AFGHANISTAN
DRUG CONTROL

Despite Improved Efforts, Deteriorating Security Threatens Success of U.S. Goals
What GAO Did This Study

The prevalence of opium poppy cultivation and drug trafficking in Afghanistan imperils the stability of its government and threatens to turn the conflict-ridden nation once again into a safe haven for traffickers and terrorists. To combat the drug trade, the U.S. government developed a counternarcotics strategy consisting of five pillars—alternative livelihoods, elimination and eradication, interdiction, law enforcement and justice, and public information.

The Emergency Supplemental Appropriations Act of 2005 directed GAO to examine the use of all fiscal year 2005 funds administered by the U.S. Agency for International Development (USAID) and Department of State (State) for Afghan counternarcotics programs. To comply with this mandate, we examined progress under each counternarcotics pillar, challenges faced, and efforts to ensure that funds were used for intended purposes. To address these objectives, GAO reviewed pertinent USAID and State documents and met with cognizant U.S. and international officials in Washington, D.C., and Afghanistan.

GAO makes no recommendations in this report. USAID, State, Department of Defense, and Department of Justice were provided a draft of this report, but did not provide formal comments.

What GAO Found

USAID and State received about $532 million in fiscal year 2005 funds and initiated a number of projects under each counternarcotics pillar, but delays in implementation limited progress. For example, State’s provision of aircraft enhanced the mobility of eradicators, but coordination difficulties between Afghan officials and security forces delayed the eradicators’ fielding. Despite increased eradication and other U.S. efforts, the poppy crop grew by 50 percent in 2006 to a record level. However, many projects have not been in place long enough to assess progress toward the overall goal of significantly reducing drug cultivation, production, and trafficking. For example, projects to provide rural credit and to field teams to discourage poppy cultivation were not in place prior to the 2005-2006 growing season.

The worsening security situation and the lack of Afghan capacity are tremendous challenges to the success of U.S. counternarcotics programs in Afghanistan. The security situation continues to decline; during the 2005-2006 growing season, eradicators were attacked several times and alternative livelihoods project personnel were killed. Moreover, due to Afghanistan’s lack of infrastructure, educated populace, and functioning governmental institutions, significantly reducing poppy cultivation and drug trafficking is expected to take at least a decade.

USAID and State have made efforts to oversee the use of funds, including the use of self certifications, contract clauses, and vetting, when applicable. However, a lack of official records and reliable information limited efforts to vet Afghan nationals. In addition, although USAID and State have made efforts to monitor ongoing projects, security concerns and poor infrastructure limited site visits.


To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick, (202) 512-3149 or GootnickD@gao.gov.
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AEF  Afghan Eradication Force
CJTF  Criminal Justice Task Force
CNPA  Counter Narcotics Police of Afghanistan
CPEF  Central Poppy Eradication Force
CSSP  Corrections System Support Program
DEA  Drug Enforcement Administration
NIU  National Interdiction Unit
PEP  Poppy Elimination Program
UN  United Nations
UNODC  United Nations Office on Drugs and Crime
USAID  U.S. Agency for International Development
November 15, 2006

The Honorable Mitch McConnell
Chairman
The Honorable Patrick J. Leahy
Ranking Minority Member
Subcommittee on State, Foreign Operations,
and Related Programs
Committee on Appropriations
United States Senate

The Honorable Jim Kolbe
Chairman
The Honorable Nita M. Lowey
Ranking Minority Member
Subcommittee on Foreign Operations,
Export Financing, and Related Programs
Committee on Appropriations
House of Representatives

The continued prevalence of opium poppy\(^1\) cultivation and drug trafficking in Afghanistan imperils the stability of the Afghan government and threatens to turn the conflict-ridden nation into a safe haven for traffickers and terrorists. In 2005, opium poppy was cultivated in more than three-quarters of Afghanistan’s provinces. The estimated export value of opium, morphine, and heroin equaled about half of the country’s licit economy, with drug profits reportedly funding terrorists and other antigovernment entities.\(^2\) As a result, counternarcotics—for which the United Kingdom took the international lead in Afghanistan in 2002\(^3\)—has become one of the

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\(^1\)Opium, which can be used to produce morphine and heroin, is derived from the opium poppy.


\(^3\)In 2002, the international community established a security reform agenda for Afghanistan with five pillars—establishing a national army, reforming the police, countering illicit narcotics, reforming the judicial system, and disarming militia groups—and designated a donor country to take the lead in reforming each pillar. For more information see, GAO, *Afghanistan Security: Efforts to Establish Army and Police Have Made Progress, but Future Plans Need to Be Better Defined*, GAO-05-575, (Washington, D.C.: June 30, 2005).
top priorities of the United States. To combat opium poppy cultivation, drug trafficking, and their negative effects on Afghan stability and pursuit of democracy, in 2005, the U.S. government, working with allied governments, developed a five-pillared counternarcotics strategy addressing (1) alternative livelihoods, (2) elimination and eradication, (3) interdiction, (4) law enforcement and justice reform, and (5) public information. The overall goal of the strategy is to significantly reduce Afghanistan’s poppy cultivation, drug production, and drug trafficking. In fiscal year 2005, the United States provided about $782 million dollars for programs administered by the Departments of Defense (Defense) and State (State), the U.S. Agency for International Development (USAID), and the Drug Enforcement Administration (DEA) for counternarcotics programs in Afghanistan.\(^4\)

The Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief of 2005\(^5\) required the Comptroller General to examine the use of all fiscal year 2005 funds administered by USAID and State—about $532 million—for bilateral Afghan counternarcotics and alternative livelihoods programs. To comply with this mandate, we examined (1) USAID’s and State’s progress in implementing counternarcotics programs, projects, and activities under each pillar, and the factors, if any, limiting implementation; (2) challenges faced by counternarcotics efforts; and (3) the agencies' efforts to ensure that the funds were used for intended purposes.

To address these objectives, we reviewed pertinent USAID and State planning, funding, and reporting documents for counternarcotics programs. We discussed these programs with cognizant officials from the Departments of Defense, Justice (Justice), and State; USAID; DEA in Washington, D.C., and Afghanistan; and with private contractors implementing U.S. projects in Afghanistan. In Kabul, Afghanistan, we met with officials from the United Nations (UN) and the governments of Afghanistan and the United Kingdom to discuss counternarcotics efforts. We traveled to the provinces of Balkh, Helmand, Kandahar, and Nangarhar to meet with U.S. and Afghan officials to discuss various U.S.–funded

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\(^4\)Most of these funds were provided by the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief of 2005, P.L. 109-13, enacted on May 11, 2005.

\(^5\)P.L. 109-13, Sec. 2105.

\(^6\)We were not mandated to examine funds administered by Defense and DEA.
projects. We determined the data provided to us were sufficiently reliable for the purposes of this report.

We conducted our review from September 2005 through October 2006 in accordance with generally accepted government auditing standards. (See app. I for a more complete description of our scope and methodology.)

Results in Brief

USAID and State initiated a number of projects under each of the U.S. counternarcotics strategy’s five pillars, but delays in implementation—due to the security situation, poor infrastructure, and other factors—limited progress. Many projects have not been in place long enough to fully assess progress toward the overall goal of significantly reducing poppy cultivation, drug production, and drug trafficking.

Alternative livelihoods. With $180 million, USAID implemented projects to provide economic alternatives to poppy production and thus reduce the amount of Afghanistan’s economic activity attributable to the drug industry. USAID supported regional alternative livelihoods projects, distributed seed and fertilizer, and initiated a rural credit project. USAID continued cash-for-work projects and supported business development in targeted poppy areas. Results varied in the three principal alternative livelihoods regions, in part because of the differing security risks and access to infrastructure.

Elimination and eradication. With $258 million, State supported the Afghan government’s efforts to prevent poppy planting and eradicate poppy crops if prevention failed. State provided support for central and provincial eradication efforts. Central government eradication efforts improved with the reorganization of the Afghan Eradication Force (AEF) into smaller, more mobile units and the addition of purchased and leased transport and logistical-support aircraft. However, the AEF’s fielding was delayed from early February 2006 until late March 2006 because of the need to address coordination challenges, reducing the amount of eradication possible. Provincial eradication efforts also improved when State began reimbursing governors for provincial eradication expenses. However, teams designed to help governors discourage farmers from growing poppy, the Poppy Elimination Program (PEP) teams, were not fully fielded as of June 2006.

Interdiction. With $65 million, State assisted DEA-led efforts to help build Afghan capacity to destroy drug labs, seize precursor chemicals and opiates, and arrest major traffickers. State provided support for border
security enhancements in neighboring countries and the counternarcotics police. In the neighboring countries of Pakistan, Tajikistan, and Turkmenistan, State began border security projects; however, other projects had not started as of June 2006. For example, State had not begun planned support for the National Interdiction Unit (NIU) and the Counter Narcotics Police of Afghanistan (CNPA) because an NIU support facility and ongoing police reform efforts were not completed.

**Law enforcement and justice reform.** With almost $24 million, State supported the Afghan government’s efforts to increase its capacity to arrest, prosecute, and punish traffickers and corrupt officials. State provided support for Department of Justice prosecutors, corrections reform, and a planned justice center. The Justice prosecutors helped develop and implement a new counternarcotics law. State support for corrections reform, including the training of guards and refurbishment of courthouses, is under way. State has delayed its support for the operations and maintenance of a new counternarcotics justice facility while its construction is completed.

**Public information.** With $5 million, State led a public information campaign intended to convince the Afghan populace to reject poppy cultivation and trade. State initially transferred funds to USAID to initiate a campaign that used radio spots and print media over three targeted phases, and which State continued and expanded. However, because of delays with the PEP team implementation, the campaign was not able to rely on planned support from the PEP teams.

The worsening security situation and the lack of Afghan capacity are tremendous challenges for the success of U.S. counternarcotics programs in Afghanistan. The security situation in Afghanistan continues to decline. The central government faces threats from the Taliban, terrorist attacks, and criminal activity. During the 2005-2006 growing season, eradication forces were attacked several times and alternative livelihoods project personnel were killed. Moreover, because of Afghanistan’s lack of infrastructure, educated populace, and functioning governmental institutions, addressing opium poppy cultivation and drug trafficking is expected to take at least a decade. The nation has few roads and poor access to power. The population is mostly illiterate and untrained. According to U.S., International Monetary Fund, and other officials, the government is plagued by corruption, has a weak judicial sector, and will be unable to pay its recurring costs without foreign assistance for at least 10 years.
USAID and State took steps to help ensure that U.S. assistance funds were used as intended, but (1) documentation to help prevent terrorists and criminals from benefiting from U.S. assistance was limited at best and (2) monitoring the status of ongoing projects through site visits and other efforts were constrained by the lack of security in many project areas and poor or nonexistent infrastructure, such as roads. USAID and State are required to adhere to an executive order and laws that ban, among other things, assistance to terrorists, drug traffickers, and human rights violators. To comply, USAID and State used certifications and contract clauses to help ensure that the contractors, grantees, and other aid recipients were aware of the legal requirements. However, USAID’s and State’s vetting of Afghan nationals was limited because of incomplete or nonexistent birth records and other identifying documentation, and the difficulty of investigating widespread allegations of misconduct. USAID and State also used contractor reporting and site visits to monitor the performance of projects. Although USAID and State contractors submitted required progress reports, external factors beyond the agencies’ or contractors’ control, such as Afghanistan’s poor security environment and infrastructure, limited project monitoring by restricting access to project sites.

We provided a draft of this report for review and comment to State, USAID, Defense, and Justice. Each agency informed us that they were not providing formal comments. However, USAID and Justice provided technical comments, which we have incorporated into the report where appropriate.

Background

Afghanistan is a mountainous, arid, land-locked country with limited natural resources, bordered by Pakistan to the east and south; Tajikistan, Turkmenistan, Uzbekistan, and China to the north; and Iran to the west. At 647,500 square kilometers, Afghanistan is slightly smaller than the state of Texas. The country is divided into 34 provinces, more than 300 districts, and approximately 30,000 villages.

Afghanistan is one of the world’s poorest countries; its population, estimated at more than 31 million, is ethnically diverse, largely rural, and mostly uneducated. Development indicators published by the World Bank and the UN rank Afghanistan at the bottom of virtually every category, including nutrition; infant, child, and maternal mortality; life expectancy; and literacy.
Over the last two decades, conflict ravaged Afghanistan. The Soviet Union invaded Afghanistan in 1979 and withdrew only after waging a prolonged and destructive war against Afghan resistance groups. Following a protracted civil war, by 1998, most of Afghanistan was under the control of the fundamentalist Taliban group. Under the Taliban, Afghanistan became a haven for terrorists. After the terrorist attacks of September 11, 2001, the United States and a coalition of its allies invaded Afghanistan and removed the Taliban from power.

Following the Taliban’s removal, the coalition began the process of establishing a new Afghan government. To help rebuild the country and create a stable Afghan society that would not be a threat to itself or others, in fiscal years 2002 through 2004 the United States spent $1.6 billion on humanitarian and reconstruction projects. In June 2004 and again in July 2005, we reported that U.S. humanitarian and short-term assistance over the two-year period had helped Afghanistan’s vulnerable population, but that longer-term reconstruction efforts achieved limited results in creating a stable Afghan society.

The United States and several other donor nations met in Geneva, Switzerland, in April 2002, to help Afghanistan address threats to its security. At the Geneva conference, the donors established a five-pillared security reform agenda and designated a donor country to take the lead in reforming each pillar. In a June 2005 report on efforts to establish the army and police, we reported that there needed to be concurrent progress in all security pillars, otherwise Afghanistan could again become a haven for terrorists. Furthermore, we reported that limited progress had been made in reforming Afghanistan’s judiciary and combating illicit narcotics.

Afghanistan’s Opium Industry

Afghanistan is the world’s largest supplier of opium and has been a source of illegal opium for decades. Opium poppy is a hardy, drought-resistant plant that thrives in the mountainous regions of Afghanistan.

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7Presidential elections were held in October 2004. National Assembly and provincial elections were held in September 2005.


9GAO-05-575.
crop that is easily grown throughout Afghanistan’s rugged territory. Opium poppy, as seen in figure 1, is an annual crop with a six to seven month planting cycle that starts earlier in the south and later in the north of Afghanistan. It is planted between September and December and flowers approximately three months after planting. After the flower’s petals fall away, the opium, an opaque, milky sap found in the plant’s seed capsule, is harvested between April and July. The sap can then be refined into morphine and heroin. United Nations Office on Drugs and Crime (UNODC) surveys indicate that the primary deterrent to farmers growing poppy is the threat of eradication. The majority of eradication takes place after the poppy plant has sprouted and before it is harvested, approximately a two-month long period.

| Figure 1: Opium Poppy Seed Capsule |

Source: Department of State.

According to UNODC, in the three-year period, 2002 through 2004, Afghanistan’s opium harvest increased substantially. In 2005, the number of hectares of opium poppy cultivation declined by over 20 percent, yet the crop yield per hectare rose because of favorable weather conditions. Thus, the estimated amount of potential opium produced declined only slightly. In 2006, poppy cultivation increased to 165,000 hectares, yielding a record
poppy crop estimated at a potential 6,100 metric tons of opium, or more than 90 percent of the world’s illicit opium (see table 1).

<table>
<thead>
<tr>
<th>Net opium poppy cultivation (hectares)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>74,000</td>
<td>80,000</td>
<td>131,000</td>
<td>104,000</td>
<td>165,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential opium production (metric tons)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,400</td>
<td>3,600</td>
<td>4,200</td>
<td>4,100</td>
<td>6,100</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provinces where opium poppy is grown*</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>28</td>
<td>32</td>
<td>25</td>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>

Source: UN Office on Drugs and Crime.

Notes:

1 hectare equals 2.47 acres.

1 metric ton equals 2,204.6 pounds.

*In 2005, the Afghan Government reorganized the country’s administrative divisions into 34 provinces. However, the 2005 UNODC opium survey was designed, and its results are presented, according to the previous 32 provinces. The 2006 survey was based on 34 provinces.

State attributed the reduction in cultivation in 2005 to surplus opium from previous years, public information efforts by President Karzai and others, promised alternative livelihoods assistance, and farmers’ fears of eradication. However, eradication fears were not realized; only an estimated 5,100 hectares of poppy were eradicated. Further, drug-related corruption is a problem at all levels of government and remains pervasive at the provincial and district levels. Conversely, the reasons for the growth in 2006 cultivation are not fully known, but U.S. officials described a combination of factors, including the relatively small amount of eradication in 2005 and pressure from traffickers and the Taliban on farmers to grow. For example, U.S. officials said that in southern Afghanistan, farmers reported finding “night letters” from the Taliban left on their doors threatening them if they did not cultivate poppy. Moreover, UNODC reported that many farmers paid eradicators not to eradicate their fields and that eradication was often a consensual decision between eradicators and farmers.

The U.S. Counternarcotics Strategy

From 2002 through 2004, the United States saw increasing opium poppy cultivation and drug trafficking as a growing threat to stability and security of Afghanistan and provided approximately $380 million for Afghan- and United Kingdom-led counternarcotics efforts. The United States used these funds to train Afghan narcotics interdiction units, construct border
and highway checkpoint facilities, and supply operational support and nonlethal equipment to Afghan eradication teams. These efforts failed to have any significant effect on the illicit narcotics industry because of limited security and stability across Afghanistan. As a result, the U.S. government made counternarcotics a top priority and developed a strategy in 2004 to reduce poppy cultivation, drug production, and trafficking. This new strategy is comprised of five pillars, as illustrated in figure 2. The five-pillar counternarcotics plan is intended to offer incentives to stop the growing of opium poppy through alternative livelihoods projects, combined with strong disincentives in the form of forced eradication, interdiction, and law enforcement, while spreading the Afghan government’s antinarcotics message. These U.S. efforts are also expected to build the Afghan government’s capacity to conduct counternarcotics efforts on its own.

Figure 2: Five Pillar Counternarcotics Strategy in Afghanistan

Sources: GAO and State Department (data and photos); Nova Development (clip art).
The United States originally planned to use crop-dusting airplanes to spray herbicide on the opium poppy before it could be harvested. However, the Afghan government would not allow the use of herbicides. Consequently, the United States and Afghanistan rely on manual eradication, such as police on foot using sticks, sickles, and scythes to knock or cut down poppy, and mechanized eradication, which involves police using tractors, all-terrain vehicles, and other vehicles to drive over or plow up the poppy. USAID also modified some of its projects to specifically focus on counternarcotics in those provinces where opium poppy cultivation was greatest. These alternative livelihoods projects are coordinated with USAID’s on-going reconstruction efforts, and several of the short term cash-for-work projects stem from prior humanitarian assistance projects designed to help vulnerable populations.

### U.S. Funding for Counternarcotics

To accomplish U.S. counternarcotics goals in Afghanistan, the United States provided about $782 million in fiscal year 2005, of which $532 million was administered by USAID and State, as shown in table 2, and over $250 million by Defense and DEA. The majority of USAID and State funding was provided by the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005, which was enacted into law in May 2005. Several federal and agency regulations govern USAID’s and State’s use of these funds for counternarcotics programs, prohibiting use of the funds to assist terrorists, drug traffickers, or human rights violators. Though not explicitly addressed in this report, funds administered by Defense and DEA are being expended on projects, such as constructing the counternarcotics justice center and supporting Afghan interdiction efforts.

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10. USAID and State plan to use $350 million of the funds made available by the Foreign Operations and Related Programs Appropriations Act, 2006 (P.L. 109-102), to continue their counternarcotics programs in Afghanistan.

11. State did not receive all of the supplemental appropriations until August 2005 because it had to provide congressional notifications of its spending plans. This process took about three months.
Table 2: Fiscal Year 2005 Counternarcotics Assistance to Afghanistan Administered by USAID and State by Pillar as of June 2006 (in millions)

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Provided</th>
<th>Obligated</th>
<th>Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative Livelihoods (USAID)</td>
<td>$180</td>
<td>$162</td>
<td>$117</td>
</tr>
<tr>
<td>Elimination/Eradication (State)</td>
<td>258</td>
<td>204</td>
<td>69</td>
</tr>
<tr>
<td>Interdiction (State)</td>
<td>65</td>
<td>44</td>
<td>2</td>
</tr>
<tr>
<td>Law Enforcement/Justice Reform (State)</td>
<td>24</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Public Information (State)</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$532</strong></td>
<td><strong>$432</strong></td>
<td><strong>$191</strong></td>
</tr>
</tbody>
</table>

Source: USAID and State.

*According to a Department of State official, actual expenditures may be higher than reported figures due, in part, to delays in receiving bills from other agencies, international organizations, and contractors.

USAID and State established goals for each of the U.S. counternarcotics strategy’s five pillars, funded projects under each pillar, and made progress toward some project objectives. However, the implementation of several projects was hindered by the security situation, poor infrastructure, and other factors. Moreover, USAID’s and State’s projects (see fig. 3) had not been in place long enough to determine whether they had contributed toward the overall goal of significantly reducing poppy cultivation, drug production, and drug trafficking.
Figure 3: Map of Afghanistan Counternarcotics Projects

Sources: GAO presentation of USAID, State, and UN data; Afghanistan Information Management Services (map); and Map Resources (clip art).
Alternative Livelihoods: Despite Efforts, Increased Security Risks and Infrastructure Limited Achievements

As shown in table 3, USAID provided $180 million to fund licit economic alternatives to poppy cultivation and thus reduce the amount of Afghanistan’s economic activity attributable to the drug industry. According to UNODC, as of 2006, 2.9 million Afghans were involved in a narcotics industry that is equivalent to about half of Afghanistan’s legal economic activity.

Table 3: Fiscal Year 2005 Alternative Livelihoods Assistance as of June 2006 (in millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Provided</th>
<th>Obligated</th>
<th>Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Alternative Livelihoods Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East</td>
<td>$53</td>
<td>$53</td>
<td>$37</td>
</tr>
<tr>
<td>North</td>
<td>22</td>
<td>22</td>
<td>9</td>
</tr>
<tr>
<td>South</td>
<td>50</td>
<td>50</td>
<td>35</td>
</tr>
<tr>
<td>Other Alternative Livelihoods Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seed and Fertilizer</td>
<td>30</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Agricultural Credit</td>
<td>16</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>$180</td>
<td>$162</td>
<td>$117</td>
</tr>
</tbody>
</table>

Source: USAID.

*a Other covers funds that were not allocated to the five project lines, including program management and contributions to the World Bank for alternative livelihoods projects.

*b Totals may not add due to rounding.

Regional Projects Under Way, but Results Varied

USAID provided about $125 million for regional alternative livelihoods projects. The projects were split into three regions—Nangarhar, Laghman, and Konar in the east; Badakshan and Takhar in the north; and Helmand, Kandahar, Oruzgan in the south—and were implemented by different contractors in an effort to ensure the projects were tailored to the appropriate needs and potential of each region. In all the regions, similar types of labor intensive, cash-for-work projects were implemented, such as road repair, as illustrated in figure 4, and irrigation and drainage canal rehabilitation. The contractors in each region were supposed to develop longer-term projects more suited to their provinces. A key element of these efforts was to develop industry “clusters.” For example, dairy, poultry, and livestock industries were associated with feed development and production; veterinary services; and milk, meat, and egg products being packaged, processed, and stored. Although rehabilitating the agriculture sector is a priority in all of these provinces, in the east, USAID
is also exploring ways to expand and add value to the marble industry and, in the north, USAID is focusing on cattle and other livestock industries.

Figure 4: Cash-for-Work Road-Construction Project

As shown in table 4, USAID reported the following results for its cash-for-work projects in the east, north, and south. USAID had not established targets for all these activities in fiscal year 2006, but had established targets in September 2006 for fiscal year 2007.

Table 4: Alternative Livelihoods Performance Data Reported as of September 30, 2006

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>East</th>
<th>North</th>
<th>South</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads repaired (in kilometers)</td>
<td>306</td>
<td>38</td>
<td>73</td>
<td>417</td>
</tr>
<tr>
<td>Irrigation and drainage canals rehabilitated (in kilometers)</td>
<td>2,432</td>
<td>543</td>
<td>1,494</td>
<td>4,469</td>
</tr>
<tr>
<td>People employed</td>
<td>153,698</td>
<td>25,339</td>
<td>39,783</td>
<td>218,820</td>
</tr>
<tr>
<td>Cash-for-work wages (in millions)</td>
<td>$14.1</td>
<td>$1.0</td>
<td>$5.2</td>
<td>$20.3</td>
</tr>
</tbody>
</table>

Source: Contractor reports provided to USAID.

Note: Data includes cash-for-work projects begun in 2005 and later incorporated into the alternative livelihoods program.

As part of the longer-term objectives of developing business clusters, USAID conducted numerous studies in all three regions to assess various
business sectors that could be sustainable in the respective regions, such as dairy, fruits and nuts, flour mills, carpets, and other industries. In Nangarhar, a business center was opened in April 2006 and is expected to boost development in the region. The business center will provide computer training and other services to local businessmen. Also, in Nangarhar and Laghman, fruit and nut trees were planted on some 1,500 hectares of former poppy-producing land.

The deteriorating security situation, the lack of infrastructure, and, in northern Afghanistan, bad weather all contributed to delays in implementing the alternative livelihoods projects. Contractors often reported the security situation in a particular district or area forced them to suspend projects for weeks or months at a time. For example, in May 2005, four Afghan subcontractors working on cash-for-work projects in the south were killed, which led the USAID contractor to leave the area until September 2005. Contractors and potential investors cited the lack of adequate roads and electricity as deterrents to investors. For example, the poor condition of the road leading into Badakshan made it difficult to obtain the use of heavy machinery for construction and other projects, as many contractors were unable or unwilling to transport such equipment there. In addition, the weather in Badakshan led to the delay of projects because the area was snowed in for much of the winter, while flooding in the summer limited activities.

USAID provided almost $30 million to purchase seed and fertilizer for Afghan farmers to use as an alternative to growing poppy. The initial quantity of wheat seed and fertilizer in the fall of 2005 was equally distributed among all of Afghanistan’s provinces and was intended to demonstrate the central government’s reach throughout Afghanistan. The spring 2006 distribution of vegetable seeds was limited to the three alternative livelihoods regions. According to USAID, this distribution of seed and fertilizer targets farmers with access to both water to grow the vegetables and markets to sell the produce. USAID reported that the fall seed and fertilizer distribution reached all 34 provinces and 550,000 farmers. The spring seed and fertilizer project distributed vegetable seeds and fertilizer to approximately 112,000 farmers in the east, north, and south.

USAID provided almost $16 million for an agricultural-credit project. Afghan farmers do not have access to credit for planting licit crops, although drug traffickers provide credit to farmers for planting opium poppies. USAID’s project seeks to remedy this situation by providing loans to farmers to grow licit crops. USAID planned to initiate this project by
mid-summer 2006, but the funding was not obligated until the fall. According to USAID officials, the project was delayed while they searched for a contractor who was able to initiate the project in all the targeted regions.

Elimination and Eradication: Despite More Eradication, Cultivation Increased

As shown in table 5, State provided $258 million to support the Afghan government’s efforts to prevent poppy planting and eradicate poppy crops if prevention failed. In 2005, after central and provincial government eradication efforts, an estimated 104,000 hectares of opium poppy were cultivated. In 2006, this number increased to an estimated 165,000 hectares despite a threefold increase in eradication.

<table>
<thead>
<tr>
<th>Project</th>
<th>Provided</th>
<th>Obligated</th>
<th>Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Government Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghan Eradication Force (AEF) support</td>
<td>$104</td>
<td>$68</td>
<td>$15</td>
</tr>
<tr>
<td>Air mobility assets</td>
<td>124</td>
<td>114</td>
<td>51</td>
</tr>
<tr>
<td><strong>Provincial Government Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governor-led eradication</td>
<td>6</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Poppy Elimination Program (PEP) teams</td>
<td>24</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$258</strong></td>
<td><strong>$204</strong></td>
<td><strong>$69</strong></td>
</tr>
</tbody>
</table>

Source: Department of State.

*According to a Department of State official, actual expenditures may be higher than reported figures due, in part, to delays in receiving bills from other agencies, international organizations, and contractors.

Central Eradication Efforts Improved, but Fielding Was Delayed

State provided $104 million to support the AEF’s operating costs and purchase of additional equipment, and $124 million to purchase and lease aircraft to move the force around the country. These efforts were intended to address the challenges faced by the AEF’s predecessor, the Central Poppy Eradication Force (CPEF). According to State officials, the CPEF’s operational procedures and lack of mobility made getting the force into the field and supplying it difficult. For example, a senior State official stated that because the CPEF operated as one large unit and traveled in convoys on the roads, impassable roads slowed or stopped their getting

12State purchased land vehicles, body armor, small arms, ammunition, communications equipment, and other goods.
out to planned locations. Moreover, because the CPEF lacked logistical support, they had to return to Kabul to re-supply. In 2005, UNODC reported, but did not verify, that the CPEF eradicated about 210 hectares of opium poppy and the Afghan National Police eradicated about 890 hectares.

After the 2005 season, the CPEF was renamed the AEF and reorganized into four smaller and more mobile units of 150 counternarcotics police each. One half of this police force provided security while the rest served as eradicators and support. The teams could be deployed in multiple areas of the country simultaneously. In order to carry out its eradication efforts, the force was expected to have the mobility to get into the field and the logistics to remain there. State paid for a “wet lease” of four Russian-made aircraft and the purchase and operating costs of ten U.S. Huey-II helicopters (see fig. 5). The leased aircraft were used primarily for troop and cargo transport to support reconnaissance, establish camps, and deploy the AEF, while the Huey-II helicopters provided enhanced security, reconnaissance, and medical evacuation capacity, as well as limited personnel and cargo transport for the AEF. The aircraft were also used to provide additional lift and transport support to the PEP teams and embassy personnel. The addition of airlift at airfields from Kabul, Parvan, and Kandahar, and other vehicles allowed the AEF to travel more easily and remain in the field for longer periods.

13A lease for aircraft is termed a “wet lease” when the lease includes the cost of the fuel, as well as operation, maintenance, and other costs associated with usage of the aircraft.
In 2006, UNODC reported the AEF eradicated an estimated 2,250 hectares of opium poppy in Helmand and Badakshan provinces (see fig. 6). Although the AEF eradicated over ten times the amount eradicated by the CPEF in 2005, its initial deployment was delayed. According to USAID and State officials, the governor of Helmand wanted additional alternative livelihoods projects in place before allowing the AEF to begin working. Moreover, State officials stated that because of the security risks in Helmand, the AEF needed the Afghan National Police and Afghan National Army to provide security. However, coordinating their efforts to assist the AEF proved time-consuming. The combination of these challenges pushed the AEF’s fielding date back from early February 2006 until late March 2006. Because most poppy growth occurs over a two-month period, the AEF’s fielding delay prevented them from eradicating as much as it might have had it been fielded in February, as intended.

State also reported about 35 hectares of eradication in Baghlan province.
State provided $6 million for equipment and training to provincial authorities to conduct eradication activities and $24 million to create seven provincial PEP teams to discourage poppy cultivation in the provinces where it is most prevalent—Badakshan, Balkh, Farah, Helmand, Kandahar, Nangarhar, and Oruzgan. Beginning in 2003, at the initiative of President Karzai, provincial governors were given the responsibility for carrying out their own eradication efforts with the financial support of the central government and donors. In 2005, governor-led eradication was responsible for more eradication than the central government’s efforts. UNODC reported and verified about 4,000 hectares of governor-led eradication.\textsuperscript{15}

In response to the larger amount of eradication conducted by governors than the central government in 2005, State decided to increase support for provincial authorities by reimbursing governor-led eradication efforts and creating the PEP teams. In 2006, State began to reimburse provincial authorities for their eradication expenses at a rate of $60 per hectare of

\textsuperscript{15}UNODC verifies eradication results with on-the-ground, trained observers and aerial and satellite photography.
UNODC-verified eradication. However, when UNODC was not able to verify provincial efforts, the governor was reimbursed based on his submitted expenses.16 According to State officials, they also wanted to enhance governor efforts to eliminate poppy cultivation by creating the PEP teams attached to the offices of the seven provincial governors where poppy cultivation was greatest. The teams were planned to consist of seven Afghan advisors hired by the Afghan Ministry of Counter Narcotics and two international advisors hired by the United States. PEP teams were to assist the provincial governors in discouraging farmers from growing poppy and encouraging farmers to eradicate their own poppy fields by coordinating antinarcotics public information messages, ensuring delivery of assistance projects from all donors, and assisting with verification of reported eradication. These teams were also designed to be closely integrated with the public information campaign by helping to identify local messages and local leaders to assist with the campaign, as well as to assist central government counternarcotics efforts by reporting on any obstacles that inhibit achieving provincial poppy reduction goals.

Even though the PEP teams were not fully fielded, governor-led eradication, according to UNODC, more than tripled in 2006, to an estimated 13,050 hectares. Governor-led eradication took place in 19 provinces and was again responsible for more eradication than central eradication forces. Each PEP team was intended to be fully staffed and provided security and housing by the end of 2005, however State did not fully field the PEP teams because its contractor was unable to hire all of the international advisors and supply each team with the required security, housing, and equipment in time for the 2005 growing season. As of June 2006, 11 of 14 international PEP advisors had been hired. Moreover, the Afghan government did not hire all the required Afghan nationals to staff each team. Because the teams were not fully fielded, they were unable to work as intended with provincial officials to coordinate alternative livelihoods projects, assist with eradication verification as planned, or coordinate public information projects to discourage poppy growing.

16For example, expenses in Helmand included the rental fees for vehicles and salaries of provincial eradicators.
As seen in table 6, State provided $65 million to support DEA-led interdiction efforts to help build Afghan capacity to destroy drug labs, seize precursor chemicals and opiates, and arrest major traffickers. State's efforts to enhance border security in neighboring countries that serve as transit points for narcotics are under way. State also planned to provide support for the CNPA and NIU, but these projects were delayed while State awaited the results of recently completed police-reform efforts and construction of a new facility.

Table 6: Fiscal Year 2005 Interdiction Assistance as of June 2006 (in millions)

<table>
<thead>
<tr>
<th>Project</th>
<th>Provided</th>
<th>Obligated</th>
<th>Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Border Security Enhancements</td>
<td>$41</td>
<td>$41</td>
<td>$2</td>
</tr>
<tr>
<td>Counternarcotics Police Support</td>
<td>24</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$65</strong></td>
<td><strong>$44</strong></td>
<td><strong>$2</strong></td>
</tr>
</tbody>
</table>

Source: Department of State.

*According to a Department of State official, actual expenditures may be higher than reported figures due, in part, to delays in receiving bills from other agencies, international organizations, and contractors.

State provided $41 million to enhance border security in the neighboring countries that often serve as transit points for drug traffickers, including $30 million in Pakistan, $9 million in Tajikistan, and $2 million in Turkmenistan. The planned assistance to Pakistan included the purchase of vehicles and equipment for Pakistan’s Frontier Corp to conduct counternarcotics and border security and Pakistan’s Anti Narcotics Force to support poppy eradication and interdiction operations, as well as the purchase of pre-fabricated steel bridges to increase mobility in the Federally Administered Tribal Areas. The planned assistance for Tajikistan and Turkmenistan included the purchase of vehicles and other equipment, upgrading of border posts, and the training of border police.

State moved forward with border security enhancements. In Pakistan, State began purchasing vehicles, body armor, and surveillance gear for border security forces. State also issued a request for proposals for the purchase of the pre-fabricated bridges. In Tajikistan, State, working with

17DEA focused most of its enforcement program and funding on (1) expanding the Afghanistan aspects of Operation Containment, a multi-national, law enforcement initiative that targets high-level drug trafficking organizations; (2) deploying Foreign-deployed Advisory and Support Teams (FAST) that work with the Afghans to carry out interdiction operations; and (3) advising and training the NIU, the primary narcotics investigators under the CNPA.

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UNODC and International Organization for Migration, started to equip forensics labs and a police-dog training center; ordered a variety of equipment for border police, including a communications system, ambulances, surveillance gear, and vehicles; and started refurbishing border posts such as the one seen in figure 7. In Turkmenistan, State transferred the funds to UNODC, with whom State was already working, to properly equip a major border checkpoint and provide relevant training to border control personnel. UNODC contracted with a company for construction and equipment.

Figure 7: Khirmanjo, Tajikistan, Border Post Scheduled to Be Refurbished

State Support for Counternarcotics Police Delayed

State planned to provide $24 million to support the NIU and leadership of the CNPA, but the spending of these funds was delayed. Of these funds, State planned to spend $12.5 million to provide mentors, housing, equipment, and vehicles for the CNPA leadership, with the remaining funds going to operate and maintain the NIU Center for two years after its completion; provide equipment for the center; and for NIU vetting, training, and administrative costs.
As of August 2006, State’s support for the NIU was delayed while ongoing police reform plans were finalized and Defense completed construction of the NIU facility. Department of Defense-supported police reforms, according to State officials, notably pay and rank reform, were only recently completed, and State had been waiting until the CNPA’s leadership was determined to begin using its support funds. The NIU facility is expected to be completed November 30, 2006, almost eight months later than the original completion date due, in part, to building modifications.

Law Enforcement and Justice Reform: Efforts Led to New Counternarcotics Law and Supported Strengthening Corrections System

As seen in table 7, State provided nearly $24 million to support the Afghan government’s efforts to increase its capacity to arrest, prosecute, and punish traffickers and corrupt officials. State brought in senior federal prosecutors from the Department of Justice to assist with legislative reform efforts, such as the crafting of the new counternarcotics law, and training investigators and prosecutors. State also began the Corrections System Support Program (CSSP) to develop a professional, accountable, and centralized Afghan corrections system. Under this program, State started training corrections personnel and constructing new facilities. State also planned support for the Counter Narcotics Justice Center, a counternarcotics court and detention facility. However, construction of the facility was still under way.

<table>
<thead>
<tr>
<th>Project</th>
<th>Provided</th>
<th>Obligated</th>
<th>Expended*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justice prosecutors</td>
<td>$2</td>
<td>$2</td>
<td>$0</td>
</tr>
<tr>
<td>Corrections Reform and Counternarcotics Center</td>
<td>22</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24</strong></td>
<td><strong>$17</strong></td>
<td><strong>$2</strong></td>
</tr>
</tbody>
</table>

Source: Department of State.

*According to a Department of State official, actual expenditures may be higher than reported figures due, in part, to delays in receiving bills from other agencies, international organizations, and contractors.

State transferred $2 million to the Department of Justice to continue to pay for U.S. prosecutors from the Criminal Division’s Senior Federal Prosecutors’ Program to provide legal and legislative assistance. The prosecutors worked in several areas, including:

- reform of key laws and implementation of regulations and authorities;
• design, planning, and coordination of training in fundamentals and advanced areas of the criminal law with emphasis on counternarcotics and antimoney laundering enforcement; and

• assessment of, mentoring of, and assistance to the Criminal Justice Task Force (CJTF), a specialized unit of investigators and prosecutors dedicated to working mid- and high-level narcotics and narcotics-related investigations and prosecutions.

The Justice prosecutors, working with the government of Afghanistan, helped develop and implement a new comprehensive counternarcotics law that grants legal and investigative authority for mid- and high-level investigations and prosecutions to a new counternarcotics legal infrastructure apart from Afghanistan’s national judicial system. The new law nationalized most drug crimes for investigation and prosecution by the CJTF and trial by the Central Narcotics Tribunal, diminishing local influences and chances of intimidation. The new law and the legal authorities it provides are the centerpiece of CJTF training developed by the United States. The Justice prosecutors, along with their international partners, have mentored and guided the CJTF in the successful prosecution of three mid- and high-level traffickers. The Justice prosecutors are providing advice on the drafting of a more modern and flexible criminal procedure code. The Justice prosecutors were also instrumental in having the government of Afghanistan effect its first-ever extradition to the United States of an Afghan narcotics trafficker.

State provided almost $16 million for the CSSP, which is designed to develop a professional, accountable, and centralized Afghan corrections system. The CSSP is expected to devise and conduct training for Afghan correctional officers and build and rehabilitate correctional facilities.

The CSSP began training prison guards and constructing new buildings, with the award of the CSSP contract in March 2006. The contractor finished a survey of Afghan prisons, developed corrections training classes, trained its first 36 corrections officers at the Central Training Facility in Kabul, and continued training in three other provinces (see fig. 8). In addition, the CSSP contractor began construction of an attorney general’s office and a courthouse in Wardak province (see fig. 9).

18The Central Narcotics Tribunal is a specialized court that has exclusive nationwide jurisdiction for the trial and appellate review of mid- and high-level narcotics offenses.
Figure 8: Afghan Corrections Officer Training

Source: Department of State.

Figure 9: Ministry of Justice Building under Construction in Wardak Province

Source: Department of State.
State provided $6 million to pay the operations and maintenance costs of the Counter Narcotics Justice Center—a counternarcotics court and administrative offices for the CJTF and Central Narcotics Tribunal, as well as a detention facility, which is still under construction. According to Defense, State, and Justice, original plans called for Defense to erect a temporary building for the Counter Narcotics Justice Center. However, interagency discussions led to the decision to build a permanent set of structures, which delayed expected completion while new plans were drafted and a new contractor was chosen. Ongoing discussions may further modify the construction.

The Counter Narcotics Justice Center is expected to be completed in November 2006, over three months later than the original completion date for the permanent structures. Additional modifications to the construction design, should they be funded, will further delay the completion of the facility.

As shown in table 8, State provided $5 million to support a public information campaign intended to convince the Afghan populace to reject poppy cultivation and trafficking. State transferred almost $1 million to USAID for a grantee to begin a public information campaign. The campaign was designed to (1) develop and produce media materials to raise awareness and promote behavior change regarding poppy planting in Afghanistan, (2) establish a regional network to disseminate the materials and monitor and assess the efficacy of the campaign, and (3) support the government of Afghanistan in its efforts to eliminate poppy cultivation. State also provided almost $4 million for a new contractor, hired in May 2006, to continue and build on public information efforts.

<table>
<thead>
<tr>
<th>Project</th>
<th>Provided</th>
<th>Obligated</th>
<th>Expended*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2006 Public Information Campaign</td>
<td>$5</td>
<td>$5</td>
<td>$1</td>
</tr>
</tbody>
</table>

Source: Department of State.

*According to a Department of State official, actual expenditures may be higher than reported figures due, in part, to delays in receiving bills from other agencies, international organizations, and contractors.

The 2005 campaign, which used radio spots and printed media, was developed to target key poppy-growing provinces over three phases concerning (1) pre-planting, (2) pre-eradication and the health impact of
drugs, and (3) eradication and the rule of law. The grantee established regional offices in the seven provinces with PEP teams to disseminate materials and monitor the campaign. The grantee completed the campaign on time between July 15, 2005 and May 15, 2006. According to information provided by State, over the three phases, the campaign paid for 41 radio spots that often featured prominent Afghans and were broadcast almost 9,000 times and prepared millions of stickers, matchboxes, booklets, posters, banners, and billboards, as illustrated in figure 10, to publicize the counternarcotics message. The grantee used focus groups and surveys to assess its efforts. A survey conducted in November 2005 of more than 2,200 Afghans reported that about 75 percent of respondents had heard counternarcotics radio messages. During the last two phases of the campaign, the grantee worked with and paid the salaries of the Ministry of Interior’s media office personnel.

Figure 10: Public Information Campaign Stickers, Billboard, and Posters

Source: Department of State.

Note: Actual stickers, billboards, and posters printed are in Pashto and Dari.
Because of delays in getting PEP teams formed, the public-information
grantee was unable to rely on expected PEP support during the 2005-2006
poppy growing season. In several provinces, the grantee stated the PEP
teams did not coordinate their public information activities or were not
active in public information activities. In particular, the grantee had
expected the PEP teams to assist in compiling a map of the schools,
clinics, mosques, civil society organizations, and public gathering places in
the provinces to use in identifying community stakeholders for delivery of
public information materials. However, the grantee found most of the PEP
teams provided no support in building the maps, and the grantee had to
create them without the help of the provincial PEP teams. The new public
information contract requires the contractor to implement the campaign in
concert with the PEP teams.

The deteriorating security situation and the lack of Afghan capacity,
including governmental institutions, are tremendous challenges to
reducing illicit drug production and trafficking. The worsening security
situation in Afghanistan threatens the achievement of the U.S.
counternarcotics strategy. Additionally, the narcotics trade continues to
undermine Afghanistan’s fragile institutions by fostering persistent
corruption and criminal activities. Consequently, U.S. officials and others
have commented that combating narcotics in Afghanistan will take at least
a decade.

Progress toward the achievement of the U.S. counternarcotics strategy in
Afghanistan is threatened by the worsening security situation. USAID
predicates the success of its reconstruction plans on an improving security
situation, however, continued attacks prevent some projects from being
implemented. Moreover, as we reported previously, State officials expect
drug processing and trafficking will continue until security is
established. In early 2006, Afghanistan and the international community
agreed to the Afghanistan Compact, which stated that “genuine security
remains a fundamental prerequisite for achieving stability and
development in Afghanistan.”

19GAO-05-575.

20The Afghanistan Compact was agreed to at the London Conference, which took place
from January 31 through February 1, 2006.
The central government faces various threats, including Taliban and terrorist attacks, tribal violence, and criminal activity. In 2006, U.S. officials acknowledged that violence was increasing, including the use of improvised explosive devices, such as the one used against the vehicle in figure 11, and suicide bombers. U.S. military officials also stated the presence and strength of the Taliban increased, particularly in the south; that they demonstrated better command and control and fighting with increased intensity; and that Afghanistan has seen the highest rates of violence since the Taliban regime was removed from power in 2001. Moreover, UN accessibility maps that denote the risk level of different areas of Afghanistan also show that the security environment in many areas of Afghanistan has worsened noticeably.

During the 2005-2006 growing season, eradication forces and alternative livelihoods personnel were attacked several times and in some cases killed, slowing or preventing their efforts.

- In a two-week period in March 2006, Helmand had 20 confirmed security incidents, including 4 rocket attacks, 8 improvised explosive devices, 5 assassinations, and 3 incidents of intimidation against public officials. U.S. officials said that many of the incidents were related to the eradication campaign.

21In June 2004 and July 2005, we reported security was deteriorating. See GAO-04-403 and GAO-05-742.
In April 2006, AEF came under direct attack and encountered improvised explosive devices and mines while eradicating in Helmand province, including a mine that exploded on April 10, killing two AEF security personnel and wounding two others.

In May 2006, the alternative livelihoods contractor in the north reported that two staff members were killed when their vehicle was struck by an improvised explosive device. USAID and contractor officials stated the attack may have occurred in retribution for the contractor’s discovery of fraud on one of its cash-for-work projects, or may have been because of eradication occurring in the area.

That same month, AEF had a standoff with farmers in Badakshan province, and in June, came under small arms fire that injured two AEF police.

Also in May, in Nangarhar, where the security situation had been more permissive, the alternative livelihoods contractor reported that antigovernment groups were offering rewards for conducting attacks in the region.

In June 2006, State decided not to allow the PEP international advisors to move into their housing in Oruzgan province until the threat level diminished and construction of an office complex could begin.

During the first half of June 2006, the USAID contractor reported that Afghan nationals were threatened with retribution if they participated in alternative-livelihoods projects. This circumstance, combined with the travel restrictions resulting from the volatile security situation, restricted the progress of road construction and irrigation system repairs.

Afghan Infrastructure, Human Capital, and Government Institutional Capacities Are Limited

Reducing opium cultivation and drug trafficking in Afghanistan will take at least a decade, in part because of the need to address Afghanistan’s lack of infrastructure, human capital, and government capacity. According to U.S., International Monetary Fund, and other officials, the impoverished country lacks adequate roads and access to power; its labor force is mostly illiterate and untrained; and the government, saddled with prevalent corruption, has a weak judicial sector and is not expected to be able to cover its own expenses in the near future. These limitations discourage investment in Afghanistan and make Afghanistan dependent on foreign assistance.
The nation has few roads and poor access to power. Furthermore, the lack of roads makes it difficult for farmers to get goods to markets and the lack of electricity makes it difficult for farmers to store perishable goods. Afghanistan has one major highway, the “ring-road,” but access to certain areas can still take weeks or more and, during winter months, some areas are completely inaccessible, according to U.S. and UN officials. In Badakshan, the alternative livelihoods contractor reported that significant upgrades to the primary road networks were needed in order to allow farmers to deliver fresh vegetables to market centers without the produce being bruised, smashed, or otherwise damaged. Further, project staff reported that they were unable to visit some field sites in the province at the end of April 2006 because of heavy rains that made the roads impassable. The lack of reliable power was cited as a major concern by potential investors. In the short term, USAID intends to provide generators for the industrial parks it is planning to build to assure investors of reliable power.

Afghanistan’s human capital provides another capacity problem as most of the population is illiterate and many are untrained. U.S. and UN officials stated that illiteracy is a tremendous problem, making it difficult to recruit police, prosecutors, and investigators, adding that even some provincial governors are illiterate. Furthermore, the high illiteracy further complicated efforts to train Afghans, and the lack of trained personnel meant that even government ministries had few adequately trained staff. For example, the UN provided the Afghans a small lab for drug testing, but it had to be staffed and funded by the UN.

Capacity is also a challenge for Afghanistan’s government; corruption is endemic, the judicial sector is weak, and the government is not expected to be able to support itself for at least 10 years, according to U.S. and other officials.

- According to U.S. embassy officials, most Afghan public salaries are very low, which makes corruption more likely. Moreover, corrupt officials are rarely removed from their government jobs, but are instead reassigned. For example, as mentioned earlier, corrupt eradicators accepted bribes to skip certain poppy fields, which eliminated the biggest deterrent to poppy cultivation. In addition, corrupt judicial officials reduce the fear of legal repercussions for drug traffickers.

- U.S. officials stated that rebuilding the judicial sector of Afghanistan lagged behind the other four security pillars—army, police, combating drugs, and disarmament. In 2005, we reported that overall justice sector
reform was underfunded and understaffed. To date, four years after the Geneva conference established the five-pillared security agenda, work to establish a permanent criminal code has not been completed.

- According to State officials, the government will be unable to support its recurring costs without foreign assistance for at least 10 years. In 2004-2005, Afghan government revenues equaled less than one-third of its recurring expenditures. Consequently, Afghanistan remains dependent on other nations for over half of its budget.

USAID and State Made Efforts to Oversee the Use of Funds, but Lack of Information and Security Limited Some Efforts

In an effort to prevent counternarcotics funds from assisting terrorists, drug traffickers, or human rights violators in Afghanistan, USAID and State required that grantees sign antiterrorism and antitrafficking certifications, financial agreements contain antiterrorism and antitrafficking clauses, and Afghan security personnel receiving training be vetted for associations with prohibited activities when applicable. However, a lack of official records and reliable information limited efforts to vet Afghan nationals. In addition, although USAID and State made efforts to monitor ongoing projects to ascertain their status, security concerns and poor infrastructure limited the agencies’ monitoring of sites outside Kabul.

22GAO-05-575.
To comply with federal bans on assisting terrorists, drug traffickers, and human rights violators,\(^23\) USAID and State required that grantees certify their nonsupport of prohibited individuals or groups; that financial agreements contain clauses outlining U.S. prohibitions; and that candidates for security training or assistance are vetted.

- **Certifications.** USAID issued guidance requiring that recipients of all grants and cooperative agreements sign certifications attesting that they are not supporting, and have not supported, terrorists. In signing the certifications, recipients also acknowledged the steps they are to take to help prevent assistance from being provided to terrorists, including reviewing U.S. and UN lists of known terrorists. In addition, USAID and State require recipients of assistance to certify that they have not been convicted of, or involved in, a narcotics offense.\(^24\) We reviewed USAID grants and contracts and found that the required certifications were included where required by USAID's regulations. According to State, its letter of agreement with the government of Afghanistan requires that each recipient of foreign assistance sign a certification disclosing any past narcotrafficking. State also included this requirement in fund transfers to USAID, Justice, and Defense.

- **Clauses.** USAID requires that financial agreements, including contracts and grants, contain a clause intended to familiarize award recipients with their legal responsibilities to comply with the executive order and law prohibiting assistance to terrorists.\(^25\) In addition, both USAID and State require that any financial agreement representing more than $100,000

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\(^{23}\) Executive Order 13224 blocks property and prohibits transactions with persons who commit, threaten to commit, or support terrorism, and 18 USC 2339A and 2339B criminalizes the knowing provision of material support or resources, including financial support, lodging, equipment, transportation, training, and expert advice, to terrorists or foreign terrorist organizations. Section 487 of the Foreign Assistance Act of 1961, as amended (codified at 22 USC 2291f), and Code of Federal Regulations, Title 22, Part 140, implementing the act, prohibit assistance to drug traffickers and require the President to take all reasonable steps to ensure that U.S. assistance is not provided to drug traffickers. The "Leahy Amendment," which has been regularly incorporated into foreign operations appropriations bills, prohibits security assistance to foreign security force units implicated in human rights violations.

\(^{24}\) The regulations implementing section 487 of the Foreign Assistance Act (22 CFR 140), allow for certain exceptions, including assistance to small farmers when part of a community-based alternative development project.

\(^{25}\) USAID issued the guidelines requiring the antiterrorism clause and certification although it was not legally required to do so. State has not issued, and is not required to issue, such guidance or procedures.
contain a clause to familiarize award recipients with their legal responsibilities to comply with the law prohibiting assistance to drug traffickers. In our review of the 10 alternative livelihoods program grants and contracts, we found that each agreement included the clauses that were required.

- **Vetting.** USAID and State require the vetting of individuals and organizations for involvement with drug trafficking, through the review of arrest records and assessment of the credibility of any trafficking allegations. State also requires the vetting of individuals and organizations against criminal and terrorist databases for any involvement in terrorism or human rights violations. According to State, the U.S. embassy runs initial screening of security force personnel against local databases and with nongovernmental organizations. State then forwards biographical data on security forces to the Bureau of Democracy, Human Rights and Labor and Bureau of South and Central Asian Affairs for vetting against classified and unclassified databases to identify criminal conduct, including that related to terrorism, narcotrafficking, and human rights violations. However, USAID's and State's vetting of Afghan nationals was constrained by limited or incomplete records and the difficulty of investigating widespread allegations of misconduct. According to State, USAID, and contract officials, after years of conflict, Afghanistan lacks many official records, such as birth, identification, and criminal records. According to U.S. officials, this lack of records forced them to rely on word of mouth to vet Afghan nationals. Moreover, rivals often accuse one another of criminality and affiliation with terrorists or drug traffickers, and it is difficult to investigate the truth of these allegations. To assist with future vetting, State plans to administer lie-detector tests to certain project participants. However, as of July 2006, State had not been able to initiate the testing.

**Efforts Made to Monitor Projects, but Access to Project Sites Is Limited**

USAID and State monitor project performance through contractor reports, site visits, and information from third parties, such as the U.S. military or Afghan officials, as access to project sites outside Kabul is difficult because of security conditions and poor infrastructure. Contractors developed performance management plans, which include performance indicators, a monitoring and evaluation plan, and reporting requirements. Furthermore, according to U.S. officials, USAID and State used experienced U.S. firms and international organizations as the primary grantees and contractors. For example, State hired DynCorp International, a company that State uses to carry out counternarcotics efforts in Colombia and elsewhere, to implement its eradication efforts and used the UN to carry out some of the border security station rehabilitation in
Tajikistan. USAID hired three U.S. firms already experienced with working in Afghanistan—Chemonics International; Development Alternatives, Inc.; and Planning and Development Collaboration International—to run its alternative livelihoods projects.

USAID attempted to assess progress through various means. First, USAID’s contractors submitted required biweekly reports detailing challenges and progress in their respective provinces. For example, in May 2006, the contractor in the south reported that “security concerns have dramatically decreased project activities… as such, no monitoring visits were conducted.” During the same period, the contractor in the east reported they were able “to monitor active and completed cash-for-work projects.” In addition to these reports, USAID assigned a project officer to each region’s provincial reconstruction teams’ compound to be responsible for monitoring the contract. They attempted to get to the field as often as possible to view the progress of projects and assist in developing new ones. USAID also relied on the local U.S. military commanders and Afghan officials to report on the status of any projects they saw. For example, the U.S. commander in Nangarhar told us during our visit that when he goes on routine patrols, he tries to visit any USAID projects in the vicinity of his patrol and provides any information from those patrols to the resident USAID representative.

State contractors and other implementers of State-funded projects submitted the required reports on the progress and obstacles facing their projects. For example, DynCorp submits biweekly reports detailing the activities of the leased aircraft, AEF, and PEP teams, and reporting on problems, such as the challenges of hiring qualified international advisors for the PEP teams. In addition, State personnel stated that they regularly travel to program sites. For example, State staff made visits to the AEF while it was out in the field. Similarly, the Justice prosecutors stated that they work several times a week with the CJTF.

Despite these efforts, external factors, such as security and Afghanistan’s poor infrastructure, limited project monitoring by reducing USAID’s, contractors’, and, to a lesser extent, State’s access to project sites. For example, in Helmand, the monitoring and evaluation plan developed by USAID’s alternative livelihoods contractor could not be implemented because of the danger to both Afghans and foreign nationals traveling in the area. Additionally, USAID field staff were constrained by security rules and restrictions established by the military commanders in their areas. For example, in Nangarhar, monitoring staff must provide U.S. commanders 96-hours notice for trips outside the military camp, and these trips can be...
cancelled at any time if sufficient military personnel are not available to provide security. Poor infrastructure limits the ability to monitor projects. In northern Afghanistan, many roads are impassable during the winter months. Furthermore, many areas can only be reached via helicopter or on foot, as no roads exist. State projects in and around Kabul are more accessible, and, therefore, are easier to monitor. Additionally, the eradication efforts funded by State are being monitored by UNODC in cooperation with Afghanistan’s government and are also confirmed through satellite and other imagery. However, UNODC was unable to send ground monitors to Helmand to verify governor-led eradication efforts there.

Concluding Observations

Despite significant efforts by USAID and State, the deteriorating security situation in Afghanistan threatens the success of the U.S. counternarcotics goal of significantly reducing illicit drug cultivation, production, and trafficking. Unlike in our prior reports concerning other programs in Afghanistan, we found USAID and State had developed a strategy for counternarcotics tailored to Afghanistan’s difficult environment. They reported some accomplishments in each of the strategy’s five pillars; nevertheless, the opium poppy crop in 2006 grew by over 50 percent, reaching a record amount. The worsening security situation, particularly because of the Taliban’s resurgence, threatens to derail U.S. efforts by slowing or stopping projects. Moreover, the pace of U.S. efforts was further slowed by the country’s persistent developmental challenges, including inadequate access to roads and limited government institutions. Given the difficulties of working in Afghanistan, sustainable progress toward the U.S. counternarcotics goal will likely take a decade or more of committed U.S. resources and efforts. Because many of the counternarcotics projects are still in the early stages of implementation, we have no recommendations at this time.

Agency Comments

We provided a draft of this report for review and comment to State, USAID, Defense, and Justice. Each agency informed us that they were not providing formal comments. However, USAID and Justice provided technical comments, which we have incorporated into the report where appropriate.

If you or your staff have any questions about this report, please contact me at (202) 512-3149 or GootnickD@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page.
of this report. GAO staff who made contributions to this report are listed in appendix II.

David Gootnick, Director
International Affairs and Trade
To examine the U.S. Agency for International Development’s (USAID) and Department of State’s (State) progress in implementing counternarcotics programs, projects, and activities under each pillar, and the factors, if any, limiting implementation, we reviewed pertinent USAID and State planning, funding, and reporting documents for their counternarcotics programs in Afghanistan. Our review of these documents provided us with information regarding the program’s structure, goals, objectives, progress, and limitations. In addition, we met with cognizant officials from Departments of Defense (Defense), Justice (Justice), and State; USAID; and Drug Enforcement Administration (DEA) in Washington, D.C. and Kabul, Afghanistan. In Kabul, we also met with officials from the United Nations (UN) and the governments of Afghanistan and the United Kingdom to discuss counternarcotics efforts. We traveled to the provinces of Balkh, Helmand, Kandahar, and Nangarhar to meet with U.S. and Afghan officials and discussed various U.S.–funded projects. For example, in Helmand and Nangarhar, we met with the governors to discuss the progress of USAID’s alternative livelihoods projects, visited several projects, and met with U.S. contractors implementing the projects. In Balkh, we met with the governor to discuss the governor-led eradication efforts and how U.S. assistance was being used. While in Kandahar, we met with State contractors and observed the aircraft being used to enhance the AEF’s eradication efforts.

To examine the challenges faced by counternarcotics efforts in Afghanistan, we reviewed USAID, State, and Defense documents addressing the status of U.S. efforts in Afghanistan. Additionally, we reviewed UN, International Monetary Fund, and academic reports regarding the current security and economic situation in Afghanistan, as well as discussing its past problems and outlook for the future. Specifically, we reviewed several months of UN reporting on the security situation in Afghanistan in regards to what precautions their personnel needed to take. In addition, we met with experts and attended academic symposia in Washington, D.C., regarding Afghanistan’s current situation and the challenges it faces in the future.

To examine USAID’s and State’s efforts to ensure that the fiscal year 2005 counternarcotics funds were used for intended purposes, we reviewed the contracts, grants, and other financial agreements by which these funds were obligated and expended. We reviewed USAID contracts and State financial instruments that received fiscal year 2005 counternarcotics funding. We met with USAID and State budget and financial officers in Washington, D.C., and Kabul to discuss the safeguards placed on the funds. Additionally, we talked to several contractors in Afghanistan about their monitoring plans and ability to implement them.
To determine the reliability of the funding data, we compared data from multiple sources. For example, we compared the funding data we received from USAID and State with the appropriations language and congressional notifications. Although we did not audit the funding data and are not expressing an opinion on them, based on our examination of the documents received and our discussions with cognizant agency officials, we concluded that the funding data we obtained were sufficiently reliable for the purposes of this report. To determine the reliability of United Nations Office on Drugs and Crime (UNODC) eradication and opium poppy cultivation data, we reviewed the methodology used to estimate the areas where opium poppy was cultivated in Afghanistan in 2005. In particular, we reviewed the sampling and estimation procedures used, the ways in which satellite imagery was incorporated into the estimate, and the procedures followed by the ground surveyors. We noted that the sampling methods were appropriate for generating estimates for Afghanistan as a whole, but that there were limitations to the estimates for particular provinces. Overall, we determined that the methodologies used by the UNODC were reasonable, and that the results were sufficiently reliable for the purposes of this report. To determine the reliability of Afghan public opinion survey data, we reviewed the survey methodology used by the Afghan Center for Socio-economic and Opinion Research, and determined it to be sufficiently reliable for our purposes. The information on foreign law in this report does not reflect our independent legal analysis, but is based on interviews and secondary sources.

However, because of the security situation in Afghanistan, we could not independently verify or randomly test USAID or State project information at field locations. Nevertheless, based on our assessments of the data provided, our discussions with the cognizant officials, and limited field visits, we concluded that the counternarcotics program data provided to us were sufficiently reliable for the purposes of this report.
Appendix II: GAO Contact and Staff Acknowledgments

**GAO Contact**

| David Gootnick, (202) 512-3149 |

**Staff Acknowledgments**

Key contributors to this report were Al Huntington, Hynek Kalkus, Thomas Costa, Elizabeth Repko, Reid Lowe, and David Bruno.
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