



# SIGAR

Testimony

Before the Subcommittee on National Security

Committee on Oversight and Reform

U.S. House of Representatives

## High-Risk U.S. Reconstruction Program Areas in Afghanistan

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Chairman Lynch, Ranking Member Hice, Members of the Subcommittee:

Thank you for inviting me to testify. My remarks today concern the cautions set forth in the new 2019 edition of the *High-Risk List* from my agency, the Special Inspector General for Afghanistan Reconstruction, or SIGAR.<sup>1</sup>

Some of you will recall the earlier versions of the *High-Risk List* that we issued in 2014 and 2017 for consideration by Congress and by the Secretaries of State and Defense. Like those reports, the 2019 edition calls attention to areas of the U.S. reconstruction effort in Afghanistan that are at serious risk of waste, fraud, abuse, mismanagement, and even program failure. With negotiations underway that could lead to the end of America's longest war, this report differs from our prior two reports by identifying risks to the reconstruction effort that might persist or arise in the event of a hoped-for peace agreement.

Congress has appropriated more than \$132 billion for Afghanistan reconstruction since 2002, of which approximately \$10.8 billion remains to be disbursed.<sup>2</sup> Given U.S. statements of policy over three administrations and the very limited financial capacity of Afghanistan's government, it appears likely that billions more will follow in the years ahead.

The Afghan people and Afghanistan's international partners would certainly welcome a peace agreement. But such an agreement could lead to unintended challenges for the reconstruction efforts made over the past 17 years by the United States, Coalition partners, and the Afghan government. These "day after" risks could threaten U.S. taxpayers' investment in Afghanistan, set back humanitarian and development programs, undermine Afghan government support, or even lay the grounds for new or resumed discord. In short, they could frustrate the shared goal of a stable Afghanistan at peace with itself and its neighbors, and which respects the rule of law and human rights.

I will stress that SIGAR takes no position on whether a peace agreement is achievable, imminent, or practicable. Nor are we predicting or speculating in what context or scenarios a deal might emerge, or what provisions it would or should include. What we are doing is using our years of oversight work in Afghanistan to anticipate ways in which high risks to reconstruction success could continue past the date of a peace settlement.

An old maxim says failing to plan is planning to fail. Lawmakers, policymakers, and implementing agencies should be aware of risks that continue or arise in the days, weeks, months, and years after any peace agreement is reached. We hope the 2019 *High-Risk List* will help inform efforts to prepare for "the day after."

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<sup>1</sup> SIGAR, *High-Risk List*, 3/2019 (hereafter "HRL 2019"). This and other SIGAR products are online at <https://www.sigar.mil>.

<sup>2</sup> SIGAR, *Quarterly Report to the United States Congress*, 1/30/2019, p. 43.

The new *High-Risk List* focuses on program areas and elements of the reconstruction effort that are: (1) essential to success; (2) at risk of significant and large-scale failure due to waste, fraud, or abuse; and (3) subject to the control or influence of the U.S. government. Applying these criteria, SIGAR identified eight high-risk areas:<sup>3</sup>

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

Three of these areas—economic growth, women’s rights, and reintegration—are new to the *High-Risk List*. Additionally, the critical issue of sustainability appears as a facet of each high-risk area. Sustainability is a long-standing concern in reconstruction: shortcomings in finance, staffing, institutional capacity, technology and technical skills, political will, and other issues individually or in combination can undermine the Afghan government’s ability to maintain programs once foreign support has decreased or withdrawn.

Before I elaborate on the high-risk areas, I will say a few words about SIGAR.

## **SIGAR AND ITS WORK**

Congress created SIGAR in 2008 with the mandate to conduct audits and investigations and to report to Congress and the Administration on U.S. reconstruction efforts in Afghanistan, including making recommendations for improvements.<sup>4</sup> Following my appointment by President Obama, I have led SIGAR since July 2012.

SIGAR is uniquely independent. It is not housed within any one agency, and is the only Inspector General authorized to report on *all* aspects of reconstruction in Afghanistan, regardless of federal departmental boundaries. Our home base is in Arlington, Virginia, but we also have about 30 staff, including auditors and investigators, stationed in Afghanistan.

In addition to audits and investigations, SIGAR publishes quarterly reports, reports from its Office of Special Projects and reports from its Lesson Learned Program. As of March 2019,

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<sup>3</sup> HRL 2019, p. 9.

<sup>4</sup> Pub. L. No. 110-181, Section 1229(a) (2008).

SIGAR's oversight work has identified some \$2.6 billion in savings and recoveries for U.S. taxpayers.<sup>5</sup>

### *Nature and scope of reconstruction*

The closest thing to a definition of Afghanistan reconstruction is the federal law that tasks SIGAR with reporting on projects and programs using "any funding mechanism" that supports "any of the following purposes: (A) To build or rebuild physical infrastructure of Afghanistan. (B) To establish or reestablish a political or societal institution of Afghanistan. (C) To provide products or services to the people of Afghanistan."<sup>6</sup> Additionally, SIGAR is to report on the "operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan."<sup>7</sup>

As the statutory language suggests, U.S. reconstruction programs in Afghanistan encompass a wide variety of activities, including supporting Afghan security forces, bolstering the government's institutional capacity, expanding energy and transportation infrastructure, building schools and clinics, training teachers and health-care workers, and promoting business development and the country's export potential. Total appropriations for reconstruction and related costs since FY 2002 stood at roughly \$132 billion as of December 31, 2018.<sup>8</sup>

Of that amount, about 63% of all reconstruction funding, or \$83.1 billion since 2001, has gone to build up the Afghan National Defense and Security Forces (ANDSF).<sup>9</sup> The funds have been mostly used to provide salaries, infrastructure, equipment, and training for the approximately 309,000 members of the ANDSF.<sup>10</sup>

Another \$33.9 billion in U.S. funds has been appropriated since FY 2002 for governance and economic development, or 26% of reconstruction spending.<sup>11</sup> One goal of the U.S. mission in Afghanistan remains to promote economic development by advancing private-sector-led export growth and job creation, and by bolstering gains in health, education, and women's empowerment.<sup>12</sup>

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<sup>5</sup> SIGAR analysis.

<sup>6</sup> Pub. L. No. 110-181, Section 1229 (i)(2).

<sup>7</sup> Pub. L. No. 110-181, Section 1229, (i)(1)(E).

<sup>8</sup> SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 45.

<sup>9</sup> SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 224.

<sup>10</sup> SIGAR, Quarterly Report to the United States Congress, 1/30/2019, pp. 50–53, 79.

<sup>11</sup> SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 224.

<sup>12</sup> SIGAR, Quarterly Report to the United States Congress, 10/30/2018, p. 135.

As a subset of security, governance, and development funding, about \$8.9 billion has been appropriated for counternarcotics programs since 2002 or nearly 7% of total reconstruction funds.<sup>13</sup>

Most of the remaining reconstruction spending has gone to support civilian operations, humanitarian initiatives, and anticorruption activities.

Congress and the Administration will decide to what extent reconstruction will continue if a peace settlement is reached in Afghanistan. Although Afghanistan's leaders have often stated that their goal is self-reliance, Afghanistan is nowhere near to being able to fund its current government—in particular, its military and police—with its own resources. Donor countries are expected to finance approximately 51% of Afghanistan's 2019 national government spending of \$5.0 billion, mostly through grants.<sup>14</sup>

The United States has pledged in the past to continue reconstruction. At the July 2018 NATO Summit in Brussels, NATO allies agreed to extend their financial sustainment of the ANDSF through 2024.<sup>15</sup> At the November 2018 Geneva Conference on Afghanistan, international donors reaffirmed their intent to provide \$15.2 billion for Afghanistan's development priorities up to 2020, and to direct continuing, but gradually declining, financial support to Afghanistan's social and economic development up to 2024.<sup>16</sup>

### *The need for reconstruction oversight*

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

Corruption continues to be a challenge. Although the Afghan government has begun to implement an anticorruption strategy, SIGAR has found that significant problems remain to be addressed.<sup>17</sup> In a January 2019 report covering July–September 2018, the U.S. Department of Justice said the Afghan government is slow to prosecute stalled corruption cases and has a poor record of prosecuting powerful and influential actors.<sup>18</sup> In addition, the nongovernmental organization Transparency International has consistently reported that

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<sup>13</sup> SIGAR, *Quarterly Report to the United States Congress*, 1/30/2019, p. 218. SIGAR Analysis.

<sup>14</sup> IMF, Country Report No. 18/359, December 2018, p. 25. SIGAR Analysis.

<sup>15</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, p. 2.

<sup>16</sup> "Geneva Conference on Afghanistan: Joint Communiqué," 11/28/2018, pp. 1, 5–6.

<sup>17</sup> SIGAR, *Afghanistan's Anti-Corruption Efforts: The Afghan Government Has Begun to Implement an Anti-Corruption Strategy, but Significant Problems Must be Addressed*, SIGAR-AR-51, 5/2018.

<sup>18</sup> SIGAR, *Quarterly Report to the United States Congress*, 1/30/2019, pp. 130–131.

Afghanistan is perceived by experts and business people as one of the most corrupt countries in the world.<sup>19</sup>

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

With that overview in mind, I will proceed to summarize the *High-Risk List’s* discussion of the risk areas. I will explain why SIGAR considers each area to be a high risk, then review the questions for policymakers that we believe should be considered for each area. The full text of the *High-Risk List*, available online at [www.sigar.mil](http://www.sigar.mil), also offers detail on specific oversight products from SIGAR that provide background on the risk factors cited. I would also note that the ordering of the high-risk areas is not an indicator of relative importance; each high risk has the potential to wreak grievous or possibly fatal harm to the goals of overall reconstruction effort in Afghanistan and even to the viability of the Afghan nation-state.

## High-Risk Area: Widespread Insecurity

### Why it is a high risk

Since 2001, the main goal of the U.S. intervention in Afghanistan has been to prevent the country from reverting to a safe haven for al-Qaeda and other extremist groups that threaten the United States and other countries.<sup>20</sup> To that end, the United States has sought over the past 17 years to build up the Afghan National Defense and Security Forces (ANDSF) so that they can protect the Afghan population and expel terrorist groups. Of the \$132.3 billion the United States has appropriated for Afghanistan reconstruction since FY 2002 (as of December 31, 2018), \$83.1 billion (63%), has gone toward building, equipping, training,

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<sup>19</sup> The organization has posted copies of its *Corruption Perceptions Index*, begun in 1995, online at <http://www.transparency.org/research/cpi/overview>

<sup>20</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, pp. 8–9.

and sustaining the ANDSF, with the ultimate goal of creating a more effective and sustainable security force.<sup>21</sup>

The most enduring threat to the Afghan reconstruction effort, and to the U.S. taxpayer's investment in that effort, has been an ongoing and resilient insurgency and the presence in Afghanistan of terrorist groups such as Islamic State-Khorasan (IS-K). According to the NATO Resolute Support (RS) mission, control of Afghanistan's districts, population, and territory has become more contested over the last two years, resulting in a stalemated battlefield environment between the ANDSF and the insurgency.<sup>22</sup>

With the appointment of the Special Representative for Afghanistan Reconciliation Zalmay Khalilzad in September 2018, the Trump administration further articulated that the United States' goal is to "explor[e] how best to reach a negotiated settlement to the conflict . . . [and] to support, facilitate, and participate in a peace process in Afghanistan."<sup>23</sup>

With or without a sustainable peace settlement or a local or nationwide ceasefire between the Taliban and the ANDSF, Afghanistan will continue to need a security force to protect the Afghan population from internal and external threats, provide a policing function to respond to criminal activity, and control its borders. Any political settlement entails the risk that not all subordinate groups will abide by an agreement made by their organization's leadership.

The ANDSF will also continue to be constrained by capability and sustainability challenges. In a post-settlement environment, depending on the terms of an agreement, there may also be the challenge of integrating former Taliban fighters into the national security forces and society (see the reintegration section of this testimony). These issues could become more acute should international financial and military support decline sharply before, during, or after peace talks between the Afghan government and the Taliban. When asked in a congressional hearing on March 7, 2019, whether the ANDSF could independently secure Afghanistan without a peace deal between the Afghan government and the Taliban, Commander of United States Central Command General Joseph Votel said, "My assessment is the Afghan forces are dependent upon the Coalition support that we provide to them."<sup>24</sup>

Since the last *High-Risk List* in January 2017, SIGAR has published numerous oversight products on Afghanistan's security institutions and has reported new developments in its quarterly reports to Congress. Of those, SIGAR's most comprehensive effort is the Lessons

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<sup>21</sup> DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2018," Revised 1/17/2018; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts September 2016," 9/21/2016; SIGAR, Quarterly Report to the United States Congress, 1/30/2019, pp. 51–53, Appendix B.

<sup>22</sup> RS, response to SIGAR data call, 12/20/2018; SIGAR, analysis of RS-provided data, 2/2019.

<sup>23</sup> State, "Special Representative for Afghanistan Reconciliation Zalmay Khalilzad Travel to Afghanistan, Pakistan, the United Arab Emirates, Qatar, and Saudi Arabia," 10/3/2018.

<sup>24</sup> General Joseph L. Votel, spoken testimony to the House Armed Services Committee, "National Security Challenges and U.S. Military Activities in the Greater Middle East and Africa," 3/7/2019.



Learned Program report, *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*. That 2017 SIGAR product presented key findings, including that the U.S. government was not properly prepared from the outset to help build an Afghan army and police force capable of protecting Afghanistan from internal and external threats and preventing the country from becoming a terrorist safe haven. SIGAR found that the U.S. government lacked a comprehensive approach to security-sector assistance and a coordinating body to successfully implement whole-of-government programs that were necessary to develop a capable and self-sustaining ANDSF.<sup>25</sup>

According to DOD, RS, and U.S. Forces-Afghanistan (USFOR-A), the ANDSF currently face critical capability gaps in key areas that hinder the force's effectiveness and readiness and may continue to do so in the future, including:

*Force manning: recruiting, retention, and attrition:* As of October 30, 2018, the ANDSF's assigned (actual) force strength was 308,693 personnel (not including civilians), including 190,753 in the Afghan National Army (ANA) and AAF, and 117,940 in the Afghan National Police (ANP).<sup>26</sup> The latest ANDSF strength figure shows that the force's strength has decreased by 9,016 personnel since the January 2017 *High-Risk List* (data as of August 2016).<sup>27</sup> The ANDSF was at 87.7% of its authorized (goal) strength in October 2018, down from 90.3% since the 2017 *High-Risk List* (data as of August 2016). This means that the ANA is 36,621 personnel below its authorized strength of 227,374, and the ANP is 6,686 personnel below its authorized strength of 124,626.<sup>28</sup>

Decreased personnel strength is a result of attrition outpacing recruitment. In December 2018, DOD identified problems arising from ANDSF recruiting shortfalls and conventional ANA force retention. These included decreased force strength, undermanned basic-training courses and delays in course start dates, and a reduced pipeline of trained personnel joining their units. DOD reported that the number of personnel dropped from the rolls significantly impacts ANA attrition. Personnel dropped from the rolls are soldiers and police who leave the force prior to the end of their contracts, for example deserting or being absent without leave (AWOL) for over one month.<sup>29</sup>

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<sup>25</sup> SIGAR, Executive Summary, *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*, 9/2017, i.

<sup>26</sup> CSTC-A, response to SIGAR data call, 12/20/2018; SIGAR, analysis of CSTC-A-provided data, 1/2019.

<sup>27</sup> CSTC-A, response to SIGAR data call, 12/20/2018 and response to SIGAR vetting, 10/9/2016; SIGAR, analysis of CSTC-A-provided data, 3/2019.

<sup>28</sup> CSTC-A, response to SIGAR data call, 12/20/2018 and response to SIGAR vetting, 10/9/2016; SIGAR, analysis of CSTC-A-provided data, 3/2019.

<sup>29</sup> RS, response to SIGAR vetting, 10/11/2018 and response to SIGAR data call, 12/20/2018; DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, p. 69.



Casualties (those injured or killed in action) also contribute to ANDSF attrition rates. On January 24, 2019, Afghan President Ashraf Ghani said that about 45,000 Afghan security personnel have been killed since he became president in September 2014. That number indicates that in those roughly 53 months, around 849 Afghan security personnel have been killed per month on average, or approximately 28 per day.<sup>30</sup> RS told SIGAR in October 2018 that “From the period of May 1 to the most current data as of October 1, 2018, the average number of casualties the ANDSF has suffered is the greatest it has ever been in like periods.”<sup>31</sup>

With insufficient personnel, the ANDSF are less able to provide security to the Afghan population, are increasingly vulnerable to enemy attacks, and are at risk of incurring higher casualties. These issues make the force less sustainable in the long term and less capable of conducting its mission successfully.

*Personnel accountability and pay systems:* The ANDSF also struggles to accurately pay and account for its personnel. Since the beginning of the RS mission in January 2015, U.S. and Coalition personnel had scant presence at the lower tactical levels of the ANDSF, forcing the mission to rely on unverifiable Afghan personnel reporting.<sup>32</sup> Over the past two years, RS advisors have worked to reduce their reliance on manual Afghan personnel reporting by implementing the Afghan Personnel and Pay System (APPS), in which ANDSF personnel are biometrically enrolled and through which their salaries are paid. This system was developed to streamline personnel accountability and payroll into one centralized, electronic database.<sup>33</sup> According to USFOR-A, as of December 2018, the APPS system has been delivered to and is fully capable for use by both the ANA and the ANP, but only 84% of ANA personnel (including civilians) and 60% of ANP personnel were enrolled into the system, matched to authorized positions, and met the minimum data-input requirements to be paid. Both forces’ enrollment rates in APPS have been steadily, albeit slowly, improving.<sup>34</sup> SIGAR is currently investigating a number of “ghost worker” schemes at this time, with the cooperation of CSTC-A, that continue to highlight serious vulnerabilities in the various payroll systems of both the ANP and ANA. In addition, SIGAR is planning to conduct two in-depth audits of the processes and systems the Ministries of Defense and Interior use to pay ANA

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<sup>30</sup> Office of the President of the Islamic Republic of Afghanistan, “CNN Anchor, Fareed Zakaria’s Conversation With President Mohammad Ashraf Ghani During World Economic Forum’s Annual Meeting (2019) in Davos, Switzerland,” 1/25/2019.

<sup>31</sup> RS, response to SIGAR vetting, 10/11/2018.

<sup>32</sup> DOD, Enhancing Security and Stability in Afghanistan, 12/2018, p. 7; CSTC-A, response to SIGAR data call, 9/20/2018.

<sup>33</sup> OSD-P, response to SIGAR vetting, 7/14/2017 and 1/15/2018; SIGAR, Quarterly Report to the United States Congress, 1/30/2017, p. 100.

<sup>34</sup> DOD, Enhancing Security and Stability in Afghanistan, 12/2018, p. 48.

and ANP personnel in order to highlight necessary reforms to protect U.S. taxpayers. Coalition advisors estimate that it will take six more months for the ANA and another year for the ANP to fully transition to APPS for force strength reporting.<sup>35</sup>

*Logistics and maintenance:* The MOD and MOI face key logistics and maintenance challenges, one of which is the implementation and maintenance of their electronic equipment-inventory and repair-status system, Core Inventory Management System (CoreIMS). According to DOD in December 2018, overall, MOD and MOI logisticians require persistent RS advisor attention, and their problems conducting national logistics planning remain “a vulnerability to the mission.”<sup>36</sup> The 2018 deployment of the 1st Security Force Assistance Brigade, which advised the ANDSF at the tactical level, provided greater insights into the force’s maintenance and logistics issues.<sup>37</sup> The ANDSF are also not yet capable of independently maintaining their U.S.-provided vehicles and other equipment. While the ANA and ANP increased their share of vehicle-maintenance responsibility in 2018, as of November, the ANA was responsible for 51.1% of vehicle maintenance and the ANP only 15.9%.<sup>38</sup>

*Institutional training:* DOD reported in December 2018 that institutional and professional training for ANDSF personnel, coordinated at the national and regional levels (i.e., above corps or zone levels), are at a relatively nascent phase. DOD reports that despite RS advisory efforts, strong training institutions have not emerged, particularly within MOI.<sup>39</sup>

*Persistent threat from Islamic State:* Although U.S. officials have consistently asserted that Islamic State Khorasan (IS-K), the Islamic State affiliate in Afghanistan, has been degraded on multiple fronts, the group poses a greater security threat to the Afghan people and security forces than it did in 2016.<sup>40</sup> Since the 2017 *High-Risk List*, IS-K has gone from being concentrated in a few districts in Nangarhar Province in eastern Afghanistan to having a limited presence in two other provinces—Kunar and Jowzjan.<sup>41</sup> As the terrorist group has not been defeated, is not a party to peace negotiations, and continues to execute high-casualty attacks in major Afghan population centers, it remains a force to be reckoned with.

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<sup>35</sup> CSTC-A, response to SIGAR vetting, 1/14/2019.

<sup>36</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, pp. 64–65, 94–95.

<sup>37</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, pp. 52, 63–64.

<sup>38</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, pp. 64–65, 94–95.

<sup>39</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, pp. 62–63, 93.

<sup>40</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, p. 9; UN, report of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security*, 3/7/2016.

<sup>41</sup> UN, *Protection of Civilians in Armed Conflict Annual Report 2018*, 2/2019, p. 60; UN, report of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security*, 3/7/2016.

*Stalemated control of districts, population, and territory:* The stalemated battlefield situation between the ANDSF and the Taliban is another risk, as the intensity of fighting has increased and both sides have incurred more casualties as they seek greater leverage at the negotiating table.<sup>42</sup> If negotiators fail to secure a peace agreement, the ANDSF will be hard pressed to increase its control over Afghanistan’s population, districts, and territory. The one major unclassified metric RS has provided SIGAR to track the status of the battlefield environment—Afghan and insurgent control of districts, population, and territory—shows that the ANDSF has not substantially increased its control of the country since the January 2017 High-Risk List. From November 2016 through October 2018, Afghan government control and influence over its districts ranged between 54–60%. Over the same period, the Afghan government controlled or influenced between 64–66% of the population.<sup>43</sup>

DOD’s position on control metrics has shifted since 2017. DOD’s stated goal in November 2017 was for the Afghan government to control or influence 80% of the population by the end of 2019.<sup>44</sup> However, in January 2019, DOD and RS told SIGAR that control data is no longer used as an indicator of the success of the South Asia strategy because varying control data may reflect “uncertainty in the models that produce them,” and “the assessments that underlie [the data] are to a degree subjective.”<sup>45</sup> RS further stated that the stalemate observed in the control data over the course of at least a year supports diplomatic efforts between the parties to the conflict: “One necessary condition is the perception by both sides that the conflict is in a military stalemate. Alternately, they cannot believe they will attain their goals with continued fighting.”<sup>46</sup>

### Questions for policymakers

- What would the American contribution to any ongoing train, advise, and assist effort for the ANDSF be in a post-peace deal environment when the active insurgent threat to the ANDSF might be reduced or significantly diminished?
- If the United States were to drastically decrease its train, advise, and assist mission, how might DOD continue to ensure the ANDSF is capable of

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<sup>42</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, p. 1.

<sup>43</sup> RS, response to SIGAR data call, 12/20/2018; SIGAR, analysis of RS-provided data, 2/2019.

<sup>44</sup> DOD, “Department of Defense Press Briefing by General Nicholson via Teleconference from Kabul, Afghanistan,” 11/28/2018.

<sup>45</sup> DOD, response to SIGAR vetting, 1/15/2019.

<sup>46</sup> DOD, response to SIGAR vetting, 1/15/2019.

defending Afghanistan and ensure U.S. national security interests in the region are protected?

- In a possible post-peace deal environment, if the United States had a reduced role in training, advising, and assisting the ANDSF and/or providing less financial and military support to it, what would be the risks to the gains made in key areas, such as the expansion and improvement of the Afghan Air Force and the Afghan Special Security Forces?
- Are the various ANDSF components properly trained and equipped to function in peacekeeping and other roles required in a post-reconciliation environment? What type of future investment, financial and otherwise, would the United States need to make to ensure the ANDSF components function in these various capacities?
- In a possible post-settlement environment, how would former Taliban fighters be integrated into the ANDSF?
- Are U.S.-funded materiel (such as vehicles and aircraft) and computer-based technology programs (such as APPS and CoreIMS) independently sustainable by the ANDSF? If not, what is the plan to address this and what are the projected dates for when the ANDSF will be capable of sustaining them?

## HIGH-RISK AREA: Underdeveloped Civil Policing Capability

### Why it is a high risk

With the possibility of a peace settlement coming into view, and based upon SIGAR's work to date, there is no comprehensive strategy for how the United States and Coalition partners will align its nationwide police advising mission to support Afghan rule of law and civil policing.<sup>47</sup> Throughout the reconstruction effort, the United States has placed more emphasis on reconstructing the Afghan National Army (ANA) than on the Afghan National Police (ANP). For years, the ANP were used to provide paramilitary support to ANA counterinsurgency rather than performing core police functions.<sup>48</sup>

Following a political settlement, Afghan police, rather than the army, are likely to be *the* element responsible for everyday security and will serve as a direct link to the Afghan

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<sup>47</sup> SIGAR, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*, SIGAR 16-62-LL, 9/2017, viii-ix, pp. 122–123.

<sup>48</sup> SIGAR, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*, SIGAR 16-62-LL, 9/2017, viii-xix, pp. 122-123.

government in local communities. The underdeveloped civil policing capabilities of the ANP thus presents a risk to long-term stability of the Afghan government.<sup>49</sup>

A substantial monetary investment is also at risk. As of December 31, 2018, the United States had obligated \$21.3 billion and disbursed \$21.0 billion from the Afghanistan Security Forces Fund (ASFF) to build, train, equip, and sustain the ANP. The total cost for ANP sustainment in fiscal year (FY) 2019 is approximately \$1.1 billion. Of this, the United States will contribute roughly \$500 million. The Afghan government will pay roughly \$207 million, which is approximately 19% of the necessary yearly ANP sustainment, and an expenditure equivalent to 8% of Afghan government revenues collected in FY 2018 (\$2.5 billion).<sup>50</sup>

The NATO Trust Fund at \$40 million and the UN-administered Law and Order Trust Fund for Afghanistan (LOTFA) at \$370 million will contribute the rest.<sup>51</sup> Unlike the ANA, a significant share of ANP personnel costs are paid through LOTFA, to which the United States has historically been the largest contributor, although not in FY 2018. The LOTFA mechanism relieves some financial pressure on the United States by spreading the ANP funding burden to the Coalition.<sup>52</sup>

SIGAR's 2017 lessons-learned report, *Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan*, found that police development was treated as a secondary mission for the U.S. government, despite the critical role that ANP was intended to play in implementing rule of law and providing static, local-level security nationwide. The U.S. military aligned its military-to-military engagements with the ANA, but there was no similar symmetry between U.S. civilian law enforcement entities and the ANP.<sup>53</sup>

SIGAR also found that the United States lacks an institutionalized capability to develop foreign police forces in a high-threat environment. Police advising is not a core competency of the U.S. military and therefore DOD does not have the required authorities, funding and personnel to manage the police advising mission in Afghanistan. By law, the State Department is the lead agency responsible for foreign police development, but is not able to

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<sup>49</sup> SIGAR, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*, SIGAR 16-62-LL, 9/2017, viii-xix; SIGAR conclusion based on analysis of available data sources, 3/2019.

<sup>50</sup> DOD, Justification for FY 2019 Overseas Contingency Operations (OCO) Afghanistan Security Forces Fund, pp. 48, 117–118; SIGAR, *Quarterly Report to the United States Congress*, 1/2019, pp. 52, 96; SIGAR analysis of USAID-provided AFMIS data exported 1/12/2019.

<sup>51</sup> DOD, Justification for FY 2019 Overseas Contingency Operations (OCO) Afghanistan Security Forces Fund, pp. 48, 117–118; SIGAR, *Quarterly Report to the United States Congress*, 1/2019, p. 52.

<sup>52</sup> SIGAR, *Quarterly Report to the United States Congress*, 1/2019, p. 68.

<sup>53</sup> SIGAR, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*, SIGAR 16-62-LL, 9/2017, ix, p. 169.

operate freely in a non-permissive environment. The Department of Justice has a program to train foreign police forces—the International Criminal Investigative Training Assistance Program (ICITAP). However, ICITAP has no independent funding or operational authority and must fully rely on State or DOD funding.<sup>54</sup> NATO itself does not have a police advising capability, although efforts are underway to create a capability to deploy professional police advisors in future NATO operations. The concept is pending review and approval.<sup>55</sup>

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

Some important metrics imply that the ANP since January 2017 has adapted to and is sustaining itself within the ongoing counterinsurgency strategy. But improvements in the ANP’s counterinsurgency tactics may run counter to the requirements for post-peace settlement civil policing, requirements that peace is kept through the rule of law—warrants, arrests, and prosecutions—rather than through the military expediency of counterinsurgency operations.<sup>56</sup> Effective policing will require a force that gives citizens the presumption of innocence rather than anticipating and taking preemptive offensive operations against perceived threats. U.S. agencies, such as the Justice Department, lack the personnel numbers and paramilitary strength to accompany ANP trainees into high-threat districts.<sup>57</sup>

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

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<sup>54</sup> SIGAR, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*, SIGAR 16-62-LL, 9/2017, p. 182.

<sup>55</sup> SIGAR, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*, SIGAR 16-62-LL, 9/2017, viii–xix; SIGAR analysis of the NATO Military Police Centre of Excellence website ([www.mpcoc.org](http://www.mpcoc.org)), accessed 3/2019.

<sup>56</sup> DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, p. 42; ACLED, South Asia 2016–Present dataset, 1/1/2017–1/31/2019, accessed online on 2/13/2019, available at <https://www.acleddata.com>; SIGAR, *High-Risk List*, 1/2017, p. 17; SIGAR, *Quarterly Report to the United States Congress*, 1/2017, p. 110; SIGAR, *Quarterly Report to the United States Congress*, 1/2019, pp. 81–82, 96–97; SIGAR analysis 2/2019.

<sup>57</sup> SIGAR, *Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan*, SIGAR 16-62-LL, 9/2017, p. 182; SIGAR, *Quarterly Report to the United States Congress*, 1/2017; Stars and Stripes, “EU police mission in Afghanistan to end; police more involved in fighting than policing,” 12/29/2016.



## Questions for policymakers

- Given the lack of U.S. emphasis on civil policing in Afghanistan since 2001, what is the U.S. strategy for coordinating with allies and the Afghan government to implement professional civil policing?
- The Afghan government generated approximately \$2.5 billion in domestic revenues in FY 2018. Currently, ANP sustainment costs for FY 2019 are about \$1.1 billion, of which the Afghan government is scheduled to contribute \$207 million from its domestic revenues (the rest of ANP sustainment costs are covered by the U.S. and Coalition nations). In a post-reconciliation environment, how can the ANP be sustained at a cost of \$1.1 billion a year?
- U.S., Afghan, and Coalition officials and researchers have accused the ANP of multiple types of corruption, including corruption related to narcotics trafficking and reconstruction contracting.<sup>58</sup> In a post-reconciliation environment in which the drawdown in U.S. and Coalition advisers makes oversight even more challenging, how will the U.S. government and Coalition partners ensure that continued security assistance is not directed to corrupt ANP officials?
- In a post-reconciliation Afghanistan, what is the U.S. strategy for facilitating the rule-of-law—including ANP warrants and arrests—in remaining high-threat districts?
- As part of a peace agreement and efforts to reintegrate the Taliban, what role in civil policing might former Taliban play?

## High-Risk Area: Endemic Corruption

### Why it is a high risk

Corruption remains an enduring risk to the U.S. mission in Afghanistan. SIGAR's September 2016 Lessons Learned Program report on corruption found that corruption substantially undermined the U.S. mission in Afghanistan from the very start. SIGAR concluded that failure to effectively address the problem means U.S. reconstruction programs, at best, will continue to be subverted by systemic corruption and, at worst, will fail.<sup>59</sup> Despite many anticorruption efforts, the problem persists. According to the Department of Defense (DOD),

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<sup>58</sup> The Atlantic, "Our Man in Kandahar," 11/2011; UNODC, *Afghanistan's Drug Industry: Structure, Functioning, Dynamics, and Implications for Counter-Narcotics Policy*, 11/2006, p. 102.

<sup>59</sup> SIGAR, *Corruption in Conflict: Lessons from the U.S. Experience in Afghanistan*, 9/2016.



“corruption remains the top strategic threat to the legitimacy and success of the Afghan government.”<sup>60</sup>

At the November 2018 Geneva Conference on Afghanistan, participants from 61 countries and 35 international organizations identified corruption as a persistent and serious challenge.<sup>61</sup> The conference panel on the Afghan private sector closed with remarks by U.S. Ambassador to Afghanistan John R. Bass, who noted surveys indicating that many Afghans are obliged to pay bribes of some sort in their daily life. Ambassador Bass argued the problem of corruption extends beyond the public sector to the life of businesses. Afghanistan, he concluded, needs to strengthen the rule of law and be committed to dealing with corruption in the public sector, in access to credit, in dispute resolution, and other areas that affect development, as well as the prospects for peace.<sup>62</sup>

As of January 2019, the Department of Justice (DOJ) reported some progress by Afghanistan’s Attorney General in pursuing major crimes as a result of the U.S. Embassy demanding accountability. However, in a January 2019 report covering July–September 2018, DOJ said the Afghan government is still slow to prosecute corruption cases and has a poor record of prosecuting powerful and influential actors.<sup>63</sup>

In May 2018, SIGAR released its congressionally requested assessment of the Afghan government’s implementation of a national anticorruption strategy, and of the action plans of five ministries. SIGAR found that the Afghan government has made some progress in implementing its anticorruption-related commitments since 2017. For example, the United Nations recognized the Afghan government’s implementation of several key anticorruption reforms in 2017 and early 2018, including: the launch of an anticorruption strategy in October 2017, strengthened anticorruption measures in the new penal code, increased capacity of the Anti-Corruption Justice Center (ACJC), and a more transparent national budget.<sup>64</sup>

However, SIGAR also found that Afghanistan’s anticorruption strategy did not meet international standards and best practices. Specifically, the strategy’s authors did not sufficiently engage Afghan civil-society organizations and ministries in the creation of the strategy, even though some of them will be responsible for implementing it. In addition, the

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<sup>60</sup> DOD, *Enhancing Security and Sustainability in Afghanistan*, 6/2018, p. 38.

<sup>61</sup> “Geneva Conference on Afghanistan: Joint Communiqué,” 11/28/2018, p. 1.

<sup>62</sup> UNAMA, video of Ambassador John R. Bass’s closing remarks at the UN Geneva conference side-event panel on private sector, 11/27/2018, reviewed by SIGAR staff (no transcript posted), <http://webtv.un.org/meetings-events/watch/private-sector-geneva-conference-on-afghanistan/5972108663001/?term=>

<sup>63</sup> SIGAR, *Quarterly Report to the United States Congress*, 1/30/2019, pp. 130–131.

<sup>64</sup> UN, *The situation in Afghanistan and its implications for international peace and security*, report of the Secretary-General, 6/6/2018, p. 10.

strategy's goals are not fully aligned with the benchmarks set to measure progress toward implementation,<sup>65</sup> complicating assessments of progress toward the goals.

At the Brussels Conference in October 2016, the Afghan government committed to developing and implementing new national-level anticorruption policies in 2017. It released a whole-of-government anticorruption strategy in October 2017, and in December 2017, President Ghani ordered the strategy to be implemented.<sup>66</sup>

In October 2018, State reported to SIGAR that the U.S. Embassy prioritized the corruption-related Afghanistan Compact benchmarks—an Afghan-led initiative beginning in 2017 designed to demonstrate the government's commitment to reforms—including targeting drug kingpins for money-laundering prosecutions, high-profile corruption prosecutions, and recovering stolen Kabul Bank funds. According to State, the Afghan government had made progress on all of these priorities by January 2019. State reported that the Attorney General's Office (AGO) prosecuted three high-level drug targets for money laundering.<sup>67</sup>

In January 2019, State said the U.S. Embassy's new corruption-related Compact benchmark priority for the Afghan government is to increase transparency at Afghan special courts, the ACJC, the Counter Narcotics Justice Center (CNJC), and the Justice Center in Parwan (JCIP). The U.S. Embassy continues to emphasize such anticorruption measures as executing warrants, prosecuting high-profile corruption cases, and collecting on Kabul Bank cases.<sup>68</sup>

In the security sector, the Combined Security Transition Command-Afghanistan (CSTC-A) said corruption remains pervasive throughout the Afghan security forces. This corruption, they added, harms the battlefield effectiveness of the Afghan security forces by diverting resources meant for fighting units and by creating negative perceptions of the Afghan government, undermining the Afghan government's legitimacy and reconciliation efforts.<sup>69</sup>

### Questions for policymakers

- What are reasonable expectations for Afghan government anticorruption-related results given competing challenges of regime stability and reform?

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<sup>65</sup> SIGAR, Afghanistan's Anti-Corruption Efforts: The Afghan Government Has Begun to Implement an Anti-Corruption Strategy, but Significant Problems Must Be Addressed, SIGAR 18-51-AR, 5/31/2018, ii.

<sup>66</sup> SIGAR, Afghanistan's Anti-Corruption Efforts: The Afghan Government Has Begun to Implement an Anti-Corruption Strategy, but Significant Problems Must Be Addressed, SIGAR 18-51-AR, 5/31/2018, ii.

<sup>67</sup> State, "Department Press Briefing," 8/24/2017; Office of the President, "Joint Afghan-U.S. Press Release on the Bilateral Compact Executive Committee Meeting," 8/23/2017; State, SCA, response to SIGAR vetting, 10/12/2017; State, SCA, response to SIGAR data call, 12/29/2017; State, SCA, response to SIGAR data call, 1/10/2019; SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 131.

<sup>68</sup> SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 132.

<sup>69</sup> CSTC-A is tasked with training, advising, and assisting the Afghan security institutions. SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 134.

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

### High-Risk Area: Sluggish Economic Growth

#### Why it is a high risk

The U.S. government’s current Integrated Country Strategy (ICS) for Afghanistan states that no U.S. efforts in Afghanistan—including the fundamental objective of preventing further attacks by terrorists on the U.S. homeland—can be sustained without a growing licit Afghan economy.<sup>70</sup> While a sustainable peace agreement could boost business confidence and investment, and therefore improve growth prospects substantially, peace also carries its own set of challenges.<sup>71</sup> For example, according to USAID, a significant number of Afghans could return from Pakistan. If that occurs, they will have to be integrated—along with former Taliban fighters—into a labor market that already struggles to provide sufficient job opportunities for Afghanistan’s youth.<sup>72</sup> A peace agreement would also neither inherently nor immediately reduce major enduring barriers to growth, including limited skilled labor, a significant infrastructure deficit, corruption, and heavy reliance on foreign donor support.<sup>73</sup>

Despite its centrality to U.S. objectives—and its continued importance even if a peace agreement is reached—licit economic growth remains relatively low and Afghanistan remains heavily reliant on donor support. This raises questions about whether Afghanistan will be

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<sup>70</sup> State, Integrated Country Strategy: Afghanistan, 9/27/2018, pp. 2–3.

<sup>71</sup> IMF, Fourth Review under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Request for Extension and Rephrasing of the Arrangement, 11/20/2018, p. 8.

<sup>72</sup> USAID, Country Development Cooperation Strategy FY 2019-2023, 11/27/2018, p. 15; Bild, Afghanistan's Ashraf Ghani: “There’s an illusion that streets in Germany are paved with gold,” 9/6/2018.

<sup>73</sup> ADB, Chair’s Summary of Meeting of the Board of Directors, “Country Partnership Strategy Afghanistan, 2017–2021—Achieving Inclusive Growth in a Fragile and Conflict-Affected Situation,” 10/31/2017; USIP, Afghan Economic Policy, Institutions, and Society Since 2001, 10/2015, p. 6.

able to achieve the long-term stability and economic self-reliance that are key reconstruction goals.<sup>74</sup>

In its 2018 Lessons Learned Program report on private-sector development and economic growth, SIGAR found that U.S. officials have viewed economic growth as a necessary component of security throughout the Afghanistan reconstruction effort. The U.S. government saw the development of a robust economy in Afghanistan as contributing positively to security by (1) providing gainful employment to the young, unemployed men who were considered most likely to join an insurgency; (2) creating confidence in and legitimacy for the state; and (3) generating revenue that would enable the state to deliver services and prevent dependency on donors.<sup>75</sup>

SIGAR found that despite significant U.S. effort, estimated poverty, unemployment, and underemployment had not been reduced substantially; further, corruption had undermined the legitimacy of the Afghan state.<sup>76</sup> Moreover, despite near-double-digit growth over the first decade of reconstruction, the Afghan government faced a substantial budget shortfall in 2014 when international military expenditures in-country declined rapidly as U.S. and Coalition forces drew down (although revenues have since recovered and grown).<sup>77</sup> Ultimately, SIGAR determined, economic gains in the first decade of reconstruction were heavily subsidized by donor support, and therefore unsustainable.<sup>78</sup>

The U.S. continues to emphasize the importance of economic growth in its policy planning for Afghanistan. The ICS, for example, identifies clear risks posed by a lack of sustained economic growth and job creation—risks that include increased youth unemployment and poverty that could lead to extremism.<sup>79</sup> In USAID’s Country Development Cooperation Strategy (CDCS) for Afghanistan, which defines how the agency plans to approach its development efforts over the next five years, USAID said accelerating economic growth would help expand the Afghan government’s revenue base, contribute to stability, and

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<sup>74</sup> IMF, Fourth Review under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Request for Extension and Rephrasing of the Arrangement, 11/20/2018, p. 24; USAID, “Economic Growth – Afghanistan,” 9/2018, <https://www.usaid.gov/afghanistan/economic-growth>, accessed 9/14/2018; Government of Afghanistan, Realizing Self-Reliance: Commitments to Reforms and Renewed Partnership, 12/2014, p. 4.

<sup>75</sup> SIGAR, Private Sector Development and Economic Growth – Lessons from the U.S. Experience in Afghanistan, 4/2018, viii.

<sup>76</sup> SIGAR, Private Sector Development and Economic Growth – Lessons from the U.S. Experience in Afghanistan, 4/2018, viii–ix; SIGAR, Corruption in Conflict: Lessons from the U.S. Experience in Afghanistan, 7/2016, p. 75.

<sup>77</sup> USIP, What Can Be Done to Revive Afghanistan’s Economy?, 2/2016, pp. 3, 8; SIGAR, Quarterly Report to the United States Congress, 1/30/2019, pp. 149, 153.

<sup>78</sup> SIGAR, Private Sector Development and Economic Growth – Lessons from the U.S. Experience in Afghanistan, 4/2018, viii.

<sup>79</sup> State, Integrated Country Strategy: Afghanistan, 9/27/2018, p. 7.

create the conditions necessary for peace.<sup>80</sup> Successful peace negotiations, USAID added, would catalyze growth.<sup>81</sup>

While a lasting peace agreement could fundamentally improve Afghanistan's prospects, its greatest economic challenge today remains identifying sustainable sources of growth, according to the World Bank.<sup>82</sup> Moreover, as donors emphasized at the November 2018 Geneva Conference on Afghanistan during coordination on future efforts, peace would not be cost-free, and would have to be underpinned by inclusive economic and social programs (though donor commitments are still scheduled to gradually decline).<sup>83</sup> According to USAID, more than two million Afghans residing in Pakistan could return after a peace settlement, potentially because of political pressure from the Pakistani government.<sup>84</sup> Upon their return to Afghanistan, a weak licit labor market would then have to absorb those returnees. The need to reintegrate former insurgent and militia fighters into the economy would introduce additional challenges. In September 2018, Afghan President Ashraf Ghani said that providing former fighters with jobs following a peace agreement represented the "greatest problem for peace."<sup>85</sup>

Additionally, a peace agreement is unlikely to immediately overcome the many enduring barriers to economic growth. These include limited skilled labor, the lingering effects of near-continuous conflict over multiple decades, deficits in physical and institutional infrastructure, heavy reliance on foreign donor support, and widespread corruption.<sup>86</sup>

Further, Afghanistan's low fiscal capacity may be inadequate to sustain the infrastructure (e.g., roads and electricity generation and distribution) and institutions (e.g., government ministries) that, while flawed, are nonetheless vital to economic growth as the Afghan government is asked to assume a more prominent role in its own development in the

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<sup>80</sup> USAID, Country Development Cooperation Strategy FY 2019-2023, 11/27/2018, pp. 10–11; USAID, "Country Strategies (CDCS)," 2/22/2018.

<sup>81</sup> USAID, Country Development Cooperation Strategy FY 2019-2023, 11/27/2018, pp. 2, 13.

<sup>82</sup> USIP, What Can Be Done to Revive Afghanistan's Economy?, 2/2016, p. 3; World Bank, "The World Bank in Afghanistan," no date, <https://www.worldbank.org/en/country/afghanistan>, accessed 9/14/2018.

<sup>83</sup> UNAMA, Geneva Conference on Afghanistan: Joint Communiqué: Securing Afghanistan's Future: Peace, Self-Reliance and Connectivity, 11/28/2018, p. 2; USIP, How to Secure Afghanistan's Future, 12/10/2018.

<sup>84</sup> USAID, Country Development Cooperation Strategy FY 2019-2023, 11/27/2018, p. 15.

<sup>85</sup> Bild, Afghanistan's Ashraf Ghani: "There's an illusion that streets in Germany are paved with gold," 9/6/2018.

<sup>86</sup> ADB, Chair's Summary of Meeting of the Board of Directors, "Country Partnership Strategy Afghanistan, 2017–2021—Achieving Inclusive Growth in a Fragile and Conflict-Affected Situation," 10/31/2017; SIGAR, Private Sector Development and Economic Growth: Lessons from the U.S. Experience in Afghanistan, 4/2018, ix; World Bank, Afghanistan Poverty Status Update Progress at Risk, 5/2017, p. 7; USIP, Afghan Economic Policy, Institutions, and Society Since 2001, 10/2015, p. 6.

coming years.<sup>87</sup> According to IMF projections, the Afghan government's domestic revenues (total revenues minus donor contributions) will continue to cover less than 50% of total expenditures through 2023.<sup>88</sup> Accordingly, sustainability is an issue affecting all the high-risk areas identified by SIGAR.

The IMF noted that as of December 2018, the midterm outlook for the Afghan economy faced “considerable downside risks” and that the near-term outlook had “weakened.”<sup>89</sup> Growth in 2018 was expected to be 2.3%, down from the IMF's previous projection of 2.5%, due to the lingering impact of the drought.<sup>90</sup> While the IMF anticipated that agricultural output would recover in 2019, it said that even under its current projections, Afghanistan “would not make much progress in reducing poverty.”<sup>91</sup>

### Questions for policymakers

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

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<sup>87</sup> SIGAR conclusion based on analysis of available data sources. For example, see World Bank, Afghanistan Development Update, 8/2018, p. 15, where staff projections show increasing reliance in coming years on foreign grants as a percentage of domestic revenue; SIGAR, Private Sector Development and Economic Growth: Lessons from the U.S. Afghanistan Experience, 4/2018, ix.

<sup>88</sup> SIGAR analysis of IMF, *Fourth Review under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Request for Extension and Rephasing of the Arrangement*, 11/20/2018, p. 25.

<sup>89</sup> IMF, *Fourth Review under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Request for Extension and Rephasing of the Arrangement*, 11/20/2018, p. 8.

<sup>90</sup> IMF, *Fourth Review under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Request for Extension and Rephasing of the Arrangement*, 11/20/2018, p. 8.

<sup>91</sup> IMF, *Fourth Review under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Request for Extension and Rephasing of the Arrangement*, 11/20/2018, p. 8.



## HIGH-RISK AREA: The Illicit Narcotics Trade

### Why it is a high risk

Since 2002, the United States government has provided \$8.9 billion to thwart narcotics production and trafficking in Afghanistan. Yet Afghanistan remains the global leader in opium cultivation—a distinction it has held since the late 1990s, according to opium-cultivation data from the United Nations Office on Drugs and Crime (UNODC).<sup>92</sup> Afghan opium-poppy cultivation levels reached an all-time high in 2017 and the second highest level in 2018 since UNODC began collecting data in 1994.<sup>93</sup>

The illicit opium trade hinders the Afghan government's efforts across numerous sectors, including security, governance, and economic and social development.<sup>94</sup> The cultivation and trafficking of illicit drugs finances drug-trafficking organizations and antigovernment groups, undermines the government's legitimacy, and feeds corruption,<sup>95</sup> benefiting insurgent groups and corrupt government officials alike.<sup>96</sup>

Opium-poppy cultivation provides Afghans with some 590,000 farm jobs, according to economist William Byrd.<sup>97</sup> The UNODC notes "great uncertainty" in estimating the size of the illicit narcotics trade in Afghanistan, but has estimated that in 2017, the poppy crop generated approximately \$1.4 billion for Afghan farmers, plus billions more for refiners and traffickers, amounting to the equivalent of 20% to 32% of Afghanistan's gross domestic product—a share about the size of the country's entire licit agricultural sector and far exceeding licit exports of goods and services in 2016.<sup>98</sup> With or without a peace agreement, Afghanistan runs the risk of becoming a "narco-state" and has already been described as such by former officials from the U.S. government and international organizations.<sup>99</sup>

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<sup>92</sup> Funding as of December 31, 2018. UNODC, *2006 World Drug Report, Volume I: Analysis*, p. 57.

<sup>93</sup> UNODC, *Afghanistan Opium Survey 2018: Cultivation and Production*, 11/2018, p. 5.

<sup>94</sup> GIROA, *Afghanistan National Development Strategy 1387–1391 (2008–2013)*, p. 42.

<sup>95</sup> Sopko, John F., "Future U.S. Counternarcotics Efforts in Afghanistan," Testimony before the Senate Caucus on International Narcotics Control on Future U.S. Counternarcotics Efforts in Afghanistan, 1/15/2014, p. 2.

<sup>96</sup> SIGAR, *Counternarcotics: Lessons from the U.S. Experience in Afghanistan*, 6/2018, vii, xi, p. 21.

<sup>97</sup> Afghan Research and Evaluation Unit, *Disease of Symptom? Afghanistan's Burgeoning Opium Economy in 2017*, 11/2017.

<sup>98</sup> UNODC, *Afghanistan Opium Survey 2017: Challenges to sustainable development, peace and security*, 5/2018, p. 5.

<sup>99</sup> Najibullah Gulabzoi, "The Narco State of Afghanistan," *The Diplomat*, 2/12/2015, <https://thediplomat.com/2015/02/the-narco-state-of-afghanistan/>, accessed 2/22/2019; Thomas Schweich, "Is Afghanistan a Narco-State?" *New York Times Magazine*, 7/27/2008, <https://www.nytimes.com/2008/07/27/magazine/27AFGHAN-t.html>, accessed 2/22/2019; Matthieu Aikens, "Afghanistan: The Making of a Narco-State," *Rolling Stone*, 12/4/2014,



A SIGAR lessons-learned report published in June 2018 found that U.S. counternarcotics programs have not resulted in long-term reductions in opium-poppy cultivation or production. Likewise, crop-eradication programs had no lasting impact, and were not consistently conducted in the same locations as development-assistance programs that aimed to give farmers economic alternatives to growing poppy. Alternative-development programs were often too short-term, failed to provide sustainable alternatives to poppy, and sometimes even contributed to increased poppy production. The lack of a stable security environment greatly hindered efforts to curtail poppy cultivation and production, and the U.S. government failed to develop and implement counternarcotics strategies that outlined or effectively directed U.S. agencies toward shared goals.<sup>100</sup> The findings in SIGAR's lessons-learned report prompted the Senate Caucus on International Narcotics Control to request that SIGAR conduct a thorough review of the U.S. government's current counternarcotics efforts in Afghanistan. That review is ongoing.

Addressing Afghanistan's illicit drug trade appears to have fallen off the international agenda since 2017. In September 2018, the State Department informed SIGAR it was no longer developing a stand-alone U.S. counternarcotics strategy for Afghanistan that had previously been under review. According to State, counternarcotics efforts are now interwoven into the Administration's South Asia strategy, announced in August 2017, and programs designed by INL address the challenges stemming from opium cultivation, trafficking, and consumption.<sup>101</sup> USAID said it will no longer design or implement programs to address opium-poppy cultivation, thus leaving alternative-development programming to INL.<sup>102</sup> DOD does not have a counternarcotics mission in Afghanistan, but until recently has pursued a counter-threat-finance mission,<sup>103</sup> a campaign DOD led against insurgent financial networks and drug processing centers under authorities granted to U.S. forces in Afghanistan under the South Asia strategy. In February 2019, DOD reported that the counter-threat-finance campaign ceased at the end of 2018. Between the start of the counter-threat-finance campaign in November 2017 and May 2018, DOD claimed that air strikes denied insurgents an estimated \$44.5 million in revenue, while ground raids captured or destroyed \$41.8 million in precursor chemicals, equipment, and raw opium.<sup>104</sup> SIGAR quarterly reports as well as its lessons learned report on counternarcotics questioned

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<https://www.rollingstone.com/politics/politics-news/afghanistan-the-making-of-a-narco-state-48475/>, accessed 2/22/2019.

<sup>100</sup> SIGAR, *Counternarcotics: Lessons from the U.S. Experience in Afghanistan*, 6/2018, viii, p. 79.

<sup>101</sup> State, INL, response to SIGAR data call, 9/21/2018.

<sup>102</sup> USAID, OAG, response to SIGAR data call, 3/20/2018.

<sup>103</sup> DOD, USFOR-A, response to SIGAR vetting, 7/13/2018; DOD, response to SIGAR vetting, 7/16/2016.

<sup>104</sup> DOD, 9AETF-A, response to SIGAR data call, 6/22/2018; DOD, response to SIGAR vetting, 7/13/2018; State, INL, response to SIGAR data call, 9/21/2018; Lead IG, *Operation Freedom's Sentinel Lead Inspector General Report to the United States Congress, October 1, 2018–December 31, 2018*, 2/20/2019, p. 24.

how official estimations of revenue denied to the insurgency are determined.<sup>105</sup> DOD agreed that the revenue estimates were imperfect since no ground verification took place after the strikes.<sup>106</sup>

It is possible that the Taliban may be amenable following a peace agreement to reducing poppy cultivation in return for foreign assistance. According to the author of numerous works on the Afghan drug trade, David Mansfield, the Taliban's ban in 2000–2001 was an attempt to signal to the international community that they were deserving of foreign assistance.<sup>107</sup> At the Moscow peace talks in February 2019, the Taliban delegation said that if the war ended they were “determined to reduce poppy cultivation and drug trafficking to zero throughout the country, and in this regard it is ready to provide support and to coordinate with the neighboring countries and international organizations.”<sup>108</sup> Whether a future government in which the Taliban is a part would be willing or able to follow through with such promises is unclear.

### Questions for policymakers

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

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<sup>105</sup> SIGAR, Quarterly Report to United States Congress, 1/30/2018, p. 195; SIGAR, *Counternarcotics: Lessons from the U.S. Experience in Afghanistan*, 6/2018, pp. 76–78.

<sup>106</sup> DOD, 9AETF-A, response to SIGAR vetting, 10/11/2018.

<sup>107</sup> David Mansfield, *A State Built on Sand: How Opium Undermined Afghanistan*, (New York, NY: Oxford University Press, 2016), pp. 121–138.

<sup>108</sup> Alemarah, “Complete Transcript of Speech Delivered by Delegation of Islamic Emirate in Moscow Conference,” 2/5/2019.

- How can U.S. agencies better coordinate counternarcotics efforts in Afghanistan in order to achieve U.S. goals and objectives?

## HIGH-RISK AREA: Threats to Women's Rights

### Why it is a high risk

A 2017 U.S. law expressed the sense of Congress that (1) the meaningful participation of women in conflict-prevention and conflict-resolution processes helps to promote more inclusive and democratic societies and is critical to the long-term stability of countries and regions; and (2) the political participation and leadership of women in fragile environments, particularly during democratic transitions, is critical to sustaining lasting democratic institutions.<sup>109</sup>

Indeed, improving the quality of life and the status of Afghan women has been a key goal of the United States and the international donor community since 2002. The United States has committed at least \$1 billion for gender-related programs in Afghanistan and spent another \$1 billion on programs for which the advancement of women was a component.<sup>110</sup> Since the Taliban regime was overthrown in 2001, millions of Afghan women have voted, and some women now occupy prominent positions in Afghan society. Sixty-three women are members of parliament (out of 320 seats); 68,000 women are instructors in schools and universities; 6,000 women serve as judges, prosecutors, defense attorneys, police, and soldiers; about 10,000 women are doctors, nurses, or other health care professionals; and 1,150 women entrepreneurs have invested \$77 million in their businesses.<sup>111</sup> Nonetheless, in 2018, the United Nations ranked Afghanistan 153rd out of 160 countries for gender equality—despite a constitution that nominally protects women's rights.<sup>112</sup> Deep-rooted cultural traditions and a persistent insurgency continue to threaten the physical safety and health of Afghan women and hold them back from entering public life, particularly in the rural areas where some 75% of women live.<sup>113</sup>

Recent U.S. talks with the Taliban have raised questions about whether the fragile gains that have been made in women's rights would be protected in the event of a U.S. drawdown.

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<sup>109</sup> Women, Peace, and Security Act of 2017, Pub. L. No. 155-68, Section 3, 10/6/2017.

<sup>110</sup> SIGAR, *Quarterly Report to the United States Congress*, 10/30/2016, p. 3.

<sup>111</sup> USIP, *Afghanistan Talks: No Women, No Peace*, 3/1/2019.

<sup>112</sup> UNDP, *Human Development Indices and Indicators 2018 Statistical Update*, p. 40; UNDP, "Gender Inequality Index (GII)," no date, <http://hdr.undp.org/en/content/gender-inequality-index-gii>, accessed 3/4/2019; The National Interest, "Afghan Women are In Charge of Their Own Fate," 2/27/2019.

<sup>113</sup> SIGAR, *Quarterly Report to the United States Congress*, 10/30/2016, p. 3; SIGAR analysis of National Statistics and Information Authority, *Islamic Republic of Afghanistan, Estimated Population of Afghanistan 2018-19*, 6/27/2018, p. 1.

Under Taliban rule from 1996 to 2001, women were oppressed—sometimes brutally. The first concern is whether a peace agreement, which could incorporate the Taliban into the Afghan government, would allow the situation for women in Afghanistan to regress toward what it was under the previous Taliban regime.<sup>114</sup>

The Taliban have sought to reassure Afghan women. At the Moscow peace talks in February 2019, the Taliban delegation said, “Islam has given women all fundamental rights, such as business and ownership, inheritance, education, work, choosing one’s husband, security, health, and right to good life.”<sup>115</sup> However, many questions regarding the Taliban’s stance remain, particularly around their interpretation of women’s rights according to Islam. In the same statement, the Taliban also denounced “so-called women’s rights activists” who, in their view, were encouraging women to violate Afghan customs.<sup>116</sup> Thus, specific Taliban positions on women’s rights are difficult to ascertain, catalyzing much concern among Afghan women.<sup>117</sup>

The second concern is that, should a peace agreement signal broader U.S. disengagement from Afghanistan, gains in women’s rights could be jeopardized even if the Taliban were to relax some of its previous stances. Discussing his concerns about how a possible withdrawal of U.S. forces could affect women, former U.S. Ambassador to Afghanistan Ryan Crocker told the *New York Times* in late January 2019, “Acute misogyny in Afghanistan goes way beyond the Taliban. Without a strong U.S. hand there, it is not looking very good for Afghan women. They can do as they like to them after we leave.”<sup>118</sup>

The prospect of a peace agreement with the Taliban raises new concerns about the sustainability of the gains Afghan women have made over the past 17 years. Some experts believe that a precipitous withdrawal of U.S. forces could lead to the deterioration of political and economic freedoms, however limited, currently enjoyed by women in Afghanistan.<sup>119</sup> Official Taliban statements involved in the peace negotiations confirm such risks. For example, despite some signals the Taliban may be open to more liberal policies regarding women, the Taliban’s chief negotiator called the current Afghan constitution (providing the same rights to men and women) an obstacle to peace and demanded a new Afghan

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<sup>114</sup> New York Times, “700 Afghan Women Have a Message: Don’t Sell Us Out to the Taliban,” 2/28/2019; New York Times, “Afghan Women Fear Peace With Taliban May Mean War on Them,” 1/27/2019.

<sup>115</sup> Alemarah, “Complete Transcript of Speech Delivered by Delegation of Islamic Emirate in Moscow Conference,” 2/5/2019.

<sup>116</sup> Alemarah, “Complete Transcript of Speech Delivered by Delegation of Islamic Emirate in Moscow Conference,” 2/5/2019.

<sup>117</sup> Regarding ambiguity in the Taliban’s Moscow speech and its reception by Afghan women, see: Radio Free Europe/Radio Liberty, “Afghan Taliban Open To Women’s Rights—But Only On Its Terms,” 2/6/2019.

<sup>118</sup> New York Times, “Afghan Women Fear Peace With Taliban May Mean War on Them,” 1/27/2019.

<sup>119</sup> CSIS, *Finishing Strong: Seeking a Proper Exit from Afghanistan*, 2/2019, pp. 1, 5.

constitution based on “Islamic principles, national interests, historic pride, and social justice.”<sup>120</sup>

### Questions for policymakers

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

### High-Risk Area: The Challenge of Reintegration

#### Why it is a high risk

The U.S. and Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is to achieve reconciliation and a sustainable political settlement with the Taliban.<sup>121</sup> While current estimates for the number of active Taliban fighters vary, the nominee for commander of U.S. Central Command, Lieutenant General Kenneth McKenzie Jr., put the figure at 60,000 fighters.<sup>122</sup> If a comprehensive peace agreement is reached, these ex-combatants will need to transition to a sustainable livelihood and peacefully reintegrate into Afghan society. There may also be efforts to demobilize and reintegrate members of other illegal armed groups.

Successfully reintegrating these tens of thousands of former fighters into society—a complex and long-term process with social, economic, political, security, and humanitarian

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<sup>120</sup> Alemarah, “Complete Transcript of Speech Delivered by Delegation of Islamic Emirate in Moscow Conference,” 2/5/2019.

<sup>121</sup> SIGAR, *Quarterly Report to the United States Congress*, 7/30/2018, p. 112.

<sup>122</sup> DOD, “Advance Policy Questions for Lieutenant General Kenneth F. McKenzie Jr., USMC, Nominee for Commander, United States Central Command,” 12/4/2018, p. 9.

dimensions—will be critical for Afghanistan to achieve lasting peace and stability.<sup>123</sup> The United Nations defines reintegration as “the process by which ex-combatants acquire civilian status and gain sustainable employment and income,” adding that this “often necessitates long-term external assistance.” Historically, reintegration programs have often been implemented as part of a series of disarmament, demobilization, and reintegration efforts meant “to deal with the post-conflict security problem that arises when combatants are left without livelihoods and support networks.”<sup>124</sup> Reintegration efforts aim to both ensure that individual former fighters do not revert to violence, and at the macro level, to contribute to peace-building, prevent conflict recurrence, and reestablish the state’s monopoly over the use of force.<sup>125</sup>

The mixed record of reintegration efforts undertaken in dozens of countries since the late 1980s suggests that similar efforts in Afghanistan will likely face significant challenges.<sup>126</sup> SIGAR assesses that the nature and extent of those challenges will depend largely on the peace process itself, its level of inclusivity, trust among the parties, the degree to which reintegration issues are decided in an agreement or deferred, and numerous other factors. For example, a weak economy with few job opportunities would complicate reintegration. Ongoing insecurity, political uncertainty, poor social cohesion within a population traumatized by decades of war, and weak governance and rule of law will probably pose serious challenges to reintegration efforts.<sup>127</sup>

Further, donor fatigue regarding Afghanistan could be a concern. Good practice in reintegration programs requires extensive data collection and analysis, information management, vetting, monitoring and evaluation, capacity development of host government institutions, and resource mobilization.<sup>128</sup> An Afghan government receiving lower levels of technical and financial assistance would have difficulties undertaking a formal reintegration effort.

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<sup>123</sup> UNDP, “Practice Note: Disarmament, Demobilization and Reintegration of Ex-combatants,” 2011, p. 11.

<sup>124</sup> UN, *Operational Guide to the Integrated Disarmament, Demobilization and Reintegration Standards (IDDRS)*, 2014, pp. 24–25.

<sup>125</sup> UN, *Operational Guide to the Integrated Disarmament, Demobilization and Reintegration Standards (IDDRS)*, 2014, p. 24; Jeremy Weinstein and Macartan Humphreys, “Disentangling the Determinants of Successful Demobilization and Reintegration,” Working Paper Number 69, Center for Global Development, September 2005, p. 3.

<sup>126</sup> UK Foreign & Commonwealth Office, “Reintegration and Reconciliation in Conflict: Experience and Lessons,” July 2016, p. 2.

<sup>127</sup> UN, *Operational Guide to the Integrated Disarmament, Demobilization and Reintegration Standards (IDDRS)*, 2014, pp. 33–34.

<sup>128</sup> UN, *The Integrated Disarmament, Demobilization, and Reintegration Standards (IDDRS): Module 4.30 Reintegration*, 2006, pp. 11–30, 56.

SIGAR is currently making a thorough investigation of reintegration issues for a forthcoming Lessons Learned Program report to be published later this year.

### Questions for policymakers

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

### HIGH-RISK AREA: Restricted Oversight

#### Why it is a high risk

Oversight of the U.S. reconstruction effort in Afghanistan, already difficult, may become even more challenging if substantial numbers of U.S. military and civilian personnel withdraw following an Afghan peace settlement.<sup>129</sup>

Accessing reconstruction project sites and programs in Afghanistan is already difficult due to deteriorated security. Site access would continue to be challenging should a potential peace agreement not actually lead to a cessation of hostilities—a possible outcome about which

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<sup>129</sup> SIGAR, *Quarterly Report to the United States Congress*, 1/30/2019, pp. 9–10, 69, 80, 148, 169, 179.



several experts have written in recent months.<sup>130</sup> Moreover, a reduced footprint for U.S. agencies operating in Afghanistan could exacerbate ongoing problems with contract oversight, such as spotty compliance, documentation and accountability, as well as institutional memory loss.<sup>131</sup>

As previously noted billions of dollars in appropriated U.S. funds for Afghanistan remain to be disbursed, and the United States and other donors have expressed the intent to continue providing aid. In particular, donors have committed to continue channeling aid “on budget” (channeled directly to the Afghan government or through multilateral trust funds) “as appropriate.”<sup>132</sup> Since 2002, the United States has provided nearly \$14.6 billion in on-budget assistance to the Afghan government. This includes about \$9.2 billion to Afghan government ministries and institutions, and about \$5.4 billion to three multinational trust funds—the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme’s Law and Order Trust Fund (LOTFA), and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund (AITF).<sup>133</sup>

SIGAR has discovered, investigated, and audited several troubling instances of waste, fraud, and abuse of U.S. on-budget funds. For example, in 2013 Afghanistan’s Ministry of Defense (MOD) awarded a fuel-procurement contract valued at nearly \$1 billion. A SIGAR investigation subsequently found that the winning contractors had colluded to rig their bids above previously competitive price levels, and that there was evidence of attempted bribery.<sup>134</sup>

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

In Afghanistan’s conflict setting, where rules are not rigorously observed and documentation is often incomplete and unverifiable, having personnel physically present and able to move about the country is essential for effective oversight. Otherwise, it is difficult to determine whether training is effective, equipment is operable, clinics are stocked with medicines, schools are open, or buildings are safe and functional.

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<sup>130</sup> CSIS, “Afghanistan as Vietnam Redux: Bomb, Declare Peace, and Leave?” 1/17/2019, p. 7; Brookings, “The U.S.-Taliban negotiations breakthrough: What it means and what lies ahead,” 1/29/2019.

<sup>131</sup> SIGAR, “Challenges to Effective Oversight of Afghanistan Reconstruction Grow as High-Risk Areas Persist,” Statement of John F. Sopko for the Senate Committee on Appropriations, Subcommittee on the Departments of State, Foreign Operations, and Related Programs, 2/24/2016, p. 14.

<sup>132</sup> “Geneva Conference on Afghanistan: Joint Communiqué,” 11/28/2018, p. 6.

<sup>133</sup> SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 47.

<sup>134</sup> SIGAR, Quarterly Report to the United States Congress, 1/30/2017, pp. 3–5.

SIGAR has the largest oversight presence in Afghanistan, with more auditors, analysts, and investigators in country than any other U.S. government agency. But large portions of Afghanistan are already inaccessible to SIGAR and other U.S. civilians working under Embassy Kabul’s Chief of Mission authority. While the U.S. Embassy accommodates travel requests as practicable, most embassy personnel including USAID and State Department program officers move only within the international zone in Kabul due to security concerns. Likewise, SIGAR and other IG agency staff are similarly limited, although SIGAR personnel are sometimes able to travel under State Department and U.S. military protection, subject to chief-of-mission permission. To mitigate the impact of movement restrictions, SIGAR employs alternative means to ensure visibility on U.S.-funded projects, such as using satellite imagery, hiring Afghan nationals, and partnering with Integrity Watch Afghanistan (IWA), an Afghan civil society organization focused on transparency and accountability. Since 2015, IWA has conducted under the supervision of SIGAR staff in Kabul about 700 activities on behalf of SIGAR, spanning 23 of Afghanistan’s 34 provinces.<sup>135</sup>

Remote monitoring can also help compensate for restrictions on movement within the country, but a 2012 study found that remote management can lead to inaccurate project data and reporting as well as fraud and corruption. It also can adversely affect the capacities of local personnel to carry out effective monitoring, technical oversight (especially for complex infrastructure and engineering projects), communications between country and field offices, and the safety of local nationals, communities, and beneficiaries.<sup>136</sup>

Insecurity also impacts the physical movement and deployment of U.S. military personnel and their oversight of Afghan security forces. SIGAR’s quarterly reports to Congress have noted that the current U.S. force structure in Afghanistan has led to the loss of “touch points” at Afghan battalion and brigade levels, allowing only limited visibility into ANDSF performance and security-related reconstruction projects. Directly observed information on Afghan unit performance now is generally confined to the corps (Afghan National Army) or zone (Afghan National Police) headquarters location.<sup>137</sup> The United States therefore relies heavily on Afghan and contractor reporting, which cannot be independently verified, especially for certain important ANDSF performance and readiness metrics, like equipment operational readiness and force strength reporting.<sup>138</sup>

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<sup>135</sup> Integrity Watch Afghanistan, “ReCAP Accomplishments (2015–2018),” n.d.

<sup>136</sup> TEARFUND, *Monitoring and Accountability Practices for Remotely Managed Projects Implemented in Volatile Operating Environments*, 12/22/2012, pp. 10–25; SIGAR and United States Institute of Peace, *Report on an International Symposium on Monitoring and Management in Insecure Environments: Applying Best Practices to Afghanistan*, 6/18/2014, p. 5.

<sup>137</sup> USFOR-A, response to SIGAR data call, 6/22/2018; DOD, *Enhancing Security and Stability in Afghanistan*, 12/2018, p. 7.

<sup>138</sup> CSTC-A, response to SIGAR data call, 9/22/2018.

Even if high standards of practice were more consistently applied, the ability of U.S., Coalition, and international employees to monitor, manage, and oversee programs in Afghanistan will only become more problematic if the security environment does not improve markedly, or if a possible peace settlement entails further reductions in foreign personnel without accompanying improvement in Afghanistan's governance.

### Questions for policymakers

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

### CONCLUSION

No one disputes that after 40 years of war, peace would be a blessing for the long-suffering people of Afghanistan. And no one knows at this point what the specific terms of an acceptable peace deal would look like. But as the topical sections of SIGAR's 2019 *High-Risk List* indicate, even a broadly popular agreement might present risks to Afghanistan's reconstruction and to its long-term viability as a nation-state.

If large-scale withdrawals of U.S. operational and oversight personnel occur, the stewardship of U.S. taxpayer funds and achievement of reconstruction goals could suffer. If widespread

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

As discussions progress, members of the U.S. Congress and of executive agencies should consider the "day after" a peace agreement and be on the alert for unexamined assumptions, overlooked details, unintended consequences, concealed agendas, and other issues that could turn a wished-for peace deal into another sort of conflict.

An opportunity for peace exists. How it is embraced, shaped, and nurtured will determine if Afghanistan is to avoid further decades of conflict that might result in its once again becoming a danger to the international community. As Congress considers ways to reduce or avert these dangers, we at SIGAR stand ready to assist in any way we can.

Thank you for the opportunity to testify today. I look forward to answering your questions.