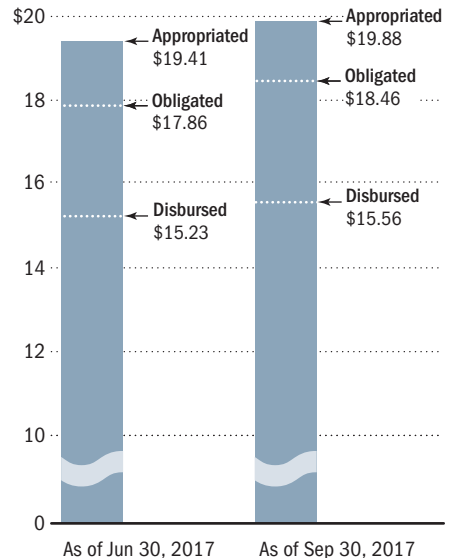


FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: \$101 million for FY 2011, \$179.5 million for FY 2013, and \$55 million for FY 2014. FY 2016 ESF for Afghanistan was reduced by \$179 million and put toward the U.S. commitment to the Green Climate Fund.

Source: USAID, response to SIGAR data call, 10/16/2017 and 7/10/2017; State, response to SIGAR data call, 10/11/2017, 5/4/2016, 10/20/2015, 4/15/2015 and 4/15/2014.

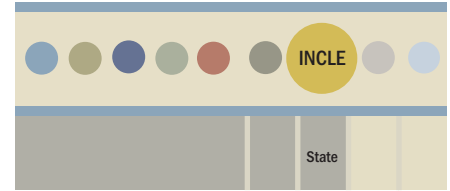
STATUS OF FUNDS

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, counter-narcotics, and rule of law and justice.⁴⁸

State reported that INCLE was appropriated \$160 million for FY 2017, bringing cumulative funding to more than \$5.06 billion. Of this amount, more than \$4.76 billion had been obligated, of which nearly \$4.14 billion had been disbursed.⁴⁹ Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of September 30, 2017, increased by more than \$209.95 million and cumulative disbursements increased nearly \$191.92 million from the amounts reported last quarter.⁵⁰ Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

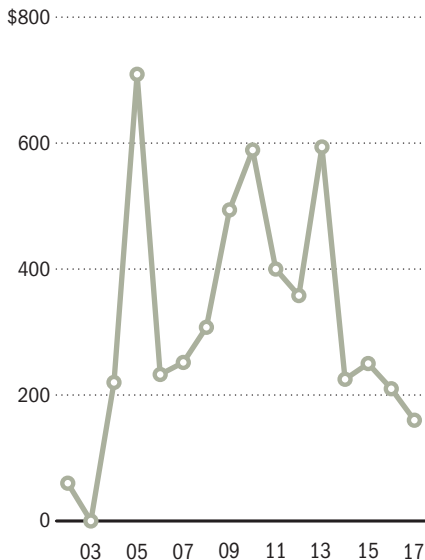
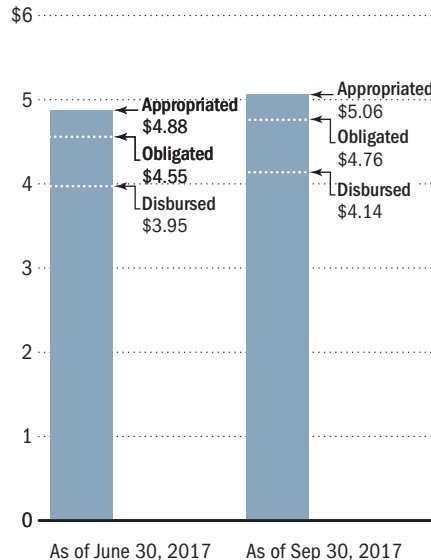


FIGURE 3.22

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Note: Numbers have been rounded. Data may include inter-agency transfers. An additional \$25 million of unallocated FY 2016 INCLE OCO funding was allocated for Afghanistan during FY 2017. Previous quarter's figures reflect an INL correction to the amount disbursed and differ from amounts reported last quarter.

Source: State, response to SIGAR data call, 10/13/2017, 10/10/2017, 7/10/2017, and 4/7/2016.

STATUS OF FUNDS

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).⁵¹

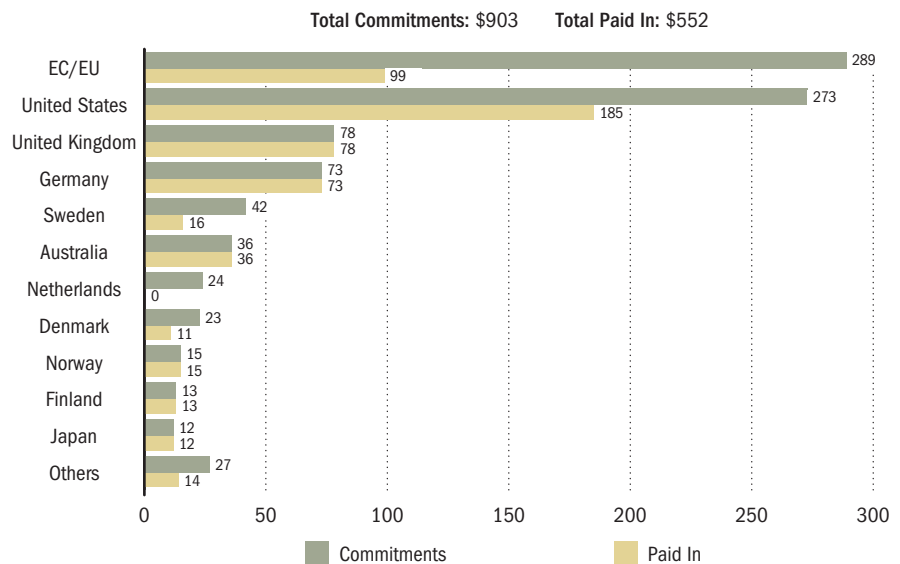
Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to August 22, 2017, the World Bank reported that 34 donors had pledged nearly \$10.41 billion, of which nearly \$10.01 billion had been paid in.⁵² According to the World Bank, donors had pledged \$903.46 million to the ARTF for Afghan fiscal year 1396, which runs from December 22, 2016 to December 21, 2017.⁵³ Figure 3.23 shows the 11 largest donors to the ARTF for FY 1396.

As of August 22, 2017, the United States had pledged nearly \$3.22 billion and paid in almost \$3.13 billion since 2002.⁵⁴ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing 49% of its total funding, as shown in Figure 3.24.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1396 BY DONOR, AS OF AUGUST 22, 2017 (\$ MILLIONS)



Note: Numbers have been rounded. FY 1396 = 12/22/2016–12/21/2017.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of August 22, 2017 (end of 8th month of FY1396)," p. 1.

STATUS OF FUNDS

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.⁵⁵ As of August 22, 2017, according to the World Bank, nearly \$4.55 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.⁵⁶ 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.⁵⁷

The Investment Window supports the costs of development programs. As of August 22, 2017, according to the World Bank, nearly \$4.88 billion had been committed for projects funded through the Investment Window, of which nearly \$3.91 billion had been disbursed. The World Bank reported 30 active projects with a combined commitment value of nearly \$3.54 billion, of which nearly \$2.57 billion had been disbursed.⁵⁸

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).⁵⁹ Since 2002, donors have pledged nearly \$5.23 billion to the LOTFA, of which nearly \$5.01 billion had been paid in, as of October 12, 2017. The United States has committed and paid in nearly \$1.67 billion since the fund's inception.⁶⁰ Figure 3.25 shows the four largest donors to the LOTFA since 2002.

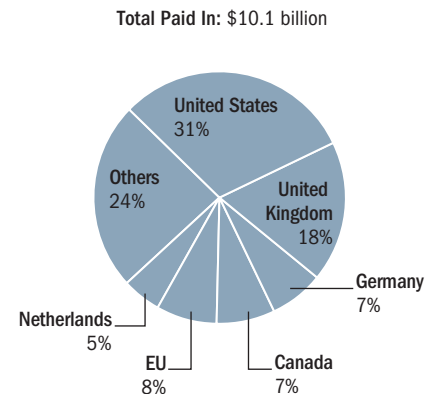
On December 18, 2016, the LOTFA Project Board extended the Support to Payroll Management (SPM) project through December 31, 2017 after assessments commissioned by UNDP revealed that the MOI had not yet met various critical donor conditions for the transition of payroll management. The board also approved a multi-year extension of the MOI and Police Development (MPD) project. The MPD project focuses on institutional development of the MOI and police professionalization of the ANP and will now run through December 31, 2020. The SPM and MPD projects were established at the start of the LOTFA's eighth phase on July 1, 2015, and were initially planned to run through December 31, 2016.⁶¹

After the extension, the SPM project's budget was raised from \$850.56 million to \$1.12 billion—the majority of which will be transferred from the UNDP Country Office to the Ministry of Finance (MOF) for ANP and Central Prison Directorate staff remunerations. The MPD project's budget was also increased from \$33 million to a new total of \$110.78 million.⁶²

From July 1, 2015, through June 30, 2017, UNDP had expended more than \$878.74 million on the SPM project. Of this amount, more than \$871.12 million was transferred to the MOF to pay for ANP and CPD staff. In addition, more than \$23.33 million was expended on the MPD project.⁶³

FIGURE 3.24

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002–AUGUST 22, 2017

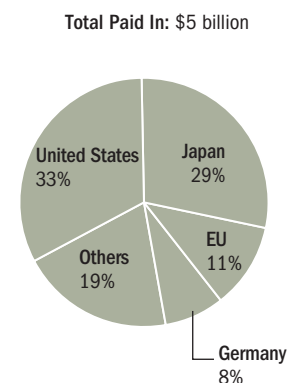


Note: Numbers have been rounded. “Others” includes 28 donors.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of August 22, 2017 (end of 8th month of FY 1396),” p. 4.

FIGURE 3.25

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF OCTOBER 12, 2017



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

Source: UNDP, response to SIGAR data call, 10/15/2017.

SECURITY CONTENTS

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SECURITY

KEY ISSUES AND EVENTS

This quarter, President Donald Trump unveiled his Administration’s new strategy for the war in Afghanistan after a comprehensive review of the situation on the ground by officials in the Departments of Defense and State, and other U.S. agencies. In a speech at Fort Myer in Virginia on August 21, President Trump emphasized that the new approach to Afghanistan would be conditions-based, not built on “arbitrary timetables,” to break the stalemated conflict and avoid the unacceptable consequences of a hasty withdrawal.⁶⁴

As with previous administrations, President Trump underlined the importance of preventing the resurgence of terrorist safe havens in Afghanistan as the primary goal of the war. He also highlighted Pakistan’s role in offering safe havens for “agents of chaos, violence, and terror.” Finally, the President also announced increases for U.S. and NATO troop strength and funding, and expanded authorities for American commanders on the ground to better enable targeting terrorists and insurgents.⁶⁵

In a hearing before the House Armed Services Committee on October 3, Secretary Mattis testified that the new strategy will be “R four plus S,”



Secretary of Defense James Mattis and General Joseph F. Dunford Jr., chairman of the Joint Chiefs of Staff, testified before the Senate Armed Services Committee, October 3, 2017, on the political and security situation in Afghanistan. (DOD photo by U.S. Army Sgt. James K. McCann)

“Make no mistake, this is combat duty for our troops, but the Afghan forces remain in the lead for the fighting.”

—Secretary of Defense James Mattis

Source: Secretary of Defense James Mattis, Statement Before the House Committee on Armed Services, “U.S. Defense Strategy in South Asia,” 10/3/2017.

which stands for regionalize, realign, reinforce, and reconciliation, plus sustain. According to his testimony, “Regionalize” refers to considering the regional context at the outset when determining the Afghanistan strategy. “Realigning” signifies that the United States will shift its main effort to align more advisors at the Afghan National Defense and Security Forces (ANDSF) battalion and brigade levels that do not currently receive such support. “Reinforce” indicates the infusion of more U.S. troops on the ground to expand the advisory effort. “Reconciliation,” the ultimate goal of the military mission, will occur when the insurgency realizes it is faced with no other option but to reconcile with the Afghan government. Finally, “Sustain” points to the political, financial, and military sustainability that will be achieved by implementing the strategy alongside and through Afghan and NATO partners.⁶⁶

Efforts are already under way to implement the President’s strategy. Before determining new troop levels for Afghanistan, the Pentagon acknowledged in August that there are more than 11,000 U.S. personnel already on the ground, about 3,000 more than the 8,400 figure previously cited.⁶⁷ On August 31, Secretary Mattis signed new deployment orders to add over 3,000 troops in Afghanistan, which will bring the total to 14,000–15,000 personnel, not including civilians and contractors. The force increase is expected to expand the advising mission, increase training for Afghanistan’s special operations forces, and allow for increased U.S. air and artillery strikes in support of Afghan forces.⁶⁸ Addressing Congressional concerns that a conditions-based strategy lacks a clear timeline for troop withdrawal, Secretary Mattis said that the number of American forces in Afghanistan will decrease as the Afghan forces improve their capabilities.⁶⁹

Both NATO and Afghan leaders have expressed support for the Trump Administration’s new strategy in Afghanistan. Just days before the United Nations (UN) General Assembly, Afghan President Ashraf Ghani reiterated his position that U.S. troops should continue their mission to train, advise, and assist the ANDSF, but not return to a combat role in the country.⁷⁰

However, a sharp increase in American air strikes in Afghanistan in the last several months indicates U.S. forces are taking a more active combat role. According to NATO Resolute Support (RS), the United States has conducted 2,400 air strikes from January to September 2017, the most since 2014. The United States Air Force (USAF) Central Command Combined Air Operations Center also reported that the United States dropped 751 munitions against the Taliban and Islamic State-Khorasan (IS-K) targets in September 2017, a record high since 2012 and a 50% increase since August. In line with the Administration’s strategy to prevent safe havens and proactively target extremists that threaten Afghan security, the largest number of strikes occurred in IS-K strongholds in eastern Nangarhar Province and Taliban-held areas in southern Helmand Province.⁷¹ The USAF will continue to expand its operations in Afghanistan as part of its adjustment to a



F-16 fighters taxi at Bagram Airfield, Afghanistan, ready to provide close-air support for Coalition forces. (USAF photo by Staff Sgt. Benjamin Gonsier)

counterterrorism-focused strategy, as seen by the recent deployment of six F-16 fighter jets to Bagram Airfield and an increase in B-52 missions.⁷²

Though Secretary Mattis testified that in “recent months there have been fewer civilian casualties as a result of Coalition operations,” UNAMA reported a 52% increase in civilian casualties from pro-government (Coalition and Afghan) air operations in the first nine months of 2017 compared to the same period in 2016. United States Forces-Afghanistan (USFOR-A) noted that they strongly disagree with this assessment and UNAMA’s methodology. In two incidents in late August, UNAMA reported 28 civilians killed and 16 injured—all women and children—during air strikes targeting anti-government elements in Herat and Logar Provinces.⁷³ USFOR-A announced on August 30 that an official investigation has been launched into the Logar air strike, and that it “takes all allegations of civilian casualties seriously and is working with Afghan partners to determine the facts surrounding this incident.”⁷⁴

This section discusses assessments of the Afghan National Army (ANA), Afghan National Police (ANP), and the Ministries of Defense and Interior, and provides an overview of how U.S. funds are used to build, equip, train, and sustain the Afghan security forces.

USFOR-A Classifies Key ANDSF Data

USFOR-A classified or otherwise restricted information this quarter that SIGAR has previously published concerning the ANDSF. Of 39 questions directed to USFOR-A in SIGAR’s data call, USFOR-A classified or restricted nine of its responses. The newly classified or restricted data include important measures of ANDSF performance such as casualties, personnel strength, attrition, and the operational readiness of equipment.

In Appendix E of this report, SIGAR has listed the questions it posed to USFOR-A, some of whose precise answers can no longer appear in the public report.

For the first time in eight years, USFOR-A restricted the public release of ANDSF assigned strength figures (the number of personnel actually serving in a force element at a given time) to approximate figures. Therefore, USFOR-A rounded the force strength figures published in this report. USFOR-A also classified authorized strength figures (the number of personnel authorized for a force element by the Afghan government) and the proportion of ANDSF assigned strength to authorized strength. Attrition data (the percentage of total personnel each force element has lost over the quarter) as well as ANDSF casualty figures have also been classified. Exact assigned strength, progress toward authorized strength, attrition, and casualty data are critical for understanding ANDSF performance, readiness, and mission success.⁷⁵

According to USFOR-A, a recent legal review determined that this ANDSF data belongs to the Afghan government and therefore USFOR-A must withhold, restrict, or classify the data as long as the Afghan government has classified it.⁷⁶

USFOR-A also classified information on the operational readiness of ANDSF equipment for the first time this quarter. SIGAR's reporting and analysis of ANDSF equipment operational readiness was intended as another metric for understanding overall force readiness. However, after having initially provided the data as unclassified and releasable to the public, USFOR-A retroactively classified the data specific to ANA and ANP equipment operational readiness. USFOR-A cited guidance from Annex I of the *RS Classification Guide* (not provided to SIGAR) that all materiel readiness data should be classified. However, USFOR-A clarified that this did not apply to the Afghan Air Force's (AAF) equipment operational readiness or its airframe inventory because the AAF has different standards than the ANA and ANP in the *RS Classification Guide*.⁷⁷

Finally, USFOR-A did not provide SIGAR with unclassified performance assessments of the Ministry of Defense (MOD) and Ministry of Interior (MOI), or the subordinate ANA and ANP headquarters assessments, as has been the standard in the past. This information has typically included unclassified assessments of the ministries' progress toward achieving Plan of Actions and Milestones (POAM) benchmarks that mark how they are performing across each of the eight essential functions on which the RS advisory effort is centered. See pages 112–116 for more information about the essential functions. When SIGAR inquired about the missing assessments, USFOR-A responded that it is “moving away from tracking POAMs to assess progress of Afghan institutions” and will instead assess the MOD and MOI on milestones laid out in the new, multiyear ANDSF Road Map.⁷⁸ The ANDSF Road Map is described as the Afghan government's strategy

to reform its security institutions. Further details about it are reported in SIGAR's July 2017, *Quarterly Report to the United States Congress*.⁷⁹

This is the second time the U.S. military has sought to classify information on ANDSF capabilities that was previously releasable to the public. In the first quarter of 2015, RS classified the answers to 31 of SIGAR's 38 questions, only to declassify the bulk of them a few days after SIGAR published its January 30, 2015, quarterly report. Since 2015, SIGAR has published a quarterly classified annex to report the classified information not releasable in its public reports.⁸⁰ The classified annex for this quarterly report will contain the new types of information described above that have now been classified. The classified annex is available upon request to Congress, DOD, and the Department of State.

UN: Armed Clashes at Record High in 2017

The UN Secretary-General conducted a strategic review of the UN's mission in Afghanistan this quarter. A key conclusion was that Afghanistan's declining security situation continues to hamper institution building and development, and threatens to erode what gains have been achieved. The review stated that in recent years the conflict has become an "eroding stalemate in which the Taliban have increased the territory they are able to contest and, in some areas, have begun to consolidate their hold." The report also emphasized that the emergence of the IS-K, the Islamic State affiliate operating in Afghanistan, has added a new, dangerous element to an already complicated and demanding security situation.⁸¹

The Secretary-General expanded this assessment in mid-September, reporting that security was "highly volatile" due to intensifying armed clashes between Afghan security forces and anti-government forces, and several high-profile attacks committed by insurgent and extremist groups. From June 15 through August 31, 2017, the UN recorded 5,532 **security incidents**, as reflected in Figure 3.26 on the following page. This quarter's figure represents an 11.5% decrease from last quarter, but a 3% increase from the same period last year.⁸² Armed clashes between security forces and the Taliban comprised 64% of recent security incidents, an increase of 5% since 2016.⁸³

This quarter's figures show a record level of armed clashes in 2017 compared to previous years of the conflict. According to the UN, there has been a shift in the conflict since the beginning of the year, away from asymmetric warfare, toward more traditional conflict characterized by armed clashes between government and anti-government forces. USFOR-A noted that an uptick in armed clashes can be partly attributed to increases in the ANDSF's offensive operations in an effort to take the initiative from the Taliban and IS-K.⁸⁴

The UN reported that the most unstable regions continue to be eastern and southern Afghanistan. Conflict has continued there due to the Afghan government's strategic decision, given Taliban gains in rural areas, to

Afghanistan is not in a post-conflict situation, where sufficient stability exists to focus on institution-building and development-oriented activities, but a country undergoing a conflict that shows few signs of abating.

That is not to say that progress has not occurred, only that it continues to be challenged by the effects of the ongoing conflict.

—Antonio Guterres,
UN Secretary-General

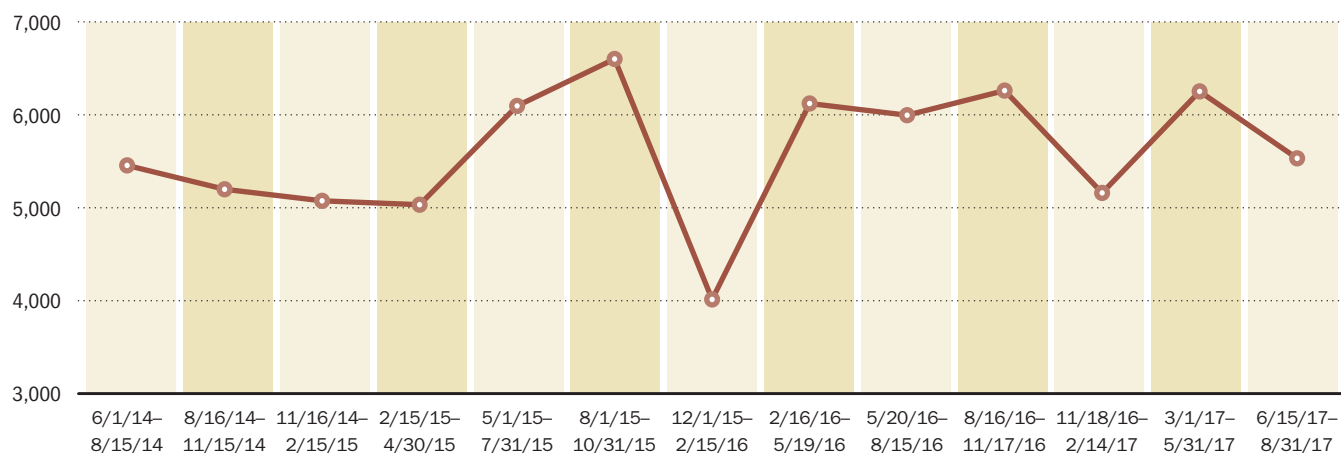
Source: UN, *Special report on the strategic review of the United Nations Assistance Mission in Afghanistan*, 8/10/2017, p. 3.

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

Source: SIGAR, analysis of the United Nations report, 12/9/2014.

FIGURE 3.26

UN-REPORTED SECURITY INCIDENTS FOR THE LAST THREE YEARS



Note: Security incidents were not reported for the month of November 2015.

Source: UN, *The situation in Afghanistan and its implications for international peace and security*, reports of the Secretary-General, 9/9/2014, p. 6; 12/9/2014, p. 5; 2/27/2015, p. 4; 6/10/2015, p. 4; 9/1/2015, p. 4; 12/10/2015, p. 5; 3/7/2016, p. 6; 6/10/2016, p. 4; 9/7/2016, p. 5; 12/13/2016, p. 4; 3/3/2017, p. 4; 6/15/2017, p. 4; 9/15/2017, p. 4.

channel its resources towards defending highly populated areas and disrupt Taliban control in strategic areas. This has intensified the battle to control vital lines of communication and infrastructure. The Taliban's control of some rural areas has enabled insurgent forces to launch more frequent attacks in formerly less-targeted areas, mainly in northern Afghanistan.⁸⁵

According to the UN, the Taliban continued to contest territory across the country during the reporting period, forcing the Afghan government to use substantial resources to maintain the status quo. The Taliban made no major attempts to take a provincial capital since the beginning of its spring campaign in April, but they successfully captured and temporarily held several district centers, including Taywara in Ghor Province, Kohistan and Ghormach in Faryab Province, and Jani Khel in Paktiya Province. The ANDSF recaptured Kohistan and Taywara within a week, but control of Jani Khel changed three times over the reporting period. The Taliban also increased pressure on Qaramol, Dawlat Abad, Shirin Tagab and Khwajah Sabz Posh Districts in northern Afghanistan along the Maimana-Andkhoy highway in Faryab Province. In southern Afghanistan, the Taliban intensified attacks on the Kabul-Kandahar highway, as well as on districts next to the provincial capitals of Kandahar and Lashkar Gar.⁸⁶

Violence in eastern Afghanistan has stemmed from the ANDSF and Coalition forces' escalating campaign to defeat IS-K in its stronghold there.⁸⁷ While IS-K's operations are mainly limited to the east, according to the UN,

the group claimed responsibility for eight attacks throughout Afghanistan this quarter. Expanding from Nangarhar, the group has begun consolidating its presence in neighboring Kunar Province. Additionally, IS-K successfully reestablished operational control in areas of Nangarhar Province such as Tora Bora that had previously been cleared and held by Afghan security forces. The UN reported alleged IS-K activities in the northern provinces of Jowzjan and Sar-e Pul, as well as in the western provinces of Herat and Ghor, an indication that IS-K may be attracting affiliates and expanding its reach into new regions of the country.⁸⁸

Despite these developments, ANDSF and Coalition forces saw several key achievements this quarter against insurgent and extremist forces. On August 10, U.S. and Afghan forces killed the IS-K emir Abdul Rahman in a Kunar Province air strike.⁸⁹ They killed his two predecessors, Abu Sayed, in Kunar Province on July 11 and Sheikh Abdul Hasib, in Nangarhar Province on April 27.⁹⁰ U.S. air strikes also killed three senior Taliban leaders in Maidan Wardak near Kabul on September 9.⁹¹ Additionally, Afghan special forces killed at least three senior Haqqani network leaders in Logar Province on September 10, including the alleged mastermind of the April 2016 attack on the Ministry of Interior's VIP Protection Unit that killed 28 people and wounded more than 300.⁹²

UNAMA Reports Increase in Civilian Deaths and Air Strike Casualties Since 2016

The United Nations Assistance Mission in Afghanistan (UNAMA) documented 8,019 civilian casualties from January 1, 2017, through September 30, 2017, a 6% decrease overall from the same period in 2016. The casualties comprised 2,640 deaths (a 1% increase since 2016) and 5,379 injuries (a 9% decrease).⁹³

UNAMA attributed most of the 6% decline in civilian casualties to fewer Afghans injured by ground fighting between pro- and anti-government forces, which causes the majority of civilian casualties (35%). This is followed by suicide and **complex attacks** (20% of casualties), and improvised-explosive-devices (IEDs) (18%). Civilians living in Kabul, Helmand, Nangarhar, Kandahar, and Faryab Provinces have suffered the heaviest casualties thus far in 2017.⁹⁴

Anti-government elements, who often illegally target civilians, continued to be responsible for the majority (5,167, or 64%) of civilian casualties, down 1% from the same period in 2016. Of those, UNAMA attributed 66% to the Taliban, 10% to IS-K, and the remainder to unidentified anti-government elements. Pro-government forces were responsible for 1,578 civilian casualties (20%), a 19% decrease from 2016. Of the remaining casualties, 916 were jointly caused by anti- and pro-government forces (11%), while 358 (5%) were from "other" causes.⁹⁵

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

Source: UNAMA, *Afghanistan Protection of Civilians in Armed Conflict: Midyear Report 2017*, 7/2017, p. 4.

UNAMA reiterated its concern over the 52% increase in civilian casualties (466 casualties) caused by air strikes since the same period last year. More than two-thirds of these victims were reportedly women and children. Furthermore, UNAMA attributed 177 or 38% of all civilian casualties from air strikes to international military forces. According to UNAMA, air strikes account for roughly 6% of all civilian casualties.⁹⁶ In vetting comments, USFOR-A strongly disagreed with UNAMA's assessment and methodology, offering instead that it had confirmed 43 civilian casualties caused by international air strikes during this period.⁹⁷

UNAMA documented a 13% increase in deaths and injuries of women and a 5% increase in child deaths compared to the same period in 2016. Women and children continued to be increasingly harmed by suicide-, complex-, and aerial-attacks, and children remain increasingly vulnerable to IEDs.⁹⁸

High-Profile Insurgent and Terrorist Attacks

Several high-profile attacks this quarter further damaged public confidence in the Afghan government's ability to safeguard the population. The most severe incidents targeted Afghanistan's Shi'a minority. IS-K's targeting of that community has raised fears about increasing sectarian tension.⁹⁹ The terrorist group claimed responsibility for two deadly attacks on Shi'a mosques this quarter. An attack in Herat killed over 90 people on August 1, and another at Imam Zaman mosque in Kabul on August 25 killed at least 40 people and injured 90.¹⁰⁰ Six other IS-K attacks on Shi'a places of worship this year have left more than 80 dead.¹⁰¹

The Taliban conducted several significant attacks targeting the ANDSF in October. Two contemporaneous attacks occurred on October 17, one attack on the ANP provincial police headquarters in Gardez, Paktiya Province killed at least 21 ANP personnel and 20 civilians, and another in Ghazni killed 25 police officers and five civilians. On October 19, the Taliban decimated nearly an entire unit of ANA soldiers, killing 43 of 60 personnel based in an area of Maiwand District in Kandahar Province. Using a deadly new tactic, the Taliban packed vehicles captured from the ANDSF with explosives and drove them into the ANA's base.¹⁰²

Another high-profile incident targeting mainly Shi'a Afghans occurred during coordinated IS-K and Taliban attacks from August 3–5 in Mirza Olang village, Sayyad District of Sar-e Pul Province. UNAMA issued a special human-rights report on the incident after sending a fact-finding mission to the district.¹⁰³ The mission confirmed 36 people were killed and two injured during the attacks. Of the 36 killed, local sources confirmed that the dead included at least seven local militia, one Afghan Local Police (ALP) member, and one ANA soldier. UNAMA concluded that most of the remaining 27 fatalities were civilians, including one woman, four boys aged 13–17, and 13 men over 60 years old.¹⁰⁴ Both IS-K and the Taliban claimed the attack,

but the Taliban denied killing civilians and said that the commander was not IS-K, but one of their own.¹⁰⁵ However, UNAMA reported that “the cooperation and coordination between Taliban and local, self-identified Daesh [IS-K] has been observed for some time in Sayyad District, and is believed to be based upon family and tribal connections,” as the local IS-K commander and the Taliban shadow provincial governor are related. USFOR-A said it disagreed with UNAMA’s finding about Taliban and IS-K coordination, and knows of no evidence to support that claim.¹⁰⁶

Two significant attacks against U.S. and Coalition forces at Bagram Airfield occurred this quarter. On September 6 an explosion outside an entry-control point wounded six Coalition service members, including three Americans. On September 11, an RS mission convoy was targeted by a suicide bomber outside of the base. The second attack resulted in five U.S. and one Coalition personnel wounded, but none of the injuries were life-threatening. It was unclear who was responsible for either attack.¹⁰⁷

U.S. RECONSTRUCTION FUNDING FOR SECURITY

As of September 30, 2017, the U.S. Congress had appropriated more than \$73.5 billion to support the ANDSF. This accounts for 61% of all U.S. reconstruction funding for Afghanistan since FY 2002.¹⁰⁸

In 2005, Congress established the Afghan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANDSF, which includes all security forces under the Ministry of Defense (MOD) and Ministry of Interior (MOI). Additionally, ASFF supports the ALP, which falls under the authority of the MOI although it is not considered part of the ANDSF. Most U.S.-provided funds were channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency. According to DOD, the majority of ASFF funds are executed using DOD contracts to equip and sustain the ANDSF. The rest are transferred to Da Afghanistan Bank, Afghanistan’s central bank, to pay salaries of Afghan army and personnel costs for ALP to support a limited number of Afghan contracts approved by CSTC-A. The Ministry of Finance then sends treasury checks to fund the MOD and MOI based on submitted funding requests.¹⁰⁹ Of the \$68.3 billion appropriated for the ASFF, \$65.5 billion had been obligated and \$63.5 billion disbursed as of September 30, 2017.¹¹⁰

In a hearing on the Administration’s South Asia strategy on October 3 before the House Armed Services Committee, General Joseph Dunford Jr., Chairman of the Joint Chiefs of Staff, said CSTC-A administers roughly 75% of the U.S. funds obligated for Afghan security. He added that the remaining 25% that the Afghan government administers is subjected to “rigorous conditionality to make sure that [the United States] has transparency” over how the funds are used.¹¹¹

“My military assessment is that we drew down our advisory effort and combat support for the Afghan forces too far and too fast. As a result, the Taliban expanded territorial and population control and inflicted significant casualties on the Afghan army and police, while the campaign lost momentum.”

—General Joseph F. Dunford Jr.,
Chairman of the
Joint Chiefs of Staff

Source: General Joseph F. Dunford Jr., Chairman of the Joint Chiefs of Staff, Statement Before the House Committee on Armed Services, “U.S. Defense Strategy in South Asia,” 10/3/2017.

AFGHAN GOVERNMENT CONTROL DECLINES

The Afghan government’s district and population control deteriorated to its lowest level since SIGAR began analyzing district-control data in December 2015 and population-control data in September 2016.¹¹²

According to USFOR-A, approximately 56.8% of the country’s 407 districts are under Afghan government control or influence as of August 24, 2017, a one-point decline over the last six months and a more than six-point decline from the same period last year.¹¹³ As reflected in Table 3.5, of the 407 districts of Afghanistan’s 34 provinces, 231 districts were under government control (74 districts) or influence (157 districts).¹¹⁴ For more information on how USFOR-A assesses control, please see SIGAR’s April 2016 *Quarterly Report to the United States Congress*.¹¹⁵

TABLE 3.5

DISTRICT, POPULATION, AND AREA CONTROL WITHIN AFGHANISTAN'S 34 PROVINCES, AS OF AUGUST 28, 2017						
Control Status	Districts		Population		Area	
	Number	%	In millions	%	Sq Km	%
GIROA						
Control	74	18.2%	11.1	34.2%	104,000	16.2%
Influence	157	38.6	9.6	29.5	273,000	42.5
CONTESTED	122	30.0	8.1	24.9	138,000	21.5
INSURGENT						
Control	13	3.2	0.7	2.2	41,000	6.4
Influence	41	10.1	3.0	9.2	87,000	13.5
Total	407	100%	32.5	100%	644,000	100%

Note: GIROA = Government of the Islamic Republic of Afghanistan, sq km = square kilometers.

Source: USFOR-A, response to SIGAR data call, 8/24/2017.

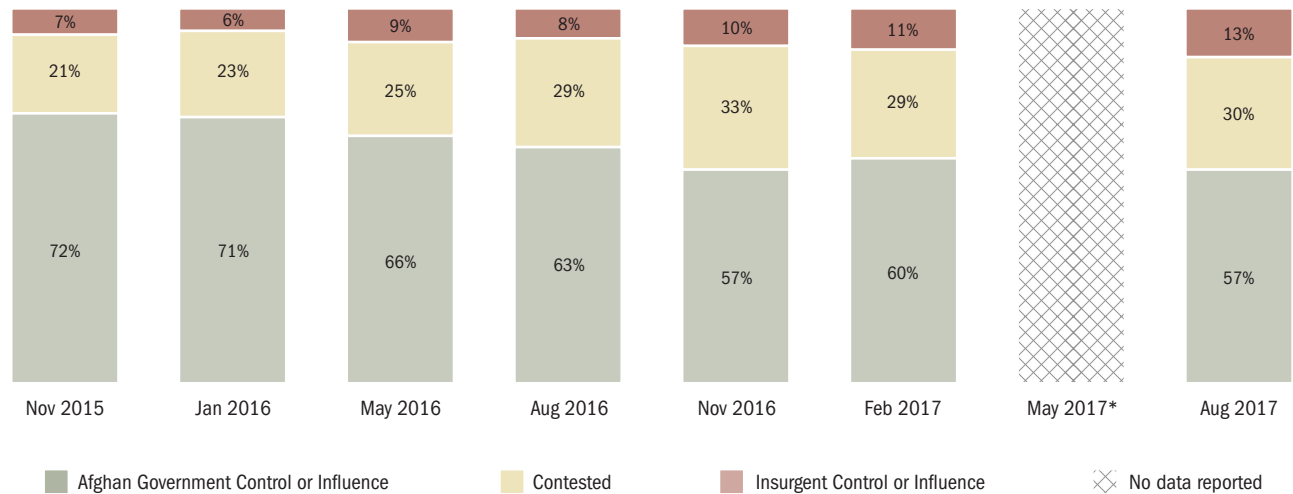
As of August 2017, there were 54 districts under insurgent control (13) or influence (41), an increase of nine districts over the last six months. Therefore, 13.3% of the country’s total districts are now under insurgent control or influence, a more than a two percentage-point increase over the last six months, and a five-point increase from the same period in 2016.¹¹⁶ A historical record of district control is shown in Figure 3.27.

The number of contested districts (122) remained mostly unchanged and represents 30% of Afghanistan’s districts. It was not clear whether these districts are at risk or if neither the insurgency nor the Afghan government exercises any significant control over these areas, as USFOR-A previously described.¹¹⁷

USFOR-A reported this quarter that 3.7 million Afghans (11.4% of the population) live in districts under insurgent control or influence. This is a 700,000-person increase over the last six months. As reflected in Table 3.5, of the 32.5 million people living in Afghanistan, USFOR-A determined that

FIGURE 3.27

HISTORICAL DISTRICT CONTROL OF AFGHANISTAN'S 407 DISTRICTS, AS OF AUGUST 28, 2017



Note: * There is no district control data for May 2017. Per USFOR-A vetting, the USFOR-A-provided data published last quarter was inaccurate and will be updated next quarter.
 Source: USFOR-A, response to SIGAR data call, 11/27/2015, 1/29/2016, 5/28/2016, 8/28/2016, 11/15/2016, 2/20/2017, 5/15/2017, and 8/28/2017; USFOR-A, response to SIGAR vetting, 10/16/2017.

the majority, 20.7 million (63.7%), still live in areas controlled or influenced by the government, while another 8.1 million people (24.9%) live in areas that are contested.¹¹⁸

USFOR-A identified the provinces with the largest percentage of insurgent-controlled or -influenced districts as Uruzgan Province, with five of its six districts under insurgent control or influence, Kunduz Province (five of seven districts), and Helmand Province (nine of 14 districts).¹¹⁹ Therefore, the region with the most districts under insurgent control or influence is centered on northeastern Helmand Province and Uruzgan Province, and includes the Helmand/Kandahar border area and northwestern Zabul. USFOR-A also noted that the provincial centers of all of Afghanistan's provinces are under Afghan government control or influence.¹²⁰

In his testimony before the House Armed Services Committee in October, Joint Chiefs Chairman Joseph Dunford concluded that lack of Coalition advisors at the lower levels of the Afghan combat forces as well as reduced Coalition aviation and intelligence support to the ANDSF were the primary causes for the insurgency's recent successes and Afghan forces' failures. However, he noted that the Administration's new strategy for the war seeks to reverse these shortfalls to enable the ANDSF to conduct more offensive operations, better defend critical terrain, and reduce Afghan casualties.¹²¹ USFOR-A reported this quarter that improvements in the ANDSF's fighting

capabilities, a key component of President Ghani's ANDSF Road Map, intend to reverse the negative trends in district and population control.¹²²

The Afghan government began implementing its ANDSF Road Map earlier this year, the main goal of which is to expand the Afghan government's control over population centers, eventually to include 80% of the population. The initiative is an overhaul of significant elements of Afghanistan's security sector and seeks to improve leadership development, double the size and combat power of the Afghan Special Security Forces (ASSF), bolster the capabilities of the AAF, improve resource management, create a unity of command and effort, reduce corruption, and shift the ANP away from combat operations to civilian policing.¹²³ For more information, see SIGAR's July 2017 *Quarterly Report to the United States Congress*.¹²⁴

U.S. FORCES IN AFGHANISTAN

Before determining new U.S. troop levels for Afghanistan, the Pentagon acknowledged this quarter that there were more than 11,000 personnel already on the ground, about 3,000 more than the 8,400 figure previously reported. This figure was confirmed by USFOR-A, as of September 10, 2017. It does not include the 15,000 U.S. civilian contractors in Afghanistan, which would bring the current total of U.S. personnel to roughly 26,000.¹²⁵ That number is expected to rise as part of the President's new strategy for Afghanistan.

Secretary of Defense James Mattis signed new deployment orders on August 31 for over 3,000 more troops, which will bring the total to 14,000–15,000 personnel, not including civilians and contractors, as part of 30,000 total U.S. personnel in country. The force increase will primarily provide additional advisors and supporting personnel to advise down to the battalion level of the ANA's conventional forces, increase training for training for the ASSF, and allow for increased U.S. air and artillery strikes in support of Afghan forces.¹²⁶

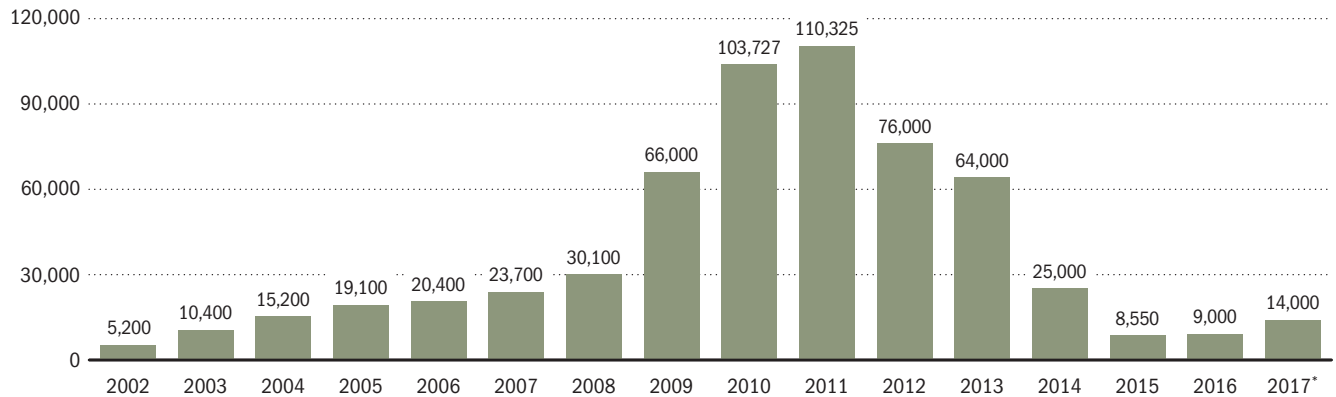
Of the 11,000 U.S. military personnel currently serving in Afghanistan as part of Operation Freedom's Sentinel (OFS), approximately 5,000 are assigned to the NATO Resolute Support (RS) mission to train, advise, and assist Afghan security forces.¹²⁷ The RS mission also includes roughly 7,000 military personnel from 39 NATO allies and non-NATO partner nations, about 500 more than the number reported last quarter. The remaining U.S. military personnel in Afghanistan support the OFS mission through air operations, training the ASSF, and conducting counterterrorism operations.¹²⁸

For a historical record of U.S. troop levels in Afghanistan since 2002, please see Figure 3.28.

As the U.S. troop commitment increases, American combat casualties are also rising. From January 1 through August 23, 2017, 10 U.S. military personnel were killed in Afghanistan, and 48 were wounded. This is an

FIGURE 3.28

U.S. TROOP LEVELS IN AFGHANISTAN, 2002-2017



Note: * Projected, based on Defense Secretary James Mattis's testimony to Congress on 10/3/2017.

Source: CRS, *Troop Levels in the Afghan and Iraq Wars, FY2002-FY2012*, 7/2/2009; DOD, *Report on Progress toward Security and Stability in Afghanistan*, 10/2009, p. 18; SIGAR, *Quarterly Report to the United States Congress*, 10/30/2010, p. 73; 7/30/2011, p. 71; 10/30/2012, p. 95; 10/30/2013, p. 87; 10/30/2014, p. 91; 10/30/2015, p. 92; OSD, response to SIGAR data call, 6/30/2016 and 12/27/2016; USFOR-A, response to SIGAR data call, 9/10/2017; General James Mattis, U.S. Marine Corps, U.S. Secretary of Defense, Statement Before the House Committee on Armed Services, "U.S. Defense Strategy in South Asia," 10/3/2017.

increase of seven personnel killed in action, and 22 wounded in action since last quarter, and double the personnel killed in action when compared to the same periods in 2015 and 2016. USFOR-A also reported that one civilian contractor was wounded in action since last quarter.¹²⁹

Changes to the U.S. contribution to RS's advising mission is a key element of the Administration's new strategy for Afghanistan. The number of U.S. military personnel assigned to advisory roles is set to increase. Most of 3,000 troops being sent as reinforcements will be conventional (U.S. Army and Marine Corps) personnel who can fill advisory roles in which Special Operations Forces (SOF) personnel have been placed, partly to enable the expansion of the ANDSF advisory effort but also to make SOF available for missions better suited to their capabilities. This is in line with both Chairman Dunford and General Nicholson's conclusion that the U.S. counterterrorism mission is adequately manned, but that its advisory mission is not. Chairman Dunford emphasized that the incoming advisors will be "the most mature, most competent, most experienced individuals we have."¹³⁰

Another aspect of the new strategy includes expanded authorities regarding U.S. advisors and the rules of engagement. DOD previously only had the authority to deploy advisors to the corps level, equivalent to the general officer level, which is not actually engaged in the fight every day. Chairman Dunford describes the shift to the battalion and brigade level as "two levels down below, [which] is where the decisive action is taking place, and [where] we didn't have any advisors." This will provide what is



U.S. 3rd Infantry Division soldiers board a plane to deploy to Afghanistan on a nine-month mission supporting Operation Freedom's Sentinel. (U.S. Army photo by Staff Sgt. Candace Mundt)

called “persistent embedded” advisors—those who live, eat, and fight alongside the ANDSF forces they are supporting—a model that has proven very successful in U.S. advising of the Afghan special forces.¹³¹ Rules of engagement will also expand in the “assist” element of the advisory mission as well as in the U.S. counterterrorism mission. During the previous administration, American forces could only engage enemy forces if they were in close proximity, or “basically ... in contact with that enemy,” according to Secretary Mattis. Now, wherever any individual or group is found that presents a threat to the U.S., Coalition, or Afghan forces or the mission, that enemy can be targeted.¹³²

Insider Attacks

Since responsibility for security transitioned to the Afghans in January 2015, “green-on-green” insider attacks when ANDSF personnel are attacked from within their own ranks, often by an insurgent infiltrator, have become a severe problem for the ANDSF.¹³³ This quarter, there was a sharp increase in insider attacks targeting both U.S. and ANDSF personnel. According to USFOR-A, from January 1 to August 15, 2017, there have been 54 reported insider attacks: 48 green-on-green and six “green-on-blue” attacks, when ANDSF personnel turned against their Coalition counterparts. This is an increase of 22 green-on-green and four green-on-blue attacks from last quarter.¹³⁴ Insider attacks this year are trending to exceed the 60 recorded for 2016—56 green-on-green and four green-on-blue.¹³⁵

Unlike other ANDSF casualty figures this quarter, USFOR-A did not classify ANDSF casualties as a result of insider attacks. The ANDSF experienced a decrease in casualties from insider attacks since last year. This quarter, 97 ANDSF personnel were killed and 50 wounded from insider attacks, a decrease of 23 personnel killed and 20 wounded compared to the same period last year.¹³⁶

However, American casualties from insider attacks have increased. As of August 15, three U.S. military personnel were killed and 10 wounded in five of the six green-on-blue attacks that occurred in 2017.¹³⁷ Secretary Mattis described green-on-blue attacks as “probably one of the most difficult aspects of this war” as they pose a great challenge to U.S. forces’ sense of commitment to the mission. He said the Afghan government is providing “very strong support” to ensure that insider threats do not erode American and Coalition willingness to continue their support.¹³⁸

According to USFOR-A, RS has taken several steps this quarter to help the ANDSF develop capabilities to counter insider threats. As part of a wider effort to improve accountability within the security institutions, RS worked with the Afghan government to include security commitments in the Kabul Compact, which outlines tangible reforms for governance, the economy, peace and reconciliation, and security. The security aspects of the compact include improving screening and vetting for security forces, improving security in Kabul, and developing force-protection policies, all of which hope to curb insider attacks. As part of this effort, the Ministry of Defense (MOD) formulated its force-protection and insider-threat policy on September 8, 2017; the MOI is currently developing its own policy.¹³⁹ For more information about the compact, see pages 150–151.

USFOR-A also reported that both MOD and MOI have launched independent insider attack commissions, separate from the usual chain of command and from one another, which are free to come to different conclusions regarding attacks. These commissions are supported by RS, and they have requested RS aid in initiating force-protection seminars. RS has continued to liaise with and advise senior ANA counterintelligence (CI) officials in order to help MOD develop adequate CI infrastructure and policies. To that end, RS created a Coalition insider-threat advisor position, which works under the Coalition’s intelligence advisory (see the following section for more information). This advisor is the lead for training and advising missions to identify and expel ANDSF personnel who pose a potential threat to Coalition or Afghan security forces.¹⁴⁰

To counter green-on-blue attacks, RS also has several internal measures in place. RS has implemented standard operating procedures to cover force protection and insider-threat and -attack mitigation. These efforts include mandatory “guardian angel” security-force training for all deploying U.S. forces as well as in-country training for RS personnel. RS also created leadership teams to address insider attacks: the Joint Casualty Assessment

Team investigates all insider attacks, while the Force Protection General Officer Steering Committee provides guidance for its Force Protection Working Group to implement. Finally, RS tracks all threats to Coalition forces and has implemented target-avoidance measures through tactics, techniques, and procedures and the removal of threats from Afghan security institutions.¹⁴¹

Additional information on insider attacks will be reported in the classified annex to this report.

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

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

- **EF-1 (Multi-Year Budgeting and Execution):** EF-1 produced a potential annual savings of \$50 million by convincing 16 Law and Order Trust Fund Afghanistan (LOTFA) donor nations to use the Personal Asset Inventory (PAI),¹⁴² a process that verifies whether personnel on the payroll are actually assigned to units and present for duty, as the basis for providing MOI payroll funds rather than funding the authorized number of personnel. LOTFA donors have notionally accepted the standardization of pay initiatives with MOD, which would allow for MOI's first pay raise in eight years. Under a July 2017 memorandum, the ALP will be funded through the end of FY 2017, and CTSC-A has budgeted for ALP salaries and operational costs for FY 2018. Additionally, the Ministry of Finance and the Afghan Revenue Department agreed to stop unlawful taxation on 31 large companies working for the U.S. and NATO in Afghanistan.¹⁴³
- **EF-2 (Transparency, Accountability, and Oversight):** EF-2 assisted the MOD in developing its Ministerial Internal Control Program (MICP), an oversight mechanism to minimize fraud and ensure efficiency, which is being implemented at the ministry, ANA-corps and ANP-zone levels. FY 2017 is the first year in which MICP Statements of Assurance (SOA), outlining risk areas MOD leadership is addressing, have been submitted to MOD as required. The SOAs will inform the FY 2018 Annual Inspection Plan (AIP), which outlines all planned inspections for the year across the ministries and is the primary tool through which Inspector Generals (IGs) prevent and detect fraud and abuse in the ministries' programs and operations. For the MOI, EF-2 reported that MOI IGs successfully trained one police zone on the MICP; three more zones are scheduled to complete training by the end of September. EF-2 advisors assisted MOI IG with developing focus areas as part of the ANDSF Road Map. MOI has also reportedly achieved an efficient asset-collection process in coordination with the High Office of Oversight

and Anti-Corruption, having collected approximately 95% of asset declarations from current and new personnel. The MOI's zone IGs are mostly in place, with positions in only one zone, Helmand, entirely unfilled. Of the 126 MOD and MOI IG positions throughout the country, roughly 50% are filled with trained IGs. USFOR-A noted that another 43 IGs recently completed their training course. As previously reported, some zone commanders continue to infringe upon the independence of the Zone IGs.¹⁴⁴

- **EF-3 (Civilian Governance of Afghan Security Institutions):** The Major Crimes Task Force (MCTF), an elite MOI unit focused on corruption, organized crime, kidnapping, and other serious crimes, initiated over 40 corruption cases this quarter. The Anti-Corruption Justice Center (ACJC) tried seven major cases in three weeks between July and August 2017, bringing its total to 21 primary court trials since its inception in October 2016. Former ANA 215th Corps Commander Lieutenant General Moeen Faqir and oil company CEO Abdul Ghafar Dawi were convicted this quarter. Additionally, the ACJC moved from Camp Falcon to permanent facilities at Camp Heath. With the arrival of

MOD's Investigation into the Attack on Camp Shaheen

This quarter, CSTC-A reported the outcome of MOD's investigation into the high-casualty attack that occurred at the ANA's 209th Corps' Camp Shaheen on April 21, 2017. A delegation of senior MOD Inspection Directorate officials investigating the incident made a site visit on April 23, 2017. They inspected all towers, sentries, and other locations relevant to the attack.¹⁴⁵ The investigation determined that it was not an insider attack, as had been widely reported. Though Taliban attackers impersonated ANA personnel, there was no evidence that active 209th Corps personnel cooperated with the attackers. However, several 209th Corps personnel involved in the response to the attack were placed under observation by Afghan authorities.¹⁴⁶

The MOD report points to a great deal of planning by the attacking insurgents given the highly sophisticated tactics used. The insurgents assumed specific identities of ANA personnel by utilizing stolen ANA uniforms, ID cards, weapons, and vehicles that the investigators traced back to battlefield losses during clashes in the Kohistanat District of Sar-e Pul Province in 2015.¹⁴⁷ The attack was possible in part because the insurgents impersonating ANA soldiers claimed, when driving an ANA vehicle through the compounds' sentries, that they were carrying a gravely wounded ANA soldier. This enabled them to advance past two checkpoints. At the third checkpoint, an interior location where personnel turn in weapons, the insurgents began firing.¹⁴⁸ The final casualty toll for the attack included 138 corps personnel killed and 60 wounded. A key

reason for the high number of casualties was the surprise element of the attack: in addition to killing sentry guards, insurgents massacred a congregation of corps personnel as they were exiting the camp's mosque after prayers.¹⁴⁹

The investigation also found that responsibility for the failure to prevent the attack lay directly in the "negligence" and "carelessness" of 209th Corps leaders who did little to ensure that pre-determined security measures were in place and operational. These include: insufficient record keeping and manning of observation towers, inactive radio communications in most observation towers, lack of armor and technical and tactical skill of tower watchmen, unexplained absence of 209th Corps personnel from assigned posts, and generally low combat-alert level of 209th Corps personnel due to deficiencies in their training and procedural and command-order awareness. Additionally, the investigators identified two other issues problematic for securing Camp Shaheen: there were no security cameras in the compound and there were many adjacent lots of vacant land, on which enemies could stage attacks.¹⁵⁰

In vetting comments, USFOR-A noted that immediately following the attack, the 209th Corps commander and several other senior leaders were removed from their posts and "replaced by new, younger, and more effective leaders." Additionally, in June, 34 former corps personnel were convicted of negligence in a military court and sentenced to prison terms ranging from one to three years.¹⁵¹



A senior U.S. advisor congratulates an Afghan Border Police officer on his promotion to brigadier general. (U.S. Army photo by Sgt. First Class Randall Pike)

an additional MOI legal advisor this quarter, EF-3 is beginning to expand beyond its focus on Gross Violations of Human Rights (GVHR) to also provide legal advising on countercorruption at MOI. Four additional law-enforcement advisors have also been added, two each for MOD and MOI. No new GVHR incidents committed by MOD or MOI personnel were reported this quarter. As of late August, four closure letters were being prepared, reducing the number of open GVHR cases from 26 to 22.¹⁵²

- **EF-4 (Force Generation):** EF-4 reported on improvements in ANA kandak (battalion) commanders' attendance of Pre-Command Course (PCC) training, which increased 40%, from 20 students in the first quarter to 28 in the second quarter. The PCC is intended to establish standards for operational and tactical level leadership. RS, in partnership with the ANA, has developed a functioning career path for officers and NCOs that will increase merit-based promotion and provide opportunities for professional military education. The Command and Staff Academy is expanding the role of air-to-ground integration in planning exercises for senior leadership in order to increase the effectiveness of aircraft in combined-arms operations. As of August 31, 2017, EF-4 reported that 3.7% of ANP personnel were untrained, up from 2.4% in April 2017.¹⁵³
- **EF-5 (Sustainment):** The Afghan MOD and MOI provided CSTC-A with fuel orders in accordance with agreed timelines allowing CSTC-A to provide the information to the U.S. contractor in a timely manner. Four new ASFF-funded DOD contracts are in place, reducing the

opportunities for corruption compared to using Afghan government contracts. Separate DOD fuel contracts are in place to support MOD, MOI, and the AAF. The fourth contract provides independent quality assurance to validate the quality of fuel being provided by the other three contractors. EF-5 reported that President Ghani's directive to transfer the Afghan Border Police (ABP) and Afghan National Civil Order Police (ANCOP) to the MOD will commence on October 31, 2017, and be completed by January 1, 2018. They also noted that there is currently a void in senior leadership for logistics and maintenance: the MOD deputy minister for support was promoted this quarter and not yet replaced. Additionally, USFOR-A noted that every ANA corps has had at least three visits by expeditionary sustainment advisory teams (eSAT), which assess logistics capabilities. The eSAT program will conduct these assessments continuously in the future.¹⁵⁴

- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):** Most ANDSF efforts during the past three months were dedicated to executing Operation Khalid, the 2017 operational plan. As reported last quarter, the ANDSF demonstrated moderate improvement and increased independence in their planning processes, with RS reporting mixed and inconsistent training results between the corps and zones.¹⁵⁵
- **EF-7 (Intelligence):** In the third quarter of 2017, the ANA's ScanEagle unmanned aerial system became operational with the 215th Corps in Helmand and the 209th Corps in Kunduz. The 215th's ScanEagle detachment enabled six successful strikes by A-29 and MD-530 aircraft in a 45-day period between July and August. Training and site surveys are under way to expand ScanEagle capability, with the next cadre of 20 students from the 201st Corps due to graduate at the end of November 2017. A new, Afghan-developed display portal for intelligence, surveillance, and reconnaissance information has been implemented at ANDSF operations centers to enable leaders to view live feeds from Afghan ScanEagle and Aerostat systems. The MOI has developed a new Counter Threat Finance (CTF) Section, part of the Network Targeting and Exploitation Center, to better analyze the nexus between crime, corruption, and the insurgency. The CTF achieved initial operating capability on September 21, 2017.¹⁵⁶
- **EF-8 (Strategic Communications):** EF-8 reported that the Afghan government has significantly increased its use of the Government Media and Information Center (GMIC) compared to earlier in the year. The GMIC is used primarily to distribute key events and other important information about the ANDSF to the public. However, the GMIC relies heavily on advisors to be effective due to difficulties in hiring qualified local employees.¹⁵⁷
- **Gender Office:** The Gender Occupational Opportunity Development (GOOD) program, a literacy, English, computer-skills, and

office-administration training program for women, began in May 2017 and has expanded to include a class of 41 women at MOD headquarters and 40 women at the ANA Sewing Factory at Camp Scorpion. There are currently 191 ANA women working towards bachelor's degrees in law and political science, business administration, or computer science as part of the program. The RS Gender Officer reported this quarter that Police Family Response Units are adding more female police to existing units to improve their ability to deal with domestic and sexual-abuse cases.¹⁵⁸

AFGHAN SECURITY MINISTRIES AND THE ANDSF

U.S. and Afghan Governments Initiate Kabul Compact

This quarter, the U.S. and Afghan governments announced the launch of the Kabul Compact, an Afghan-led initiative designed to demonstrate the government's commitment to reforms. The Kabul Compact process consists of four U.S.- and Afghan-chaired working groups covering governance, economic, peace and reconciliation, and security issues.¹⁵⁹ For more information about the compact, see pages 150–151 of this report.

In his October 3 testimony to the House Armed Services Committee, Defense Secretary James Mattis said the compact is intended to quantify the degree to which the U.S. and Afghan government are making progress on their shared goals of combatting corruption and accelerating institutional reform in the security sector.¹⁶⁰

The security portion of the compact outlines the 257 benchmarks across 37 action areas as commitments to which the Afghan government has agreed for improving the ANDSF. Most of these commitments apply to either the entire ANDSF, or both the MOD and MOI or their main components (ANA and ANP).¹⁶¹ Together they lay out a comprehensive U.S.-Afghan plan to reform and upgrade the capabilities of ANDSF over the next few years.

The first action item is the one “critical” security item slated for immediate implementation: the ANDSF's eradication of insider threats to Coalition and Afghan forces and increased protection of the Kabul “green zone.”¹⁶²

Other action items concern the growth and capability improvements of different components within the ANDSF. One details the projected growth of the ASSF, with the main aim being to increase the ANDSF's offensive fighting capability by expanding ANA Special Operations Command capabilities and by developing the special police capacity within General Command Police Special Units (GCPSU). The desired goal is to develop “a maneuverable, cohesive and coordinated ASSF [that can] support the ANDSF to defeat and disrupt threat groups and contribute to security reform efforts.”¹⁶³

The compact outlines a large expansion and several improvements for the ANDSF's intelligence capabilities. By creating a national intelligence



Afghan National Police and Afghan National Army leaders celebrate successful joint operations in Ghazni Province. (U.S. Army photo)

system and defining intelligence-sharing procedures between MOD, MOI, and NDS, Afghan security institutions and the ANDSF intend to gain the ability to plan and execute special, conventional, and police operations using Afghan-derived intelligence to deter current and future threats.¹⁶⁴

Over the next couple of years, the Afghan government has committed to developing a National Joint Command and complementary Regional Joint Commands as part of the compact. The establishment of these commands will increase the ANDSF's unity of command and effort while achieving better coordinated security operations with clear lines of responsibility and authority. This will develop an ANDSF command-and-control structure capable of directing security operations and promoting rule-of-law activities at every level.¹⁶⁵

In another effort to improve force unity, the compact seeks to implement a Unified Training System and a Unified Training Command in order to support leadership and ministry development. A unified training system and command enable is expected to establish well-coordinated and efficiently structured professional training and education options in combination with human resources management from recruitment until retirement. The system and command will also include a centrally-managed, merit-based process for leader selection, promotions, assignments, and for selecting individuals to attend professional training and educational programs.¹⁶⁶ Secretary Mattis recently remarked that these processes will go a long way toward addressing the “strategic vulnerability” presented by corruption in ANDSF personnel practices.¹⁶⁷

As mentioned, the transfer of the Afghan Border Police (ABP) and the Afghan National Civil Order Police (ANCOP) from MOI to MOD is also an

action item that is expected to commence in October 2017 and finish by January 2018. The stated goal of the transfer is to improve unity of command by combining ANA and ANP combat forces under one command structure. The transfer also aims to reduce corruption and ministerial complexity within the MOI, enabling it to focus on civil policing and promotion of the rule of law.¹⁶⁸

Strategic communications is another focus area. The compact includes the creation of an integrated ANDSF communications strategy that ensures both internal and external audiences remain informed of and confident in the ongoing efforts to increase the capability of ANDSF to provide security for the Afghan people.¹⁶⁹

The compact also details efforts to build ANDSF counter-corruption capabilities by creating policies and procedures to prevent corruption and properly conduct corruption investigations free of undue political influence. It is hoped that this will significantly reduce ANDSF corruption and patronage networks and foster an improved perception of governance amongst the population. Boosting personnel transparency is part of this effort. The compact stipulates that the ANDSF work toward achieving fully automated personnel management systems of record (AHRIMS, APPS, etc.) down to the kandak level to ensure sufficiently accurate and complete personnel records.¹⁷⁰

The MOD was assigned several action areas in the compact that are only relevant for their institutions and combat elements. The first is that the ANA will be responsible for the development and deployment of a new Territorial Army (TA), which will serve as a force that will “hold” territory against enemy recapture of lands seized and cleared by the ANA and ASSF. It will serve under ANA command, with one branch established in southern



Afghan Border Police personnel participate in a training exercise in July. (RS photo by Cpl. Fletcher King)

Nangarhar Province and another branch covering Khowst, Paktika, and Paktiya Provinces. The goal for the TA is to reach a total strength of 6,000 personnel and to be fully operational by February 2018 and April 2018 for the Nangarhar and Khowst branches respectively.¹⁷¹

The AAF is also a focal point of the Kabul Compact, which calls for improved Afghan close-air-support and airlift capabilities through bolstering and reorganizing AAF. This is intended to create a more professional, credible, and sustainable AAF that is capable of supporting ANDSF joint operations, especially with the ASSF. With increased focus on the AAF, the compact outlines another action item for an effective training system for the ANA in air-to-ground integration. With proper training, the ANA should be able to sustain, without Coalition support, a sufficient number and quality of ANA tactical air coordinator personnel to meet the ANA's operational requirements.¹⁷²

The compact includes specific guidance for overall ANA readiness, as well as personnel, equipment, and training readiness benchmarks and reporting requirements that are to be implemented and achieved from December 2017 through December 2020. The ultimate aims are to improve the accuracy of ANA readiness reporting and, eventually, the force's performance in personnel and equipment sustainment, and training proficiency.¹⁷³

Finally, there are several other "aspirational" action areas for implementation across ANDSF elements on issues such as budget formulation, payroll execution, health and medical standards, cybersecurity implementation, and supply-chain management. These are included in the compact but do not have established milestone commitments. The compact notes that these aspirational areas will be further discussed and refined by the Compact Committee "as larger conditions within the government of Afghanistan develop and resource availability become clearer."¹⁷⁴

Cybersecurity for MOD and MOI

For the first time this quarter, SIGAR requested information from CSTC-A about its training and advising efforts toward developing a sustainable cybersecurity infrastructure for MOD and MOI's computer networks.

According to CSTC-A, Coalition advisors have advocated that the Afghan security ministries implement a uniform application of cybersecurity policies and processes. They attend weekly MOD and MOI working groups that include IT providers supporting each respective ministry. Although both ministries' networks are centrally managed, the implementation of a "train the trainer" approach targeting network end-users complements the decentralization of services outside Kabul and allows the ANA and ANP to provide in-person training in remote locations.¹⁷⁵

Advisors are currently focused on developing secure standards for network configuration and implementing a compliance checklist through use of a risk-management framework. Other focus areas include creating an

incident-response unit with procedures focused on cyberthreat detection, containment, and incident resolution. CSTC-A indicated that MOD and MOI IT officials are competent but still need technical and nontechnical guidance on all cybersecurity matters, including incident management.¹⁷⁶

As with other technical capabilities, CSTC-A notes that there is a significant difference in maturity between the MOD and MOI cybersecurity posture. While MOD is much more advanced in implementing policies and processes, both ministries continue to struggle to improve user and senior-leader understanding and acceptance of the need for cybersecurity measures. CSTC-A advisors are also continuing to work with their Afghan counterparts to gain authorization for civilian cybersecurity positions to advance related sustainment goals.¹⁷⁷

CSTC-A reported that cybersecurity sustainment initiatives include efforts to build course curricula at the Unified ANDSF School that are specifically focused on IT governance and cybersecurity. Additionally, discussions recently took place with the President Ghani's chief IT advisor to finalize and formally adopt the Afghanistan National Cyber Security Strategy. In the meantime, implementation has begun within the ministries where possible. The purpose of the strategy is twofold: first, execute the chief of security positions within the ministries, a step that would also require developing guidelines that convey the ministries' cybersecurity program; second, create a plan to develop a cybersecurity-focused workforce for the ministries that leverages Afghan university students. The goal would be to create a pipeline of potential applicants that could fulfill the ministries' cybersecurity personnel needs.¹⁷⁸

The challenges that CSTC-A identified in implementing a secure and fully functional cybersecurity apparatus for the Afghan security ministries included the lack of a foundational technical security-requirements policy, which means there is no method of assessment for implementing security controls. CSTC-A said that there are currently no performance metrics or implementation guidance for assessing procedures. Although the Afghan National Cyber Security Strategy requires International Standards Organization security-management systems standards, which are applicable to all institutions' systems, they have not yet been implemented. The ministries' adherence to this security-management systems standard and the build up of a cybersecurity workforce are the key areas of focus for both security ministries.¹⁷⁹

The United States has spent roughly \$6.7 million on the hardware and software necessary for MOD and MOI cybersecurity measures, according to CSTC-A. This includes about \$5 million for MOI and \$1.5 million for MOD, and \$240,000 for the U.S. program for MOD advising. CSTC-A said that the cost estimates may vary from the figures provided because some components, such as routers, have more than just a cybersecurity function.¹⁸⁰

ANDSF Strength Declines

This quarter, USFOR-A classified ANDSF authorized strength figures and exact assigned strength figures across each force element. As such, assigned strength figures reported here are approximations. The questions SIGAR asked about ANDSF strength can be found in Appendix E of this report. SIGAR will report on the authorized and assigned strength figures in its classified annex.

ANDSF assigned force strength declined this quarter. According to USFOR-A, as of August 28, 2017, ANDSF assigned strength was approximately 320,000, a roughly 9,000-person decrease from last quarter. This includes the AAF but does not include ANA or AAF civilians.¹⁸¹ However, this strength figure reflects an increase of roughly 3,500 personnel from the same period last year.¹⁸²

This quarter, there were about 4,450 civilian personnel in the ANDSF, about 4,200 in the ANA and 250 in the AAF. This is a roughly 1,300-person decrease in ANA civilians and a 150-person decrease in AAF civilians since last quarter.¹⁸³

As reflected in Table 3.6 on the following page, both the ANA and the ANP saw a several-thousand-person decrease in force strength, negating the force growth seen earlier this year. Compared to last quarter, the ANA, including Afghan Air Force but not civilians, decreased by roughly 4,000 personnel and the ANP by roughly 5,000 personnel.¹⁸⁴ However, compared to this time last year, this quarter's strength is an approximately 2,700-person increase for the ANP and a roughly 750-person increase for the ANA.¹⁸⁵

ANDSF Casualties

USFOR-A classified ANDSF casualty data this quarter, which SIGAR has consistently reported since 2015. The questions SIGAR asked about ANDSF casualties can be found in Appendix E of this report. SIGAR will report on ANDSF casualties in the classified annex to this report.

AHRIMS and APPS

The MOD and MOI, with RS assistance, are implementing and streamlining several systems to accurately manage, pay, and track their personnel—an effort that could greatly improve protection for the U.S. funds that pay most of the ANDSF's expenses.¹⁸⁶

The Afghan Human Resource Information Management System (AHRIMS) contains data that includes the name, rank, education level, identification-card number, and current position of ANDSF personnel. AHRIMS also contains all the approved positions within the MOD and the MOI, along with information such as unit, location, and duty title. The Afghan Personnel Pay System (APPS) is under development; when implemented, it will integrate AHRIMS data with compensation and payroll data to process authorizations, record unit-level time and attendance data, and calculate

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TABLE 3.6

ANDSF ASSIGNED FORCE STRENGTH WITH CIVILIANS, FEB 2014–AUG 2017				
	2/2014	5/2014	8/2014	11/2014^b
ANA including AAF	184,839	177,489	171,601	169,203
ANP	153,269	152,123	153,317	156,439
Total ANDSF	338,108	329,612	324,918	325,642
	2/2015	5/2015	7/2015^a	10/2015^a
ANA including AAF	174,120	176,762	176,420	178,125
ANP	154,685	155,182	148,296	146,026
Total ANDSF	328,805	331,944	324,716	324,151
	1/2016	4+5/2016^c	7/2016	11/2016
ANA including AAF	179,511	171,428	176,058	174,950
ANP	146,304	148,167	148,480	147,635
Total ANDSF^d	325,815	319,595	324,538	322,585
	1/2017	4/2017	8/2017^e	
ANA including AAF	177,711	180,031	174,450	
ANP ^f	153,997	156,011	150,000	
Total ANDSF^f	331,708	336,042	324,450	

Note: ANA = Afghan National Army; AAF = Afghan Air Force; ANP = Afghan National Police; ANDSF = Afghan National Defense and Security Forces. ANA and AAF numbers include civilians except for the May 2016 numbers; available data for ANP do not indicate whether civilians are included. ANA, ANP, and Total ANDSF figures do not include “standby” personnel, generally reservists.

^a Total “ANA including AAF” numbers for July 2015 and October 2015 are not fully supported by the detailed numbers in the USFOR-A response to SIGAR data call; Trainee, Transient, Holdee, and Students (TTHS) may represent all or part of the unreconciled portion.

^b Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.

^c ANA data as of 5/20/2016; ANP data as of 4/19/2016.

^e The exact force-strength figures for this quarter were classified. These are USFOR-A-provided approximations.

Source: CSTC-A, response to SIGAR data call, 3/31/2014, 7/1/2014, and 10/6/2014; RSM, response to SIGAR request for clarification, 3/14/2015; USFOR-A, response to SIGAR vetting, 4/10/2015, 7/12/2015, 1/29/2016, 4/12/2016, 10/9/2016, and 10/11/2016; USFOR-A, response to SIGAR data call, 12/28/2014, 3/24/2015, 6/29/2015, 9/11/2015, 12/14/2015, 3/4/2016, 6/3/2016, 8/30/2016, 11/20/2016, 1/20/2017, 4/19/2017, 5/20/2017, and 8/28/2017; USFOR-A, response to SIGAR vetting, 10/16/2017.

payroll amounts.¹⁸⁷ APPS reached initial operational capability in July 2017 and is expected to be fully operational by May 2018.¹⁸⁸

CSTC-A is overseeing the transition from AHRIMS to APPS to ensure interoperability. The process of verification of AHRIMS data also includes a personnel asset inventory (PAI) that physically accounts for ANA and ANP personnel so that they can be issued biometrically linked identification cards. APPS will generate payroll information and bank-account information for accounted-for personnel. According to CSTC-A, this structure will reduce the potential for nonexistent personnel to be entered into APPS, although it will not completely eliminate the risk of paying such “ghost” personnel. Routine checks will still be required to determine that personnel are properly

accounted for and are still actively serving in the ANDSF.¹⁸⁹ The biometric cards will also, once implemented, be used to access all human-resources information for personnel, including identity, pay, and APPS data, promotions, assignments, killed/wounded/absent-without-leave information, and other documents.¹⁹⁰

As USFOR-A has reported previously, there are three ongoing efforts to ensure that accurate personnel data exist in AHRIMS to support the migration to APPS: (1) “slotting” or matching a person to an authorized position; (2) “data cleansing” or correcting and completing key personnel data; and (3) a Personnel Asset Inventory (PAI) to correct the employment status of personnel retired, separated, or killed in action.¹⁹¹

This quarter, USFOR-A reported that the MOD’s PAI is nearly finished, with an anticipated completion date of late November 2017: phase one, which included Kabul-area ANA and ANP units, has been completed; phase two, for the ANA’s 203rd and 215th Corps, has been completed; phase three, for the 201st and 207th Corps, has been recently completed; and only phase four, for the 205th and 209th Corps, remains incomplete. The last portion of the PAI will take place in October and November as PAI teams re-visit selected ANA units that had lower registration turnout in order to provide those personnel unable to reach a PAI center previously a last chance to enroll. According to USFOR-A, among the ANA units processed as of late August, 94% of personnel claimed to exist by MOD in monthly reports have been physically verified by biometric identification. This a six-point increase from the 88% reported last quarter.¹⁹² However, the AHRIMS enrollments, which include 22 fields of personal information, remain error-prone, with only 55% completed without inaccuracies.¹⁹³

The main phase of the MOI’s PAI process ended in late May. As with MOD, PAI teams are currently revisiting lower enrollment ANP and ALP units in order to collect last-chance enrollments. Among the units processed through August 2017, the AHRIMS enrollment rate is 72% for ANP, up two points since last quarter, and 55% for ALP.¹⁹⁴

The MOD and MOI personnel records now completed in AHRIMS have been transferred to the APPS. According to USFOR-A, as of late August, 96% of MOD, 43% of ANP, and 66% of ALP personnel are slotted into authorized positions in the payroll system in APPS.¹⁹⁵ USFOR-A projected that PAIs and the transition to APPS for both the MOI and MOD would occur before the end of 2017.¹⁹⁶

“Unaccounted for” or “Ghost” Personnel

As a result of increased attention in early 2017 to the possible inclusion of many “ghost” or nonexistent personnel within the ANDSF rolls, U.S. officials confirmed that as of January 1, 2017, salaries will be paid only to MOD and MOI personnel who are correctly registered in AHRIMS.¹⁹⁷ USFOR-A has since described the situation involving ghost personnel and what

actions are being taken by the U.S. and Afghan officials to address the issue. Defense Secretary James Mattis said on October 3 that continuing to ensure that all Afghan forces are biometrically enrolled is one of the key ways U.S. forces will “make certain there are no more ghost soldiers.”¹⁹⁸

As of late August 2017, USFOR-A estimated that 10,000 MOD personnel remain “unaccounted for” in AHRIMS, roughly 2,100 less than last quarter. While USFOR-A did not provide a corps-level distribution of unaccounted-for ANA personnel this quarter, they indicated that of the four corps that have completed the PAI process, the 201st Corps has the highest percentage of unaccounted-for personnel against their reported end strength. For MOI, approximately 41,000 ANP and 13,000 ALP personnel remain unaccounted for; and there is currently no police zone-level accounting of these personnel. USFOR-A noted that unaccounted-for personnel either have yet to be validated biometrically or simply do not exist.¹⁹⁹

The U.S. government continues to disburse funds only to those ANDSF personnel it is confident are properly accounted for. USFOR-A reported approximately \$44.6 million in cost avoidance by not paying unaccounted-for and suspected ghost personnel from January to August 2017, up \$26.1 million from last quarter. The command advised that this amount will continue to change as the MOD and MOI increase the validation of the remaining soldiers and police through the ongoing PAI process.²⁰⁰

Afghan Local Police

ALP members, known as “guardians,” are usually local citizens selected by village elders or local leaders to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.²⁰¹ While the ANP is paid via the UN Development Programme’s multilateral Law and Order Trust Fund for Afghanistan (LOTFA) which is funded by the international community, the ALP is paid with U.S. funds provided directly to the Afghan government.²⁰² Although the ALP is overseen by the MOI, it is not counted toward the ANDSF’s authorized end strength.²⁰³

As of August 19, 2017, the NATO Special Operations Component Command-Afghanistan (NSOCC-A) reported that according to the ALP Staff Directorate, the ALP has roughly 30,000 guardians, about 25,000 of whom are trained, 4,000 untrained, and 100 in training.²⁰⁴ These figures indicate an increase of 75 ALP personnel overall, a 127-person decrease in trained personnel, and an increase of 308 untrained personnel since last quarter.²⁰⁵ The MOI’s 1396 (2017) Bilateral Financial Commitment Letter obligates the MOI to have no more than 5% of the on-hand ALP force untrained, but currently 14% of the force is untrained, a slight increase from last quarter.²⁰⁶

This quarter, NSOCC-A reported continuing efforts to enroll ALP personnel in AHRIMS to transition ALP salary payments to an electronic funds-transfer (EFT) process and to inventory materiel. These processes are expected to help track and train ALP personnel.²⁰⁷ As mentioned, PAI

teams are in the final stages of collecting AHRIMS enrollments from lower-enrolled ALP units. According to USFOR-A, among the units processed through August 2017, the AHRIMS enrollment rate was 55% for ALP, a 22-point decrease since last quarter.²⁰⁸ Additionally, 66% of ALP personnel are slotted into authorized positions in the payroll system in APPS, down 13 points since last quarter.²⁰⁹

The current figures indicate that the ALP still has not reached its enrollment goals. The MOI's 1395 (2016) Bilateral Financial Commitment Letter laid out clear goals for completing ALP registration for biometric IDs (100% of the ALP), EFT salary payments (90% of the ALP), and slotting ALP personnel in AHRIMS (95% of ALP) by December 20, 2016.²¹⁰ The 1396 (2017) Commitment Letter calls for 100% of the ALP to be registered into AHRIMS, though it is unclear by what date. It also stipulates that guardians will receive their biometric IDs, be slotted into AHRIMS and APPS (when APPS is implemented), and enrolled in EFT during training.²¹¹ NSOCC-A pointed to the difficulties in meeting the MOI Bilateral Financial Commitment Letter's goals for the ALP because its personnel are mostly located in very rural areas. According to NSOCC-A, some districts do not have the infrastructure needed to complete AHRIMS enrollment, and travelling to PAI locations to perform AHRIMS enrollment can be a life-threatening task for some ALP personnel.²¹²

As with the ANA and ANP, CSTC-A will fund salaries only for ALP guardians who are actively slotted in AHRIMS. NSOCC-A reported a reduction in their estimated U.S. funding for the ALP from \$93 million annually in early 2017 to an estimated \$85–91 million for the rest of the fiscal year, depending on how many additional ALP are successfully enrolled in AHRIMS. NSOCC-A has previously noted that they suspect the reduction of funding will incentivize the MOI to account for those ALP not registered in AHRIMS in order to recoup lost U.S. funding.²¹³ NSOCC-A says that CSTC-A reviews validated personnel numbers every three months and provides updated funding based on validated AHRIMS personnel numbers.²¹⁴

This quarter, NSOCC-A provided an update on the status of reforming the ALP. Several efforts are under way to assess ALP reform, including personnel and equipment reforms, addressing powerbrokers' sway over the ALP, and the establishment of ALP Zone shuras. ALP Zone shuras to assess the ALP reform process were projected to occur in September and October 2017. NSOCC-A noted that once the shuras are complete, additional reform assessment findings will be available. According to NSOCC-A, personnel reforms remained stagnated during the reporting period due to intense fighting in the majority of the districts where ALP personnel are located. Annual equipment inventories have been submitted by district with an 83% completion rate since the Afghan fiscal year began in late December 2016.²¹⁵

The ALP's Coalition advisors submitted a report on the influence of powerbrokers in the ALP in September. The report found that the number

of ALP personnel under powerbroker influence increased from 124 guardians in March 2017 to 395 in August. This is considerably lower than the 1,395 reported to be under powerbroker influence in early 2016. USFOR-A noted that the increased reporting may indicate increased transparency and declining corruption. The main powerbrokers influencing ALP personnel continue to be parliamentarians, provincial councils, provincial governors, and district and provincial chiefs of police.²¹⁶

AFGHAN NATIONAL ARMY

As of September 30, 2017, the United States had obligated \$44.4 billion and disbursed \$43.3 billion of ASFF funds to build, train, equip, and sustain the ANA.²¹⁷

ANA Strength Declines

This quarter, USFOR-A classified ANA authorized strength figures as well as the exact figures for assigned strength. Assigned strength figures reported here are therefore approximations. The questions SIGAR asked on ANA strength figures can be found in Appendix E of this report. SIGAR will report on ANA authorized strength figures in its classified annex.

As of August 28, 2017, the overall assigned strength of the ANA, including the AAF but not including civilians, was roughly 170,000 personnel.²¹⁸ ANA strength (including the AAF but not civilians) decreased by more than 4,000 personnel since last quarter, reversing the positive trends in force strength earlier in 2017.²¹⁹ Despite this decline, ANA and AAF overall strength still saw a roughly 750-person increase from the same period last year. The ANA had about 77,000 enlisted personnel, 60,000 noncommissioned officers, and 33,000 officers. The largest increase in personnel since last quarter occurred in the officer ranks (about 150 more officers), and the biggest decrease among enlisted ranks (about 3,300 fewer soldiers).²²⁰

There were about 4,200 civilian personnel in the ANA and 250 in the AAF this quarter. This is a roughly 1,300-person decrease in ANA civilians and a 150-person decrease in AAF civilians since last quarter. This brings the total ANA strength with AAF and civilians to roughly 174,450, as shown in Table 3.6 on page 122.²²¹

According to USFOR-A, possible ghost personnel are not subtracted from these strength figures because ghosts are estimated using the AHRIMS (personnel management) and APPS (payment) systems, both still undergoing improvements, while a different reporting system currently calculates manpower.²²² This quarter, there were approximately 10,000 unaccounted-for MOD personnel.²²³ For more information on AHRIMS, APPS, and ghost personnel, please see pages 121–124.

ANA Attrition

This quarter USFOR-A classified ANA attrition data. The questions SIGAR asked about ANA attrition can be found in Appendix E of this report. SIGAR will report on ANA attrition in the classified annex to this report.

ANA Sustainment

As of September 30, 2017, the United States had obligated \$21.1 billion and disbursed \$20.4 billion of ASFF for ANA sustainment.²²⁴

CSTC-A reported the total amount expended for all payroll and nonpayroll sustainment requirements in Afghan FY 1396 (2017) was \$400.3 million through August 21, 2017, a \$52.4 million increase compared to the same period last year.²²⁵ While the majority of sustainment funding goes toward ANA salaries and incentive payments, aside from these, the largest uses of sustainment funding were for equipment and supplies, mainly vehicle fuel, (\$22.6 million) and uniforms (\$3.4 million).²²⁶

ANA Salaries and Incentives

Of the total amount spent on ANA sustainment in Afghan FY 1396 through August 21, 2017, \$145.4 million was spent on salaries and \$220.6 million on incentive pay for ANA officers, noncommissioned officers and soldiers, civilians, and contractors.²²⁷ Funding for ANA salaries increased by \$24.5 million since this period last year, while incentive pay increased by about \$51.9 million.²²⁸

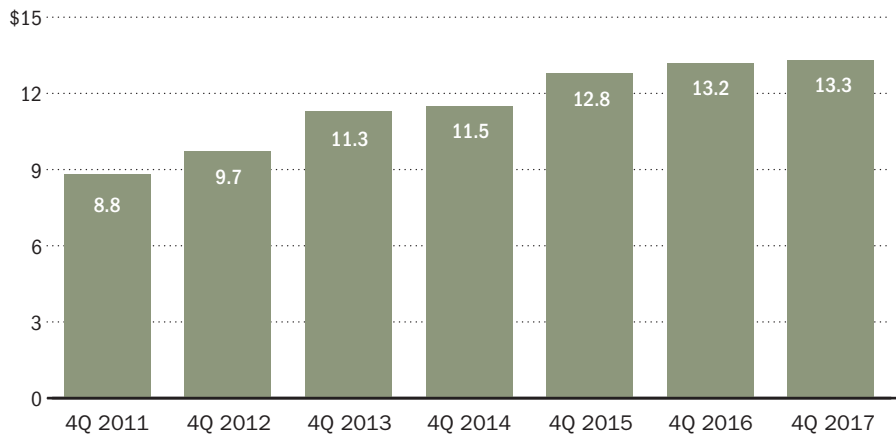
CSTC-A reported that the funding required for ANA base salaries, bonuses, and incentives for this year and the next three years will average \$610.2 million annually, a decrease from last quarter's estimate of \$627.1 million, but a considerable increase from last year's estimate of \$545.8 million annually through 2021.²²⁹ DOD previously noted that the increase in cost was mainly due to the transfer of 40,000 ANP personnel to the ANA as part of the ANDSF Road Map plan to move certain paramilitary police elements (Afghan Border Police and Afghan National Civil Order Police) from MOI to MOD authority.²³⁰ DOD also stated that forecasted salary and incentives figures are for planning purposes only and are not definitive indicators of future DOD support, which will depend on Afghan progress toward reconciliation, reducing corruption, security conditions, and other factors.²³¹

ANA Equipment and Transportation

As of September 30, 2017, the United States had obligated and disbursed \$13.3 billion of ASFF for ANA equipment and transportation, as shown in Figure 3.29 on the following page.²³²

FIGURE 3.29

ANA EQUIPMENT AND TRANSPORTATION FUNDS OBLIGATED (\$ BILLIONS)



Source: DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (draft), 10/18/2017; 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 September 2015," 10/19/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2014," 10/16/2014; DOD, response to SIGAR data call, 10/9/2013; DOD, response to SIGAR data call, 10/18/2012; DOD, response to SIGAR data call, 10/17/2011.

ANA Equipment Operational Readiness

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

Core Information Management System

The Core Information Management System (CoreIMS) is part of the solution to address capability gaps in the Afghan logistical supply chain to ensure that the ANDSF are properly equipped. Since 2012, efforts have been under way to develop and implement an automated system within both MOD and MOI to replace a paper-based process in order to better monitor Afghan- and U.S.-purchased ANDSF equipment and supplies.²³³

CoreIMS is an inventory-management system that electronically tracks basic items like vehicles, weapons, night-vision devices, and repair parts. The system helps allocate materiel and analyze its usage to predict future item and budget requirements while reducing opportunities for fraud.²³⁴ The goal for the system is to improve Afghan sustainment processes by providing managers and decision makers with a real-time status of assets.²³⁵ To do this, CSTC-A has integrated CoreIMS with the Security Cooperation Information Portal (SCIP)—a U.S. database of the sale and provision of U.S. military

materials, services, and training to foreign countries and international organizations—to save time and resources of ANDSF procurement personnel, decrease human error, and significantly improve order and asset visibility.²³⁶

As of March 1, 2017, the web-based CoreIMS became available and fully functional at MOD and MOI national logistic locations, forward supply depots, and regional supply logistic centers.²³⁷ According to CSTC-A, the remaining challenge with CoreIMS is that once materiel is distributed below the regional level to the local forward supply depots or units, CoreIMS loses visibility. CSTC-A notes that plans are under way to integrate CoreIMS down to the brigade level (ANA) and the provincial-headquarters level (ANP) in the next four years. This will also include the ALP, which are supported through the MOI's supply chain.²³⁸ CSTC-A continues to provide advanced CoreIMS training for Afghan logistic specialists to train, mentor, and assist other ANA and ANP personnel in logistics operations and CoreIMS functionality.²³⁹

This quarter, CSTC-A reported that a maintenance module is currently being tested for CoreIMS, with its rollout planned for February 2018. The main goal of the module is to better facilitate accurate equipment-readiness and maintenance reporting by utilizing the digital records for equipment in CoreIMS. The module will begin with vehicle maintenance, and once the ANA's mentoring on its use for vehicles is complete, CSTC-A anticipates the expansion of the module to other fleets of equipment.²⁴⁰

ANA Infrastructure

The United States had obligated \$6.1 billion and disbursed \$5.9 billion of ASFF for ANA infrastructure projects as of September 30, 2017.²⁴¹ As with last quarter, ANA sustainment costs for FY 2017, covering all ANA facility and generator requirements, are roughly \$74.2 million, \$17.5 million of which is funded through the NATO ANA Trust Fund, while the remaining \$56.7 million is U.S. funded through the ASFF.²⁴²

According to CSTC-A, as of August 28, 2017, the United States has completed 417 infrastructure projects in Afghanistan valued at \$5.3 billion, an increase of nine projects completed since last quarter, with another 34 ongoing projects valued at \$166.3 million.²⁴³

The largest ongoing ANA infrastructure projects are the same as last quarter: the second phase of the Marshal Fahim National Defense University in Kabul (costing an estimated \$73.5 million, a nearly \$1 million cost increase since last quarter) to be completed in December 2017, a Northern Electrical Interconnect (NEI) substation project in Balkh Province (\$27.7 million), slated for completion in October 2019, and an NEI substation in Kunduz (\$9.5 million), due to be completed in February 2019.²⁴⁴

Nine ANA infrastructure contracts with a total value of \$12.5 million were awarded this quarter. The largest of these include: infrastructure

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

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

security improvements for MOD headquarters (\$5.8 million), the initial operating capacity infrastructure (includes utilities, barracks, dining facility, and other essential infrastructure) for Camp Pratt in Mazar-e Sharif (\$3.3 million), and a bakery and medical warehouse at Kabul National Military Hospital (\$699,151).²⁴⁵

An additional 45 infrastructure projects valued at \$265.8 million are being considered including: five Kabul National Military Hospital projects (\$66.8 million), four Afghan Electrical Interconnect projects (\$71.5 million), nine ANASOC projects (\$68.9 million), and four AAF projects (\$10.5 million). The remaining 23 projects, valued at around \$48.1 million, comprise other ANA infrastructure and sustainment projects supporting the new MOD headquarters, the **Women's Participation Program**, and other security facilities.²⁴⁶

This quarter, CSTC-A reported a significant increase in projects to develop facilities for female personnel in the ANA and ANP as part of the Women's Participation Program (WPP). One project was completed this quarter, and there were 18 ongoing WPP projects, an increase of 16 projects since last quarter. In August, the compound at the ANA's regional training center in Jalalabad (costing roughly \$7.8 million), was completed. It includes a barracks, laundry, training facility, day care, playground, and gym. The largest project in development is a women's compound with similar facilities for phase two of Kabul Police Academy (\$6.5 million) with an estimated completion date of June 2019.²⁴⁷

CSTC-A reported several updates this quarter on infrastructure-related train, advise, and assist activities. CSTC-A has multiple advisors responsible for mentoring the Construction and Property Management Department (CPMD), which supervises and provides engineering and facility maintenance for MOD. CPMD and CSTC-A advisors also train and advise ANA facility engineers (FE) and facility-sustainment staff to increase their capacity to operate, maintain, and sustain the ANA's infrastructure.²⁴⁸ This quarter, advisors provided significant training and mentorship to the CPMD leadership and FEs during three to four advising engagements per week focused on operations and maintenance, sustainment, and construction program-management issues.²⁴⁹

CSTC-A is executing a facility-maintenance training program, under the National Operations and Maintenance Contract, to train FEs and other personnel in the trades and skills needed to operate and maintain power plants, HVAC systems, water-treatment plants, and waste-water treatment plants, as well as to perform quality control and quality assurance over their work. Training courses are offered for MOD and MOI personnel at their respective headquarters. In the past three months, this program trained 304 ANSDF facility personnel.²⁵⁰

According to CSTC-A, following several years of investment from Germany and other Coalition partners, the ANA Engineer School at Camp

Shaheen in Mazar-e Sharif has become a “stable feature” of the ANA’s training institutions. The goal is for the ANDSF to eventually sustain an infrastructure portfolio worth over \$10 billion. The school conducts several basic and high-level engineer courses regularly, which include training in IED detection and defeat, combat engineer, and other technical specialties. CSTC-A has mentored ANA engineer instructors to teach some of these courses to both MOD and MOI facility-sustainment staff.²⁵¹

ANA and MOD Training and Operations

As of September 30, 2017, the United States had obligated and disbursed \$3.9 billion of ASFF for ANA, AAF, and MOD training and operations.²⁵²

According to CSTC-A, ASFF training funds are used to send ANA and AAF students to vocational training and professional military education opportunities abroad, including aviation training, special forces training, basic officer-leadership courses, captain’s career courses, war-college programs, seminars, and conferences. The funds are also used to contract advisors and mentors for the ANDSF to advise, train, and mentor them in undertaking essential functions.²⁵³

As of August 28, 2017, CSTC-A reported 11 ongoing U.S.-funded training programs for the ANA and AAF. The largest of these are multiyear contracts that include a \$41.9 million project for out-of-country training for AAF pilots, a \$37.3 million project to train the ASSF, and a \$14.7 million counter-IED training program for the ANA.²⁵⁴

This quarter, SIGAR received updated information about the basic training process for ANA personnel. According to USFOR-A, the current basic training program, called Basic Warrior Training (BWT), is nine weeks long, comprising eight courses that total 251 hours of scheduled training. This model has been approved by the MOD as the standard for training all recruits, and it is currently implemented at both the Kabul Military Training Center (KMTC) and the Regional Maneuver Training Centers (RMTC) elsewhere in Afghanistan. USFOR-A noted that ANA senior leaders are currently weighing the benefits of increasing the BWT to 12 weeks, a move that the Chief of General Staff and some ANA leaders support. USFOR-A does not know the type or quantity of equipment provided to new recruits and soldiers for the BWT at either the KMTC or the RMTCS.²⁵⁵

DOD officials consistently stress the importance of adequate training for the ANDSF, but USFOR-A reports wide variation in Coalition advisors present to oversee and assist in the training of Afghan officers, noncommissioned officers, or soldiers at the 18 Afghan training institutions.²⁵⁶ Advisor presence has increased since June, but of the 18 schools and academies (including basic training centers), only seven currently have persistent advisor presence. CSTC-A said advisor presence in these institutions has resulted in improved resources, curricula, instructors, and facility repairs. However, advisors still noted the difficulty of applying



Afghan President Ashraf Ghani inaugurates the addition of U.S.-provided UH-60 Black Hawk helicopters to the Afghan Air Force fleet. (USAF photo by Staff Sgt. Benjamin Gonsier)

standardized performance requirements to trainees at the schools, and the absence of adequate mechanisms to determine and ensure the quality of the training instructors.²⁵⁷

Afghan Air Force

This quarter, USFOR-A classified AAF authorized strength figures as well as the exact figures for assigned strength. Assigned-strength figures reported are therefore approximations. The questions SIGAR asked on strength figures can be found in Appendix E of this report. SIGAR will report on AAF authorized strength figures in its classified annex.

As of August 28, 2017, there were more than 8,000 personnel in the AAF, a roughly 100-person increase since last quarter. In addition, the AAF has approximately 250 civilian personnel.²⁵⁸

The AAF saw key developments this quarter on the path to expanded capabilities as part of the ANDSF Road Map and the Kabul Compact. On September 18, the AAF received its first shipment of two U.S.-made UH-60 Black Hawk helicopters, an important part of the seven-year Afghan Aviation Transition Plan (AATP) to replace the AAF's aging, Russian-made Mi-17 fleet.²⁵⁹ SIGAR's Inspector General John Sopko and other senior leaders traveled to Kandahar Airfield for the ceremony inaugurating the new airframe into the AAF's inventory. Additionally, U.S. Joint Chiefs of Staff Chairman Dunford noted in October the importance of the expanded U.S. advisory effort to lower levels of the AAF so that it can be more effective in integrating crucial air support for ANA operations.²⁶⁰

There was no change this quarter in the funding data for the AAF. As of August 23, 2017, the United States has appropriated approximately



The first UH-60 helicopter provided to the Afghan Air Force is offloaded at Kandahar Airfield, Afghanistan. (USAF photo by Staff Sgt. Trevor T. McBride)

\$5.2 billion to support and develop the AAF since FY 2010, with roughly \$1.5 billion requested in FY 2017. Of the total amount since 2010, roughly \$2.5 billion was obligated for the Special Mission Wing, the special-operations branch of the AAF.²⁶¹ CSTC-A noted that the FY 2017 figure includes DOD's November 2016 request to Congress for \$814.5 million to fund the AATP.²⁶²

Since FY 2010, nearly \$3.4 billion has been obligated for the AAF, with roughly \$252 million of FY 2017 funds obligated as of May 18, 2017.²⁶³ The majority of the funding obligated since FY 2010 has been designated for sustainment items, which account for 48.9% of obligated funds, followed by equipment and aircraft at 31.5%, a percentage that will increase as funding for the AATP continues to be obligated.²⁶⁴

The AAF's current inventory of aircraft includes:²⁶⁵

- 4 Mi-35 helicopters
- 46 Mi-17 helicopters (19 unavailable)
- 25 MD-530 helicopters (one unavailable)
- 24 C-208 utility airplanes
- 4 C-130 transport airplanes (two unavailable)
- 19 A-29 light attack airplanes
- 2 UH-60 utility helicopters (added in September 2017)²⁶⁶

As of August 31, 2017, six of the 19 unavailable Mi-17s are in overhaul, four are in heavy repair, three are awaiting extraction and assessment, and six have expired, meaning they will be reused once they are overhauled. One unavailable MD-530 is damaged due to a hard landing during a training mission and two unavailable C-130s are going through routine depot-level

maintenance.²⁶⁷ Of the 19 A-29 aircraft, 12 are currently in Afghanistan and seven are at Moody Air Force Base in the United States supporting AAF pilot training, weapons operational testing, and cockpit upgrades. When the A-29 training program at Moody concludes, the remaining U.S.-based A-29s will be moved to Afghanistan.²⁶⁸

As part of the AATP, the AAF is scheduled to receive an additional 12 Afghan-owned UH-60s in FY 2018, with deliveries of two per month beginning from January 2018 through June 2018. The AAF is also scheduled to receive 10 additional MD-530 helicopters in July 2018, with deliveries of five additional aircraft per quarter beginning the third quarter of FY 2018.²⁶⁹ Over the next several years, the AAF will continue to receive a significant number of new or refurbished airframes to grow its inventory. USFOR-A provided a snapshot of the expected end state of the AAF's aircraft inventory by the end of FY 2023, which will include: 61 UH-60s, 58 Fixed Forward Firing UH-60s, 55 MD-530s, 24 C-208s, four C-130s, 25 A-29s, and 32 AC-208s.²⁷⁰

AAF Operational Readiness

The AAF saw some decline in operational readiness over the reporting period with two of five airframes (C-208 and A-29) falling short of operational readiness goals and two of five airframes significantly exceeding their recommended flight hours (C-130 and Mi-17).²⁷¹

This quarter, USFOR-A indicated that a change was made to AAF operational reporting as of June 2017. The number of sorties (defined as one takeoff and one landing) is no longer being used for reporting, but rather the number of "missions" (a single operation, which may include multiple sorties) is now being used. According to USFOR-A, the AAF flew 2,448 missions from May 1 through July 31, 2017 at an average of 816 per month, with the most missions (1,031) flown in May 2017. Unlike previous quarters, the C-208 airframe flew the greatest number of missions (695), followed closely by the Mi-17 (667).²⁷² However, the Mi-17 continued to fly the most hours of any airframe, an average of 986 hours per month this reporting period, followed by the MD-530 at 767 average hours. This was a considerable increase compared to the Mi-17's 786-hour average and the MD-530's 614-hour average reported last quarter.²⁷³ All AAF airframes flew roughly 1.5 times more hours per month on average than last quarter.²⁷⁴

Personnel Capability

USFOR-A provided the following information on how many fully mission-qualified, or certified mission-ready (CMR) crew members the AAF has for each of its airframes. For more information about the specific training involved for crew members attaining CMR status, please see SIGAR's April 2017 *Quarterly Report to the United States Congress*.²⁷⁵ According to USFOR-A, this quarter:²⁷⁶

- **C-130:** 12 total pilots, including five mission pilots, three instructor pilots, and four copilots, five flight engineers, and nine loadmasters (down one from last quarter) are CMR.
- **C-208:** 33 total pilots, including 14 mission pilots, 10 instructor pilots, and 9 co-pilots are CMR (down nine from last quarter).
- **A-29:** 12 total pilots, including eight mission pilots (two of which are instructor pilots) and four wingmen, are CMR (up one from last quarter).
- **MD-530:** 59 total pilots, including 47 mission pilots (up 12 from last quarter) and seven instructor pilots, are CMR. The five remaining personnel are not yet CMR.
- **Mi-17:** 82 total pilots, including 32 aircraft commanders, 39 co-pilots, and 11 instructor pilots, 27 flight engineers, and 53 gunners are CMR (same as last quarter).
- **Mi-35:** 10 pilots are CMR (same as last quarter).

The Special Mission Wing

The Special Mission Wing is the aviation branch of the MOD's Afghan Special Security Forces (ASSF) that provides aviation support to Afghanistan's counternarcotics, counterterrorism, and special operations forces. According to DOD, the SMW is the only ANDSF force with night-vision, rotary-wing air assault, and fixed-wing intelligence, surveillance and reconnaissance capabilities. The SMW's four squadrons include two in Kabul, one at Kandahar Airfield, and one at Mazar-e Sharif Airfield, and provide the ASSF with operational reach across Afghanistan.²⁷⁷

As of June 2017, the SMW had 788 personnel—87% of its authorized strength, slightly lower than Afghanistan's other force elements. DOD notes that because the SMW's recruiting standards are higher than those of the AAF and other ANDSF elements, the SMW struggles to find qualified personnel for pilot and maintenance positions.²⁷⁸

The two main funding sources for the SMW are the ASFF and the DOD Counternarcotics (DOD-CN) fund.²⁷⁹ According to NSOCC-A, from FY 2010 to August 22, 2017, approximately \$2.2 billion has been obligated for the SMW from both funds, a roughly \$71 million decrease since last quarter. However, NSOCC-A reported that it is requesting \$305.5 million for the SMW for FY 2018, over \$100 million more than the funds obligated for FY 2017. The vast majority of the funding obligated since FY 2010 has been designated for equipment and aircraft (46%) and sustainment items (45.6%) with the rest going toward training and infrastructure costs.²⁸⁰ According to NSOCC-A, of the \$200.7 million obligated for the SMW from the ASSF and DOD-CN funds for FY 2017, about \$184.5 million has already been spent.²⁸¹

This quarter, NSOCC-A reported that the SMW successfully conducted an increased number of counternarcotics and counterterror missions for the

ASSF and the ANA as part of the summer 2017 campaign. Some of the missions in support of the ANA drew enemy fire that damaged some aircraft.²⁸²

NSOCC-A said SMW leadership has placed more focus on recruitment efforts in recent months ahead of the ASSF expansion and increased SMW requirements. Leadership has also improved efforts to train lower enlisted and junior ranking officers, partly by ensuring all available soldiers attend literacy training, and by mandating that junior officers gain English-language proficiency through English-as-a-second-language courses.²⁸³

SIGAR will report additional details of the SMW budget, inventory, and capabilities in the classified annex to this report.

AFGHAN NATIONAL POLICE

As of September 30, 2017, the United States had obligated \$20.6 billion and disbursed \$20.1 billion of ASFF funds to build, train, equip, and sustain the ANP.²⁸⁴

ANP Strength Declines

This quarter, USFOR-A classified ANP authorized strength and the exact figures for assigned strength. Assigned strength figures reported here are therefor approximations. The questions SIGAR asked about authorized and assigned ANP strength can be found in Appendix E of this report. SIGAR will report on ANP authorized and assigned strength in its classified annex.

As of August 28, 2017, USFOR-A reported that the assigned strength of the ANP, including the Afghan Uniform Police (AUP), Afghan Border Police (ABP), Afghan National Civil Order Police (ANCOP), and MOI Headquarters and institutional support (MOI HQ & IS), was approximately 150,000.²⁸⁵ ANP strength decreased by about 4,800 personnel since last quarter, the majority of whom were trainees, according to USFOR-A.²⁸⁶ See Table 3.6 on page 122 for historical ANP strength data.

Patrolmen continue to represent the largest component of the ANP this quarter with roughly 71,000 personnel; noncommissioned officers numbered about 50,000, while officer ranks stood at roughly 30,000. Compared to last quarter, the largest increase in personnel occurred within the patrolmen ranks (nearly 100 new personnel) and largest decrease was within the noncommissioned officer ranks (about 750 fewer officers).²⁸⁷

ANP Attrition

This quarter USFOR-A classified ANP attrition data. The questions SIGAR asked about ANP attrition can be found in Appendix E of this report. SIGAR will report on ANP attrition in the classified annex to this report.

ANP Sustainment

As of September 30, 2017, the United States had obligated \$9.1 billion and disbursed \$8.7 billion of ASFF for ANP sustainment.²⁸⁸

According to CSTC-A, as of August 21, 2017, the United States has spent \$513.2 million for ANP sustainment, including payroll and non-payroll expenditures, for Afghan fiscal year 1396 (2017). Of that amount, \$39.7 million was expended on ANP payroll as of August 28.²⁸⁹ The payroll funds included \$20.8 million, contributed by the United States on-budget (through ASFF) to LOTFA to pay for ANP salaries.²⁹⁰

In addition to LOTFA, CSTC-A has provided ASFF funds for ALP salaries (\$17.6 million) and incentives (\$7 million) since the beginning of Afghan fiscal year 1396 in December 2016. The total estimated ALP salary and incentive costs are \$73.8 million per year for the next two years, including the U.S. contribution to LOTFA.²⁹¹

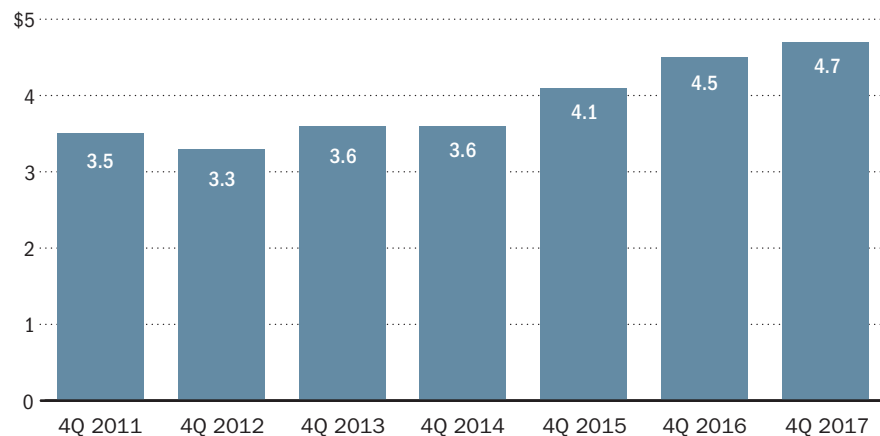
CSTC-A reported that aside from payroll expenses, the majority of ASFF ANP sustainment funding for Afghan FY 1396, the greatest expenditures for the funds have been for fuel (\$9.8 million) and electricity (\$5.1 million).²⁹²

ANP Equipment and Transportation

As of September 30, 2017, the United States had obligated and disbursed \$4.7 billion of ASFF for ANP equipment and transportation, as shown in Figure 3.30.²⁹³

FIGURE 3.30

ANP EQUIPMENT AND TRANSPORTATION FUNDS OBLIGATED (\$ BILLIONS)



Source: DFAS, AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (draft), 10/18/2017; 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 September 2015," 10/19/2015; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2014," 10/16/2014; DOD, response to SIGAR data call, 10/9/2013; DOD, response to SIGAR data call, 10/18/2012; DOD, response to SIGAR data call, 10/17/2011.



U.S. Marine advisors train ANP personnel to reassemble M16A2 assault rifles in Helmand Province. (U.S. Marine Corps photo by Sgt. Justin Updegraff)

CSTC-A reported the major equipment provided to the ANP from April 1 through June 30, 2017. During that period, the ANP received 3,000 M16A4 rifles, the U.S. Marines' standard-issue assault rifle, and 93 expanded-capacity armament and personnel-carrier Humvees.²⁹⁴

Equipment Operational Readiness

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

ANP Infrastructure

As of September 30, 2017, the United States had obligated \$3.2 billion and disbursed \$3.1 billion of ASFF for ANP infrastructure.²⁹⁵

According to CSTC-A, as of August 28, 2017, the United States had completed a total of 745 infrastructure projects in Afghanistan valued at \$3.6 billion. This quarter, CSTC-A reported 20 ongoing projects valued at roughly \$64.3 million.²⁹⁶ Thirteen infrastructure projects in the planning phase will cost nearly \$112 million; the majority are WPP and ASSF projects.²⁹⁷

The largest ongoing ANP infrastructure project this quarter continues to be the installation of an IT server at the MOI Headquarters Network Operations Center in Kabul, which is estimated to be completed in January 2018. The cost of this project is \$43.5 million, a nearly \$10 million cost

increase since last quarter. This is followed by two WPP projects: compounds for women at the Kabul Police Academy (\$6.7 million) and the Police Central Training Command in Kabul (\$6.5 million), both of which are slated for completion in June 2019.²⁹⁸

CSTC-A reported that several other WPP projects are under way. The largest ongoing project is a women's compound including a gym, dining facility and conference center at Marshal Fahim National Defense University in Kabul (\$4.4 million). The largest project being considered is a women's barracks at the Pohantoon-e-Hawayee AAF training academy in Kabul (\$2 million).²⁹⁹

Three ANP infrastructure contracts with a total value of \$2.9 million were awarded this quarter. These include: the construction of ANP checkpoints at Bagram Airfield (\$1 million), culvert and storm-water management system repairs at the Joint Readiness Afghan National Defense Center in Kandahar (\$1 million), and renovations to GCPSU training facilities in Logar Province (\$562,289).³⁰⁰ CSTC-A projects that the U.S. government would need to spend approximately \$48.1 million toward future ANP infrastructure costs to cover ANP facility and generator sustainment requirements. This figure includes the \$42.3 million in ASFF provided to the Afghan government to spend on ANP sustainment costs. This projection may change with development of U.S. contracts for facility maintenance and the expansion of the Afghan power grid with the transition of ANP bases to commercial power. There is also a projected requirement for \$8.1 million in funding to support the expansion the ASSF.³⁰¹

CSTC-A provided an update on its infrastructure-related training and advisory role with MOI's Facilities Department (FD) engineers. This quarter, CSTC-A advisors held at least two formal meetings per week to advise on solutions for all aspects of facility engineering and program management including regional- and national-level budget planning, contract reviews, project planning and development, and facility-repair task orders. CSTC-A augmented these efforts with a U.S. Army Corps of Engineers generator-overhaul contract to rapidly provide maintenance to critical, large ANP generators, repairing one MOI generator this quarter.³⁰²

CSTC-A has contracted Afghan subject-matter experts (SMEs) with technical skills matched to requirements, to assist MOI FD in meeting daily operation requirements, train MOI facility engineers, and complete other technical tasks. As of August 28, 2017, there are currently 18 SME engineers working at MOI FD, with one working at CSTC-A as a WPP manager. CSTC-A reported that 60 of 72 authorized SMEs have been hired for use throughout Afghanistan (the 19 aforementioned included). Of the 60, 42 are located within the provinces, six are at the pillars (ABP, ANCOF, etc.) and the remaining 12 are at MOI headquarters. CSTC-A CJ-ENG expects all positions to be filled by December 31, 2017.³⁰³

ANP Training and Operations

As of September 30, 2017, the United States had obligated \$3.7 billion and disbursed \$3.5 billion of ASFF for ANP and MOI training and operations.³⁰⁴

According to CSTC-A, ASFF training funds for the ANP are used for professional military education, travel, living allowances, and medical expenses for MOI, ANP, and GCPSU personnel to attend law-enforcement and military training in the United States. Some training courses include Command and General Staff College, Sergeant Major Academy, and the Captain's Career Course. The goal of the U.S.-based military training is to increase technical skills and to enhance knowledge and leadership at all levels. CSTC-A says that the program allows the U.S. military to have a lasting influence on ANP development.³⁰⁵

Additionally, CSTC-A uses ASFF funding to recruit and hire Afghan logistics specialists who train, advise, and assist the ANP in a wide array of ANDSF logistic skills, including English translation, computer skills, equipment accountability and tracking, inventory management and warehousing, modern business skills, and other logistic functions. ASFF is also used to contract advisors and mentors who advise, train, and mentor the ANP to increase their overall capabilities in essential functions such as finance, internal controls, governance, force generation, training and sustainment of the force, logistics, sustainment, planning, executing security operations, and intelligence.³⁰⁶

As of August 31, 2017, roughly 5,000 ANP personnel were untrained, about 4% of the force. While this is more than a one-point increase in untrained ANP personnel since last quarter, the ANP is still maintaining better training readiness than the 5% untrained-personnel threshold mandated by the MOI's *Bilateral Financial Commitment Letter*.³⁰⁷

The MOI's largest ongoing training ASFF-funded contracts include an \$18.3 million contract to train ANP personnel, an \$11 million contract for training MOI advisors and mentors, and a \$4.5 million contract to provide counter-improvised-explosive-device and explosive-ordnance-disposal training. An additional \$1.1 million of ASFF funds is allocated for ANP professional military education, which includes training ANP personnel in the United States and abroad.³⁰⁸

WOMEN COMPRISE 1.4% OF ANDSF PERSONNEL

This quarter, USFOR-A classified the exact figures for assigned strength of female personnel in the ANDSF. Assigned-strength figures reported here will therefore be approximations. The questions SIGAR asked about women in the ANDSF can be found in Appendix E of this report. SIGAR will report on the exact assigned strength of female personnel in its classified annex.

According to the RS Gender Affairs Office, as of August 28, 2017, there were roughly 4,500 women serving in the ANDSF, an increase of nearly



ANP policewomen participate in the opening ceremony of a newly completed Women Participation Program Compound in Kabul. (USACE photo)

300 personnel since last quarter. The ANP continued to have the highest percentage of female personnel, at roughly 2% of its entire force strength. The percentage of female personnel in the ANDSF rose slightly from last quarter's 1.3% to 1.4% this quarter.³⁰⁹

Of the total female personnel in the ANDSF, around 3,200 were in the ANP, 1,200 were in the ANA, 120 were in the ASSF, and about 100 were in the AAF. Of the women in the ANP, ANA, ASSF, and AAF, there were roughly 1,500 officers, 1,700 noncommissioned officers, 1,300 enlisted personnel, and 120 cadets. The largest increase in female personnel occurred within the ANP, which added about 260 personnel this quarter. The ASSF saw the greatest decrease in female personnel, losing around 20 since last quarter.³¹⁰

RS noted this quarter that female attrition in the ANDSF is an ongoing concern. According to RS, overall perceptions of a security deterioration and concern over the safety of women serving in the security sector are the main factors driving attrition. Efforts to reduce female attrition include construction of secure women's facilities across the ANDSF, the payment of incentives for female servicemembers, and continued RS advising on the implementation of the newly developed sexual harassment and assault policy.³¹¹

ANDSF MEDICAL AND HEALTH CARE

This quarter, USFOR-A classified the exact figures for assigned strength of medical personnel in the ANDSF. Assigned-strength figures reported here will therefore be approximations. The questions SIGAR asked about

ANDSF medical personnel can be found in Appendix E of this report. SIGAR will report on the exact assigned strength of medical personnel in its classified annex.

As of August 21, 2017, there were around 1,000 physicians (a roughly 60-person increase from last quarter) and about 3,000 other staff (a roughly 30-person increase) within the ANDSF healthcare system. Many positions remain vacant, including about 250 physician positions and nearly 450 other medical positions, according to CSTC-A.³¹²

The U.S. government did not field any new medical equipment for ANDSF this quarter. The first deliveries of equipment are expected in late October 2017. CTSC-A projects that it will spend \$23.5 million for medical equipment procurements in 2017.³¹³

This quarter, the MOI Office of the Surgeon General (OTSG), the ANA Medical Command (MEDCOM) Commander and the ANA Deputy Minister of Defense for Health Affairs signed the Combat Casualty and Disease Non-Battle Injury Committee Charter. According to RS, this charter sets the course for ANDSF medical leaders to better collaborate and make data-backed decisions to enhance ANDSF medical support for force preservation.³¹⁴

For the first time in over two years, the Surgeon General assessed that MOI has sufficient medical supplies to fully support both routine and contingency operations.³¹⁵ Additionally, according to CSTC-A, the ANA has capable surgeons and medical doctors, but they are concentrated in Kabul, and it is difficult to retain physicians in remote or insecure regions. MEDCOM has had to send physicians from Kabul on temporary-duty assignments to other regions. Presently, seven doctors and medical staff are sent from Kabul to Helmand and six to Kunduz on a monthly basis.³¹⁶ ANA regional hospitals have reportedly demonstrated the ability to effectively triage and treat mass casualties, and have adequate standards of surgical care, however post-operative care is less than optimal. Inadequate hygiene standards remain a concern throughout the ANA medical community.³¹⁷

CSTC-A reports that MEDCOM's biggest challenge continues to be managing medical commodities.³¹⁸ MEDCOM is to implement a new medical-pharmaceutical reporting process to improve the medical-supply logistics process and retention of related information.³¹⁹ Revised logistics rules will transition the logistics process from a "push" system to a demand-based "pull" system to prevent waste and mismanagement.³²⁰

TAAC-Air focused on improving its medical-evacuation (MEDEVAC) capability in June 2017 following reports of casualties in the field that could not be evacuated by ground transport due to insurgent activity, resulting in preventable deaths.³²¹ The ANDSF MEDEVAC system transported an increased number of casualties compared to the previous quarter, however, transport is still limited to stable patients only, and there are no AAF



U.S. Army Engineers inspect a recently constructed American MEDEVAC facility at Bagram Airfield. (DOD photo by Jet Fabara)

aircraft dedicated specifically for MEDEVAC.³²² There are currently 114 MEDEVAC-trained personnel, with an additional 16 expected to begin training in November once the increase in strength is approved. All of the current flight medics are capable of carrying out routine MEDEVACs on C-130, C-208, and Mi-17 aircraft without daily advising, although TAAC-Air advisors still occasionally fly with them to observe. USFOR-A clarified in vetting that the ANDSF are responsible for their own MEDEVAC on Afghan missions and that U.S. MEDEVAC support is only provided to urgent patients on joint U.S.-Afghan missions.³²³

As scheduled, the first two units of the AAF's new UH-60 Black Hawk helicopters were delivered to Kandahar Airfield on September 18, 2017.³²⁴ CSTC-A reported that nonmedical AAF crews will undergo a Combat Lifesaver Course and that the UH-60s will be equipped with combat lifesaver kits to enable them to perform casualty evacuation (CASEVAC) missions even if medical personnel are not available to perform en route MEDEVAC care. There is currently no plan to dedicate any of the UH-60s solely to a MEDEVAC role. Instead, the intention is to have a multi-role fleet with the ability to switch quickly between non-medical and MEDEVAC/CASEVAC roles.³²⁵

REMOVING UNEXPLODED ORDNANCE

The Department of State's (State) Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (PM/WRA) manages the

SECURITY

TABLE 3.7

CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, FISCAL YEARS 2010–2017						
Fiscal Year	Minefields Cleared (m²)	AT/AP Destroyed	UXO Destroyed	SAA Destroyed	Fragments Cleared	Estimated Contaminated Area Remaining (m²)*
2010	39,337,557	13,879	663,162	1,602,267	4,339,235	650,662,000
2011	31,644,360	10,504	345,029	2,393,725	21,966,347	602,000,000
2012	46,783,527	11,830	344,363	1,058,760	22,912,702	550,000,000
2013	25,059,918	6,431	203,024	275,697	10,148,683	521,000,000
2014	22,071,212	12,397	287,331	346,484	9,415,712	511,600,000
2015	12,101,386	2,134	33,078	88,798	4,062,478	570,800,000
2016	27,856,346	6,493	6,289	91,563	9,616,485	607,600,000
2017**	24,787,163	3,648	26,580	78,555	1,158,886	583,600,000
TOTAL	229,641,469	67,316	1,908,856	5,935,849	83,620,528	583,600,000

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition.

Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m²) to an acre.

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

**Results through 6/30/2017.

Source: PM/WRA, response to SIGAR data call, 9/21/2017.

conventional-weapons destruction program in Afghanistan. Since FY 2002, State has provided \$350 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan. PM/WRA has funding which must be obligated within two fiscal years before it expires (and is no longer available). PM/WRA has obligated approximately \$20 million of FY 2016 funds and \$1.6 million in FY 2017 funds, representing no change from last quarter.³²⁶

State directly funds six Afghan nongovernmental organizations (NGOs), three international NGOs, and one U.S. government contractor. These funds enable the clearing of areas contaminated by explosive remnants of war (ERW) and support clearing conventional weapons used by insurgents to construct roadside bombs and other improvised-explosive devices. As of June 30, 2017, State-funded implementing partners have cleared more than 229.6 square kilometers of land (approximately 88.7 square miles) and removed or destroyed approximately 7.9 million landmines and other ERW such as unexploded ordnance (UXO), abandoned ordnance (AO), stock-piled munitions, and homemade explosives since FY 2010 (see Table 3.7).³²⁷

The estimated total area of contaminated land continues to fluctuate as clearance activities reduce hazardous areas, while ongoing surveillance find new contaminated land. At the beginning of this quarter, there were 592 square kilometers (229 square miles) of contaminated minefields and battlefields. During the quarter, eight square kilometers (three square miles) were cleared, bringing the known contaminated area to 584 square kilometers (225.3 square miles) by the end of June 30, 2017. PM/WRA defines a

minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.³²⁸

USAID, in partnership with the United Nations Mine Action Service (UNMAS), provides services for victims and survivors of mines and ERW, as well as for civilians affected by conflict and persons with disabilities, through the \$19.6 million Afghan Civilian Assistance Program (ACAP) III. ACAP III aims to mitigate the short- and long-term impact of conflict on civilians by enhancing the government's capacity to better deliver services to the families of martyrs and disabled persons in Afghanistan. Program activities are expected to continue through February 2018.³²⁹

ACAP III quickly responded to the Kabul vehicle-borne suicide attack on May 31. Of the 150 fatalities and 400 injuries reported, ACAP distributed assistance to 486 families.³³⁰

According to the UN, nearly 16,290 security incidents took place between January and the end of August 2017, and over 5,500 between June 15 and August 31, 2017. Asymmetric attacks, such as detonations of improvised explosive devices, suicide attacks, assassinations, and abductions, remained the main cause of civilian casualties.³³¹ The United Nations urged all parties to begin clearing and marking all ERW in areas under their control. To mitigate civilian casualties from ERW, the Afghan government ratified Protocol V of the international Convention on Certain Conventional Weapons in February 2016.³³² According to UNMAS, 20 Afghan communities were declared mine-free between June 1 and July 31, 2017. The average monthly mine-incident rate of 182 victims from January to June 2017 represents an increase compared to the monthly average of 164 recorded over the same period in 2016.³³³

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GOVERNANCE

KEY ISSUES AND EVENTS

On August 21, President Donald Trump announced the Administration's strategy for Afghanistan and South Asia. President Trump said a "fundamental pillar of our new strategy is the integration of all instruments of American power—diplomatic, economic, and military—toward a successful outcome" in Afghanistan. He acknowledged that "nobody knows if or when" a political settlement with the Taliban might occur. Additionally, President Trump described a new approach to Pakistan, saying "we can no longer be silent about Pakistan's safe havens for terrorist organizations, the Taliban, and other groups that pose a threat to the region and beyond." President Trump also announced that the U.S. will further develop its strategic partnership with India. While President Trump said that "conditions on the ground—not arbitrary timetables—will guide our strategy from now on," he also called on the Afghan government to produce "real reforms, real progress, and real results," saying "our commitment is not unlimited, and our support is not a blank check."³³⁴

During testimony on October 3, the Chairman of the Joint Chiefs of Staff, General Joseph F. Dunford Jr., indicated that the DOD has intelligence showing that the Taliban faces a greater challenge in motivating their fighters following the U.S. move from a time-based to conditions-based strategy for Afghanistan. General Dunford acknowledged, however, that he does not know whether it is sufficient to prompt Taliban peace negotiations.³³⁵

Several emerging opposition movements confronted the Afghan government this quarter. According to the United Nations (UN) Secretary-General, a variety of Afghan political figures were increasingly vocal in their opposition to the national unity government and have been more active in mobilizing supporters following the announcement of 2018 parliamentary elections. These coalitions coalesced around criticism of the government and the deteriorating security and economic situation, as well as perceptions of a growing concentration of power within the presidential palace. The UN Secretary-General noted a marked rift in the relationship between President Ashraf Ghani and key members of the Jamiat-e Islami party. Jamiat-e Islami—one of the oldest and largest political parties in Afghanistan—backed one of its key members, current Chief Executive Abdullah Abdullah, when he was the runner-up in the 2014 presidential election.³³⁶

In late June, First Vice President Abdul Rashid Dostum, Balkh Province Governor Atta Noor, and Second Deputy Chief Executive Mohammad Mohaqiq announced the creation of a new political coalition (the “Council for the Salvation of Afghanistan”) and accused President Ghani of monopolizing power. According to the UN Secretary-General, this coalition is notable for the cooperation between the Jamiat and Junbish political parties that have had a long and occasionally violent rivalry. The coalition has mobilized its northern support base of Tajik, Uzbek, and Hazara communities while attempting to forge links with other opposition figures. In August, Balkh Governor Noor—who is also the chief executive of the Jamiat-e Islami party—led a rally in Mazar-e Sharif, which was attended by some 3,000 people. Other Jamiat-e Islami figures, such as Chief Executive Abdullah and Foreign Minister Salahuddin Rabbani, did not attend the rally. The UN Secretary-General observed the creation of other opposition coalitions this quarter, including one featuring a number of cabinet ministers from the former Karzai administration.³³⁷

On August 14, there was a shoot-out in Mazar-e Sharif between forces loyal to Balkh Governor Noor and armed Hezb-e Islami affiliates, who supported Asif Momand (a member of the Balkh provincial council reportedly suspended for excessive absence). Following the shoot-out, Momand was transferred to the custody of the National Directorate of Security, where he remained until his release on August 17. A few days before the incident, Momand had held a press conference in which he accused Governor Noor of embezzling tens of millions of dollars. A spokesman for the Attorney General’s Office (AGO) announced that President Ghani had ordered an investigation of Momand’s arrest. Relations also remained tense between President Ghani and the Junbish-e Milli party, whose leader, First Vice President Dostum, remains under indictment for the alleged arbitrary detention and sexual assault of a political rival in November 2016.³³⁸

In mid-September, Chief Executive Abdullah traveled to Mazar-e Sharif for a martyr’s celebration and met with Governor Noor for the first time in months since Noor claimed to have cut all ties with his fellow Jamiat-e Islami party member. Governor Noor met Chief Executive Abdullah at the airport in Balkh Province before the two held closed-door talks. Afterwards, Chief Executive Abdullah called the recently created Council for the Salvation of Afghanistan legal and suggested that the government and opposition hold talks. Governor Noor, meanwhile, claimed that a monopolization of political power is paving the way for “tyranny” in Afghanistan.³³⁹ President Ghani has rejected accusations that he is monopolizing power.³⁴⁰

Despite high-level political challenges, the UN Secretary-General reports President Ghani appears to have consolidated some of his authority within the National Unity Government. President Ghani and Chief Executive Abdullah—a Jamiat-e Islami member and President Ghani’s partner in the National Unity Government—reached a consensus on high-level

appointments, which had previously been a source of contention between the two leaders.³⁴¹

On October 5, the Afghan government, international community, and representatives from Afghanistan's civil society and private sector met to discuss progress and achievements in Afghanistan's reform agenda, and to reaffirm their partnership and commitment to Afghanistan's long-term development. The Senior Officials Meeting was held one year after the October 2016 Brussels Conference on Afghanistan.³⁴²

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE

As of September 30, 2017, the United States had provided nearly \$33 billion to support governance and economic development in Afghanistan. Most of this funding, nearly \$19.9 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department (State) and the U.S. Agency for International Development (USAID).

ELECTORAL REFORM CHALLENGES

Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his election rival, now Chief Executive Abdullah, after the troubled 2014 presidential elections. The September 2014 agreement that led to forming the national-unity government called for immediate establishment of a special commission for election reform. The intent was to implement reform before the next parliamentary elections—intended for 2015, but never held—and to distribute electronic identity cards to all Afghan citizens as quickly as possible.³⁴³ The UN Secretary-General said this quarter that holding credible parliamentary and presidential elections as scheduled—in 2018 and 2019 respectively—is important for Afghan political cohesion.³⁴⁴ As the deputy special representative of the UN Secretary-General said this quarter:

If elections do not take place [as scheduled], you go back to square one and you're asking, how do you actually do the division of political power? [...] It's to drive that longer term agenda that the international community is so absolutely focused on the electoral agenda.³⁴⁵

This quarter, State reported that the Independent Elections Commission (IEC) has committed to registering voters using a polling-center-based registration process. This process seeks to reduce ballot stuffing by limiting the number of blank ballots delivered to each polling station. According to State, they are encouraging the IEC use a paper-based voter registration process, rather than a full biometric voter-registration (BVR) system.³⁴⁶

Also this quarter, the IEC conducted a polling-center assessment that involved procuring electronic tablets, developing an application to describe



Participants raise their hands during the October 5 Senior Officials Meeting. (UNAMA photo by Fardin Waezi)

U.S. AND AFGHAN GOVERNMENTS LAUNCH THE KABUL COMPACT

This quarter, the U.S. and Afghan governments announced the launch of the “Kabul Compact,” an Afghan-led initiative designed to demonstrate the government’s commitment to reforms. The Compact specifically delineates Afghanistan’s existing commitments under the Strategic Partnership Agreement (SPA), said State. According to State, the development of the compact and its ultimate implementation by the Afghan government were important considerations in the development of the U.S. government’s new South Asia strategy.³⁴⁷

The Kabul Compact process consists of four U.S.- and Afghan-chaired working groups covering governance, economic development, peace and reconciliation, and security issues. Each working group has a matrix of benchmarks to chart reform progress for the next three years.³⁴⁸ The four Kabul Compact matrices contain 82 governance benchmarks, 64 economic benchmarks, 17 peace and reconciliation benchmarks, and 257 security-related milestones across 37 action areas.³⁴⁹ According to State, these benchmarks are not ranked by importance, but many benchmarks have different time-frames. A number of benchmarks are sequential.³⁵⁰

The Kabul Compact was officially launched in August. However, State reports that President Ghani and Chief Executive Abdullah consider these matrices to be “living documents” subject to amendment by the working groups. These bilateral working groups will meet on a regular basis (every few weeks, according to State) to review progress and make adjustments as necessary. The Executive Committee—including Embassy Kabul and USFOR-A—will meet on a quarterly basis to receive reports from the working groups.³⁵¹

According to State, the U.S. government will better be able to hold the Afghans accountable and better calibrate U.S. diplomatic and assistance efforts by tracking Afghan government progress in implementing the Kabul Compact reforms. Additionally, State reports that



President Ashraf Ghani signing the decree launching the Kabul Compact in August. (Khaama Press photo)

a number of benchmarks are tied to global standards of good governance put forward by the World Bank and other leading institutions.³⁵²

Unlike the August 2015 New Development Partnership (NDP), the Kabul Compact is not a signed or legally binding bilateral agreement. According to State, the Kabul Compact reflects a series of commitments to which the Afghans are holding themselves. Additionally, no foreign assistance monies are directly tied to the Kabul Compact, unlike the NDP which tied \$20 million in USAID assistance to each of the 40 development results.³⁵³

The Kabul Compact shares some commonalities with previous multilateral agreements between the Afghan government and international community such as the July 2012 Tokyo Mutual Accountability Framework (TMAF), the September 2015 Self-Reliance through Mutual Accountability Framework (SMAF), and the October 2016 “SMART” (Specific, Measurable,

Achievable, Realistic, and Time-bound) SMAF agreements. According to State, while the Kabul Compact benchmarks are intended to align with other commitments—such as SMAF and NDP—the Kabul Compact comprises far more benchmarks than those other frameworks. The TMAF, SMAF, and SMART SMAF agreements articulated a number of Afghan government reform targets, but did not define financial consequences for failing to meet these goals. For example, when asked about the practical consequences of Afghan government noncompliance with the reform targets outlined in the TMAF and its successor the SMAF, USAID responded that Afghan government noncompliance could erode donor confidence and potentially impact donor contributions. No specific donor funds were identified, however.³⁵⁴

Some of the Kabul Compact benchmarks are similar to previous reform targets. According to State, this is, in many cases, by design as the Afghan government subsumed previously agreed-upon reform benchmarks into the Kabul Compact's four focus areas.³⁵⁵ For example, one of the Kabul Compact governance benchmarks requires the Afghan government to “institute reforms to restore the credibility of the electoral system, reduce opportunities for fraud and manipulation, and provide transparency, openness and inclusiveness.”³⁵⁶ This appears similar to the 2012 TMAF requirement to

“ensure that a robust electoral architecture is developed in a secure, participatory and transparent manner to enable successful and timely elections,” the 2015 SMAF requirement that the Afghan government implement electoral reforms “to ensure that future elections in Afghanistan are fully inclusive, transparent and credible,” and the 2016 SMART SMAF commitment to “ensure continued emphasis on democratic governance, leading to free, fair, transparent and participative elections.”³⁵⁷

The need for elections reform was highlighted this quarter when the UN Secretary-General's Special Representative for Afghanistan, Tadamichi Yamamoto, reported that “many Afghan politicians and citizens across the country told me repeatedly that the country could not endure another election like that of 2014.”³⁵⁸

Similarly, the Kabul Compact calls for the Afghan government to pass and implement the subnational governance policy and provincial budgeting policy by May 2018. Similar goals existed in the TMAF (enact a legal framework to clarify roles and responsibilities of government agencies at the national, provincial, and district levels in line with the 2010 subnational governance policy) and the SMAF (cabinet approval of a subnational governance policy by March 2016 and cabinet approval of a provincial budgeting policy by the first half of 2016).³⁵⁹

and inventory the polling centers, and hiring and training temporary IEC workers. State reports that the IEC was able to access and assess 93% of the planned polling center locations, with the remaining centers deemed too dangerous to assess.³⁶⁰ The IEC reported they are in discussions with local elders to convince armed opposition groups to allow IEC staff access to those centers.³⁶¹

The IEC still appears to have plans to use BVR in future elections, but has not made much progress. The IEC requested the National Procurement Authority (NPA) issue a tender for BVR kits in August. The NPA issued a limited tender to 13 companies, but received only one bid. After a preliminary assessment in September, the IEC voted four to three to subject the bid to a technical review.³⁶² In October, the IEC announced that the bidder was not capable of handling the contract. As a result, the contract will now be released as a public tender.³⁶³

On September 20, the IEC hosted a National Elections Forum, attended by IEC and Elections Complaint Commission (ECC) leadership, political party leaders, ethnic and tribal council representatives, civil society organizations, and members of the diplomatic community. Event participants raised concerns on election preparations, asked questions of the IEC, and made suggestions for better coordination.³⁶⁴

Also in September, the MOD ordered all of its personnel “to cut off all [of their] political linkages.” This order was in response to a presidential decree and referenced Article 153 of the Afghanistan Constitution which prohibits judges, attorneys, officers of the armed forces, police, and national-security officials from becoming members of political parties during their term of office.³⁶⁵

In October, a group representing several Afghan political parties and civil society organizations called for the Afghan government to remove the current heads and commissioners of the electoral commissions, claiming that these members were too aligned with the Afghan government. The protesting group said they may boycott the next election if their demands are not met.³⁶⁶

The U.S. government is supporting election reforms through a grant of up to \$30 million to a legacy election-support project implemented by the United Nations Development Program (UNDP). This project was originally meant to support the planned 2015 parliamentary elections.³⁶⁷ However, the parliamentary elections were delayed until 2018.³⁶⁸

RECONCILIATION AND REINTEGRATION

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is reconciliation and a political settlement with the Taliban.³⁶⁹ However, according to the UN Secretary-General, there was no discernible progress on peace talks between the Afghan

government and the Taliban this quarter. State also reports that there have been no new developments in the Taliban's position on reconciliation.³⁷⁰

In late August, Associated Press reporter Kathy Gannon reported reviewing documents offered by a "senior Afghan security official" that allegedly covered conversations between Afghan government officials and Taliban leadership. According to the Associated Press, these documents described Taliban demands for peace including gender segregation in schools (while accepting female education at all levels), prohibitions on females serving in the supreme court or as president (while accepting female employment in all fields), the creation of special courts to review illegal land seizures since 2001, and the holding of elections after an interim government is established. The Taliban reportedly said that all sides should keep the areas they currently control until after the elections. Following the publication of the article, the Afghan national security adviser and the National Directorate of Security denied having contacts with the Taliban, who denied talking to Afghan government representatives.³⁷¹

In an August interview with the *Washington Post*, General John W. Nicholson Jr., U.S. commander in Afghanistan, described reconciliation being, in large part, a function of expanding Afghan government control to at least 80% of the country. He said this would facilitate reconciliation as insurgents become increasingly marginalized and "either die or reconcile."³⁷² According to the bilateral U.S. and Afghanistan compact, the Afghan government should engage in outreach and peace talks with Afghan armed opposition groups by January 2018.³⁷³ In an October interview with NPR, General Nicholson acknowledged that there are on-going discussions regarding the future of the Taliban's office in Qatar, which opened in 2013 to facilitate peace talks. According to General Nicholson, the Taliban office is not being used for the peace process. Instead, "it's being used for fundraising for the Taliban inside the Gulf, and again, they've not been advancing the peace process."³⁷⁴

In an October statement posted on their website, the Taliban said that "all channels of finding a peaceful solution for Afghan dilemma will be blocked" if the Taliban's office in Qatar is closed.³⁷⁵

In October, the deputy head of the High Peace Council (HPC) reported that the Afghan government is trying to determine whether the Taliban are willing to operate as a political party. If the Taliban are amenable to becoming a political party, the HPC will facilitate that.³⁷⁶

In September 2016, the Afghan government finalized a peace agreement with Gulbuddin Hekmatyar's Hezb-e Islami Gulbuddin (HIG) insurgent group.³⁷⁷ When the peace deal with HIG was announced, some expressed hope that reconciling with Hekmatyar could facilitate a broader peace. President Ghani, for example, said on signing the agreement, "This day starts the subsiding of war in Afghanistan and the beginning of rebuilding it."³⁷⁸

According to State, however, the peace agreement with HIG thus far has had no definitive impact on the reconciliation calculations of other resistance groups, including the Taliban. Nevertheless, State considers the peace agreement with HIG as an important precedent that will influence other armed groups.³⁷⁹

The UN Secretary-General has previously reported that certain Afghan political actors are concerned by the prospect of Hezb-e Islami becoming Afghanistan's largest political party should the two factions of Hezb-e Islami unite. In July, Hekmatyar announced the unification of these two factions. He also stated that the new party would continue to support the political system.³⁸⁰

In late August, Afghan media quoted Balkh Governor Noor lashing out at the presidential palace (warning the central government not to conspire against him) and at Hekmatyar, labeling him a “puppet.” Noor also predicted that his party, Jamiat-e Islami, will win the next elections.³⁸¹ Noor's comments were reportedly in response to Hekmatyar's critique of the Coalition for the Salvation of Afghanistan political coalition.³⁸²

In September, the U.S. Special Chargé d'Affaires Ambassador Hugo Llorens met with Hekmatyar. Ambassador Llorens reiterated the U.S. government's support for the success and continuing implementation of the peace agreement between the Afghan government and HIG. Additionally, Ambassador Llorens and Hekmatyar agreed that credible, inclusive, and transparent elections are crucial for peace in Afghanistan.³⁸³

Regional Challenges to Peace

This quarter, the UN Secretary-General said that the international consensus on Afghanistan is fraying. He noted with particular concern that despite numerous public pronouncements on the need for regional cooperation, regional actors are engaged in Afghanistan on behalf of their particular interests rather than the common interest in stability.³⁸⁴

During meetings at the UN this quarter, the Afghan and Pakistani governments offered their positions on the nature and primary causes of the conflict in Afghanistan. In his only direct reference to Pakistan during his comments to the UN General Assembly in September, President Ghani called on Pakistan to engage with Afghanistan on a comprehensive state-to-state dialogue on peace, security, and regional cooperation. President Ghani also said it was wrong to think of the war in Afghanistan as a civil war. Instead, he said “this war is not within our soil, it is over our soil.”³⁸⁵ Pakistani Prime Minister Shahid Khaqan Abbasi used his appearance at the UN General Assembly to say that Pakistan is not going to fight the Afghan war on Pakistan's soil, saying Pakistan refuses to be “anyone's scapegoat.”³⁸⁶ A few days later, during a UN Security Council meeting, Afghan Foreign Minister Rabbani made a thinly veiled reference to Pakistan, saying the war in Afghanistan is “the product of a long-standing policy by a neighboring

State to keep Afghanistan unstable.” The Pakistani representative rejected Rabbani’s “insinuations” and claimed the “fundamental sources of insecurity in Afghanistan lie inside the country, not outside.”³⁸⁷

In an unusual interview with the *Financial Times*, Pakistani Prime Minister Abbasi reportedly acknowledged that those involved in a May attack in Kabul that killed 90 people possibly came from Pakistan, saying that Pakistan does not have full control of its border areas. After the interview was published, a Pakistani government press release rejected the media report as “simply baseless.”³⁸⁸ A few days later, Prime Minister Abbasi told the *New York Times* that Pakistan had regained control of the areas bordering Afghanistan, stating “there are no sanctuaries anymore [...] none at all.”³⁸⁹

In July, Afghanistan and Pakistan agreed to conduct coordinated, complementary security operations along their border. Later that month, however, an Afghan MOD spokesman criticized Pakistan for not providing information on their operations. The Pakistan government rejected the critique, saying information on a recent military operation had been shared with Afghan and Coalition forces.³⁹⁰

On October 1, President Ghani met with Pakistan’s Chief of Army Staff, General Qamar Javed Bajwa, in Kabul. According to an Afghan government statement, Ghani viewed the meeting as representing a new season in the Afghanistan-Pakistan relations. The two discussed regional security, anti-terror efforts, business and transit relationships, and mid- to long-term bilateral relationships. Pakistan reportedly agreed to cooperate with Afghanistan in counterterrorism efforts, recognizing the joint threat posed by terrorism, and added that they support the Afghan-owned and Afghan-led peace process. Both sides said they should forget the past and work toward a better future.³⁹¹ According to a Pakistani statement, General Bajwa also offered to provide training and capacity-building support to the Afghan security forces.³⁹² A spokesman for Chief Executive Abdullah announced that Afghanistan and Pakistan will restart bilateral talks.³⁹³

Pakistani Foreign Minister Khawaja Asif claimed that while Pakistan has some influence over the Taliban, this influence has decreased following the 2016 U.S. drone strike that killed Taliban leader Mullah Akhtar Mansour. He said that the Pakistan government faces a trust deficit with both the U.S. and Taliban.³⁹⁴

On October 12, President Trump said that Pakistan’s cooperation in securing the release of a U.S.-Canadian couple and their children who had been held by the Taliban-linked Haqqani network signaled a new respect for the United States by Islamabad. The Pakistani government “worked very hard on this and I believe they are starting to respect the United States again,” President Trump said.³⁹⁵

The Afghan Ministry of Foreign Affairs (MOFA) announced plans for a quadrilateral meeting involving representatives from Afghanistan, Pakistan,

China, and the United States. They met on October 16 in Oman. The participants planned to discuss counterterrorism and Pakistan's progress in fulfilling its promises.³⁹⁶ Shortly thereafter, the Russian and Afghan governments co-hosted a contact group meeting on Afghanistan for members of the Shanghai Cooperation Organization (SCO). Afghan's proposal to receive full SCO membership was unanimously supported by the SCO members, which include Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, India, and Pakistan. Afghanistan also requested that SCO member-states use their leverage and influence over militant groups to bring these groups to peace talks.³⁹⁷

Meanwhile, the Afghan and India governments issued a joint statement this quarter, saying “we remain united in overcoming the challenges posed by cross border terrorism and safe havens and sanctuaries to both our countries.”³⁹⁸ In an interview with Indian media, Chief Executive Abdullah said that Afghanistan will continue to discuss Indian support for Afghanistan's security needs.³⁹⁹

Also this quarter, the leaders of the emerging market BRICS countries—Brazil, Russia, India, China, and South Africa—condemned the Taliban and other BRICS-designated terrorist groups operating in the region, stating that “those responsible for committing, organizing, or supporting terrorist acts must be held accountable.”⁴⁰⁰ In reacting to the BRICS statement, Pakistani Defense Minister Khurram Dastagir Khan claimed “no terrorist organization has any complete safe havens” in Pakistan.⁴⁰¹ The Afghan Ambassador to the United States, Hamdullah Mohib, reacted to the BRICS statement, saying “it is a clear indication those [Afghan] diplomatic efforts are working” as countries “come to the realization that Pakistan has been harboring terrorists, providing sanctuaries, providing [training] facilities and helping them raise funds.”⁴⁰²

When asked about Russian and Iranian support for the Taliban this quarter, Secretary of Defense Jim Mattis responded that it would be “extremely unwise to think that [Russia and Iran] can somehow support terrorists in another country and not have it come back to haunt them.” However, Secretary Mattis declined to offer any details on Russian or Iranian support for the Taliban.⁴⁰³

The Successor to the Afghanistan Peace and Reintegration Program

On March 31, 2016, the Afghanistan Peace and Reintegration Program (APRP) closed following a decision by APRP donors, the Afghan government, and UNDP.⁴⁰⁴ The APRP was an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society.⁴⁰⁵ The APRP was the only institutional mechanism within the Afghan government with the capacity to pursue both high-level reconciliation negotiations and provincial-level reintegration of insurgent fighters.⁴⁰⁶

The Afghan government launched a successor to the APRP in the form of the Peace and Reconciliation in Afghanistan (PRA) strategy. According to State, the PRA strategy was formally announced in June and unanimously approved by the HPC on July 17. The PRA strategy is expected to shift from the disarmament, demobilization, and reintegration focus of the APRP to negotiating political settlements with armed opposition groups, forging national and international consensus on a peace process, and promoting and institutionalizing a culture of peace, according to State.⁴⁰⁷

This quarter, State obligated \$3.9 million to support the PRA strategy through a UNDP-managed pilot that launched in September. Up to \$2.5 million of these funds will be used to support a three-and-a-half-month UNDP-managed PRA pilot that will last through the end of 2017. The remaining funds are intended for future PRA strategy implementation, pending a post-pilot accountability review and the development of a UNDP project.⁴⁰⁸ While State had intended to disburse the \$3.9 million in early 2017, this did not occur since the ANPR strategy was not yet finalized and approved by the Afghan government.⁴⁰⁹

According to State, the UNDP-managed pilot provides support for the Afghan government's High Peace Council (HPC) to initiate activities that will begin to build consensus for peace throughout the country and develop Afghanistan's institutional capacity to facilitate reconciliation. Through the UNDP-managed funding, the HPC, its 34 Provincial Peace Committees (PPC), and a supporting technical Secretariat will be staffed and begin outreach activities to assess social attitudes toward reconciliation, document challenges, mobilize support for reconciliation, and develop the capacity to facilitate this process.⁴¹⁰

State hopes that the HPC and PPCs will have generated sufficient baseline information by the end of 2017 to determine whether continued activities and funding are justified. If so, State—in coordination with donor countries and supporting actors including UNDP and UNAMA—intends to use the 2017 data to develop a detailed, longer-term PRA implementation plan. The UNDP-managed pilot will focus only on two of the five PRA strategic objectives, namely PRA objective 2 (develop a national consensus and public mobilization to garner support for Afghan-led solutions) and objective 5 (institutionalize and reinforce Afghan capacities for peace). The remaining PRA strategic objectives—(1) reconciling armed oppositions to a peaceful political and social life through inter-Afghan dialogue and negotiations, (3) enhancing community security and stabilization through community-based peace and stability initiatives, and (4) implementing peace agreements with armed opposition groups after negotiated settlements—are not covered by the UNDP-managed pilot.⁴¹¹

This quarter, the HPC added six women as members, bringing the total number of women on the HPC to 13 out of 52 members (25%). Also this quarter, the Joint Executive Commission, responsible for the

implementation of the peace agreement between the Afghan government and Hezb-e Islami Gulbuddin, has been integrated into the HPC.⁴¹²

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

State and USAID are currently reviewing its assistance portfolio to ensure alignment with President Trump's South Asia Strategy. According to USAID, future levels of U.S. government on-budget assistance will be determined based on what is most appropriate to advance the U.S. government strategy in Afghanistan.

Source: USAID, OAPA, response to SIGAR vetting, 10/20/2017.

On-budget assistance: encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and included in the budget approved by the parliament and managed by the Afghan treasury system. On-budget assistance is primarily delivered either through direct bilateral agreements between the donor and Afghan government entities, or through multidonor trust funds.

Off-budget assistance: encompasses donor funds that are excluded from the Afghan national budget and not managed through Afghan government systems.

Source: SIGAR, *Quarterly Report to the United States Congress*, 7/30/2014, p. 130; Ministry of Finance, "Aid Management Policy for Transition and Beyond," 12/10/2012, p. 8; State, response to SIGAR vetting, 1/14/2016.

Summary of Assistance Agreements

According to recent World Bank estimates, the Afghan government is projected to increase its revenue collection to 12% of gross domestic product (GDP) by 2020. Even with this level of revenue, however, the Afghan government would only be able to cover 40% of budgeted expenditures. The Afghan government will require the equivalent of 18% of GDP in non-security, on-budget assistance to fund basic social services and development programs.⁴¹³ This quarter, the UN Secretary-General's Special Representative for Afghanistan called for Afghanistan to "demonstrate to its donors that it has taken not just steps, but *strides* towards self-sufficiency."⁴¹⁴

At the Brussels Conference in October 2016, the United States and other international participants confirmed their intention to provide \$15.2 billion between 2017 and 2020 in support of Afghanistan's development priorities.⁴¹⁵ Although the United States did not commit to a specific amount, then-Secretary of State John Kerry promised to work with Congress to provide civilian assistance at or near the 2016 levels through 2020.⁴¹⁶

In several conferences since the 2010 Kabul Conference, the United States and other international donors have supported an increase to 50% in the proportion of civilian development aid delivered **on-budget** through the Afghan government to improve governance, cut costs, and align development efforts with Afghan priorities.⁴¹⁷ As of October, USAID said future levels of on-budget assistance will be reviewed.⁴¹⁸ In October, however, the Afghan government reported that on-budget assistance provided by all donors in 2016 represents more than 65% of total development aid, noting a significant increase over the past two years.⁴¹⁹

As shown in Table 3.8, USAID expects to spend \$726 million on active, direct bilateral-assistance programs. It also expects to contribute \$2.7 billion to the Afghanistan Reconstruction Trust Fund (ARTF) through 2020 that includes the \$800 million New Development Partnership, in addition to \$1.37 billion disbursed under the previous grant agreement between USAID and the World Bank. USAID has disbursed \$153 million to the Afghanistan Infrastructure Trust Fund (AITF).⁴²⁰

For fiscal year (FY) 2017, Congress appropriated \$4.26 billion for the Afghanistan Security Forces Fund (ASFF) to support the requirements of the Afghanistan National Defense and Security Forces (ANDSF). The White House 2018 budget request includes \$4.94 billion for ASFF. According to DOD, approximately \$1.01 billion of the FY 2017 ASFF will be provided

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TABLE 3.8

USAID ON-BUDGET PROGRAMS							
Project/Trust Fund Title	Afghan Government On-Budget Partner	Special Bank Account?	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)	
Bilateral Government-to-Government Projects							
Power Transmission Expansion and Connectivity Project (PTEC)	Da Afghanistan Breshna Sherkat (DABS)	Yes	1/1/2013	12/31/2018	\$725,000,000	\$154,270,363	
Strategic Communication Support to the Palace (SCSP)	Ministry of Finance (MOF)	Unknown	7/18/2016	7/31/2017	627,833	427,877	
Multi-Donor Trust Funds							
Afghanistan Reconstruction Trust Fund (ARTF) (current award)*	Multiple	No	3/31/2012	7/31/2019	2,700,000,000	1,755,686,333	
Afghanistan Infrastructure Trust Fund (AITF)	Multiple	No	3/7/2013	3/6/2018	153,670,184	153,670,184	

Note: *USAID had a previous award to the ARTF that concluded in March 2012 and totaled \$1,371,991,195 in disbursements. Cumulative disbursements from the two ARTF awards is currently \$3,127,677,528.

Source: USAID, response to SIGAR data call, 10/15/2017.

directly to the Afghan government (\$796.5 million for the Ministry of Defense [MOD] and \$212.5 million for the MOI) to fund salaries and incentive pay, equipment being procured on Combined Security Transition Command-Afghanistan (CSTC-A) approved Afghan contracts, and facilities maintenance. The other \$3.25 billion of the FY 2017 ASFF will be executed by DOD. The remaining \$1.46 billion of ANDSF costs will be funded by international donors (\$152 million for Afghan National Police salaries, information technology, aviation training and maintenance, uniforms, and medical supplies) and the Afghan government (\$544 million, primarily for food and subsistence).⁴²¹

At the 2012 Chicago Conference, the United States and its allies affirmed commitments to support the Afghan security forces with an estimated annual budget of \$4.1 billion, to be reviewed regularly against the changing security environment.⁴²² At the September 2014 Wales Summit, NATO allies and partners reaffirmed their commitment to financial sustainment of the ANDSF through the end of 2017. Non-U.S. donors pledged an additional amount of almost €1 billion, or approximately \$1.29 billion, annually to sustain the ANDSF for 2015 through the end of 2017.⁴²³

In July 2016, NATO allies and partners met in Warsaw and committed to extend the financial commitments made at the 2012 NATO Summit in Chicago. Some 30 nations renewed pledges to sustain the Afghan security forces through 2020 at or near the then-current levels. According to DOD, the average combined financial contribution of NATO member states and Coalition partners (excluding the United States) is approximately \$900 million per year in 2018, 2019, and 2020.⁴²⁴

DOD has not yet finalized the agreements governing its Afghan FY 1396 (FY 1396 runs from December 22, 2016, to December 21, 2017) direct on-budget contributions to MOD or MOI.⁴²⁵

Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with Afghan government entities and (2) contributions to two multidonor trust funds, the ARTF and the AITF.⁴²⁶ According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the Ministry of Finance (MOF) for each program.⁴²⁷

The ARTF, administered by the World Bank, provides funds to both the Afghan government's operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.⁴²⁸ The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.⁴²⁹ According to USAID, the majority of on-budget funding has been and will continue to be directed through the multidonor trust funds, particularly the ARTF.⁴³⁰

As of August, the United States remains the largest donor to the ARTF (31.1% of actual contributions) with the next largest donor being the United Kingdom (17.4% of actual contributions).⁴³¹ According to the World Bank, the ARTF is the largest single source of support for the Afghan government budget, cumulatively providing \$9.1 billion as of September 2016.⁴³² The ARTF recurrent-cost window supports operating costs, such as Afghan government non-security salaries. The recurrent-cost window pays 16–20% of the Afghan government's non-security operating budget.⁴³³ As of August, the ARTF recurrent-cost window has cumulatively provided the Afghan government \$2.6 billion for wages, \$600 million for operations and maintenance costs, \$819 million in incentive program funds, and \$553 million for ad hoc payments since 2002.⁴³⁴

The World Bank recently commissioned an external review of the ARTF, the fourth such review since the fund's inception in 2002. The review will consider the role of the ARTF in supporting the Afghan government goals expressed in the Afghanistan National Peace and Development Framework (ANPDF), national priority programs (NPPs), and SMAF indicators. Additionally, the review will assess and make recommendations on ways to address World Bank-identified challenges. According to the World Bank, these challenges include weak Afghan government discretion over all the ARTF funds due to donor preferencing, lower donor contributions to the ARTF, minimum programmatic and sectorial approaches to development, lower budget execution, poor performance within some of ARTF-financed projects, weak Afghan government ownership in governing the ARTF, and complex designs of projects for a fragile environment.⁴³⁵

SIGAR AUDIT

SIGAR has an ongoing audit of the ARTF. In July 2011, SIGAR found that the World Bank and the Afghan government had established mechanisms to monitor and account for ARTF contributions, but that several limitations and challenges should be addressed. This new audit is assessing the extent to which the World Bank and the Afghan government (1) monitor and account for U.S. contributions to the ARTF, (2) evaluate whether ARTF-funded projects have achieved their stated goals and objectives, and (3) utilize and enforce any conditionality on ARTF funding.

For the previous external review of the ARTF in 2012, the same firm that is conducting the present external review concluded that the “overall structure and functioning of the ARTF is seen as very good” and that “the ARTF remains the mechanism of choice for on-budget funding, with low overhead/transaction costs, excellent transparency and high accountability, and provides a well-functioning arena for policy debate and consensus creation.”⁴³⁶

In August, USAID OIG issued an audit that assessed USAID’s practices related to (1) policy, criteria, and plans to guide the use of ARTF contributions; (2) data collection and reporting on ARTF’s performance; and (3) oversight of ARTF-funded activities. The audit found that USAID lacked adequate guidance and plans for making ARTF contributions. USAID did not have policies and procedures for verifying that ad hoc payments were used for their intended purposes, increasing the risk of funds being disbursed without prudent safeguards. USAID used an outdated and less rigorous planning process than the current one to guide ARTF contributions. Also, USAID has not adequately measured or reported how ARTF assists in achieving development objectives, despite requirements for each mission to collect, maintain, and review performance results. In short, USAID OIG concluded, USAID has not defined, measured, or linked ARTF performance results to its development objectives, limiting the mission’s ability to assess progress in meeting its objectives, identify and examine performance trends, and establish reasonable expectations for succeeding years.⁴³⁷

While USAID’s agreement with the World Bank stipulates that any donor may review or evaluate activities financed by ARTF, the audit found that USAID has not formally evaluated ARTF activities (unlike other top ARTF donors). According to USAID OIG, USAID considered merely giving funds to ARTF as accomplishing a significant purpose of the award, while regulation made monitoring and performance reporting inapplicable after disbursement. USAID officials did not meet essential oversight responsibilities, such as monitoring the progress of investment window projects and maintaining adequate files.⁴³⁸

As reported in the July 2015 *Quarterly Report to the United States Congress*, USAID was already aware two years ago of monitoring challenges and the loss of control over pooled U.S. on-budget funds delivered via multidonor trust funds like the ARTF. USAID said a benefit of using multidonor trust funds is that this reduces the burden on USAID staff and transfers financial and programmatic risk to the public international organization (such as the World Bank in the case of ARTF).⁴³⁹

On-Budget Assistance to the ANDSF

More than 60% of total U.S. on-budget assistance goes toward Afghan security forces’ requirements.⁴⁴⁰ DOD provides on-budget assistance to the

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Afghan government through (1) direct contributions from the ASFF to the Afghan government to fund MOD and MOI requirements, and (2) ASFF contributions to the multidonor Law and Order Trust Fund for Afghanistan (LOTFA).⁴⁴¹ Administered by the UN Development Program (UNDP), LOTFA primarily funds Afghan National Police salaries and incentives.⁴⁴² Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.⁴⁴³

CSTC-A monitors and formally audits the execution of those funds to assess ministerial capability and ensure proper controls and compliance with documented accounting procedures and provisions of the annual commitment letters.⁴⁴⁴

For Afghan fiscal year 1396 (December 2016–December 2017), DOD plans to provide the equivalent of \$801 million and \$216 million directly to the Afghan government to support the MOD and MOI respectively.⁴⁴⁵ As part of efforts to reduce corruption, DOD is currently reviewing the on-budget funds being provided to the Afghan government and considering alternatives. Such alternatives include relying on U.S. contracts to providing the resources required by the Afghan security forces. As an example, U.S.-managed contracts are now being used to provide fuel to the Afghan security forces.⁴⁴⁶

Despite the Afghan fiscal year's beginning in December 2016, CSTC-A's commitment letters for the current Afghan fiscal year have not yet been signed by all parties. Therefore, the conditions defined by CSTC-A for FY 1396 are not being enforced. CSTC-A continues to enforce the previous year's conditions, however.⁴⁴⁷

For the current Afghan fiscal year, as of August, CSTC-A has provided the Afghan government the equivalent of \$395.3 million to support the MOD.⁴⁴⁸ Additionally, as of August, CSTC-A has provided the equivalent of \$88.6 million to support the MOI. Of these funds, \$20.8 million was delivered via the UNDP-managed LOTFA, while \$67.8 million was provided directly to the Afghan government.⁴⁴⁹

This quarter, an independent audit assessed 23 conditions deemed necessary by donors to transfer police payroll administration from UNDP to MOI. Of these conditions, three applied to the MOF and 12 to the MOI.⁴⁵⁰ According to the audit, the MOF has successfully met their targets, including paying 90% of police and prison guard salaries through electronic funds transfers or mobile money (an increase of one percentage point from the baseline of 89% of salaries being paid in this manner).⁴⁵¹ While the MOI was found to be on track for all of the donor conditions assigned to it, CSTC-A reported that they did not see sufficient progress in the conditions designed to increase transparency. There two conditions required that the MOI conduct regular personnel and payroll data audits and take administrative, disciplinary, or legal action in response to payroll anomalies. According to CSTC-A, donors are disinclined to support the transition

of payroll responsibilities until the MOI shows improvements on these two conditions.⁴⁵²

According to CSTC-A, the MOD and MOI have extremely limited capability to effectively manage ASFF funding. Both ministries fail to understand the needs of soldiers and police officers. The MOD and MOI procurement processes are unnecessarily delayed, with multiple reviews often within the same ministry offices that create unnecessary delays. As of August, MOD and MOI take, on average, 169 days to obtain the necessary approvals for a procurement. Contracts average 220 days to award. With only four months left in Afghan fiscal year 1396, the MOD has approved 23% of its planned projects and executed 24% of its planned budget. The MOI has approved only 1% of its planned projects and executed 16% of its planned budget. In order to speed up procurement, CSTC-A is seeking to delegate MOD and MOI purchase authorities—such as facility and equipment repairs—to Corps-level commanders.⁴⁵³

CSTC-A reports that the involvement of the National Procurement Authority (NPA) and the National Procurement Commission (NPC) in MOD and MOI procurements has a negligible impact on procurement timelines. The NPC is responsible for approving approximately 93% of ASFF-funded Afghan government contracts for the MOD and MOI while requiring only about 14 days to complete the necessary reviews. According to CSTC-A, all MOD and MOI projects that are first reviewed by the NPA are subsequently approved by the NPC. However, only 20% of MOD and MOI projects that are executed without NPA procurement facilitation are returned for further work, resulting in project delays. CSTC-A concludes that NPA- and NPC-reviewed project awards benefit from being in compliance with Afghan law and policy for only a negligible impact on the time necessary for approval.⁴⁵⁴

DOD reports that they are resuming the procurement of fuel for the MOD and MOI. Previously, CSTC-A provided funds to the MOD and MOI to procure fuel using Afghan government contracts. DOD expects that all MOD and MOI fuel will be procured off-budget through U.S. contracts next year after the MOD and MOI conclude existing on-budget fuel contracts.⁴⁵⁵

This quarter, CSTC-A discovered that the MOF immediately transferred all CSTC-A-provided on-budget funds to the Afghan government's Treasury Single Account (TSA). A TSA is a bank account or a set of linked accounts through which the government transacts all its receipts and payments. According to CSTC-A, this MOF practice reduced traceability and auditability of CSTC-A-provided funds. In previous years, DOD was informed that this practice enabled the Afghan government to temporarily cover its overall funding needs using ASFF. In response, CSTC-A has reached an agreement that forces the MOF to keep all CSTC-A-provided on-budget funds in separate bank accounts until MOD and MOI expenditures reconciled with CSTC-A.⁴⁵⁶ This is not the first time CSTC-A has requested that the MOF use such bank accounts, however. As reported in the Governance

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section of the October 2014 *Quarterly Report to the United States Congress*, CSTC-A reported three years ago that they had requested that MOF establish special bank accounts for CSTC-A-provided funds after an audit found that MOF would immediately transfer CSTC-A-provided MOI funds into the TSA.⁴⁵⁷

NATIONAL GOVERNANCE

Capacity-Building Programs

USAID capacity-building programs seek to improve Afghan ministries' ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity building of Afghan government entities.⁴⁵⁸ As shown in Table 3.9, active programs include USAID's Afghan Civic Engagement Program (ACEP) that seeks to increase civil-society capacity.

TABLE 3.9

USAID CAPACITY-BUILDING PROGRAMS AT THE NATIONAL LEVEL					
Project Title	Afghan Government Partner	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)
Afghan Civic Engagement Program (ACEP)	N/A	12/4/2013	12/3/2018	\$70,000,000	\$52,309,826
Assistance to Legislative Bodies of Afghanistan (ALBA)	Parliament	3/28/2013	3/27/2018	24,990,827	22,223,350
Rasana (Media)	N/A	3/29/2017	3/28/2020	9,000,000	613,100

Source: USAID, response to SIGAR data call, 10/15/2017.

Last quarter, USAID launched the \$9 million Rasana program. This program aims to support and train female journalists, drive substantive policy discourse about salient development issues in Afghanistan, and advocate for protection of Afghan journalists. Rasana will also build local capacity by providing training, material support, and advocacy to expand media opportunities for women, work with local women's groups to advance women's causes in the media, and support gender-sensitive content production and programming.⁴⁵⁹ This quarter, Rasana identified 17 radio stations managed or owned by women who will employ female producers. These radio stations will produce radio content to broadcast with Rasana support. The Rasana program also worked with three Afghan media outlets to identify investigative-report topics that these outlets will develop and disseminate with Rasana support.⁴⁶⁰

USAID has also provided \$5 million for the \$150 million, ARTF-managed Capacity Building for Results (CBR) program. CBR aims to improve the capacity and performance of Afghan government ministries by providing skilled civil servants to implement ministries' reform programs. CBR provides Afghan government ministries with the opportunity to recruit

high-capacity staff into critical posts at salaries closer to market rates. The aim is to increase on-budget service delivery and reduce reliance upon the so-called “second civil service,” wherein Afghan consultants, instead of civil servants, perform government functions.⁴⁶¹

At the October 2016 Brussels Conference, the Afghan government committed to recruit 1,200 government personnel by December 2017 and to fill the remaining positions by 2018. Previously, the Afghan government had committed to recruit at least 800 of 2,400 planned CBR positions by December 2016.⁴⁶² In May, donors assessed the Afghan government’s progress in meeting its original SMAF obligations to fill 800 CBR positions by December 2016. According to the European Union (EU), while the Afghan government reported that it had filled 819 positions via CBR, the World Bank reported that only 289 contracts had been signed. According to USAID, this SMAF deliverable has not been achieved, as more than 500 CBR-supported job candidates are reportedly still awaiting vetting by the Afghan government, particularly by the offices of the president and national security adviser.⁴⁶³

As of October, the Afghan government reported that 680 CBR posts have been contracted. Additionally, the government reported that 1,213 positions have completed the recruitment process. In June, however, the government reported that 83 CBR-hired individuals have resigned from their positions. The hiring process for 415 CBR-supported posts is in progress.⁴⁶⁴

National Assembly

For most of this quarter, July 23 until September 6, the upper and lower houses of parliament were in recess.⁴⁶⁵

In November 2016, the lower house of parliament passed no-confidence votes for seven of 16 ministers summoned to explain why their ministries executed less than 70% of their development budgets (projects and investments are funded from a ministry’s development budget). From parliament’s perspective, these votes of no-confidence mean that the ministers are dismissed.⁴⁶⁶ President Ghani, meanwhile, ordered the ministers to continue working.⁴⁶⁷ According to the UN Secretary-General, the dispute is related to the legislature asserting its prerogatives against the executive branch.⁴⁶⁸

This quarter, Chief Executive Abdullah announced plans to nominate replacements for five of the seven ministers who received no-confidence votes. The ministers of foreign affairs and education did not receive replacement nominees.⁴⁶⁹

In September, the first deputy speaker of the lower house of parliament accused the speaker and first secretary of the lower house of parliament of corruption. The first deputy speaker said that parliamentary corruption is at an all-time high and called on the Attorney General’s Office (AGO) to take action. Both the speaker and first secretary rejected the accusation.⁴⁷⁰ Four parliamentary commissions have been assigned to investigate the corruption allegations.⁴⁷¹

GOVERNANCE



A delegation of parliamentarians during a USAID ALBA-sponsored visit to Kapisa Province. (USAID photo)

USAID funds the \$25 million Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan's parliament operate as an independent and effective legislative, representative, and oversight body.⁴⁷² ALBA recently supported a number of parliamentary oversight visits to provinces. The most recent trips include Balkh and Samangan Provinces by the upper house's legislative and judicial affairs commission, Kapisa Province by the upper house's complaints commission, and Panjshir Province by the upper house's national economy commission. During the visit to Balkh Province, the delegation heard how insecurity in the districts makes it difficult for Afghan legal personnel to perform their duties. Some districts reportedly lack courts, legal staff, and detention centers. Additionally, the delegation heard how the police do not cooperate with Afghan justice officials.⁴⁷³

During the visit to Kapisa Province, the delegation provided the governor and 35 directorate representatives a briefing on the FY 1396 development-budget allocation of projects for the province. The delegation also visited the site of a government-contracted, 100-bed hospital that was planned to be completed in three years but remains only half complete after 10 years. The province governor and Ministry of Public Health (MOPH) representative reported that they had brought up the matter with the president's office as well as the MOPH, but still awaited resolution. The delegation also visited a recently contracted high-school construction project that appeared to be on schedule. The delegation that visited Panjshir Province also provided a briefing on the province's FY 1396 development-budget allotments. The delegation visited a cold-storage project, a high-school construction project, and a canal project.⁴⁷⁴

Civil Society

The Afghan Civic Engagement Program's (ACEP) goal is to promote civil society and media engagement that enables Afghan citizens to influence policy, monitor government accountability, and serve as advocates for political reform. ACEP aims to achieve this goal through five program areas: (1) regular civil society organization (CSO) engagement with the Afghan government, (2) increased CSO and media expertise in democracy and governance, (3) expanded civic engagement, (4) improved access to independent news and public affairs information, and (5) increased CSO organizational capacity.⁴⁷⁵

This quarter, ACEP finalized the development of reporting guidelines for nongovernmental organizations (NGOs) operating in Afghanistan in coordination with the Ministry of Economy. The guidelines were prepared based on the law for domestic and international nongovernmental organizations operating in Afghanistan. ACEP believes that these guidelines will help to ensure better implementation of the law in terms of NGO reporting requirements and will improve NGO coordination with government departments.

ACEP also completed a 20-day session on street-painting skills in Takhar Province. The training was aimed to build the capacity of 20 youth (17 women, three men) on street-painting art that include paintings and messages on government and nongovernmental buildings' walls. The messages contain slogans against narcotics use and gender-based violence and for social engagement and a number of other social issues.⁴⁷⁶

SUBNATIONAL GOVERNANCE

In September, the only remaining female provincial governor was replaced by a male. Masooma Muradi, the now former governor of Daykundi Province, faced strong resistance from religious conservatives and political opponents after being appointed in 2015. The Afghan government gave no explanation for her removal.⁴⁷⁷

On July 30, the Afghan government issued the Provincial Council Oversight Regulations, which laid out an enhanced role for the provincial councils in monitoring government departments and other entities. These regulations reversed a 2014 decision by the lower house of parliament that removed the oversight power of provincial councils. President Ghani agreed to improve coordination with the provincial councils by conducting regular regional meetings and inviting a representative of the councils to attend cabinet meetings.⁴⁷⁸

Provincial and Municipal Programs

USAID has two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.10 summarizes total program costs and disbursements to date.

TABLE 3.10

USAID SUBNATIONAL (PROVINCIAL AND MUNICIPAL) PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)
Strong Hubs for Afghan Hope and Resilience (SHAHAR)	11/30/2014	11/29/2017	\$46,000,000	\$38,162,540
Initiative to Strengthen Local Administrations (ISLA)	2/1/2015	1/31/2020	62,364,687	20,121,946

Source: USAID, response to SIGAR data call, 10/15/2017.

Initiative to Strengthen Local Administrations

The \$62 million ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement, leading to services that

more closely respond to all citizens' needs in health, education, security, justice, and urban services.⁴⁷⁹

According to USAID, one of the key provisions of the Afghan government's provincial budget policy is to link the provincial development plans with the provincial budget process. ISLA has supported this process by delivering training to all 34 provinces, not just the 16 ISLA is designed to assist. According to USAID, ISLA's training curriculum has been endorsed and adopted by the MOF. This quarter, USAID reports that all 16 of the ISLA-supported provinces submitted their provincial development plans to the Ministry of Economy on time. Additionally, all but one ISLA-supported province submitted their initial budget requests to the Ministry of Finance. Once the province budget requests are finalized, ISLA will be able to determine how many ISLA-identified province priority projects were actually funded and implemented by the Afghan government.⁴⁸⁰



The Lashkar Gar deputy mayor opening a complaint box established with assistance by USAID's SHAHAR program. (USAID photo)

Strong Hubs for Afghan Hope and Resilience

The objective of the \$46 million SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. The urban portion of Afghanistan's population has risen from 22% in 2004 to an estimated 25% in 2016–2017. Targeted support to municipal governments, as well as to the Deputy Ministry of Municipal Affairs and municipal advisory boards, aims to improve municipal financial management, urban service delivery, and citizen consultation.⁴⁸¹

In August, SHAHAR reported that partner municipalities increased their revenue by 39% compared to the same period in the previous year. Expenditures increased by 16% compared to the previous year. Also this quarter, SHAHAR assisted the deputy mayor of Lashkar Gar in Helmand Province with opening a complaint box. The Lashkar Gar mayor has reportedly tasked the deputy mayor with a weekly inspection of the complaint box for complaint letters and suggestions.⁴⁸²

RULE OF LAW AND ANTICORRUPTION

Project Summary

The United States has assisted the formal and informal justice sectors through several mechanisms. These include State's Justice Sector Support Program (JSSP) and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.11.

USAID has a cooperation arrangement with the UK's Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID funds the MEC's

GOVERNANCE

TABLE 3.11

RULE OF LAW AND ANTICORRUPTION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)
Justice System Support Program II (JSSP II)	6/16/2010	11/27/2017	\$298,290,903	\$279,969,144
Assistance for Development of Afghan Legal Access and Transparency (ADALAT)	4/15/2016	4/14/2021	68,163,468	7,990,263
Electoral Reform and Civic Advocacy (AERCA)*	7/13/2009	9/30/2017	51,302,682	49,998,320
Corrections System Support Program (CSSP IV)**	3/1/2016	8/27/2017	25,090,002	22,799,794
Justice Training Transition Program (JTTP) Follow On***	1/2/2013	11/30/2017	47,759,796	47,759,796
Corrections System Support Program (OASIS CSSP)**	6/1/2017	11/30/2022	13,574,083	1,500,402
Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)	5/19/2015	8/31/2020	3,000,000	2,000,000

Note: *On November 1, 2015, USAID extended the AERCA award beyond the planned December 31, 2015, end date, added \$12.6 million in estimated costs, and incorporated additional anticorruption activities into the program description. The information in the table refers to the entire award, not simply the new anticorruption portion covered by the modification.

**Disbursements as of 8/27/2017.

***The follow-on project is a no-cost extension with funds having already been disbursed.

Source: State, INL, response to SIGAR data call, 9/28/2017 and 10/12/2017; USAID, response to SIGAR data call, 10/15/2017.

monitoring, analysis, and reporting activities, including its vulnerability-to-corruption assessments.⁴⁸³

USAID aims to improve public services by reducing corruption opportunities in the Afghan government’s administrative and business processes. In November 2015, USAID modified the existing Advancing Effective Reforms for Civic Accountability (AERCA) project—previously the Afghanistan Electoral Reform and Civic Advocacy project—to address immediately identifiable corrupt practices.⁴⁸⁴

AERCA had identified 10 services that are important to Afghans but are perceived as not working as well as expected: (1, 2) disability and martyr payments by the Ministry of Labor, Social Affairs, Martyrs and Disabled; (3, 4, 5) driver’s license issuance, vehicle registration, and national identification by the MOI; (6, 7) issuance of diplomas and transcripts by the Ministry of Higher Education; (8) small-business license registration by the Kabul Municipality; (9) property registration by the Supreme Court; and (10) high-school diploma issuance by the Ministry of Education (MOE).⁴⁸⁵ In August 2016, USAID and AERCA decided to suspend AERCA’s assistance to the driver’s license service after determining that there was insufficient political will for reform in the MOI’s traffic department to enable worthwhile collaboration.⁴⁸⁶

This quarter, AERCA reported that it had supported printing hundreds of booklets on the new standard operating procedures for the Central Population Registration Department (CPRD). These booklets were distributed to provincial CPRD offices across the country. The distribution of these booklets means that AERCA’s reform activities with the CPRD

in Kabul and Nangarhar Provinces are now completed. AERCA is also nearing the end of their assistance to the Kabul municipality to support small-business license reforms. AERCA has completed the handover of a business registration database to the municipal government. Kabul municipality has also hired 32 of former AERCA surveyors to continue their AERCA-related work with the municipality. Also this quarter, an AERCA-hired contractor completed renovations at the Ministry of Foreign Affairs that allow for the installation of an electronic queue-management system. These upgrades should allow the ministry to process more than 2,000 customers daily, up from 700.⁴⁸⁷ AERCA ended on September 30.⁴⁸⁸

State's Justice Sector Support Program (JSSP) is the largest rule-of-law program in Afghanistan. JSSP was established in 2005 to provide capacity-building support to the Afghan justice system through training, mentoring, and advisory services. The current JSSP began in 2010 and has an estimated cost of \$298 million.⁴⁸⁹

During the past year, JSSP continued to provide support to the Supreme Court and Attorney General's Office (AGO) to roll out and integrate the Case Management System (CMS). CMS is an online database that tracks the status of criminal cases in Afghanistan, across all criminal justice institutions, from the moment a case is initiated to the end of confinement. As of May, JSSP maintains 535 Case Management System (CMS) offices in 33 provinces. Of these CMS offices, 449 cover criminal matters and 86 cover civil cases. A total of 291,916 unique cases have been entered into the criminal CMS database and 32,394 cases into the civil CMS database.⁴⁹⁰

This past year, JSSP budget staff prepared the Supreme Court's financial closing report, or *Qatia*, covering the Supreme Court's operation and development budgets. This report was submitted to the MOF and Supreme Audit Office of Afghanistan. MOF requires year-end closing reports from all budget units and, after an SAO audit, MOF submits these *Qatia* reports to the parliament.⁴⁹¹ JSSP also assisted the Supreme Court in advertising 340 vacancies with the appellate courts in Kabul and the provinces. A total of 669 eligible applicants, including 52 women, attended the entrance exam. Ultimately, the Supreme Court, with JSSP assistance, prepared employment contracts for 62 candidates for positions at the Supreme Court headquarters and Kabul Province appellate court.⁴⁹²

This quarter, State's \$48 million Justice Training Transition Program (JTTP) finished administering institutional learning-needs assessments of the Ministry of Justice (MOJ) and AGO officials. JTTP assisted the MOJ and AGO to develop draft training and budget plans based on the initial findings of these assessments. According to State, 51 trainings are thought necessary to meet the learning needs of the legal professionals working in the three MOJ departments. JTTP plans to meet with MOJ to discuss the draft training

plan, assess whether further items should be added, and discuss availability of funding, trainers and curricula, and develop an implementation plan.⁴⁹³

In April 2016, USAID launched the \$68 million Assistance for the Development of Afghan Legal Access and Transparency (ADALAT) program. ADALAT aims to (1) increase the effectiveness and reach of the formal justice sector, (2) strengthen the linkages between the formal and traditional justice sectors, and (3) increase citizen demand for quality legal services.⁴⁹⁴ This quarter, ADALAT began its coordination efforts with State's JSSP program through a discussion of JSSP's experience with embedded advisors at the Supreme Court to deconflict their activities. Also, after holding numerous meetings and developing plans over the past year to partner with the Afghan Independent Bar Association (AIBA), ADALAT reported this quarter that the AIBA ultimately declined to accept ADALAT's assistance. The AIBA reportedly did not agree to USAID-mandated reforms, including changing the organization's bylaws. After this rejection, USAID directed ADALAT to propose alternative activities to improve the legal and justice sectors.⁴⁹⁵

Afghan Correctional System

As of June 30, the General Directorate of Prisons and Detention Centers (GDPDC) incarcerated 28,065 males and 922 females, while the MOJ's Juvenile Rehabilitation Directorate (JRD) incarcerated 888 male and 101 female juveniles. These incarceration totals do not include detainees held by any other Afghan governmental organization, as State's Bureau of International Narcotics and Law Enforcement Affairs (INL) does not have access to their data.⁴⁹⁶

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for adults, despite stagnant prison population numbers. As of June 30, the total male provincial-prison population was at 178% of capacity, as defined by the International Committee of the Red Cross's (ICRC) minimum standard of 3.4 square meters per inmate. The total female provincial-prison population was at 119% of the ICRC-recommended capacity. The JRD's juvenile-rehabilitation centers' population was at 72% of ICRC-recommended capacity.⁴⁹⁷

According to State, its joint efforts with the MOJ in implementing alternatives to incarceration for juveniles has led to an 11% reduction of the juvenile rehabilitation center population. This quarter, State and CSSP facilitated an alternatives to incarceration conference to review the progress of the past year. According to State, the ever-increasing strain on resources in juvenile rehabilitation centers makes it imperative that JRD leadership expand the use of alternatives to incarceration. Conference participants (representing the corrections, law enforcement, and justice sectors) agreed upon a plan to expand the alternatives to incarceration program during the coming year and transition the program to the MOJ.⁴⁹⁸

Congress Directs SIGAR to Assess Afghanistan's Implementation of an Anticorruption Strategy

The Joint Explanatory Statement for the Consolidated Appropriations Act for Fiscal Year 2017 directs SIGAR to assess the Afghan government's implementation of an anticorruption strategy called for at the Brussels Conference on Afghanistan held October 4–5, 2016. SIGAR was further instructed to report its findings to the House and Senate Appropriations Committees no later than May 31, 2018. This congressional request is notable because it is the first time Congress has directed SIGAR to assess the Afghan government's performance, rather than that of a U.S. government agency, on a key reconstruction objective.

Anticorruption

At the October 2016 Brussels conference, the Afghan government agreed to draft and endorse an anticorruption strategy for the whole of government by the first half of 2017.⁴⁹⁹ On September 28, the High Council on Rule of Law and Anti-corruption approved the National Strategy for Combatting Corruption. In commenting on the strategy, President Ghani said that the drive against corruption should be “measurable and vision-oriented.” He also ordered that the government produce a comprehensive report every six months that covers the strategy's implementation.⁵⁰⁰

The anticorruption civil-society organization Integrity Watch Afghanistan (IWA) criticized the new strategy for not creating an independent commission to deal with corruption issues, labeling it a “half-hearted attempt to fight corruption.” IWA said the new strategy suffered from a “constricted strategy development process, weak institutional arrangements, and expanded timelines for achieving the benchmarks.” In particular, IWA said that the Afghan government backtracked on its “most important anti-corruption commitment: the creation of an independent and strong anti-corruption commission.” Instead, IWA reported that the strategy gives the central role to the AGO, the Independent Administrative Reform and Civil Service Commission (IARCSC), and the High Council on Rule of Law and Anticorruption. IWA believes that this approach does not meet the UN Convention against Corruption or internationally accepted principals on the independence of anti-corruption agencies.⁵⁰¹

According to this strategy, reformist government leaders with empowered teams and networks are necessary to overcome the corruption challenge. Among the causes of large-scale corruption, the strategy identified the lack of certainty about the political survival of the state leading to an emphasis on short-term goals; aid dependency resulting in a highly fragmented state system; limited incentives for government reformers; insufficiently developed political institutions connected to an elite settlement; and government capture by corrupt officials. The strategy critiqued previous anticorruption efforts that proposed a large number of discrete activities which lacked an overarching rationale and led to wish lists of well-intentioned, but ineffectual actions.⁵⁰² This perspective mirrors the statements President Ghani made at the G7+ meeting in March 2016. In that speech, President Ghani said at the time:

The solution to fragmented and captured states is never going to be more consultants, anticorruption plans, or good governance projects. Reform will come when reformist leadership is fully equipped with the tools it needs to rebuild core state systems, above all an ability to recruit likeminded reformers into the system and to have the flexibility to use reform to deliver results.⁵⁰³

In a recent interview with the *Wall Street Journal*, President Ghani described the critical challenge of responding to high-level corruption as one of balancing the need to maintain a political consensus with reform. President Ghani describe corruption in Afghanistan as “the system,” saying “every system has a breaking point [...] you’ve seen how much reaction there is to reform.”⁵⁰⁴

In August, Chief Executive Abdullah was quoted in Afghan media saying that the former minister of telecommunication and information technology, Abdul Razzaq Wahidi, was cleared by the AGO of charges of having manipulated the ministry’s revenue statistics. State, citing DOJ reporting, says that the charges against Wahidi were misuse of office for personal gain and practicing nepotism. Additionally, State reports that Wahidi’s case has reportedly been with the Supreme Court for consideration since July 2017. President Ghani had previously suspended Wahidi in January.⁵⁰⁵

Anti-Corruption Justice Center

In May 2016, President Ghani announced the establishment of a specialized anticorruption court, the Anti-Corruption Justice Center (ACJC).⁵⁰⁶ The ACJC brings together MCTF investigators, AGO prosecutors, and judges to combat serious corruption.⁵⁰⁷ The ACJC’s jurisdiction covers major corruption cases committed in any province involving senior officials or substantial monetary losses of a minimum of five million afghanis (approximately \$73,000).⁵⁰⁸

Since October 2016, the ACJC has considered 313 potential cases, of which 243 potential cases involve civilians and 79 potential cases involve military personnel. Of these potential cases, 44 have been referred to the ACJC’s primary court or primary prosecution office. The ACJC’s primary court has concluded 21 trials, convicting 83 offenders.⁵⁰⁹ Among the ACJC cases, a general was convicted and sentenced to 20 years’ imprisonment for fuel fraud and stealing equipment.⁵¹⁰

In August, the ACJC primary court sentenced five officials of Pule-Charkhi prison (including a former prison commander) each to three-year jail sentences. The five were found guilty of having modified a list of prisoners eligible for release under a presidential decree so that a prisoner sentenced to 20 years in jail for smuggling 36 kilograms of heroin replaced a prisoner jailed for only one year and one month for keeping and using alcohol. The ACJC judge also ordered the investigation of three other Afghan government officials (from the AGO, Afghanistan Independent Human Rights Commission, and the National Directorate of Security) whose signatures were on the release form.⁵¹¹

Additionally, in August, the ACJC sentenced Abdul Ghafar Dawi—one of the most successful and politically connected businessman in Afghanistan and director of a large fuel company—to a nine-year and nine-month prison sentence for contract manipulation, embezzlement, and failure to repay

SIGAR INTERCEPTS \$1.6 MILLION IN SMUGGLED GOLD AT BAGRAM AIRFIELD

This quarter, SIGAR Special Agents at Bagram Airfield (BAF) intercepted a traveler who had a large quantity of gold in his possession. The traveler could not show any documentation that authorized him to transport gold out of Afghanistan. But he did have papers indicating the nearly 92 pounds of gold he carried was worth about \$1.6 million. SIGAR took possession of the gold while further investigation was conducted. Given likely violations of Afghanistan’s laws, and pursuant to the U.S.-Afghan Status of Forces Agreement, SIGAR investigators requested that the gold bars be transferred from SIGAR to Afghan government officials.

President Ghani then formed a special working group to investigate the case. One of the working group’s first tasks was to coordinate the transfer of the gold from SIGAR to the central bank. Once that was completed, the working group and SIGAR began a joint investigation of the source and transport of the gold.

Whatever its final outcome, the case stands as a sterling example of what can be achieved when U.S. oversight agencies like SIGAR maintain good working relationships with Afghan officials.

Kabul Bank loans. Additionally, two deputy-minister-level Afghan government officials were also convicted as part of this case. State views this case as a significant victory for the ACJC.⁵¹²

Also in August, the ACJC primary court sentenced the former police commander of Helmand Province to three years in prison. The police general was accused of abusing authority, embezzlement of a government vehicle, and releasing two suspects from custody.⁵¹³

Independent Joint Anti-Corruption Monitoring and Evaluation Committee

President Karzai established the MEC by presidential decree in March 2010. The institution was reauthorized by President Ghani in September 2016 with a new decree that provided full independence from the High Office of Oversight and Anticorruption (HOOAC). The MEC's mandate is to develop anticorruption recommendations and benchmarks, to monitor efforts to fight corruption, and to report on these efforts. Its board includes three Afghan members and three international members, and is led by an Afghan executive director.⁵¹⁴

This quarter, the MEC published its assessment of corruption vulnerabilities in the AGO. According to the MEC, the AGO has historically been viewed as a major contributor to corruption in Afghanistan with “bribery, patronage, nepotism and deliberately weak oversight practices [being] the status quo.” The MEC reports that the current attorney general has begun to implement a number of positive changes. These AGO-identified changes include dealing with public complaints, increasing the budget and salary of prosecutors, and establishing the ACJC. Despite these changes, the MEC found that bribery still occurs at all stages of the criminal process (although not as openly as in the past) and forms the main type of corruption. Also, the MEC found that communications between the AGO and detection and referring agencies, including the police and other agencies such as the HOOAC, Supreme Audit Office, MOF, could be improved as several agencies report that they are unaware of the outcome of cases that have been submitted to the AGO.⁵¹⁵

The MEC also published a report on the Ministry of Refugees and Repatriation (summarized on pages 177–178 of this report).

Major Crimes Task Force

The MCTF is an elite MOI unit chartered to investigate corruption, organized criminal networks, and high-profile kidnappings committed throughout Afghanistan. This quarter, the MCTF opened over 40 corruption cases. However, the MCTF submitted only one case to the AGO this quarter.⁵¹⁶

The size of the MCTF's Corruption Investigation Unit has increased in response to the increased number of corruption cases it is pursuing.

Additionally, the position of MCTF director has been upgraded from a brigadier general to major general billet. However, the current MCTF director has yet to receive a promotion to reflect this change and Resolute Support reports no indication that this will occur. In the past, Resolute Support has attributed MCTF improvements in part to the current director's "outstanding leadership" in the face of repeated threats against him.⁵¹⁷

In October, a member of the MCTF died after being shot outside his house in Kabul. This incident follows the assassination of two MCTF investigators in April.⁵¹⁸

According to Resolute Support, MCTF investigator morale is "at an all-time low." MCTF investigators reportedly feel they do not receive the support and protection from senior Afghan government officials necessary to operate without reprisal. MCTF investigators are afraid to work some high-level cases due to potential repercussions, which include being fired, transferred, or being put in jail for doing their job.⁵¹⁹

HUMAN RIGHTS

This quarter, the chairwoman of the Afghanistan Independent Human Rights Commission, Dr. Sima Samar, suggested that the International Criminal Court (ICC) launch an investigation into human-rights violations in Afghanistan. Dr. Samar said that in light of the weak state of the Afghan judicial system, the Afghan government could consider requesting assistance from the ICC.⁵²⁰

In August, the nongovernmental organization Save the Children (SCI) released a study on the knowledge, attitudes, and practices on violence and harmful practices against children. The study involved respondents from Balkh, Jowzjan, Sar-e Pul, Nangarhar, and Kabul (street working children only) Provinces. According to SCI, child respondents experienced high levels of all types of violence. The study considered various types of violence, including exposure to violence, psychological violence, physical and emotional neglect, physical violence, and sexual abuse. Only 9% of children reported not experiencing any type of violence, 21% experienced one to three types, 16% experienced four to six types, 10% experienced seven to nine types, 13% experienced 10 to 15 types, 9% experienced 16 to 20 types, 20% experienced 21 to 30 types, and 2.5% experienced more than 31 types. SCI was surprised to find that children from urban areas reported experiencing more violence (for an average exposure to 14 forms of violence) than children in rural areas (who reported experiencing an average of 10 forms of violence).⁵²¹

REFUGEES AND INTERNAL DISPLACEMENT

The high rate of refugee returns in 2016 has stabilized. In 2016, a total of 370,102 Afghans registered as refugees returned from Pakistan, 2,290 returned from Iran, and 185 returned from other countries.⁵²² As of September, 87,700 people have returned from Pakistan to Afghanistan and 375,599 from Iran in 2017. Of these returns, 51,801 were recognized refugees. The number of refugee returns in 2017 stands at approximately 38% of the number of refugee who returned to Afghanistan between January and September 2016. According to State, approximately 169,000 undocumented Afghan migrants returned to Afghanistan, with 160,000 being deported from Iran.⁵²³

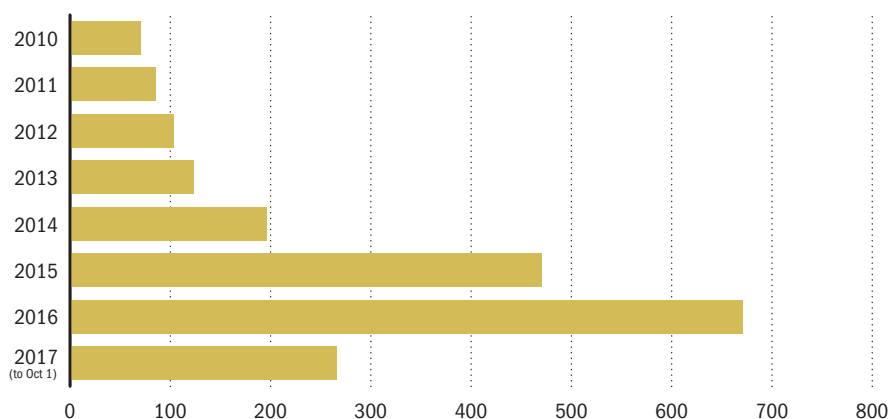
As shown in Figure 3.31, there has been a decrease in internal displacement this year compared to last. According to the UN's Office for the Coordination of Humanitarian Affairs (OCHA), as of October 1, 266,087 people have fled their homes due to conflict.⁵²⁴

As shown in Figure 3.32, as of September 16, approximately 6% of the estimated population of Uruzgan Province was displaced due to conflict. Badghis (4.93%), Kunduz (3.09%), Zabul (2.31%), Baghlan (2.12%), and Nangarhar (2.02%) Provinces registered more than 2% of their total estimated populations as displaced by conflict.⁵²⁵

Eurostat, the statistical office of the EU, reported 22,500 first-time Afghan asylum seekers in the EU in the first six months of 2017. As shown in Figure 3.33 on page 178, the number of Afghan asylum applications from April to June 2017 was 24.3% lower than the number for the previous three months.⁵²⁶

FIGURE 3.31

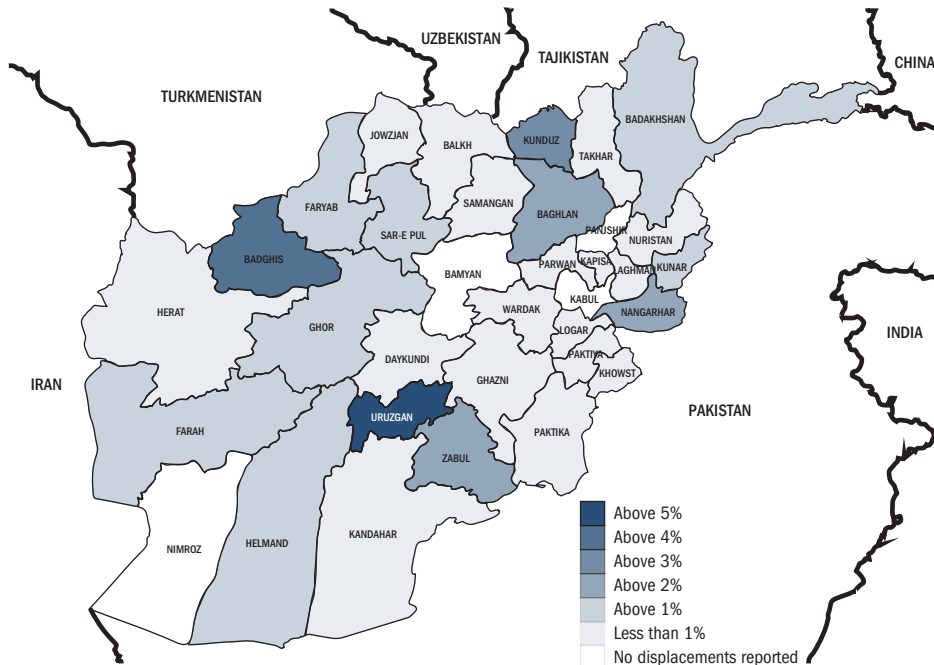
CONFLICT-INDUCED DISPLACEMENTS (THOUSANDS)



Source: UN OCHA, "Afghanistan: Conflict Induced Displacements in 2017 - Snapshot," 6/18/2017; UN, OCHA, "Afghanistan Weekly Field Report," 10/1/2017, p. 1.

FIGURE 3.32

PROVINCE POPULATION DISPLACED BY CONFLICT 2017



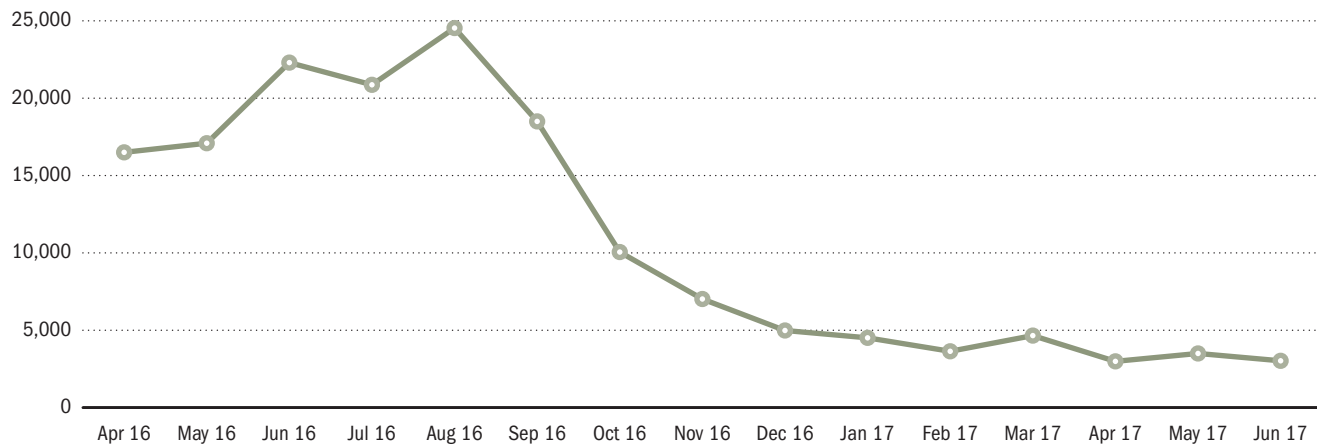
Source: Humanitarian Data Exchange, "OCHA Afghanistan: Afghanistan - Conflict Induced Displacements in 2017," 9/16/2017; Central Statistics Office, "Estimated Population by Civil Division, Urban, Rural, Nomadic and Sex-2017-18," n.d.

In August, the MEC issued their review of the Ministry of Refugees and Repatriation (MORR). Following a 2005 presidential decree, the MORR was mandated to work with municipalities and local governments to provide land to Afghan returnees. However, the MEC found that land distribution suffers from massive bribery, nepotism, and embezzlement. According to the MEC, this decree has facilitated corruption. For example, while returnees are required to have valid documents in order to receive shelter, the decree does not specify which documents. Additionally, various Afghan government actors have exploited the decree's ambiguous language to insert themselves into the process of land distribution for the purposes of selling land or taking bribes.⁵²⁷ The MORR has proposed rescinding the decree and has drafted ministry procedures for land distribution. These new procedures offer clear guidance, the MEC said.⁵²⁸

The MEC also found that humanitarian aid was plagued by the problem of fake beneficiaries. For example, MEC reported that some villagers living on the border with Pakistan will repeatedly cross the border for the sake of receiving refugee assistance. In response, the MORR and World Food

FIGURE 3.33

FIRST-TIME AFGHAN ASYLUM APPLICANTS TO THE EUROPEAN UNION



Source: EUROSTAT, "First time asylum applicants in the EU-28 by citizenship, Q2 2016–Q2 2017," 9/21/2017.

Program (WFP) have launched a data-collection initiative at the Torkham border crossing that will register every returnee and provide that person with an electronic card. MEC reports that the MORR and WFP plan to expand the initiative across the country and jointly run the program for three years.⁵²⁹

GENDER

The largest gender-focused initiative in USAID's history is the Promote partnership that aims to assist over 75,000 Afghan women in achieving leadership roles over five years in all parts of society, including business, academia, politics, and public policy.⁵³⁰ USAID has committed \$280 million to Promote.⁵³¹ Table 3.12 show the current Promote programs.

As of July, 1,675 women have or are receiving civil service training and internships through Promote's Women in Government program. So far, 42 interns have gained full-time employment in either the government or private sector after one year of training. The Women in Leadership Development program has provided 5,743 young women with training. The Women in the Economy program has or is in the process of facilitating internships or apprenticeships for 4,124 women. The program has helped 806 interns gain full-time employment. Finally, the Women in Civil Society program reports that they have civil society organizations with members totaling 1,306 persons benefitting from the program.⁵³²

GOVERNANCE

TABLE 3.12

USAID GENDER PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)
Promote: Women in the Economy	7/1/2015	6/30/2019	\$71,571,543	\$21,646,950
Promote: Women's Leadership Development	9/23/2014	9/22/2019	41,959,377	24,140,885
Promote: Women in Government	4/21/2015	4/20/2020	37,997,644	13,759,096
Promote: Women's Rights Groups and Coalitions	9/2/2015	9/1/2020	29,534,401	9,208,197
Promote: Rolling Baseline and End-line Survey	2/21/2017	10/20/2020	7,577,638	1,016,098
Promote: Economic Empowerment of Women in Afghanistan	5/8/2015	5/7/2018	1,500,000	900,000
Promote: Scholarships	3/4/2015	3/3/2020	1,247,522	1,247,522

Source: USAID, response to SIGAR data call, 10/15/2017.

Also this quarter, the Women in Civil Society program reported that the implementation of the national technical assistance salary scale—a policy designed to reduce the disparity between Afghan government and donor-funded position salaries—continues to hinder the hiring of qualified staff since it has resulted in a significant decrease in salaries and benefits the program can offer. According to the Afghan government, international donors, including USAID, have directed their contractors to follow the Afghan government's national technical assistance salary scale to meet a SMART SMAF obligation.⁵³³

The SMAF includes several short-term deliverables related to women's rights, including the requirement for an implementation and financing plan for the National Action Plan for Women, Peace, and Security approved at the end of 2015, with implementation starting by mid-2016; an anti-harassment regulation for improving working environments for public-sector women, to be issued by mid-2016; and dedicated violence-against-women prosecution units established in 26 provinces by December 2016.⁵³⁴

In June, the Afghan government reported on its progress in meeting the SMART SMAF obligation to launch a women's economic empowerment plan by first half of 2017. According to the Afghan government, President Ghani launched the plan in March and a unit was established in the Ministry of Martyred, Disabled, Labor, and Social Affairs. Over the next three years, the World Bank is expected to provide \$5 million to support this unit.⁵³⁵ Additionally, as of October, the Supreme Court established special tribunals for the elimination of violence against women in 15 provinces.⁵³⁶

SIGAR AUDIT

SIGAR is currently conducting a performance audit of Promote that will assess contract compliance, program performance, and implementation challenges for the five Promote programs. The audit team's work includes examining contract documents and interviewing USAID and Afghan government officials, the Promote contractors, and program participants.

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ECONOMIC AND SOCIAL DEVELOPMENT

KEY ISSUES AND EVENTS

In the July 30, 2017, quarterly report, SIGAR reported that Afghanistan's total domestic revenues for the first six months of FY 1396 (which began December 22, 2016) decreased by 25% compared to the first six months of FY 1395. Using updated data, SIGAR analysis this quarter showed that aggregate domestic revenues remained roughly the same for the first eight months of FY 1396, compared to the first eight months of FY 1395. MOF senior officials told SIGAR this quarter that they classify revenues into "one-off" and "sustainable" categories. The MOF considers certain revenues—including customs, taxes, and non-tax fees—as "sustainable." Using the Afghan government's definition of sustainable domestic revenues, these categories collectively increased by about 12%, year-on-year, for the first eight months of FY 1396, compared to the first eight months of FY 1395.⁵³⁷

This quarter, the United States and the Afghan government announced the launch of the bilateral Kabul Compact.⁵³⁸ According to the State Department, the compact outlines the Afghan government's existing commitments under the 2012 Strategic Partnership Agreement that sought to define the relationship between the U.S. and Afghanistan following the drawdown of U.S. forces.⁵³⁹

The Kabul Compact comprises four key issue areas—security, economics, governance, and peace and reconciliation—each with a set of reform benchmarks.⁵⁴⁰ Economic benchmarks were selected to promote business-climate reform, create a more permissive macroeconomic environment, drive the development of key business sectors, and strengthen infrastructure.⁵⁴¹ A joint U.S.-Afghan statement described the compact as "an Afghan-led initiative" that was an "important factor upon which the United States relied when developing key components of the U.S. South Asia Policy, launched by President Trump on August 21."⁵⁴² For more on the compact, see pages 150–151 of this report. SIGAR will track Afghanistan's progress in meeting benchmarks in future quarterly reports.

Also this quarter, International Monetary Fund (IMF) staff completed their second Extended Credit Facility (ECF) review mission to Afghanistan, and announced preliminary findings. The ECF is an IMF financing vehicle that provides assistance to countries experiencing extended balance-of-payments problems. The IMF staff found Afghanistan's performance under

the ECF program to be satisfactory, but continued support from donors remains critical. The IMF's Executive Board was expected to discuss the mission's findings in December, and if approved, Afghanistan's central bank will have access to an additional \$6.1 million in financing.⁵⁴³

U.S. RECONSTRUCTION FUNDING FOR GOVERNANCE AND ECONOMIC AND SOCIAL DEVELOPMENT

As of September 30, 2017, the U.S. government has provided approximately \$33 billion to support governance and economic and social development in Afghanistan. Most of these funds—nearly \$19.9 billion—were appropriated to the U.S. Agency for International Development's (USAID) Economic Support Fund (ESF). Of this amount, \$18.5 billion has been obligated and \$15.6 billion has been disbursed.⁵⁴⁴

According to its FY 2018 budget request, the State Department intends for U.S.-funded civilian-assistance programs in Afghanistan to reinforce and complement the U.S. military's ongoing train, advise, and assist (TAA) and counterterrorism (CT) efforts. Programs will focus on further consolidating the political, security, developmental, and social gains achieved since 2001, and aim to grow the Afghan economy. They are to be implemented under strict monitoring conditions to mitigate corruption.⁵⁴⁵

ESF investments will be made in key sectors like agriculture and natural resources. They target small and medium-size enterprises in prioritized value chains, provide support to public-private partnerships to improve infrastructure, and promote improved government capacity, including the Afghan government's ability to generate domestic revenue. The ESF is also being used to enhance civic engagement to combat violent extremism, and to empower women through increased access to education and employment opportunities.⁵⁴⁶

Implications of the FY 2017 Consolidated Appropriations Act and the New South Asia Strategy

The FY 2017 Consolidated Appropriations Act, which became law in May 2017, specifies that ESF funds may not be obligated for projects or activities that legitimize the Taliban in areas not under the Afghan government's control. According to the law, ESF funds are also not permitted to be used for projects or activities involving Afghan individuals or organizations involved in corrupt practices, as determined by the Secretary of State.⁵⁴⁷

In his speech at Fort Myer on August 21, 2017, about the U.S. strategy in Afghanistan and South Asia, President Trump stated that “one fundamental pillar of our new strategy is the integration of all instruments of American power—diplomatic, economic, and military—toward a successful outcome.” The President also emphasized his hope that India would begin to play a larger role in economic assistance to Afghanistan, and underscored

During the Inspector General's visit to Afghanistan this quarter, USAID officials said that the agency plans to concentrate future development assistance programming in urban centers, rather than in less-secure rural areas. The majority of the Afghan population lives in rural areas, where recent increases in poverty are concentrated.

Source: SIGAR, communications with USAID officials, 10/2017; World Bank, *Afghanistan Development Update*, 5/2017, p. 5.

that the U.S. would “participate in economic development to help defray the cost of [the] war.”⁵⁴⁸

ECONOMIC PROFILE

The IMF estimated Afghanistan’s real (net of inflation) gross domestic product (GDP), excluding opium, to have grown 2% in 2016, higher than the estimated 0.8% in 2015. The IMF said the 2016 rate remains far below that necessary to increase employment and improve living standards.⁵⁴⁹

In its first review under the Extended Credit Facility released in May 2017, the IMF projected Afghanistan’s GDP to grow 3% in 2017. However, in July the IMF adjusted its growth expectations downward to 2.5%, citing continuing governance and security challenges.⁵⁵⁰ The World Bank and Asian Development Bank (ADB) projected 2.6% and 2.5% growth for 2017, respectively. Growth outlooks remain contingent on improved security and revenue collection, political stability, investor and consumer confidence, strong donor support, successful implementation of reforms and favorable weather.⁵⁵¹

Afghanistan’s rapid population growth, estimated at 3% per year, is outpacing its licit economic growth. As a result, per capita GDP may be falling, employment opportunities are limited, and the budget is pressured. Afghanistan’s labor market is unable to absorb what the World Bank estimates are 400,000 people entering the work force every year. Consequently, more than 23% of Afghanistan’s labor force was unemployed in 2016–2017, according to the most recent reporting. This is further exacerbated by deteriorating security conditions and repatriation of Afghans that adds to internal displacement. Unemployment is most severe among illiterate, low-skilled workers.⁵⁵²

Agriculture was the largest contributor to real GDP growth in 2016 due to favorable weather and greater output, according to the World Bank.⁵⁵³ However, economic growth based on this sector is volatile due to weather fluctuations.⁵⁵⁴ Industry and services, which benefited from the Coalition’s large presence, security spending, and aid flows prior to 2015, have since grown much more slowly.⁵⁵⁵ Industry declined by 0.8% in 2016, largely a result of low construction activity, which had maintained strong growth in recent years. Manufacturing grew around 1% and services by 2.2%, which, according to the World Bank, was substantially lower than the historical average.⁵⁵⁶

Consumer prices remain low, but inflationary pressure on the Afghan currency, the afghani, combined with increasing global food prices caused domestic prices to rise by an IMF-estimated 4.4% in 2016, compared to a decrease of 1.5% in 2015.⁵⁵⁷ For 2017, the IMF projected inflation of 5.5%.⁵⁵⁸ According to the World Bank, exchange rates and global prices exert a significant impact on import-dependent nations like Afghanistan.⁵⁵⁹

The World Bank, IMF, and others exclude the value of opium production from their reported GDP estimates. Afghanistan’s Central Statistics Organization releases official GDP growth figures in two categories—one that includes and one that excludes opium value. Opium-related earnings boost domestic demand and are a significant source of foreign exchange.

The estimated net value of opium production was \$2.9 billion in 2016, representing 16% of GDP. The farm-gate value—the potential gross amount earned by farmers—was almost \$900 million, roughly 5% of GDP and a 57% increase over 2015.

Source: World Bank, *Afghanistan Development Update*, 5/2017, p. 2; IMF, “IMF Executive Board Completes First Review Under the ECF for the Islamic Republic of Afghanistan and Approves US \$6.2 million Disbursement,” Press Release No. 17/192, 5/24/2017; ADB, *Asian Development Outlook 2017*, 4/2017, p. 178; CSO, *Afghanistan Statistical Yearbook 2015–2016*; UNODC, *Afghanistan Opium Survey 2016, Sustainable Development in an Opium Production Environment*, 5/2017, pp. 44, 47.

Additionally, indicators suggested a decline in private investment in 2016, with the number of new firm registrations—a measure of investor confidence—dropping 9%. New vehicle registrations increased by 3.9%, indicating continued low-level economic activity.⁵⁶⁰

In spite of these challenges, the World Bank said this quarter that Afghan fiscal and policy reforms could deliver an annual average growth rate of 6.5% from 2017–2030. Key reforms included improved budget execution, reducing the costs and risks of doing business, and selective promotion of import substitution and exports, among others. However, the World Bank noted that the magnitude of public investment required to achieve this higher average annual growth rate would be substantial—up to \$2.6 billion per year through 2030.⁵⁶¹

IMF-defined domestic revenues: under its Extended Credit Facility arrangement with Afghanistan, the IMF defines domestic revenues in line with the Government Finance Statistics Manual, with some exceptions. Revenues include any increase in the central government's net worth resulting from a transaction. They exclude grants and are accounted for on a cash accounting basis. Transactions include taxes and additional compulsory transfers mandated by the central government, sales of goods and services, income derived from property ownership, interest, fines, penalties, forfeitures, voluntary transfers received from nongovernment entities, and social contributions.

In addition to grants, noncompulsory contributions from international organizations and foreign governments are excluded from the IMF's definition of revenue for program monitoring purposes. Also excluded are funds collected from the sale of nonfinancial assets and transactions in financial assets and liabilities (for example, borrowing but excepting interest payments), receipts collected by the central government on behalf of non-central government units, as well as profit transfers from the Central Bank to the Treasury.

Afghanistan's Fiscal Outlook

According to the IMF, Afghanistan remains poor, fragile, and heavily aid-dependent. Afghanistan's **IMF-defined domestic revenues** totaled afghani (AFN) 141.1 billion (approximately \$2.1 billion in current dollars) in 2016. This represents a 15.4% increase over 2015, surpassing the target set under the IMF's economic-support program.⁵⁶² The World Bank attributed this success to new tax policies introduced at the end of 2015 and to improved compliance and enforcement. Taxes were the greatest contributor to overall revenue, followed by non-tax revenue and customs duties.⁵⁶³

Budget expenditures continue to be significantly larger than revenues, with security being the largest recurrent cost. Even if security improves, the World Bank projects expenditures to be at least double likely revenues by 2030.⁵⁶⁴ For FY 1396 (2017), Afghanistan planned to contribute AFN 26.8 billion (\$401 million)—out of what DOD anticipates to be a \$4.9 billion requirement—to help cover the sustainment and operational costs of the ANDSF.⁵⁶⁵ Congress fully funded DOD's \$4.26 billion budget request for the ANDSF in FY 2017. The Afghan government and international donors are expected to help cover the rest.⁵⁶⁶ The IMF estimated Afghanistan's fiscal balance to remain balanced over the medium term, inclusive of donor contributions.⁵⁶⁷

According to the World Bank, improving Afghanistan's fiscal position will require a large increase in revenues, which is plausible only with mining development and with aid sustained at least at current levels. The World Bank said the government's non-security spending will need to increase rapidly just to sustain current service levels due to population growth, operations-and-maintenance requirements for existing assets, and civil service salaries.⁵⁶⁸

Government Revenues and Expenditures

The U.S. government in its 2015 New Development Partnership listed an increase in Afghan government domestic revenues as an important result due by December 31, 2017. Achievement of this indicator is worth

Source: IMF, *First Review Under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria*, 5/8/2017, p. 60.

\$20 million in U.S. on-budget funds.⁵⁶⁹ Since agreement on the partnership, the Afghan government has reported significant revenue increases.⁵⁷⁰ In May 2017, the IMF expressed uncertainty about the sustainability of these reported increases.⁵⁷¹ In July, SIGAR reported a nearly 25% year-on-year decrease in aggregate domestic revenues for the first six months of FY 1396, compared to the first six months of FY 1395.⁵⁷²

The July 30, 2017, quarterly report was the first time SIGAR had reported on Afghan government domestic revenues and expenditures using its own analysis of original Afghan government data exported from the Afghanistan Financial Management Information System (AFMIS). AFMIS is the MOF's government-wide accounting system. AFMIS data is entered by Afghan ministry staff, so data reliability largely depends on their diligence and accuracy in system-data entry. Following publication, SIGAR was contacted by senior MOF officials who expressed concern with the way SIGAR compared year-on-year revenues in the aggregate.⁵⁷³

The MOF officials said they categorize domestic revenue as either “sustainable” or “one-off.” They contended that SIGAR should have compared only “sustainable” domestic revenues when assessing year-on-year change, and that this conformed to the preferences of the World Bank and IMF. In subsequent conversations with IMF officials, SIGAR confirmed that the IMF does not include certain revenues, such as profit transfers from the Afghan Central Bank, in their definition of revenue when calculating year-on-year revenue changes for the purposes of its Extended Credit Facility program.⁵⁷⁴

However, SIGAR believes that providing aggregate domestic revenue figures presents a more complete picture of the Afghan government's overall fiscal position. According to our analysis, the MOF, at times, selectively includes and/or excludes one-off transfers in their own year-on-year revenue reporting. An MOF document presented at the October 2017 Senior Officials Meeting in Kabul stated, “In 2016, revenue collection improved by 26% compared to 2015, including one-off revenue.” In the same document, the MOF reported a nearly 10% increase in revenue in the first six months of 2017 that appears to exclude one-off revenue.⁵⁷⁵

AFMIS data provided to SIGAR this quarter showed sizable increases in revenues for the first six months of 1396 that were not reflected in the AFMIS data exported on July 11, 2017, which SIGAR used in the July quarterly report. Customs, for example, showed an increase from AFN 11,024,809,424 to AFN 18,339,254,349 (an increase of 66.3%). While some of this was attributable to underreporting of month six customs revenues, there were also a number of sizable increases in reported customs revenues in previous months. For example, AFN 1,113,540,048 in customs revenue for Nimroz Province in month three (representing about 45% of the province's total domestic revenue for that month and 15% of the province's total domestic revenues for the first six months) did not appear in the previous data SIGAR received (despite there being approximately four months

Why SIGAR Insists on Consistent Access to Raw Afghan Government Fiscal Data

SIGAR and others, including the World Bank and the IMF, have long reported on the Afghan government's fiscal struggles. Afghanistan has a mixed recent history with budget management: in October 2014, the MOF reported that, even with austerity measures, it was facing a substantial budget shortfall, and requested that donors provide an emergency infusion of \$537 million to cover this unfinanced deficit. Without this bailout, the government said it would have to defer bill payments, including civil servants' salaries.

Concerned about the apparently sudden request for a bailout, SIGAR asked the State Department for a U.S. government point of contact with access to the electronic Afghanistan Financial Management Information System (AFMIS), the country's government-wide accounting system, as well as a description of any efforts undertaken by the United States or the international community to independently validate the budget shortfall.

SIGAR discovered that the State Department did not have access to AFMIS, and that DOD's access was limited to information used to track Ministry of Interior and Ministry of Defense spending. When SIGAR asked USAID what the U.S. government determined Afghanistan's budget gap to actually be and how that figure was determined, USAID said the decision was based on figures publicly reported by the World Bank and IMF, rather than on analysis performed internally by the U.S. government.

As a result of these discussions, SIGAR urged State and USAID to press the MOF for complete access to AFMIS so the United States government

could independently track Afghanistan's fiscal progress, anticipate future budget needs and gaps, and hold the Afghan government accountable for its management of billions of dollars in U.S. and international donor assistance without having to rely on secondary reporting. The U.S. Embassy in Kabul made AFMIS access a condition for receiving \$25 million in U.S. funds. When access was granted in December 2014, the Afghan government received \$25 million from the State Department as a result.

SIGAR continues to emphasize the importance of U.S. government access to raw, unfiltered data for independent oversight and planning purposes. In an effort to provide more detailed fiscal reporting to Congress and the American public, SIGAR began to request and receive raw AFMIS data from USAID. SIGAR presented its first independent analysis of Afghanistan's fiscal position in the July 2017 *Quarterly Report to the United States Congress*. SIGAR has either shared, or offered to share, data used for this analysis with both the MOF and SIGAR's interagency partners, recognizing that they might benefit from the ability to conveniently analyze this data. For example, SIGAR proactively offered to share its processed spreadsheets with USAID when it began working with the agency to receive AFMIS data. Since that time SIGAR has provided analysis-friendly versions of AFMIS data to USAID and DOD officials, and is working to provide the same to our Treasury counterparts.

As long as the MOF offers full U.S.-access to AFMIS, SIGAR will continue to provide original reporting on the Afghan government's fiscal position to support its monitoring and accountability efforts.

Source: SIGAR, communications with IMF officials, 9/7/2017; GIROA, *Realizing Self-Reliance: Commitments to Reforms and Renewed Partnership*, 10/2014, p. 4; World Bank, *Afghanistan Development Update*, 5/2017, p. 16; World Bank, *Afghanistan: Country Snapshot*, 3/2014, p. 3; IMF, *First Review Under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria*, 5/8/2017, pp. 1, 12, 23; GIROA, MOF, *Afghanistan on the Road to Self-Reliance: A Year in Progress*, 10/2017, p. 5; MOF, *Request for Assistance to Address the Fiscal Situation*, 10/17/2014; GIROA, MOF, *Request for Assistance to Address the Fiscal Situation*, 12/15/2014; SIGAR-14-101-SP, 9/26/2014; State, response to SIGAR inquiry letter SIGAR-14-101-SP 10/10/2014; SIGAR, communications with State Department officials, 10/15/2014; State, response to SIGAR vetting, 10/16/2014; DOD, CSTCA, response to SIGAR data call, 9/29/2014; USAID, response to SIGAR data call, 12/28/2014; SIGAR, *Quarterly Report to the United States Congress*, 7/30/2017, pp. 160–162; SIGAR, *Quarterly Report to the United States Congress*, 1/30/2015, pp. 148–151; SIGAR, *Quarterly Report to the United States Congress*, 1/30/2016, pp. 137–139; SIGAR-15-45-SP, 4/15/2015; U.S. Embassy, Kabul, letter from Ambassador P. Michael McKinley to Acting Minister of Finance Mustafa Mastoor, 12/14/2014.

between month three and July 11, 2017).⁵⁷⁶ SIGAR will continue to follow this matter.

This quarter, based on updated data exported from AFMIS, SIGAR assessed that the government's aggregate domestic revenues remained roughly the same for the first eight months of FY 1396, compared to the first eight months of FY 1395. However, revenue identified as "sustainable" by the MOF increased 12% for the first eight months of FY 1396, year-on-year. During the same time period, expenditures decreased by about 9%.⁵⁷⁷

Table 3.13 compares the Afghan government's domestic revenues for the first eight months of FY 1396, compared to the first eight months of FY 1395. This table differs from that which SIGAR presented in July in two important ways. First, total domestic revenue for the first eight months of 1395 and 1396 is now presented with a subtotal of what MOF considers "sustainable"

and what MOF considers “one-off.” Second, percentage change is presented for both subtotals as well as the aggregate change.

SIGAR believes that this approach—presenting aggregate revenue while identifying one-off items—more accurately reflects the Afghan government’s overall fiscal situation. Table 3.14 on the following page shows expenditures for the first eight months of FY 1396, compared to the first eight months of FY 1395.

TABLE 3.13

DOMESTIC REVENUES, FIRST EIGHT MONTHS OF FISCAL YEARS 1395 AND 1396 COMPARED (IN AFGHANIS)				
Category		1395	1396	% Change
		(Through Month 8)^a	(Through Month 8)^b	
Ministry of Finance (MOF)-defined “Sustainable” Domestic Revenue				
Taxation & Customs Revenues	Fixed Taxes	6,084,652,810	8,265,215,840	35.84%
	Income Taxes	15,147,528,165	18,505,618,477	22.17%
	Property Taxes	243,307,378	300,344,683	23.44%
	Sales Taxes	17,019,916,700	21,994,231,536	29.23%
	Excise Taxes	0	0	N/A
	Other Taxes ^e	2,749,091,839	0	(-100.00%)
	Tax Penalties and Fines	0	1,823,493,976	N/A
	Customs Duties and Fees	17,543,832,180	24,319,279,898	38.62%
Social Contributions	Retirement contributions	2,616,116,417	3,034,890,618	16.01%
Other Revenue	Income from Capital Property	851,909,980	1,153,608,449	35.41%
	Sales of Goods and Services	3,479,742,504	4,845,007,830	39.23%
	Administrative Fees	14,176,414,495	16,625,543,808	17.28%
	Royalties	113,012,230	257,517,348	127.87%
	Non-Tax Fines and Penalties	711,502,733	460,438,595	(-35.29%)
	Extractive Industry Fees	642,585,456	1,105,729,135	72.08%
	Miscellaneous Revenue ^e	12,570,767,752	2,520,290,845	(-79.95%)
	Sale of Land and Buildings ^d	6,307,465	36,404,145	477.16%
Revenue Collected from Sources Under Claims	0	652,797	N/A	
Subtotal of MOF-defined “sustainable” domestic revenues		93,956,688,105	105,248,267,981	12.02%
MOF-defined “One-off” Domestic Revenue				
Other Revenue	Profit Transfer from Central Bank ^c	10,256,709,000	0	N/A
	Sale of Land and Buildings ^d	1,085,668,448	0	N/A
Subtotal of MOF-defined “One-off” domestic revenues		11,342,377,448	0	(-100.00%)
Total Domestic Revenue		105,299,065,553	105,248,267,981	(-0.05%)

Note:

^a These figures are derived from data publicly reported by MOF using AFMIS data exported on 9/4/2016.

^b These figures are derived from SIGAR’s analysis of data exported from AFMIS by USAID on 10/17/2017.

^c A significant component of FY 1395 revenues was an AFN 10.3 billion transfer of profits from the Afghan central bank to the MOF. Based on SIGAR’s analysis of AFMIS data, this profit transfer was initially recorded under Miscellaneous Revenues, and later re-categorized under a different code identified by the MOF as DABS exchange-rate gains. Because the FY 1395 Month 8 financial statement does not include the code under which this profit transfer was eventually classified in AFMIS, SIGAR has deducted approximately AFN 10.3 billion from the Miscellaneous Revenue figure presented in the FY 1395 Month 8 financial statement. SIGAR does include an approximately AFN 2.1 billion revenue item identified by the MOF as collections from New Kabul Bank debtors within sustainable domestic revenues. Although the MOF considers this one-off revenue, SIGAR observed that this revenue item moved in and out of categories in FY 1395, and was eventually classified under a revenue code not identified as one-off by the MOF.

^d In communications with MOF officials, SIGAR learned that the MOF classifies the sale of state-owned buildings in FY 1395 as “one-off” revenue. Thus, SIGAR splits the broader revenue category of Sale of Land and Buildings into separate “sustainable” and “one-off” revenue items. Sustainable revenues from this category include the sale of state-owned land.

^e SIGAR inadvertently omitted this category in the July 30, 2017, quarterly report.

Source: SIGAR analysis of USAID-provided AFMIS data exported 10/17/2017; MOF, Asad Financial Statements FY 1395, 9/4/2016; SIGAR, communications with MOF officials, 8/21/2017, 8/24/2017, and 9/4/2017.

ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.14

EXPENDITURES, FIRST 8 MONTHS, FISCAL YEARS 1395 AND 1396 COMPARED (IN AFGHANIS)				
	Category	1395 (Through Month 8)^a	1396 (Through Month 8)^b	% Change
Personnel	Salaries in Cash	86,238,059,992	92,812,572,679	7.62%
	Salaries in Kind	13,502,772,726	14,931,670,917	10.58%
	Salaries and Wages Advance	289,712,052	487,226,880	68.18%
	Social Benefits in Cash	1,673,819,988	1,983,347,823	18.49%
	Social Benefits in Kind	0	0	N/A
Supplier Expenditures	Travel	1,662,247,958	1,653,241,988	(-0.54%)
	Food ^c	1,705,310,923	1,619,540,341	(-5.03%)
	Contracted Services	14,395,305,861	10,275,707,421	(-28.62%)
	Repairs and Maintenance	2,845,012,877	2,049,630,124	(-27.96%)
	Utilities	2,315,284,080	2,282,711,389	(-1.41%)
	Fuel	14,472,339,929	7,221,522,570	(-50.10%)
	Tools and Materials	1,938,172,336	3,021,829,423	55.91%
	Other	2,854,004,656	1,716,100,609	(-39.87%)
	Advances and Return of Expenditure	6,133,387,820	2,839,907,191	(-53.70%)
Subsidies, Grants, Contributions, and Pensions	Subsidies	1,068,550,000	699,201,377	(-34.57%)
	Grants to Foreign Governments	128,575,780	112,015,000	(-12.88%)
	Current Grants - General Government Units	0	52,567,000	N/A
	Social Security Benefits in Cash	14,710,488,123	15,111,432,971	2.73%
	Social Assistance Benefits in Cash	8,900,000	9,100,000	2.25%
	Subsidies, Grants, and Social Benefits Advance	757,639,436	480,410,250	(-36.59%)
Capital Expenditures	Buildings and Structures	17,094,892,378	13,296,340,639	(-22.22%)
	Machinery and Equipment ^d	7,210,691,418	864,415,448	(-88.01%)
	Valuables	820,776	415,600	(-49.36%)
	Land	268,300,877	243,580,809	(-9.21%)
	Capital Advance Payments>Returns	4,070,653,708	2,813,637,266	(-30.88%)
Interest and Principal^e		343,573,728	1,187,998,184	245.78%
Total		195,688,517,421	177,766,123,900	(-9.16%)

Note: The AFMIS data SIGAR received from USAID contained expenditure information in several different currencies, including U.S. dollars, Euros, and Australian dollars. Those additional expenditures included approximately \$248 million, 2.8 million Euros, and 584,000 Australian dollars over the first eight months of FY 1396. This was the first time SIGAR had received expenditure information in other currencies. SIGAR also received this quarter's AFMIS data just as it was finalizing this report. Given limited time, SIGAR was unable to determine whether or how previous reporting from the MOF treated these expenditures, and chose to report AFN expenditures only. SIGAR will address the issue of expenditures denominated in foreign currencies in future reports.

^a Figures based on the MOF's FY 1395 Month 8 Asad financial statement, which reflects AFMIS data exported on 9/4/2016.

^b Figures based on FY 1396 AFMIS data exported by USAID on 10/17/2017.

^c The MOF's FY 1395 monthly financial reports classify expenditure code 222 as "Communications." However, after reviewing both the FY 1395 and FY 1396 charts of accounts, SIGAR observed that expenditure code 222 designates food expenditures.

^d Applies to expenditures greater than 50,000 AFN, according to the FY 1396 Chart of Accounts.

^e The MOF's FY 1395 monthly financial reports contain a line item for interest. SIGAR's assumption is that this also includes principal, based on its interpretation of the FY 1395 and FY 1396 charts of accounts.

Source: SIGAR analysis of USAID-provided AFMIS data exported 10/17/2017; MOF, Asad Financial Statements FY 1395, 9/4/2016.

Trade

Temporary border closures, some import substitution, and weaker domestic demand in 2016 contributed to Afghanistan's improved trade balance, relative to 2015. However, trade performance remained weak, according to the IMF, and increases in the export of goods were offset by a fall in exported services.⁵⁷⁸

Afghanistan's trade balance was an IMF-estimated negative \$5.5 billion—equivalent to 29.3% of GDP. Afghanistan routinely sustains a large trade deficit, but donor aid helped the country maintain an IMF-estimated current-account surplus of \$1.3 billion in 2016 (equivalent to 7.1% of its GDP). The IMF estimated Afghanistan's current-account deficit at \$6.1 billion (equivalent to 32% of GDP) without donor assistance.⁵⁷⁹ The IMF said that donor grants financing Afghanistan's trade deficit helped the country maintain comfortable levels of international reserves.⁵⁸⁰

WTO membership may, over the medium term, help spur foreign direct investment by allowing Afghanistan to facilitate transit, resolve trade disputes, and gain access to global markets, according to the World Bank. The World Bank also said access to Iran's Chabahar seaport will open up a new low-cost transit route that may become the most important and cost-efficient port for Afghan trade, depending on security.⁵⁸¹

Export and Import Data

During 2014–2016, Afghanistan exported between \$1 billion and \$2 billion worth of goods and services annually, compared to imports ranging between \$7.4 billion and \$8.6 billion per year. Afghanistan's legal exports in 2016 consisted of goods (56.4%) and services (43.5%). Legal imports comprised goods (82.6%) and services (17.4%). The IMF projected Afghanistan's 2017 imports to be around \$7.9 billion, with more than \$6.3 billion paid for by official donor grants. Exports were projected at \$1.2 billion, not including illicit narcotics.⁵⁸² About 15–20% of the total value of Afghanistan's trade is said to be unrecorded, generally involving smuggled goods, according to the World Bank.⁵⁸³

IMF staff said that Afghanistan needs to increase and diversify its exports.⁵⁸⁴ The Afghan government pledged to reduce regulatory and operational barriers to facilitate this.⁵⁸⁵ Exports depend heavily on agricultural outputs, which the World Bank said can increase if Afghanistan develops supply chains for higher value-added products. This will require investments to develop and improve irrigation and extension services, and to build downstream agro-processing capacities.⁵⁸⁶ However, weather and rainfall would continue to exert a significant influence on agricultural output and income potential.

One business-climate benchmark targeted by the Afghan government in its recently launched compact with the United States is to become the 120th-ranked country by 2021 on the World Bank's *Doing Business* report for trading across borders (Afghanistan is currently ranked 175). To help meet this benchmark, the Afghan government also plans to reduce border compliance costs by 25% per year in 2018 and 2019. The World Bank's trading across borders indicator includes measurements for the costs and time associated with importing and exporting goods.

Source: State, "Afghanistan-United States Compact—Economic Benchmarks," 8/22/2017, p. 1; World Bank, "Trading Across Borders," <http://www.doingbusiness.org/data/exploretopics/trading-across-borders>, accessed 10/5/2017.



Boxes of the high-value spice saffron, part of a 7.4 ton shipment to Saudi Arabia, await export from Afghanistan. (USAID photo)

BANKING AND FINANCE

Afghanistan's banking sector comprises 15 banks—three state-owned, nine Afghan private-sector, and three foreign-owned commercial branches. The financial sector is only marginally profitable, and remains vulnerable to adverse shocks due to poor asset quality, capital shortfalls, and management deficiencies in several banks.⁵⁸⁷

In FY 1395 (December 22, 2015, to December 21, 2016), commercial bank loans to the private sector remained flat at AFN 46 billion (\$674 million), which may indicate a slowdown in private investments and/or a weak appetite for lending, according to the World Bank.⁵⁸⁸ Private banks dominate lending, with state-owned institutions presently focused on improving their governance structures and modernizing major bank functions and payment systems. While the state-owned banks were slightly profitable, the IMF reported that they currently lack viable business models, which the Ministry of Finance (MOF), Afghanistan's central bank, and the World Bank are addressing.⁵⁸⁹

A mere 10% of Afghan adults use formal financial institutions. Automatic teller machines are available in only eight of Afghanistan's 34 provinces, and credit cards are issued in only six. According to the IMF, creditworthy borrowers are in short supply due to difficult economic and security conditions, and Afghanistan's judicial system and legislative framework, weak bank management, limited professional capacity, poor bank governance and internal controls, and low financial literacy collectively represent significant impediments to developing a robust financial sector.⁵⁹⁰

Some 90% of financial transactions go through the informal **money service businesses** (MSB)/**hawala** system. There is no clear division between MSBs/hawala and formal banking systems—hawaladars keep bank accounts and use wire-transfer services, while banks occasionally use hawalas to transmit funds to remote areas in Afghanistan. MSBs and hawalas, which likely account for a substantial portion of illegal proceeds moving through Afghanistan's financial system, are generally not as closely scrutinized by the Afghan government as formal financial institutions.⁵⁹¹

In 2016, the Afghan government declared a dual strategy for financial sector reform by addressing weaknesses and providing for more robust banking regulation and oversight. This is to include increasing risk-based audits and reviews, establishing a unit to monitor risks from state-owned banks, ensuring that government oversight regulations are appropriate and not duplicative, providing incentives for banks to lend to private enterprises, and preparing a financial inclusion strategy to improve customer access to banking services.⁵⁹²

Following agreement to the IMF's Extended Credit Facility program, which included a benchmark to recapitalize New Kabul Bank, President Ghani chose to also recapitalize the banking sector as a whole. Because

Hawaladars: individuals engaged in an informal money transfer system (hawala) common in the Middle East and South Asia. Under Afghan law, all operating hawalas are required to be licensed and report their transactions periodically to the Afghan central bank, DAB. Hawaladars generally fail to file suspicious transactions reports, as legally required.

Money service providers/businesses: individuals or entities that engage in funds transfers, and who may also provide safekeeping and check-cashing services.

Source: SIGAR 14-16-AR, *Afghanistan's Banking Sector: The Central Bank's Capacity to Regulate Commercial Banks Remains Weak*, 1/2014, p. 4; State, *International Narcotics Control Strategy Report*, Vol. II, 3/2017, p. 28.

many Afghan banks remain undercapitalized, addressing nonperforming loans through recapitalization represented an attempt by the Afghan government to support new lending.⁵⁹³

Money Laundering

The State Department lists Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds, all of which “continue to threaten Afghanistan’s security and development.” Narcotics, corruption, and fraud are major sources of the country’s illegal revenues and laundered funds. State found Afghanistan’s anti-money-laundering laws to be largely in line with international standards, but still deficient, and facing significant enforcement and regulatory challenges.⁵⁹⁴

Treasury continued to emphasize Afghanistan’s progress this quarter. Treasury said that the Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA), which is tasked with combating money laundering and terrorist financing, had reached satisfactory levels of operational effectiveness. Treasury noted that FinTRACA appeared to be adequately resourced, had functional policies and procedures in place, and was actively sharing information with both financial institutions and law enforcement entities.⁵⁹⁵

Department of Justice Assistance to Afghan Law Enforcement

The Department of Justice (DOJ) works with the Afghan government to help it better enforce the rule of law. This quarter, the DOJ’s Office of Justice Attaché conducted two training events for Afghan law enforcement officials. On August 1–2, 2017, DOJ hosted and moderated a series of discussions in Kabul for 45 Afghan law-enforcement officials, focusing on best practices in detecting and investigating financial crimes. On September 6, 2017, DOJ hosted a similar event for 25 Afghan law-enforcement officials focused on best practices for leveraging cooperators to help build more important cases, particularly those that are drug-related. DOJ said that it had no plans for future training.⁵⁹⁶

In addition to hosting training workshops, DOJ provides mentorship to FinTRACA, as well as to leadership within various investigative entities both within and outside the Attorney General’s Office (AGO), including the Military Anti-Corruption Unit, the Counter-Narcotics Justice Center, the Anti-Terrorism Prosecution Directorate, and the Anti-Corruption Justice Center. DOJ provides mentorship through bilateral and multilateral engagements in order to improve coordination among law enforcement organizations on common cases. However, no such meetings occurred this quarter. DOJ emphasized that both capacity issues and the current security situation were inhibiting its ability to provide mentorship and training.⁵⁹⁷

Financial Action Task Force: an intergovernmental policy-making body that sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system. Its 36 members include the United States, United Kingdom, Switzerland, and the European Union; observers include the United Nations and the Asian Development Bank.

Financial Supervision Department: a department established in 2003 and housed within Da Afghanistan Bank (DAB), Afghanistan's central bank, to regulate and oversee Afghanistan's financial system. FSD's 165 officials are to supervise the country's Money Service Providers, Electronic Money Institutions, Foreign Exchange Dealers, and banks.

Source: Financial Action Task Force, website, "Who We Are," and "Members and Observers," <http://www.fatf-gafi.org/about/whoweare/> and <http://www.fatf-gafi.org/about/member-sandobservers/>, accessed 1/3/2016.

Da Afghanistan Bank, website, "Financial Supervision Department," <http://dab.gov.af/en/page/about-the-bank/departments/financial-supervision>, accessed 10/02/2017.

Financial Action Task Force Compliance Update

In June 2017, the **Financial Action Task Force** (FATF) removed Afghanistan from its "Improving Global Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Compliance" document. Countries on this list have strategic AML/CFT deficiencies, but are implementing a FATF-approved corrective action plan to address them.⁵⁹⁸

Although FATF said Afghanistan has made significant progress in improving its AML/CFT administration, Treasury noted shortcomings in DAB's **Financial Supervision Department** (FSD), finding that its ability to provide effective oversight of money service providers remained weak. Treasury said that FSD examiners have little AML/CFT and banking experience, and were neither conducting sufficiently thorough analysis of suspicious activities nor producing detailed examination reports despite documented procedures.⁵⁹⁹

Kabul Bank Theft: Marginal Accountability

No efforts were made this quarter to seize, freeze, or investigate debtor accounts, or otherwise act on President Ghani's October 2014 decree requiring the Attorney General's Office (AGO) to indict and prosecute all those involved in the theft of approximately \$987 million from Kabul Bank in 2010 and to monitor enforcement of the courts' decisions.⁶⁰⁰

Officials from the Kabul Bank Receivership (KBR) communicated to DOJ that neither the AGO nor the Kabul Bank Clearance Committee are responding to the KBR's requests to pursue collection, and the KBR director himself may not be fully committed to recovery. The KBR—established to manage the bank's bad assets (for example, loans that are not being repaid)—is an administrative entity only, with no authority to investigate, prosecute, or recover debtor defaults.⁶⁰¹

Some debtors, such as associates of Balkh governor Ata Mohammad Noor, appear to be shielded by their close ties to former and current high-level government officials.⁶⁰² However, this quarter Kabul Bank debtor and former Dawi Oil Ltd. Chief Executive Abdul Ghafar Dawi was convicted in a separate case of embezzling millions of dollars through tax evasion and fuel contracts.⁶⁰³

In March 2017, KBR officials told DOJ that debt-collection efforts were directly undermined when a major debtor, with the assistance of First Vice President Dostum, successfully had his original financial judgment from the Kabul Bank Special Court dismissed, with one of three judges dissenting.⁶⁰⁴ This quarter, DOJ relayed the KBR's belief that other debtors effectively view their liabilities as dismissed, and are either challenging the original order, or have ceased making agreed-upon repayments.⁶⁰⁵

Even if the Special Appellate Court's original decision in November 2014 and the Supreme Court's final judgment in December 2014 stand, their vague language makes enforcement problematic, according to the KBR. Many of the properties and other assets purchased with stolen Kabul Bank

funds are located in Dubai, United Arab Emirates (UAE). But the courts in Dubai view the language in the Afghan court decisions—particularly regarding the identification and seizure of properties and assets—as “conditional” and lacking “legal certainty or legitimacy.”⁶⁰⁶ The KBR said that although President Ghani has twice asked to meet with UAE officials to discuss this matter, those officials have yet to respond and no meeting was scheduled.⁶⁰⁷ A KBR representative said the entire judgment/decision is also legally unenforceable in Afghanistan. It is therefore unclear how the Afghan government can recover its stolen assets.⁶⁰⁸ The former deputy receiver of KBR also told SIGAR that the AGO’s office has expressed no interest in seeking an enforceable new judgment.⁶⁰⁹

The Afghan government officially requested UAE assistance in September 2016, but has received no response.⁶¹⁰ An April 2015 Afghan request for U.S. assistance was legally deficient. Although the Department of Justice (DOJ) outlined the corrective actions needed to move forward, the Afghan government did not respond or correct the deficiencies and the case was closed last quarter.⁶¹¹

Cash and Asset Recoveries: A Story Unchanged

The Kabul Bank Receivership (KBR) reported total recoveries of \$447.4 million, as of September 16, 2017, a slight decrease from reported recoveries last quarter. As shown in Figure 3.34 on the following page, total recoveries comprise cash, assets recovered by the government, interest waived by both the Karzai and Ghani administrations, assets of debtors identified in the UAE (but as yet unrecovered), and amounts still owed by major debtors who signed loan-repayment agreements. Total recoveries have remained effectively unchanged in the last year.⁶¹²

This quarter, DOJ and State reported that \$50 million in cash was transferred to the KBR from the MOF in order to account for “assets sold to government entities” that were originally recovered by the KBR, but which were subsequently “loaned” by the Karzai government to various ministries and agencies, yet not repaid. KBR officials believe that significant pressure from the international donor community resulted in this recent transfer, finally fulfilling numerous requests the KBR has made over the years. However, the transfer had no net effect on total recoveries.⁶¹³

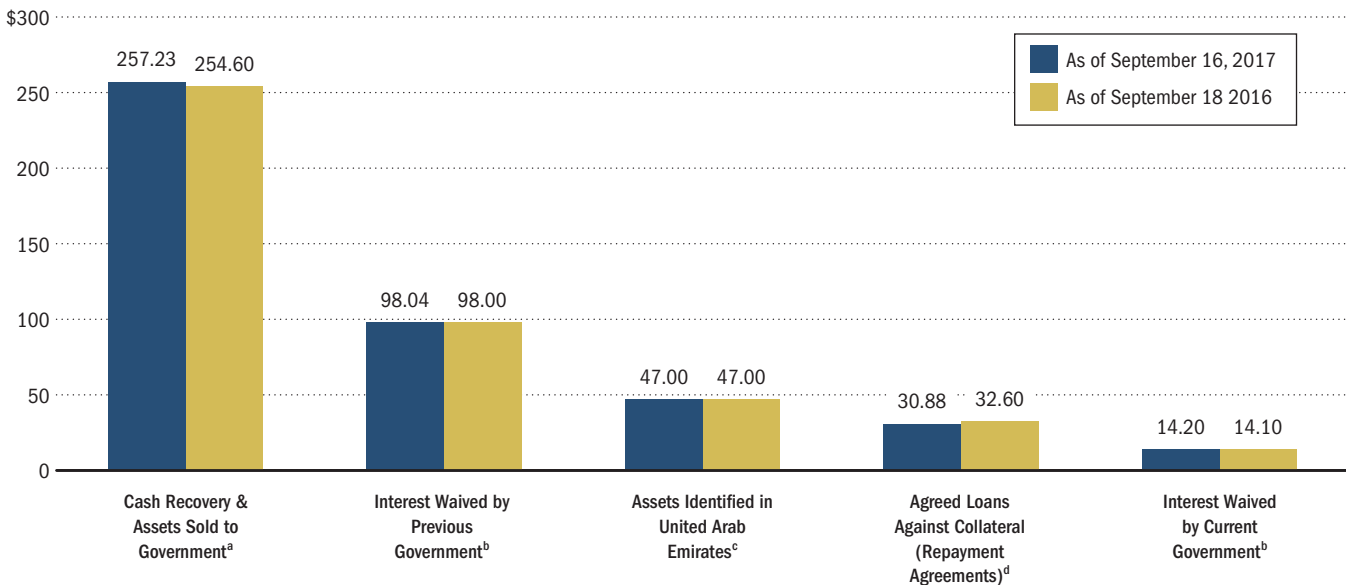
Recovery and accountability efforts are largely stalled.⁶¹⁴ The KBR reported \$596.9 million remains outstanding from 114 debtors (14 of whom owe \$578 million). Those figures remain unchanged since last quarter.⁶¹⁵ No recoveries from convicted ex-Kabul Bank chairman Sherkhan Farnood, who still owes \$272.8 million, were made this quarter; \$10,000 was collected from ex-CEO Khalilullah Ferozi, who still owes \$187.4 million, according to the KBR. This follows a pattern of the Afghan government’s failure to compel full repayment from the main architects of the fraud, both of whom are in jail, as of September 2017.⁶¹⁶

On June 19, 2015, President Ghani signed a decree allowing SIGAR to help detect and retrieve Kabul Bank assets in foreign countries. The decree instructed the AGO, MOF, Ministry of Interior, FinTRACA, and Kabul Bank entities to provide SIGAR relevant information and documents.

Source: GIROA, Office of the President, Presidential Decree, Serial Number 2736, 6/19/2015.

FIGURE 3.34

KBR-REPORTED RECOVERIES, SEPTEMBER 2017 VS. SEPTEMBER 2016 (\$ MILLIONS)



Note:

^a Includes both cash recoveries and \$50 million in bank “assets sold to government entities” that was originally recovered by the KBR but were transferred or “loaned” by the Karzai government to various ministries and agencies, but not paid for until this quarter, when the MOF transferred \$50 million in cash to the KBR.

^b Represents accounted-for losses, not cash recoveries. Waivers were given as an incentive to enter repayment agreements.

^c These assets were identified, but have not been recovered. The Dubai courts deem Afghanistan’s court decisions on the Kabul Bank case to have no legal merit.

^d Represents an agreement by an identified group of debtors to repay their loans. Actual repayments have been limited and many debtors have not kept to the agreed-upon schedule.

Source: Kabul Bank Receivership, “Kabul Bank Recovery and Loan Portfolio,” 9/16/2017; Kabul Bank Receivership, “Debts Recovery Table,” 9/18/2016; DOJ, response to SIGAR data call, 9/18/2017; State, SCA, response to SIGAR data call, 12/22/2016.

OTA received \$2 million from USAID on April 1, 2016, to provide budget, banking, and revenue-generation assistance to the Afghan government. This agreement expires on September 30, 2019. OTA also received \$178,437 from State’s Bureau of International Narcotics and Law Enforcement Affairs (INL) on September 1, 2016, to help Afghanistan combat economic crimes. This agreement, set to expire on May 30, 2017, was extended to September 30, 2017, and concluded this quarter.

Source: Treasury, response to SIGAR data call, 9/22/2017 and 6/23/2017.

U.S. Treasury Assistance to the Ministry of Finance

The U.S. Treasury’s Office of Technical Assistance (OTA) continued implementing its March 2015 agreement with Afghanistan’s MOF to develop and execute technical-assistance and capacity-building programs. OTA has carried out 13 program-assessment missions to Afghanistan so far, including two this quarter. Some OTA assistance to the MOF has been carried out remotely.⁶¹⁷ OTA assistance is focused on four areas:

Budgeting

Among other activities, OTA is helping the Afghan government develop baseline budgets and out-year estimates. From August 20–29, OTA worked with MOF officials in Kabul to follow up on progress made, and reported that the MOF had begun to incorporate methodological

changes recommended by OTA into its budgeting processes. MOF officials expressed their desire to implement additional inputs recommended by OTA. Treasury noted that the amount of technical assistance required to facilitate this implementation would be substantial.⁶¹⁸

OTA also said that USAID's Afghanistan Public Financial Management (APFM) project ended this quarter. As a result, USAID proposed an expansion of its \$2 million interagency agreement with OTA to continue portions of the work carried out under the APFM. OTA said that USAID's proposal would require its sustained effort and presence, and was reluctant to agree. Discussions between OTA and USAID on the nature of the proposed assistance were ongoing as this report went to press.⁶¹⁹

OTA is also reviewing the MOF's Fiscal Performance Improvement Plans (FPIP), and said that in late July, Treasury approved the development of a team to support FPIP. OTA said that while MOF officials were eager to work with Treasury, further coordination with the World Bank was required before initiating technical assistance in support of FPIP in order to avoid duplication of effort.⁶²⁰

Economic Crimes

OTA is developing the capacity and effectiveness of Afghanistan's financial-intelligence unit, FinTRACA, and evaluating the central bank's capability to supervise money-service providers for compliance with measures against money laundering and terror financing.⁶²¹ This quarter, an OTA advisor deployed to Afghanistan from July 23 to August 3 and, in conjunction with a DOJ representative, helped conduct a workshop on best practices in detecting and investigating financial crimes. Additionally, OTA continued previous discussions with Afghan counterparts on interagency collaboration, particularly through the Afghanistan Financial Crimes Working Group, composed of stakeholders from various Afghan law enforcement entities.⁶²²

Banking

OTA works with Da Afghanistan Bank to improve electronic reporting, risk management, and state-bank restructuring (this assistance can be provided from the U.S. Embassy-Kabul and remotely). This quarter, OTA said that its banking team had scheduled a one-month mission, planned for October 20–November 21, to further support DAB's efforts in these areas. OTA said that future missions in 2018 would likely address private-sector growth, financial stability and inclusion, payment systems, and foreclosure procedures.⁶²³

Revenue

OTA is collaborating with the new customs and tax academy to design a curriculum, deliver courses, and supply course materials. An assessment mission took place in March 2016; technical assistance has not yet begun.⁶²⁴

Treasury reported that both security conditions and the challenging political environment constrained the efficacy of OTA's mission in Afghanistan. Treasury said the ultimate effectiveness of its efforts will largely depend on a strong and sustained political commitment to reform by those Afghan government entities responsible for public financial management, financial-sector strength, and oversight.

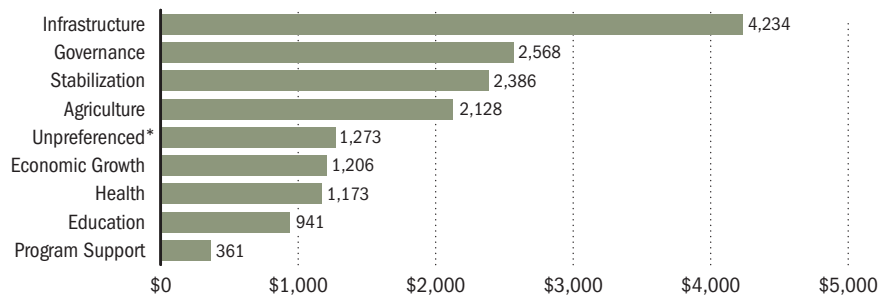
Source: Treasury, response to SIGAR data call, 9/22/2017.

U.S. ECONOMIC AND DEVELOPMENT SUPPORT

Most assistance from the Economic Support Fund goes toward USAID’s development programs. In September 2015, USAID published an updated Performance Management Plan to guide and measure its development objectives, and to articulate its development strategy through 2018. The plan will be reviewed at least annually and updated as necessary.⁶²⁵ Figure 3.35 shows USAID assistance by sector.

FIGURE 3.35

USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF SEPTEMBER 30, 2017 (\$ MILLIONS)



Note: USAID Mission-managed funds. Numbers are rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and other programs that build health and education facilities. *Unpreferenced funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.

Source: SIGAR analysis of USAID, response to SIGAR data call, 10/15/2017; SIGAR analysis of World Bank, ARTF, Administrator’s Report on Financial Status, as of August 22, 2017.

One goal of the Afghanistan-U.S. compact launched this quarter is to develop Afghanistan’s mining and hydrocarbons sectors. The Afghan government plans to produce a roadmap for the extractive industries by December 2017 to provide a clear vision for the sustainable development of natural resources.

Source: State, “Afghanistan-United States Compact—Economic Benchmarks,” 8/22/2017, p. 1; USAID, OEG, response to SIGAR vetting, 10/10/2017.

Development of Natural Resources

Developing Afghanistan’s natural resources and reforming the fiscal administration of its extractives industries are essential to strengthening domestic revenue collection.⁶²⁶ Geological surveys show that Afghanistan is endowed with significant mineral resources, including granite, talc, nephrite, chromite, coal, gold, silver, iron, copper, and precious gemstones.⁶²⁷ Yet, mining has so far contributed little to the country’s licit GDP.⁶²⁸ Insufficient infrastructure, security conditions, declining global commodities prices, and inadequate capacity at the Ministry of Mines and Petroleum (MOMP) have all hampered the development of this sector.⁶²⁹

Moreover, illegal mining at an estimated 1,400–3,000 sites persists, curtailing Afghanistan’s economic development.⁶³⁰ The Afghan government believes \$300 million in revenue is lost annually by illegal mining, which not only denies Kabul much-needed funds, but also fuels the insurgency, drives criminality, and exacerbates corruption.⁶³¹

In May 2017, the IMF reported that Afghan authorities were unable to advance an extractives reform agenda due to personnel turnover and lack

of political commitment. USAID said the MOMP currently cannot administer the country's approximately 488 existing extractives contracts.⁶³² A recent Afghanistan Research and Evaluation Unit report underscored ongoing challenges at MOMP, noting that the Ministry had lost much of the capacity acquired over the last decade. MOMP continues to lack permanent leadership at the highest level: Acting Minister Nargis Nehan, reportedly a reformer seeking increased transparency at MOMP, remained unconfirmed by the Afghan parliament this quarter.⁶³³

USAID cited other issues contributing to investor uncertainty: regulations to support implementation of the new mining law enacted in November 2014 are still being developed; amendments to the law and several mineral tenders agreed to in 2010 and 2011 remain unsigned by President Ghani; and a combination of corporate income taxes, export and import duties, production royalties, and other charges constitute an uncompetitive levy of about 80% on mineral production.⁶³⁴

Despite these challenges, the United States expressed renewed interest in developing Afghanistan's natural resources this quarter. On September 21, 2017, President Donald Trump met with President Ghani while both were attending the United Nations General Assembly in New York. Among other topics, they discussed how American companies could rapidly develop Afghanistan's rare-earth minerals to lower the costs of U.S. assistance and render Afghanistan more self-reliant.⁶³⁵ In the meeting, President Ghani said, "The economic development and prosperity of Afghanistan depend on its mining sector."⁶³⁶ According to USAID, substantial investment in exploration and development is needed to expand the Afghan extractives sector.⁶³⁷ However, whether private investors would be interested remains debatable. In an interview with *Foreign Policy* this quarter, U.S. Secretary of Commerce Wilbur Ross noted, "There are myriad questions that have to be answered for [a] project to come to fruition."⁶³⁸

USAID Assistance

USAID has no major active mining or hydrocarbon programs. Despite apparently reinvigorated U.S. interest in developing Afghanistan's natural resources, none are planned. USAID's most recent mining and gas-generation programs ended March 31, 2017, and July 31, 2016, respectively. USAID said it needs a commitment to institutional reform from the highest levels of the Afghan government to ensure foreign assistance to the mining sector is used effectively.⁶³⁹

However, USAID continues to fund technical services and legal advising to MOMP through interagency agreements with the U.S. Geological Survey (USGS) and the Department of Commerce. Additionally, in partnership with DOD, USAID is currently funding a USGS assessment of lithium resources at three sites in western Afghanistan.⁶⁴⁰ USAID said the World Bank, the United Kingdom's Department for International Development, and the

SIGAR AUDIT

A SIGAR audit published in January 2016 examined the effectiveness of U.S. assistance to the MOMP, specifically through the Task Force for Business and Stability Operations (TFBSO), and USAID's Mining Investment and Development for Afghan Sustainability (MIDAS) and Sheberghan Gas Generation Activity (SGGA) programs. SIGAR found that these programs had mixed results, and that MOMP's management lacked the commitment necessary to implement needed reforms. A separate SIGAR performance audit of TFBSO is also ongoing. For more information, see: SIGAR, *Afghanistan's Oil, Gas, and Minerals Industries: \$488 million in U.S. Efforts Show Limited Progress Overall, and Challenges Prevent Further Investment and Growth*, SIGAR 16-11-AR.

Australian Agency for International Development are considering providing additional, unspecified assistance to MOMP. USAID added that it plans to work closely with these entities to avoid any duplication of effort.⁶⁴¹

According to USAID, the Trump Administration's recently announced South Asia strategy has reinforced a shift that emphasizes developing the private sector, with extractives viewed as an avenue for both increasing government revenue and effecting regional trade linkages. However, USAID did not specify how this shift might translate into specific programming. Overall, USAID remains concerned about MOMP's reputation for corruption.⁶⁴²

Agriculture

Agriculture is a main source of real GDP growth, employment, and subsistence for the Afghan population. It accounts for about 22% of GDP, employs 44% of the population, and affects the 61% of Afghan households that derive income from agricultural activities for their livelihoods.⁶⁴³ Within the broader agricultural sector, Afghanistan's horticultural products—for example, dried fruits and nuts—are modestly competitive: although it accounts for about one-third of agriculture's overall contribution to GDP, horticulture generates about 50% of export earnings.⁶⁴⁴

Growth in the agricultural sector has been constrained. According to the Afghan government, underinvestment in developing water resources, degrading natural resources, poor-quality inputs such as seeds and fertilizer, and weak domestic- and export-product marketing all hinder greater agricultural growth. The government hopes to transition from being an agrarian-subsistent and importing nation to an agro-industrial exporting one. To do so, the government plans to focus on areas with the largest potential to improve economic growth: promoting agro-industry, expanding cold-storage facilities, increasing quality control, and introducing better packaging to reduce waste and spoilage.⁶⁴⁵

USAID Assistance to the Ministry of Agriculture, Irrigation, and Livestock

USAID's agricultural projects are designed to enhance food security, create jobs and export markets, increase incomes and productivity, and strengthen the government's ability to promote broad-based growth. USAID aims to bolster the Ministry of Agriculture, Irrigation, and Livestock's (MAIL) "farmer-focused" approach through production and marketing of high-value horticultural crops and livestock products, the rehabilitation of irrigation and drainage systems, and the greater use of new technologies.⁶⁴⁶

Since 2002, USAID has disbursed more than \$2.1 billion to improve agricultural production, increase access to markets, and develop income alternatives to growing poppy for opium production.⁶⁴⁷ Pages 227–231 of this quarterly report discuss USAID's agriculture alternative-development

TABLE 3.15

USAID ACTIVE AGRICULTURE PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)
Regional Agriculture Development Program (RADP-South)	10/07/2013	10/06/2018	\$125,075,172	\$96,569,882
Strengthening Watershed and Irrigation Management (SWIM)	12/07/2016	12/06/2021	87,905,437	3,334,165
Regional Agriculture Development Program (RADP-North)	05/21/2014	05/20/2019	78,429,714	41,993,934
Commercial Horticulture and Agriculture Marketing Program (CHAMP)	02/01/2010	12/31/2019	61,294,444	50,424,711
Kandahar Food Zone (KFZ)	07/31/2013	08/30/2018	45,402,467	38,185,000
Regional Agriculture Development Program (RADP-East)	07/21/2016	07/20/2021	28,126,111	4,269,671
CBCMP-II (Capacity Building and Change Management Program II)	07/10/2014	07/09/2017	20,874,464	20,670,689
Afghanistan Agriculture Extension Project II (AAEP - II)	10/01/2014	07/31/2017	20,229,771	20,012,936
Grain Research and Innovation (GRAIN)	03/13/2017	09/30/2022	19,500,000	3,250,000
Promoting Value Chain - West	09/20/2017	09/19/2020	19,000,000	-
ACE II (Agriculture Credit Enhancement II)	06/24/2015	06/23/2018	18,234,849	9,276,554
Strengthening Afghanistan Agricultural Faculties (SAAF)	03/25/2011	08/31/2017	7,824,209	6,851,797
SERVIR	09/14/2015	09/30/2020	3,100,000	392,156
Program Evaluation for Effective Learning (PEEL)	02/16/2017	10/31/2017	1,475,177	382,881
HESN: Texas A&M University's Agrilife ConDev	11/08/2012	11/07/2017	133,976	133,976

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see pp. 227–231 of this report.

Source: USAID, response to SIGAR data call, 10/15/2017.

programs. USAID's active agriculture programs have a total estimated cost of \$537 million and can be found in Table 3.15.

Agricultural Credit Enhancement II

The Agricultural Credit Enhancement (ACE) II project is the technical-assistance/advisory-support component of the conditions-based Agricultural Development Fund (ADF) administered by MAIL. ADF extends agriculture-related credit access to small- and medium-sized commercial farms and agribusinesses in all regional economic zones, particularly to those that add value to agricultural products, such as distributors, producers, processors, and exporters.⁶⁴⁸ USAID reported that with ACE II help, ADF has cumulatively disbursed approximately \$87.6 million in loans impacting 39,842 direct beneficiaries, as of September 2017.⁶⁴⁹

However, ACE II implementers continued to report that ongoing deterioration of both security and the economy is reducing demand for agricultural credit and negatively impacting loan repayments.⁶⁵⁰ In a draft annual report submitted to USAID on July 31, 2017, the implementers also said that security and economic challenges impacted the ADF just as weaknesses in the fund's loan evaluation criteria were emerging. Among other

factors, these circumstances have increased the time required for the ADF to achieve operating sustainability as a stand-alone entity. However, ACE II appeared to be on track to meet its FY 2017 targets for both the value of loans disbursed (\$15 million) and the percentage of loan losses (under 5%), and USAID said that no loans were written off by the ADF during the most recent reporting period (July to September 2017).⁶⁵¹

Among the business-climate reform goals included in the recently launched Kabul Compact between the United States and Afghanistan is improving the availability of electricity. The Afghan government aims to reach a rank of 120 on the World Bank's indicator for gaining access to electricity (Afghanistan is currently ranked 159). The government hopes to establish a power-sector regulator and reduce the costs of electricity installation for business consumers. The World Bank's access-to-electricity indicator measures the cost, time, and number of procedures required for a firm to gain access to a permanent electricity connection. It also accounts for the reliability of power supply and the transparency of electricity tariffs.

Source: State, "Afghanistan-United States Compact—Economic Benchmarks," 8/22/2017, p. 1; World Bank, "Getting Electricity," www.doingbusiness.org/data/exploretopics/gettingelectricity, accessed 10/5/2017.

NEPS: imports electricity from Central Asia to provide power to Kabul and the communities north of Kabul.

SEPS: draws most of its power from the Kajaki Dam and from diesel generators in Kandahar City to provide power in the Helmand and Kandahar areas.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 11/2013, p. 107.

ESSENTIAL SERVICES AND DEVELOPMENT

Since 2002, the United States has provided reconstruction funds to increase the electricity supply, build roads and bridges, and improve health and education in Afghanistan. This section addresses key developments in U.S. efforts to improve the government's ability to deliver these essential services.

Power Supply

Afghanistan has one of the lowest rates of electrification in the world, with only an estimated 25–33% of Afghans connected to the power grid.⁶⁵² Over 89% of the population in large urban areas like Kabul, Herat, Kandahar, and Mazar-e Sharif has access to grid-connected power (although outages are common), in contrast to less than 11% of the rural population.⁶⁵³

Afghanistan's limited domestic electric-generation capacity consists of hydropower and diesel sources. The country imports 77% of its total electricity. Of that imported energy, Uzbekistan provides 35.2%, Tajikistan 30.5%, Iran 20.9%, and Turkmenistan 13.4%.⁶⁵⁴ The World Bank noted that limited access to electricity is one of Afghanistan's biggest constraints to private-sector development.⁶⁵⁵ Afghanistan will need regional cooperation to meet its energy demands.⁶⁵⁶

U.S. Power-Sector Assistance

USAID believes that economic expansion and increased employment depend on maintaining and improving Afghanistan's electrical infrastructure. Since 2002, USAID has disbursed more than \$1.5 billion in Economic Support Funds to build power plants, substations, and transmission lines, and provide technical assistance in the sector.⁶⁵⁷ USAID is also helping Afghanistan's national electric utility, Da Afghanistan Breshna Sherkat (DABS), to increase electricity supply and revenue generation by improving sustainability, management, and commercial viability.⁶⁵⁸

DOD has disbursed approximately \$180 million for power projects through the Commander's Emergency Response Program as of July 2015, and roughly \$494 million, as of August 31, 2017, through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.⁶⁵⁹

Afghanistan's two primary power systems are the **Northeast Power System (NEPS)** and the **Southeast Power System (SEPS)**, which U.S.

Forces-Afghanistan (USFOR-A) and USAID aim to connect, increasing the electricity supply in both systems. USAID's Power Transmission Expansion and Connectivity (PTEC) project is constructing a transmission line connecting Kabul with Kandahar and building the capacity of DABS to sustain energy-infrastructure investments.⁶⁶⁰ USAID's active power-infrastructure projects have a total estimated cost of \$1 billion and are listed in Table 3.16.

TABLE 3.16

USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursement, as of 9/30/2017 (\$)
Power Transmission Expansion and Connectivity (PTEC)	1/1/2013	12/31/2018	\$725,000,000	\$154,270,363
Contributions to the Afghanistan Infrastructure Trust Fund (AITF)	3/7/2013	3/6/2018	153,670,184	153,670,184
Engineering Support Program	7/23/2016	7/22/2019	125,000,000	24,154,669
Kandahar Solar Project	2/23/2017	8/26/2018	10,000,000	0
Utility Executive Exchange	9/30/2007	9/30/2017	698,555	698,555

Source: USAID, response to SIGAR data call, 10/15/2017.

Kajaki Dam Power—Operations and Maintenance

The three turbines now in service at the Kajaki powerhouse have a total generating capacity of 50.5 MW and were online this quarter, but were operating at a peak level of 41.5 MW due to seasonal reservoir-level constraints.⁶⁶¹ It is not known how long this level of power generation will last.⁶⁶² Repairs on Unit 3 initially scheduled for September 2016 have been postponed indefinitely.⁶⁶³ USAID reported this quarter that it is unaware of any near-term plans to perform repairs on any of the three turbines.⁶⁶⁴ DABS assumed full responsibility for the Kajaki power plant, including operations and maintenance (O&M), starting in April 2017, and hired 11 operators to take charge of the powerhouse.⁶⁶⁵

SIGAR AUDIT

An ongoing SIGAR audit is examining U.S. government efforts to increase the supply, quantity, and distribution of electric power from the Kajaki Dam.

Power Transmission Expansion and Connectivity Program

The U.S.-funded PTEC program was designed to strengthen and expand Afghanistan's power-generation, transmission, and distribution systems, including funding the 320-mile transmission line between Kabul and Kandahar to connect NEPS with SEPS.⁶⁶⁶ PTEC's DABS commercialization and capacity-building components aim to help the utility become financially sustainable by increasing revenues using utility-management software in Kabul, Mazar-e Sharif, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.⁶⁶⁷ Technical losses include energy lost to line heating and current leakage; commercial losses include customers' nonpayment of bills and energy theft, by illegally tapping into lines or bypassing meters.

Although initially scheduled for completion by December 31, 2016, construction on the \$104 million transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector, was delayed to July 31, 2017, in order to repair and replace damage caused by fighting between Afghan security forces and the Taliban. This quarter, in response to a request from DABS, the date for construction completion was extended by an additional month to August 31, 2017, and was 98% complete by that date.⁶⁶⁸ This figure is inclusive of war-damage repairs that necessitated additional work. Although reporting from DABS indicated that the remaining work was completed in September, subsequent site visits disconfirmed this reporting, according to USAID.⁶⁶⁹

The project contractor reported that only 39% of repairs on the transmission line were complete through June 30, 2017, the most recent completion figure available to SIGAR. War-damage repairs have been complicated by both unresolved right-of-way issues and concerns related to site security.⁶⁷⁰ USAID said that DABS is responsible for remaining tasks, and has provided no estimate for when it plans to complete the project.⁶⁷¹

As of August 24, 2017, approximately \$87.8 million has been disbursed for the Arghandi-Ghazni transmission line and substations.⁶⁷² The Arghandi connector substation that will feed this line will not be ready until after December 2017. Alternatives to power the Arghandi-Ghazni project are under consideration.⁶⁷³

USAID is providing as much as \$330 million in direct assistance to DABS in support of the second segment of the NEPS-SEPS connector, Ghazni to Kandahar; \$179.5 million was transferred to USAID through the Afghanistan Infrastructure Fund. This segment will consist of a 249-mile transmission line and five substations. USAID said security will be a major challenge to implementing this project. On February 26, 2017, DABS signed a \$113 million contract for the transmission line. The award for the substations that had been under protest since September 2016 was resolved in March 2017. However, USAID revoked its consent for the substations award on May 21, 2017, after receiving information alleging impropriety, and reported the matter to USAID's Office of the Inspector General.⁶⁷⁴

On June 17, 2017, DABS officials reiterated their request for consent from USAID and on June 22, 2017, DABS provided a brief to USAID and SIGAR on its understanding of the documents and events associated with the alleged impropriety. In July, 2017, USAID's Office of the Inspector General issued an interim referral for consideration and action related to the procurement process. USAID subsequently revoked consent to DABS for any award related to the Ghazni-Kandahar substations on July 21, 2017. USAID also recommended to DABS that it reconsider all planning related to both the Ghazni-Kandahar substations and transmission lines, and that DABS provide a proposal for a way forward before the cancellation of \$179.5 million from the Afghanistan Infrastructure Fund (AIF) scheduled for September 30, 2019.⁶⁷⁵

For the SEPS Completion, Phase 2, \$55 million was transferred to USAID through the AIF to design and construct a transmission line from Tangi to Sangin North and from Maiwand to Kandahar, install electrical equipment, and commission three substations. Funding will be provided on-budget and implemented by DABS.⁶⁷⁶ On January 21, 2017, USAID issued its consent to execute the transmission-line contract, but Afghanistan's National Procurement Commission must approve it before the contract can be signed. On June 24, 2017, DABS submitted its bid-evaluation report for the substations to USAID for review.⁶⁷⁷ This quarter, USAID said that contracts related to both the Kandahar-Kajaki transmission lines and substations remained in the procurement phase.⁶⁷⁸

Power Availability in Kandahar

U.S. fuel subsidies totaling \$141.7 million for power generation at two industrial parks in Kandahar City ended in September 2015.⁶⁷⁹ USAID reported that since then, energy output has fallen from the diesel generators in Shorandam and Bagh-e Pol industrial parks. Five generators at Bagh-e Pol, in need of major overhauls and critical spare parts, have stopped working altogether. Three other generators were transferred to Shorandam to replace units requiring scheduled maintenance, meaning that the Bagh-e Pol diesel power plant is no longer operational.⁶⁸⁰

The Shorandam generators are currently producing 480,000 kilowatt-hours (kWh) per week. According to USAID, this production level is insufficient to meet either the maximum energy demand of the industrial park's commercial customers, estimated at 1,680,000 kWh per week, or the minimum demand of 1,344,000 kWh per week. These circumstances reportedly prompted factories to go on strike in January 2017. For other commercial and residential customers in Kandahar, the electricity supply is also inadequate.⁶⁸¹

Some additional power is being supplied from Kajaki Dam in Helmand Province and diesel generators in Breshna Kot in Kandahar, but USAID said the cost per kilowatt-hour for diesel-generated power is unaffordable for most customers. USAID added that DABS has no business incentive to generate the necessary power if it cannot recover the costs of doing so. This results in significant load shedding—the deliberate interruption of power supply to certain areas to align customer load with system output.⁶⁸²

To help reduce the gap between Kandahar's electric-generation capacities and demand, PTEC funded a reverse auction whereby independent power producers competed to construct and sell power to DABS from a solar-power plant that may be able to operate at an installed capacity of 10 MW. A power-purchase agreement and contract were signed on February 22–23, 2017.⁶⁸³ This quarter, USAID issued a notice to proceed, and construction on the solar-power plant commenced with a ceremonial groundbreaking on September 24, 2017.⁶⁸⁴

SIGAR AUDIT

A SIGAR audit published this quarter on FY 2011 Afghanistan Infrastructure Fund projects found that none of the agencies responsible for implementation—neither DOD, the State Department, and USAID—assessed whether the projects supported the U.S. counterinsurgency strategy as intended. SIGAR also found that although three of the six FY 2011 AIF projects were complete, three others remained incomplete and up to five years behind their original schedule. For more, see pp. 24–29 in Section 2 of this report.

Afghanistan Infrastructure Fund Power Projects

AIF projects were initiated to support critical counterinsurgency and economic-development objectives in Afghanistan. Although DOD's mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, it is still focused on completing the AIF-funded portions of the NEPS and SEPS.⁶⁸⁵

This quarter, USFOR-A said that fighting around SEPS sites continued to negatively impact AIF project completion schedules. The fighting compelled contractors to conduct time-consuming demining of sites before commencing work, and in some cases forced them to relocate to other segments of the transmission line. Violence frequently displaced land owners, slowing the Afghan government's land-acquisition process. For example, contractors were unable to construct five towers on the Sangin to Lashkar Gar contract because landowners had fled from their homes. USFOR-A said that these issues were likely to cause additional delays during the next reporting period.⁶⁸⁶

USFOR-A has completed four AIF power projects so far. All were phases of the now-concluded Kandahar Power Bridging Solution, which provided fuel and technical support for diesel power plants in Kandahar City while turbine-installation work at Kajaki Dam was under way. USFOR-A has six other ongoing power projects, while USAID has three, as shown in Table 3.17.⁶⁸⁷

AIF projects use FY 2011–FY 2014 appropriated funds. No additional AIF money was requested or appropriated in subsequent fiscal years, but up to \$50 million from the FY 2017 Afghanistan Security Forces Fund (ASFF) may be used under limited circumstances to help finish existing projects.⁶⁸⁸ On September 22, 2017, DOD notified Congress that it would use as much as \$8 million of the FY 2017 ASFF to help complete Phase one of the NEPS Arghandi to Gardez transmission line project.⁶⁸⁹

Transportation

Afghanistan's lack of transportation infrastructure hinders domestic commerce, foreign trade, and economic growth. The World Bank said Afghanistan's transportation infrastructure shortcomings constrain the service and agriculture sectors, which have typically been the leading drivers of the economy. They also hold back the mining industry, the future revenues of which the Afghan government and international donor community are hoping will offset declining international aid.⁶⁹⁰

Roads

Afghanistan has more than 76,400 miles of road, 28,000 of which have been rehabilitated or improved.⁶⁹¹ In 2016, SIGAR auditors assessed the conditions of approximately 1,020 miles of Afghanistan's U.S.-funded national and regional highways, and found that most were in need of repair and

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TABLE 3.17

AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS, AS OF SEPTEMBER 10, 2017 (\$ MILLIONS)						
AIF Project	Description	Notified Amount	Obligated	Disbursed	Status	
AIF FY 2011	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	40.5	39.1	39.1	Complete
	SEPS - Kajaki Dam to Lashkar Gar	Repair, install transmission lines; rebuild, construct power substations	130.0	57.5	57.5	Terminated due to out-of-scope security-cost increases
	NEPS - SEPS Connector, Arghandi to Ghazni	Design, construct transmission lines and substations (first segment of NEPS-SEPS connection) USAID: PTEC project	101.0	101.0 ^e	96.0	Overall project 98% complete; responsibility for completion turned over to DABS (No completion date specified)
	NEPS - Arghandi to Pul-e Alam	Design, construct transmission line, towers, and power substation	93.7	50.3	47.1	Transmission line and towers complete; substation under construction. (Completion: 12/2017) ^a
AIF FY 2012	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	67.0	64.7	64.7	Complete
	SEPS - Maiwand to Durai Junction	Design, construct transmission line; rebuild and construct substations	40.0	28.5	24.6	Under construction; tower excavation, tower erection, transmission line stringing ongoing. (Completion: 2/2018) ^b
	NEPS - Pul-e Alam to Gardez	Design, construct transmission line, towers, and power substation	120.0	68.5	66.7	Towers erected; transmission line (55 km) and substation complete. (Completion: 11/2017) ^c
	NEPS - Charikar to Gul Bahar and Nejrab	Design, construct transmission lines, towers, and power substation		38.8	36.9	All towers erected; transmission line and substations complete; addressing ROW issues. (Completion: 11/2017) ^d
AIF FY 2013	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	37.0	34.0	34.0	Complete
	NEPS - Charikar to Gul Bahar and Nejrab	Design, construct transmission lines, towers, and power substation	33.0	24.1	23.5	All towers erected; transmission line and substations complete; addressing ROW issues. (Completion: 11/2017) ^d
	SEPS Completion - Phase 1	Civil, structural, architectural improvements to substations in Tangi, Sangin North and South	75.0	63.1	8.2	Civil, structural, and architectural improvements underway. (Completion: 1/2018) ^e
		Design, construct, transmission lines from Sangin North to Lashkar Gar			38.3	Transmission towers under construction; BOD shifted due to ROW issues; reroute awaiting approval; no security issues at this time. (Completion: 4/2018) ^f
	NEPS - SEPS Connector, Ghazni to Kandahar	Design, Construct transmission line and substations; Final phase of NEPS-SEPS connector USAID: PTEC project	179.5	330.0 ^g	0.0	Contract signed, but USAID revoked consent for all awards related to substations in 7/2017 due to allegations of impropriety; DABS reconsidering planning for both transmission line and substations (Completion: TBD)
AIF FY 2014	Kandahar Power Bridging Solution	Provides fuel and O&M for diesel generators in Kandahar City	4.0	3.9	3.9	Complete
	SEPS Completion - Phase 2	Design, construct transmission line, and install equipment and commission substations. USAID: PTEC project	55.0	55.0	0.0	Transferred to USAID for on-budget implementation through DABS; USAID issued consent for DABS to execute contract, but not yet signed; no change from last quarter. (Completion: TBD)
	NEPS - Gardez to Khowst	Design, construct transmission line and substation; DOD's final contribution to NEPS	130.0	121.3	49.4	Transmission towers under construction; Khowst and Waza-Khvejeh substation designs under review; currently no land issues. (Completion: 6/2018) ^h

Note: Project completion dates in parentheses reflect the most recent information provided to SIGAR by USFOR-A and USAID, and are subject to change. In some cases, the updated completion date has not been determined. All AIF power projects are to be sustained by Afghanistan's Ministry of Energy and Water, and Da Afghanistan Breshna Sherkat (DABS), Afghanistan's national electric utility. Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 8/31/2017. All other information is as of either 9/10/2017, 9/21/2017, or 9/23/2017, depending on the most recent project-specific information available to SIGAR. For the purposes of this table, project completion dates are defined as the Beneficial Occupancy Date (BOD).

^a Pul-e Alam substation 90% complete. ASFF funds transferred to complete testing and turnover in FY 2018.

^b 111 of 114 towers completed. Conductor lines 87% strung. Pushmol and Maiwand substations 87% and 82% complete, respectively.

^c Cannot test/commission this segment until NEPS, Phase 1 segment is energized to Pul-e Alam. Scheduled completion extended to 11/1/2017.

^d USACE inspection complete. Coordination with Ministry of Energy and Water to resolve ROW issues ongoing.

^e Tangi substation 75% complete. Sangin North substation 75% complete. Sangin South substation 79% complete.

^f Sangin to Durai Junction segment: 125 of 205 towers completed. Durai Junction to Lashkar Gar segment: 192 of 212 towers completed. Disbursed amount includes \$2.8 million for security.

^g Includes additional, non-AIF USAID funding.

^h 223 of 268 tower excavations completed. 123 tower foundations completed. Revised transmission line design to be submitted. Gardez substation line bay design review completed.

Source: USFOR-A, C-JENG, FY 2011–2014 AIF Program Status Report, 9/10/2017; USACE, Garrison and Infrastructure Working Group, AIF LIR, 9/23/2017; USAID, OI, response to SIGAR data call, 9/21/2017 and 3/24/2017; USAID, response to SIGAR vetting, 10/16/2017.

maintenance.⁶⁹² The World Bank similarly reported that 85% of Afghanistan's roads are in poor condition; the majority cannot be used year-round.⁶⁹³

Since 2002, USAID has provided more than \$2 billion for more than 1,240 miles of road construction, operations and maintenance (O&M), and capacity-building activities.⁶⁹⁴ DOD provided at least \$847 million for 4,687 road-related projects under the Commander's Emergency Response Program. Despite these investments, SIGAR auditors determined that USAID and DOD have had only limited success in ensuring the long-term sustainability of those roads.⁶⁹⁵

Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to USAID. Afghanistan is estimated to spend \$17 million annually for O&M, but that is \$100 million less than the Asian Development Bank says is needed.⁶⁹⁶ A USAID implementing partner calculated that the Ministry of Public Works (MOPW) has funds to carry out adequate O&M on only 16% of its roads in 2016, a one-percentage-point increase over 2015.⁶⁹⁷ Roads that go without maintenance for a long time can deteriorate to the point where they require complete rebuilding. USAID told SIGAR it would cost an estimated \$8.3 billion to replace Afghanistan's roads if they were not maintained and deteriorated beyond repair.⁶⁹⁸

Additionally, a USAID assessment from May 2015 found that MOPW needed organizational structure reforms, citing ongoing critical weaknesses, including a lack of skilled staff, poor communication, antiquated systems and processes, and a lack of will to implement necessary reforms. SIGAR recommended that USAID condition future funding for its Road Sector Sustainability Project (RSSP) and for the MOPW on the successful creation of an independent road authority, road fund, and transportation institute in order to boost MOPW's capacity. USAID concurred, and its assistance to the MOPW ended this quarter on August 2, 2017.⁶⁹⁹

Technical Assistance for the Ministry of Public Works Project

USAID's three-year, \$25.5 million, Technical Assistance for the Ministry of Public Works (TA-MOPW) project, a component of the Road Sector Sustainability Project (RSSP), ended on August 2, 2017. The purpose of TA-MOPW was to improve the capacity and effectiveness of the MOPW to manage Afghanistan's road network by aligning its policies and responsibilities with global best practices. Specifically, the program aimed to establish a road authority, road fund, and transportation institute.⁷⁰⁰

These objectives were not achieved. Although USAID approved a final transition plan on October 11, 2016, implementation was subject to Afghan cabinet and parliamentary approval, which is still pending.⁷⁰¹ USAID said that the Afghan government made no further progress this quarter. Because a road authority, road fund, and transportation institute have not been created, USAID decided to withhold funding from the MOPW after TA-MOPW

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TABLE 3.18

AFGHANISTAN INFRASTRUCTURE FUND ROAD PROJECTS, AS OF SEPTEMBER 10, 2017 (\$ MILLIONS)						
AIF Project	Description	Notified Amount	Obligated	Disbursed	Status	
AIF FY 11	Lashkar Gar to Nawar Road	Design, construct 22.5 km road in Helmand Province	\$22.0	\$20.5	\$20.5	Complete
AIF FY 12	RC-East Border Transportation Corridor	Saracha Bridge	35.6	6.8	6.8	Complete
		Ghulam Khan Corridor		12.7	12.7	Complete
	Parwan to Bamiyan Road - Section 6	Section 6.1	10.0	3.0	3.0	Complete
		Section 6.2		7.0	7.0	Complete
	Dahla Dam Phase 2 - Site Preparation (Route Bear Road)	Realign 4.7 km road along NW shore of Dahla Dam	11.2	7.2	7.2	Complete
AIF FY 14	Ghulam Khan Corridor - Phase 2	Design, construct remaining 7 km road to Khowst city and a bridge to complete Ghulam Khan Transportation Corridor	10.0	4.8	4.8	Complete: USFOR-A coordinating property transfer with MOPW

Note: Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 8/31/2017. All other information is as of 9/10/2017.

Source: USFOR-A, C-JENG, FY 2011–2014 AIF Program Status Report, 9/10/2017.

ended, in line with SIGAR's recommendation.⁷⁰² A total of \$23.6 million had been disbursed for TA-MOPW as September 30, 2017.⁷⁰³

TA-MOPW's primary accomplishments included the preparation of a series of reports that collectively provided an institutional framework for better MOPW management of Afghanistan's road assets.⁷⁰⁴ These reports included a baseline assessment of the MOPW's organization and capabilities, a five-year road maintenance plan, and a ten-year maintenance budget plan. Business cases, legislative options, and high-level structures for a road authority, road fund, and transportation-infrastructure institute were also generated.⁷⁰⁵ Earlier this quarter, in its final monthly report, the implementer noted that all obligations associated with project closeout and demobilization were completed in July.⁷⁰⁶

At the completion of TA-MOPW, the implementer reported that despite substantial investment in the ministry and sustained interest in developing Afghanistan's transportation infrastructure on the part of donors, little has changed in the MOPW's capacity. The implementer underscored that due to a persistent lack of reform within the ministry, Afghanistan's Strategic Road Network, over which the MOPW has authority, was at serious risk, and in danger of losing 70% of its asset value by 2021 if current trends continue.⁷⁰⁷

According to the Afghanistan-U.S. Compact launched this quarter, the Afghan government aims, by 2021, to be the 120th-ranked country for enforcing contracts in the World Bank's *Doing Business* report (Afghanistan's current rank is 180). In support of achieving this benchmark, it also plans to reduce the amount of time required to obtain a judgement from a court system by 50% by December 2019.

Source: State, "Afghanistan-United States Compact—Economic Benchmarks," 8/22/2017, p. 1; World Bank, "Enforcing Contracts," www.doingbusiness.org/data/exploretopics/enforcing-contracts, accessed 10/5/2017.

The Afghanistan-India Air Corridor was inaugurated on June 19, 2017, with the intent of creating opportunities for Afghan exports, particularly agricultural products. Because Pakistan has strict limits on the volume of goods that Afghanistan can ship overland through its territory, the air corridor was envisioned as a way to export products directly to India. In August, multiple news reports highlighted problems with the air corridor. Some producers in Kandahar reportedly faced losses as tons of fruit rotted due to flight delays and a lack of cold-storage facilities. Both the U.S. and Afghan governments have promoted the Afghanistan-India Air Corridor as a recent trade success, and President Ashraf Ghani hopes to expand the corridor in an effort to increase trade ties with India.

Source: Reuters, "Ticket to rot for fruit stranded without flights in Afghanistan," 8/16/2017; Reuters, "India, Afghanistan plan air cargo link over Pakistan," 12/3/2017; *Wadsam*, "Afghan-India air cargo a 'failed process,'" 8/7/2017; *ToloNews*, "120 Tons Of Fruit Waiting to Reach India Markets By Air Cargo," August 6, 2017; U.S. Embassy in Afghanistan, "Statement by Ambassador Hugo Llorens on Economic Growth in Afghanistan," 8/4/2017; GIROA, Ministry of Foreign Affairs, "H.E. Salahuddin Rabbani Minister of Foreign Affairs of the Islamic Republic of Afghanistan Speech on India - Afghanistan Relationships: Recent Development and Implications," 9/12/2017; GIROA, Office of the President, "President Ghani Meets Indian Foreign Minister," 9/21/2017.

Afghanistan Infrastructure Fund Road Projects

DOD has obligated \$62 million and disbursed \$62 million for five road projects under the AIF, as of August 31, 2017. All five road projects, some consisting of multiple phases, are now complete. This quarter, the final seven km of the Ghulam Khan Transportation Corridor was finished. USFOR-A reported that as of September 10, 2017, it was coordinating with MOPW to facilitate property transfer. Table 3.18 on the previous page provides a summary of DOD's road projects executed under the AIF.⁷⁰⁸

ECONOMIC GROWTH

USAID has cumulatively disbursed over \$1.2 billion for economic-growth programs in Afghanistan.⁷⁰⁹ USAID active economic-growth programs have a total estimated cost of \$387 million and can be found in Table 3.19.

Afghanistan Trade and Revenue Project

USAID's four-year, \$77.8 million Afghanistan Trade and Revenue (ATAR) project aims to help Afghanistan realize its potential as a regional and global trading partner. ATAR is designed to promote trade-policy liberalization, enhance Afghanistan's access to regional markets, and improve its customs administration. ATAR is scheduled to end in November 2017.⁷¹⁰ As of September 30, 2017, USAID had obligated \$74 million and disbursed \$68.3 million for ATAR-related activities.⁷¹¹

This quarter, USAID implementers reported that ATAR provided support to the third WTO Inter-Ministerial Technical Committee at the Ministry of Commerce and Industries, which assessed progress in fulfilling pending WTO commitments. In support of Afghanistan's post-accession strategy, ATAR provided a completed English version of a WTO dispute-resolution manual to committee members and ministries. Among other key achievements noted this quarter, ATAR connected Afghan traders to the recently established Afghanistan-India Air Corridor initiative, working in conjunction with the Afghan Chamber of Commerce and Industries. ATAR also produced an improved customs clearance process map designed to significantly reduce the complexity of exporting products by air from Hamid Karzai International Airport in Kabul.⁷¹²

Among the challenges reported by ATAR implementers this quarter were obstacles to ratification of the Cross-Border Transit Agreement (CBTA), which aims to reduce the cost of trade among Kyrgyzstan, Tajikistan, and Afghanistan. Those obstacles included personnel turnover within the Kyrgyz government as well as its adherence to the Eurasian Economic Union (EAEU), composed of member states Belarus, Armenia, Kazakhstan, Kyrgyzstan, and Russia.⁷¹³ USAID said that although the CBTA and EAEU are not incompatible, Kyrgyzstan's accession to the

TABLE 3.19

USAID ACTIVE ECONOMIC-GROWTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)
Assistance in Building Afghanistan by Developing Enterprise (ABADE)	10/16/2012	10/31/2017	\$104,997,656	\$104,949,972
Afghanistan Trade and Revenue Project (ATAR)	11/7/2013	11/6/2017	77,754,266	68,266,190
Women in the Economy (WIE)	7/1/2015	6/30/2019	71,571,543	21,646,950
Afghanistan Workforce Development Program (AWDP)	4/5/2012	6/30/2018	44,919,458	37,104,288
Multi-Input Area Development-Global Development Alliance	3/23/2013	3/22/2018	30,481,436	19,545,256
Afghanistan Public Financial Management (APFM)	7/27/2015	12/26/2017	18,347,339	14,562,462
Afghanistan Investment Climate Program	3/27/2015	3/26/2020	13,300,000	3,634,879
Commercial Law Development Program	3/1/2014	9/30/2019	13,000,000	8,179,161
Rebranding Afghanistan: Creating Jobs, Changing Perceptions, Empowering Women	11/2/2015	11/01/2018	4,800,000	3,150,000
Global Broadband and Innovation (GBI) Program	11/1/2016	11/1/2017	3,000,000	250,000
Afghanistan International Bank Guarantee Agreement	9/27/2012	9/27/2020	2,000,000	520,800
Development Credit Authority (DCA) with FINCA, OXUS, and First Microfinance Banks	9/25/2014	9/24/2020	1,958,000	0
Market Assessment PIO Grant with ITC: Reconnecting Afghanistan to Global Markets	3/2/2017	7/31/2017	53,859	49,987

Note: USAID's Development Credit Authority (DCA) provides partial credit guarantees to mobilize local financing. FINCA, OXUS, and First Microfinance Banks are to use these guarantees to secure loans from larger lenders, and in turn lend to micro and small businesses in Afghanistan. Afghanistan International Bank is to use the DCA guarantee to mitigate its lending risk and facilitate lending to small and medium-size enterprises.

Source: USAID, response to SIGAR data call, 10/15/2017; USAID, Development Credit Authority, "Overview," 2/2/2015.

EAEU was a high priority for the country from 2015–16, and that as a result CBTA ratification had been delayed.⁷¹⁴

EDUCATION

After years of upheaval in the 1980s and 1990s, Afghanistan's public education system has become one of Afghanistan's success stories since 2002, according to the World Bank. The number of boys and girls enrolled in school has increased dramatically, as has the number of teachers and schools. However, the education sector faces many challenges. The World Bank reported that only about half of all registered schools in Afghanistan have proper buildings, and only 55% of teachers meet the minimum requirements, with the rest receiving in-service training. While the sector is improving, the quality of education and administration remains weak.⁷¹⁵

Continuing security challenges have limited access to education in 2017. The United Nations Assistance Mission in Afghanistan (UNAMA) reported a total of 38 conflict-related incidents against either education facilities or education workers in the first six months of 2017, with the number of

SIGAR SPECIAL PROJECT

SIGAR's Office of Special Projects issued a report this quarter on ATAR's implementation of an e-payment system designed to provide a more efficient and effective method of collecting customs duties. ATAR implementers, in consultation with USAID, aimed to increase electronic collections to 75% of all customs collections by the end of the project in November 2017. SIGAR found that ATAR fell well short of this objective: by the end of December 2016, less than 1% of all customs duty collections were collected electronically. For more, see pp. 50–51.

incidents documented in the second quarter (24) substantially higher than the number reported in the first quarter (14). Girls' schools were the targets of six attacks.⁷¹⁶ Trends in school attendance appear to mirror trends in violence: the World Bank reported that fewer children attended primary school in 2013–2014 than in 2011–2012 due to heightened conflict. Primary school attendance rates of children in rural areas, where much of the fighting occurs, have been hit especially hard.⁷¹⁷

Girls' education, in particular, remains an ongoing challenge. Human Rights Watch (HRW) reported this quarter that due to worsening security conditions, gains in girls' education may be reversing. Citing figures from the United Nations Children's Fund, HRW estimated that two-thirds of Afghan girls ages 12–15 do not go to school. Overall, the ratio of girls to boys in every grade segment (grades 1–3, 4–6, 7–9, and 10–12) remains well below World Bank targets set for December 31, 2017. HRW observed that educational disparities between girls and boys is reflected in adolescent literacy rates: 66% of adolescent boys are literate, compared to just 37% of adolescent girls.⁷¹⁸

However, in a recent bright spot, an Afghan girls' robotics team traveled to Washington, DC, in July 2017 to compete in an international robotics competition, winning a silver medal for "courageous achievement."⁷¹⁹ Underscoring the obstacles to progress in Afghanistan, the father of the team captain was killed in a suicide attack in Herat in early August.⁷²⁰ Overall, decreases in school attendance among girls living in rural areas were particularly acute between 2011–12 and 2013–14, relative to decreases observed among other demographics.⁷²¹

Ministry of Education Data

According to the **Education Management Information System (EMIS)** for FY 1395 (December 22, 2015–December 21, 2016), Afghanistan reportedly had 15,709 general-education (government-run, grades 1–12) schools, including 904 inactive/closed schools, with 8.4 million students enrolled.⁷²² The number of enrolled students includes both present and absent students.⁷²³ The Ministry of Education (MOE) counts students who have been absent for up to three years as enrolled because, it says, they might return to school.⁷²⁴ In December 2016, Minister of Education Assadullah Hanif Balkhi said that after adjusting school records to deduct registered but permanently absent students, only six million students were actually attending classes in Afghanistan.⁷²⁵

Education Management Information System Data

To better help the MOE gather school data to guide its decision-making—and indirectly understand how donor funding is benefitting Afghanistan's education system—donors funded EMIS, which tracks critical educational statistics such as the numbers of teachers working and students enrolled.

Education Management Information

System: a centralized, computerized network system used to gather school data to support decision making in the Ministry of Education.

Source: USAID, *Data Quality Assessment of the Ministry of Education's Education Management Information System*, 7/2016, p. 1.

Barriers to data collection have resulted in imprecise and inaccurate EMIS data, increasing donor concerns.

To understand the scope of the problem, USAID funded two assessments of EMIS data quality to identify and address gaps in the system.⁷²⁶ Despite its shortcomings and inability to answer key questions, the initial assessment found that EMIS provides the capacity to manage a nationwide information system. However, gaps remain between its actual capacity and what is needed to ensure accurate and reliable information. Key weaknesses were identified, including lack of oversight, inconsistent monitoring at schools, insufficient capacity and training on EMIS forms and procedures, inadequate financing and overreliance on donor-funded assistance, and lack of coordination resulting in duplicative data collection and other inefficiencies.⁷²⁷

A second assessment, released last quarter, focused on verifying EMIS data to assess its reliability and identifying inconsistencies at the national, provincial, and local school levels. The assessment found that EMIS data collection varied at the school-level and there was an urgent need for training. School officials lack a clear understanding of the EMIS form and how to fill it out—particularly student and teacher data—resulting in data discrepancies and inaccurate information.⁷²⁸

To assist USAID and the Afghan government to improve education-related data, SIGAR initiated a series of special projects to determine whether schools purportedly built or rehabilitated using U.S. funds were open and operational, and to assess their current condition. This quarter, SIGAR published its third report in this series, which detailed the findings of site visits to 23 USAID-funded schools in Khowst Province conducted from March 28 to May 1, 2017. SIGAR found that there may be problems with student and teacher absenteeism at several of the schools it visited that warrant further investigation by the Afghan government. SIGAR also observed that several schools lacked basic services, including electricity and clean water, and had structural deficiencies affecting the delivery of education.⁷²⁹ According to USAID, Khowst Province's Provincial Education Directorate emphasized that the inspections were conducted at the beginning of the school year (which began on March 22, 2017), and that higher rates of absenteeism were common at that particular time. However, USAID said that SIGAR's findings warranted follow-up with the MOE to ensure that proper monitoring and accountability mechanisms were in place.⁷³⁰

National Education Strategic Plan

Afghanistan's National Education Strategic Plan 2017–2021 sets out the government's priorities and goals for the next five years. These include improving curricula quality and relevance, and increasing student enrollment and attendance though equitable access to education, and building more schools. The common goal is to “prepare skilled and competent citizens through the education system to sustain Afghanistan's

SIGAR SPECIAL PROJECT

This quarter, SIGAR published its third report detailing findings from site visits at U.S.-built or U.S.-rehabilitated schools across Afghanistan, focusing on 23 USAID-funded schools in Khowst Province. In two previously released reports, SIGAR assessed the general usability and potential structural, operational, and maintenance issues for schools in Balkh and Herat Provinces. For more information on SIGAR's latest assessment in Khowst, see Section 2, pp. 51–52. For more information on SIGAR's previous school assessments, see: SIGAR, *Review: Schools in Balkh Province*, SIGAR 17-32-SP, 3/28/2017; SIGAR, *Schools in Herat Province: Observations from Site Visits at 25 Schools*, SIGAR 17-12-SP, 11/4/2016.



Students in a workforce-development program receive a briefing at a career center in Jowzjan. (USAID photo)

socioeconomic development and social cohesion.” To restore public trust and confidence, MOE pledged to be more transparent, develop a robust anticorruption strategy, streamline education operations both nationally and subnationally, increase efficiencies, and strengthen program management.⁷³¹

This quarter, USAID reported that the MOE, in support of the strategic plan, was working with donors to build new policies and implementation guidelines for Community Based Education (CBE).⁷³² CBE encompasses a joint effort on the part of USAID, other development partners, and the MOE to reach children who do not receive formal schooling due to geographical isolation or insecurity.⁷³³ CBE represents one component of the MOE’s plan to promote equitable access to education and is intended to reduce gaps in access between urban and rural areas.⁷³⁴ Currently supporting the CBE program in 13 provinces, USAID said that it expects new CBE policies to be completed and endorsed next quarter.⁷³⁵

USAID Programs

USAID aims to improve equitable access to quality education in Afghanistan through community-based classes in remote regions. USAID also seeks to develop relevant, in-demand technical skills to better prepare Afghans for employment. Its programs focus on early-grade reading, textbooks and other learning materials, and raising literacy rates through teacher and educator training.⁷³⁶ USAID had disbursed approximately \$940 million for education programs in Afghanistan, as of June 30, 2017.⁷³⁷ USAID’s active education programs have a total estimated cost of \$443 million and can be found in Table 3.20.

TABLE 3.20

USAID ACTIVE EDUCATION PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursements, as of 9/30/2017 (\$)
Afghanistan University Support and Workforce Development Program	1/1/2014	12/31/2018	\$91,927,769	\$54,505,006
Increasing Access to Basic Education and Gender Equality	9/17/2014	12/31/2019	77,402,457	77,402,457
Afghans Read Program (ARP)	4/4/2016	4/3/2021	69,547,810	10,342,036
Support to the American University of Afghanistan (AUAF)	8/1/2013	11/29/2019	64,400,000	40,680,425
Strengthening Education in Afghanistan (SEA II)	5/19/2014	9/30/2020	44,835,920	19,616,106
Basic Education, Literacy, and Technical-Vocational Education (BELT) Textbooks	11/16/2011	6/30/2017	26,996,813	24,891,728
Let Girls' Learn Initiative and Girls' Education Challenge Programme (GEC)	6/29/2016	6/28/2021	25,000,000	5,000,000
Capacity Building at the Ministry of Education	2/6/2017	2/5/2021	23,212,618	1,537,563
Afghanistan's Global Partnership for Education	10/11/2012	6/30/2018	10,019,464	3,683,414
Assessment of Learning Outcomes and Social Effects in Community-Based Education	1/01/2014	12/31/2017	7,262,016	4,264,210
PROMOTE Scholarships	3/04/2015	3/3/2020	1,247,522	1,247,522
Financial and Business Management Activity with AUAF	6/22/2017	12/21/2018	723,772	0

Source: USAID, response to SIGAR data call, 10/15/2017.

University Support and Workforce Development Program

The \$91.9 million University Support and Workforce Development Program (USWDP) is USAID's largest ongoing education initiative in Afghanistan. USWDP is a capacity-building program aimed at improving management within the Ministry of Higher Education (MOHE) and Afghanistan's 11 public universities. With the goal of increasing both the quality of higher education and its relevance to the demands of Afghanistan's labor market, USWDP is assisting the MOHE implement key strategies designed to promote high-quality education that delivers access to employment opportunities to Afghan men and women.⁷³⁸

In its latest quarterly performance report, which covered April–June 2017, USWDP implementers said that 72 students, including 14 women, graduated from three degree programs. An additional 289 individuals participated in a variety of training programs and workshops that covered topics ranging from data analysis to curriculum reform. The MOHE also received three policy documents relating to new degree programs for review and approval. These new degree programs included a master's in business administration from Herat University, a master's in public health from Kandahar University, and a bachelor's degree in communication from Balkh University.⁷³⁹

Several challenges related to the USWDP program remain. Among other obstacles, implementers reported that recent discussions regarding

the recognition of an associate-degree program piloted by USWDP have not been encouraging. USAID said that no legal framework for associate-degree programs exists and bylaws must be approved by President Ghani. Although USWDP has asked MOHE officials to address this issue with the Office of the President, these developments may set back investments made in this tier of education.⁷⁴⁰

HEALTH

Afghanistan's health indicators have improved since 2002, though they remain below average among low-income countries. Afghanistan's public health is beset by many challenges: tuberculosis, polio, poor maternal health, and one of the world's highest levels of child malnutrition, according to the World Bank.⁷⁴¹ Insecurity also impacts health-delivery services. Between June 15, 2017, and August 15, 2017, UNAMA reported 26 conflict-related incidents against either health facilities or health workers, raising the total number of incidents in 2017 to 88.⁷⁴² There were 119 conflict-related incidents in 2016, with 10 killed, 13 injured, and 42 abducted.⁷⁴³

This quarter, the Taliban reportedly forced a majority of health clinics in southern Afghanistan's Uruzgan Province to shut down. The press reported different numbers of clinics and hospitals closed by the insurgency in late September, ranging from 46 to all 49 of the province's health facilities. According to the *New York Times*, provincial health officials stated that the Taliban demanded the opportunity to appoint its own health workers, to select the location of new clinics, and additional specialists and medical supplies for the treatment of wounded insurgents.⁷⁴⁴ USAID said that, according to the MOPH, efforts to re-open health facilities in Uruzgan were ongoing, and are being directed through community elders in coordination with provincial officials. According to the MOPH, 18 facilities have been reopened, including the provincial hospital.⁷⁴⁵ UNAMA reported that insurgents have forced the closure of dozens of health facilities in other provinces in 2017, including Laghman, Farah, and Badghis, in order to improve service provision for their fighters.⁷⁴⁶

Also this quarter, in response to multiple attacks on its staff members, the International Committee of the Red Cross (ICRC) announced a significant reduction in its presence in Afghanistan. The ICRC will close offices in Kunduz and Faryab Provinces while also reducing its footprint in Mazar-e Sharif. The ICRC, which provides assistance to the wounded and disabled (among other activities), has been directly targeted three times in northern Afghanistan since December 2016. In the most recent attack, in Mazar-e Sharif, a Spanish physiotherapist was killed by a long-term patient.⁷⁴⁷

Assessing the Condition of Health Facilities

This quarter, SIGAR published its first of two reviews detailing findings from site visits at CERP-funded health facilities in Afghanistan. Inspections sought to verify the locations and operating conditions at four health facilities that received CERP funds in Nangarhar Province. Working with an Afghan civil-society organization to conduct limited inspections between June and August, 2017, SIGAR found that all four facilities were open, generally well-maintained, and perceived as useful by community members. For more information, see Section 2, pages 52–53.⁷⁴⁸

In August, Integrity Watch Afghanistan (IWA) released a report assessing the conditions of 184 USAID-funded health facilities in eight provinces of Afghanistan. IWA relied on a list of facilities provided by SIGAR, but IWA produced the report independently. Overall, IWA underscored that while Afghanistan has made progress in health-care delivery, many challenges remain. IWA noted deficiencies in the physical condition, operations, and accessibility of the facilities surveyed. For example, 33% of the facilities reportedly required urgent repairs, while 20% had no electricity. Meanwhile, 64% possessed neither vehicles for staff nor ambulances for patients, precluding easy access. IWA also cited security conditions as a concern, but was unable to quantify the magnitude of the issue beyond noting that 34% of surveyed facilities were without boundary walls and gates. IWA reported that 99% of the facilities were open and operational, despite the issues noted.⁷⁴⁹

USAID Funding and Health Programs

U.S.-funded health-sector programs aim to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health (MOPH) includes capacity-building, training, and quality-assurance activities to strengthen the ministry’s management and control over healthcare delivery across Afghanistan.⁷⁵⁰ USAID believes that the MOPH’s ability to deliver quality healthcare through the **Basic Package of Health Services (BPHS)** and **Essential Package of Hospital Services (EPHS)**—the cornerstone of public sector health-service delivery in Afghanistan—is critical to improving health outcomes for those who cannot access or afford private care.⁷⁵¹

USAID on-budget assistance to the MOPH provides basic health care and essential hospital services. Off-budget assistance includes activities to strengthen health systems, engage the private sector, reduce child and maternal deaths, reduce tuberculosis-related deaths, reduce child undernutrition, improve the use of modern family-planning methods, and eliminate polio.⁷⁵² U.S. on- and off-budget assistance to Afghanistan’s health sector totaled nearly \$1.2 billion as of September 30, 2017.⁷⁵³ USAID’s active health programs have a total estimated cost of \$310 million, and are listed in Table 3.21 on the next page.

In addition to its site inspections of CERP-funded facilities in Nangarhar Province, SIGAR previously conducted a series of reviews of USAID-supported health facilities throughout Afghanistan. Those reviews consisted of inspections of USAID-funded healthcare facilities located in Takhar, Ghazni, Baghlan, Badakhshan, Kabul, and Herat.

For more, see: SIGAR, *Review: USAID Supported Health Facilities in Takhar Province*, SIGAR 17-51-SP 7/6/2017; SIGAR, *Review: USAID Supported Health Facilities in Ghazni Province*, SIGAR 17-34-SP 3/30/2017; SIGAR, *Review Letter: USAID-Supported Health Facilities in Baghlan*, SIGAR 17-18-SP 12/12/2016; SIGAR, *Review Letter: USAID-Supported Health Facilities in Badakhshan*, SIGAR 16-40-SP 6/30/2016; SIGAR, *Review Letter: USAID-Supported Health Facilities in Kabul*, SIGAR 16-19-SP 1/5/2016; and SIGAR, *Alert Letter: USAID-Supported Health Facilities in Herat*, SIGAR 16-1-SP 10/20/2015.

BPHS: provides primary healthcare services—such as immunizations and prenatal care—at small and rural health clinics, and forms the core of health-service delivery for all primary-care facilities in Afghanistan.

EPHS: outlines the medical services each type of hospital in the Afghan healthcare system should provide in terms of general services, staff, equipment, diagnostic services, and medications while promoting a health-referral system that integrates the BPHS with hospitals.

Source: SIGAR 13-9-AR, *Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not be Sustainable and Existing Hospitals are Facing Shortages in Some Key Medical Positions*, 4/2013, p. 1.

TABLE 3.21

USAID ACTIVE HEALTH PROGRAMS				
Project Title	Start Date	End Date	Total Estimated Cost (\$)	Cumulative Disbursement, as of 9/30/2017 (\$)
Initiative for Hygiene, Sanitation, and Nutrition (IHSAN)	5/11/2016	5/10/2021	75,503,848	\$4,213,592
Helping Mother and Children Thrive (HEMAYAT)	1/7/2015	1/6/2020	60,000,000	33,400,397
Health Sector Resiliency (HSR)	9/28/2015	9/27/2020	37,936,471	7,974,122
Strengthening Pharmaceutical System (SPS)	8/28/2011	12/28/2017	37,010,919	34,840,616
Disease Early Warning System Plus (DEWS Plus)	1/1/2015	12/30/2020	32,728,000	21,244,397
Enhance Community Access, Use of Zinc, Oral Rehydration Salts for Management of Childhood Diarrhea	7/21/2015	7/7/2020	15,002,610	9,400,000
Challenge Tuberculosis	1/1/2015	9/29/2019	15,000,000	6,646,790
Central Contraceptive Procurement	11/1/2011	12/31/2018	13,535,571	13,035,571
Demographic and Health Surveys	9/9/2013	9/8/2018	6,699,863	6,699,863
Sustaining Health Outcomes through the Private Sector (SHOPS Plus)	1/1/2016	9/30/2017	6,000,000	4,991,499
Weekly Iron Folic Acid Supplementation	11/7/2014	12/31/2017	5,610,012	5,610,012
Mothers and Under-Five Nutrition and Child Health (MUNCH)	12/18/2014	6/30/2017	5,000,000	5,000,000
Global Health Supply Chain Quality Assessment	1/2/2015	1/1/2020	1,500,000	1,500,000
Family Planning and Assessment	5/16/2015	6/30/2017	634,833	634,833
Global Health Supply Chain-Procurement and Supply Management-HIV/AIDS Task Order #1	4/15/2015	9/29/2021	176,568	161,000
Coordinating Comprehensive Care for Children (4 Children)	9/15/2014	9/16/2019	20,000	20,000

Source: USAID, response to SIGAR data call, 10/15/2017; USAID, response to SIGAR data call, 7/10/2017.

Chlorhexidine: an antiseptic antibacterial agent that kills or prevents the growth of bacteria. As part of a solution or gel, it is applied topically to the skin before a surgery or injection, after an injury, or onto a newborn after birth in order to prevent infection resulting from the severing of the umbilical cord. Chlorhexidine has been proven to prevent 15% of newborn deaths.

Source: Mayo Clinic, "Chlorhexidine (Topical Application Route)." <http://www.mayoclinic.org/drugs-supplements/chlorhexidine-topical-application-route/description/drg-20070874>, accessed 9/30/17; USAID, OHN, Fact Sheet, "HEMAYAT: Helping Mothers And Children Thrive," 9/11/17, p. 3.

Helping Mothers and Children Thrive

USAID's Helping Mothers and Children Thrive (HEMAYAT) program aims to increase access to and utilization of family-planning and maternal, neonatal, and child health services through BPHS and the private sector. A second goal is to strengthen referral systems to hospitals through EPHS at the provincial level. HEMAYAT was initiated to address high child mortality rates and pregnancy-related deaths for mothers in Afghanistan.⁷⁵⁴

From April to June 2017, the HEMAYAT team continued to facilitate reproductive, maternal, and newborn interventions. Some 28,945 newborns in ten provinces received Chlorhexidine (CHX) to prevent umbilical-cord infection. A total of 839 health workers received training on the use of CHX for newborn umbilical cord care. During home births, 1,230 mothers in 20 districts of four provinces received Misoprostol, a drug used to prevent postpartum hemorrhage.⁷⁵⁵

Among the challenges listed by HEMAYAT implementers this reporting period was the deteriorating security situation, which resulted in delays of

some field activities. For example, the team was unable to conduct assessments of 33 health facilities.⁷⁵⁶

Polio

As of September 27, Afghanistan reported six new polio cases in 2017, the most recent one in Zabul Province.⁷⁵⁷ Polio cases were also reported in Kunduz, Helmand, and Kandahar Provinces.⁷⁵⁸ There were 13 polio cases in 2016.⁷⁵⁹ Afghanistan and Pakistan, which share a 1,500-mile border, are two of only three countries where polio was still endemic in 2016 (Nigeria, since removed from the list, was the third).⁷⁶⁰ Large-scale population movements between Afghanistan and Pakistan increase the risk of cross-border transmission, and a fatwa issued by the Pakistani Taliban targeting polio workers complicates vaccination outreach.⁷⁶¹

On July 25, 2017, representatives from Afghanistan's Polio High Council met in Kabul to discuss joint polio-eradication efforts, stressing that polio eradication was one of the country's top health-care priorities, and highlighting progress made in recent years.⁷⁶² The World Health Organization said that new transmission of the polio virus in 2016–2017 had been restricted both temporally and geographically, and the United Nations reported that a case from February 2017 in Kunduz Province was effectively contained.⁷⁶³

This quarter, the MOPH launched the third and fourth rounds of polio National Immunization Days (NIDs) in August and September, respectively. Over the course of a year, through four annual NID campaigns, the MOPH aimed to vaccinate 9.9 million children under the age of 5.⁷⁶⁴ However, security and access challenges continue to constrain vaccination campaigns in some areas. Access to certain parts of southern Afghanistan, where 64,000 children in Kandahar were unable to receive vaccinations in July due to a ban on immunizations, remained fragile this quarter.⁷⁶⁵ USAID reported this quarter that Islamic State-Khorasan continues to ban polio immunization in areas it controls. USAID also said that while the Taliban and the Haqqani network are not opposed to vaccination, they disrupt campaigns for other reasons.⁷⁶⁶ Recent vaccination efforts were also unable to reach 60,000 children in other areas of the country.⁷⁶⁷

As of December 31, 2016, USAID has obligated more than \$25.7 million and disbursed about \$14.5 million for polio eradication in Afghanistan since FY 2003. USAID said that it does not yet have expenditure figures for FY 2017, as it is awaiting the year-end financial report scheduled for release this month.⁷⁶⁸



A midwife disinfests a newborn's umbilical-cord stump at a health facility in Kandahar Province. (USAID photo)

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COUNTERNARCOTICS

KEY ISSUES AND EVENTS

A United Nations opium-cultivation report released this quarter found that the estimated value of opiates produced in Afghanistan nearly doubled from \$1.56 billion in 2015 to \$3.02 billion in 2016. The increase is a result of a higher level of opium production—43% more than in 2015—and higher heroin prices in neighboring countries. The current value of the opiates is worth more than two-thirds of the output of the country's entire agricultural sector.⁷⁶⁹

Despite a U.S. investment of \$8.6 billion to counter Afghanistan's illicit-narcotics economy, Afghanistan remains the world's largest opium producer and exporter—producing an estimated 80% of the world's opium. The narcotics industry—coupled with rampant corruption and fraud—is a major source of illicit revenue for the country.⁷⁷⁰

In 2017, Afghan authorities reported having eradicated 685 hectares in Balkh, Badghis, Herat, Kunar, Kabul, Kandahar, Laghman, Nangarhar, and Nimroz Provinces, as of May 2017. This represents a marked increase over 2016, when only 355 hectares were eradicated.⁷⁷¹ (One hectare is roughly 2.5 acres.) However, the 685 hectares eradicated amount to less than 0.35% of the estimated 201,000 hectares under cultivation in 2016 for opium poppy.⁷⁷² The Ministry of Counter Narcotics (MCN) reported 750 hectares eradicated as of September 1. However, these results are not yet verified by UNODC and remain subject to change until MCN and UNODC release an agreed-upon figure. INL anticipates that the UNODC Opium Survey, to be released mid-November, will contain final figures.⁷⁷³

Media reports and MCN officials indicate 2017 totals for cultivation will likely exceed last year's totals. Opium is even grown on government-controlled land or in the vicinity of security check points in some provinces.⁷⁷⁴ In May 2017, the MCN deputy minister was quoted as saying, "Unfortunately, the narcotics production is on the rise this year. ... We are concerned that narcotics would increase this year, including in areas and provinces where previously we had zero opium production."⁷⁷⁵

Following President Donald Trump's announcement of a new strategy for South Asia in August, State informed SIGAR that the responsible U.S. departments and agencies are coordinating to finalize an updated U.S. counternarcotics strategy for the country.⁷⁷⁶ A new counternarcotics strategy for Afghanistan has been on hold since 2015.⁷⁷⁷

COUNTERNARCOTICS

The Afghan government launched the Kabul Compact with the United States in August 2017. Working groups developed benchmarks that focus on governance, economic development, peace and reconciliation, and security.⁷⁷⁸ Counternarcotics efforts do not figure prominently in the compact, with only three benchmarks included.⁷⁷⁹

- double the number of interdiction operations conducted in 2016 by April 2018
- reduce opium cultivation by half in at least five provinces by December 2018
- hold quarterly meetings of the Counter Narcotics High Commission by October 2017

More information regarding the Kabul Compact is available on pages 150–151 of this report.

A Department of Defense Inspector General report released this quarter on Drug Enforcement Administration (DEA) operations in Afghanistan found that the DOD/DEA Global Discovery counternarcotics program that ran between 2009 and 2016 was mismanaged. The program was designed for DEA to conduct aviation operations in Afghanistan with surveillance equipment and other capabilities. DEA personnel never used the aircraft for counternarcotics operations, and DOD potentially wasted \$64.8 million.⁷⁸⁰

Between July and September 18, 2017, Afghan law-enforcement personnel conducted 16 interdiction operations. Seizures included over 300 kilograms (kg) of opium, 7,100 kg of morphine, 150 kg of heroin, nearly 1,300 kg of hashish, and 15,595 kg of precursor chemicals.⁷⁸¹ A kilogram is about 2.2 pounds.

In addition to exporting opiates, Afghanistan suffers from widespread illegal drug use. A 2015 Afghanistan National Drug Use Survey 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 men, women and children is among the highest documented worldwide, and 30.6% of rural households tested positive for some form of illicit drug.⁷⁸² Afghans' illicit drug use spawns other crimes, funds the insurgency, and costs the Afghan government hundreds of millions of dollars in health care costs, crime prevention, and lost economic productivity.⁷⁸³

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.

U.S. RECONSTRUCTION FUNDING FOR COUNTERNARCOTICS

As of September 30, 2017, the United States has provided \$8.6 billion for counternarcotics (CN) efforts in Afghanistan since 2002. Congress appropriated most CN funds for Afghanistan through the DOD Drug Interdiction and Counter-Drug Activities (DOD CN) Fund (\$3.1 billion), the Afghan Security Forces Fund (ASFF) (\$1.3 billion), the Economic Support Fund

(ESF) (\$1.6 billion), and a portion of the State Department's International Narcotics Control and Law Enforcement (INCLE) account (\$2.2 billion).⁷⁸⁴

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).⁷⁸⁵

USAID's ESF-funded alternative-development programs are intended to support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. In addition to reconstruction funding, the Drug Enforcement Administration (DEA) receives funds through direct appropriations to operate in Afghanistan.⁷⁸⁶

SIGAR is preparing a Lessons Learned Program report that will examine U.S. counternarcotics efforts from 2002 through 2016. This comprehensive review will incorporate satellite-imagery data analysis and provide recommendations to policymakers to improve future strategies and programs.

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 the Department of State:⁷⁸⁷

Drug interdiction—or 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—or the 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.

The CNPA, comprising regular narcotics police and specialized units, leads counternarcotics efforts among Afghan security forces.⁷⁸⁸ Afghan Uniform Police and Afghan Border Police also participate in counternarcotic activities.⁷⁸⁹ 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.⁷⁹⁰ The NIU maintains forward-based personnel in Kandahar, Kunduz, and Herat Provinces.⁸⁰⁵

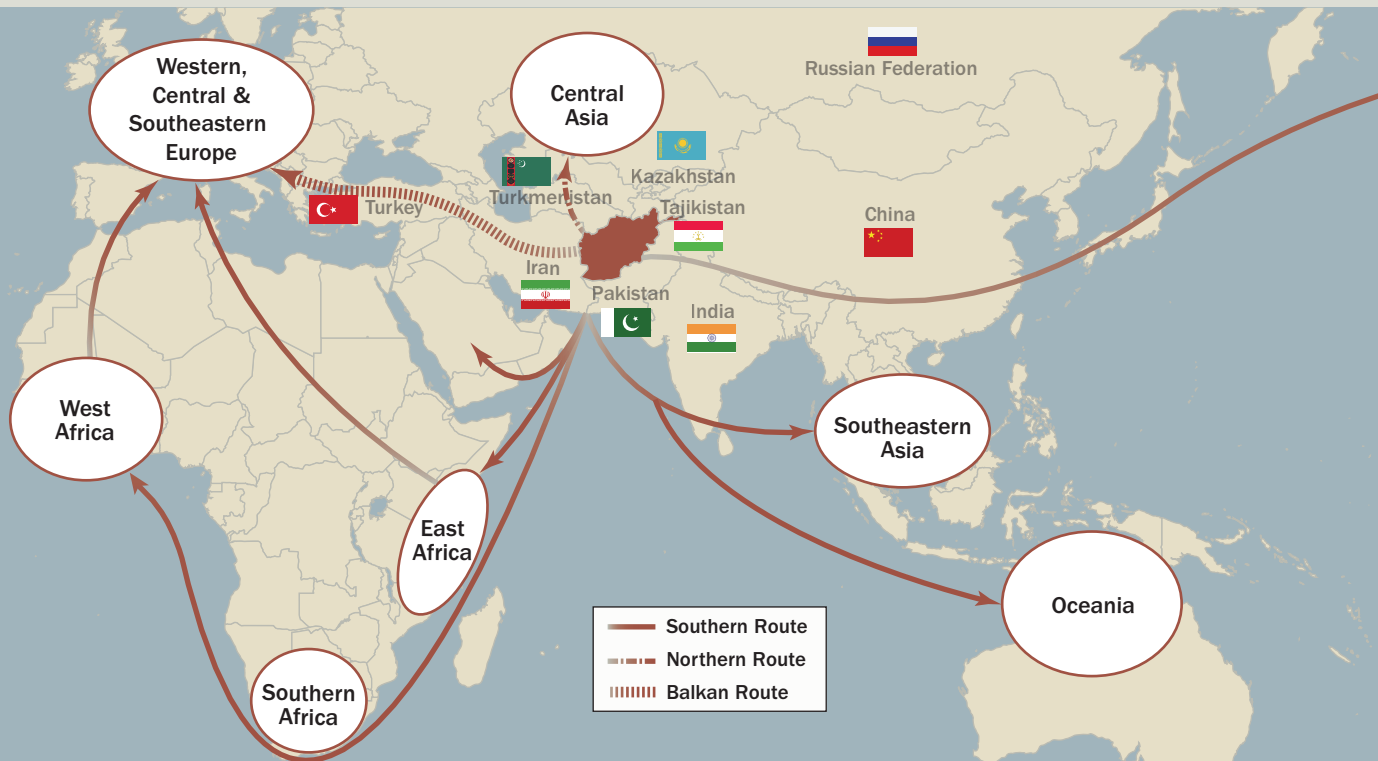
MAJOR AFGHAN DRUG TRAFFICKING ROUTES

According to UNODC, Afghanistan accounts for nearly two-thirds of the world's areas under illicit opium poppy cultivation.⁷⁹¹ The opiates produced in Afghanistan reach their primary markets in Europe, Asia, and Africa through several routes. The Balkan route supplies western and central Europe, through Iran and Turkey via southeastern Europe. In 2014, the largest aggregate opiate seizures worldwide were reported by Iran.⁷⁹² Based on data reported during 2009–2012, UNODC estimates the value of opiates trafficked on the Balkan route at \$28 billion per year. Profit by Iranian traffickers is higher than any other country on the Balkan route: \$7.5 billion or 27% of the total value of drug traffic.⁷⁹³ Heroin flows into Europe along three branches of the Balkan route:

- one branch from the Turkish border through the eastern Balkans, by way of Bulgaria and Romania to western and central Europe,
 - another branch from Turkey across Greece by way of Italy, and
 - one branch passing through the western Balkans by land and sea into Europe
- Trafficking routes may change over time.⁷⁹⁴

The southern route serves many destinations, including Asia, Africa, and Western and Central Europe.⁷⁹⁵ Drugs are shipped by sea from Pakistan, Iran, Asia, and the Middle East; air shipments are made from Pakistan to Bangkok, and via circuitous courier attempts to the Middle East, Europe, Southeast Asia, and Australia.

DRUG TRAFFICKING ROUTES FROM AFGHANISTAN



QUARTERLY HIGHLIGHT

Drugs also travel by land through Pakistan's Balochistan Province and Iran's southeastern provinces.⁷⁹⁶ The main destination for Afghan heroin smuggled via the southern route appears to be India. Since the 2000s, Afghan heroin has become more prominent in China, but remains a minority share of that market. Myanmar is China's dominant heroin supplier.⁷⁹⁷ Smuggling of Afghan opiates via the southern route has increased in recent years.⁷⁹⁸ Between 2009 and 2012, the total gross profit averaged \$357 million per year in Afghanistan, compared with \$28 billion along the rest of the Balkan route.⁷⁹⁹

The northern route, delivers opiates to neighboring Central Asian states, Russia, and other countries of the Commonwealth of Independent States.⁸⁰⁰ Traffickers choose Tajikistan, Uzbekistan, and Turkmenistan—mainly Tajikistan—to transport drugs mostly in private and commercial vehicles, along established trade and transit routes. Once in Tajikistan, loads are separated into smaller quantities for shipment across the border by

land, rail, and air. When heroin reaches Kazakhstan, the largest portion passes through the northwestern borders into southwestern Russia and western Siberia.⁸⁰¹ Most Central Asian heroin is processed in and trafficked from southern Afghanistan.⁸⁰²

Seizure data suggest that the Balkan route remains the world's most significant opiate trafficking route. Profit tends to be the highest at the final stage of the drug production and distribution chain. A UNODC study estimated that nearly half of the profit made along the major heroin trafficking routes from Afghanistan to Europe was made in the four largest European consumer markets: France, Germany, Italy, and the United Kingdom.⁸⁰³

In North America, 90% of the heroin seized in Canada originates in Afghanistan. The southern route is the main conduit for the Canadian shipments by way of India, Iran, and Pakistan. The majority of heroin reaching the United States comes from Latin America.⁸⁰⁴



Note: Afghanistan is the world's leading producer of opium. The Balkan route supplies western and central Europe with opiates from Afghanistan. The southern route funnels opiates through Pakistan or Iran by sea to the Gulf region, Africa, and South Asia. The northern route runs through neighboring Central Asian states, Russia, and countries of the Commonwealth of Independent States. Ninety percent of the heroin in Canada originates in Afghanistan. Latin America is the primary supplier of heroin to the United States.

Source: UNODC, *World Drug Report 2016*, 6/2016, xii-xiv; UNODC, *World Drug Report 2015*, 5/2015, xiii-xiv, p. 47; DOJ/DEA, *2016 National Drug Threat Assessment Summary*, 11/2016, p. 54.

Conflict, criminality, and narcotics continue to be critical threats to personal safety, public service delivery, and private investment.

DOD, *Enhancing Security and Stability in Afghanistan*, 6/2017, p. 27.

The Technical Investigative Unit (TIU), a group within the SIU, operates the Judicial Wire Intercept Program (JWIP).⁸⁰⁶ To date, DOD has obligated \$3.5 million for security for the CNPA's training facility in Kabul. DOD has also obligated \$1.4 million for linguistic support for the TIU, as well as \$1 million for its training.⁸⁰⁷

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.⁸⁰⁸ 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.⁸⁰⁹

Interdiction Results

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.⁸¹⁰ During the fourth quarter of FY 2017, most interdiction activities occurred in the capital and the eastern and southwest regions. These events included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. Between July and September 18, 2017, Afghan combined operations resulted in the following seizures and destruction of multiple labs: over 300 kg of opium, 7,100 kg of morphine, 150 kg of heroin, nearly 1,300 kg of hashish, and 15,595 kg of precursor chemicals.⁸¹¹

Afghan law-enforcement personnel in the specialized units conducted 16 interdiction operations during the quarter.⁸¹² According to DOD, the poor security situation in Afghanistan makes conducting interdiction activities a challenge.⁸¹³ Regional cooperation continued with a meeting on precursor cases held August 30 in Kazakhstan. Four cases were reviewed and regional backtracking investigations were launched.⁸¹⁴

Afghanistan's main opium-producing regions are also major opiate-processing locations. According to CNPA data, nearly two-thirds of the heroin-processing laboratories are located in the south with other major sites in western provinces as well as Nangarhar in the east and Badakhshan in the north.⁸¹⁵

As shown in Table 3.22, from 2008 through September 18, 2017, over 3,400 interdiction operations have resulted in the seizure of 455,376 kg of opium. However, over a nearly 10-year period, these seizures would account for less than one-tenth of 1% of the opium produced in Afghanistan in 2016 alone. According to the 2016 Opium Survey by the UN Office on Drugs and Crime (UNODC), Afghanistan's potential opium production in 2016 was approximately 4,800 metric tons (or 4.8 million kg).⁸¹⁶



Afghan forces prepare to destroy lab materials and narcotics after they seized about \$19 million worth of drugs, equipment, vehicles, weapons and communication gear in Nad Ali District, Helmand Province in August. (DVIDS photo by Lieutenant Junior Grade Egdanis Torres Sierra)

COUNTERNARCOTICS

TABLE 3.22

INTERDICTION RESULTS, FISCAL YEARS 2008–2017											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	TOTAL
Number of Operations	136	282	263	624	669	518	333	270	190	134	3,419
Detainees	49	190	484	862	535	386	442	394	301	131	3,774
Hashish seized (kg)	241,353	58,677	25,044	182,213	183,776	37,826	19,088	24,785	123,063	227,320	1,123,145
Heroin seized (kg)	277	576	8,392	10,982	3,441	2,489	3,056	2,859	3,532	1,974	37,578
Morphine seized (kg)	409	5,195	2,279	18,040	10,042	11,067	5,925	505	13,041	105,667	172,170
Opium seized (kg)	15,361	79,110	49,750	98,327	70,814	41,350	38,379	27,600	10,487	24,198	455,376
Precursor chemicals seized (kg)	4,709	93,031	20,397	122,150	30,846	36,250	53,184	234,981	42,314	89,828	827,690

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.
*Results for period 10/1/2016–9/18/2017.

Source: DOD, response to SIGAR data call, 7/29/2015, 7/20/2017, and 9/28/2017.

The United States is supporting Afghan CN missions through train, advise, and assist activities. DOD supports training and equipping the specialized Counternarcotics Police of Afghanistan (CNPA) units who investigate high-value targets and conduct drug interdiction operations. Although this quarter's interdictions results decreased, overall the specialized units within the CNPA have demonstrated a significant increase in interdiction operations tempo and effectiveness since they have been mentored by DEA and a U.S. Army Special Forces unit, starting in 2016.⁸¹⁷

DOD created, equipped, and continues to provide training and maintenance support to the Special Mission Wing (SMW) to support CN and counter-terrorism (CT) operations.⁸¹⁸ The SMW is the only ANDSF organization with night-vision, rotary-wing air assault, and fixed-wing intelligence, surveillance, and reconnaissance capabilities.⁸¹⁹ According to DOD, the SMW will expand to include additional helicopter crews, consolidate the fixed-wing PC-12 aircraft into a new fixed-wing *kandak* (battalion), and create an aviation-support *kandak*.⁸²⁰ The SMW is essential to expanding the reach and range of the CN/CT units to engage high-value targets. CN units have become increasingly reliant on aviation support as the areas under the control of the Afghan government diminish. The high demand on the SMW from units across the ANDSF, and the limited number of aircraft and aircrews, has sometimes resulted in SMW being unable to support counternarcotics missions.⁸²¹ The SMW is used by the Afghan Special Security Forces to conduct helicopter assault raids throughout the country.⁸²² More information on the SMW is available on pages 135–136 of this report.

Eradication Results

Compared to the previous year, the total area under poppy cultivation in 2016 increased 10% from 183,000 to 201,000 hectares. Opium



Provincial council administrative building completed under GPI in Panjshir Province, August 2017. (MCN Photo)

production was estimated at 4,800 tons—a 43% increase from its 2015 level. Afghanistan’s increased poppy yield was largely responsible for the worldwide opium production increase between 2015 and 2016, in which global opium production increased by a third, to 6,380 tons, compared to the previous year.⁸²³ The value of the illicit opiate economy nearly doubled from \$1.56 billion in 2015 to \$3.02 billion in 2016. The increase is a result of the higher level of opium production—43% more than in 2015—and higher heroin prices in neighboring countries.⁸²⁴

Governor-Led Eradication

Under the Governor-Led Eradication (GLE) program, INL reimburses provincial governors \$250 for every UNODC-verified hectare of eradicated poppy.⁸²⁵ INL has obligated \$6.8 million to date on GLE.⁸²⁶ A total of 750 hectares were eradicated nationwide this year, according to the MCN. However, that result remains subject to change until MCN and UNODC release an agreed-upon figure. One hectare is roughly 2.5 acres.⁸²⁷ GLE is the only eradication program supported by the U.S. government and annually accounts for less than 2% of INL’s Afghanistan counternarcotics budget.⁸²⁸ The 2017 UNODC opium survey is scheduled to be released in November.⁸²⁹

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.

From June 2012 to April 2016, INL funded GPI projects on-budget through the Afghan Ministry of Finance. However, INL phased out GPI due to MCN’s inability to adequately manage the program, approving no new GPI projects after April 30, 2016. INL performed a risk assessment of MCN’s financial risk-management system in 2015 and found 24 internal-control deficiencies that increased the potential for a material misstatement in financial reporting, ineffective operations, and noncompliance with Afghan laws and regulations.⁸³⁰ According to GPI’s 2014 annual report, procurement was slow and the ministry assigned unprofessional staff. Insufficient coordination and lengthy processing of on-budget payments caused the slow implementation of projects.⁸³¹

As of September 1, 2017, INL reported that 286 projects valued at \$126.4 million had been contracted. Of those, 255 projects have been completed; 31 are still in progress and will continue to receive INL funding until their completion.⁸³² INL is also working on an alternative-development project called Boost Alternative Development Intervention through Licit Livelihoods (BADILL), formerly known as Strengthen and Diversify Licit Livelihoods through Alternative Development Interventions. BADILL is

expected to follow through on INL's commitments to those provinces most affected by the GPI cancellation.⁸³³

Ministry of Counter Narcotics Capacity-Building

Since 2008, INL has obligated \$35.2 million and expended \$27.4 million to build capacity at the Ministry of Counter Narcotics (MCN).⁸³⁴ 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.⁸³⁵

Based on recommendations in the risk assessment, in mid-2016 INL solicited and awarded a contract for a financial-remediation plan that was expected to be completed in 2016.⁸³⁶ However, that original schedule changed following delays in solicitation. According to INL, the financial-remediation plan was still on schedule to be completed in October 2017.⁸³⁷ The contractor, the Afghanistan Holding Group, has developed standard operating procedures, databases, and training manuals for implementing effective financial controls.⁸³⁸

INL has another capacity-building program under the **Colombo Plan** where Asian University for Women (AUW) fellows are assigned to the ministry.⁸³⁹ The Colombo Plan selected the 10 AUW fellows and recruited the first MCN advisor who will assist in revising the National Drug Action Plan.⁸⁴⁰ The MCN led the list of top Afghan institutions performing badly according to a report released by the Independent Administration Reform and Civil Service Commission on October 3. The report found that reforms and recruitment have been "delicate" and many institutions have not met their recruitment targets during the first six months of the 1396 Afghan solar year (approximately March 21, 2017, to March 20, 2018).⁸⁴¹

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: The 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*, 3/2017, p. 26.

ALTERNATIVE DEVELOPMENT

USAID's alternative-development (AD) programs support U.S. counternarcotics objectives by helping host countries develop economically viable alternatives to narcotics production. INL funding supports supply-reduction and alternative-development programs. INL holds biweekly meetings with USAID to coordinate their AD efforts and ensure that INL AD efforts complement and leverage ongoing USAID activities.⁸⁴² According to USAID, both agencies also jointly attend AD program meetings with UNODC, the UN Development Programme (UNDP), the MCN, and the Ministry of Agriculture, Irrigation, and Livestock.⁸⁴³

INL has been implementing AD programming in Afghanistan since 2007 through GPI and a series of grants with the 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.⁸⁴⁴

Boost Alternative Development Intervention Through Licit Livelihoods

INL chose UNODC as the BADILL project's implementer because of its global expertise in alternative development. According to INL, UNODC has technically qualified and experienced staff at the provincial level, including strong working relations with Afghan government counterparts and other stakeholders.⁸⁴⁵

UNODC's plan for large- and small-scale projects in various provinces in its project proposal for BADILL runs counter to recommendations of its own internal evaluation. The evaluation said it should not be involved in delivering construction or equipment.⁸⁴⁶ However, the proposal calls for a rose-oil processing facility to be built in Nangarhar; and dams and terraces to be built to protect agricultural land for watershed management and rehabilitation projects.⁸⁴⁷

INL has obligated \$20 million for BADILL and informed SIGAR in January 2017 that it had transferred all funds to UNODC. INL says that the performance-monitoring plan has not yet been drafted.⁸⁴⁸ Between April and June of this year, some of UNODC's highlights were:⁸⁴⁹

- procurement of two large projects for Helmand and Uruzgan Provinces
- ongoing procurement of a large project in Nimroz Province
- recruitment of national staff, including program associates and coordinators, liaison officers, and a monitoring and evaluation officer
- holding coordination meetings with ministerial and donor representatives

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 UNDP, its two implementing partners. The program aims to improve household income while reducing dependency on illicit poppy cultivation for selected communities in Farah and Badghis Provinces, the second and sixth highest poppy-cultivating provinces in 2016, respectively, according to UNODC.⁸⁵⁰

According to INL, CBARD will improve the local production and marketing of high-value crops. The high-value crops proposed are grapes and jojoba in Farah, apples and pistachio nuts in Badghis, oranges and grapes in Nangarhar, with greenhouse products, such as cucumber and tomatoes. The project will also develop and strengthen community-based business infrastructure, such as irrigation, transportation, and facilities. The project is scheduled to end in 2020.⁸⁵¹

From April to June 2017, UNODC conducted security assessments in Farah, Badghis, and Nangarhar Provinces. The team identified nearly 200 communities for project implementation and met with community leaders, elders, farmers, and community development councils. The team also selected lead farmers and common interest groups to establish farmer field schools. The project prepared a counternarcotics campaign for farmers using multi-media techniques. The campaign introduces gender-sensitive messages through events, mobile drama shows, and printed material.⁸⁵²

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a USAID-funded \$61.3 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 2019.⁸⁵³

According to USAID, the program has helped export 52,000 tons of produce valued at \$57 million to markets in Pakistan, Canada, India, the United Arab Emirates (UAE), and Russia. In addition, USAID said the program created more than 7,840 agribusiness jobs, trained 112,500 farmers, and benefitted 38,400 households.⁸⁵⁴ Under the current extension, CHAMP is focusing on supply chain, marketing, and export promotion of Afghan fresh and dry fruits and nuts. It continues to support traders through trade offices in India and the UAE.⁸⁵⁵ Between April and June 2017, CHAMP finalized the Afghan Export Management Information System (MIS) which will capture export data from various government sources.⁸⁵⁶

This quarter, CHAMP conducted training and business-to-business meetings for 80 commercial apricot and cherry farmers. It also reported the export of 19.8 metric tons of fruit valued at \$31,804 to Indonesia. CHAMP collaborated with USAID's Afghanistan Trade and Revenue (ATAR) project in organizing the India Expo and Investment Summit that took place in Delhi from September 27–29. CHAMP also partnered with USAID's Agricultural Credit Enhancement-II Project (ACE-II) and Agricultural Development Fund (ADF) to hold a Women's Agricultural Credit Shura in May for about 75 women.⁸⁵⁷ As of September 30, 2017, approximately \$50.4 million have been disbursed.⁸⁵⁸

Kandahar Food Zone

The Kandahar Food Zone (KFZ) is a \$45.4 million, USAID-funded project implemented by International Relief and Development (IRD). KFZ addresses the drivers of poppy cultivation in Kandahar Province by rehabilitating irrigation infrastructure, expanding alternative-livelihood opportunities, supporting small businesses, and building the capacity of

SIGAR SPECIAL PROJECT

SIGAR's Special Projects Directorate issued an inquiry letter in September on the Kandahar Food Zone requesting detailed information such as status, cost, and location of infrastructure projects.

Intercropping: the cultivation of two or more crops at the same time in the same field. The most common goal of intercropping is to produce greater yield on a given piece of land.

Source: *Agriculture and Biology Journal of North America*, George Ouma and P. Jeruto, "Sustainable horticultural crop production through intercropping: The case of fruits and vegetable crops: A review," 2010, pp. 1098, 1100.

the MCN to develop effective alternative-development policies. The project started in 2013 and is scheduled to end in August 2018.⁸⁵⁹ The target for the next two years is to renovate an additional 127 kilometers of 14 irrigation canals, continue vineyard trellising, **intercropping**, planting new orchards, and agribusiness development to increase international sales.⁸⁶⁰

During the third quarter of FY 2017, KFZ rehabilitated 11 canals and is awaiting approval on rehabilitating three more canals. The program repaired 41 damaged greenhouses, provided on-farm technical assistance to 38 greenhouse farmers and 100 women in maintenance and production of off-season vegetables. KFZ also provided on-the-job business skills training. The Afghan Red Pomegranate Company sold over 33 tons of apple and pomegranate juice in national markets with KFZ assistance. KFZ launched a radio drama to promote alternative crops and the importance of women's roles in rural households.⁸⁶¹ As of September 30, 2017, approximately \$38.2 million has been disbursed.⁸⁶²

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 under way in Afghanistan's southern, eastern, and northern regions. The project focuses 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.⁸⁶³

RADP-East (RADP-E) is a USAID-funded, \$28.1 million program designed to expand sustainable agriculture-led economic growth in the Ghazni, Kapisa, Laghman, Logar, Nangarhar, Parwan, Wardak, and Kabul Provinces. 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 sales of agricultural goods and services by \$57 million by the final year of the program. RADP-E started in 2016 and is expected to end in 2021.⁸⁶⁴ As of September 30, 2017, approximately \$4.6 million have been disbursed.⁸⁶⁵

Between April 1 and June 30, 2017, RADP-E completed and received approval for its activity monitoring and evaluation plan, the baseline data report and other studies and surveys. RADP-E awarded two grants, one to the Afghanistan Institute of Banking and Finance and another to the Kia Research and Development Company.⁸⁶⁶ The program sponsored business-to-business events to strengthen linkages between suppliers, farmers, and food processors.⁸⁶⁷

RADP-North (RADP-N) is a USAID-funded \$78.4 million program that started in 2014 and is scheduled to end in May 2019. RADP-N invests in increased sustainability and profitability of select value chains—wheat,

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.

high-value crops, and livestock—in rural areas of Badakhshan, Baghlan, Balkh, Jowzjan, Kunduz, and Samangan Provinces.⁸⁶⁸ Between April 1 and June 30, 2017, RADP-N conducted numerous trainings, implemented 22 activities and issued six grants valued at nearly \$76,000. RADP-N held demonstration field days for approximately 1,800 farmers which resulted in contracts for 18 farmers, generating AFN 297,150 (approximately \$4,338) in revenue. RADP-N continued its market linkage activities between seed companies, mills and processors of Afghan wheat. RADP-N supported the participation of 14 agribusinesses to the Second Balkh International Agricultural Fair held in April 2017 in Mazar-e Sharif. The fair generated over \$11,000 in direct sales and about \$10,000 in sales contracts.⁸⁶⁹ As of September 30, 2017, approximately \$42 million has been disbursed.⁸⁷⁰

RADP-South (RADP-S) is a USAID-funded, \$125 million program that started in 2013 and is scheduled to end in October 2018.⁸⁷¹ The purpose of RADP-S is to improve food and economic security for rural Afghans in Kandahar, Helmand, Uruzgan, and Zabul Provinces. The program supports farmers and micro, small, medium, and large agribusinesses to improve production, processing, and commodity sales. RADP-S strengthens market systems by using local agricultural firms to champion reform. RADP-S is working to increase the incomes of farmers, agribusinesses, and veterinary professionals, while raising awareness among farming families of proper nutrition and balanced diets.⁸⁷² Some key accomplishments during the April 1 to June 30, 2017 period, are:⁸⁷³

- training more than 6,700 new farmers in post-harvesting techniques for wheat, including more than 5,100 women
- training more than 4,100 new farmers in post-harvesting techniques for high-value crops
- benefiting more than 28,000 individuals (6,400 of them women) with program interventions
- benefiting 10,480 households—nearly 6,400 of them in poppy-growing districts—with agriculture and alternative-development interventions

As of September 30, 2017, approximately \$101.1 million has been expended.⁸⁷⁴

DRUG DEMAND REDUCTION

Based on its survey, the 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 men, women and children is among the highest documented worldwide, and 30.6% of rural households tested positive for some form of illicit drug.⁸⁷⁵ According to the UN, 0.6% of the global adult population suffer from substance use disorders. Opioids, including heroin, remain the most harmful type of drug used.⁸⁷⁶ INL has obligated and

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expended \$97.16 million to support drug demand reduction in Afghanistan since 2002.⁸⁷⁷

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 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.⁸⁷⁸ It also supports an antidrug curriculum in Afghan schools that has trained over 300 teachers and reached over 30,000 students.⁸⁷⁹ INL started a pilot rural treatment program last quarter.⁸⁸⁰ The target villages and implementing partners have been selected and the rural curriculum is ready for translation before its dissemination.⁸⁸¹ INL informed SIGAR that the Colombo Plan will roll out the rural treatment pilots in October 2017.⁸⁸²

Since 2015, INL has transitioned responsibility for 28 of the 86 U.S.-funded drug treatment centers to the MOPH. Transition of other treatment centers, originally scheduled for January 2017, has been suspended while INL, the MOPH, the MCN, and the NGOs renegotiate the transition plan. The majority of the transition plan has been accepted and INL and MOPH are working out the final details.⁸⁸³ The remaining treatment centers are 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 2017.⁸⁸⁴ According to INL, with MOPH's collaboration, funding has been decreased to treatment centers to redirect funding to other critical drug demand reduction programs.⁸⁸⁵

Since 2002, INL has obligated the following amounts on drug-treatment centers.⁸⁸⁶

- \$11.4 million to train clinical staff and expended \$10 million to date
- \$18.0 million for all drug-treatment staff (\$12 million for clinical staff and \$6 million for non-clinical staff)
- \$32.3 million to maintain drug treatment clinics, of which \$31 million has been expended

INL has been working with the Afghan government and the Colombo Plan drug advisory program to develop and maintain the country's drug-treatment system since 2003.⁸⁸⁷ Most patients at the treatment centers are adult males. Of the 86 facilities, 66 are residential and 20 are outpatient centers. Among the residential treatment centers, 44 also offer home-based services. The residential treatment centers consist of 40 centers for adult males, eight for adult females, eight for children, five for adolescent males and five for adolescent females. Twelve of the 44 home-based programs

provide services to adult females.⁸⁸⁸ More than 5,600 clients were treated from April 1 through June 30, 2017.⁸⁸⁹

INL has obligated and spent \$12.5 million in FY 2016 and \$16.1 million in FY 2017.⁸⁹⁰ INL estimates that approximately 105,000 patients have been treated to date.⁸⁹¹

Counter-Narcotics Community Engagement

INL has obligated \$12.7 million and expended \$11.9 million to fund its Counter-Narcotics Community Engagement (CNCE) program since the program began in April 2013.⁸⁹² 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 a slow but steady impact on Afghan attitudes about illicit narcotics.⁸⁹³

CNCE is in its third phase, which began May 2016 and ends November 2017.⁸⁹⁴ During the quarter, the implementer, Sayara, held 17 meetings (jirgas) across 12 provinces; 2,100 farmers and village elders participated. Sayara continued to mentor MCN staff on the creation of public-information campaigns.⁸⁹⁵

4 OTHER AGENCY OVERSIGHT



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A helicopter window offers a panoramic view of Kabul and nearby mountains. (U.S. Department of State photo)

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SIGAR's enabling legislation requires it to keep the Secretary of State and the Secretary of Defense fully informed about problems relating to the administration of Afghanistan reconstruction programs, and to submit a report to Congress on SIGAR's oversight work and on the status of the U.S. reconstruction effort no later than 30 days after the end of each fiscal quarter. Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. This section compiles these updates. Publicly available copies of completed reports are posted on the agencies' respective websites.

The descriptions appear as submitted, with minor changes to maintain consistency with other sections of this report: acronyms and abbreviations in place of full names; standardized capitalization, punctuation, and preferred spellings; and third-person instead of first-person construction.

These agencies perform oversight activities in Afghanistan and provide results to SIGAR:

- Department of Defense Office of Inspector General (DOD OIG)
- Department of State Office of Inspector General (State OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

OTHER AGENCY OVERSIGHT

COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 lists the eight oversight reports related to reconstruction that participating agencies completed this quarter.

TABLE 4.1

RECENTLY COMPLETED OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF SEPTEMBER 30, 2017			
Agency	Report Number	Date Issued	Report Title
DOD OIG	DODIG-2017-122	9/22/2017	CSTC-A Oversight for Ammunition Provided to Afghanistan National Defense and Security Forces
DOD OIG	DODIG-2017-119	9/11/2017	The Global Discovery Program and DOD Countermeasures Agreements
DOD OIG	DODIG-2017-105	8/4/2017	Evaluation of U.S./Coalition Efforts to Enable the Afghan Ministry of Defense to Develop its Oversight and Internal Control Capability (MOD OICC)
State OIG	AUD-MERO-17-47	7/5/2017	Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract
State OIG	AUD-SI-17-43	6/27/2017	Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University
GAO	GAO-17-667R	8/10/2017	Afghanistan Security: U.S.-Funded Equipment for the Afghan National Defense and Security Forces
GAO	GAO-17-580	8/7/2017	DOD Biometrics and Forensics: Progress Made in Establishing Long-Term Deployable Capabilities, but Further Actions are Needed
USAID OIG	8-306-17-004-P	8/16/2017	USAID Planning and Monitoring Gaps Weaken Accountability for Results Through the Afghanistan Reconstruction Trust Fund

Source: DOD OIG, response to SIGAR data call, 9/22/2017; State OIG, response to SIGAR data call, 9/28/2017; GAO, response to SIGAR data call, 9/22/2017; USAID OIG, response to SIGAR data call, 9/22/2017; USAAA, response to SIGAR data call, 9/22/2017.

U.S. Department of Defense Office of Inspector General

During this quarter, DOD OIG released three reports related to Afghanistan reconstruction.

CSTC-A Oversight for Ammunition Provided to Afghanistan National Defense and Security Forces

The Combined Security Transition Command–Afghanistan (CSTC-A) did not provide effective oversight of ammunition for the Afghanistan National Defense and Security Forces. Specifically, CSTC-A did not develop an effective strategy to oversee the ministries’ compliance with commitment-letter requirements. Without consistent, timely, and accurate reporting from the ministries, CSTC-A cannot account for all ammunition consumed by the Afghanistan National Defense and Security Forces (ANDSF). In addition, since CSTC-A was unable to verify the ministries’ consumption data, CSTC-A does not have assurance that the \$702 million spent to procure ammunition in FYs 2015 and 2016 supported actual requirements and was used for its intended purposes. Finally, without accurate consumption data, future ammunition requirements may not be valid.

The Global Discovery Program and DOD Countermeasures Agreements

The Office of Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats did not effectively manage or oversee the Global Discovery Program and counternarcotics agreements between the Department of Justice and the DOD. As a result, the DOD OIG concluded that the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats wasted at least \$64.8 million on the Global Discovery Program for modifications on the ATR 42-500 aircraft intended for use in Afghanistan. Furthermore, the DOD had no assurance that the funds transferred to the Department of Justice agencies were used to support the counternarcotics agreements reviewed.

Evaluation of U.S./Coalition Efforts to Enable the Afghan Ministry of Defense to Develop its Oversight and Internal Control Capability

The report results are classified.

U.S. Department of State Office of Inspector General-Middle East Regional Operations

During this quarter, State OIG released two reports related to Afghanistan reconstruction.

Audit of the Bureau of South and Central Asian Affairs

State OIG issued an audit report on the Bureau of South and Central Asian Affairs' invoice review process for the Afghanistan Life Support Services contract.

Audit of Department of State Grants and Cooperative Agreements

State OIG issued an audit report on State's grants and cooperative agreements awarded to Kennesaw State University.

Government Accountability Office

During this quarter, GAO released two reports related to Afghanistan reconstruction.

Afghanistan Security: U.S.-Funded Equipment for the Afghan National Defense and Security Forces

In 2003, the United States began funding a variety of key equipment for the Afghan National Army (ANA) and Afghan National Police (ANP)—collectively known as the ANDSF. GAO's analysis of DOD data identified six categories of key equipment that the United States funded for the ANDSF from fiscal years 2003 through 2016. Communications equipment and

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vehicles were first authorized by DOD for procurement in fiscal year 2003; weapons in 2004; explosive-ordnance disposal (EOD) equipment in 2006; and intelligence, surveillance, and reconnaissance (ISR) equipment and aircraft in 2007. GAO's analysis also shows the following details about the six categories of key equipment:

- About 163,000 communications equipment items were funded for the ANDSF: approximately 95,000 for the ANA and nearly 68,000 for the ANP. The majority of this equipment consisted of tactical radios.
- The nearly 76,000 U.S.-funded vehicles included a range of combat and support vehicles for the ANA and ANP. Over half of the U.S.-funded vehicles were light tactical vehicles, such as pickup trucks.
- Almost 600,000 ANDSF weapons were funded by the United States: about 322,000 for the ANA and 278,000 for the ANP. Of these 600,000 weapons, almost 81% were rifles and pistols.
- The United States has funded a variety of EOD equipment for the ANDSF—such as mine rollers, electronic countermeasure devices, hand-held mine detectors, bomb suits, and related equipment—totaling about 30,000 items.

There were slightly more than 16,000 U.S.-funded ISR equipment items, consisting almost entirely of night-vision devices: about 10,200 such devices for the ANA and 5,800 for the ANP. The United States has also funded biometrics and positioning equipment for the ANDSF.

Finally, the United States has funded 208 aircraft for the ANDSF; more than half were helicopters, and more than a quarter were transport/cargo airplanes. In addition, the United States has funded air-to-ground munitions, including nearly 2 million cannon rounds, more than 200,000 unguided rockets, and about 9,800 general-purpose bombs and guided bomb kits for the ANDSF.

DOD Biometrics and Forensics: Progress Made in Establishing Long-term Deployable Capabilities, But Further Actions Are Needed

DOD has validated its requirements for long-term deployable biometric capabilities (such as fingerprint-collection devices) and forensic capabilities (such as expeditionary laboratories). Biometric capabilities are used to identify individuals based on measurable anatomical, physiological, and behavioral characteristics such as fingerprints, iris scans, and voice recognition. Forensic capabilities support the scientific analysis of evidence—such as DNA and latent fingerprints—to link persons, places, things, and events. DOD utilizes deployable biometric and forensic capabilities to support a range of military operations, such as targeting, force protection, and humanitarian assistance.

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DOD has made significant progress in addressing its long-term requirements for deployable biometric and forensic capabilities, such as issuing new doctrine and establishing long-term funding for several capabilities, including DOD's authoritative biometric database that is used for identifying enemy combatants and terrorists. However, DOD's efforts to institutionalize these capabilities are limited by the following strategic planning gaps and acquisition management challenges:

While DOD has a current and approved forensic strategic plan, it does not have one for its biometric capabilities, because no entity has been assigned responsibility for developing such a plan, according to DOD officials.

The Army did not follow DOD's acquisition protocols in developing a recent key biometric capability, and it may have missed an opportunity to leverage existing, viable, and less costly alternatives.

DOD's authoritative biometric database that is used for identifying enemy combatants and terrorists does not have a geographically dispersed back-up capability to protect against threats such as natural hazards. Having such a back-up could enhance the database's availability.

Addressing these strategic planning and acquisition management challenges could help DOD sustain the progress it has made to establish enduring deployable biometric and forensic capabilities.

U.S. Army Audit Agency

The USAAA completed no audits related to Afghanistan reconstruction this quarter.

U.S. Agency for International Development Office of Inspector General

This quarter, USAID OIG completed one performance audit.

USAID Planning and Monitoring Gaps Weaken Accountability for Results Through the Afghanistan Reconstruction Trust Fund

The audit reported findings in the following areas: USAID lacked adequate guidance and plans for making ARTF contributions, USAID has not adequately measured or reported on how ARTF assists in achieving agency development objectives, and USAID neglected key responsibilities for evaluating and monitoring ARTF activities. The audit made 11 recommendations. USAID took action on five, and USAID OIG disagreed with the management decisions on two.

OTHER AGENCY OVERSIGHT

ONGOING OVERSIGHT ACTIVITIES

As of September 30, 2017, the participating agencies reported 18 ongoing oversight activities related to reconstruction in Afghanistan. The activities reported are listed in Table 4.2 and described in the following sections by agency.

TABLE 4.2

ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF SEPTEMBER 30, 2017			
Agency	Project Number	Date Initiated	Project Title
DOD OIG	D2017-D000CI-0176.000	8/1/2017	Summary Audit of U.S. Direct Funding Provided to Afghanistan
DOD OIG	D2017-D000JB-0171.000	7/19/2017	Audit of DOD Oversight of Logistics Civil Augmentation Program Invoice Review and Payment
DOD OIG	D2017-D000JB-0129.000	4/24/2017	Audit of Army Accountability of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan
DOD OIG	D2017-D00SPO-0081.000	2/2/2017	Evaluation of U.S./Coalition Efforts to Train, Advise, and Assist the Afghan Air Force
DOD OIG	D2016-DISPA2-0195.000	8/11/2016	Evaluation of Airborne ISR Allocation Process Supporting Counterterrorism Operations in Afghanistan
DOD OIG	D2016-D00SPO-0083.000	2/19/2016	Allegations of Child Sexual Abuse by Members of the Afghan National Defense and Security Forces
State OIG	17AUD09	9/25/2017	DOS OIG Audit of the Invoice Review Process for Bureau of International Narcotics and Law Enforcement Affairs' Overseas Contingency Operations contracts
State OIG	17AUD065	6/15/2017	Audit of the Bureau of International Narcotics and Law Enforcement Affairs aviation program
State OIG	17AUD018	1/15/2017	Follow-Up Review of Explosive Detection Dogs in Iraq and Afghanistan
State OIG	16AUD044	10/15/2016	Audit of Embassy Kabul Construction and Commissioning
State OIG	17AUD072	8/15/2016	Audit of the Antiterrorism Assistance Program in Countries Under the Department of State Bureaus of Near Eastern Affairs and South and Central Asian Affairs
GAO	102261	8/14/2017	Advise and Assist Lessons Learned
GAO	101213	10/31/2016	Iraqi and Afghan Special Immigrant Resettlement
GAO	101053	8/1/2016	Afghan Defense and Security Forces' Equipment and Capability
GAO	100993	7/14/2016	OIG Oversight of U.S. Government's Efforts in Afghanistan
USAAA	A-2017-IEX-0136.000	6/13/2017	Accuracy of the Financial Data the Army Provides to DOD for Inclusion into the Cost of War Report Provided to Congress
USAID OIG	8F1C0217	8/9/2017	Follow-Up Audit of USAID's Multi-Tiered Monitoring Strategy in Afghanistan
USAID OIG	FF1C0216	5/11/2016	Audit of USAID/Afghanistan's New Development Partnership

Source: DOD OIG, response to SIGAR data call, 9/22/2017; State OIG, response to SIGAR data call, 9/28/2017; GAO, response to SIGAR data call, 9/22/2017; USAID OIG, response to SIGAR data call, 9/22/2017; USAAA, response to SIGAR data call, 9/22/2017.

U.S. Department of Defense Office of Inspector General

The Department of Defense continues to face many challenges in executing its Overseas Contingency Operations (OCO). DOD OIG has identified priorities based on those challenges and high risks. DOD OIG oversight focuses on the areas of monitoring and oversight of acquisition and contracting processes that support training, equipping, and sustaining Afghanistan security forces. DOD OIG will also continue to review and assess the Department's efforts to train and equip Afghan National Defense and Security Forces.

The DOD OIG-led Southwest Asia Joint Planning Group assists in the coordination and deconfliction of federal and DOD OCO-related oversight

activities. DOD OIG, working with SIGAR as well as fellow Inspectors General and Defense oversight community members, has issued the FY 2018 Comprehensive Oversight Plan for Overseas Contingency Operations (COP-OCO), the third annual joint strategic plan submitted to Congress describing whole-of-government oversight activities in support of the ongoing overseas contingency operations as well as oversight efforts in Southwest Asia. The COP-OCO includes the Joint Strategic Oversight Plans (JSOP) for Operation Inherent Resolve and Afghanistan. The Afghanistan JSOP includes Operation Freedom's Sentinel (OFS), as well as reconstruction and humanitarian assistance programs and activities that are separate from OFS.

DOD OIG has six ongoing projects this quarter that relate to reconstruction or security operations in Afghanistan.

Summary Audit of U.S. Direct Funding Provided to Afghanistan

The DOD OIG is summarizing systemic challenges with the Combined Security Transition Command-Afghanistan's oversight of the direct funding provided to the Government of Islamic Republic of Afghanistan.

Audit of DOD Oversight of Logistics Civil Augmentation Program Invoice Review and Payment

The DOD OIG is determining whether the DOD adequately monitored contractor performance and conducted sufficient invoice reviews for services provided under the Logistics Civil Augmentation Program IV contract.

Audit of Army Accountability of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan

The DOD OIG is determining whether the Army provided effective oversight of Logistics Civil Augmentation Program property in Afghanistan.

Evaluation of U.S./Coalition Efforts to Train, Advise, and Assist the Afghan Air Force

The DOD OIG is evaluating the U.S./Coalition progress toward—and its planned efforts to accomplish—the Train, Advise, and Assist Command-Air (TAAC-Air) mission of training, advising, and assisting their Afghan partners to develop into a professional, capable, and sustainable Air Force.

Evaluation of Airborne ISR Allocation Process Supporting Counterterrorism Operations in Afghanistan

The DOD OIG is determining whether U.S. Forces-Afghanistan's airborne Intelligence, Surveillance, and Reconnaissance (ISR) allocation process effectively supports U.S. counterterrorism operations.

OTHER AGENCY OVERSIGHT

Allegations of Child Sexual Abuse by Members of the Afghan National Defense and Security Forces

DOD OIG is focusing on answering a number of specific questions, including DOD implementation of Title 10 “Leahy Law” statutory language regarding human-rights violations, raised by several members of Congress and congressional staff.

U.S. Department of State Office of Inspector General-Middle East Regional Operations

State OIG has five ongoing projects this quarter related to Afghanistan reconstruction.

Audit of the Bureau of International Narcotics and Law Enforcement Affairs’ Invoice Review Process

State OIG is currently auditing the invoice review process for Overseas Contingency Operations contracts that have been awarded by the Bureau of International Narcotics and Law Enforcement Affairs.

Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Program

The purpose of the audit is to determine whether the Bureau of International Narcotics and Law Enforcement Affairs is administering its aviation program, including key internal controls such as inventory management, aviation-asset usage, aircraft maintenance, and asset disposal, in accordance with federal requirements and department guidelines.

Audit of the Bureau of Diplomatic Security’s Explosives Detection Dog Program

The purpose of the audit is to determine whether the Bureau of Diplomatic Security is managing and overseeing the Explosives Detection Dog program in accordance with State guidance and whether the selected contractors are complying with contract terms and conditions.

Audit of Embassy Kabul Construction and Commissioning

The purpose of this audit is to determine whether the Bureau of Overseas Buildings Operations followed State Department policies and guidance governing the affirmation of substantial completion and final acceptance of construction projects at U.S. Embassy Kabul.

Audit of State’s Antiterrorism Assistance Programs in Countries within the Bureau of Near Eastern Affairs and the Bureau of South and Central Asian Affairs

The purpose of this audit is to determine the extent to which the Bureaus of Diplomatic Security and Counterterrorism have (1) developed specific,

measurable, and outcome-oriented goals and objectives; and (2) developed and implemented an evaluation process to assess host-country performance.

Government Accountability Office

GAO has four ongoing projects this quarter related to Afghanistan reconstruction.

Advise and Assist Lessons Learned

U.S. military personnel have been actively engaged as part of Operation Inherent Resolve (OIR) in advising and assisting Iraqi Security Forces and vetted Syrian forces to counter the Islamic State of Iraq and the Levant since late 2014. In Afghanistan, the U.S. still has more than 8,000 military forces, many of which are focused on advising and assisting the Afghan National Defense and Security Forces as part of Operation Freedom's Sentinel (OFS).

GAO notes that the DOD approach to advising and assisting partner nation forces has evolved over time, transitioning from a larger U.S. military presence to now relying on a more limited number of U.S. forces on the ground. For example, the current approach in Syria uses a small footprint with a significant presence of special operations forces and reliance on key enablers such as air support, airborne intelligence, surveillance, and reconnaissance (ISR), and logistics. DOD continues to draw personnel from across the military services, including from conventional combat units, to serve as advisors in Iraq and Afghanistan.

GAO has previously identified challenges DOD has faced in supporting advising missions, such as selecting and training advisor personnel, balancing advising activities with other missions, and maintaining the readiness of units that provide advisors. The committee is aware of ongoing efforts to develop new capabilities, such as the Army's effort to develop advise and assist brigades.

Given these past challenges, and the emphasis that current military strategy continues to place on the importance of advising partner security forces to counter global threats, it remains essential for DOD to take steps to ensure that it: (1) has an effective approach for selecting, training, and utilizing advisor personnel in ongoing operations; and (2) continues the development of a long-term strategy that institutionalizes successful advise-and-assist approaches to ensure U.S. forces are positioned to effectively execute similar missions in the future.

Iraqi and Afghan Special Immigrant Resettlement

Iraqi and Afghan special immigrant visa (SIV) holders who either worked as translators or were employed by the U.S. government in Iraq or Afghanistan are eligible for resettlement assistance when they are admitted to the

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United States. The Department of State's Refugee Admissions Reception and Placement Program provides initial resettlement services to refugees and certain SIVs, working with nine national resettlement agencies and their local affiliates. After the first 90 days from refugees' and SIVs' entry into the country, the Department of Health and Human Services' Office of Refugee Resettlement provides resettlement services through state-level or private programs.

The review will address: (1) How do relevant federal agencies ensure that the housing, employment, and other needs of Iraqi and Afghan SIV holders are being met? (2) What does available housing and employment information show regarding Iraqi and Afghan SIV holders' progress in achieving self-sufficiency? And (3) What factors, if any, affect resettlement agencies' ability to serve Iraqi and Afghan SIV holders?

Afghan Defense and Security Forces' Equipment and Capability

Since 2002, the United States, with assistance from the North Atlantic Treaty Organization and other Coalition nations, has worked to train, equip, and develop the capability of the Afghan National Defense and Security Forces. In January 2015, the ANDSF formally assumed security responsibilities for all of Afghanistan. The United States continues to train and equip the ANDSF to develop a force that can protect the Afghan people and contribute to regional and international security. A House report associated with the FY 2017 National Defense Authorization Act cited concerns about the security situation in Afghanistan and included a provision for GAO to review U.S. assistance to the ANDSF, including weapons and equipment and the ANDSF's capability to operate and maintain such items.

OIG Oversight of US Government's Efforts in Afghanistan

GAO is to review the authorities and activities of the OIGs at the Department of State, DOD, USAID, and the Special Inspector General for Afghanistan Reconstruction regarding oversight of the expenditures of U.S. funds in Afghanistan since January 1, 2015. The engagement team will review enabling legislation and directive guidance that outlines the oversight mandate of each IG and identify any overlap or gaps in the oversight among the mandates of each IG. GAO will also describe the oversight activities and primary areas of focus of each IG and review other matters the engagement team deems relevant.

U.S. Army Audit Agency

This quarter the USAAA has one ongoing audit related to Afghanistan reconstruction.

Accuracy of Army Financial Data Provided for the Cost of War Report to Congress

The objective of this audit is to verify that the Army's obligations and disbursements reported in the Cost of War report for Operation Freedom's Sentinel are accurate and reported timely.

U.S. Agency for International Development Office of Inspector General

This quarter USAID OIG has two ongoing audits related to reconstruction initiatives.

Follow-Up Audit of USAID's Multi-Tiered Monitoring Strategy in Afghanistan

The objective of this audit is to determine the extent which USAID has used its multi-tiered monitoring strategy in Afghanistan to manage projects and serve as the basis for informed decision making. The entrance conference was held August 9, 2017.

Audit of USAID/Afghanistan's New Development Partnership

The objectives of this audit are to determine if USAID/Afghanistan has adopted internal policies and procedures to adequately verify the achievement of New Development Partnership (NDP) indicators contained in the July 25, 2015, NDP results framework; and if USAID/Afghanistan has adequately verified the achievement of completed indicators under the NDP for any payments made to date.

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The Official Seal of SIGAR

The official seal of SIGAR represents the coordination of efforts between the United States and Afghanistan to provide accountability and oversight of reconstruction activities. The phrases in Dari (top) and Pashto (bottom) on the seal are translations of SIGAR's name.

APPENDICES AND ENDNOTES



APPENDICES

APPENDIX A

CROSS-REFERENCE OF REPORT TO STATUTORY REQUIREMENTS

This appendix cross-references the pages of this report to the quarterly reporting and related requirements under SIGAR’s enabling legislation, the National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 1229 (Table A.1), and to the semiannual reporting requirements prescribed for inspectors general more generally under the Inspector General Act of 1978, as amended (5 U.S.C. App. 3) (Table A.2).

TABLE A.1

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229			
Public Law Section	SIGAR Enabling Language	SIGAR Action	Report Section
Purpose			
Section 1229(a)(3)	To provide for an independent and objective means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress on corrective action.	Ongoing; quarterly report	Full report
Supervision			
Section 1229(e)(1)	The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense.	Report to the Secretary of State and the Secretary of Defense	Full report
Duties			
Section 1229(f)(1)	OVERSIGHT OF AFGHANISTAN RECONSTRUCTION – It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including subsections (A) through (G) below.	Review appropriated/available funds Review programs, operations, contracts using appropriated/available funds	Full report
Section 1229(f)(1)(A)	The oversight and accounting of the obligation and expenditure of such funds	Review obligations and expenditures of appropriated/available funds	SIGAR Oversight Funding
Section 1229(f)(1)(B)	The monitoring and review of reconstruction activities funded by such funds	Review reconstruction activities funded by appropriations and donations	SIGAR Oversight
Section 1229(f)(1)(C)	The monitoring and review of contracts funded by such funds	Review contracts using appropriated and available funds	Note 1
Section 1229(f)(1)(D)	The monitoring and review of the transfer of such funds and associated information between and among departments, agencies, and entities of the United States, and private and nongovernmental entities.	Review internal and external transfers of appropriated/available funds	Appendix B
Section 1229(f)(1)(E)	The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund[s]	Maintain audit records	SIGAR Oversight Appendix C Appendix D

Continued on the next page

APPENDICES

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229			
Public Law Section	SIGAR Enabling Language	SIGAR Action	Report Section
Section 1229(f)(1)(F)	The monitoring and review of the effectiveness of United States coordination with the Governments of Afghanistan and other donor countries in the implementation of the Afghanistan Compact and the Afghanistan National Development Strategy	Monitoring and review as described	Audits
Section 1229(f)(1)(G)	The investigation of overpayments such as duplicate payments or duplicate billing and any potential unethical or illegal actions of Federal employees, contractors, or affiliated entities, and the referral of such reports, as necessary, to the Department of Justice to ensure further investigations, prosecutions, recovery of further funds, or other remedies	Conduct and reporting of investigations as described	Investigations
Section 1229(f)(2)	OTHER DUTIES RELATED TO OVERSIGHT – The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1).	Establish, maintain, and oversee systems, procedures, and controls	Full report
Section 1229(f)(3)	DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978 – In addition, ... the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978.	Duties as specified in Inspector General Act	Full report
Section 1229(f)(4)	COORDINATION OF EFFORTS – The Inspector General shall coordinate with, and receive the cooperation of, each of the following: (A) the Inspector General of the Department of Defense, (B) the Inspector General of the Department of State, and (C) the Inspector General of the United States Agency for International Development.	Coordination with the inspectors general of DOD, DOS, and USAID	Other Agency Oversight
Federal Support and Other Resources			
Section 1229(h)(5)(A)	ASSISTANCE FROM FEDERAL AGENCIES – Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee.	Expect support as requested	Full report
Section 1229(h)(5)(B)	REPORTING OF REFUSED ASSISTANCE – Whenever information or assistance requested by the Inspector General is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the Secretary of State or the Secretary of Defense, as appropriate, and to the appropriate congressional committees without delay.	None reported	N/A

Continued on the next page

APPENDICES

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229			
Public Law Section	SIGAR Enabling Language	SIGAR Action	Report Section
Reports			
Section 1229(i)(1)	QUARTERLY REPORTS – Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate committees of Congress a report summarizing, for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time of the submission of the report, the activities during such period of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following –	Report – 30 days after the end of each calendar quarter Summarize activities of the Inspector General Detailed statement of all obligations, expenditures, and revenues	Full report Appendix B
Section 1229(i)(1)(A)	Obligations and expenditures of appropriated/donated funds	Obligations and expenditures of appropriated/donated funds	Appendix B
Section 1229(i)(1)(B)	A project-by-project and program-by-program accounting of the costs incurred to date for the reconstruction of Afghanistan, together with the estimate of the Department of Defense, the Department of State, and the United States Agency for International Development, as applicable, of the costs to complete each project and each program	Project-by-project and program-by-program accounting of costs. List unexpended funds for each project or program	Funding Note 1
Section 1229(i)(1)(C)	Revenues attributable to or consisting of funds provided by foreign nations or international organizations to programs and projects funded by any department or agency of the United States Government, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of donor funds	Funding
Section 1229(i)(1)(D)	Revenues attributable to or consisting of foreign assets seized or frozen that contribute to programs and projects funded by any U.S. government department or agency, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of funds from seized or frozen assets	Funding
Section 1229(i)(1)(E)	Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan	Operating expenses of agencies or any organization receiving appropriated funds	Funding Appendix B
Section 1229(i)(1)(F)	In the case of any contract, grant, agreement, or other funding mechanism described in paragraph (2)*– (i) The amount of the contract or other funding mechanism; (ii) A brief discussion of the scope of the contract or other funding mechanism; (iii) A discussion of how the department or agency of the United States Government involved in the contract, grant, agreement, or other funding mechanism identified and solicited offers from potential contractors to perform the contract, grant, agreement, or other funding mechanism, together with a list of the potential individuals or entities that were issued solicitations for the offers; and (iv) The justification and approval documents on which was based the determination to use procedures other than procedures that provide for full and open competition	Describe contract details	Note 1

Continued on the next page

APPENDICES

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229			
Public Law Section	SIGAR Enabling Language	SIGAR Action	Report Section
Section 1229(i)(3)	PUBLIC AVAILABILITY – The Inspector General shall publish on a publicly available Internet website each report under paragraph (1) of this subsection in English and other languages that the Inspector General determines are widely used and understood in Afghanistan.	Publish report as directed at www.sigar.mil Dari and Pashto translation in process	Full report
Section 1229(i)(4)	FORM – Each report required under this subsection shall be submitted in unclassified form, but may include a classified annex if the Inspector General considers it necessary.	Publish report as directed	Full report
Section 1229(j)(1)	Inspector General shall also submit each report required under subsection (i) to the Secretary of State and the Secretary of Defense.	Submit quarterly report	Full report

Note: Although this data is normally made available on SIGAR's website (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for future SIGAR use and publication.

* Covered "contracts, grants, agreements, and funding mechanisms" are defined in paragraph (2) of Section 1229(i) of Pub. L. No. 110-181 as being—

"any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:

To build or rebuild physical infrastructure of Afghanistan.

To establish or reestablish a political or societal institution of Afghanistan.

To provide products or services to the people of Afghanistan."

APPENDICES

APPENDIX B

U.S. FUNDS FOR AFGHANISTAN RECONSTRUCTION (\$ MILLIONS)

Table B.1 lists funds appropriated for Afghanistan reconstruction by program, per year, as of September 30, 2017. Table B.2 lists fund appropriated for counter-narcotics initiatives since 2002.

TABLE B.2

COUNTERNARCOTICS, CUMULATIVE AMOUNT APPROPRIATED, SINCE 2002 (\$ MILLIONS)	
ASFF	\$1,311.92
DOD CN	3,132.46
ESF	1,555.32
INCLE	2,178.47
DEA ^a	444.61
Total	\$8,622.78

Table B.2 Note: Numbers have been rounded. Counternarcotics funds cross-cut both the Security and Governance & Development spending categories; these funds are also captured in those categories in Table B.1. Figures represent cumulative amounts appropriated for counternarcotics initiatives in Afghanistan since 2002. Initiatives include eradication, interdiction, support to Afghanistan's Special Mission Wing (SMW), counternarcotics-related capacity building, and alternative agricultural development efforts. ESF and INCLE figures show the cumulative amounts appropriated for counternarcotics initiatives from those funds. SIGAR excluded ASFF funding for the SMW after FY 2013 from this analysis due to the decreasing number of counternarcotics missions conducted by the SMW.

^a DEA receives funding from State's Diplomatic & Consular Programs account in addition to DEA's direct line appropriation listed in Appendix B.

Table B.2 Source: SIGAR analysis of counternarcotics funding, 10/19/2017; State, response to SIGAR data call, 10/11/2017; DOD, response to SIGAR data call, 10/18/2017 and 3/8/2016; USAID, response to SIGAR data call, 10/16/2017; DOJ, response to SIGAR data call, 6/30/2017.

Table B.1 Note: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF, \$1 billion from FY 2012 ASFF, and \$178 million from FY 2013 ASFF to fund other DOD OCO requirements. DOD reprogrammed \$230 million into FY 2015 ASFF. ASFF data reflects the following rescissions: \$1 billion from FY 2012 in Pub. L. No. 113-6, \$764.38 million from FY 2014 in Pub. L. No. 113-235, \$400 million from FY 2015 in Pub. L. No. 114-113, and \$150 million from FY 2016 in Pub. L. No. 115-31. DOD transferred \$101 million from FY 2011 AIF, \$179.5 million from FY 2013 AIF, and \$55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

Table B.1 Source: DOD, response to SIGAR data call, 10/18/2017, 10/12/2017, 10/22/2012, 10/14/2009, and 10/1/2009; State, response to SIGAR data call, 10/11/2017, 10/13/2017, 9/21/2017, 5/4/2016, 10/20/2015, 4/15/2015, 4/15/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/10/2017; OMB, response to SIGAR data call, 4/16/2015, 7/14/2014, 7/19/2013 and 1/4/2013; USAID, response to SIGAR data call, 10/16/2017, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 6/30/2017 and 7/7/2009; USDA, response to SIGAR data call, 4/2009; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2017 (Draft)," 10/18/2017; OSD Comptroller, 16-22 PA: Omnibus 2016 Prior Approval Request, 6/30/2016; Pub. L. Nos. 115-31, 114-113, 113-235, 113-76, 113-6, 112-74, 112-10, 111-212, 111-118.

TABLE B.1

U.S. FUNDING SOURCES	AGENCY	Total	FY 2002-05
Security			
Afghanistan Security Forces Fund (ASFF)	DOD	\$68,265.37	995.00
Train & Equip (DOD)	DOD	\$440.00	440.00
Foreign Military Financing (FMF)	State	\$1,059.14	1,059.14
International Military Education and Training (IMET)	State	\$17.53	2.18
Voluntary Peacekeeping (PKO)	State	\$69.33	69.33
Afghanistan Freedom Support Act (AFSA)	DOD	\$550.00	550.00
Drug Interdiction & Counter-Drug Activities (DOD CN)	DOD	\$3,132.46	296.34
Total - Security		\$73,533.83	3,411.98
Governance & Development			
Commander's Emergency Response Program (CERP)	DOD	\$3,689.00	176.00
Afghanistan Infrastructure Fund (AIF)	DOD	\$988.50	0.00
Task Force for Business and Stability Operations (TFBSO)	DOD	\$822.85	0.00
Economic Support Fund (ESF)	USAID	\$19,882.27	2,531.05
Development Assistance (DA)	USAID	\$886.50	383.18
Child Survival & Health (CSH + GHAI)	USAID	\$554.63	128.60
Commodity Credit Corp (CCC)	USAID	\$33.43	8.80
USAID (other)	USAID	\$53.01	5.50
Non-Proliferation, Antiterrorism, Demining & Related (NADR)	State	\$767.94	186.25
Provincial Reconstruction Team Advisors	USDA	\$5.70	0.00
Treasury Technical Assistance	Treasury	\$4.65	2.91
International Narcotics Control & Law Enforcement (INCLE)	State	\$5,060.86	989.28
Drug Enforcement Administration (DEA)	DOJ	\$235.20	23.93
Total - Governance & Development		\$32,984.53	4,435.52
Humanitarian			
P.L. 480 Title I	USDA	\$5.00	5.00
P.L. 480 Title II	USAID	\$1,086.26	316.63
Disaster Assistance (IDA)	USAID	\$703.16	298.23
Transition Initiatives (TI)	USAID	\$37.54	32.58
Migration & Refugee Assistance (MRA)	State	\$1,253.85	313.00
Emergency Refugee & Migration Assistance (ERMA)	State	\$25.20	25.00
Food for Progress	USDA	\$109.49	44.14
416(b) Food Aid	USDA	\$95.18	95.18
Food for Education	USDA	\$50.49	25.41
Emerson Trust	USDA	\$22.40	0.00
Total - Humanitarian		\$3,388.58	1,155.16
Civilian Operations			
Oversight		\$480.65	0.00
Other		\$10,396.16	539.63
Total - Civilian Operations		\$10,876.82	539.63
Total Funding		\$120,783.76	9,542.29

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	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
	1,908.13	7,406.40	2,750.00	5,606.94	9,166.77	10,619.28	9,200.00	4,946.20	3,962.34	3,939.33	3,502.26	4,262.72
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.98	1.19	1.66	1.40	1.76	1.56	1.18	1.42	1.50	1.05	0.86	0.80
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	108.05	290.97	192.81	230.06	392.27	379.83	472.99	255.81	238.96	0.00	138.76	135.61
	2,017.17	7,698.57	2,944.47	5,838.40	9,560.80	11,000.67	9,674.16	5,203.44	4,202.80	3,940.38	3,641.88	4,399.12
	215.00	209.00	488.33	550.67	1,000.00	400.00	400.00	200.00	30.00	10.00	5.00	5.00
	0.00	0.00	0.00	0.00	0.00	299.00	400.00	145.50	144.00	0.00	0.00	0.00
	0.00	0.00	0.00	14.44	59.26	239.24	245.76	138.20	122.24	3.72	0.00	0.00
	473.39	1,224.75	1,399.51	2,077.48	3,346.00	2,168.51	1,836.76	1,802.65	907.00	831.90	633.27	650.00
	185.08	166.81	149.43	0.40	0.30	0.00	0.00	0.35	0.00	0.95	0.00	0.00
	41.45	100.77	63.04	58.23	92.30	69.91	0.00	0.25	0.01	0.06	0.00	0.00
	0.00	0.00	10.77	4.22	4.22	3.09	0.38	0.00	0.00	0.00	0.00	1.95
	0.00	0.00	21.96	2.81	4.90	6.25	7.10	1.84	0.80	0.82	0.74	0.29
	35.72	36.72	29.72	59.92	70.74	69.30	65.32	52.60	43.20	43.50	37.96	37.00
	0.00	0.00	0.00	5.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.19	0.13	0.75	0.47	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00
	232.65	251.74	307.56	493.90	589.00	400.00	357.92	593.81	225.00	250.00	210.00	160.00
	23.66	20.38	40.59	18.88	19.20	18.70	18.70	17.00	18.70	9.05	3.31	3.10
	1,207.14	2,010.30	2,511.66	3,287.12	5,185.92	3,673.99	3,331.93	2,952.39	1,490.96	1,149.99	890.27	857.35
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	60.03	60.00	149.53	73.01	58.13	112.55	59.20	46.15	65.97	53.73	26.65	4.69
	0.04	0.03	16.84	27.13	29.61	66.23	56.00	21.50	28.15	25.69	39.89	93.84
	0.00	0.00	0.00	0.75	0.84	1.08	0.62	0.32	0.83	0.49	0.04	0.00
	41.80	54.00	44.25	76.79	80.93	65.00	99.56	76.07	107.89	129.27	84.27	81.03
	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	23.24	9.47	20.55	12.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	25.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	22.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	150.19	123.50	253.57	189.97	169.51	244.85	215.38	144.04	202.83	209.18	150.85	179.55
	0.00	2.50	14.30	25.20	34.40	37.20	59.00	58.70	62.65	68.60	62.37	55.74
	131.90	207.80	435.51	1,065.86	1,761.70	905.10	1,425.43	1,272.49	852.45	909.50	795.29	93.50
	131.90	210.30	449.81	1,091.06	1,796.10	942.30	1,484.43	1,331.19	915.10	978.10	857.66	149.24
	3,506.39	10,042.66	6,159.50	10,406.55	16,712.32	15,861.81	14,705.90	9,631.06	6,811.69	6,277.65	5,540.67	5,585.26

APPENDIX C

SIGAR WRITTEN PRODUCTS*

SIGAR Audits

Completed Performance Audits

SIGAR completed one performance audits during this reporting period.

COMPLETED SIGAR PERFORMANCE AUDIT AS OF SEPTEMBER 30, 2017		
Report Identifier	Report Title	Date Issued
SIGAR 18-10-AR	Afghanistan Infrastructure Fund: DOD, State, and USAID Have Not Assessed Whether Six Fiscal Year 2011 Projects, Worth \$474 Million, Achieved Their Counterinsurgency Objectives	10/2017

Ongoing Performance Audits

SIGAR had 11 ongoing performance audits during this reporting period.

ONGOING SIGAR PERFORMANCE AUDITS AS OF SEPTEMBER 30, 2017		
Project Identifier	Project Title	Date Initiated
SIGAR 121A	Afghanistan Anti-Corruption Strategy	6/2017
SIGAR 120A	Afghan Air Force's Ability to Operate and Maintain U.S.-Provided Aircraft	3/2017
SIGAR 119A	U.S. Army Corps of Engineers' Local National Quality Assurance Program	3/2017
SIGAR 118A	DOD Efforts to Advise the Afghan Ministries of Defense and Interior	1/2017
SIGAR 117A	USAID's Regional Agricultural Development Program	12/2016
SIGAR 116A	Promoting Gender Equity in National Priority Programs (Promote)	11/2016
SIGAR 115A	U.S. Government Efforts to Increase the Supply, Quantity, and Distribution of Electric Power from the Kajaki Dam	4/2016
SIGAR 114A	Task Force for Business and Stability Operations' Programs and Activities in Afghanistan from 2010 through 2014	3/2016
SIGAR 112A	Administration, Monitoring, and Reporting of the Afghanistan Reconstruction Trust Fund	12/2015
SIGAR 110A	Effectiveness of the Commander's Emergency Response Program in Afghanistan	8/2015
SIGAR 100A	DOD Oversight of Infrastructure Projects Transferred to the Afghan Government	8/2014

* SIGAR may also report on products and events occurring after September 30, 2017, up to the publication date.

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Completed Financial Audits

SIGAR completed five financial audits during this reporting period.

COMPLETED SIGAR FINANCIAL AUDITS AS OF SEPTEMBER 30, 2017

Report Identifier	Report Title	Date Issued
SIGAR 18-07-FA	U.S. Army Contracting Command's Interim Training Support for the Afghan National Army to Maintain and Sustain Mobile Strike Force Vehicles	10/2017
SIGAR 18-06-FA	U.S. Air Force Support for Pilatus PC-12 Knight Ryder Aircraft in Afghanistan	10/2017
SIGAR 18-05-FA	DOD Task Force for Business and Stability Operations' Afghanistan Indigenous Industries Program	10/2017
SIGAR 18-04-FA	U.S. Army Contracting Command's Acquisition of Mobile Strike Force Vehicles for the Afghan National Army	10/2017
SIGAR 17-63-FA	U.S. Air Force Logistical Support to the Afghan Air Force	8/2017

New Financial Audits

SIGAR initiated 11 new financial audits during this reporting period.

NEW SIGAR FINANCIAL AUDITS AS OF SEPTEMBER 30, 2017

Project Identifier	Project Title	Date Initiated
SIGAR F-130	Corrections System Support Program (CSSP) and National Justice Program	8/2017
SIGAR F-129	Support to Mobile Security Teams for Corrections Support, Justice Support, and Interdiction Units	8/2017
SIGAR F-128	Afghanistan-wide Mine, Battle Area, and Range Clearance-Phase II, Effort II	8/2017
SIGAR F-127	Afghanistan-wide Mine, Battle Area, and Range Clearance-Phase II, Effort I	8/2017
SIGAR F-126	Afghanistan Trade and Revenue Project (ATAR)	8/2017
SIGAR F-125	Initiative to Strengthen Local Administration (ISLA)	8/2017
SIGAR F-124	Strengthening Political Entities and Civil Society (SPECS)	8/2017
SIGAR F-123	Sheberghan Gas Development Project	8/2017
SIGAR F-122	Afghanistan Agriculture Extension Project II (AAEP-II)	8/2017
SIGAR F-121	Monitoring Support Project (MSP), Eastern Provinces	8/2017
SIGAR F-120	Sheberghan Gas Generation (SGG)	8/2017

Ongoing Financial Audits

SIGAR had 16 financial audits in progress during this reporting period.

ONGOING SIGAR FINANCIAL AUDITS AS OF SEPTEMBER 30, 2017

Project Identifier	Project Title	Date Initiated
SIGAR F-119	Construction of Ministry of Defense HQ Support and Security Brigade Expansion Phase II	5/2017
SIGAR F-118	Construction of Ministry of Defense Phase I	5/2017
SIGAR F-117	Freedom of Maneuver (FOM) Program	3/2017
SIGAR F-116	Combined Security Transition Command-Afghanistan, Afghanistan Ministry of Defense and Afghan National Army Program Support	3/2017

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ONGOING SIGAR FINANCIAL AUDITS AS OF SEPTEMBER 30, 2017 (CONTINUED)		
Project Identifier	Project Title	Date Initiated
SIGAR F-115	ANA Communications Equipment Service Mentoring, Systems Engineering and Technical Assistance, and Training and Maintenance Radio Sustainment	3/2017
SIGAR F-114	Afghan Engineering Support Program	2/2017
SIGAR F-113	Mining Investment and Development for Afghanistan Sustainability (MIDAS) Project	2/2017
SIGAR F-112	Agriculture Credit Enhancement (ACE) Program in Afghanistan	2/2017
SIGAR F-111	Early Grade Reading (EGR) Survey	2/2017
SIGAR F-110	DOD Contract with Friends of the American University of Afghanistan for Village Stability Operations Project Subject Matter Experts	11/2016
SIGAR F-109	DOD Contract with Alion Science and Technology Corporation for Kabul Business Incubator	11/2016
SIGAR F-107	DOD Contract with SRK Consulting Inc. for Mineral Tender Development and Geological Services	11/2016
SIGAR F-106	DOD Contract with Leidos Inc. (previously SAIC) for Economic Impact Assessment	11/2016
SIGAR F-105	DOD Contract with aXseum Solutions LLC for Banking and Financial Infrastructure Development	11/2016
SIGAR F-104	DOD Contract with Curtis, Mallet-Prevost, Colt & Mosle LLP for Advisory Services and International Hydrocarbons Sector	11/2016
SIGAR F-101	DOD Contract with Lockheed Martin Integrated Systems Inc. for Afghan Air Force Spare Parts Surge Buy in Support of the Afghan Security Forces	6/2016

SIGAR Inspections Completed Inspections

SIGAR completed four inspection reports during this reporting period.

COMPLETED SIGAR INSPECTIONS AS OF SEPTEMBER 30, 2017		
Product Identifier	Report Title	Date Issued
SIGAR 18-09-IP	Afghan Ministry of Defense Headquarters Security and Support Brigade: Facility Construction Generally Met Contract Requirements, but Four Safety-Related Deficiencies Need to Be Addressed	10/2017
SIGAR 18-08-IP	Department of State and USAID Reconstruction Projects in Afghanistan: Analysis of SIGAR Inspection Reports Issued from August 2009 through March 2017	10/2017
SIGAR 18-01-IP	Kabul Military Training Center Phase IV: Poor Design and Construction, and Contractor Noncompliance Resulted in the Potential Waste of as Much as \$4.1 Million in Taxpayer Funds	10/2017
SIGAR 17-65-IP	Afghan Ministry of Interior Headquarters Project: Phase 2 Experienced Lengthy Delays, Increased Costs, and Construction Deficiencies that Need to Be Addressed	9/2017

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New Inspections

SIGAR initiated five inspections during this reporting period.

NEW SIGAR INSPECTIONS AS OF SEPTEMBER 30, 2017		
Project Identifier	Project Title	Date Initiated
SIGAR-I-052	Inspection of the North East Power System Project Phase 1: Transmission Lines Between Argandeh and Pul-e Alam and Substation at Pul-e Alam	10/2017
SIGAR-I-051	Inspection of the Power Transmission Expansion and Connectivity Project Power Substations at Ghazni and Sayadabad	10/2017
SIGAR-I-050	Inspection of Construction and Utility Upgrades for the ANA Garrison at South Kabul International Airport	9/2017
SIGAR-I-049	Inspection of the ANP Women's Compound at the Ministry of Interior HQ Complex	9/2017
SIGAR-I-048	Inspection of the Power Transmission Expansion and Connectivity Project Transmission Line Between Arghandi and Ghazni	9/2017

Ongoing Inspections

SIGAR had 11 ongoing inspections during this reporting period.

ONGOING SIGAR INSPECTIONS AS OF SEPTEMBER 30, 2017		
Project Identifier	Project Title	Date Initiated
SIGAR-I-047	Inspection of the Women's Dormitory at the American University of Afghanistan	3/2017
SIGAR-I-045a	Inspection of the Marshal Fahim National Defense University - Phase 1	2/2017
SIGAR-I-045b	Inspection of the Marshal Fahim National Defense University - Phase 3	2/2017
SIGAR-I-044	Inspection of the Zarang Border Crossing Point	2/2017
SIGAR-I-043	Inspection of the Kang Border Patrol Company Headquarters	2/2017
SIGAR-I-042	Inspection of the Wardak Prison	2/2017
SIGAR-I-041	Inspection of the Northeast Power System Project	5/2016
SIGAR-I-034	Inspection of Construction for the Afghan National Army's Ground Forces Com-mand, Garrison Support Unit, and Army Support Command	8/2015
SIGAR-I-033a	Inspection of Afghan National Army Camp Commando - Phase III	7/2015
SIGAR-I-033b	Inspection of Afghan National Army Camp Commando - Phase IV	7/2015
SIGAR-I-031b	Inspection of the Ministry of Interior's Headquarters Support Structures	7/2015

SIGAR Evaluations

New Evaluation

SIGAR initiated one evaluation during this reporting period.

NEW SIGAR EVALUATION AS OF SEPTEMBER 30, 2017		
Project Identifier	Project Title	Date Initiated
SIGAR 122A	Fuel Accountability in Afghanistan	9/2017

APPENDICES

SIGAR Special Projects

Completed Special Projects

SIGAR completed five Special Projects products this reporting period.

COMPLETED SIGAR SPECIAL PROJECTS AS OF SEPTEMBER 30, 2017

Product Identifier	Product Title	Date Issued
SIGAR 18-03-SP	U.S.-Based Training for Afghan Security Personnel	10/2017
SIGAR 18-03-SP	Schools in Kapisa Province	10/2017
SIGAR 17-67-SP	Health Facilities in Nangarhar Province	10/2017
SIGAR 17-66-SP	Schools in Khowst Province	10/2017
SIGAR 17-61-SP	USAID's Afghan Trade and Revenue	10/2017

SIGAR Lessons Learned Projects

Completed Lessons Learned Projects

SIGAR completed one Lessons Learned project during this reporting period.

COMPLETED SIGAR LESSONS LEARNED PROJECTS AS OF SEPTEMBER 30, 2017

Product Identifier	Project Title	Date Issued
SIGAR LL-06	Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan	9/2017

Ongoing Lessons Learned Projects

SIGAR has six ongoing Lessons Learned projects this reporting period.

ONGOING SIGAR LESSONS LEARNED PROJECTS AS OF SEPTEMBER 30, 2017

Project Identifier	Project Title	Date Initiated
SIGAR LL-08	Monitoring & Evaluation	4/2017
SIGAR LL-07	Stabilization	2/2016
SIGAR LL-05	Private Sector Development and Economic Growth	10/2015
SIGAR LL-04	Counternarcotics in Afghanistan Reconstruction	4/2015
SIGAR LL-02	U.S. Coordination with External Partners in Administering Aid	12/2014
SIGAR LL-01	Interagency Coordination on Strategy and Planning	12/2014

APPENDIX D

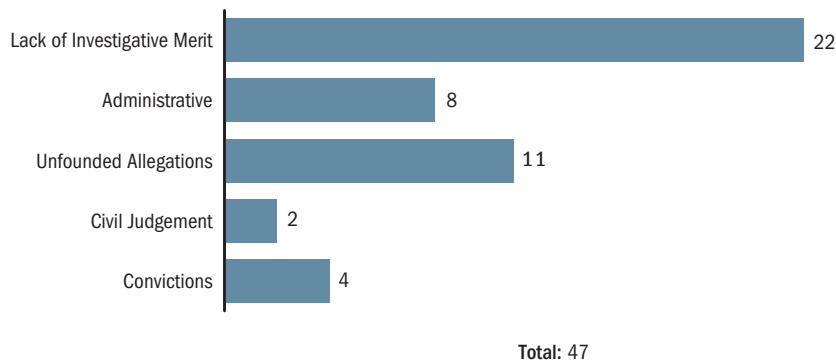
SIGAR INVESTIGATIONS AND HOTLINE

SIGAR Investigations

This quarter, SIGAR opened 11 new investigations and closed 47, bringing the total number of ongoing investigations to 231. Of the closed investigations, most were closed due to lack of investigative merit, as shown in Figure D.1. Of the new investigations, most were related to corruption, as shown in Figure D.2.

FIGURE D.1

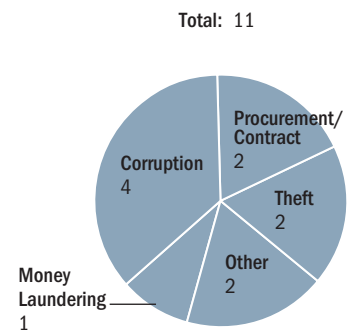
SIGAR INVESTIGATIONS: CLOSED INVESTIGATIONS, JULY 1-SEPTEMBER 30 2017



Source: SIGAR Investigations Directorate, 10/6/2017.

FIGURE D.2

SIGAR NEW INVESTIGATIONS, JULY 1-SEPTEMBER 30, 2017



Source: SIGAR Investigations Directorate, 10/6/2017.

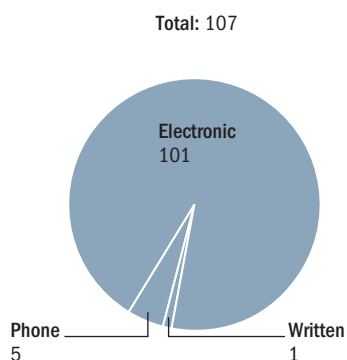
APPENDICES

SIGAR Hotline

The SIGAR Hotline received 107 complaints this quarter, as shown in Figure D.3. In addition to working on new complaints, the Investigations Directorate continued its work this quarter on complaints received prior to July 1, 2017. This quarter, the directorate processed 227 complaints, most of which are under review or were closed, as shown in Figure D.4.

FIGURE D.3

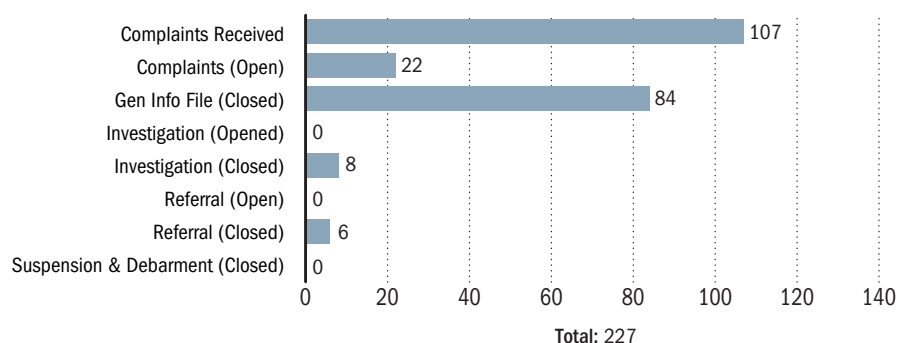
SOURCE OF SIGAR HOTLINE COMPLAINTS, JULY 1-SEPT 30, 2017



Source: SIGAR Investigations Directorate, 10/5/2017.

FIGURE D.4

STATUS OF SIGAR HOTLINE COMPLAINTS: JULY 1-SEPTEMBER 30, 2017



Source: SIGAR Investigations Directorate, 10/5/2017.

SIGAR SUSPENSIONS AND DEBARMENTS

Table D.1 is a comprehensive list of finalized suspensions, debarments, and special entity designations relating to SIGAR's work in Afghanistan as of September 30, 2017. *SIGAR lists its suspensions, debarments and special entity designations for historical purposes only.* For the current status of any individual or entity listed herein as previously suspended, debarred or listed as a special entity designation, please consult the System for Award Management, www.sam.gov.

Entries appearing in both the suspension and debarment sections are based upon their placement in suspended status following criminal indictment or determination of non-responsibility by agency suspension and debarment official. Final debarment was imposed following criminal conviction in U.S. Federal District Court and/or final determination by agency suspension and debarment official regarding term of debarment.

APPENDICES

TABLE D.1

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2017

Special Entity Designations

Arvin Kam Construction Company	Noh-E Safi Mining Company	Saadat, Wakil
Arvin Kam Group LLC, d.b.a. "Arvin Kam Group Security," d.b.a. "Arvin Kam Group Foundation," d.b.a. "Arvin Global Logistics Services Company"	Noor Rahman Company	Triangle Technologies
Ayub, Mohammad	Noor Rahman Construction Company	Wasim, Abdul Wakil
Fruzi, Haji Khalil	Nur Rahman Group, d.b.a. "NUCCL Construction Company," d.b.a. "RUCCL Rahman Umar Construction Company," d.b.a. "Rahman Trading and General Logistics Company LLC	Zaland, Yousef
Haji Amir Muhammad	Rahman, Nur, a.k.a. "Noor Rahman," a.k.a. "Noor Rahman Safa"	Zurmat Construction Company
Haji Dhost Mohammad Zurmat Construction Company	Rhaman, Mohammad	Zurmat Foundation
Jan, Nurullah		Zurmat General Trading
Khan, Haji Mohammad Almas		Zurmat Group of Companies, d.b.a. "Zurmat LLC"
		Zurmat Material Testing Laboratory

Suspensions

Al-Watan Construction Company	Yousef, Najeebullah	Elham, Yaser, a.k.a. "Najibullah Saadullah"
Basirat Construction Firm	Rahimi, Mohammad Edris	Everest Faizy Logistics Services
Brophy, Kenneth	Wooten, Philip Steven	Faizy Elham Brothers Ltd
Naqibullah, Nadeem	Domineck, Lavette Kaye	Faizy, Rohullah
Rahman, Obaidur	Markwith, James	Hekmat Shadman General Trading LLC
Campbell, Neil Patrick	All Points International Distributors Inc.	Hekmat Shadman Ltd., d.b.a. "Hikmat Shadman Ltd"
Borcata, Raul A.	Cipolla, James	Hikmat Shadman Construction and Supply Company
Close, Jarred Lee	Hercules Global Logistics	Hikmat Shadman Logistics Services Company, d.b.a. "Hikmat Shadman Commerce Construction and Supply Company," d.b.a. "Hikmat Shadman Commerce Construction Services"
Logistical Operations Worldwide	Schroeder, Robert	Saif Hikmat Construction Logistic Services and Supply Co
Robinson, Franz Martin	AISC LLC	Shadman, Hikmatullah, a.k.a. "Hikmat Shadman," a.k.a. "Haji Hikmatullah Shadman," a.k.a. "Hikmatullah Saadulah"
Taylor, Zachery Dustin	American International Security Corporation	Travis, James Edward
Aaria Group Construction Company	Brothers, Richard S.	Sherzai, Akbar Ahmed
Aaria Group	David A Young Construction & Renovation Inc.	Bertolini, Robert L.
Aaria Herai General Trading	Force Direct Solutions LLC	Kahn, Haroon Shams, a.k.a. "Haroon Shams"
Aaria M.E. General Trading LLC	Harris, Christopher	Shams Constructions Limited
Aaria Middle East	Hernando County Holdings LLC	Shams General Services and Logistics Unlimited
Aaria Middle East Company LLC	Hide-A-Wreck LLC	Shams Group International, d.b.a. "Shams Group International FZE"
Aaria Middle East Company Ltd - Herat	Panthers LLC	Shams London Academy
Aaria Supplies Company Ltd	Paper Mill Village Inc	Shams Production
Aaria Supply Services and Consultancy	Shroud Line LLC	Shams Welfare Foundation
Aftech International	Spada, Carol	Autry, Cleo Brian
Aftech International Pvt. Ltd	Taylor, Michael	Chamberlain, William Todd
Alam, Ahmed Farzad	Welventure LLC	Cook, Jeffrey Arthur
Albahar Logistics	World Wide Trainers LLC	Harper, Deric Tyron
American Aaria Company LLC	Young, David	Swim, Alexander
American Aaria LLC	Espinoza, Mauricio	
Barakzai, Nangialai	Long, Tonya	
Formid Supply and Services	Brophy, Kenneth Michael	
Greenlight General Trading	Rivera-Medina, Franklin Delano	
Kabul Hackle Logistics Company	Peace Thru Business	
Sharpway Logistics	Pudenz, Adam Jeff Julias	
United States California Logistics Company		

APPENDICES

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2017 (CONTINUED)		
Suspensions (continued)		
Walls, Barry Lee, Jr.	Al Quraishi Bureau	Pena, Ramiro
Ciampa, Christopher	Al Zakoura Company	Ware, Marvin
Casellas, Luis Ramon	Al-Amir Group LLC	Green, Robert Warren
International Contracting and Development	Al-Noor Contracting Company	Bailey, Louis Matthew
Sobh, Adeb Nagib, a.k.a. "Ali Sobh"	Al-Noor Industrial Technologies Company	Albright, Timothy H.
Stallion Construction and Engineering Group	California for Project Company	Bailey, Louis Matthew
Wazne Group Inc., d.b.a. "Wazne Wholesale"	Civilian Technologies Limited Company	Bunch, Donald P.
Wazne, Ayman, a.k.a. "Ayman Ibrahim Wazne"	Industrial Techniques Engineering Electromechanically Company	Epps, Willis
Hampton, Seneca Darnell	Jamil, Omar K.	Kline, David
Green, George E.	Pulsars Company	Morgan, Sheldon J.
Tran, Anthony Don	San Francisco for Housing Company	Badgett, Michael J.
Vergez, Norbert	Sura Al Mustakbal	Blevins, Kenneth Preston
Mayberry, Teresa	Top Techno Concrete Batch	Banks, Michael
Addas, James	Edmondson, Jeffrey B.	Badgett, Michael J.
Advanced Ability for U-PVC	Lugo, Emanuel	Blevins, Kenneth Preston
Al Bait Al Amer	Montague, Geoffrey K.	Banks, Michael
Al Iraq Al Waed		
Debarments		
Farooqi, Hashmatullah	Radhi, Mohammad Khalid	Kunari, Haji Pir Mohammad
Hamid Lais Construction Company	Safi, Fazal Ahmed	Mushfiq, Muhammad Jaffar
Hamid Lais Group	Shin Gul Shaheen, a.k.a. "Sheen Gul Shaheen"	Mutallib, Abdul
Lodin, Rohullah Farooqi	Espinoza-Loor, Pedro Alfredo	Nasrat, Sami
Bennett & Fouch Associates LLC	Campbell, Neil Patrick	National General Construction Company
Brandon, Gary	Navarro, Wesley	Passerly, Ahmaad Saleem
K5 Global	Hazrati, Arash	Rabi, Fazal
Ahmad, Noor	Midfield International	Rahman, Atta
Noor Ahmad Yousufzai Construction Company	Moore, Robert G.	Rahman, Fazal
Ayeni, Sheryl Adenike	Noori, Noor Alam, a.k.a. "Noor Alam"	Roshandil, Mohammad Ajmal
Cannon, Justin	Northern Reconstruction Organization	Saber, Mohammed
Constantino, April Anne	Shamal Pamir Building and Road Construction Company	Safi, Azizur Rahman
Constantino, Dee	Wade, Desi D.	Safi, Matiullah
Constantino, Ramil Palmes	Blue Planet Logistics Services	Sahak, Sher Khan
Crilly, Braam	Mahmodi, Padres	Shaheed, Murad
Drotleff, Christopher	Mahmodi, Shikab	Shirzad, Daulet Khan
Fil-Tech Engineering and Construction Company	Saber, Mohammed	Uddin, Mehrab
Handa, Sdiharth	Watson, Brian Erik	Watson, Brian Erik
Jabak, Imad	Abbasi, Shahpoor	Wooten, Philip Steven
Jamally, Rohullah	Amiri, Waheedullah	Espinoza, Mauricio
Khalid, Mohammad	Atal, Waheed	Alam, Ahmed Farzad
Khan, Daro	Daud, Abdulilah	Greenlight General Trading
Mariano, April Anne Perez	Dehati, Abdul Majid	Aaria Middle East Company LLC
McCabe, Elton Maurice	Fazli, Qais	Aaria Middle East Company Ltd - Herat
Mihalcz, John	Hamdard, Mohammad Yousuf	Aaria M.E. General Trading LLC
Qasimi, Mohammed Indress		Aaria Middle East

APPENDICES

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2017 (CONTINUED)

Debarments (continued)

Barakzai, Nangjalai	Khan, Solomon Sherdad, a.k.a. "Solomon"	Johnson, Angela
Formid Supply and Services	Mursalin, Ikramullah, a.k.a. "Ikramullah"	CNH Development Company LLC
Aaria Supply Services and Consultancy	Musafer, Naseem, a.k.a. "Naseem"	Johnson, Keith
Kabul Hackle Logistics Company	Ali, Esrar	Military Logistic Support LLC
Yousef, Najeebullah	Gul, Ghanzi	Eisner, John
Aaria Group	Luqman Engineering Construction Company, d.b.a. "Luqman Engineering"	Taurus Holdings LLC
Aaria Group Construction Company	Safiullah, a.k.a. "Mr. Safiullah"	Brophy, Kenneth Michael
Aaria Supplies Company Ltd.	Sarfarez, a.k.a. "Mr. Sarfarez"	Abdul Haq Foundation
Rahimi, Mohammad Edris	Wazir, Khan	Adajar, Adonis
All Points International Distributors Inc.	Akbar, Ali	Calhoun, Josh W.
Hercules Global Logistics	Crystal Construction Company, d.b.a. "Samitullah Road Construction Company"	Clark Logistic Services Company, d.b.a. "Clark Construction Company"
Schroeder, Robert	Samitullah (Individual uses only one name)	Farkas, Janos
Helmand Twinkle Construction Company	Ashna, Mohammad Ibrahim, a.k.a. "Ibrahim"	Flordeliz, Alex F.
Waziri, Heward Omar	Gurvinder, Singh	Knight, Michael T., II
Zadran, Mohammad	Jahan, Shah	Lozado, Gary
Afghan Mercury Construction Company, d.b.a. "Afghan Mercury Construction & Logistics Company"	Shahim, Zakirullah a.k.a. "Zakrullah Shahim", a.k.a. "Zikrullah Shahim"	Mijares, Armando N., Jr.
Mirzali Naseeb Construction Company	Alyas, Maiwand Ansunullah a.k.a. "Engineer Maiwand Alyas"	Mullakhieil, Wadir Abdullahmatin
Montes, Diyana	BMCS	Rainbow Construction Company
Naseeb, Mirzali	Maiwand Haqmal Construction and Supply Company	Sardar, Hassan, a.k.a. "Hassan Sardar Inqilab"
Robinson, Franz Martin	New Riders Construction Company, d.b.a. "Riders Construction Company," d.b.a. "New Riders Construction and Services Company"	Shah, Mohammad Nadir, a.k.a. "Nader Shah"
Smith, Nancy	Riders Constructions, Services, Logistics and Transportation Company	Tito, Regor
Sultani, Abdul Anas a.k.a. "Abdul Anas"	Riders Group of Companies	Brown, Charles Phillip
Faqiri, Shir	Domineck, Lavette Kaye	Sheren, Fasela, a.k.a. "Sheren Fasela"
Hosmat, Haji	Markwith, James	Anderson, Jesse Montel
Jim Black Construction Company	Martinez, Rene	Charboneau, Stephanie, a.k.a. "Stephanie Shankel"
Arya Ariana Aryayee Logistics, d.b.a. "AAA Logistics," d.b.a. "Somo Logistics"	Maroof, Abdul	Hightower, Jonathan
Garst, Donald	Qara, Yousef	Khan, Noor Zali, a.k.a. "Wali Kahn Noor"
Mukhtar, Abdul a.k.a. "Abdul Kubar"	Royal Palace Construction Company	Saheed, a.k.a. "Mr. Saheed;" a.k.a. "Sahill;" a.k.a. "Ghazi-Rahman"
Noori Mahgir Construction Company	Bradshaw, Christopher Chase	Weaver, Christopher
Noori, Sherin Agha	Zuhra Productions	Al Kaheel Oasis Services
Long, Tonya	Zuhra, Niazi	Al Kaheel Technical Service
Isranuddin, Burhanuddin	Boulware, Candice a.k.a. "Candice Joy Dawkins"	CLC Construction Company
Matun, Navidullah, a.k.a. "Javid Ahmad"	Dawkins, John	CLC Consulting LLC
Matun, Wahidullah	Mesopotamia Group LLC	Complete Manpower Solutions
Navid Basir Construction Company	Nordloh, Geoffrey	Mohammed, Masiuddin, a.k.a. "Masi Mohammed"
Navid Basir JV Gagar Baba Construction Company	Kieffer, Jerry	Rhoden, Bradley L., a.k.a. "Brad L. Rhoden"
NBCC & GBCC JV		Rhoden, Lorraine Serena
Noori, Navid		Royal Super Jet General Trading LLC
Asmatullah, Mahmood, a.k.a. "Mahmood"		Super Jet Construction Company
Khan, Gul		Super Jet Fuel Services

APPENDICES

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2017 (CONTINUED)		
Debarments (continued)		
Super Jet Group	Latifi, Abdul	LTCCORP Renewables LLC
Super Jet Tours LLC, d.b.a. "Super Jet Travel and Holidays LLC"	McCammom, Christina	LTCCORP Inc.
Super Solutions LLC	Mohibzada, Ahmadullah, a.k.a. "Ahmadullah Mohebzada"	LTCCORP/Kaya Dijbouti LLC
Abdullah, Bilal	Neghat, Mustafa	LTCCORP/Kaya East Africa LLC
Farmer, Robert Scott	Qurashi, Abdul	LTCCORP/Kaya Romania LLC
Mudiyanselage, Oliver	Raouf, Ashmatullah	LTCCORP/Kaya Rwanda LLC
Kelly, Albert, III	Shah, David	LTCORP Technology LLC
Ethridge, James	Touba, Kajim	Toltest Inc., d.b.a. "Wolverine Testing and Engineering," d.b.a. "Toledo Testing Laboratory," d.b.a. "LTC," d.b.a. "LTC Corp," d.b.a. "LTC Corp Ohio," d.b.a. "LTC Ohio"
Fernridge Strategic Partners	Zahir, Khalid	Toltest/Desbuild Germany JV LLC
AISC LLC	Aryubi, Mohammad Raza Samim	Veterans Construction/Lakeshore JV LLC
American International Security Corporation	Atlas Sahil Construction Company	Afghan Royal First Logistics, d.b.a. "Afghan Royal"
David A Young Construction & Renovation Inc.	Bab Al Jazeera LLC	American Barriers
Force Direct Solutions LLC	Emar-E-Sarey Construction Company	Arakozia Afghan Advertising
Harris, Christopher	Muhammad, Pianda	Dubai Armored Cars
Hernando County Holdings LLC	Sambros International, d.b.a. "Sambros International Ltd," d.b.a. "Sambros-UK JV"	Enayatullah, son of Hafizullah
Hide-A-Wreck LLC	Sambros JV Emar-E-Sarey Construction Company, d.b.a. "Sambros JV ESCC"	Farhas, Ahmad
Panthers LLC	Antes, Bradley A.	Inland Holdings Inc
Paper Mill Village Inc.	Lakeshore Engineering & Construction Afghanistan Inc, d.b.a. "Lakeshore General Contractors Inc"	Intermaax, FZE
Shroud Line LLC	Lakeshore Engineering Services Inc	Intermaax Inc
Spada, Carol	Lakeshore Engineering Services/Toltest JV LLC	Karkar, Shah Wali
Welventure LLC	Lakeshore Toltest - Rentenbach JV LLC	Sandman Security Services
World Wide Trainers LLC	Lakeshore Toltest Corporation, d.b.a. "Lakeshore Group," d.b.a. "LTC Newco d.b.a. "LTC CORP Michigan," d.b.a. "Lakeshore Toltest KK"	Siddiqi, Atta
Young, David Andrew	Lakeshore Toltest Guam LLC	Specialty Bunkering
Woodruff and Company	Lakeshore Toltest JV LLC	Spidle, Chris Calvin
Travis, James Edward	Lakeshore Toltest RRCC JV LLC	Vulcan Amps Inc
Khairfullah, Gul Agha	Lakeshore/Walsh JV LLC	Worldwide Cargomasters
Khalil Rahimi Construction Company	LakeshoreToltest METAG JV LLC	Aziz, Haji Abdul, a.k.a. "Abdul Aziz Shah Jan," a.k.a. "Aziz"
Momand, Jahanzeb, a.k.a. "Engineer Jahanzeb Momand"	LTC & Metawater JV LLC	Castillo, Alfredo, Jr.
Yar-Mohammad, Hazrat Nabi	LTC Holdings Inc.	Abbasi, Asim
Walizada, Abdul Masoud, a.k.a. "Masood Walizada"	LTC Italia SRL	Muturi, Samuel
Alizai, Zarghona	LTC Tower General Contractors LLC	Mwakio, Shannel
Alizai, Zarghona	LTCCORP Commercial LLC	Ahmad, Jaweed
Aman, Abdul	LTCCORP E&C Inc	Ahmad, Masood
Anwari, Laila	LTCCORP Government Services - OH Inc	A & J Total Landscapes
Anwari, Mezhgan	LTCCORP Government Services Inc	Aryana Green Light Support Services
Anwari, Rafi	LTCCORP Government Services-MI Inc	Mohammad, Sardar, a.k.a. "Sardar Mohammad Barakzai"
Arghandiwal, Zahra, a.k.a. "Sarah Arghandiwal"	LTCCORP O&G LLC	Pittman, James C., a.k.a. "Carl Pittman"
Azizi, Farwad, a.k.a. "Farwad Mohammad Azizi"		Poaipuni, Clayton
Bashizada, Razia		Wiley, Patrick
Coates, Kenneth		
Gibani, Marika		
Haidari, Mahboob		

APPENDICES

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2017 (CONTINUED)

Debarments (continued)

Crystal Island Construction Company	Advanced Ability for U-PVC	Khan, Amir, a.k.a. "Amir Khan Sahel"
Afghan Columbia Constructon Company	Al Bait Al Amer	Sharq Afghan Logistics Company, d.b.a. "East Afghan Logistics Company"
Ahmadi, Mohammad Omid	Al Iraq Al Waed	Hafizullah, Sayed; a.k.a. "Sadat Sayed Hafizullah"; a.k.a. "Sayed Hafizullah Delsouz"
Dashti, Jamsheed	Al Quraishi Bureau	Sadat Zohori Construction and Road Building Company; d.b.a. "Sadat Zohori Cons Co."
Hamdard, Eraj	Al Zakoura Company	Abdullah, Son of Lal Gul
Hamidi, Mahrokh	Al-Amir Group LLC	Ahmad, Aziz
Raising Wall Construction Company	Al-Noor Contracting Company	Ahmad, Zubir
Artemis Global Inc., d.b.a. "Artemis Global Logistics and Solutions;" d.b.a. "Artemis Global Trucking LLC"	Al-Noor Industrial Technologies Company	Aimal, Son of Masom
O'Brien, James Michael, a.k.a. "James Michael Wienert"	California for Project Company	Ajmal, Son of Mohammad Anwar
Tamerlane Global Services Inc., d.b.a. "Tamerlane Global LLC;" d.b.a. "Tamerlane LLC;" d.b.a. "Tamerlane Technologies LLC"	Civilian Technologies Limited Company	Fareed, Son of Shir
Jean-Noel, Dimitry	Industrial Techniques Engineering Electromechanically Company	Fayaz Afghan Logistics Services
Hampton, Seneca Darnell	Pena, Ramiro	Fayaz, Afghan, a.k.a. "Fayaz Alimi;" a.k.a. "Fayaz, Son of Mohammad"
Dennis, Jimmy W.	Pulsars Company	Gul, Khuja
Timor, Karim	San Francisco for Housing Company	Habibullah, Son of Ainuddin
Wardak, Khalid	Sura Al Mustakbal	Hamidullah, Son of Abdul Rashid
Rahmat Siddiqi Transportation Company	Top Techno Concrete Batch	Haq, Fazal
Siddiqi, Rahmat	Albright, Timothy H.	Jahangir, Son of Abdul Qadir
Siddiqi, Sayed Attaullah	Insurance Group of Afghanistan	Kaka, Son of Ismail
Umbrella Insurance Limited Company	Ratib, Ahmad, a.k.a. "Nazari"	Khalil, Son of Mohammad Ajan
Taylor, Michael	Jamil, Omar K.	Khan, Mirullah
Gardazi, Syed	Rawat, Ashita	Khan, Mukamal
Smarasinghage, Sagara	Casellas, Luis Ramon	Khoshal, Son of Sayed Hasan
Security Assistance Group LLC	Saber, Mohammad a.k.a. "Saber," a.k.a. "Sabir"	Malang, Son of Qand
Bailey, Louis Matthew	Zahir, Shafiullah Mohammad a.k.a. "Shafiullah," a.k.a. "Shafie"	Masom, Son of Asad Gul
Kumar, Krishan	Achiever's International Ministries Inc., d.b.a. "Center for Achievement and Development LLC"	Mateen, Abdul
Raj, Janak	Bickersteth, Diana	Mohammad, Asghar
Singh, Roop	Bonview Consulting Group Inc.	Mohammad, Baqi
Masraq Engineering and Construction Company	Fagbenro, Oyetayo Ayoola, a.k.a. "Tayo Ayoola Fagbenro"	Mohammad, Khial
Miakhil, Azizullah	Global Vision Consulting LLC	Mohammad, Sayed
Stratton, William G	HUDA Development Organization	Mujahid, Son of Abdul Qadir
Umeer Star Construction Company	Strategic Impact Consulting, d.b.a. "Strategic Impact KarKon Afghanistan Material Testing Laboratory"	Nangiali, Son of Alem Jan
Zahir, Mohammad Ayub	Davies, Simon	Nawid, Son of Mashoq
Marshal Afghan American Construction Company	Gannon, Robert, W.	Noorullah, Son of Noor Mohammad
Marshal, Sayed Abbas Shah	Gillam, Robert	Qayoum, Abdul
Peace Thru Business	Mondial Defence Systems Ltd	Roz, Gul
Pudenz, Adam Jeff Julias	Mondial Defense Systems USA LLC	Shafiq, Mohammad
Green, Robert Warren	Mondial Logistics	Shah, Ahmad
Mayberry, Teresa	Khan, Adam	Shah, Mohammad
Addas, James		Shah, Rahim

APPENDICES

TABLE D.1 (CONTINUED)

SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2017 (CONTINUED)		
Debarments (continued)		
Sharif, Mohammad	Epps, Willis	Areeb of East company for Trade & Farzam Construction Company JV
Waheedullah, Son of Sardar Mohammad	Etihad Hamidi Group; d.b.a. "Etihad Hamidi Trading, Transportation, Logistics and Construction Company"	Areeb of East for Engineering and General Trading Company Limited d.b.a. "Areeb of East, LLC"
Wahid, Abdul	Etihad Hamidi Logistics Company; d.b.a. "Etihad Hamidi Transportation, Logistic Company Corporation"	Areeb-BDCC JV
Wais, Gul	Hamidi, Abdul Basit; a.k.a. Basit Hamidi	Areebel Engineering and Logistics - Farzam
Wali, Khair	Kakar, Rohani; a.k.a. "Daro Khan Rohani"	Areebel Engineering and Logistics
Wali, Sayed	Mohammad, Abdullah Nazar	Areeb-Rixon Construction company LLC d.b.a. "Areeb-REC JV"
Wali, Taj	Nasir, Mohammad	Carver, Elizabeth N.
Yaseen, Mohammad	Wali Eshaq Zada Logistics Company; d.b.a. "Wali Ashqa Zada Logistics Company"; d.b.a. "Nasert Nawazi Transportation Company"	Carver, Paul W.
Yaseen, Son of Mohammad Aajan	Ware, Marvin	RAB JV
Zakir, Mohammad	Belgin, Andrew	Ullah, Izat; a.k.a. "Ezatullah"; a.k.a. "Izatullah, son of Shamsudeen"
Zamir, Son of Kabir	Afghan Bamdad Construction Company, d.b.a. "Afghan Bamdda Development Construction Company"	Saboor, Baryalai Abdul; a.k.a. "Barry Gafuri"
Rogers, Sean		Stratex Logistic and Support, d.b.a. "Stratex Logistics"
Slade, Justin		
Morgan, Sheldon J.		
Dixon, Reginald		
Emmons, Larry		

APPENDIX E

SIGAR DATA CALL QUESTIONS THAT RECEIVED CLASSIFIED OR OTHERWISE RESTRICTED RESPONSES

Every quarter, SIGAR sends U.S. implementing agencies in Afghanistan a list of questions about their programs. This quarter, United States Forces-Afghanistan (USFOR-A), classified or restricted its responses to the **bolded** portions of nine questions from SIGAR’s data call (below). As authorized by its enabling statute, SIGAR will publish a classified annex containing the classified data.

SECURITY	
Question ID	Question
Oct-Sec-01	<p>Please provide the following information on ANA strength as of August 31, 2017 (or latest available date):</p> <ul style="list-style-type: none"> a. the most recent three ANA PASR month-end reports with “as of” dates on each. b. please complete the attached ANA Strength spreadsheet, or provide the applicable data. c. total number of officers, NCOs, and enlisted personnel within the ANA. d. monthly attrition rates for the last three months for the ANA by Corps, Division, SOF, and AAF with “as of” dates provided.
Oct-Sec-04	<p>On the ANDSF’s performance:</p> <ul style="list-style-type: none"> a. Please characterize the extent to which U.S. forces have visibility into the ANDSF units/pillars tactical and operational readiness and effectiveness, particularly for those ANDSF elements where RS/U.S. forces are not co-located. To what extent do such insights rely upon information from Afghan ministries and is such information consistent, comprehensive, and credible? If not, how do RS/U.S. trainers and/or advisors identify the capability gaps among ANDSF elements that require mitigation or to vet and confirm ANDSF requests for mitigation? b. Please provide a recent unclassified assessment of the ANDSF HQs elements and units/pillars below the HQs level. c. Please provide a recent classified comprehensive assessment of the ANDSF HQ elements via SIPR. We will provide examples of these assessments via NIPR/SIPR. d. Last quarter, DCOS OPS reported that the TAACs and TFs would be conducting assessments at the ANA brigade / ANP Provincial HQ level. Please provide an unclassified summary of those assessments. In addition, if the original assessments are classified, or portions of them are, please provide those via SIPR. e. Last quarter, DCOS OPS reported deficiencies across training, reporting, operational planning at the corps, zone and HQ levels. What improvements or regressions have taken place in these areas this quarter? What steps are being taken to address any regressions? f. Please describe the training schools for the ANA, the extent of Coalition advisor presence at the training schools, and how the qualifications of Afghan trainers are assessed by the Coalition.
Oct-Sec-07	<p>Please provide the following information on women in the ANDSF:</p> <ul style="list-style-type: none"> a. How many women serve in the ANA (please reflect AAF and ASSF women separately), and ANP as of August 31, 2017 (or latest available date)? Of that total, how many women are soldiers, NCOs, and officers? b. If any changes since last quarter, what is the current target/goal for recruiting women into the ANA and ANP overall and by category of officer, NCO, and enlisted? c. Last quarter, there was an increase reported in the number of AWOL female personnel, particularly within the ANP. What is being done to address this attrition problem?
Oct-Sec-08	<p>Please provide the following information on ANP strength as of August 31, 2017 (or latest available date):</p> <ul style="list-style-type: none"> a. the most recent three ANP PERSTAT month-end reports with “as of” dates on each. b. please complete the attached ANP Strength spreadsheet, or provide the applicable data. c. total number of officers, NCOs, and enlisted personnel within the ANP. d. monthly attrition rates for the last three months for the entire ANP and by ANP component with “as of” dates included.

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SECURITY

Question ID	Question
Oct-Sec-15	<p>Please provide an update on the Afghan Local Police program, including:</p> <ol style="list-style-type: none"> the current number of ALP members and current number of ALP members that are fully trained (include “as of” date) estimate of likely Fiscal Year 2017 costs to support and sustain the ALP at target strength and capability retention, attrition, and death rates for ALP members. an update to the ALP reform status and district assessment findings The Fiscal Year 1395 Bilateral Financial Commitment Letter required all ALP personnel, by December 20, 2016, to possess a biometrically linked identification card and for 90% of all ALP personnel to be on an approved Tashkil in AHRIMS and enrolled in and using EFT for salary payments. Additionally, the Afghan Uniformed Police (AUP) is to validate there are no payments to ghost ALP personnel. What is the current status of the ALP and AUP in meeting these requirements?
Oct-Sec-18	<p>Please provide the following information on the Ministry assessment system and processes:</p> <ol style="list-style-type: none"> Please provide a recent unclassified assessment of the MOD and MOI as well as the date of the assessments. For each Essential Function, what overall rating is realistic for the MOD and the MOI to obtain by the end of U.S. fiscal year 2017, and where does each ministry stand as of August 31, 2017 (or latest available date)? Please provide a copy of the most recent classified, comprehensive MOD/MOI assessments via SIPR with an “as of” date. We will provide examples of these assessments via NIPR/SIPR.
Oct-Sec-21	<p>Please provide the status of the ANDSF’s medical/health care system as of August 31, 2017 (or latest available date), including:</p> <ol style="list-style-type: none"> please complete the attached ANDSF Medical personnel spreadsheet, or provide the applicable data with an “as of” date total cost of ANDSF medical equipment procured and fielded to date an update on the ANDSF’s medical/health care system, services, and personnel accomplishments this past quarter What is the status of the improvements being made to the Afghan MEDEVAC system? What types of training are being conducted for medical personnel to prevent combat deaths and treat combat woundings?
Oct-Sec-23	<ol style="list-style-type: none"> Please provide information on insider attacks against Coalition Forces and ANDSF casualties, including: <ol style="list-style-type: none"> the number of insider attacks against U.S. military personnel since January 1, 2017. the number of U.S. military personnel wounded or killed as a result of insider attacks since January 1, 2017. the number of insider attacks against ANDSF since January 1, 2017. the number of ANDSF personnel wounded or killed as a result of insider attacks since January 1, 2017. the number of ANDSF personnel killed and wounded since January 1, 2017. What is RS doing at the HQ and corps level to prevent insider attacks (both green-on green and green-on-blue)? Please detail any actions occurring in this regard. What is the status of the investigation into the 209th Corps attack in April? Has it been deemed an insider attack? Please provide any unclassified reports from the investigation or if they are classified, please provide those via SIPR.
Oct-Sec-40	<ol style="list-style-type: none"> Please provide the ANA Corps/Kandak equipment operational readiness (OR) rate. Please provide the goal OR rate is for each ANA corps, and the reasoning for that OR benchmark. If the OR rate is below the benchmark for some corps, please explain why for each corps and what actions are being taken to support the ANDSF to increase the OR rate. Please provide the OR rate or similar metric for the ANP by zone, including the benchmark OR rates by zone. If the rates are below benchmark, please explain why by zone.

APPENDIX E

ABBREVIATIONS AND ACRONYMS

ACRONYM OR ABBREVIATION	DEFINITION
AAEP	Afghanistan Agriculture Extension Project
AAF	Afghan Air Force
AATP	Afghan Aviation Transition Plan
ABADE	Assistance in Building Afghanistan by Developing Enterprises
ABP	Afghan Border Police
ACAP	Afghan Civilian Assistance Program
ACC	Army Contracting Command
ACE	Agricultural Credit Enhancement
ACEP	Afghan Civic Engagement Program
ACJC	Anti-Corruption Justice Center
AD	alternative-development
ADALAT	Assistance for Development of Afghan Legal Access and Transparency
ADB	Asian Development Bank
ADF	Agricultural Development Fund
AERCA	Advancing Effective Reforms for Civic Accountability (formerly Afghanistan Electoral Reform and Civic Advocacy Program)
AFCEC	Air Force Civil Engineer Center
AFLCMC	U.S. Air Force Life Cycle Management Center
AFMIS	Afghan Financial Management Information System
AFN	afghani (currency)
AGO	Attorney General's Office
AHRIMS	Afghan Human Resource Information Management System
AIBA	Afghanistan Independent Bar Association
AIF	Afghanistan Infrastructure Fund
AIP	Annual Inspection Plan
AITF	Afghanistan Infrastructure Trust Fund
ALBA	Assistance to Legislative Bodies of Afghanistan
ALP	Afghan Local Police
AML/CFT	anti-money-laundering/combating the financing of terrorism
ANA	Afghan National Army
ANASOC	ANA Special Command
ANCOP	Afghan National Civil Order Police
ANDSF	Afghan National Defense and Security Forces
ANP	Afghan National Police

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ACRONYM OR ABBREVIATION	DEFINITION
ANPR	Afghanistan National Peace and Reconciliation Strategy
AO	abandoned ordnance
APFM	Afghanistan Public Financial Management program
APPS	Afghan Personnel Pay System
APRP	Afghan Peace and Reintegration Plan
AROC	Afghan Resources Oversight Council
ARP	Afghans Read Program
ARTF	Afghanistan Reconstruction Trust Fund
ASFF	Afghanistan Security Forces Fund
ASSF	Afghan Special Security Forces
ATAR	Afghanistan Trade and Revenue Project
AUP	Afghan Uniform Police
AWDP	Afghanistan Workforce Development Program
AWOL	absent without leave
BADILL	Boost Alternative Development Intervention through Licit Livelihoods
BAF	Bagram Air Field
BELT	Basic Education, Literacy, and Technical-Vocational Education and Training
BPHS	Basic Package of Health Services
BSA	Bank Secrecy Act
BVR	biometric voter-registration
BWT	Basic Warrior Training
CASEVAC	casualty evacuation
CBARD	Community-Based Agriculture and Rural Development Project
CBCMP	Capacity Building and Change Management Program
CBE	Community Based Education
CBR	Capacity Building for Results Program
CERP	Commander's Emergency Response Program
CBTA	Cross-Border Transit Agreement
CHAMP	Commercial Horticulture and Agricultural Marketing Program
CHX	Chlorhexidine
CI	counterintelligence
CID MPFU	U.S. Army Criminal Investigation Division Major Procurement Fraud Unit
CMR	certified mission ready
CMS	Case Management System
CN	Counternarcotics
CNCE	Counter Narcotics Community Engagement
CNPA	Counternarcotics Police of Afghanistan
CoreIMS	Core Information Management System

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ACRONYM OR ABBREVIATION	DEFINITION
COIN	Counterinsurgency
CPMD	Construction and Property Management Department
CPRD	Central Population Registration Department
CSIS	Center for Strategic and International Studies
CSO	civil-society organization
CSSP	Corrections System Support Program
CSTC-A	Combined Security Transition Command-Afghanistan
CTA	Counter-narcotics Central Transfer Account
CTF	Counter Threat Finance
DABS	Da Afghanistan Breshna Sherkat
DCA	Development Credit Authority
DCAR	Delegated Cooperation Agreement
DCIS	Defense Criminal Investigative Service
DEA	Drug Enforcement Administration (U.S.)
DEWS Plus	Disease Early Warning System Plus
DFAC	dining facility
DFID	Department for International Development
DFOW	definable feature of work
DHS	Department of Homeland Security (U.S.)
DHS	Demographic and Health Survey
DIG	Deputy Inspector General
DOD	Department of Defense (U.S.)
DOD CN	Department of Defense Drug Interdiction and Counter-Drug Activities fund (U.S.)
DOD OIG	Department of Defense Office of Inspector General
DOJ	Department of Justice (U.S.)
EAEU	Eurasian Economic Union
ECC	Elections Complaint Commission
ECF	Extended Credit Facility
EF	essential function
EFT	electronic funds-transfer
EMIS	Education Management Information System (Afghan)
EPHS	Essential Package of Hospital Services
ERW	explosive remnants of war
eSAT	expeditionary sustainment advisory team
ESF	Economic Support Fund
EU	European Union
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation

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ACRONYM OR ABBREVIATION	DEFINITION
FE	facility engineer
FinTRACA	Financial Transactions and Reports Analysis Center of Afghanistan
FPIP	fiscal performance improvement plan
FSD	Financial Supervision Department
FY	fiscal year
GAO	Government Accountability Office (U.S.)
GBI	Global Broadband and Innovation
GCPSU	General Command Police Special Unit
GDP	gross domestic product
GDPDC	General Directorate of Prisons and Detention Centers
GEC	Girls' Education Challenge Program
GFCI	ground-fault circuit interrupter
GIROA	Government of the Islamic Republic of Afghanistan
GLE	Governor-Led Eradication
GMIC	Government Media and Information Center
GOOD	Gender Occupational Opportunity Development
GPI	Good Performer's Initiative
GRAIN	Grain Research and Innovation
GVHR	gross violations of human rights
HEMAYAT	Helping Mothers and Children Thrive
HIG	Hezb-e Islami Gulbuddin
HOOAC	High Office of Oversight for Anti-Corruption (Afghan)
HPC	High Peace Council
HQ	headquarters
HRW	Human Rights Watch
HSR	Health Sector Resiliency
HSSB	Headquarters Security and Support Brigade
IARCSC	Independent Administrative Reform and Civil Service Commission
ICE	U.S. Immigrations and Customs Enforcement
ICRC	International Committee of the Red Cross
IEC	Independent Election Commission (Afghan)
IED	improvised explosive device
IG	inspector general
IHSAN	Initiative for Hygiene, Sanitation, and Nutrition
IMF	International Monetary Fund
IMSMA	Information Management System for Mine Action
INCLE	International Narcotics Control and Law Enforcement (U.S.)
INL	Bureau of International Narcotics and Law Enforcement Affairs (U.S.)

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ACRONYM OR ABBREVIATION	DEFINITION
IOM	International Organization for Migration
ITSI	Innovative Technical Solutions Inc.
IRD	International Relief and Development Inc.
IS-K	Islamic State Khorasan Province
ISLA	Initiative to Strengthen Local Administrations Program
IWA	Integrity Watch Afghanistan
JRD	Juvenile Rehabilitation Directorate
JSSP	Justice Sector Support Program (State)
JTTP	Justice Training Transition Program (State)
JWIP	Judicial Wire Intercept Program
KAF	Kandahar Air Field
KBR	Kabul Bank Receivership Organization
KFZ	Kandahar Food Zone
kg	kilograms
KMTC	Kabul Military Training Center
kWh	kilowatt-hours
LLP	Lessons Learned Program
LOTFA	Law and Order Trust Fund for Afghanistan
MAIL	Ministry of Agriculture, Irrigation and Livestock (Afghan)
MASV	Medium Armored Security Vehicle
MCN	Ministry of Counter-Narcotics (Afghan)
MCTF	Major Crimes Task Force
MEC	Monitoring and Evaluation Committee (Afghan)
MEDCOM	Medical Command
MEDEVAC	medical evacuation
MICP	Ministerial Internal Control Program
MIDAS	Mining Investment and Development for Afghan Stability
MIS	Management Information System
MHM	Mayer Hoffman McCann
MOD	Ministry of Defense (Afghan)
MOE	Minister of Education (Afghan)
MOEc	Ministry of Economy (Afghan)
MOF	Ministry of Finance (Afghan)
MOHE	Ministry of Higher Education (Afghan)
MOI	Ministry of Interior (Afghan)
MOI HQ & IS	Ministry of Interior Headquarters and Institutional Support (Afghan)
MOJ	Ministry of Justice (Afghan)
MOMP	Ministry of Mines and Petroleum (Afghan)

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ACRONYM OR ABBREVIATION	DEFINITION
MOPH	Ministry of Public Health (Afghan)
MOPW	Ministry of Public Works (Afghan)
MORR	Ministry of Refugees and Repatriation
MPD	MOI and Police Development project
MSB	money service businesses
MSFV	Mobile Strike Force Vehicle
MUNCH	Mothers Under-Five Nutrition and Child Health Program
NATO	North Atlantic Treaty Organization
NDP	New Development Partnership
NEI	Northern Electrical Interconnect
NEPS	Northeast Power System
NGO	nongovernmental organization
NIU	National Interdiction Unit
NPA	National Procurement Authority
NPC	National Procurement Commission
NPP	national priority program
NSOCC-A	NATO Special Operations Component Command-Afghanistan
O&M	operations and maintenance
OCHA	Office for the Coordination of Humanitarian Affairs
OFS	Operation Freedom's Sentinel
OIG	Office of the Inspector General
OR	operational readiness
OTA	Office of Technical Assistance (U.S. Treasury)
OTSG	Office of the Surgeon General
PAI	Personnel Asset Inventory
PCC	Pre-Command Course
PEEL	Program Evaluation for Effective Learning
PJC	Provincial Justice Center
PM/WRA	Bureau of Political-Military Affairs' Office of Weapons Removal and Abatement (State)
POAM	Program of Actions & Milestones
PPC	Provincial Peace Committee
PRA	Peace and Reconciliation in Afghanistan
PTEC	Power Transmission Expansion and Connectivity
RADP	Regional Agriculture Development Program
RC	Recurrent Cost
REA	request for equitable adjustment
RMTC	Regional Maneuver Training Center

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ACRONYM OR ABBREVIATION	DEFINITION
RS	Resolute Support
RSSP	Road Sector Sustainability Program
SAAF	Strengthening Afghan Agricultural Faculties
SCI	Save the Children
SCIP	Security Cooperation Information Portal
SCO	Shanghai Cooperation Organization
SCSP	Strategic Communication Support to the Palace
SEHAT	System Enhancement for Health Action in Transition
SEPS	Southeast Power System
SGGA	Sheberghan Gas Generation Activity
SHAHAR	Strong Hubs for Afghan Hope and Resilience
SHOPS Plus	Sustaining Health Outcomes through the Private Sector
SIU	Sensitive Investigation Unit
SMAF	Self-Reliance through Mutual Accountability Framework
SMART	specific, measurable, achievable, realistic, and time-bound
SMW	Special Mission Wing (Afghan)
SNC	Sierra Nevada Corp.
SOA	statement of assurance
SOF	Special Operations Forces
SOM	Senior Officials Meeting
SPA	Strategic Partnership Agreement
SPFS	Special Purpose Financial Statement
SPM	Support to Payroll Management
SPS	Strengthening Pharmaceutical Systems
SRAP	Special Representative for Afghanistan and Pakistan
SSA	Security-Sector Assistance
State OIG	Department of State Office of the Inspector General
SWIM	Strengthening Watershed and Irrigation Management
TAA	train, advise, and assist
TAAC	train, advise, and assist command
TA-MOPW	Technical Assistance for the Ministry of Public Works Project
TFBSO	Task Force for Business and Stability Operations
TIU	Technical Investigative Unit
TMAF	Tokyo Mutual Accountability Framework
TSA	Treasury Single Account
TTHS	Trainee, Transient, Holdee, and Students
UAE	United Arab Emirates
UN	United Nations

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ACRONYM OR ABBREVIATION	DEFINITION
UNAMA	UN Assistance Mission in Afghanistan
UNDP	UN Development Programme
UNMAS	UN Mine Action Service
UNODC	UN Office on Drugs and Crime
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	USAID Office of the Inspector General
USCIS	U.S. Citizenship and Immigration Services
USFOR-A	U.S. Forces-Afghanistan
USGS	United States Geological Survey
USWDP	University Support and Workforce Development
UXO	unexploded ordnance
WIE	Women in the Economy Project
WPP	Women's Participation Projects
WTO	World Trade Organization

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Farmers' fields extend from a village in the Badakhshan region of northeast Afghanistan. (Flickr photo by Ricardo Mangual)

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