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

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

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

As required by the National Defense Authorization Act for FY 2018 (Pub. L. No. 115-91), this report has been prepared in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.


Cover photo:
An Afghan policeman keeps watch at a security outpost in the Maiwand district of Kandahar Province. (AFP photo by Wakil Kohsar)
I am pleased to present SIGAR’s 2021 High-Risk List to the 117th Congress and the Secretaries of State and Defense. In keeping with SIGAR’s statutory mandate to promote economy, effectiveness, and efficiency, the High-Risk List identifies serious risks to the United States’ $143 billion reconstruction effort in Afghanistan. This fourth report is issued at a time when peace negotiations between the Afghan government and the Taliban are stalled amid continuing high levels of violence, putting the reconstruction effort at greater risk than ever before.

As we note in this report, whether or not the United States continues to withdraw its troops from Afghanistan pursuant to last year’s withdrawal agreement with the Taliban, the new Administration and Congress will have to decide whether and to what extent reconstruction will continue. Although Afghanistan’s leadership have often stated that their goal is self-reliance, Afghanistan today is nowhere near to being self-reliant—especially in funding its government operations, including military and police—from its own resources. And, as highlighted in our report, reconstruction aid helps keep Afghanistan from reverting to a terrorist safe haven.

U.S. funds appropriated since 2002 for Afghanistan’s reconstruction have been used to train, equip, and sustain the Afghan security forces, strengthen government institutions, promote the rule of law, emphasize the protection of human rights—particularly women’s rights—improve health and education, and stimulate economic development, among other objectives.

Today the gains from our nation’s investment in Afghanistan’s reconstruction face multiple threats: continued insecurity, uncertain post-peace settlement funding, the challenge of reintegrating fighters, endemic corruption, lagging economic growth and social development, threats to women’s rights, the illicit narcotics trade, and inadequate oversight by donors. In particular, the level of violence has increased, including not only attacks against Afghan security forces, but also bomb attacks on civilians and targeted assassinations of midlevel officials, prominent women, and journalists. Meanwhile, the COVID-19 pandemic is overwhelming Afghanistan’s health sector and having a severe impact on its economy and people.

The total number of U.S. and other Coalition troops in Afghanistan has now fallen to the lowest level since the first days of the U.S. intervention. The return of most service members after years of deployments is a welcome development, but it brings a new set of challenges to sustaining what has been achieved since 2001 in one of the world’s most isolated, impoverished, and conflict-plagued countries.

At the November 2020 Afghanistan Donor Conference held virtually in Geneva, participants from 66 countries and 32 international organizations pledged at least $3.3 billion in development aid for 2021, according to the
United Nations, with annual commitments expected to stay at the same level until 2024. This was down significantly from the amounts pledged in 2016, and close to the bare minimum in civilian assistance, which, along with another $3.6 billion in security assistance, is estimated by two experts as necessary to preserve Afghanistan as a viable state.

Like its predecessors, this report is intended to provide an independent and sober assessment of the various risks now facing the Administration and Congress as they seek to make decisions about the future of the U.S. mission in Afghanistan. American taxpayers and Afghan citizens alike share an interest in protecting the achievements of U.S. reconstruction efforts. Conducting effective oversight of remaining reconstruction programs, even at reduced levels of assistance, will likely be complicated by having fewer U.S. civilian and military personnel in Afghanistan.

Regardless of the course chosen, SIGAR, as the largest oversight presence in Afghanistan and the only one with whole-of-government authority, will remain the best U.S. defense against the waste, fraud, and abuse of U.S. taxpayer funds in that country.

Sincerely,

John F. Sopko
Special Inspector General for Afghanistan Reconstruction
CONTENTS

EXECUTIVE SUMMARY

INTRODUCTION

HIGH-RISK AREA 1:
Increasing Insecurity

HIGH-RISK AREA 2:
Uncertain Funding for a Post-Peace Settlement

HIGH-RISK AREA 3:
The Need to Reintegrate Ex-Combatants

HIGH-RISK AREA 4:
Endemic Corruption

HIGH-RISK AREA 5:
Lagging Economic Growth and Social Development

HIGH-RISK AREA 6:
Illicit Narcotics Trade

HIGH-RISK AREA 7:
Threats to Women’s Rights

HIGH-RISK AREA 8:
Inadequate Oversight

CONCLUSION:
Risks Have Never Been Higher

ENDNOTES
The Special Inspector General for Afghanistan Reconstruction (SIGAR) is publishing the 2021 High-Risk List to alert Members of the 117th Congress and the Secretaries of State and Defense to major areas of the reconstruction effort in Afghanistan at risk of waste, fraud, abuse, mismanagement, or mission failure. Since 2014, SIGAR has developed a high-risk list for each new Congress.

This fourth report is issued at a time when peace negotiations between the Afghan government and the Taliban are stalled amid continuing high levels of violence, putting the $143 billion reconstruction effort at greater risk than ever before. The eight high-risk areas are:

**INCREASING INSECURITY**
- Despite early hopes surrounding the February 29, 2020, U.S.-Taliban agreement and the initiation of Afghan peace talks in September 2020, Taliban attacks on the Afghan National Defense and Security Forces (ANDSF) have intensified since the deal, and ANDSF and civilian casualties remain high.
- As of January 15, 2021, the United States has about 2,500 troops in Afghanistan, the lowest force level since 2001. U.S. funds appropriated for ANDSF support in FY 2021 (roughly $3 billion) are lower than they have been since FY 2008.
- NATO Resolute Support train, advise, and assist mission advisors have reduced contact with Afghan security ministries and their forces due to U.S. troop reductions and the COVID-19 pandemic.
- Though some ANDSF capabilities have improved since the last High-Risk List, the force still faces long-term capability and sustainability challenges that require various forms of continued U.S. military support.

**UNCERTAIN FUNDING FOR A POST-PEACE SETTLEMENT**
- Afghanistan remains exceptionally dependent on foreign aid, obtaining funds for almost 80% of its $11 billion in public expenditures from foreign donors in 2018, the most recent year that estimates are available.
- Future funding for Afghanistan faces two principal risks: (1) whether expanding the conditions donors set for funding will be sufficient incentive to facilitate and maintain an acceptable peace agreement, and (2) whether the level of foreign assistance during this uncertain period is sufficient to prevent state collapse.
- International donors’ aid pledges have declined, and the level of future years’ funding may fall—possibly to levels threatening the viability of the Afghan state—if donor conditions are not met.
- The decrease in aid comes despite an earlier World Bank estimate that peace would require around $5.2 billion in new and additional public financing for civilian assistance through 2024.

**NEED TO REINTEGRATE EX-COMBATANTS**
- An Afghan peace agreement could entail massive economic, social, political, and security disruptions as the Afghan government seeks to reintegrate ex-combatants from both sides into civil society.
- Afghanistan will likely face significant challenges based on the mixed record of its reintegration efforts since the late 1980s.
- Its success will be critical for Afghanistan to achieve lasting peace and stability.

**ENDEMIC CORRUPTION**
- Afghanistan has long been perceived as one of the world’s most corrupt states.
- The failure to effectively address systemic corruption means U.S. reconstruction programs, at best, will be subverted and, at worst, will fail.
- The Afghan government’s anticorruption efforts have suffered from vague strategies and insufficient actions, despite donors’ exhortations and some anticorruption conditions attached to aid.
- The donor-negotiated Afghanistan Partnership Framework commits to the principle of conditioning future assistance, but failed to set specific financial consequences for the Afghan government if its anticorruption and other obligations to donors are not met.
EXECUTIVE SUMMARY

LAGGING ECONOMIC GROWTH AND SOCIAL DEVELOPMENT
- Persistent corruption, an over-reliance on international aid, worsening security conditions, and limited government capacity, all compounded by the COVID-19 pandemic, inhibit sustainable progress in Afghanistan’s economic and social development.
- In 2020, the pandemic wiped out Afghanistan’s modest 3% growth in 2019 as the Afghan economy contracted by an estimated 5% of GDP.
- According to the UN, about half of Afghanistan’s population requires humanitarian assistance in 2021 due to health and socio-economic impacts of the pandemic—a six-fold increase in four years.
- The pandemic has also hampered progress in Afghanistan’s education and health sectors by causing school closures and forcing most of the country’s limited health resources to be redirected toward COVID-19 interventions.

ILLICIT NARCOTICS TRADE
- Since 2002, the United States has appropriated over $9 billion to help stem the expansion of Afghanistan’s opium economy, yet Afghanistan continues to dominate global opium cultivation and production.
- An estimated 163,000 hectares (ha; one ha is about 2.5 acres) of opium poppy were cultivated in Afghanistan during 2019. Although a 50% reduction from the record high in 2017 (328,000 ha), 2019 cultivation remained nearly three times the pre-2002 average (1994–2001).
- The Afghan government does little to impede the narcotics trade, which fosters corruption and crime while providing significant revenue for insurgents.
- The United States, the international community, and the Afghan government have curtailed counternarcotics efforts in recent years.

THREATS TO WOMEN’S RIGHTS
- The gains Afghan women and girls have made in health, education, legal protections, and participation in public life, may not be protected by whatever form of government might follow an Afghan peace agreement.
- It remains to be seen whether Afghan government negotiators will use their leverage to protect women’s rights—or whether their leverage will erode over time if the Taliban make further battlefield gains.
- The Taliban’s practices in the areas they control do not inspire confidence that their views on gender roles and relations have evolved much since the 1990s.

INADEQUATE OVERSIGHT
- A reduced U.S. civilian and military presence in Afghanistan amid a deteriorating security environment could create new challenges for conducting effective oversight of U.S.-funded programs, grants, and contracts.
- Oversight has been weakened by instances of poor documentation, failure to monitor contract compliance and work quality, inattention to holding contractors and grantees accountable for unsatisfactory performance, and insufficient control measures to mitigate the effects of corruption, among other issues.
- The ability to monitor, influence, and account for the distribution of U.S. aid is likely to decline as more funds are executed by the Afghan government, especially one that may incorporate the Taliban as part of a peace settlement.
INTRODUCTION

U.S. troop strength in Afghanistan has fallen by nearly 98% since its 2011 peak, but the largely U.S.-funded reconstruction effort there continues. Congress has appropriated $143.27 billion since Fiscal Year (FY) 2002 for reconstruction activities such as security-force development, health care, education, agriculture, rule of law, governance, and other areas to build a stable, peaceful, and democratic Afghanistan that will not serve as a haven for terrorists. More than $8 billion from those appropriations remains available for disbursement.

However, the path forward for reconstruction—whatever the outcome of current peace negotiations between the Taliban insurgents and the Afghan government—has never been more fraught with risk. The Special Inspector General for Afghanistan Reconstruction (SIGAR) is issuing this High-Risk List to bring to the attention of the 117th Congress and the new Administration the following major sources of risk that expose Afghanistan reconstruction efforts to waste, fraud, abuse, mismanagement, or mission failure:

- **Increasing Insecurity:** Taliban attacks on Afghan security forces have intensified, while Afghan military and civilian casualties remain high, Afghan security forces face critical capability gaps requiring long-term international support, and the NATO Resolute Support train, advise, and assist mission has reduced contact with Afghan security ministries and their forces due to U.S. troop reductions and the COVID-19 pandemic.

- **Uncertain Funding for a Post-Peace Settlement:** International donors’ aid pledges have declined, and the level of future years’ funding may fall—possibly to levels threatening the viability of the Afghan state—if donor conditions are not met.

- **The Need to Reintegrate Ex-Combatants:** An Afghan peace agreement could entail massive economic, social, political, and security disruptions as the Afghan government reintegrates ex-combatants from both sides into civil society. Its success will be critical for Afghanistan to achieve lasting peace and stability.

- **Endemic Corruption:** Afghanistan has long been perceived as one of the world’s most corrupt states, and the government’s anticorruption efforts have suffered from vague strategies and insufficient actions.

- **Lagging Economic Growth and Social Development:** Afghanistan is poor and suffers from illiteracy, inadequate infrastructure, weak governance, and now heavy impacts from the COVID-19 pandemic.

- **Illicit Narcotics Trade:** Narcotics production and trade remain at high levels, little impeded by government, fostering corruption and crime while providing significant revenue for insurgents.

- **Threats to Women’s Rights:** Afghan women and girls have made progress in health, education, legal protections, and participation in public life, but persistent discrimination and possible policy changes by whatever form of government might follow an Afghan peace agreement threaten to undermine their gains.
• **Inadequate Oversight**: A reduced U.S. civilian and military presence in Afghanistan amid a deteriorating security environment could create new challenges for conducting effective oversight of U.S.-funded programs, grants, and contracts for reconstruction work.

As this fourth SIGAR *High-Risk List* goes to press, the United States has withdrawn all but about 2,500 of its troops in Afghanistan, while other Coalition countries have also reduced their military footprint. This brings the total number of U.S. and other Coalition personnel in country to the lowest level since the first days of the U.S. intervention in Afghanistan almost 20 years ago. That intervention followed the September 11, 2001, attacks on the World Trade Center and Pentagon by al-Qaeda terrorists, whose leaders had been given shelter in Afghanistan by the Taliban regime.

The Taliban were expelled from power, but continued to fight. Now the U.S.-backed government of the Islamic Republic of Afghanistan and the Taliban insurgents have begun peace talks. A U.S.-Taliban agreement signed on February 29, 2020, helped pave the way for those negotiations and for the U.S. troop drawdown. Under this agreement, the remaining U.S. troops in Afghanistan are to be withdrawn by May 1, 2021, if the Taliban meet certain conditions.

The return home of U.S. service members after so many years in Afghanistan is a welcome development, yet it brings a new set of challenges to sustaining what has been achieved since 2001 in one of the world’s most isolated, impoverished, and conflict-plagued countries.

At the November 2020 Afghanistan Donor Conference held virtually in Geneva, participants from 66 countries and 32 international organizations pledged at least $3.3 billion in development aid for 2021, according to the United Nations, with annual commitments expected to stay at the same level until 2024.

Conducting effective oversight of reconstruction programs, even at reduced levels of assistance, will likely be complicated by the reductions in U.S. civilian and military personnel in Afghanistan. On the other hand, failing to provide substantial assistance could increase the risk that Afghanistan once again becomes a haven for terrorist groups capable of threatening the security of the United States or our allies. American taxpayers and Afghan citizens share a common interest in protecting the achievements of U.S. reconstruction efforts. Doing so will require a sober assessment of the various risks that now confront Afghanistan.

While a November 2020 report from the United States Institute of Peace (USIP) says the prospects of a peace settlement in Afghanistan are better than they have ever been in the last decade and a half, it adds that, “Unfortunately, the risks of state failure and renewed conflict are extremely high.” However desirable a peace agreement might be, the USIP report notes that “the move from a war economy to a developing one is fraught with pitfalls for government and donors alike.”

The situation in Afghanistan is fluid, but recent developments make clear that reconstruction gains in a number of areas are even more threatened now than they were in 2019, when SIGAR last reported on risks to a new session of Congress. Among other concerns, the level of violence has increased, including not only attacks against Afghan security forces, but also bomb attacks on civilians and targeted assassinations of midlevel officials, prominent women, and journalists; increasing production and trade in illegal drugs; and severe impacts from the COVID-19 pandemic.

The risks in these areas also pose serious threats to lasting peace. For example, uncertainty about the funding of a post-peace settlement and subsequent fluctuations in donor assistance could undermine the successful implementation and sustainability of any peace agreement.

The grounds for these concerns, discussion of their possible impacts, and related questions
INTRODUCTION

ORIGIN AND ROLE OF THE HIGH-RISK LIST

This report is based upon SIGAR’s more than 12 years’ experience and reporting on Afghanistan reconstruction. It aims to provide Congress, the Administration, and other stakeholders and interested parties with SIGAR’s best judgment on what areas of the reconstruction effort might be exposed to high risks of waste, fraud, abuse, or program-objective failure under current circumstances and in the event of a complete U.S. troop withdrawal and/or insufficient donor assistance. SIGAR takes no position on the scope, timing, or specifics of troop or future funding levels, but merely notes possible implications for the reconstruction program in Afghanistan.

This report complies with SIGAR’s authorizing statute, Public Law No. 110-181, Section 1229 (2008), which tasks SIGAR not only to carry out investigations, oversight, and reporting, but also “To provide for an independent and objective means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress on corrective action.” This High-Risk List is part of SIGAR’s execution of that mandate. SIGAR hopes that Congress and the Administration will find this report useful in considering U.S. options in Afghanistan.

As always, SIGAR stands ready to assist Congress, the new Administration and other stakeholders by providing briefings and supplying information from its audits, inspections, criminal investigations, quarterly reports, and lessons-learned products that might help determine the best way forward for U.S. reconstruction efforts in Afghanistan.

BACKGROUND FOR THE NEW CONGRESS

Since SIGAR published its 2019 High-Risk List, the United States has drawn down its troops in Afghanistan from around 14,000 to 2,500. On November 17, Acting Secretary of Defense Christopher Miller announced the most recent withdrawal, saying that President Donald J. Trump’s decision to reduce the troop count to this level was in keeping with his promise “to bring the wars in Afghanistan and Iraq to a successful and responsible conclusion, and to bring our brave service members home.”

Under the terms of the U.S.-Taliban agreement, the United States is to withdraw all remaining by May 1, 2021, if the Taliban meet their own commitments.
The United States agreed to:
1. Withdraw from Afghanistan all U.S., allied, and Coalition military forces, non-diplomatic civilian personnel, private security contractors, trainers, advisors, and supporting services personnel within 14 months of the agreement’s announcement (by the end of April 2021)
   a. In the first 135 days, reduce U.S. forces to 8,600, “proportionately bring reduction in the number of its allies and Coalition forces,” and withdraw all U.S. forces from five military bases
   b. If the Taliban meet their agreement commitments, the United States, allies, and the Coalition will withdraw the rest of their forces in the remaining 9.5 months
2. Coordinate with and seek approval of the relevant sides for the release of up to 5,000 Taliban prisoners and up to 1,000 Afghan-government prisoners before intra-Afghan negotiations begin
3. After intra-Afghan negotiations begin, initiate an administrative review of current U.S. sanctions and the rewards list against Taliban members, with the goal of their removal
4. After intra-Afghan negotiations begin, diplomatically engage with other members of the UN Security Council and Afghanistan to remove Taliban members from that sanctions list
5. Refrain from the threat or the use of force against the territorial integrity or political independence of Afghanistan or intervening in its domestic affairs
6. Seek UN Security Council recognition and endorsement for the agreement
7. Seek economic cooperation for reconstruction with the new post-settlement Afghan Islamic government, determined by the intra-Afghan negotiations, and not intervene in its internal affairs
8. The United States made several commitments that are not solely agreement-based discussions:
   a. The United States made several commitments that are not solely under its control, including allied/Coalition troop levels, the Afghan government’s release of Taliban prisoners, Afghan government participation in peace negotiations, specific negotiation topics, and an eventual political settlement creating a new Islamic government. While the United States can use its political and financial leverage, and while NATO countries supported the agreement when it was signed, sovereign nations are not bound to an agreement they have not signed.
   b. DOD says the Taliban lowering violence levels is a component of the Taliban’s broader commitments in the agreement, although this does not appear in the published text.
   c. State says the agreement does not prohibit all Taliban attacks on Afghan security forces, nor does it preclude the United States from defending them from such attacks.

Both parties agreed to:
1. Seek positive relations with each other and expect that the relations between the United States and the new post-settlement Afghan Islamic government, determined by the intra-Afghan negotiations, will be positive

Unresolved issues and issues part of wider agreement-based discussions:
1. The Taliban agreed to:
   1. Start intra-Afghan negotiations by March 10, 2020
   2. Include in the intra-Afghan negotiations agenda a discussion of a permanent and comprehensive ceasefire, to include the date and modalities of a permanent and comprehensive ceasefire, including joint implementation mechanisms, which will be announced along with the completion and agreement over the future political roadmap of Afghanistan
   3. Not allow any of its members, other individuals or groups, including al-Qaeda, to use Afghan soil to threaten the security of the United States and its allies
   4. Send a clear message that those who pose a threat to the security of the United States and its allies have no place in Afghanistan, and instruct Taliban members not to cooperate with groups or individuals threatening the security of the United States and its allies
   5. Prevent any group or individual in Afghanistan from threatening the security of the United States and its allies
   6. Deal with those seeking asylum or residence in Afghanistan according to international migration law and the commitments of the agreement, so that such persons do not pose a threat to the security of the United States and its allies
   7. Not provide visas, passports, travel permits, or other legal documents for entering Afghanistan to those who pose a threat to the security of the United States and its allies
   8. Ensure their obligations in the agreement apply in areas under Taliban control until the formation of the new post-settlement Afghan Islamic government, determined by intra-Afghan negotiations.

Note: Classified “implementing arrangements” to the agreement have been made available to Congress.
INTRODUCTION

According to the State Department’s 2021 Integrated Country Strategy for Afghanistan, U.S. policy in Afghanistan is grounded in the fundamental objective of preventing attacks on the United States by terrorists enjoying safe haven or support in Afghanistan. State adds that U.S. policy priorities and operations center on ending the conflict between the Taliban and wider Afghan society that perpetuates instability and sustains an ecosystem for other insurgents and terrorists; supporting this country’s security institutions and consolidating and sustaining the effects of U.S. counterterrorism efforts to date; creating a sovereign, unified, and democratic Afghanistan at peace with itself and its neighbors on a path to prosperity and self-reliance for the benefit of all its citizens; and shifting responsibility to Afghans for securing their borders and their institutions and meeting basic needs in a transparent and inclusive manner.13

The most important question for policymakers may be whether it is possible to pursue these goals and policies with few or no U.S. forces in the country.

Federal law 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.”14 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.”15

As the statutory language suggests, U.S. reconstruction programs in Afghanistan have encompassed 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.16

The costs of the U.S. military intervention in Afghanistan and the subsequent reconstruction effort have been significant. In human terms, from October 7, 2001, through February 22, 2021, 1,897 U.S. military personnel were killed in action in Afghanistan, while another 415 died from non-hostile causes, and 20,666 were wounded in action.17 In addition, 68 American civilians were killed and 76 wounded while carrying out U.S.-funded reconstruction activities from April 17, 2002, to December 31, 2018.18

In financial terms, an estimated $864.2 billion has been obligated (committed for disbursement from appropriated funds) for all U.S. activities in Afghanistan since 2001 through September 30, 2020, including war funding, reconstruction, diplomatic and consular programs, Afghanistan-related operations of U.S. government entities, and military and embassy construction projects. Of that amount, about $815.7 billion or 94% was obligated by the Department of Defense (DOD).19

Other obligating agencies involved in Afghanistan reconstruction have included the Departments of State, Treasury, Justice, Agriculture, and Commerce; the U.S. Agency for International Development; the U.S. Agency for Global Media; the U.S. International Development Finance Corporation; and SIGAR. Reconstruction costs for Afghanistan—comprising both support for Afghan security forces and for civilian reconstruction programs—make up about 15% of total U.S. funds obligated for Afghanistan since 2001.20

Of the $143.27 billion Congress has appropriated for reconstruction and related activities in Afghanistan since FY 2002, $88.32 billion (62%) has gone toward security to build up the Afghan military and police.21 Recent appropriations are even more heavily tilted toward assisting the Afghan security sector, with about $3.13 billion appropriated, or 68% of total FY 2020 reconstruction funding.22 The funds have been mostly used to provide salaries, infrastructure,
equipment, and training for the approximately 305,000 members of the Afghan National Defense and Security Forces (ANDSF).

Some $35.95 billion in U.S. funds has been appropriated since FY 2002 for governance and economic development, or 25% of reconstruction spending. However, this effort has been scaled down. The FY 2020 appropriation for governance and economic development of $414 million amounts to 9% of total FY 2020 spending on Afghanistan reconstruction. Some $9 billion has been appropriated for counter-narcotics programs since 2002 or 6% of total reconstruction funds.

Most of the remaining reconstruction spending since 2002 has gone to support civilian operations and humanitarian initiatives. Another major focus of the reconstruction effort is combating widespread corruption in Afghan society, including its government and military institutions.

As of December 31, 2020, $8.23 billion appropriated for Afghanistan reconstruction remained to be disbursed from the eight largest reconstruction funds. Additional allocations of appropriated funds to Afghanistan programs are expected in FY 2021.

Whether or not the United States continues to withdraw its troops from Afghanistan, the new Administration and Congress will have to decide—given the U.S. goal that Afghanistan should not again become a haven for al-Qaeda and other terrorists—whether and to what extent reconstruction aid will continue. It could be a critical decision, for it was not the withdrawal of Soviet troops in 1989 that led to the collapse of Afghan President Mohammed Najibullah’s regime in 1992, but the end of Soviet security assistance. Afghanistan’s leaders have often said their goal is national self-reliance. But Afghanistan today is nowhere near to being self-reliant—especially in funding its government operations, including military and police, from its own resources.

According to a recent Overseas Development Institute (ODI) report coauthored by the World Bank’s lead economist for Afghanistan, in 2018 (the most recent year for which full data is available), Afghanistan received at least $8.6 billion in foreign aid, representing almost 80%
of the nation’s $11 billion in public expenditures (estimates for total on-budget and off-budget assistance).29 On-budget donor funds are those included in the Afghan national budget and managed through Afghan government systems. Off-budget funds are those that do not meet the conditions of on-budget assistance.30

The largest financial expense by far is to train, equip, and sustain the ANDSF. However, according to the DOD, given the persistence of the insurgency and continued slow economic growth, full self-sufficiency by 2024 (the year up to which donors have agreed to continue financial support to the Afghan government) does not appear realistic, even if security or economic conditions were to improve dramatically.31

For FY 2021, DOD estimates Afghanistan’s security funding requirement, including off-budget funding (U.S.-managed rather than by Afghan ministries or channeled through multdonor trust funds), at about $4.29 billion, for which the United States appropriated $3.05 billion. Afghanistan, by comparison, plans to contribute only $610 million to the 2021 requirement, approximately 24% of its total estimated domestic revenues for the coming year, to cover the expenses of its Ministry of Interior (including all police forces) and Ministry of Defense (including the army and the air force).32

The United States has pledged to continue support for reconstruction. At the July 2018 NATO Summit in Brussels, NATO allies agreed to extend their financial sustainment of the ANDSF through 2024.33 At the November 2020 Afghanistan Conference in Geneva, international donors reaffirmed their intention to provide at least $3.3 billion in development aid for one year, with annual commitments expected to stay at the same level until 2024. The United States, for its 2021 pledge, made half of its potential $600 million in civilian assistance (not including the larger sums pledged separately to security assistance) for the year contingent upon progress in the peace process.34

The “expert note” assessment released last fall by the UK’s Overseas Development Institute said maintaining a viable Afghan state will require close to the amount in civilian assistance pledged in Geneva, plus an additional $3.6 billion in security assistance. The authors said this would represent a considerable reduction from current spending and would need to carried out gradually and be carefully targeted, if state functionality is to be preserved. Reductions below this level are likely to be “highly destabilizing,” the report says. In particular, “the security forces could not sustain cuts of this magnitude and expect to remain functional. Nor could Afghan society easily adjust to the massive demobilization that would be required.”35

CORRUPTION REMAINS AN ONGOING CHALLENGE

Although the Afghan government has made some progress in anticorruption efforts, SIGAR wrote to donors in November 2020 that the Afghan government has a mixed record of completing reforms and only “through aggressive and effective oversight of donor funding and government reforms can we ensure that the gains of the last 19 years are not lost.”36 The Afghan government’s official anticorruption strategy expired in
December 2019, and both international donors and the UN have expressed concerns about specifics of the draft replacement strategy and the general state of anticorruption efforts. At the request of Congress, SIGAR is conducting its third assessment of the Afghan government’s anticorruption measures. SIGAR issued its first anticorruption assessment as directed by Congress in May 2018. Congress then required SIGAR, through the explanatory statement for the Consolidated Appropriations Act, 2018, to continue monitoring the Afghan government’s progress in implementing the strategy and to provide an update to the 2018 audit. That update was issued in November 2019.

CONCLUSION

The 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.

Using these criteria, SIGAR has identified eight high-risk areas:

- Increasing Insecurity
- Uncertain Funding for a Post-Peace Settlement
- The Need to Reintegrate Ex-Combatants
- Endemic Corruption
- Lagging Economic Growth and Social Development
- Illicit Narcotics Trade
- Threats to Women’s Rights
- Inadequate Oversight

Funding for a post-peace settlement is a new area for the High-Risk List and reflects SIGAR’s concern that neglect of post-peace funding needs might recreate the resource-starved scenario that proved disastrous for Afghanistan and the world after Soviet troops withdrew in 1989 and the USSR stopped its security assistance.

One area included in the 2019 list—civil-policing capabilities—is treated differently in this edition. The civil-policing discussion now appears in the Increasing Insecurity section.

As with the 2019 report, this 2021 edition discusses sustainability as an aspect of each risk topic, because it affects every area of reconstruction in Afghanistan. Likewise, the more recent and pervasive impacts of the COVID-19 pandemic are discussed throughout the report, as they also affect every aspect of reconstruction.
An Afghan National Army-Territorial Force member watches security demonstrations at the Kabul Military Training Center. (DOD photo)
INCREASING INSECURITY

HIGH-RISK AREA: INCREASING INSECURITY

WHY IT IS A HIGH RISK

The United States has sought over the past 19 years to build up the Afghan National Defense and Security Forces (ANDSF) to protect the Afghan population and expel terrorist groups from the country. Without a fully capable, professional, and sustainable ANDSF to provide security, other large-scale reconstruction investments such as governance and economic and social-development programs are at risk. Security remains the most crucial and enduring high-risk area for Afghanistan because the Taliban have not significantly changed their tactics, high levels of violence, or political objectives, and terrorist groups in Afghanistan like Islamic State-Khorasan (IS-K) and al-Qaeda, although reduced, remain in the country.

The United States has made a very large investment in Afghanistan’s security. As of December 31, 2020, the United States has appropriated roughly $88.3 billion to build, equip, train, and sustain the ANDSF. That sum represents 62% of the nearly $143.3 billion appropriated for all Afghanistan reconstruction since Fiscal Year (FY) 2002. Yet, security-related threats to the reconstruction effort have increased since SIGAR published its 2019 High-Risk List, mainly because of rising Taliban violence and ANDSF capability gaps.

Despite early hopes surrounding the Taliban’s commitments in the February 29, 2020, U.S.-Taliban agreement and the initiation of Afghan peace talks in September 2020, U.S. Forces-Afghanistan (USFOR-A) reported high levels of enemy-initiated violence during most of 2020. The Taliban killed thousands of Afghan civilians and ANDSF members, and the level of violence has hindered the ANDSF from building critical capabilities. At the same time, ANDSF and Coalition forces have inflicted significant casualties on the Taliban, IS-K, and other insurgent groups.

With or without a sustainable peace agreement and a nationwide ceasefire, Afghanistan requires an army to protect its population from internal and external threats, civil police to keep order and respond to criminal activity, and border police to maintain territorial integrity. Afghanistan will likely continue to be threatened by multiple violent-extremist organizations. Any political agreement risks subordinate groups going rogue, possibly manifesting as another insurgency or insecurity from criminal gangs or networks. These issues could become even more pronounced if U.S. forces are no longer in country to provide counterterrorism support and to train, advise, and assist Afghanistan’s security institutions.

WHAT SIGAR FOUND

Since the 2019 High-Risk List, SIGAR has issued 13 security-related reports and eight quarterly updates on Afghan security and the U.S. and Coalition mission to train, advise, and assist the ANDSF.

Some security-related issues SIGAR identified include:

- In FY 2017–FY 2020, DOD did not conduct the required monitoring to account for sensitive defense articles transferred to the Afghan government. The requirements are
designed to minimize national-security risks by preventing the diversion or misuse of items that incorporate sensitive technology. Consequently, some sensitive technology provided to the Afghan government was susceptible to theft or loss.\textsuperscript{43}

- Since 2010, DOD has appropriated over $8.5 billion to develop a capable and sustainable Afghan Air Force (AAF) and Special Mission Wing (SMW), but will need to provide continued, expensive contractor logistics support for aircraft maintenance and maintainer training. Fewer U.S. and Coalition forces will increase the reliance on contractors, creating additional operational and oversight risks and challenges. Further, the potential withdrawal of contractors from Afghanistan may leave the AAF and SMW without vital support if DOD does not identify alternatives.\textsuperscript{44}

- Divided responsibilities among U.S. agencies and military services for developing ANDSF capabilities, as well as short-term deployments of U.S. advisors, caused uneven ANDSF development and impeded standardized security-sector assistance programs.\textsuperscript{45}

- Insufficient data to assess, monitor, and evaluate U.S. advisors assigned to Afghan security ministries led DOD to request personnel with the wrong experience, advisors to receive inadequate training, understaffing, and DOD’s inability to measure the effectiveness of its more than $421 million civilian advisor contracts.\textsuperscript{46}

- Ineffective management and oversight of U.S.-purchased fuel, equipment, and uniforms for the ANDSF resulted in millions of taxpayer dollars being lost to waste or fraud.\textsuperscript{47}

- Many ANDSF structures built by U.S.-funded contractors were found to be shoddily constructed, unsafe, and, in some cases, unused.\textsuperscript{48}

For all of its internal and external challenges, over the last two years, the ANDSF has maintained control of Kabul, provincial capitals, major population centers, most district centers, and most portions of major ground lines of communications.\textsuperscript{49} Though some ANDSF capabilities have improved in this time, the force will continue to contend with a complex security environment and to face long-term capability and sustainability challenges that require various forms of continuing U.S. military support.

Commander of U.S. and Coalition forces in Afghanistan General Austin Scott Miller summarized this on December 16, 2020, saying the ANDSF need the most help “ensuring that the proper flow of those things that field an army or field a police force, which are logistics or classes of supply … [and] making sure [the ANDSF] know we’re still there from an air support standpoint and able to help and protect them during combat operations.”\textsuperscript{50}

WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST

The main security-related events in Afghanistan since 2019 include:\textsuperscript{51}

- the signing of the U.S.-Taliban agreement on February 29, 2020, calling for the complete withdrawal of U.S. troops by May 1, 2021, if the Taliban meet certain conditions;
- related U.S. force-level reductions in June 2020 (to roughly 8,600), in November 2020 (to 4,000–5,000), and in January 2021 (to 2,500); and
- the start of Afghan peace negotiations in September 2020, that have so far not reduced violence or produced a nationwide ceasefire.

The U.S.-Taliban Agreement Signed

The United States signed an agreement with the Taliban on February 29, 2020, providing for the withdrawal of all U.S. troops and associated nondiplomatic personnel from Afghanistan by
May 1, 2021, if the Taliban meet a number of conditions. The agreement commits the Taliban to prevent its members and other individuals or groups from using Afghan soil “to threaten the security of the United States and its allies,” to enter into negotiations with the Afghan government to determine “the date and modalities of a permanent and comprehensive ceasefire,” and to reach “agreement over the future political roadmap of Afghanistan.” For a breakdown of each parties’ commitments in the agreement, see page 7.

The agreement also encouraged the release of up to 5,000 Taliban prisoners held by the Afghan government and up to 1,000 government prisoners held by the Taliban before the start of Afghan peace negotiations. These prisoners were released before negotiations began, but talks hit an impasse in December 2020 when the Afghan government refused the Taliban’s demand to release an additional 7,000 Taliban prisoners, citing continuing Taliban violence. Reports emerged that some released Taliban prisoners have already returned to the battlefield. If the Taliban authorized this, it would expressly contradict their commitments in the agreement.

The U.S.-Taliban agreement further requires the Taliban to discuss the date and modalities of a permanent and comprehensive ceasefire, and to complete an agreement over the political future of Afghanistan. Though Afghan government representatives have repeatedly called for a ceasefire between the ANDSF and the Taliban, on September 25, 2020, Ambassador Khalilzad said, “The Talibs will not accept a ceasefire, comprehensive and permanent, until there’s a political settlement. And that’s not unprecedented in similar conflicts elsewhere.”

As of February 2021, no publicly apparent progress has been made during intra-Afghan talks on either of these goals.

Since at least July 2020, several U.S. officials have indicated that the Taliban have failed to meet their commitments stipulated in or broadly part of the U.S.-Taliban agreement—in particular those regarding counterterrorism guarantees, not attacking U.S. and Coalition forces, and reducing levels of Taliban violence—whose importance these officials have
repeatedly stressed.58 When asked as recently as February 16, 2021, whether the Taliban were fulfilling their agreement pledges, NATO Secretary General Jens Stoltenberg said “there is still a need for the Taliban to do more when it comes to delivering on their commitments... to reduce violence, to negotiate in good faith, and to make sure that they break all ties with international terrorists, not provide them any support.”59 That same day DOD officials said the Biden Administration was reviewing the U.S. government’s entire Afghanistan policy, including Taliban compliance or noncompliance with the U.S.-Taliban agreement.60

U.S. Force Level Reductions and Mission Impact

When SIGAR issued the 2019 High-Risk List, roughly 14,000 U.S. military personnel were serving in Afghanistan, 8,475 of whom were part of the train, advise, and assist mission to build a more capable ANDSF. The rest were in support roles or serving the counterterrorism mission.61 Following U.S.-Taliban agreement in February 2020, the U.S. force presence has declined significantly, from a total of 8,600 troops in June 2020, the first reduction stipulated in the agreement,62 to 4,000–5,000 by the end of November 2020, and to 2,500 by January 15, 2021, after President Trump determined that conditions permitted the move.63 DOD said this new level is the lowest since 2001.64 Of the 9,592 troops serving the Resolute Support (RS) mission in Afghanistan as of February 2021, 7,092 belong to Coalition (NATO and some non-NATO) allies. Though the agreement commits the U.S. to reducing allied forces in the country alongside its own drawdown, allied countries have only decreased their forces by roughly 1,500 since the agreement was signed.65 Both U.S. and NATO officials say their force posture is conditions-based, and as of February 18, 2021, Secretary General Stoltenberg said the U.S. and its NATO allies “have made no final decision on the future of our presence. As the May 1 deadline is approaching, NATO allies will continue to closely consult and coordinate in the coming weeks.”66

DOD acknowledged in January 2021 that the latest U.S. force-level reduction introduced some limitations on force capacity and on the train, advise, and assist mission.67 The COVID-19 pandemic compounded this impact. U.S. and Coalition personnel may still conduct only limited, mission-essential, face-to-face advising with their Afghan counterparts.68 U.S. advisors have relied more on videoconferencing, e-mail, text messaging, telephone, and other remote methods than on much-preferred face-to-face interactions.69

Notwithstanding the complications for the train, advise, assist mission, USFOR-A insists that its ability to execute and/or oversee costly and necessary taxpayer-funded contracts to train and sustain the ANDSF, and to provide them hundreds of millions of dollars’ worth of equipment and direct-assistance funds, has thus far “not been adversely affected by the reduction of force levels”—an assurance not yet tested by time or independent audit.

U.S. Funding Decreases

Annual U.S. appropriations for the Afghanistan Security Forces Fund (ASFF) are at their lowest levels since FY 2008. Congress appropriated roughly $3 billion in FY 2021 for ASFF—used to build, equip, train, and sustain the ANDSF—and rescinded $1.1 billion from the $4.2 billion FY 2020 appropriation.71 Because this is still a sizable financial investment in Afghanistan and includes some direct funding to the Afghan government (including hundreds of millions of dollars per year for things like Ministry of Defense (MOD) forces’ salaries),72 it is important that DOD and independent oversight agencies like SIGAR continue to protect these funds and have access to Afghan financial systems and records.

In October 2020, NATO allies reaffirmed their commitment to the RS mission and to
Afghanistan’s security and stability, by extending their financial sustainment of the ANDSF through 2024, although they did not specify at what levels. It is also unclear how adjustments to U.S. financial contributions to Afghanistan might impact NATO and other Coalition countries’ commitments.

**Escalating Taliban Violence Is Causing Increased Insecurity**

The Taliban maintain a high level of violence despite the major political breakthroughs of the U.S.-Taliban agreement and the start of intra-Afghan peace negotiations. Each quarter since the agreement was signed (April–June, July–September, and October–December 2020) has seen a higher average number of enemy-initiated attacks compared to the same quarters in 2019. Since the February 2020 agreement, the Taliban have focused on attacking exposed ANDSF outposts, fought particularly heavily in their historical strongholds of Kandahar and Helmand Provinces, and conducted targeted assassinations against mid-level government officials, civil society leaders, and journalists, especially in the city of Kabul. General Miller said in December 2020 that “clearly, the Taliban use violence as leverage. It is a tool they’ve used for a long time and it’s one they are loath to abandon.” On February 17, 2021, General Miller also expressed concern about the possibility of an intense Taliban spring offensive, and said “Taliban violence is much higher than historical norms. It just doesn’t create the conditions to move forward in what is hopefully a historic turning point for Afghanistan.”

Civilian casualties remain high, decreasing by a modest 5–6% in 2020 compared to the last two years. Civilian casualties in the last quarter of 2020 were the third highest in the last two years.

Increased violence also hinders the ANDSF’s ability to build critical capabilities. President Ghani said that 3,560 ANDSF troops were killed between the signing of the U.S.-Taliban agreement in February and July 21, 2020. High ANDSF casualties directly impact the force’s ability to fight insurgents, not only because their force strength is reduced, but also because new,
inexperienced recruits are often not as capable as their predecessors.

According to DOD, “The Taliban is calibrating its use of violence to harass and undermine the ANDSF and [the Afghan government], but [to] remain at a level it perceives is within the bounds of the agreement, probably to encourage a U.S. troop withdrawal and set favorable conditions for a post-withdrawal Afghanistan.”

**Threats from Terrorist Groups Are Diminished but Remain**

**Islamic State-Khorasani**

The 2019 High-Risk List reported an IS-K presence in several districts in Nangarhar Province with expansion into Kunar and Jowzjan Provinces. DOD reported in June 2020 that sustained pressure from the ANDSF, Coalition forces, and the Taliban killed IS-K fighters and induced surrenders, leading IS-K to relinquish control of territory in southern Nangarhar Province and in Kunar Province. The UN reported in December 2020 that the number of incidents claimed by or attributed to IS-K was considerably lower in 2020 than in the same period in 2019 (11 compared with 343).

Despite these developments, DOD said IS-K maintains the ability to conduct mass-casualty attacks. After being dislodged from territory it controlled, IS-K may be adjusting to a smaller group posture in urban areas, making them more difficult to locate and identify. The United States currently conducts air strikes and ground raids against IS-K and other terrorist organizations active in Afghanistan unilaterally or in coordination with Afghan forces.

DOD said in October 2020 that while some units of the Afghan Special Security Forces (ASSF)—the ANDSF’s primary offensive and counterterrorism forces—“have proven highly capable of conducting independent operations,” they “would benefit from continued partnership with U.S. and Coalition forces.” The ASSF rely on international funding, contracted logistics support for aircraft and vehicles, ordnance and communication-equipment procurement, and contracted training to develop commandos.

**Al-Qaeda**

While the Taliban committed in their agreement with the United States not to allow al-Qaeda “to use the soil of Afghanistan to threaten the security of the United States and its allies,” al-Qaeda operatives continue to appear in Taliban-controlled territory. The latest reported instance was on October 25, 2020, when Afghan security forces killed an Egyptian man known as Husam Abd-al-Ra’uf, alias Abu Muhsin al-Masri, a senior member of al-Qaeda on the FBI’s “Most Wanted Terrorists” list.

According to the UN in May 2020, “The senior leadership of al-Qaeda remains present in Afghanistan, as well as hundreds of armed operatives, al-Qaeda on the Indian Subcontinent, and groups of foreign terrorist fighters aligned with the Taliban.” The UN notes that the Taliban and al-Qaeda have had strong historic links, and suggests the threat is growing, as information indicates that al-Qaeda “is quietly gaining strength in Afghanistan while continuing to operate [in 12 provinces] with the Taliban under their protection.” The UN also raises questions about whether the Taliban intend to and actually can carry out their antiterrorism commitment and, if they try, whether die-hard Taliban members will defect to other movements.

**Continuing but Incomplete Efforts to Build ANDSF Capacity**

Persistent ANDSF weaknesses in mission-critical areas continue to hinder the force’s effectiveness, readiness, and sustainability. These include nascent personnel accountability and payroll capabilities, logistics challenges, and heavy reliance on U.S.-funded contractors for maintenance of U.S.-provided vehicles and aircraft.
Personnel Accountability and Pay Systems
Since 2016, RS advisors have worked to reduce the ANDSF’s reliance on an error-prone, paper-based personnel records system by implementing the electronic Afghan Personnel and Pay System (APPS) to account for personnel and manage payroll. As of January 2021, the United States has spent $50.2 million to build and sustain this system since it was created in 2016, about $14.4 million of which was spent since the 2019 High-Risk List. MOD began using APPS to generate payroll starting in October 2019—(though the Ministry of Interior (MOI) still had not as of January 2021),—and there have been several MOD, MOI, and U.S. efforts to cleanse the system’s rolls of nonexistent, or “ghost” personnel, to avoid fraudulent and wasteful salary payments.

As of December 2020, the ANDSF had made only minimal progress toward reaching the APPS performance milestones required for them to take over ownership, management, and sustainment of the system, which may still take several years. A continued U.S. advisor presence and much work are needed to ensure U.S. funds for ANDSF salaries are protected, especially as the U.S. troop presence decreases. Until then, the United States will continue to fund and oversee APPS.

Logistics and Inventory Management
The MOD and MOI face challenges managing logistics across their forces. One major aspect of this includes implementing, properly utilizing, and maintaining their electronic Core Inventory Management System (CoreIMS) that would enable the ANDSF to solve a myriad of logistics issues through better tracking what equipment it has, where it is located, and its functional or repair status.

According to DOD, although CoreIMS has been used as the ANDSF’s automated logistics system of record since 2010, the ANDSF has not yet been able to fully implement CoreIMS across the force. Additionally, because the system is network-based, longstanding internet-connectivity issues prevent it from functioning at some local sites.
The ANDSF is not scheduled to achieve full independent use of CoreIMS until 2024 and will continue to contract out technical maintenance of the system—contracts the United States will likely fund—for at least the next several years.95

Vehicle and Aircraft Maintenance
Another important area where the ANDSF lacks critical capacity is in vehicle and aircraft maintenance. Since the 2019 High-Risk List, the ANDSF has not meaningfully improved its ability to independently maintain its U.S.-provided vehicles and aircraft so that the United States can stop funding costly contracts for maintenance training and provision.

DOD has acknowledged that building an organic Afghan aircraft maintenance capability is a years-long process. Training a fully qualified routine-level maintainer can take up to 18 months, and an advanced-level maintainer up to 7.5 years. As of January 2021, the Afghan Air Force (AAF) has filled just under half of its maintainer positions with personnel trained and certified in the required aircraft-maintenance specialties and at the required certification levels.96

Additionally, due to overall U.S. force reductions, the train, advise, and assist command for the AAF (TAAC-Air) has reduced its manpower by 94% since the fall of 2019. This changed its primary mission from direct AAF training and advising to managing U.S.-funded contracts for AAF aircraft procurement and maintenance, pilot and mechanic training, and infrastructure support. The United States committed in the U.S.-Taliban agreement to reduce and eventually withdraw “private security contractors” and “supporting services personnel.” TAAC-Air assessed in January 2021 that without continued contractor support, none of the AAF’s airframes (UH-60, MD-530, etc.) can be sustained as combat effective for more than a few months.97

Since December 2017, ANDSF vehicle maintenance has been streamlined into one National Maintenance Strategy contract, for which the United States has obligated a total of $787.5 million as of October 2020. The contract stipulates that contractors are responsible for maintaining the majority of ANDSF vehicles while they train the Afghan National Army (ANA) and Afghan National Police (ANP) to perform vehicle maintenance. The aim is to eventually transition full vehicle-maintenance responsibility to the ANA and ANP, but that goal is years away from fruition.98

Yet, ANDSF maintenance capacity has declined over the last two years. The 2019 High-Risk List reported that as of November 2018, the ANA was responsible for 51.1% of its vehicle maintenance and the ANP only 15.9%. As of December 2020, the ANA was completing just under 20% of maintenance work orders, and the ANP slightly more than 12%, well below their goals of 80% for the ANA and 35% for the ANP.99

Securing Communities with Civilian Policing
The MOI also continues to face challenges with civilian policing—maintaining order through the rule of law in communities no longer at risk of violent insurgent or criminal control. Establishing the rule of law and maintaining everyday security through an effective and legitimate police force is important to lay the groundwork for a potential future, post-peace environment.100

After two decades of international support, Afghanistan currently has a small number of highly trained specialized police forces that have emerged under the tutelage of international advisors.101 These police forces excel at high-risk arrests and investigations using advanced technical approaches, such as wiretaps.102 These specialized police forces are an important ANDSF asset in the ongoing war; however, their capabilities are likely to deteriorate once the international advisor presence is reduced.103

At the same time, the Afghan government still lacks a police force that can legitimately
enforce the rule of law on a day-to-day basis. The Afghan Uniformed Police (AUP), responsible for this civilian policing mission, are largely illiterate and poorly trained. Although the largest element of the ANP, the AUP often lack the basic skills to conduct criminal investigations. They often operate from isolated checkpoints and heavily fortified police stations, creating a barrier between them and the citizens they are supposed to serve and protect. Further, many AUP are considered abusive, predatory, and corrupt.104

Regardless of an eventual Afghan peace agreement, criminality in the country is not merely a function of the Taliban-led insurgency and will persist. Crime levels have been rising steadily for years—most noticeably in Kabul, which has historically had relatively low crime rates. Since the 2019 High-Risk List, rampant criminality prompted extensive police crackdowns, but two decades of militarized training focused on suicide bombings and terrorist infiltrations left the Afghan police ill-equipped to handle widespread robbery, kidnapping, and murder. By 2020, garden-variety crime constituted the biggest concern for Kabul’s residents, where criminal activity had expanded into previously safe central neighborhoods and became increasingly brazen and violent.105

Without an effective and democratic police force securing communities, persistent criminal activity and lawlessness will threaten to undo any achievements made by the ANDSF, and could cause instability and reignite violence.

QUESTIONS FOR POLICYMAKERS

- What impact will the reduction in U.S. and Coalition forces and the consolidation of international advisors at higher ANDSF levels have on the train, advise, and assist mission and on ANDSF capabilities? How will these impact the ANDSF’s ability to maintain security?
- What impact will the reduction of U.S. and Coalition forces and of reconstruction funding have on the counterterrorism mission in Afghanistan?
- Should the United States recalibrate the types and levels of security assistance to Afghanistan now that the number of U.S. forces in the country is at its lowest level since 2001, and if so, what would that look like?
- With a dramatically reduced footprint, how will DOD ensure that U.S. security-related financial investments in Afghanistan are not wasted or susceptible to fraud? How long is the United States willing to fund expensive personnel and logistics sustainment contracts upon which the ANDSF heavily relies, but for which the Afghan government cannot pay?
- After more than $88 billion appropriated so far to build, equip, train, and sustain the ANDSF, are Afghan forces capable of maintaining the status quo against the Taliban until an Afghan peace agreement is implemented or longer-term if a peace deal does not emerge? If not, what options should be considered to ensure they can, and for how long?
Member of the Taliban negotiation team, in Doha, Qatar. (State photo)
Afghanistan remains exceptionally reliant upon foreign assistance, creating both an opportunity for donors to influence events there as foreign troops depart, and risks to a potential peace if they reduce assistance too much, too fast, or insist on conditions that cannot be achieved by the parties to the conflict. U.S. reconstruction programs aimed at promoting economic development, rule of law, respect for human rights, good governance, and security for the Afghan people may become the primary lever of U.S. influence in the country for stability and a negotiated peace.

Future funding for Afghanistan faces two principal risks:

1. Whether expanding the conditions donors set for funding will be sufficient incentive to facilitate and maintain an acceptable peace agreement.
2. Whether the level of foreign assistance during this uncertain period is sufficient to prevent state collapse.

Requiring the Taliban to adhere to donor conditions for assistance could complicate an already complex dynamic. Donors have increasingly described the continuation of post-peace foreign assistance as conditional on ambitious goals that require action by actors beyond the Afghan government. In what may be an oblique reference to the Taliban and other armed groups, donors acknowledge that several of their desired outcomes are dependent upon “external factors outside [Afghan government] control.”

Given the context of the peace process, donors increasingly recognize that the Taliban will need to play a role if progress is to be made toward at least some of the donor-prioritized outcomes, including reductions in civilian casualties and decreases in the proportion of the population who fear for their personal safety. Further, donors have advised the Afghan government and the Taliban that “sovereign decisions made by Afghans in these talks about their country’s future governing arrangements will determine donor development and budget support to Afghanistan.”

State reported that the pressure created by its “new conditions-based strategy” brought the two parties to the negotiating table. Whether the approach ultimately facilitates an acceptable peace agreement remains uncertain.

Including the Taliban in high-level conditions for foreign assistance would be a significant departure from the past when donor conditionality was generally focused on Afghan government performance. As SIGAR has long reported, even when conditionality involved only the Afghan government, it has been difficult to influence behavior.

With regard to risks associated with the amount of foreign assistance, recent analysis suggests the Afghan government already faces great stress. According to a recent Overseas Development Institute (ODI) report coauthored by the World Bank’s lead economist for Afghanistan, in 2018 (the most recent year for which full data is available), Afghanistan received at least $8.6 billion in foreign aid, representing...
almost 80% of the nation’s $11 billion in public expenditures (estimates for total on-budget and off-budget assistance). On-budget donor funds are those included in the Afghan national budget and managed through Afghan government systems. Off-budget funds are those that do not meet the conditions of on-budget assistance. As the ODI authors observe, Afghanistan’s unprecedented aid dependence has shaped Afghanistan’s political system and economy.

At the November 2020 Afghanistan Conference held virtually in Geneva, participants from 66 countries and 32 international organizations pledged at least $3.3 billion in development aid for one year, with annual commitments expected to stay at the same level until 2024, the UN said. Assuming these pledges are fulfilled over the four years, this represents a 15% decrease compared to the amount of aid pledged at the 2016 Brussels Conference. The United States, for its 2021 pledge, made half of its potential $600 million in development assistance for the year contingent upon progress in the peace process.

The amount pledged, if wholly fulfilled, comes close to the $3 billion in donor assistance for civilian expenditures that the authors of the ODI note determined was the minimum yearly amount necessary to preserve Afghan state functionality in 2025–2026. The authors found that an additional $3.6 billion would be required for security, mostly from the United States, as it is presently the “only [security sector] donor of real consequence.”

The decrease in aid comes despite an earlier World Bank estimate that peace would require around $5.2 billion in new and additional public financing for civilian assistance through 2024. According to the World Bank, its proposed post-settlement suite of programs is necessary for “signaling change” that peace delivers a short-term, noticeable improvement in living standards, increasing the chance of sustaining peace.

Many of the efforts in the high-risk areas identified in this report will be unlikely to take place at all in the absence of sustained (and in some cases additional) donor support.

Cuts beyond the $6.6 billion recommended by the ODI authors would, in their view, be highly destabilizing.

They would lead to reduced economy-wide demand, fewer jobs, lower incomes and increased poverty—along with serious macroeconomic impacts (Afghanistan’s trade deficit of 35 percent of GDP is financed by current levels of external grants). Significant political disruptions are also likely to result from eliminating off-budget development and military procurement programmes: these support established patronage channels.

Most importantly, security forces could not sustain cuts of this magnitude and expect to remain functional. Nor could Afghan society easily adjust to the massive demobilisation that would be required: the same economic crunch means that ex-combatants would have few employment opportunities outside the militias, jihadist groups and criminal enterprises for which their skill sets have prepared them.
The ODI authors advocate concentrating any development-assistance cuts in off-budget activities in order to retain on-budget funding. According to the authors, cuts in off-budget activities are unlikely to have major or immediate impacts on growth compared with cuts to on-budget expenditures managed by the Afghan government. As discussed in more detail on pages 56–58, 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.

**WHAT SIGAR FOUND**

Senior Trump Administration officials made several references to leveraging future U.S. foreign assistance to influence Afghanistan’s post-peace political and human-rights landscape. Secretary of State Michael Pompeo, in remarks at the opening of Afghanistan peace negotiations, told the negotiating teams that their choices on a future political system for Afghanistan—including women’s participation in political life—would affect “both the size and scope of United States future assistance.”

Special Representative for Afghanistan Reconciliation Zalmay Khalilzad, when discussing avenues for U.S. influence on the future of Afghanistan and women’s rights, told Congress “we will have the leverage of future relations and assistance.” He drew a distinction between countering threats to U.S. national security that could warrant the use of military force, and advancing U.S. values on human rights, for which economic and diplomatic leverage were the appropriate tools for shaping behavior.

In September 2019, Acting U.S. Assistant Secretary of State for South and Central Asia Alice G. Wells told Congress that post-peace foreign assistance could provide the international community with a “substantial amount of leverage” over the Taliban.

The United States is not alone in tying future foreign assistance to the peace talks. The European Union’s Special Envoy for...
Afghanistan, Roland Kobia, wrote that the EU and U.S. governments were fully aligned on donor conditionality based on sustaining the values, rights, and “republican” efforts in Afghanistan. In November 2020, representatives for donor countries—including the United States—that collectively provide 80% of official development assistance to Afghanistan wrote to the Afghan government and Taliban negotiating teams that “sovereign decisions made by Afghans in these talks about their country’s future governing arrangements will determine donor development and budget support to Afghanistan.”

Donors have signaled their interest in mobilizing “all available instruments to accompany and follow up on a peace settlement,” including extending development programs to previously underserved areas. Yet donors are also signaling that their future assistance depends not only on Afghan government actions, but on those of the opposition Taliban, introducing a new dynamic to an already uncertain foreign-assistance future. In statements that appear directed at both sides, donors are calling for respect of the democratic system enshrined in the Afghan constitution and “full equality between women and men, girls and boys, in all aspects of life, political, economic and social” as necessary conditions for continued international support.

The Taliban appear to have made administration of donor-funded service delivery a key aspect of their governing strategy in areas they control. While the Taliban have not ruled Afghanistan since 2001, they still exert a heavy influence on the Afghan government’s delivery of public services in many parts of the country. The Taliban seldom provide services themselves, but reportedly can co-opt, modify, or choose to facilitate or hinder Afghan government provision of services.

A number of studies from 2017 to 2019 by the Afghanistan Analysts Network (AAN), the United States Institute of Peace (USIP), the Overseas Development Institute (ODI), and the World Bank highlight a rarely acknowledged aspect of service delivery in Afghanistan: bargains with insurgents are often necessary when operating in areas they control or influence.
According to the scholar Antonio Giustozzi, some Taliban leaders seem to believe their involvement in service delivery can be a source of political legitimacy. Since the group has few resources to provide services themselves, it is more efficient, according to Giustozzi, for the movement to “hijack” Afghan government-provided services.132

An Afghan government that includes the Taliban would be an added challenge for future funding. In September 2020, Ambassador Khalilzad told Congress that current U.S. policy prohibits providing assistance to the Taliban. If the Taliban become part of a future government, he added, the U.S. Congress and Executive Branch would need to make legal and policy changes to allow for continued foreign assistance.133

To date, it remains unclear what compromises, if any, the Taliban would be willing to make in order to be more involved in development policymaking. The February 2020 U.S.-Taliban agreement included language committing the United States to seek economic cooperation for reconstruction of the post-settlement Afghan Islamic government (provided such reconstruction did not interfere in the post-settlement government’s internal affairs).134

The Taliban’s ambiguity on several key policy matters might afford them greater flexibility during Afghan peace negotiations, but makes it harder for donors to assess the Taliban’s ability to follow through on any agreements. In December 2020, two ODI researchers warned donors not to assume the Taliban had reached an internal consensus on many of the issues at the forefront of donor concerns, such as their post-peace political ambitions or social policies including girls’ education. Despite the establishment of a well-developed “parasitic” Taliban shadow state, these researchers argued the Taliban’s failure to articulate “a clear, coherent vision for the future of Afghanistan” is a significant weakness.135 Whereas the Taliban’s leadership understands the negative consequences should they fail to conform to human-rights frameworks, they report that Taliban sources in the field expect the negotiations to result in a return of the Taliban’s 1990s-style government.136

**WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST**

The uncertainty of continued funding for a peace settlement was not a high-risk area in the 2019 High-Risk List.

**QUESTIONS FOR POLICYMAKERS**

- What evidence is there that the Taliban will moderate their policies on democracy and human rights in response to donors conditioning future assistance on certain actions and reforms?
- What kind of assistance planning should Congress and U.S. implementing agencies prepare for in the event the Afghan government and the Taliban cannot reach a peace agreement, or if the Taliban refuses to fully embrace donor conditions for future funding?
- How much can donor assistance decrease without (1) destabilizing the Afghan government and the ANDSF, (2) returning Afghanistan to civil war and perhaps once again becoming a haven for international terrorists, and (3) encouraging the Taliban to resolve the conflict through conquest?
Released Taliban prisoners leave Afghan government custody. (Afghan government photo)
THE NEED FOR REINTEGRATION

HIGH-RISK AREA: THE NEED FOR REINTEGRATION

WHY IT IS A HIGH RISK

The top priority for the U.S. mission in Afghanistan is a successful peace process to create the stability “that is essential to ensure this country is never again a base for terrorist threats against the United States, its allies, or its interests.” A critical step toward realizing that priority is developing a process to reintegrate ex-combatants from both sides into normal political, social, and economic life once a peace settlement permits reducing the numbers of fighters.

In September 2020, the Afghan government and the Taliban initiated the long-awaited intra-Afghan negotiations. These talks began after the Afghan government and Taliban released several thousand of each other’s prisoners. According to U.S. Special Representative for Afghanistan Reconciliation Zalmay Khalilzad, the Afghan government held approximately 13,000 Taliban prisoners at the time of the U.S.-Taliban agreement in February 2020. As of February 2021, the Afghan government reported it had released approximately 5,500 Taliban prisoners. In February 2021, Afghanistan’s first vice president Amrullah Saleh claimed that an unspecified number of these released Taliban fighters had returned to the battlefield.

The Taliban have 55,000–85,000 fighters, according to the United Nations, based on estimates provided by member states. Depending on the terms of a peace agreement, some Taliban fighters will be integrated into the Afghan National Defense and Security Forces; others will need to transition to productive noncombatant status in civil society. The same holds true for an unknown number of Afghan state-aligned formal and informal security forces.

The UN 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.” That process can be complex and long-term, with social, economic, political, security, and humanitarian dimensions.

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.” Reintegration efforts aim to return former fighters to civilian activities, and more broadly, to contribute to peace-building, conflict prevention, and reestablishing the state’s legitimate monopoly over the use of force.

Afghanistan will likely face significant challenges based on the mixed record of reintegration efforts since the late 1980s. 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 elements. However, several factors could undermine Afghanistan’s reintegration efforts, including:

- a weak economy that currently offers few sustainable livelihood options
- ongoing insecurity
- political uncertainty
HIGH-RISK AREA

- poor social cohesion within a population traumatized by decades of war
- weak governance and rule of law

Moreover, if reintegration requires long-term assistance, donor fatigue is a very real concern, for reintegration programming involves extensive data collection and analysis, information management, vetting, monitoring and evaluation, capacity development of host government institutions, and resource mobilization. Together, these contextual and programmatic issues will test the ability of Afghan stakeholders and donors to successfully design and implement reintegration efforts.

WHAT SIGAR FOUND

In September 2019, SIGAR issued a lessons-learned report that examined the five main post-2001 reintegration efforts in Afghanistan and assessed their effectiveness. SIGAR found that the absence of a comprehensive political settlement or peace agreement was a key reason prior reintegration programs aimed at Taliban fighters failed. Other important factors were insecurity and threats against program participants, a weak economy offering few legal economic opportunities, and limited government capacity to implement a program.

Consequently, none of the reintegration programs enabled a significant number of ex-combatants to socially and economically rejoin civil society. Programs specifically targeting Taliban insurgents did not weaken the insurgency to any substantial degree or contribute meaningfully to parallel reconciliation efforts.

WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST

SIGAR continues to monitor for any new U.S.-supported reintegration efforts as the Afghan peace process develops. But since the 2019 High-Risk List, State has reported no substantially new financial support to peace and reconciliation activities. It appears that the principal U.S. government agencies that could be involved in reintegration efforts are awaiting

Reintegrated insurgent leader Ghaffar Tufaan. (Resolute Support photo)
THE NEED FOR REINTEGRATION

further developments in the intra-Afghan negotiations before committing to a particular reintegration approach. If so, their restraint is consistent with SIGAR’s warning that “a reintegration program runs a high risk of failure in the absence of a political settlement or peace agreement.”151 Further, the latest World Bank public post-peace funding document does not include the cost of disarmament, demobilization, and reintegration programming in their projected funding estimates.152 However, it may be prudent to continue preliminary planning for such a program in anticipation of a possible peace agreement.

On September 26, 2019, the Senate Appropriations Committee issued S. Rept. 116-126, accompanying the Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2020. The report directed SIGAR to assess “the extent to which the Department of State and USAID have developed strategies and plans for the provision of continued reconstruction assistance to Afghanistan in the event of a peace agreement, including a review of any strategies and plans for monitoring and evaluating the effectiveness of such assistance and for protecting the rights of Afghan women and girls.”153 SIGAR anticipates completing this work in mid-2021.

QUESTIONS FOR POLICYMAKERS

• Should the international community encourage Afghan peace negotiators to include the reintegration of ex-combatants as a focused area of discussion?
• If a reintegration program were established, who 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 them?
• How should U.S. agencies adjust current assistance and programming to ensure that they are conducive to future, potential reintegration efforts?
Two boys walk through a Jalalabad market in the eastern province of Nangarhar. (UNDP photo)
HIGH-RISK AREA: ENDEMIC CORRUPTION

WHY IT IS A HIGH RISK

Corruption threatens all U.S. and international efforts in Afghanistan.154 Corruption particularly threatens developing a functional Afghan government and effective security forces to address the insurgency.155 Corruption not only erodes Afghans’ trust in their government, but also compromises the intended outcomes of development interventions, and undermines security by fueling insurgent and corrupt power structures.156

SIGAR’s September 2016 Lessons Learned Program report, Corruption in Conflict, found that corruption substantially undermined the U.S. mission in Afghanistan from the very beginning. SIGAR concluded then, and remains concerned, that the failure to effectively address the problem means U.S. reconstruction programs, at best, will be subverted by systemic corruption and, at worst, will fail.157

Donors continue to demand concrete anticorruption actions from the Afghan government. At the November 2020 Afghanistan Conference, participants from 66 countries and 32 international organizations adopted the Afghanistan Partnership Framework (APF), calling for the Afghan government to carry out a “meaningful, demonstrable fight against corruption” as a condition for continued international support.158 Secretary of State Michael Pompeo said the Afghan government must implement “real anticorruption efforts” essential for stability and security in the country.159

At the conference panel on corruption, U.S. Chargé d’Affaires Ambassador Ross Wilson called for “vigorous public action to identify, prosecute, and effectively punish corrupt officials involved in the taking of public resources.”160 UN Special Representative of the Secretary-General Deborah Lyons said it was “past time for those who are responsible [for corruption] to be held accountable,” labeling corruption a “silent cancer steadily affecting all aspects of the lives of Afghan citizens.”161

Surveys show corruption remains a widespread issue affecting Afghans. According to the latest Asia Foundation survey results, 85% of respondents in 2020 reported that corruption was a major problem in their daily life and 95% of respondents said corruption was a major problem in Afghanistan as a whole.162

WHAT SIGAR FOUND

SIGAR has reported on Afghanistan’s anticorruption issues since 2016, beginning with the Lessons Learned Program report, Corruption in Conflict, which offers a historical view of corruption in Afghanistan since 2001. In response to that report, Congress directed SIGAR to examine the creation and implementation of Afghanistan’s Anti-Corruption Strategy; the first of three mandates to date. SIGAR issued the first anticorruption strategy assessment report in May 2018 and the second in November 2019; the third is scheduled for release in spring 2021.163

SIGAR found that the Afghan government has taken limited steps to curb systemic corruption, but that more tangible action is required.164 While the Afghan government has repeatedly assured the international community that it has the political will to combat corruption and make needed institutional reforms, it has a mixed
record of completing the necessary reforms. The Afghan government often makes “paper” reforms, such as drafting regulations or holding meetings, rather than taking concrete actions that would reduce corruption, like arresting or enforcing penalties on powerful Afghans. SIGAR’s cumulative work has repeatedly identified the impunity of powerful Afghans as an ongoing issue, and the Afghan government continues to face challenges with the extradition, arrest, and prosecution of corrupt individuals.

SIGAR investigations have identified corruption at virtually every level of the Afghan state—from salaries paid by international donors for Afghan soldiers and police who do not exist—to theft of U.S.-military provided fuel on a massive scale. Furthermore, SIGAR’s work has found that the Afghan government tends to take meaningful action only when donors are engaged and call for reforms to curb systemic corruption.

Donor nations at the 2020 Afghanistan Conference in Geneva missed an opportunity to strongly address the growing problems of corruption in Afghanistan. According to the UN Secretary-General, little action resulted from intensified pressure on the Afghan government to enhance tangible anticorruption results ahead of the conference.

Further, while the APF did outline a number of principles, outcomes, and jointly agreed priority areas (including established reform targets for 2021), the targets for 2022 and beyond are merely “indicative” and subject to revision in subsequent annual meetings.

The APF fell short in one key respect about corruption: although it commits to the principle of conditioning future assistance, it failed to articulate specific financial consequences for the Afghan government if its obligations to donors are not met (including those related to corruption). As a result, it is unclear if whatever consequences are eventually set will be severe enough to alter the Afghan government’s behavior and incentivize meaningful anticorruption reforms.

According to USAID, donors formally and informally track outcomes or reform targets to gauge progress in Afghanistan and the APF “implies that there will be financial

Former police commander Zemarai Paikan was convicted in absentia of corruption in December 2017, but despite an outstanding warrant, was not arrested until August 2020. (NATO Training Mission Afghanistan photo by Pamela Smith)
ENDEMIC CORRUPTION

consequences” if the Afghan government does not achieve the minimum conditions. While specific dollar values are not tied to outcomes and reform targets, many are designed to closely align with milestones in the Afghanistan Reconstruction Trust Fund (ARTF) incentive program and European Union state-building program. According to State, the World Bank told ARTF donors that it planned to align its objectives with the APF and the Afghan National Peace and Development Framework II, meaning funding may be conditional on these targets when some of the APF’s outcome indicators are linked to the ARTF 2021 incentive program.172

WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST

Throughout 2020, the Afghan government has reported on the anticorruption and institutional reform benchmarks in the 2018 Geneva Mutual Accountability Framework (GMAF) and the self-imposed benchmarks it created in response to SIGAR’s November 2019 anticorruption assessment. In July 2020, the Afghan government said that it had completed 85% of the GMAF benchmarks related to anticorruption, governance, rule of law, and human rights.171

However, international donors and Afghan government officials have acknowledged that some GMAF benchmarks are poorly worded and have disagreed over when a benchmark has actually been achieved.174 In response to SIGAR’s November 2019 anticorruption assessment, the Afghan government agreed to implement all eight of SIGAR’s matters for consideration to improve its anticorruption efforts, and created 27 time-bound reforms that it would implement by June 2020. In August 2020, the Afghan government provided documentation showing that it had implemented 16 of those 27 benchmarks.175

Even if all benchmarks had been attained as planned, not all benchmarks are equal. SIGAR sorted the 27 Afghan government-created anticorruption reforms into two categories—tangible and intangible. “Tangible” reforms are defined as concrete actions that are likely to reduce corruption, such as the arrest of corrupt actors. “Intangible” reforms are those that will require further steps beyond the reform itself. For example, the Afghan government committed to passing a regulation on asset recovery, but the regulation needs to be enacted and enforced according to the law in order to reduce corruption.176

Of the 16 benchmarks for which the Afghan government provided evidence of implementation, four resulted in tangible reforms, while the remaining 12 constituted intangible legal or regulatory reforms. Of the 11 reforms that are incomplete, nine would have had a tangible impact on anticorruption and two would have produced intangible reforms.177

One example of a tangible outcome would be the Afghan government meeting its benchmark to review the performance of all Major Crimes Task Force (MCTF) personnel and replace weak performers. Reportedly as a result of these performance evaluations, three senior officials, including the then-head of the MCTF and two managers, were removed from their positions. According to MCTF officials, this effort removed weak performers from an anti-corruption institution and supported high performers.178

However, time may show that such reported successes are mixed. The MCTF has faced several leadership changes and corruption allegations over the years making it difficult to tell whether a change is a genuine effort at reform or something else. For example, DOJ told SIGAR that the MCTF director was unexpectedly dismissed after leading an investigation that resulted in the arrest of Herat’s mayor on October 26, 2020, suggesting that his firing could have been retaliation rather than an anticorruption measure.179 In another example, in October 2018, SIGAR reported on DOJ’s concerns over corruption and high polygraph-test failure rates
in the MCTF. DOJ reported at the time that a former MCTF director was found to be corrupt following an Afghan government investigation. Then in October 2020, SIGAR reported that the director of the MCTF was (again) removed following corruption allegations. According to the Combined Security Transition Command-Afghanistan (CSTC-A), several MCTF unit chiefs and investigators were corrupt and had extorted suspects in return for suppressing or nullifying cases. Further, CSTC-A reported collusion at the time between MCTF and Anti-Corruption Justice Center members as well as bribery with senior ministry officials.180

The newly appointed MCTF director has no previous police or investigative experience, CSTC-A reported to SIGAR.181 Further, he faces his own allegations of corruption, with at least one news report claiming he is in debt to Sweden's tax authority for alleged pension fraud there.182

By contrast, the Afghan government’s effort to reduce legal immunity is an example of a benchmark with no tangible impact. To meet this benchmark, in March 2020 the Afghan government held a meeting to review its laws and identify possible loopholes that provided legal immunity for powerful individuals. Meeting participants concluded that article 102 of the Afghan Constitution may contain immunity loopholes that required legal interpretation by the Supreme Court. The Administrative Office of the President was tasked with following up on these issues, but as of September 2020, it had not done so. As a result, no actual reforms to reduce legal immunity have been achieved.183

Since 2019, CSTC-A, which administers on-budget security assistance funding to the Afghan government, changed its approach to conditionality—or pegging assistance levels to reforms—to place greater emphasis on working with “reliable” (i.e., not corrupt) Afghan partners. In contrast to the previous CSTC-A practice of levying financial penalties (which CSTC-A has described as “detrimental and unrealistic”), CSTC-A says it now uses positive reinforcement. A key CSTC-A objective is replacing corrupt actors with “reliable partners”
who demonstrate their desire to work toward building viable security institutions. CSTC-A believes its approach to conditionality has proven effective. However, several of their successes seemingly continue to involve penalties (or the threat of penalties). CSTC-A attributes improved MOD personnel-attendance record keeping to conditions it imposed in October 2019. CSTC-A’s withholding of delegated funds led the MOD in one case to pay outstanding invoices and in another to launch an investigation into a procurement chief who, in return for kickbacks, directed contracts to friends and relatives.

Fuel accountability is another area of improvement, following the MOI’s implementation of a policy halting fuel deliveries to units that fail to report fuel consumption and of decreasing fuel allotments to units that are late in their reporting.

Despite this new approach, CSTC-A’s partners have sometimes demonstrated questionable motives. For example, CSTC-A reported that it and other donors had to threaten to withdraw their intelligence support and funding after the MOI sought to appoint a corrupt former provincial chief of police, who was himself involved in significant narcotics trafficking, to a key counternarcotics role with access to all narcotics intelligence.

**QUESTIONS FOR POLICYMAKERS**

- What tangible, anticorruption-related reform benchmarks should be demanded and/or incentivized by donors as part of the Afghanistan Partnership Framework process (and follow-on) that was issued at the November 2020 Afghanistan Donor Conference? How will donors reliably measure these most relevant indicators?
- Are reform benchmarks too vague or bland, having no meaningful impact on rampant institutional corruption? What is the best forum to differentiate between intangible and real anticorruption efforts?
- What forms of financial penalties and/or incentives best foster real anticorruption progress?
- What are reasonable expectations for Afghan government anticorruption-related results given competing challenges of (1) regime stability and potential difficulties if a peace agreement results in the integration of the Taliban into an amalgamated government and (2) reform?
- How will donors adapt their anticorruption monitoring methods if international troops depart the country? How can CSTC-A continue its efforts to ensure its partners are “reliable” if it has reduced interactions with these partners?
Empty streets of Khair Khana neighborhood in Kabul. (UNAMA photo)
HIGH-RISK AREA: LAGGING ECONOMIC GROWTH AND SOCIAL DEVELOPMENT

WHY IT IS A HIGH RISK

The U.S. government’s current Integrated Country Strategy (ICS) for Afghanistan, publicly released in February 2021, states that no U.S. efforts to promote a stable Afghanistan can be sustained without accelerating private sector-driven growth in the licit Afghan economy and making social gains in health, education, and women’s empowerment.188 Accordingly, the U.S. government has made substantial investments to boost economic growth, governance, and social development across the country, with appropriations totaling $35.95 billion since 2002.189

Despite this support, Afghanistan continues to be plagued by sluggish economic growth with stagnating indicators in the health and education sectors. Persistent corruption, an over-reliance on international aid, worsening security conditions, and limited government capacity inhibit sustainable progress in Afghanistan’s economic and social development.

During 2020, the emergence of the COVID-19 pandemic and the uncertainty of the Afghan peace talks compounded many of these perennial economic and social challenges. COVID-19 has overwhelmed Afghanistan’s limited health-care system and severely constricted economic activity, resulting in increased poverty and unemployment. As COVID-19 continues to ravage Afghanistan, the pandemic is undoing the modest progress made in economic and social development in recent years and further threatens the country’s political stability.

Besides the pandemic, the uncertainty surrounding the ongoing peace process, increasing violence, future levels of donor assistance, and reintegration of former combatants and Afghan returnees into a struggling economy with high unemployment, has undermined investor confidence in the Afghan economy and potentially jeopardizes economic recovery from the effects of COVID-19.

WHAT SIGAR FOUND

Even before COVID-19 struck Afghanistan in February 2020, the Afghan economy suffered from sluggish growth, with annual GDP growth never rising above 3% since the 2014 phased military drawdown of U.S. and Coalition forces. In recent years, Afghanistan has struggled with a number of economic challenges, including the effects of extreme weather such as droughts and flash flooding. In September 2019, the State Department also noted further pressure caused by a drop in remittances from Iran—where many Afghan migrants work—due to that country’s increasing economic struggles, partly as a result of U.S. sanctions, and the economic and social support burdens caused by the sharp increase in Afghan returnees, especially in Afghanistan’s western provinces.190

In December 2019, the International Monetary Fund predicted economic growth in 2020 would reach 3.5%, aided by the recovery in the agricultural sector following a widespread drought in 2018.191 In 2020, however, Afghanistan’s more modest 3% growth in 2019 was wiped out as the Afghan economy...
Sustainable Domestic Revenues: According to Afghan Ministry of Finance officials, these are revenues such as customs, taxes, and nontax fees. Multilateral institutions, including the World Bank and the International Monetary Fund (IMF), use reports of these revenues to judge the Afghan government’s fiscal performance.

One-Off Domestic Revenues: These are nonrecurring revenues arising from one-time transfers of funds, such as central bank profits, to the Afghan government. The IMF excludes central bank transfers from its definition of domestic revenues for the purpose of monitoring Afghanistan’s fiscal performance under its Extended Credit Facility arrangement with the government.

Source: SIGAR, communications with MOF officials, 8/21/2017; SIGAR, communications with IMF officials, 9/1/2017.

contracted by an estimated 5% of GDP amid the COVID-19 pandemic. The resulting shutdown of international trade routes along with the government-mandated lockdown led to a decline in economic activity for an already anemic economy, resulting in increases in unemployment, food insecurity, and overall poverty levels.

The United Nations Development Programme estimates that poverty in Afghanistan, defined as 2,064 afghanis per person per month or around $1 in daily income, has increased to 68% from its pre-pandemic level of 55%. According to the UN, the number of Afghans requiring humanitarian assistance in 2021 has reached approximately half of Afghanistan’s total estimated population due to the health and socio-economic impact of the COVID-19 pandemic. This figure is nearly double that of the previous year, and a six-fold increase as compared to four years ago. In January 2021, the UN’s Humanitarian Response Plan for Afghanistan announced that $1.3 billion is required in 2021 to reach individuals in need of aid.

As expected, SIGAR found that the COVID-19-related restrictions on overall economic activity led to a decline in sustainable domestic revenues for the Afghan government. Those revenues fell by 2.8%, year-on-year, in 2020, while government expenditures increased by 8.1% as compared to the previous year’s. As SIGAR has noted, the Afghan government needs to strengthen its fiscal capacity in order to support the domestic infrastructure and institutions necessary for sustainable economic growth.

Yet, donor grants totaling at least $8.6 billion per year (covering both security and civilian assistance) currently finance almost 80% of Afghanistan’s $11 billion in public expenditures (estimates for total on-budget and off-budget assistance). On-budget donor funds are those included in the Afghan national budget and managed through Afghan government systems. Off-budget funds are those that do not meet the conditions of on-budget assistance. The revenue losses caused by COVID-19 further diminish the Afghan government’s ability to wean itself from international assistance and toward financial self-sufficiency.

As the Afghan government assumes a more prominent role in managing its own economic and social development in the coming years, its limited fiscal capacity may be inadequate to sustain the infrastructure (e.g., roads, reliable power generation, and economic supply chains) and institutions (e.g., government ministries) that, while flawed, are necessary underpinnings for sustainable economic growth. The government’s lack of financial sustainability is an issue affecting all high-risk areas identified by SIGAR.

COVID-19 has also severely stretched Afghanistan’s health-care and education sectors. The health-care sector already lacked adequate resources and capacity before the pandemic. Afghanistan has a nationwide average of only 4.6 medical doctors, nurses, and midwives per 10,000 people, far below the World Health Organization’s critical-shortage threshold of 23 per 10,000 people. In a March 2020 review, SIGAR also found that many health facilities in Afghanistan, while operational, lacked electricity and water, showed damage or lack of
proper maintenance, possessed damaged or substandard medical-waste incinerators, and reported shortages of female staff to allow for the treatment of female patients in accordance with Afghan customs.

Unsurprisingly, Afghanistan’s pandemic response has been hampered by limited resources, including personal protective equipment (PPE), ventilators, hospital beds, testing capacity, and medical staff, in addition to management challenges further inhibiting the government’s ability to contain and treat the disease. The country’s limited health resources have been largely redirected towards COVID-19 interventions, leaving many other health areas untreated, potentially undoing health gains made over the previous decade.

During March–August 2020, for example, polio vaccinations were temporarily suspended over fears of spreading COVID-19 among targeted children, their families, and vaccinators, with many polio-surveillance volunteers instead assisting with COVID-19 surveillance, case identification, and community contact tracing. Afghanistan and Pakistan are the only two countries in the world where polio remains endemic. Due to the suspended vaccination campaign and continued insecurity in certain areas, according to World Health Organization and UNICEF officials, Afghanistan reported 56 polio cases in 2020, up from 28 in 2019. Even before the COVID-19 pandemic, polio cases were already rising, increasing from 14 reported cases in 2017 to 21 in 2018.

Given the pervasive impact of COVID-19 within Afghanistan, public health officials estimate at least one-third of the population has contracted the disease. Future health programs will have to grapple with the long-term and lingering health effects of COVID-19, as well as secondary, indirect impacts of the pandemic due to the limited capacity of the public health sector, including increased child-mortality rates and antimicrobial resistance.

Health-care facilities and workers have also been deliberately attacked by both antigovernment and progovernment forces amid an uptick in violence. In June 2020, the United Nations released a special report detailing 15 attacks involving health-care facilities between March 11 and May 23, 2020, including 12 deliberate attacks and three instances of incidental harm from fighting. Ten of these were attributed to the Taliban. Afghanistan’s education sector also has been hit hard by COVID-19. Schools closed on March 14, 2020, to slow the spread...
of the disease. While schools reopened in fall 2020, many students reported having little to no contact with teachers during the lockdown, with distance learning hampered by the lack of electricity and limited access to the internet. At the end of 2020, the Ministry of Education reclosed schools as COVID-19 cases increased during a second wave of the disease. Given the worsening economy and the pressure on students to find work to help support their families, among other challenges, many students may not find their way back into school.

The Afghan government has made substantial progress since 2002 in expanding access to education compared to the years under Taliban rule. However, even before the pandemic, the education sector faced numerous challenges due to continued insecurity and critical shortages in resources, with many students, especially girls, remaining out of school. Prior to the spread of COVID-19, 2.6 million girls, or approximately 60% of school-aged girls, were reportedly out of school.

This figure may include students who are still officially enrolled as the Ministry of Education counts students who have been absent for up to three years as still enrolled, in the hope they may reenter school.

SIGAR found in an October 2019 review that a number of USAID-funded schools showed signs of infrastructure damage; a lack of proper maintenance, including incidents that could be hazardous to students; and insufficient resources such as desks, chairs, tables, and access to electricity, leading many teachers to teach outside on rugs or in tents. Given the many challenges the Afghan government faces to becoming a self-financing state, there are concerns over its ability to maintain, let alone expand, the level of educational access in the country without continued international assistance.

WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST

When SIGAR issued its 2019 High-Risk List, Afghanistan had sluggish economic growth and rising poverty levels, exacerbated by widespread insecurity and pervasive corruption within the government. Despite U.S.
government efforts, the Afghan government continues to be heavily reliant on donor assistance and struggles to attract private sector investment. The same economic and social issues remain key challenges to sustainable economic growth and social development. Furthermore, both the COVID-19 pandemic and the uncertainty surrounding the ultimate outcome of the Afghan peace process now cast long shadows over future prospects for economic and social development.

During the November 2020 Afghanistan Conference in Geneva, international donors pledged at least $3.3 billion to Afghanistan in development assistance for 2021, according to the UN, and indicated the potential for between $12 billion and $13.2 billion in civilian aid over the next four years. This is a drop from the $15.2 billion pledged over four years in the 2016 donors’ conference. (Security assistance is pledged separately.) This figure falls to what some experts consider the bare minimum required for Afghanistan to remain a “viable state.”

For many donors, continued support is contingent on participants making sufficient progress in the Afghan peace talks and protecting human rights. The U.S. government also has made it clear that its future assistance will be conditioned on the conduct and decisions of the parties involved in the peace talks.

Even in the best-case scenario for Afghanistan—if the Afghan government brings the COVID-19 pandemic under control and negotiates a peace agreement with the Taliban—success will not translate immediately into sustainable licit economic growth, as many enduring barriers will remain. These include a limited pool of skilled labor, the lingering effects of four decades of near-continuous conflict, deficits in physical and institutional infrastructure, and heavy reliance on foreign donor support. In addition, widespread corruption would continue to undermine investor confidence in the Afghan economy.

A peace agreement could not only lead to the challenge of reintegrating ex-combatants into the Afghan economy, but also to the return of a large number of Afghans from abroad, including over two million Afghans residing in Pakistan and nearly 3.5 million Afghans in Iran (figures include refugees). Upon their return, they could be facing a weak licit labor market unable to fully assimilate the large influx of labor in the short term, potentially exacerbating already high unemployment and poverty figures.

Overall, many uncertainties remain, including the future levels of economic and security assistance and Afghanistan’s overall political stability. However, it is clear that sustainable economic and social development must play a significant role in supporting U.S. strategic objectives in Afghanistan. While the U.S. government believes that private-sector-led economic growth will be key to supporting a future peace agreement and to promoting the political stability of the country, low levels of growth could have the opposite effect.

QUESTIONS FOR POLICYMAKERS

- What can be done to facilitate more private sector investment in Afghanistan?
- What would be the broader effects on the Afghan economy if U.S. military personnel continue to withdraw?
- What changes will need to be made for U.S. economic and social development programming to be safely and effectively implemented and monitored if most U.S. military and civilian personnel are withdrawn from Afghanistan?
- How will U.S. economic and social development funding be adjusted if a peace agreement is not forthcoming?
- How will U.S. economic and social development programs in Afghanistan need to be adjusted due to COVID-19?
An Afghan National Army soldier poses with a poppy near the village of Karizonah, in Logar Province. (U.S. Air Force photo)
THE ILLICIT NARCOTICS TRADE

HIGH-RISK AREA: THE ILLICIT NARCOTICS TRADE

WHY IT IS A HIGH RISK

Since 2002, the United States has appropriated over $9 billion to help stem the expansion of Afghanistan’s opium economy, yet more than 18 years later, Afghanistan continues to dominate global opium cultivation and production.

Various U.S. government agencies have sought to address Afghanistan’s narcotics trade through interdiction and counterdrug law enforcement; opium-poppy eradication; alternative development programs aimed at creating licit livelihood opportunities; and the mobilization of Afghan political and institutional support, to little effect.

According to the United Nations Office on Drugs and Crime’s (UNODC) 2020 World Drug Report, an estimated 163,000 hectares (ha; one ha is about 2.5 acres) of opium poppy were cultivated in Afghanistan in 2019 (more current reporting has been delayed as explained below). Although a 50% reduction from the record high in 2017 (328,000 ha), 2019 cultivation remained nearly three times the pre-2002 average (1994–2001). In fact, UNODC reported that the gross income from opiates exceeded the value of the country’s officially recorded licit exports in 2019. Based on 2018 data, Afghan opiate production accounted for 84% of global morphine and heroin seizures, providing a rough indication of the overall share that Afghan opiates have in the global market.

As SIGAR has repeatedly noted, the deleterious effects of the illicit narcotics trade in Afghanistan extend beyond health impacts. It also helps fund insurgents, foster corruption, and provoke criminal violence.

The Taliban insurgency is linked to opium-poppy cultivation. The Taliban stronghold of southern Afghanistan accounts for the largest share—68% of the national cultivation total. Helmand was the leading poppy-cultivating province at 136,798 hectares in 2018, with Kandahar (23,410 ha) and Uruzgan (18,662 ha) Provinces ranked second and third, respectively. All told, insurgent-dominated districts accounted for 47% of opium-poppy cultivation compared to 25% for government-dominated districts.

Even in the midst of the COVID-19 pandemic and its serious effects on global economies, Afghanistan’s opium economy has remained resilient. UNODC reported that Afghanistan’s 2020 opium-poppy harvest was largely uninterrupted by COVID-19. In contrast, the State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL) said COVID-19 forced the Afghan government to reduce its counternarcotics operations.

WHAT SIGAR FOUND

Since the 2019 High-Risk List, SIGAR has issued a performance audit report, a financial audit report, an alert letter, a review, and eight quarterly reports that have highlighted various aspects of U.S. counternarcotics reconstruction programs in Afghanistan.

In response to SIGAR’s 2018 lessons-learned report, Counternarcotics: Lessons From the U.S. Experience in Afghanistan, on September 17, 2018, the Senate Caucus on International
Narcotics Control requested that SIGAR conduct a review of the U.S. government’s current counternarcotics efforts in Afghanistan. The caucus asked SIGAR to determine the status of the State Department-led interagency 2012 U.S. Counternarcotics Strategy for Afghanistan and State’s revision of, or plans to revise, this strategy. SIGAR published an alert letter in January 2020 outlining how State has not revised, and does not plan to revise, that strategy. Rather, State said the South Asia Strategy serves as overall guidance for U.S. strategic priorities in Afghanistan and counternarcotics efforts.

The only available unclassified description of the South Asia Strategy—a 2017 speech by President Trump—did not mention narcotics. SIGAR also issued an audit report on the State Department’s drug-treatment programs in July 2019, a report on Afghanistan’s justice sector case-management system in January 2020, and a financial audit of the State Department’s drug-treatment programs in September 2020. SIGAR found that State INL does not know the impact of more than $50 million invested in drug-demand and treatment programs, that State-contracted support to Afghanistan’s drug-treatment system resulted in over $23 million in questioned costs, and that the State-supported Afghan case-management system was incomplete and contained no safeguards to prevent theft of seized or forfeited assets.

WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST

As reported in numerous recent SIGAR publications, the U.S. government has on a number of fronts deemphasized, reorganized, or paused some counternarcotics programming, despite worrisome trends in Afghan narcotics production. The international community and Afghan government have similarly minimized counternarcotics initiatives.

In November 2020, international donors at Geneva did not include poppy-cultivation estimates among the outcomes or targets outlined in the agreed to Afghanistan Partnership Framework (APF). The APF is supposed to reflect a revised form of conditionality, so this would appear to be a missed opportunity for donors to demand measurement of an important crosscutting indicator of Afghanistan’s enduring poverty, lawlessness, insecurity, and corruption.

The narcotics industry was included in the Afghan government’s Afghan National Peace and Development Framework II (ANPDF II) that was presented at Geneva, but only in terms of the broader arena of illicit economic activities, such as illegal mining and money laundering. ANPDF II measures outlined to combat illicit economic activity included regional cooperation, improved border crossings, and support to alternative livelihoods development.

The most important concrete measure taken by the Afghan government was President Ghani’s decree in January 2019 dissolving the Ministry of Counter Narcotics (MCN) and transferring relevant responsibilities to the Ministry of Interior’s (MOI) Counter Narcotics Police of Afghanistan (CNPA), Ministry of Agriculture Irrigation and Livestock, Ministry of Public Health, and the National Statistics and Information Authority (NSIA). Although SIGAR noted in 2018 that the MCN often lacked the political influence, financial resources, and implementing capacity to fight the burgeoning drug trade, it was able to perform some important functions such as administering donor funds, including those from INL.

State provided no information on why the Afghan government chose to dissolve the MCN, and offered that some narcotics-related programming would be little affected, since some ministries, such as the Ministry of Public Health, already exercised significant responsibilities over narcotics-related programs. However, INL said in January 2021 that counternarcotics policymaking has suffered because processes were “likely unclear and confusing due to the
recent dissolution of MCN and distribution of its activities.236

Additionally, once given all responsibility for poppy-survey-related work, the NSIA quickly derailed over a decade of cooperation between the MCN and the UNODC on the biannual Afghan opium surveys. The 2019 survey was finally released in February 2021, nearly a year and a half behind schedule. The 2020 survey reports have yet to be released, although they are considered essential tools for planning, implementing, and monitoring counternarcotics efforts.237

In 2019, NSIA specifically objected to UNODC’s measurement of the opium-poppy yield, even though UNODC was using the same sampling methodology since 2012, employing field measurements of mature poppy plants.238 These disagreements over yield measurement prevented the 2019 Afghanistan Opium Survey reports from being released on time.239 Yet NSIA did not implement alternative sampling techniques during the 2020 season. So NSIA performed no field sampling, random or otherwise, in 2020. Without field sampling, UNODC began developing satellite-imagery methods to estimate the 2020 opium-poppy yield.240 NSIA continues to review this satellite-imagery methodology and has not approved it.241

Finally, one of the few counternarcotics-specific INL programs in recent years is now inoperative from INL’s perspective. The Governor-Led Eradication program (GLE) provided direct eradication assistance to the MCN for every UNODC-verified hectare of eradicated poppy.242 But since the MOI has assumed management of the program with the CNPA as the implementing entity, INL must now complete an audit of the MOI’s financial-control mechanisms before it can provide support to MOI for GLE programming.243 INL has provided no updates to the GLE program since July 2020 because there have been no developments in overcoming this funding roadblock.244

**QUESTIONS FOR POLICYMAKERS**

- Given the consistent failure of U.S. counternarcotics programs in Afghanistan over the past 19 years and their decreasing emphasis as a U.S. programmatic priority, can the U.S. government support effective counternarcotics programs with a much smaller U.S. military and civilian presence, and without much improved Afghan political will?
- How would a potential peace agreement between the Afghan government and the Taliban be leveraged by U.S. implementing agencies to positively influence the development of more effective counternarcotics programs in Afghanistan?
- Will U.S. or Afghan counternarcotics operations targeting narcotics-associated groups like the Taliban be carried out during a cease-fire or after a peace settlement?
- Will an increase in narcotics trafficking enrich terrorists and the Taliban and therefore threaten U.S. security?
THREATS TO WOMEN’S RIGHTS

HIGH-RISK AREA: THREATS TO WOMEN’S RIGHTS

WHY IT IS A HIGH RISK

Improving the lives of women and girls and advancing women’s equality in Afghanistan have been key goals of the United States. DOD, State, and USAID have disbursed at least $787.4 million from 2002 to 2020 on programs that specifically and primarily supported Afghan women and girls in the areas of health, education, political participation, access to justice, and economic participation. The total U.S. investment in women and girls, however, is higher since hundreds of additional U.S. projects and programs have included an unquantifiable gender component.245

Afghan women and girls have made substantial gains over the past nearly two decades. They have greater access to life-saving health care, and as many as 3.5 million girls (out of roughly nine million students) are enrolled in school, though the number of girls actually attending is almost certainly lower.246 Afghanistan’s legal framework—at least on paper—offers women many protections, including equal rights for women and men.247 Eighty-six women serve in parliament.248 Women now represent roughly one-third of the nation’s teachers, and an estimated 10,000 women are doctors, nurses, and other health professionals.249

Despite these improvements, Afghanistan remains one of the most challenging places in the world to be a woman—with high maternal-mortality ratios, endemic gender-based violence, still-limited access to education and health care, and pervasive harassment of women who work outside the home, especially in nontraditional roles.250 In 2018, the United Nations ranked Afghanistan 143rd for gender equality among 162 countries.251

Ongoing peace negotiations between the Afghan government and the Taliban raise questions and concerns about whether the fragile gains made by women and girls will be preserved in a future peace agreement. In a February 2020 opinion piece published in the New York Times, Sirajuddin Haqqani, the deputy Taliban leader, said the Taliban envisioned an Afghanistan “in which all Afghans have equal rights, where the rights of women that are granted by Islam—from the right to education to the right to work—are protected.”252

But given the Taliban’s track record of interpreting the rights Islam grants to women, women’s rights advocates are wary. Ghizaal Haress, assistant professor at the American University of Afghanistan, said, “If we leave it to [the Taliban’s] broad interpretation or to the broad idea of women’s ‘Islamic values,’ then we’re going to be in trouble.”253

Overall, another long-term danger for Afghan women is that Afghan peace negotiations break down, plunging the country into worse violence. Physical insecurity remains one of the biggest challenges facing women, both directly and indirectly.254 Women and girls suffer not only loss of life, injury, disability, and mental trauma, but also the loss of male breadwinners, increasingly desperate poverty, the social stigma and discrimination that accompany widowhood and permanent disability, and reduced access to basic services.255
Another key risk is how the reduction in U.S. and Coalition troops will affect the existing rights of women and girls. With only 2,500 U.S. troops in country, the Afghan National Defense and Security Forces’ (ANDSF) ability to resist Taliban attacks and protect Afghanistan’s citizenry has already been tested. Both Afghan government and Taliban leverage at the negotiating table will be determined in part by what happens on the battlefield. Thus, reduced Coalition support to the ANDSF could indirectly affect the balance of the negotiating parties’ leverage.

Moreover, while the expectation is that Afghan government negotiators will use their leverage to preserve women’s rights, it remains to be seen how hard they will push to do so—or how their leverage might erode over time if the Taliban make further battlefield gains. It is also unclear to what extent the Taliban will use their leverage to try to erode legal rights and access to services for women and girls.

Finally, the COVID-19 pandemic and its impact on Afghanistan’s vulnerable public-health infrastructure and economy also threaten to undermine women’s status and quality of life. Overall, these challenges create much uncertainty regarding the extent to which Afghan women and girls will be able to maintain and build upon their gains made since 2002.

**WHAT SIGAR FOUND**

In February 2021, SIGAR published its ninth lessons-learned report, *Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan*. The report examined U.S. gender-equity efforts in Afghanistan since 2002, the gains women have made, and ongoing barriers to progress, and made recommendations for how U.S. agencies can best continue to support Afghan women and girls in the future.

Women and girls have achieved important progress since the beginning of United States’ military intervention in 2001. Between 2002 and 2018, the number of trained midwives grew from an estimated 467 to 4,000. In 2002, only 14% of births were attended by skilled health personnel; in 2018, that number was nearly 60%. The proportion of health facilities staffed
with at least one female health worker rose from 25% in 2002 to 92% in 2017.261

A reflection of these and other gains is that the maternal-mortality ratio—the number of women who die due to birth- or pregnancy-related complications—has declined, possibly by as much as 19% or more. A caveat is that the methodologies used to generate maternal mortality data have varied over time, and the reliability of some data has been questioned. Thus, while a decline in maternal deaths has likely occurred, a precise measurement of the reduction remains elusive.262

In 2001 there were few, if any, female teachers in public schools; by 2018 approximately 70,000 women worked as teachers.263 Literacy rates among girls rose from 20% in 2005 to 39% in 2017.264 In a landmark achievement for women's political participation, the 2004 constitution reserves 27% of seats in the parliament for women.265 Almost 50% of the 9,708 elected community-development council members across the country are women.266 Improvements in women's economic participation, access to justice, and participation in the security forces have been more modest, but nonetheless represent critical progress.267

The positive gains across these sectors, however, are tempered by the reality that significant barriers continue to impede progress for women and girls. Girls’ access to education is constrained by the lack of female teachers, of schools, of separate girls’ bathrooms, and by cultural and familial pressures on girls to withdraw from school at puberty.268 Women’s access to health care is hampered by a lack of female health-care providers, restrictive sociocultural practices, lack of education, and prohibitive costs.269 Gains in many areas have been geographically uneven, with rural women and girls experiencing significantly less improvement overall.270

SIGAR’s lessons-learned report concluded that between 2002 and 2020, U.S. efforts to support women and girls’ equality in Afghanistan yielded mixed results. Considerable investment contributed to indisputable gains—especially in education and maternal health. Key factors in improving the access of women and girls to health care and education were existing expertise and capacity within aid organizations, popular demand for these services, consistent funding, and rigorous impact evaluations of programs. Community-based education has proven effective as a reliable, culturally accepted model for delivering primary education in areas where the formal education system does not operate, and especially in closing the enrollment and achievement gap between girls and boys.271

Yet U.S. programming also had shortcomings. USAID was unable to field the resources and expertise needed to effectively integrate gender-related objectives across programs. In some cases, U.S. efforts could have benefited from a greater appreciation of the Afghan cultural context, and might have set more realistic goals if officials had better understood formidable cultural and social barriers. Further, in the early years, public rhetoric that closely linked women’s rights to the war against the Taliban likely fostered unrealistic expectations of what could be achieved. On the positive side, however, U.S. political attention to these issues meant that agencies could obtain resources for women’s-equality efforts that are underfunded in many countries around the world.272

An October 2020 SIGAR audit found that one focus of DOD’s investments to support Afghan women and girls—building facilities for female police and military troops—failed to achieve its goals. SIGAR reviewed DOD’s construction of 29 such facilities built under contracts awarded between 2015 and 2017. SIGAR selected 17 of the 29 projects for site visits, and found that only three projects were mostly being used as intended. Of the remaining 14 projects, six were completely unused, five were mostly unused, and three were not used as intended—but instead were used by men in the ANDSF.273

SIGAR identified multiple reasons that facilities intended for women were not being used, including Afghan cultural hostility to women
training in some local areas where the projects were located, the absence of necessary utilities such as water and electricity, and the Afghan government’s failure to procure needed equipment and furniture in a timely manner.274

While not all U.S. efforts worked as intended, the lessons-learned report broadly concluded that the impact of U.S. backing for Afghan women’s rights should not be underestimated. There are intangible, hard-to-measure benefits from U.S. support for women and girls; the sheer existence of programming and U.S. policy attention on women’s status and rights form part of the “scaffolding” for wholesale change in Afghan social norms, according to one former civilian NATO official.275 Afghan women themselves point to the vocal support by the United States and other international actors as a key factor in advancing their rights and participation in the public sphere.276

WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST

The threats to Afghan women’s rights may be more dangerous in 2021 than when the 2019 High-Risk List was issued. With the Taliban increasing the tempo of attacks against Afghan security forces and refusing to enter into a comprehensive ceasefire, they maintain significant leverage in peace negotiations with the government. That their negotiating team excludes women does not inspire confidence that Taliban views on gender roles and relations have evolved.277

Another deeply troubling threat to women’s security has emerged: an increase in targeted killings of community leaders, attacks which often go unclaimed. The New York Times documented at least 136 such killings—of civil servants, journalists, and human rights workers—in 2020.278
ON JANUARY 17, 2021, UNIDENTIFIED GUNMEN shot and killed two female judges on their way to work at the Supreme Court in Kabul.279

To anticipate how the Taliban might govern if they play a role in a future Afghan government, it is instructive to consider Taliban practices today. Detailed, reliable information on the topic is limited, making it difficult to draw firm conclusions. But a 2020 Human Rights Watch report said few Taliban officials allow girls to attend school past puberty, and “others do not permit girls’ schools at all.”280 The Taliban claim that the social restrictions in areas they control reflect local community norms, not imposed by them—which may be partly true, especially among more conservative rural communities.281

Yet more worrying, in 2019, the United Nations Assistance Mission in Afghanistan (UNAMA) documented four occasions of human rights violations against women by the Taliban—three public lashings and one execution, all on grounds of “immoral” acts. The executed woman’s “crime” included being alone with a man helping her flee an abusive home. The man received 40 lashes on so-called charges of elopement.282 Ultimately, the kind of life Afghan women might face under any government in which the Taliban exert influence will be a product of the Taliban’s willingness—or unwillingness—to negotiate their differences with the Afghan government and local communities, and the varying beliefs and practices within their own ranks.

Regardless of what happens in peace negotiations, the COVID-19 pandemic highlights the challenges facing women. Cultural norms often demand that women patients see a female doctor, who are in short supply. Mehdi Hakimi, a lecturer at Stanford University, told SIGAR, “Due to deeply entrenched sociocultural norms, many Afghans are reluctant to allow their mothers, wives, daughters, or sisters to visit a doctor directly, or at all, if that doctor is a male. Such misguided notions of ‘honor,’ which is another form of violence, can prevent proper medical diagnosis and access to life-saving treatment, and result in profoundly perilous consequences.”283

Johns Hopkins University suggested a possible 18% increase in child mortality and a 14% increase in maternal mortality as indirect consequences of the virus’s spread.284 Layoffs also pose a threat to the gains women have made in the workforce.285 In 65 interviews commissioned by SIGAR, many respondents—men and women—cited an increase in domestic violence during the pandemic.286

QUESTIONS FOR POLICYMAKERS

- How can the United States use its existing leverage—diplomatic, financial, and military—to press both Afghan government and Taliban negotiators to ensure that a peace agreement includes language that protects women’s and girls’ rights as currently enshrined in Afghan law, and does not constrain their access to services?
- How can the United States best amplify the voices and participation of a wide range of Afghan women leaders—representing various ethnicities, geographies, and socioeconomic backgrounds—in the ongoing Afghan peace negotiations?
- How can DOD, State, and USAID identify and build on what has worked in U.S. gender programming in Afghanistan, and amend or avoid what has not?
- What policy responses are Congress and the Administration prepared to pursue if women’s and girls’ rights are not protected?
- What steps will U.S. agencies need to take to continue delivering assistance to support Afghan women, girls, and gender equality, in the event that the Taliban become part of national, provincial, and district governing bodies?
HIGH-RISK AREA

Caption

Partial aerial view of Kabul. (DOD photo)
HIGH-RISK AREA: INADEQUATE OVERSIGHT

WHY IT IS A HIGH RISK

Afghanistan’s pervasive insecurity and corruption have severely inhibited U.S. reconstruction efforts, as well as efforts to oversee them. SIGAR’s work has consistently noted that most of the funds appropriated for Afghanistan reconstruction since 2002 could have been spent more wisely and cost-effectively—and achieved better and longer-lasting outcomes—with more oversight.287

Responding to a Congressional request, SIGAR launched a series of efforts to quantify the amount of waste, fraud, and abuse it identified in U.S.-funded programs. This work has identified nearly $19 billion (or 30% of the $63 billion SIGAR has cumulatively reviewed) lost from 2008 to December 31, 2019.288 Additionally, since 2008, SIGAR has identified $3.82 billion in savings for the U.S. taxpayer.289

Effective oversight has been weakened by poor documentation, failure to monitor contract compliance and work quality, inattention to holding contractors and grantees accountable for unsatisfactory performance, insufficient control measures to mitigate the effects of corruption, and other issues.290 Ongoing problems with contract compliance, documentation and accountability, and institutional memory loss caused by frequent personnel rotations have been made even more challenging by the withdrawal of substantial numbers of U.S. military and civilian personnel, COVID-19 restrictions, and the uncertainty surrounding an Afghan peace agreement.291

These problems are compounded by deteriorating security that has made it impossible for U.S. personnel to access many reconstruction project sites and programs in Afghanistan. With fewer U.S. agency oversight personnel in-country, the Inspector General testified in 2020 that

The Congress should consider requiring DOD, State, USAID, and other relevant executive agencies to ensure adequate oversight, monitoring and evaluation efforts continue and not be dramatically reduced as part of a right-sizing program, as witnessed recently by State’s personnel reductions at the Kabul embassy. Without adequate oversight staffing levels and the ability to physically inspect, monitor, and evaluate programs, Congress should consider the efficacy of continuing assistance.292

OVERSIGHT OF U.S. FUNDS MORE ESSENTIAL THAN EVER

Since FY 2002 Congress has appropriated $143.27 billion for Afghanistan reconstruction, of which more than $8.23 billion remains to be spent.293 Yet Afghanistan is still nowhere near being able to fund its current government with domestic revenues and will require substantial donor assistance in the future.294 Further appropriations are expected in the coming years, so vigilant oversight and Afghan reform initiatives will be important means of protecting American taxpayers’ money as more of it passes into budgetary control by Afghan ministries.295

To illustrate the large scale of funding that might be expected, a draft World Bank plan called for $5.2 billion over five years in post-peace spending, while others estimate around $6.6 billion in additional assistance will be...
required annually for a viable Afghan state to operate.296

At the November 2020 Afghanistan Conference in Geneva, donors pledged to provide at least $3.3 billion for Afghanistan's development priorities in 2021, with annual commitments expected, subject to annual review, to stay at that level through 2024.297 (Security assistance is pledged separately.) The United States made available up to $600 million for civilian assistance in 2021.298

WHAT SIGAR FOUND

SIGAR has documented hundreds of cases of waste, fraud, and abuse of U.S. funds provided off-budget (U.S.-managed rather than by Afghan ministries) just in the last few years. SIGAR has documented hundreds of cases of waste, fraud, and abuse of U.S. funds just in the last few years.299 This is why the Inspector General called oversight “mission-critical to any successful reconstruction and development program in Afghanistan.”300 Most of the wasted funds related to agencies’ ineffective or inadequate internal controls.301 But of particular oversight concern is the suggestion that as the United States reduces its military and civilian presence in Afghanistan, an even greater proportion of U.S. financial support will be provided as on-budget assistance (directly to the Afghan government or through multilateral trust funds).302

While there may be some benefits to providing on-budget funds, there are also atypical risks because Afghanistan, which suffers from limited institutional capacity, lacks a tradition of a strong central government, and is combating an armed existential threat while attempting social and economic development.

Notably, the ability to monitor, influence, and account for the distribution of U.S. aid is likely to decline as more funds are executed by the Afghan government,303 especially one that may incorporate the Taliban as part of a peace settlement. U.S. law enforcement would also then lose effective oversight and criminal jurisdiction for those who embezzle, steal, bribe, extort,
INADEQUATE OVERSIGHT

There is already evidence that an increasing portion of U.S. appropriations for civilian development assistance is being channeled on-budget. Since 2002, the United States has provided more than $16.9 billion in on-budget development and security assistance to the Afghan government. More than $10.94 billion went to Afghan government ministries and institutions, and nearly $5.96 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 for Afghanistan, and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund.

This trend is likely to hold, especially if a peace agreement is reached and substantial numbers of U.S. government personnel depart Afghanistan. SIGAR does not question that policy, but cautions that with fewer U.S. government personnel in Afghanistan to oversee the use of U.S. funds, Congress should insist on effective internal controls, monitoring, and accountability by the recipient international organizations and Afghan ministries. Equally important, SIGAR and other agencies must be able to provide oversight of those measures and controls.

SIGAR has discovered, investigated, and audited several troubling instances of waste, fraud, and abuse (or serious risks of such) of U.S. on-budget funds. For example:

- A SIGAR investigation found that the awardees of a $1 billion Afghan Ministry of Defense fuel-procurement contract in 2013 had colluded to rig their bids above previously competitive price levels, with evidence of attempted bribery.
- In 2018, SIGAR found significant deficiencies in the World Bank’s ARTF controls, including ineffective oversight and accounting of U.S. funds, and a lack of meaningful performance indicators and measures to oversee project performance. SIGAR believes that the limitations and lack of transparency puts billions of U.S. taxpayer dollars at risk.
HIGH-RISK AREA

A September 2019 audit documented that USAID continued to provide on-budget funding to Afghanistan’s national power utility for construction and commercialization activities despite concerns about the utility’s internal controls, management of public finances, and vulnerabilities to corruption. SIGAR has found that donor oversight is often a catalyst for Afghan reforms, and that the right kind of oversight relies on benchmarks that are both well-defined and verifiable. In Afghanistan’s conflict setting, though, rules are not rigorously observed and documentation is often incomplete and unverifiable.

SIGAR found that DOD did not collect or report strategic-level performance data for its projects because it was not required to do so, even though it acknowledged the projects’ importance for counterinsurgency and socio-economic-development objectives. Further, USAID collected and reported incomplete performance data (baselines, targets, and results) for its strategic-level performance indicators, and could not determine the full extent to which its projects supported expanded sustainable physical infrastructure and agriculture-led economic growth.

These are not mere paper exercises in finance and process. Poor oversight risks lives. In 2019–2020, SIGAR issued 13 inspection reports that identified construction or maintenance deficiencies and/or safety hazards of U.S.-funded reconstruction projects. In March 2020, SIGAR issued a summary of findings from site visits at 269 health facilities across 10 provinces. Several of these facilities may put occupants at risk from structural deficiencies, including damaged walls; damaged or

A solar power substation built through the Power Transmission and Connectivity Project. (SIGAR photo)
missing roofs, windows, and doors; or settling or deteriorating foundations. Damage to two facilities was so severe that SIGAR immediately issued alert letters to USAID.315

SIGAR’s work shows why having personnel physically present and able to move about the country is essential for effective oversight. As the Inspector General has said, “Sometimes simply no substitute for getting out and kicking the tires.”316 Without physical presence and access, 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.

In one illustrative case, SIGAR found that despite providing $85 million in loans for the Marriott Kabul Hotel and Kabul Grand Residences, built across the street from U.S. Embassy Kabul, the U.S. government’s Overseas Private Investment Corporation (OPIC) failed to provide oversight of the construction projects. As a result, the two buildings sat neglected and abandoned for years, posing a severe security threat—that SIGAR warned the State Department about in November 2016. SIGAR found that OPIC did not conduct direct oversight or receive an objective, independent assessment of construction progress, and that it provided loans based on inaccurate and potentially fraudulent information, which in turn resulted in a significant loss of U.S. taxpayer dollars.317

SIGAR has the largest oversight presence in Afghanistan, with more auditors, analysts, and investigators in country than any other U.S. government agency. Some SIGAR staff who were temporarily reassigned to the United States due to the COVID-19 pandemic have since returned. SIGAR also plans to supplement its resident staff again with personnel on short-term temporary duty in Afghanistan as conditions allow.

But even without COVID-19-related restrictions, large portions of Afghanistan remain 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, have long been restricted to the international zone in Kabul due to security concerns. SIGAR and other 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 maintain aggressive oversight efforts in the face of these dangers, SIGAR employs alternative means to ensure visibility on U.S.-funded projects. These include using a widely advertised telephone and email hotline to report information; employing satellite imagery; hiring Afghan nationals who can travel at less personal risk than U.S. nationals; leveraging SIGAR’s institutional memory to develop, nurture, and expand an extensive network of Afghan- and U.S.-based sources; maintaining robust outreach to Afghan government officials; and partnering with nongovernmental organizations whose work SIGAR verifies.318 There is no shortage of issues to examine. Since the 2019 High-Risk List was issued, SIGAR has received 306 hotline complaints, opened 55 new investigations, and closed 129 investigations.319

In response to Afghanistan’s unstable security situation, donors, their implementing partners, and others often seek to manage and monitor their programs remotely. While this alternative can overcome some limitations, past studies have found that remote management can lead to inaccurate project data and reporting, as well as to fraud, corruption, or failure to report corruption.320 For example, in a November 2019 audit of USAID’s emergency food assistance to Afghanistan, SIGAR found that more than 91% of USAID’s implementing partners’ formal quarterly, biannual, annual, and final project-performance reports lacked information required by USAID’s award agreements. Additionally, from 2014 through October 2018, USAID conducted only one site visit to

INADEQUATE OVERSIGHT
food-assistance project or partner locations due to insecurity.321

The United States therefore relies heavily on Afghan and contractor reporting, which often cannot be independently verified. Even if high standards of practice were more consistently applied, the ability of U.S., Coalition, and international personnel 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 agreement entails further reductions in foreign personnel without any accompanying improvement in Afghanistan’s governance.

WHAT HAS CHANGED SINCE THE 2019 HIGH-RISK LIST

Since the 2019 High-Risk List was issued, the Afghan government and the Taliban entered peace negotiations. The United States also signed an agreement with the Taliban that calls for the phased, conditions-based withdrawal of all foreign forces from Afghanistan by May 2021 in exchange for reduced levels of violence and various Taliban counterterrorism and political guarantees.322 In testimony to the House Committee on Oversight and Reform in January 2020, the Inspector General warned that the stewardship of U.S. taxpayer funds and achievement of reconstruction goals could suffer if such troop reductions are accompanied by large-scale withdrawals of U.S. operational and oversight personnel.323

In addition to regular reporting on the impact of rising insecurity in Afghanistan and pandemic-related restrictions on the physical movement and deployment of U.S. military personnel and their oversight of Afghan security forces, in October 2020, SIGAR began documenting challenges these troop reductions had on U.S. capabilities and the train, advise, and assist mission, including:324

- inability to monitor below the corps or zone headquarters levels, or to partner with lower-echelon Afghan forces
INADEQUATE OVERSIGHT

• reduced ability to verify Afghan data, forcing a greater reliance on Afghan self-reporting to assess, monitor, and evaluate

U.S. financial assistance will continue for the foreseeable future, but its scope will likely depend on the outcome of Afghan peace talks. The extent of U.S. reconstruction efforts in Afghanistan should a sustainable peace agreement be reached has also not yet been determined, nor has the size of the overall U.S. presence that will remain in Afghanistan to administer and oversee these programs. But previous reductions in DOD, State, and USAID personnel levels have had detrimental effects on U.S. oversight, and further reductions are likely to have additional repercussions.

Long-Term Oversight Requires Greater Accountability of Donor Aid

Donor funds have continued to flow despite the Afghan government’s failure to fully embrace reforms. But as U.S. agency footprints in Afghanistan shrink, it will become increasingly important that the U.S. and other donors perform aggressive and effective oversight of assistance by, for example, demanding in funding agreements: complete transparency and access, measurable and verifiable benchmarks with tangible outcomes, periodic reassessment of funding goals and Afghanistan’s needs, and high level political buy-in from all sides.

The Afghanistan Partnership Framework (APF) resulting from the November 2020 donor conference in Geneva contained the conditions and goals necessary for continued international support, but did not specify consequences should the government fall short. While the APF creates opportunities for donors to impose more specific and measurable conditions than in previous frameworks whose provisions did not substantially affect assistance levels, SIGAR will monitor what, of the various principles, outcomes, and/or reform targets donors financially incentivize for particular achievements.

QUESTIONS FOR POLICYMAKERS

• Have U.S. agencies and their implementing partners established and adhered to specific, measurable, meaningful, and operationally practicable metrics for determining successful project outcomes, and for protecting U.S. taxpayer dollars from waste, fraud, and abuse?
• How has the reduction of U.S. military and civilian personnel affected agency oversight plans? Have agencies reviewed plans to ensure that adequate safeguards can be maintained to detect, deter, and mitigate waste, fraud, and abuse of the billions of dollars they collectively execute? Have any foreseeable limitations and resource needs been reported to Congress?
• If more (or most) U.S. assistance to the Afghan government moves on-budget, whether through bilateral transfers or disbursement through multilateral trust funds, what are the best oversight mechanisms to protect U.S. reconstruction funds?
• Should U.S. agencies maintain any direct oversight of on-budget funds once they are transferred, and if so, at what levels? What is an acceptable risk for U.S. implementing agencies yielding their financial and programmatic oversight responsibilities to multilateral institutions? Should Congress require regular risk assessments and findings?
CONCLUSION

An Afghan woman with burqa in a mild sandstorm, near Balkh. (Afghanistan Matters photo)
SPECIAL INSPECTOR GENERAL | AFGHANISTAN RECONSTRUCTION

RISKS HAVE NEVER BEEN HIGHER

CONCLUSION: RISKS HAVE NEVER BEEN HIGHER

With the leverage of a substantial foreign troop presence in Afghanistan rapidly diminishing, U.S. reconstruction programs aimed at promoting security, health, education, economic development, rule of law, respect for human rights, and good governance for the Afghan people may become the primary lever of U.S. influence in the country. However, the U.S. reconstruction mission is at greater risk in 2021 than at any point in the past 20 years.

Peace negotiations remain stalled, while security-related threats to the Afghanistan reconstruction effort have increased since SIGAR issued its 2019 High-Risk List. The threats are mainly due to the rising level of Taliban violence, persistent capability gaps within the Afghan security forces, and overall deterioration of the security environment. At the same time, donors’ pledged civilian assistance has fallen to what some experts consider the bare minimum for maintaining Afghanistan as a viable state.

One of the world’s poorest countries, Afghanistan has suffered from 40 years of fighting. The past year has added to those miseries with escalating insurgent attacks, rising crime, targeted killings, the COVID-19 pandemic, and increased incidence of polio, economic distress, and growing food insecurity.

Crime levels have been steadily rising for years—most noticeably in Kabul, which has historically had relatively low crime rates. But by 2020, garden-variety crime constituted the biggest concern for the residents of Kabul, where criminal activity had spread into previously safe neighborhoods and grown increasingly brazen and violent. Extensive police crackdowns ensued, but two decades of militarized police training, focused on suicide bombings and terrorist infiltrations, left Afghan police ill-equipped to handle cases of robbery, kidnapping, and murder.

The January 2021 update to the UN’s Humanitarian Response Plan for Afghanistan paints “a shocking picture of escalating suffering, hunger and danger.” The UN says humanitarian interventions are planned for 15.7 million people in 2021 compared to 2.3 million people four years ago—a six-fold increase largely driven by food insecurity and economic and health-related complications from the COVID-19 pandemic. UN assessments show 76% of the population needs humanitarian food assistance—second-worst in the world—and nearly 50% of Afghan children under five years of age face acute malnutrition.

Even if there is a peace agreement, there are also questions and concerns about whether a future government that includes the Taliban will preserve the fragile gains made by Afghan women and girls. Likewise, corruption remains a major challenge. While the Afghan government has taken limited steps to curb corruption, more tangible action is required.

Although Afghanistan remains the world leader in opium production, the U.S. government has on a number of fronts deemphasized, reorganized, or paused some counternarcotics programming, despite worrisome trends in Afghan narcotics production. Equally concerning, the international community and Afghan government have also downplayed counternarcotics in recent years.

As U.S. military and agency footprints in Afghanistan shrink, it will become increasingly important that the U.S. and other donors...
perform aggressive and effective oversight by insisting that funding agreements include:
• measurable and verifiable benchmarks with tangible outcomes,
• periodic reassessment of funding goals and Afghanistan’s needs,
• high-level political buy-in from U.S., Afghan, and international officials,
• full and unfettered access to on-budget funding flowing through Afghan ministries

As the largest U.S. oversight presence in Afghanistan—and the only one with whole-of-government oversight authority—SIGAR stands ready to work with the Administration and Congress to ensure that reconstruction funds are put to the best possible use despite these rising risks to the success of two costly decades of reconstruction in Afghanistan.

2. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, pp. 29, 173. SIGAR analysis.


4. A recent troop-strength “placemat” published by the NATO-led Resolute Support Mission (RS) in Afghanistan lists just under 16,000 U.S. and other troops (about 8,000 U.S. at that time), compared to a February 2011 placemat from the predecessor International Security Assistance Force (ISAF) that listed nearly 132,000 (about 90,000 U.S.) international troops. Resolute Support Mission, Key Facts and Figures, accessed 2/9/2021, rs.nato.int/rs/newsroom/key-facts-and-figures; ISAF, Key Facts and Figures, 2/3/2011.

5. State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, pp. 2, 4.


9. See SIGAR, Quarterly Report to the United States Congress, 1/30/2021, for more detailed discussions.


12. State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, pp. 2, 4.


ENDNOTES

21. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 25; SIGAR analysis.
22. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 173; SIGAR analysis.
24. SIGAR, Quarterly Report to the United States Congress, 1/30/2021; SIGAR analysis.
25. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 173; SIGAR analysis.
26. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 26; SIGAR analysis.
27. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 29.
29. Tobias Haque and Nigel Roberts, Afghanistan’s Aid Requirements: How much aid is required to maintain a stable state? Expert note hosted by the Overseas Development Institute (UK) Lessons for Peace project, 10/2020, p. 4.
41. USFOR-A, response to SIGAR vetting, 1/15/2021 and 10/19/2020.

52. State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, pp. 2, 4.

53. State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, p. 2; Afghanistan Times, “Taliban expects additional 7,000 of their prisoners to be released,” 12/7/2020.


55. State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, p. 2.


59. NATO, “Press conference by NATO Secretary General Jens Stoltenberg ahead of the meetings of NATO Defence Ministers on 17 and 18 February at NATO Headquarters,” 2/16/2021.


63. State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, p. 2; RFE/RL, “Top General Says U.S. Troop Cut In Afghanistan Hits 8,600 Target In Line With Taliban Deal,” 6/18/2020; David F. Helvey, Performing the Duties of Assistant Secretary of Defense for Indo-Pacific Security Affairs, Spoken Testimony before the House Subcommittee on National Security, House Oversight and Reform Committee, 9/22/2020; DOD, “Statement by Acting Defense Secretary Christopher Miller on force Levels in Afghanistan,” 1/15/2021.


70. USFOR-A, response to SIGAR vetting, 1/6/2021.

ENDNOTES


73. NATO, “NATO Allies and partners reaffirm their commitment of financial support for sustainable Afghan security forces,” 10/19/2020.

74. USFOR-A, response to SIGAR vetting, 1/15/2021, 10/10/2020, and 7/19/2020.


78. RS, response to SIGAR data call, 1/6/21; SIGAR, analysis of RS-provided data, 1/2021.

79. RS, response to SIGAR data call, 1/6/21; SIGAR, analysis of RS-provided data, 1/2021.


83. UN, report of the Secretary-General, The situation in Afghanistan and its implications for international peace and security, 12/9/2020, p. 5.


87. State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, p. 3; FBI, Wanted the by the FBI: Husama-Abd-Al-Rauf audio transcript of broadcast spot, 1/8/2020, fbi.gov/audio-repository/wanted-podcast-husam-al-rauf.mp3/view; WSJ, “Key Al Qaeda Leader Killed in Afghanistan,” 10/25/2020.


89. DOD OIG, Audit of the Planning for and Implementation of the Afghan Personnel and Pay System, 8/15/2019, i.

90. CSTC-A, response to SIGAR vetting, 1/15/2021; DOD OIG, Audit of the Planning for and Implementation of the Afghan Personnel and Pay System, 8/15/2019, i.

91. CSTC-A, response to SIGAR data call, 12/16/2020.


95. CSTC-A, response to SIGAR data call, 9/22/2020 and response to SIGAR vetting, 10/19/2020; OUSD-P, response to SIGAR vetting, 1/6/2021.

97. DOD OIG, Operation Freedom’s Sentinel: October 1, 2020–December 31, 2020, pp. 28–30; State, Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America, 2/29/2020, p. 1.


106. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, v.


111. SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 115.


113. Tobias Haque and Nigel Roberts, Afghanistan’s Aid Requirements: How much aid is required to maintain a stable state? Expert note hosted by the Overseas Development Institute (UK) Lessons for Peace project, 10/2020, p. 4.

114. Tobias Haque and Nigel Roberts, Afghanistan’s Aid Requirements: How much aid is required to maintain a stable state? Expert note hosted by the Overseas Development Institute (UK) Lessons for Peace project, 10/2020, p. 4.


117. Tobias Haque and Nigel Roberts, Afghanistan’s Aid Requirements: How much aid is required to maintain
a stable state? Expert note hosted by the Overseas Development Institute (UK) Lessons for Peace project, 10/2020, p. 11.

118. Tobias Haque and Nigel Roberts, Afghanistan’s Aid Requirements: How much aid is required to maintain a stable state? Expert note hosted by the Overseas Development Institute (UK) Lessons for Peace project, 10/2020, p. 7.


120. Tobias Haque and Nigel Roberts, Afghanistan’s Aid Requirements: How much aid is required to maintain a stable state? Expert note hosted by the Overseas Development Institute (UK) Lessons for Peace project, 10/2020, pp. 8, 16.


123. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 110.

124. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 110.

125. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 110.

126. SIGAR, Quarterly Report to the United States Congress, 10/30/2019, p. 105.

127. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 110.


133. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 110.


138. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 105.

139. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 105.


147. UN, The Integrated Disarmament, Demobilization, and Reintegration Standards (IDDRS); Module 4.30 Reintegration, 2006, pp. 11–30, 56.


152. World Bank, Financing Peace: Fiscal Challenges and Implications for a Post-Settlement Afghanistan, 12/1/2019, ii.


155. SIGAR, Quarterly Report to the United States Congress, 1/30/2020, iv.


162. In 2019, the Asia Foundation reported that 67.9% of those surveyed said corruption was a major problem in their daily life and 85.1% of those surveyed said corruption was a major problem in Afghanistan as a whole. Due to COVID-19 pandemic, the Asia Foundation was unable to conduct its annual in-person Survey of the Afghan People in 2020. Instead, in 2020, the Asia Foundation gathered the views of over 4,300 Afghans aged 18+ by telephonic interview using random digit dialing. Asia Foundation, Afghanistan Flash Surveys on Perceptions of Peace, Covid-19, and the Economy: Wave 1 Findings, 11/23/2020, ii, pp. 70–71; Asia Foundation, A Survey of the Afghan People: Afghanistan in 2019, pp. 142–143.


169. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, iv.

170. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 90.

171. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 89.

172. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 89.


175. SIGAR, Afghanistan’s Anti-Corruption Efforts Alert Letter, SIGAR 21-09-AL, 11/6/2020, p. 3.

176. SIGAR, Afghanistan’s Anti-Corruption Efforts Alert Letter, SIGAR 21-09-AL, 11/6/2020, p. 3.

177. SIGAR, Afghanistan’s Anti-Corruption Efforts Alert Letter, SIGAR 21-09-AL, 11/6/2020, p. 3.

178. SIGAR, Afghanistan’s Anti-Corruption Efforts Alert Letter, SIGAR 21-09-AL, 11/6/2020, p. 3.

179. DOJ, response to SIGAR data call, 12/29/2020.

180. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 127.

181. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 127.


183. SIGAR, Afghanistan’s Anti-Corruption Efforts Alert Letter, SIGAR 21-09-AL, 11/6/2020, p. 3.


185. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 115.

186. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 115.

187. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 115.


189. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 25.


191. IMF, Staff Report for the 2019 Article IV Consultation and the Sixth Review under the Extended Credit Facility Arrangement, 12/4/2019, pp. 1, 7.

ENDNOTES

196. SIGAR, Quarterly Report to the United States Congress, p. 119.
201. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, pp. 146–149.
202. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, pp. 146–149.
205. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, pp. 148–149.
207. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, pp. 174–175.
208. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 146.
211. SIGAR, Quarterly Report to the United States Congress, 7/30/2020, p. 140.
212. SIGAR, Observations of Site Visits at 171 Afghan Schools Funded by USAID, SIGAR 20-03-SP, 10/2019, p. 12.
213. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 117.
218. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 172.
223. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, p. 129.

240. SIGAR, Drug Treatment in Afghanistan: The Overall Impact and Sustainability of More than $50 Million in Department of State Projects is Unknown, SIGAR 19-49-AR, 7/2019; SIGAR, Afghanistan’s Justice Sector Case Management System: Seized or Forfeited Assets Were Not Tracked and Nationwide Implementation is Not Complete, SIGAR 20-20-SP, 1/2020; SIGAR, Department of State’s Efforts to Develop and Sustain Afghanistan’s Drug Treatment System: Audit of Costs Incurred by the Colombo Plan for Cooperative Economics and Social Development in Asia and the Pacific Results in More than $23 Million in Questioned Costs, SIGAR 20-54-FA, 9/2020.


244. Due to potential inflation of student enrollment data, 3.5 million is likely a high estimate, but is the best available; SIGAR, Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan, SIGAR 21-18-LL, 2/2021, i, ix, pp. 65, 77.


2021 HIGH-RISK LIST

ENDNOTES

267. The number of women serving in the Afghan National Police rose from 180 in 2005 to 3,650 in 2019. Just 5% of Afghan judges in 2007 were women, but by 2018, the proportion had risen to 13%. Women’s share of secure jobs in urban areas rose from 27% in 2007 to 42% a decade later. Their share of civil service jobs (excluding the Afghan army and police) increased from 18% in 2007 to 25% in 2019. SIGAR, Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan, SIGAR 21-18-LL, 2/2021, pp. 102–103, 114–115.
273. The audit found that DOD could not provide needs assessments for 27 of the 29 projects examined, nor documentation of project funding approvals for any of the 29 projects. Without these documents, SIGAR could not determine the need for these particular projects. Further, the Combined Security Transition Command-Afghanistan (CSTC-A) told SIGAR that it measured success based on project completion, rather than whether the facility was being used for its intended purpose. After the initiation of the audit, CSTC-A began an internal review and plans to revise how it measures success and the use of these facilities to support women in the ANDSF. SIGAR, Facilities to Support Women in the Afghan Security Forces: Better Planning and Program Oversight Could Have Helped DOD Ensure Funds Contributed to Recruitment, Retention, and Integration, SIGAR Audit 21-04-AR, 10/2020, electronic pp. 2–3.
275. Ben Acheson, independent consultant and former director of the Office of NATO’s Senior Civilian
Representative, correspondence with SIGAR, 10/6/2020.


282. UNAMA reports from 2007 to 2016 do not always specifically attribute human rights abuses of women specifically to the Taliban, or give specific numbers of such incidents; in 2013, there were simply too many to count. But the reports make it clear that “anti-government elements” have routinely targeted women, either for alleged violations of Sharia law, for working in “male” occupations such as the Afghan National Police, or for being a women’s rights activist. SIGAR analysis of “Reports on the Protection of Civilians in Armed Conflict,” UNAMA, 2007–2019.


284. SIGAR, Quarterly Report to the United States Congress, 7/30/2020, p. 128.

285. Malika Qahh, owner of Afghan pharmaceutical company Sun Pharma, SIGAR interview, 7/13/2020.

286. Female participant of a USAID-funded program, Nangarhar Province, SIGAR-commissioned interview, 8/12/2020; male relative of a female participant of a USAID-funded program, Farah Province, SIGAR-commissioned interview, 8/12/2020; female participant of a USAID-funded program, Balkh Province, SIGAR-commissioned interview, 8/13/2020; male member of a community development council, Kunduz Province, SIGAR-commissioned interview, 9/1/2020; female participant of a USAID-funded program, Nangarhar Province, SIGAR-commissioned interview, 8/12/2020; female participant of a USAID-funded program, Bamyan Province, SIGAR-commissioned interview, 8/12/2020; female participant of a USAID-funded program, Bamyan Province, SIGAR-commissioned interview, 8/12/2020; male relative of a female participant of a USAID-funded program, Helmand Province, SIGAR-commissioned interview, 8/25/2020; female participant of a USAID-funded program, Kunar Province, SIGAR-commissioned interview, 8/13/2020; female participant of a USAID-funded program, Kunar Province, SIGAR commissioned interview, 8/13/2020; female participant of a USAID-funded program, Kandahar Province, SIGAR commissioned interview, 8/16/2020.


288. SIGAR, Update on the Amount of Waste, Fraud, and Abuse Uncovered through SIGAR’s Oversight Work between January 1, 2018, and December 31, 2019, SIGAR 21-05-SP, 10/2020, ii, pp. 1–2.

289. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 3.

290. SIGAR, High-Risk List, 1/2017, p. 3; SIGAR, High-Risk List, 1/2017, pp. 3, 16.


293. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 29.


295. SIGAR, Quarterly Report to the United States Congress, 1/30/2017, p. 3.

ENDNOTES


299. SIGAR, Update on the Amount of Waste, Fraud, and Abuse Uncovered through SIGAR’s Oversight Work between January 1, 2018 and December 31, 2019, SIGAR 21-05-SP, 10/2020, pp. 2, 6.


301. SIGAR, Update on the Amount of Waste, Fraud, and Abuse Uncovered through SIGAR’s Oversight Work between January 1, 2018 and December 31, 2019, SIGAR 21-05-SP, 10/2020, pp. 2, 6.


304. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 6.

305. U.S. on-budget funding for security has declined in the last two years, but has remained relatively steady at approximately one-fifth to one-quarter of security assistance appropriations, with some variation, since FY 2015. As U.S. appropriations for governance and development accounts have fallen since FY 2017, on the other hand, on-budget funding for civilian assistance programs has grown to exceed 50% of these appropriations. SIGAR analysis.

306. SIGAR, Quarterly Report to the United States Congress, 1/30/2021, p. 27.


308. SIGAR, Quarterly Report to the United States Congress, 1/30/2017, pp. 3–5.

309. SIGAR, Update on the Amount of Waste, Fraud, and Abuse Uncovered through SIGAR’s Oversight Work between January 1, 2018 and December 31, 2019, SIGAR 21-05-SP, 10/2020, p. 9.


311. SIGAR, Afghanistan’s Anti-Corruption Efforts, SIGAR 21-09-AL, 11/6/2020, p. 6.


322. “Agreement for Bringing Peace to Afghanistan between the Islamic Emirate of Afghanistan which is not recognized by the United States as a state and is known as the Taliban and the United States of America,” 2/29/2020, p. 1.


324. USFOR-A said its ability to execute and/or oversee costly and necessary taxpayer-funded contracts to train and sustain Afghan forces, and to provide them hundreds of millions of dollars’ worth of equipment and direct assistance funds has thus far not been adversely affected. SIGAR, Quarterly Report to the United States Congress, 10/30/2020, pp. 77–78, and 1/30/2021, iii, p. 5; CTSC-A, response to DOD OIG data call, 9/25/2020.


327. SIGAR, Quarterly Report to the United States Congress, 7/30/2013, p. 3.


Provinces where SIGAR has conducted or commissioned audit, inspection, special project, and/or investigation work as of December 31, 2020.
WASTE, FRAUD, OR ABUSE MAY BE REPORTED TO SIGAR’S HOTLINE

By phone: Afghanistan
Cell: 0700107300
DSN: 318-237-3912 ext. 7303
All voicemail is in Dari, Pashto, and English.

By phone: United States
Toll-free: 866-329-8893
DSN: 312-664-0378
All voicemail is in English and answered during business hours.

By fax: 703-601-4065
By e-mail: sigar.hotline@mail.mil

SIGAR 21-22-HRL