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United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Middle East Regional Office

Status of the Bureau of
International Narcotics and
Law Enforcement Affairs
Counternarcotics Programs
in Afghanistan

Performance Audit

Report Number MERO-A-10-02, December 2009

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Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel
Deputy Inspector General

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KEY FINDINGS

- The Department of State lacks a long-term strategy and a clear end state for its counternarcotics programs in Afghanistan, which hinders planning and prevents an accurate assessment of effectiveness.
- The U.S. military and coalition forces perceive a strong link in Afghanistan between the narcotics industry and support for insurgents. Consequently, the U.S. military has assumed greater responsibility for overall counternarcotics efforts. This increased involvement will impact the scope and function of counternarcotics programs conducted under chief of mission authority at Embassy Kabul.
- The threat of eradication by a force controlled by the central Afghan Government is considered essential to a successful counternarcotics effort. In mid-2009, the Department of State adjusted its counternarcotics budget priorities, reducing funding for poppy eradication in Afghanistan and increasing resources for interdiction and alternative development initiatives.
- The U.S. Government has progressively assumed a dominant role in counternarcotics programs, relieving pressure on the Afghan Government to effectively address issues associated with the narcotics industry. However, the Department of State has not formulated a strategy for transitioning and exiting from counternarcotics programs in Afghanistan, should it be unable to sustain the current level of funding or involvement.
- The Bureau of International Narcotics and Law Enforcement Affairs does not have sufficient in-country personnel at Embassy Kabul to provide adequate oversight of counternarcotics contracts or monitor contractor performance.
- OIG found that contractors working on counternarcotics programs in Afghanistan are generally meeting the terms and conditions of their contracts with the Department of State. However, some of these contracts were poorly written, with overly optimistic goals, vague performance measures, and inadequate or non-specific deliverables.
- Despite the number of agencies and players involved in counternarcotics activities, interagency coordination within Embassy Kabul is generally ad hoc and informal, with each agency focused mainly on its own efforts. This situation can result in a lack of synchronization of activities.

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- Cooperation between Embassy Kabul and Embassy Islamabad is not well-developed and is limited mostly to information sharing. Coordination is lacking on key issues, such as increasing security along the lightly controlled, porous border between Afghanistan and Pakistan.

INTRODUCTION

Afghanistan remains the world's largest grower of opium poppy, the source of over 90 percent of illicit global opium. The narcotics industry continues to fuel the insurgency, undermining efforts to assure security, extend governance, and develop the legal economy in Afghanistan. The Department of State's (Department) Bureau of International Narcotics and Law Enforcement Affairs (INL) is responsible for counternarcotics programs in Afghanistan. INL funds and works with a number of U.S. Government agencies, contractors, and the Afghan Government to carry out these programs. U.S. and coalition military forces are also increasingly involved in counternarcotics activities, in an effort to break the link between the narcotics industry and funding of the insurgency.

The Middle East Regional Office (MERO) of the Office of Inspector General (OIG) initiated this performance audit under the authority of the Inspector General Act of 1978,¹ as amended. The objectives of this audit were to determine: (1) the Department's counternarcotics strategy objectives and the impediments to achieving these objectives; (2) how well the Department is administering the program and monitoring contractor performance; and (3) whether the Department and the Embassy are effectively coordinating their efforts in Afghanistan with other agencies, U.S. and coalition military forces, and with Embassy Islamabad.

In developing this assessment, OIG met with officials from the Office of the Special Representative for Afghanistan and Pakistan, INL, the Bureau for South and Central Asian Affairs, the American Embassies in Kabul and Islamabad, and with companies contracted to the Department to implement counternarcotics programs. OIG also traveled to Kabul and four provinces to visit project sites, including those carrying out poppy eradication, and meet with United Nations, U.S. military, and coalition government officials. OIG also met with the Afghan Minister for Counter Narcotics, senior Afghan government officials, and provincial and local government officials.

¹ 5 USC App. 3

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EXECUTIVE SUMMARY

RESULTS

The Department has not clarified an end state for counternarcotics efforts, engaged in long-term planning, or established performance measures for its multi-pillared approach to counter poppy cultivation and the resultant illegal narcotics industry.² This approach, which involves significant funding, several U.S. Government agencies, and the Afghan Government, includes programs to:

- eradicate poppy crops;
- interdict drug traffickers;
- offer alternative livelihoods to replace poppy cultivation;
- reform the Afghan judicial system;
- offer public outreach and information;
- reduce demand for illegal narcotics;
- develop institutional capacity, and
- cooperate regionally.

Many individuals involved in counternarcotics endeavors believe that eradication is an essential aspect of strategy. Despite this consensus, in mid-2009, a decision was made to move away from poppy crop eradication efforts, and shift concentration and funding toward interdiction and alternative development.

At the same time, the U.S. military, recognizing that the illicit narcotics industry has helped fund the insurgency in Afghanistan, began to engage more heavily in counternarcotics activities to break this connection. OIG believes this increased military involvement will decidedly affect the scale of the Department's counternarcotics program as well as its overall role. Further, although the Department is planning new counternarcotics actions, OIG concludes that there is no agreement on appropriate roles for either civilian agencies or the U.S. military. The Department has also failed to plan for transitioning responsibility to the Afghan government, should U.S. Government funding not be sustainable at current levels.

² The Office of National Drug Control Policy establishes the national drug policy and coordinates the interagency activities of the Executive Branch for both domestic and international programs.

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While some progress has been made in the fight against illicit narcotics in Afghanistan, successes are difficult to quantify due to imprecise measurement and transnational factors. The Department's lack of meaningful performance measures adds to the problem. OIG found several examples of measurements that appeared to show success, but were questionable when more closely examined. Progress is further impeded by the unpredictable security situation. In addition, conditions in the Afghan government hamper achievement, including a weak justice system, corruption, and the lack of political will. The economic incentive to grow poppies outweighs some Afghan farmers' public assertions that cultivation is illegal and conflicts with the tenets of Islam. Afghanistan's large, unofficial financial system allows money laundering and illicit trade to continue. The mountainous geography and largely open borders are also impediments to success.

INL's oversight of contracts related to counternarcotics programs in Afghanistan has challenged both INL and the Narcotics Affairs Section at Embassy Kabul. While there is adequate contract management in Washington, DC, INL lacks in-country monitoring of seven contracts valued at \$1.8 billion. This weakness is caused by a shortage of personnel at the Embassy, as well as heavy reliance on contractors to carry out programs. Contract and program management is thus conducted from many thousands of miles away in a different time zone. OIG's examination of four counternarcotics contracts also revealed some weaknesses in performance measurement and setting of unrealistic goals.

OIG found that the various agencies involved in counternarcotics programs do coordinate, but normally this is done informally and depends on the individuals working on the programs. Ad hoc discussions focus on operational matters, and most decisions are not formally recorded. OIG noted that the U.S. military is enhancing its role and leading in the creation of an interagency task force focused on counternarcotics efforts in southern Afghanistan. There is limited collaboration and information sharing on operations between Embassy Kabul and Embassy Islamabad, but there is no significant cooperation between the Embassies on critical issues such as border control and security. This lack of cooperation is due, in part, to Embassy Islamabad's conclusion that there is no connection between illicit narcotics and the insurgency in Pakistan. However, the porous border between the two countries means that actions in Afghanistan will certainly spill over into Pakistan.

RECOMMENDATIONS

Recommendation 1: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and under the direction of the Office of the Special Representative for Afghanistan and Pakistan, should formulate a defined end state to be pursued through U.S. Government-supported counternarcotics programs in Afghanistan. The end state should include clearly defined objectives and performance measures, and milestones for achieving the stated objectives. (Action: INL, in consultation with Embassy Kabul and under the direction of SRAP)

Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and the Bureau for South and Central Asian Affairs, and under the supervision of the Office of the Special Representative for Afghanistan and Pakistan, should establish benchmarks designed to transition responsibilities to the Government of Afghanistan for each of the Bureau's counternarcotics programs in Afghanistan. (Action: INL, in consultation with Embassy Kabul and SCA, and under the supervision of SRAP)

Recommendation 3: Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs and under the supervision of the Office of the Special Representative for Afghanistan and Pakistan, should routinely provide updates to Provincial Reconstruction Teams (PRT) on counternarcotics programs, request that the PRTs apprise provincial officials and local citizens of counternarcotics programs and seek their support for these programs, and request the PRTs report the results of their efforts to the Embassy. (Action: Embassy Kabul in coordination with INL and under the supervision of SRAP)

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and under the supervision of the Office of the Special Representative for Afghanistan and Pakistan, should develop a workforce plan to ensure sufficient, experienced, and trained personnel are assigned as in-country contracting officer's representatives and direct-hire staff for the Narcotics Affairs Section. (Action: INL in consultation with Embassy Kabul and under the supervision of SRAP)

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Recommendation 5: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and under the supervision of the Office of the Special Representative for Afghanistan and Pakistan, should establish procedures to ensure in-country contracting officer's representatives are conducting periodic assessments of contractor performance and its impact. The Bureau, in consultation with the Embassy, should also ensure contractor files, as required by Federal Acquisition Regulations, are properly maintained and available, including approved work plans, contract modifications, progress reports, and documentation of acceptability/unacceptability of contract deliverables. (Action: INL in consultation with Embassy Kabul and under the supervision of SRAP)

Recommendation 6: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should modify contracts related to counternarcotics programs so they include more accurate statements of work, meaningful performance measures, and specific reporting requirements that allow the bureau and the Embassy to evaluate both program and contractor effectiveness. (Action: INL in consultation with Embassy Kabul)

Recommendation 7: Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should reinstitute regularly scheduled coordination meetings and include representatives from each department or agency with responsibility for counternarcotics programs in Afghanistan. (Action: Embassy Kabul in coordination with INL)

Recommendation 8: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and under the supervision of the Office of the Special Representative for Afghanistan and Pakistan, should develop a workforce plan to ensure sufficient, knowledgeable, and experienced personnel are assigned to execute counternarcotics programs in the poppy-producing southern provinces. (Action: INL in consultation with Embassy Kabul and under the supervision of SRAP)

MANAGEMENT COMMENTS AND OIG RESPONSE

The Office of the Special Representative for Afghanistan and Pakistan (SRAP), the Office of Afghanistan Affairs in the Bureau of South and Central Asian Affairs (SCA), INL, and Embassy Kabul provided written comments on a draft of this report. All of the respondents concurred with the report's eight recommendations. INL also provided other technical comments, which have been incorporated in the report as appropriate.

SRAP and SCA noted that many of OIG's recommendations have been or are in the process of being fulfilled, including the development of two-year goals and measurements within the U.S. Government counternarcotics strategy. INL also provided information on steps being taken to address the report's recommendations. The Bureau further noted that several substantive counternarcotics achievements were not included in the report or could be more prominently highlighted. INL stated the value of security stabilization cannot be stressed enough, and suggested more emphasis on the issue and its influence on the effectiveness of all counternarcotics programs. Embassy Kabul commented that OIG's analysis and recommendations will be useful in refining counternarcotics strategy and INL programs in Afghanistan. The Embassy also emphasized it has already made progress in addressing some recommendations.

OIG considers all comments received to be responsive to the intent of the recommendations. The comments are included in their entirety in Appendices III, IV, and V of this report.

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BACKGROUND

Despite some decreases in recent years, Afghanistan is still the world's largest grower of opium poppies. According to the United Nations Office on Drugs and Crime (UNODC), opium poppy cultivation declined by 22 percent in 2009, after two years of record highs in 2006 and 2007. This reduction was due to poor weather conditions, decreased opium prices relative to other crops, targeted programs to promote licit farming,³ and improved governance and security in key provinces. UNODC also estimates that Afghanistan produced 6,900 metric tons of raw opium in 2009, a decrease of sixteen percent from the 8,200 metric tons produced in 2007.

Poppy cultivation is now mostly limited to seven southern provinces. Together, these provinces account for 99 percent of the country's poppy cultivation. Cultivation in Helmand Province alone comprised 57 percent of the total crop in 2009, over half of the global amount that year. At the same time, poppy cultivation continues to decline in many of Afghanistan's northern, central, and eastern provinces. Nangarhar province had the second highest area of poppy cultivation in 2007 but achieved poppy free status in 2008. In 2009, 20 of Afghanistan's 34 provinces were declared poppy free by UNODC, a number that has risen from 13 provinces in 2007 and six poppy free provinces in 2006. There has been a 59 percent decrease in the number of poppy growing provinces in four years. Poppy free status, however, relates solely to cultivation, and processing and trafficking in illegal substances continues in some poppy free areas. The map below illustrates the distribution of poppy free provinces in Afghanistan. (Figure 1)



Source: United Nations Afghanistan Opium Survey 2009

³ The embassy's food zone program in Helmand Province had success in persuading farmers to plant licit crops in 2009; however, it is too early to determine the long-term impact of this program.

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UNODC estimates that in 2008, nearly 10 percent of Afghans were involved in poppy cultivation, down from 14.3 percent in 2007. For the most part, farmers choose to plant opium poppy because it is a profitable, hardy, and low-risk crop. Advance credit is available from traffickers to support the farmers (e.g., loans for seed and fertilizer) during the growing season; traffickers also commit in advance to buy the opium once the crop is harvested. This assured marketing is especially important in isolated areas where transporting and selling other crops can be problematic. Table 1 shows trends in poppy cultivation, eradication, achievement of poppy free status, and opium production from 2005 to 2009.

Table 1: Narcotics-related Trends in Afghanistan, 2005-2009

Area of Interest	2005	2006	2007	2008	2009
Poppy Cultivation (in hectares)	104,000	165,000	193,000	157,000	123,000
Poppy Eradication (in hectares)	4,210	15,300	19,510	5,480	5,351
“Poppy Free” Provinces	0	6	13	18	20
Opium Production (in metric tons)	4,475	5,644	8,200	7,700	6,900

Source: Department of State, International Narcotics Control Strategy Reports (INCSR), 2006-2009 and United Nations Afghanistan Opium Survey 2009

The links between poppy cultivation, the resulting narcotics trade, and funding of insurgency groups became more evident in 2008. The anti-government insurgency, most commonly associated with the Taliban, exploits the narcotics trade for financial gain. In 2008, UNODC estimated that the Taliban and other anti-government forces made \$50 million to \$70 million from “taxes” imposed on opium poppy farmers. In addition to revenue, narcotics traffickers provide insurgents material support such as vehicles, weapons, and shelter. In exchange, the insurgents offer protection to growers and traffickers and promise to prevent the Afghan Government from interfering with their activities. Insurgents also impose some governance, including a semblance of law and order that fills a perceived void in national governance.

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The U.S. Government has been involved in counternarcotics in Afghanistan for over 20 years through various agreements to suppress the production, distribution, and use of illicit drugs and has spent approximately \$2 billion on counternarcotics programs in the last 5 years. Table 2 summarizes INL funding from FY 2005-2010.

Table 2: Summary of INL Funds Provided for Counternarcotics Programs, FY 2005-2010

(In Millions)	2005	2006	2007 ^a	2008 ^b	2009 ^c	2010 ^d	Total
Eradication	\$179	\$131	\$147	\$163	\$149	\$70	\$839
Interdiction	89	5	12	18	21	155	300
Alternative Livelihoods	0	3	20	20	43	50	136
Justice Reform	2	27	55	94	123	155	456
Public Information	5	2	6	2	17	10	42
Demand Reduction	3	3	2	2	11	5	26
Total	\$278	\$171	\$227	\$270	\$340	\$435	\$1,799

Source: OIG analysis of INL records

Notes:

^a Includes FY07 and FY07 Supplemental Appropriations

^b Includes FY08 and FY08 Supplemental Appropriations

^c Includes redistribution of funding directed by the Special Representative for Afghanistan and Pakistan

^d Request as of February 23, 2009

As shown in Figure 2 below, the counternarcotics program in Afghanistan is an interagency effort involving INL, the Drug Enforcement Agency (DEA), Department of Justice, and the U.S. Agency for International Development (USAID). At the time of this audit, the program encompassed five “pillars” of activity. Specific agencies have primary responsibility for conducting and overseeing efforts in their respective pillars. The Department’s coordination with the Department of Defense is addressed later in this report. The Department provides funding in all pillars, even when it is not the lead agency.

Figure 2: Agencies and Respective Counternarcotics Program Responsibilities in Afghanistan



Source: OIG abstract of information provided by INL

Eradication programs focus on training a central Afghan National Police unit capable of destroying poppy fields and conducting public information campaigns. The program also supports governor-led eradication efforts in the provinces. Until June 2009, eradication was the Department’s preeminent counternarcotics tactic to reduce poppy cultivation, using training programs similar to those carried out by INL in South America.

Interdiction programs led by DEA have matured and increased the capacity of specialized counternarcotics units to target opium stocks and apprehend poppy growers and traffickers. In 2009, the use of interdiction as a counternarcotics tool increased in importance, and is integrated closely with military units and law enforcement agencies.

In 2003, under a letter of agreement with the Afghan Government, the U.S. Government committed \$33.4 million for alternative development efforts aimed at farmers, such as crop substitution, skills training for off-farm employment, and micro-credit lending to promote the cultivation of legal crops, police training, and public information campaigns. Since USAID is responsible for programs supporting alternative development, these programs were not within the scope of this audit.

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The small public information component of the counternarcotics effort primarily targets farmers, as well as civic and tribal leaders in poppy growing provinces.

The Afghan Government articulates an eight pillar counternarcotics strategy, which includes the five areas previously discussed as well as programs focusing on demand reduction, institution building, and regional cooperation. After OIG's fieldwork, the Department aligned its programs with the eight-pillared approach of the Afghan Government.

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COUNTERNARCOTICS STRATEGY

The U.S. Government's approach to counternarcotics in Afghanistan lacks an articulated end state with clearly defined objectives and associated performance measures. From 2004 to 2009, eradication was the prominent component of the counternarcotics strategy in Afghanistan. The objective was to reduce poppy cultivation to the point where it was no longer a commercial enterprise, and thus not a threat to the economic or political stability of the Afghan Government. At the time of OIG's fieldwork, this strategy was broadly executed in a multi-pillared format focused on eradication, interdiction, alternative livelihoods, justice reform, and public outreach. According to senior Department officials in Washington and Kabul, there is wide recognition that the counternarcotics effort in Afghanistan is a long-term undertaking that will be marked by incremental progress.

In early 2009, the Secretary of State appointed the Special Representative for Afghanistan and Pakistan to oversee U.S. Government policy in the region, and the new Administration conducted a foreign policy review. One decision stemming in part from this review was to shift focus and resources away from eradication of poppy plants toward persuading farmers to grow other crops (alternative livelihoods) and interdiction. INL's five-year, nearly \$300 million contract with DynCorp International to conduct poppy eradication expired in October 2009. According to a senior Department official, the plan is to deemphasize central Afghan Government-directed poppy eradication and instead support provincial-led efforts. This change of strategy was questioned by knowledgeable counternarcotics officials in the Department and at Embassy Kabul, coalition partners, and United Nations representatives who argued for the need of a credible threat from a central government-led poppy eradication force. These officials noted that corruption and threats from local drug and war lords will undermine provincial-led eradication efforts.

Concurrent with the Department's change in strategy, the U.S. military became more actively involved in counternarcotics activities and assumed greater responsibility for the overall effort. According to U.S. civilian and military officials, the role of U.S. and coalition military forces in counternarcotics has evolved significantly. The military moved from no involvement to destruction of incidental caches of drugs to establishing international intelligence and coordination structures and participating in interdiction missions. These military operations are not carried out under chief of mission authority. U.S. military sources told the OIG team, given that the narcotics industry in Afghanistan is a significant source of funding for the insurgency, the goal

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is a definitive rupture in the narcotics/insurgency nexus. OIG believes the increased U.S. military role in the counternarcotics effort will have a significant impact on the scope and function of counternarcotics programs conducted under chief of mission authority at Embassy Kabul.

Both a new counternarcotics strategy and action plans are being prepared both in Washington, DC and Afghanistan. However, based upon numerous interviews with officials from the Department, U.S. military, other U.S. Government agencies, the Afghan Government, and other donor governments, and a review of strategic planning documents, OIG concludes there is a lack of agreement on the overall desired end state for the counternarcotics program. Furthermore, current strategy does not clearly identify who will implement key aspects or a process for resolving conflict between the Department and the U.S. military, and among the many implementing agencies involved in counternarcotics programs. Additionally, overall U.S. Government strategy is to support the Afghan Government's National Drug Control Strategy's goal of securing a sustainable decrease in cultivation, production, trafficking, and consumption of illicit drugs, but there is no plan to transition the U.S. Government-led and funded effort to eventual Afghan Government control. Afghanistan has limited resources to contribute to the counternarcotics fight, and while other international donors nominally support the counternarcotics effort, Afghanistan's drug problem vastly exceeds the assistance provided to date.

Finally, the embassy's 2010 Mission Strategic Plan states that preventing Afghanistan from becoming a "narco-state" is a priority objective. However, there are limited outcome-related performance measures to assess progress in achieving this goal. For example, according to embassy officials, achievement could be measured by the percentage of the Afghanistan gross domestic product (GDP) generated by licit economic activity or the number of provinces that reach a sustainable poppy free status. Based upon OIG's analysis of the embassy's counternarcotics program documents, there is no definition of what constitutes a narco-state and what performance indicators or benchmarks could be used to assess progress. OIG notes that despite decades of active U.S. Government and international community efforts to combat the drug trade in Afghanistan, in September 2009, the United Nations reported that Afghanistan is increasingly dominated by "narco-cartels."

COUNTERNARCOTICS PROGRAMS: ACHIEVEMENTS AND CHALLENGES

There is evidence of positive progress in combating illicit narcotics in Afghanistan as indicated by more poppy free areas, an increase in the number of seizures of illegal substances and precursor chemicals, and more narcotics-related prosecutions. However, all measures of success are problematic and the Department lacks meaningful metrics. The increasing number of poppy free provinces is encouraging, but cannot be attributed solely to the counternarcotics effort. For example, according to the United Nations 2009 Opium Survey, the reduction in poppy cultivation was primarily due to a strong international market for wheat and an excess of opium worldwide, events unrelated to counternarcotics efforts. The number of people involved in the narcotics industry cannot be determined and is changeable due the immensely lucrative nature of opium trafficking, so the use of narcotics-related arrests as a measure of counternarcotics programs' success is also ambiguous. Additionally, significant impediments in Afghanistan continue to hinder counternarcotics efforts including a weak justice system, corruption at all levels of government, and the lack of political will to reduce poppy cultivation and trafficking of opium.

MEASURING SUCCESS

Since the 2006 interagency assessment of counternarcotics efforts,⁴ there is evidence of some progress in combating the narcotics industry in Afghanistan. Progressive restriction of areas where poppies are grown, now essentially confined to seven southern provinces, is a significant gain. This growing number of “poppy free” provinces is frequently cited as an indicator of success. However, OIG notes some poppy free provinces remain areas for processing and trafficking in opium as well as cannabis cultivation. OIG analysis further indicates that reliance on measuring hectares eradicated or reduction in the amount of land devoted to growing poppies is misleading. Variations in the quantity and quality of opium produced depend on climatic conditions, geography, availability of labor, and other factors. Thus, there is no precise correlation between hectares cultivated and the amount of opium produced.

⁴ See *Interagency Assessment of Afghanistan Counternarcotics Programs*, ISP-I-07-34, July 2007, conducted by a joint team of Inspectors General from the Departments of State, Defense, and Justice.

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While in Afghanistan, the OIG team observed and analyzed relevant intelligence gathering, targeting programs, and interdiction operations, and found the Afghan interdiction units, mentored by DEA, are more capable and effective than they were several years ago. Support for this effort includes a six-fold increase in the number of DEA agents assigned to Afghanistan as part of the Fall 2009 “civilian uplift,” an increase in U.S. Government civilians in Afghanistan. Table 3 below shows data on interdiction activities, including increasing seizures of solid precursor chemicals and decreasing seizures of opium from 2005 to 2008. From 2006 to 2008, there were progressively increasing seizures of morphine base and hashish. However, seizures of heroin and liquid precursor chemicals, as well as the number of arrests and labs destroyed, are mixed, with both reductions and increases from 2005 to 2008.

Table 3: Trends in Counternarcotics Interdiction, 2005-2008

Interdiction Areas of Interest	2005	2006	2007	2008
(seizures in kilograms)				
Opium	50,048	40,052	39,034	37,530
Heroin	5,592	1,927	4,249	4,936
Morphine Base	118	105	617	3,232
Hashish	40,052	17,675	71,078	629,952
Precursor Chemicals				
Solid	24,719	30,856	37,509	65,969
Liquid (in liters)	40,067	12,681	33,008	2,577
Arrests	275	548	760	703
Labs Destroyed	26	248	50	94

Source: Department of State, *International Narcotics Control Strategy Reports, 2006-2009*

OIG analysis also determined the use of narcotics-related arrests as a measure of success may be misleading, since the universe of people involved in the narcotics industry is undefined and elastic. Production, processing, and trafficking are so lucrative that there may be a near-endless number of individuals easily enticed into dealing in illicit narcotics. OIG concludes that widely perceived corruption and weaknesses in the Afghan Government’s justice system further complicate efforts to use arrests or interdiction statistics as measures of effectiveness.

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According to the United Nations and International Monetary Fund, the \$3.4 billion export value of the 2007 opium harvest in Afghanistan represented the equivalent of one-fifth of the nation's estimated GDP. Embassy Kabul officials and British counternarcotics advisors proposed comparing the legal and illegal portion of Afghanistan's GDP as a valid measurement for evaluating progress. This idea has merit. However, OIG notes that both segments could grow, but at differing rates favoring the legal economy. In such a scenario, there might be more illegal narcotics on the market despite their shrinking portion of overall GDP. (See Table 4)

Table 4: Sources of Afghanistan's Revenue, 2005-2008 (in billions)

Revenue	2005	2006	2007	2008
Licit Revenue	\$5.9	\$6.7	\$7.5	\$12.9
Illicit Revenue	2.8	3.1	4.0	3.4
Percentage of GDP from Illicit Sources	47%	46%	53%	26.4%

Source: Department of State, International Narcotics Control Strategy Reports, 2006-2009

CHALLENGES TO SUCCESS

There are many challenges to achieving success in the U.S. Government-led counternarcotics program in Afghanistan. The precarious security situation is the main impediment to effectively carrying out the counternarcotics program. Progress is also hampered by problems within the Afghan Government including corruption, a weak justice system, and lack of political will. Afghan farmers continue to grow poppies, while acknowledging it is illegal and conflicts with the tenets of Islam. Despite alternative crop programs, the economics of opium production make it hard for farmers to turn away from poppy cultivation. A pervasive informal financial system in Afghanistan adds to the ease of narcotics-related money laundering. The enforcement of narcotics laws is undermined by the vast mountainous terrain and the unrestricted Afghan border. Traditional trading networks with adjoining countries facilitate the trade in opium contraband. Finally, the long term operation of the Afghan counternarcotics effort – averaging a \$550 million annual U.S. Government contribution since FY 2005 - is a matter of concern. This level of effort may not be sustainable in the long-term.

Security

Security remains the paramount impediment to reducing the drug trade in Afghanistan. Taliban-related insurgent groups, powerful local warlords, and criminal syndicates and gangs continue to threaten and disrupt U.S. and Afghan efforts to reduce poppy cultivation and interdict opium trafficking. Poppy cultivation has progressively been confined to the southern provinces of the country where the insurgency is the strongest and security the most unstable. The connection between low security and high poppy cultivation underscores the relationship between the narcotics industry and the insurgency.

Corruption

Afghanistan ranks 176 out of 180 countries in Transparency International's 2008 *Corruption Perception Index*. Afghan, U.S., and other coalition government officials told the OIG team that corruption is widespread throughout Afghan Government, including senior level posts in the office of the presidency and key ministries. These officials stated that the lack of commitment and ambivalence on counternarcotics issues by Afghan Government leaders to take strong measures against the narcotics industry is a significant impediment to the overall success of the counternarcotics program. For example, knowledgeable U.S. Government officials told OIG that there is a persistent impression that Afghan Government-led eradication of poppy is highly selective, usually avoiding action against farmers who are politically connected. Embassy Kabul officials told OIG that border police and customs officials are fearful of taking action against traffickers and are, on occasion, told to ignore inspecting specific vehicles and cargoes. Senior U.S. Department of Justice officials expressed concern about the Afghan Government's tendency to release individuals arrested and convicted of narcotics-related crimes, sometimes at the direction of the office of the presidency. A senior U.S. military officer stated that the Afghan National Police force is riddled with corruption. Due to their low wages, police officers are particularly susceptible to illegal payments by officials engaged in drug trafficking.

Economics

The economics of the narcotics industry are daunting. According to available information, the average per capita income in Afghanistan is \$600-700 a year. United Nations estimates indicate the average Afghan family involved in poppy cultivation earns approximately \$6,500 annually. There are alternative crops, but to be price competitive, these would have to be much more productive per hectare and/or have dramatically lower costs of production on a value basis. In addition, most alternative

crops require longer development times (e.g. fruit and nut orchards). In the meantime, farmers in Afghanistan's overwhelmingly agrarian society have become dependent on poppy cultivation as a low-risk, high-return cash crop.

Public Attitudes

In discussions with Afghan farmers and embassy officials responsible for implementing public education campaigns, OIG found attitudes toward growing poppy are not based on a strongly formed ideology or religious beliefs. Instead, farmers were influenced by situational and economic decision-making. According to opinion surveys, although farmers acknowledged that poppy cultivation is against the law and contrary to the tenets of Islam, they continued to cultivate poppy, disregarding those restrictions. Notably, several counternarcotics specialists with extensive work history in Afghanistan told the OIG team that once the U.S. Government's intent to de-emphasize poppy eradication is publicly known, farmers who have turned away from poppy will resume cultivation.

Money Laundering and Trade in Illicit Substances

A unique challenge to prevent drug traffickers from transferring illegal profits is the traditional, informal financial system known as *hawala*. There are approximately 300 known *hawaladars* in Kabul alone, with additional branches or dealers in each of the country's 34 provinces. It is estimated that *hawaladars* process approximately 80 percent of the country's cash transfers. In 2008, UNODC estimated \$3.4 billion in narcotics-related income generation within Afghanistan. Illicit narcotics trade is the primary source of laundered funds. In addition, underground finance and legitimate commerce are intertwined. According to embassy officials, narcotics are often used as tradable goods and as a means of exchange for automobiles, construction materials, foodstuffs, and other goods between Afghanistan and neighboring Pakistan and Iran.

Sustainability

Establishing a viable Afghan-led counternarcotics capability will almost certainly require years of effort and the investment of additional resources. The expanded U.S. Government role in counternarcotics programs over the past few years has relieved the Afghan Government from effectively addressing the country's narcotics problem. Based upon numerous interviews with Department and Embassy Kabul officials there is consensus for the need to transition responsibilities and "owner-

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ship” of the counternarcotics effort to the Afghan Government. However, the Department has not addressed how and when the government will be able to assume control of and sustain day-to-day operations. Several knowledgeable officials responsible for implementing the U.S. Government program expressed to the OIG team their skepticism about the Afghan Government’s determination and capacity to carry on counternarcotics programs if and when U.S. Government funding ends. These officials noted the Afghan Government’s intentions will be tested in the near future; U.S. Government funding and support of the Afghan-led poppy eradication force expired in October, and will not be renewed. It is uncertain whether this trained and generally effective eradication force capability will be retained.

OVERSIGHT OF CONTRACTS RELATED TO COUNTERNARCOTICS PROGRAMS

Overseeing counternarcotics activities in Afghanistan has proved challenging for INL and the Narcotics Affairs Section (NAS) at Embassy Kabul. Currently, there are seven ongoing counternarcotics-related contracts in Afghanistan valued at approximately \$1.8 billion. While there is a robust contract management structure in Washington, DC to reconcile invoices and vouchers submitted from the field, there is a lack of in-country personnel and capacity to effectively monitor the performance of contractors and determine overall program success. As a result, contract and program management is primarily conducted from Washington DC, nearly 7,000 miles and 8.5 time zones from Kabul.

STAFF SHORTAGES AND USE OF CONTRACT SUPPORT STAFF

INL is authorized seven contracting officer's representatives (COR)⁵ positions in Afghanistan to oversee its entire operation, including contracts covering counternarcotics, construction, and Afghan police training. At the time of OIG's fieldwork, there were only four CORs in Afghanistan, and two of these individuals were on temporary duty assignments. Based upon the OIG team's discussions with the four representatives, INL workload responsibilities were shared among the group, but generally only two of the CORs indicated they were devoting significant time to counternarcotics-related activities. These representatives told OIG they spend the majority of their time on contract administration issues and could devote only limited attention to assessing contractor performance and impact. OIG also noted that the Embassy was not maintaining, or had limited, contractor files as required by Federal Acquisition Regulations,⁶ including copies of the following: contractor's

approved work plan; contract modifications; progress reports; and documentation of acceptability/unacceptability of deliverables.

⁵ The COR is responsible for assuring, through liaison with contractors that they accomplish the technical and financial aspects of the contract.

⁶ FAR 4.801, et seq.

Similarly, the NAS was understaffed. At the time of OIG's fieldwork, the section was authorized 30 U.S. personnel and 21 locally engaged staff positions; however, only 22 and 15 of these positions were filled, respectively. Among the 30 U.S. personnel positions, 18 are designated for personal services contractors (PSC). A substantial increase of direct hire federal employees is planned for Fall 2009. At the time of OIG's audit field work, the Embassy did not plan to assign any counternarcotics specialists to work in the high poppy cultivation southern provinces to oversee and coordinate counternarcotics activities with chief of mission and military personnel. However, in comments on this report, INL stated that three counternarcotics advisors have been assigned to the Combined Joint Interagency Task Force in Kandahar Province.

OIG observed that the PSCs employed by INL to implement counternarcotics programs in Afghanistan possess the institutional memory and practical knowledge, and are the conduit for most U.S. Government interaction with Afghan Government counterparts. Due to staffing realities and workload demands, many PSCs represent the U.S. Government and, at times, conduct inherently governmental duties. PSCs shape the policy and implementation of counternarcotics programs through their expertise and ongoing relationships with Afghan Government officials. The impact of this staffing situation is magnified by notable differences between the Foreign Service officers and PSCs in background, experience, and time commitment in Afghanistan. PSCs often have previous experience in-country or in environments (such as Colombia) where they worked on similar programs. Furthermore, PSCs are commonly willing to spend several years in Afghanistan whereas almost all U.S. Government direct hires assigned to Embassy Kabul are on one-year tours with 62 days of leave out of the country.

PROGRAM AND CONTRACTOR PERFORMANCE

OIG examined four counternarcotics contracts to assess whether they achieved their objectives and whether contractors responsible for implementing different aspects met their contract requirements. OIG concluded that program goals were generally met, but outcome and performance measures in the contracts were often too vague and lacked the specificity to make a meaningful assessment. Similarly, contract terms and requirements were poorly written, making it difficult to determine what the contractor was responsible to deliver and how to measure level of effort and performance. In some instances, INL set overly optimistic outcomes and timelines given Afghanistan's difficult operating environment, largely illiterate workforce, and low government capacity.

Good Performers Initiative

The Good Performers Initiative (GPI) is an Afghan Government program aimed at providing quick-disbursing, high-impact development assistance to provinces that eliminate or significantly reduce poppy cultivation, or demonstrate other counternarcotics achievements. From FY 2007 through 2009, INL provided nearly \$60 million -- a figure that supports virtually the entire program — to the Afghan Ministry of Counter Narcotics to administer the program. The initiative is the ministry's largest program in budgetary terms, and is designed as a capacity development program. Projects are developed and proposed through provincial development councils. Once approved by the respective provincial governor, the proposals are forwarded to the ministry, and if endorsed, are then sent to the NAS for final approval. According to an embassy official responsible for managing the program, the initiative is an attempt at "Afghanization" of a counternarcotics program.

OIG reviewed program documents for 16 GPI projects valued at more than \$32 million and found the funded projects were consistent with the intended purpose to develop alternative livelihoods to poppy cultivation. File documents also showed that NAS officials were providing oversight of the program; however, there was insufficient documentation to determine how project funding decisions were made. OIG noted that, as of June 2009, 14 provinces had not submitted project proposals. Embassy officials acknowledged the slow execution rate but observed that this program has a steep learning curve for provincial and ministry officials, so slower than expected execution is not unwarranted.

Poppy Eradication Force

In April 2004, INL contracted with DynCorp International to build capacity in the Afghan Ministry of Interior to establish a poppy eradication force (PEF) by helping to select and train from among Afghan police personnel a standing force to conduct eradication operations. PEF is an Afghan National Police unit that focuses its eradication activities in areas where the security situation makes local government action impossible. The PEF also carries out public information campaigns and interacts with local *shuras* (community councils). INL has provided nearly \$290 million from 2004-2009 to train, equip, and sustain PEF personnel and to carry out operations.

OIG determined DynCorp International met its contract requirements to establish, train, and equip an indigenous Afghan PEF. OIG visited DynCorp's training facility outside of Kabul and observed training exercises, activities at the tactical operations center, and liaison efforts with the Ministry of Interior's targeting cell. Howev-

er, due to overly optimistic performance goals and factors largely out of DynCorp's control, the program is not close to reaching the Department's target of eradicating 30,000 hectares per year. (This goal was not included in the DynCorp contract). The PEF eradicated approximately 2,250; 3,150; 1,174; and 2,644 hectares of poppy from 2006 through 2009. According to embassy officials, INL and DynCorp planned an overly optimistic timeline to build up the PEF and did not account for the difficulties of training a nearly illiterate work force, as well as extensive coordination among multiple ministries, civilian police, and Afghan and U.S. military elements. Additionally, eradication is unpopular, dangerous work and the realities of working in the rugged Afghanistan terrain slow down ground-based mechanical eradication.

Finally, it is noteworthy that INL spent approximately \$6 million researching techniques to conduct herbicidal eradication and purchasing spray equipment that was never used. The Afghan Government strongly opposed the use of herbicides and any form of aerial spraying to eradicate poppy due to sensitivities stemming from the Soviet era. No officials currently serving in INL or at Embassy Kabul could explain why the Afghan Government's stated opposition to herbicidal spraying was not considered before the unnecessary expenditure of \$6 million in funding.

Counter Narcotics Advisory Teams

In 2006, INL contracted with the firm Civilian Police International, to develop Counter Narcotics Advisory Teams (CNAT), to provide a year-round public outreach campaign to reduce poppy cultivation and opium production at the provincial level. Afghan teams working closely with the Ministry of Counter Narcotics and a small number of international advisors support governor-led counternarcotics efforts in seven key provinces, including Helmand, Farah, Kandahar, and Uruzgan, which collectively cultivate over 99 percent of all Afghan poppies. Civilian Police International has been given \$35.1 million to date under the CNAT contract.

CNAT is a capacity-building program that uses small teams, usually with eight to ten Afghans and two international advisors, to advance counternarcotics awareness in the provinces. The Afghan team members conduct community outreach, identify local leaders, convene farmers and other stakeholders, and work within traditional leadership structures to raise public awareness and influence planting decisions, building ownership and investment in the fight against drugs. Provincial counternarcotics officials and community leaders are offered classroom training and project-based mentoring. International advisors also mentor senior staff at the Ministry of Counter Narcotics and provide assistance to the NAS and UNODC.

OIG had difficulty determining the effectiveness of the CNAT program because the INL contract with Civilian Police International contained only a vague statement of work and lacked meaningful performance measures to evaluate program or contractor effectiveness. The sole deliverable was a weekly status report to INL. The OIG team reviewed reports from 2007 to May 2009 and found only general information on threat conditions, administrative matters, and logistical issues. There was little information regarding the status of the program and accomplishments. In interviews with embassy officials familiar with CNAT activities and after a review of submitted reports within the Civilian Police International corporate reporting system, OIG noted that the CNAT international advisors provided useful informal information on developments in the provinces, but were only able to provide anecdotal evidence of the program's impact.

Public Media Campaign

The firm of Hill & Knowlton (H&K) was awarded a \$4.4 million contract to carry out a counternarcotics public media campaign in Afghanistan from May 2006 to May 2007. The campaign aimed to deliver grassroots poppy elimination information and develop the capacity of the Ministry of Counter Narcotics' communications staff to write and convey these messages. For the first component of the contract, H&K subcontracted with an Afghan firm, Sayara to conduct a counternarcotics social marketing campaign in seven provinces. Radio, video, and print media products were delivered through "message multipliers" or message carriers such as religious leaders, educators, and influential tribal leaders. The media campaign included pre-planting messages and support for poppy eradication aimed at farmers, workers who harvested opium poppies, rural decision makers, local law enforcement institutions, and government officials. Under the second contract component, H&K was to establish a Directorate of Communication in the Ministry of Interior composed of 55 staff members. H&K also funded and mentored the communications staff members at the Ministry of Agriculture and Irrigation and the Ministry of Rural Rehabilitation and Development.

OIG found H&K generally met the terms of the contract for a counternarcotics media campaign and ministry mentorship. However, during the contract period, the reporting requirements and effectiveness measures of the contract were poorly defined and failed to provide INL with sufficient information to monitor contractor performance and effectiveness. The embassy's NAS and Public Affairs section lacked an integrated counternarcotics communications strategy. OIG also found the

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contractor did not receive meaningful guidance from the NAS, an approved work plan or framework for integrating the counternarcotics message, or a formal method to assess the effectiveness of the communication campaign. Thus, H&K represented the U.S. Government without a clear understanding of the objectives or desired end state of the media program.

COORDINATING COUNTERNARCOTICS PROGRAMS

Coordination of counternarcotics programs among various agencies in Afghanistan occurs principally on an individual, ad hoc basis. Most discussions relate to operational matters and decisions are rarely formally recorded. The U.S. military is becoming increasingly engaged in the counternarcotics effort and is spearheading the creation of an interagency task force focused on interdiction in the southern region. The effect of the increased role of the military in the counternarcotics effort in Afghanistan on Department-led efforts is unclear. Collaboration between Embassies Kabul and Islamabad on counternarcotics matters is limited and consists primarily of information sharing rather than strategic integration of programs.

INTERAGENCY COORDINATION

Coordination among various agencies conducting counternarcotics programs under chief of mission authority in Afghanistan is largely informal, unstructured, and personality dependent. Communication is enhanced by the unique operating environment at Embassy Kabul and regional sites throughout Afghanistan where U.S. Government personnel work and live in close proximity on guarded compounds. Officials from all agencies involved in the counternarcotics effort expressed satisfaction with existing interagency coordination, which was marked by frequent interaction, good interpersonal relations, and open exchange of information, especially concerning operational details.

However, OIG observed that as a rule, agencies stayed within their own 'operating lanes' and some reported directly back to their respective Washington, DC headquarters. OIG noted that as recently as 2006, a counternarcotics working group that included all stakeholders in Afghanistan and Washington, DC provided a structured exchange for both strategic and operational level information. This coordination mechanism was not operational as of July 2009. For example, at the strategic level, OIG learned that programs aimed at public education were not effectively sequenced with alternative development and livelihood initiatives. At the operational level, lack of coordination has led to the poor utilization of scarce air transportation assets.

OIG learned in September 2009 at the conclusion of its audit work that Embassy Kabul reconstituted an executive committee for counternarcotics with ambassadorial leadership focused on the link between the insurgency and the counternarcotics effort.

Similarly, at the provincial level, OIG found generally fair communication among agency personnel stationed in Helmand, Kandahar, and Nangarhar Provinces but missed opportunities to better synchronize program deliverables. For example, the Department, USAID, and the Department of Agriculture are all involved in various activities that seek to reduce poppy cultivation. Nonetheless, OIG found little evidence that pre-planting campaign activities - public education and outreach; distribution of seeds, fertilizer, and tools; and small-scale loans - were coordinated among the agencies or with local Afghan authorities. For example, OIG found evidence of redundant distribution of agricultural inputs and contradictory public education messages regarding alternative crop proposals.

Furthermore, OIG found no effort to coordinate U.S. Government counternarcotics activities with programs being carried out by Provincial Reconstruction Teams (PRT).⁷ Officials from the embassy's NAS told OIG that they rarely traveled out to the PRTs. According to several PRT officials, no effort has been made to engage PRT officials and resources in the counternarcotics effort. Although PRTs are strategically located and engage provincial officials in agriculture, governance, and rule-of-law activities that could support counternarcotics activities, no experienced counternarcotics personnel were assigned or forecasted to be assigned to PRTs, including in Helmand Province where 57 percent of Afghanistan poppy was grown in 2009. INL noted in comments on this report that a counternarcotics advisor will now be assigned to Helmand Province.

COORDINATION WITH MILITARY FORCES

The counternarcotics/counterinsurgency nexus, coupled with poppy eradication and alternative livelihood efforts in areas of military action, particularly in Afghanistan's southern provinces, requires close coordination among U.S. military forces and civilian personnel operating under chief of mission authority. According to U.S. military officials, confronting the narcotics industry is essential to defeating the insurgency. However, the effect of increased military involvement in the counternarcotics effort in Afghanistan on Embassy Kabul programs is unclear.

⁷ PRTs are multidisciplinary teams comprised of development specialists who teach, coach, and mentor key government, tribal, village, and religious leaders in the provinces, while reporting on important political, military, and reconstruction efforts. There are 26 PRTs in Afghanistan; 12 are U.S. Government-led.

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Based upon numerous conversations with civilian and military officials at Embassy Kabul, the regional commands, and in the field, there are good working relationships among civilian and military personnel conducting counternarcotics programs, although interactions were characterized as informal and usually related to specific operational issues. For example, OIG learned of a number of instances in 2008-2009 in which embassy-supported eradication efforts sparked firefights with insurgents protecting poppy fields and the military was called in to provide force protection. More recently, the military has been increasing its quick reaction force support for narcotics interdiction and special investigative unit operations. These instances of support uncovered interoperability problems with communication equipment; however, overall, U.S. military officials told the OIG team they were very satisfied with the civil/military counternarcotics effort and the valuable intelligence it generates.

According to U.S. military officials, to better respond to the narcotics threat, all three regional military commands are required to produce comprehensive counternarcotics plans for implementation in 2010, tailored to their region's particular circumstances. The plans are to include activities addressing the objectives found in each of Afghan Government's eight-pillar strategy. Furthermore, in an effort to better focus and coordinate counternarcotics efforts, the Deputy Commander for Stability in Kandahar is spearheading the creation of a Combined Joint Interagency Task Force (C-JIATF). According to senior embassy and U.S. military officials, the C-JIATF concept has garnered widespread support at Embassy Kabul, U.S. Central Command, and in Washington, DC. As proposed, C-JIATF will bring together U.S. civilian, military, and coalition representatives to focus on counternarcotics/counterinsurgency matters. An interagency executive committee at Embassy Kabul will provide oversight and guidance.

Officials from the embassy's NAS and INL told the OIG team that while they are supportive of the C-JIATF concept, they have not been involved in discussions to design its objectives, scope of responsibilities, or method of operations. A senior U.S. military official told the OIG team that some U.S. Government agencies and departments may have misgivings about ceding their program responsibilities to an interagency body. This senior military official told OIG he sees the Embassy's role as being more policy-oriented than programmatic. While a larger role by the military in Afghanistan's counternarcotics effort appears certain, the capabilities and resources military forces will provide are less certain. Furthermore, it is unclear how the myriad of embassy-led counternarcotics activities and programs will fit in with a new military-led strategy.

PAKISTAN-AFGHANISTAN COORDINATION

The Pakistan/Afghanistan border is a porous, lightly controlled area that stretches 1,500 miles along rugged, mountainous terrain. The majority of people living in the areas immediately adjacent to the border are ethnic Pashtuns. Historically, tribal members have crossed back and forth across the border, whose international demarcation is not firmly acknowledged by the population or some government officials. The rugged terrain is marked by 14 “official” border crossing points and pierced by many more trails accessible only by animals or people traveling on foot. At major crossing points (the most important are Turkham Gate and Spin Boldak), each government stations border police and customs personnel. Figure 3 shows the major crossing points between Pakistan and Afghanistan.

Figure 3: Pakistan - Afghanistan Border Crossings



Source: International Election Committee, Afghanistan 2004
Photo: Alistair Caldicott

According to embassy and U.S. military officials, Pakistani and Afghan border police and customs officials assigned to monitor and control movement across the border are ineffective due to corruption, lack of training and equipment, and threats and intimidation. The OIG team was told that government officials and tribal leaders benefit from the largely unrestricted flow of goods and people across the border and that the political will to tightly monitor or control movement across the frontier border is lacking.

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Responding to U.S. Government prodding to strengthen border security, the Pakistani and Afghan Governments have agreed to establish border coordination centers to manage and monitor the flow of people and goods across the border. At the time of OIG's fieldwork, both governments were expected to assign military, intelligence, and law enforcement personnel to the border coordination centers at Turkham Gate and Spin Boldak. Two additional centers are scheduled to open in the fall of 2009. According to embassy officials, personnel assigned thus far to the border coordination centers are of low rank with minimal training and resources to make and carry out border enforcement decisions. OIG also learned that training programs approved by the Afghan Government for Afghan personnel assigned to the border do not include curricula on enforcing narcotics laws.

Collaboration and coordination between Embassies Islamabad and Kabul on counternarcotics matters are limited. OIG found instances of U.S. Government personnel sharing information and coordinating actions on the establishment of border coordination centers and money laundering issues. U.S. military officials from Embassy Islamabad told OIG of their plans to participate in C-JIATF meetings at Southern Regional Command in Kandahar. However, overall OIG found little evidence of coordination in such critical areas as the smuggling of precursor chemicals into Afghanistan from Pakistan, and the smuggling of opium contraband out of Afghanistan to Pakistani ports cities on the Arabian Sea.

The lack of meaningful coordination between the two Embassies on counternarcotics matters may be due to the embassies' focus on counterinsurgency and the fact that poppy cultivation in Pakistan is not a major source of concern as it is in Afghanistan.⁸ Senior Embassy Islamabad officials told the OIG team that there is no perceived connection between the narcotics industry and the insurgency in Pakistan. While this may be true of the insurgencies in Pakistani areas bordering on Afghanistan, the drug industry is a transnational phenomenon. Insurgent interaction with the narcotics industry in Afghanistan, especially financially, certainly affects Pakistan, as does the cross-border flow of money, weapons, and fighters.

⁸ In 2003, UNODC declared Pakistan to be free from poppy cultivation. Although there has been a recent upswing in cultivation in the Federally Administered Tribal Areas in Pakistan, counternarcotics efforts in Pakistan are focused on reducing demand and interdiction.

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ABBREVIATIONS

C-JIATF	Combined Joint Interagency Task Force
CNAT	Counter Narcotics Advisory Team (Afghanistan)
DEA	Drug Enforcement Administration
Department	Department of State
GDP	gross domestic product
GPI	Good Performers Initiative
INL	Bureau of International Narcotics and Law Enforcement Affairs
MERO	Middle East Regional Office (Office of Inspector General)
NAS	Narcotics Affairs Section
OIG	Office of Inspector General
PSC	personal services contractor
PEF	Poppy Eradication Force
PRT	Provincial Reconstruction Team
UNODC	United Nations Office on Drugs and Crime
USAID	U.S. Agency for International Development

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APPENDIX I -PURPOSE, SCOPE, AND METHODOLOGY

The Middle East Regional Office (MERO) of the Office of Inspector General (OIG) initiated this performance audit under the authority of the Inspector General Act of 1978, as amended. The objectives of this audit were to determine: (1) the Department's counternarcotics strategy objectives and the impediments to achieving these objectives; (2) how well the Department is administering the program and monitoring contractor performance; and (3) whether the Department and the Embassy are effectively coordinating their efforts in Afghanistan with other agencies, U.S. and coalition military forces, and with Embassy Islamabad.

In Washington, DC, OIG met with a broad range of Department officials in the Bureau of International Narcotics and Law Enforcement Affairs, the Bureau of Political-Military Affairs, the Bureau of Western Hemisphere Affairs, the Bureau of South and Central Asian Affairs, and with the deputy in the Office of the Special Representative for Afghanistan and Pakistan. OIG also met with officials in the Office of National Drug Control Policy and the National Security Council officer responsible for Afghanistan. The team reviewed relevant counternarcotics program contracts, contract-related documents, program reports, contract management files, and invoices both in Washington and Afghanistan.

In Kabul, Afghanistan, OIG met with the Deputy Ambassador, all personnel in the Narcotics Affairs Section, and chiefs of agencies and other U.S. Government officials involved in counternarcotics programs. OIG also reviewed pertinent documents and observed meetings of working groups and task forces at Embassy Kabul. Team members met with members of the British Embassy counternarcotics team and with the country representative of UNODC. Team members also visited the Counternarcotics Training Academy, Counternarcotics Police Training Academy, Counternarcotics Justice Center, and the PEF training facility. OIG traveled to Kandahar Province, Badakhshan Province, Lashkar Gah (Helmand Province), and Jalalabad (Nangarhar Province) in Afghanistan to observe poppy eradication, visit projects, interact with international civilian and military personnel, and meet with Afghan nationals. OIG met with the Afghan Minister for Counter Narcotics and other high-ranking officials in that ministry, the Deputy Minister of Interior, and provincial governors in Nangarhar and Badakhshan.

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Team members traveled to Pakistan and met with Embassy Islamabad officials, including the Ambassador, deputy chief of mission, director of the Narcotics Affairs Section, and other U.S. Government and British officials.

OIG conducted this evaluation from April 2009 through July 2009. OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

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APPENDIX II: INL BUDGET INFORMATION: FY 2005 –
FY 2010

Counternarcotics Support (in millions)	FY 2005	FY 2006	FY 2007 ^a	FY 2008 ^b	FY 2009 ^c	FY 2010 ^d
Eradication						
Crop Control/Eradication						
<i>Poppy Eradication Force (PEF)</i>	\$179.3	\$18.5	\$45.0	\$46.8	\$5.0	\$30.0
<i>Governor-Led Eradication (GLE)</i>					5.0	
<i>Poppy Elimination Program (CNA T)</i>		12.0	12.2	16.2	34.0	15.0
<i>Air Wing</i>		100.5	85.0	94.5	100.0	
<i>Verification</i>		-	4.5	5.9	5.0	25.0
<i>Eradication Sub Total</i>	179.3	131.0	146.7	163.4	149.0	70.0
Alternative Livelihoods						
<i>Good Performers Fund Initiative (GPI)</i>		3.0	20.0	19.8	20.0	30.0
<i>Emergency Sustainment- Quick Impact</i>						10.0
<i>Alternative Livelihoods Sub Total</i>	0.0	3.0	20.0	19.8	20.0	40.0
Public Information	5.0	2.0	6.0	1.9	17.0	10.0
Interdiction						
Drug Enforcement- Interdiction	64.5	5.0	12.0	14.2	21.0	59.7
Aviation Support (standalone in FY10)						95.0
Drug Control Capacity Building	25.0	-	-	-		
Trafficking in Persons and Migrant Smuggling		-	-	.4		.3
<i>Interdiction Sub Total</i>	89.5	5.0	12.0	14.6	21.0	155.0
Justice Reform						
Administration of Justice					11.0	
Justice System Development	1.9	8.0	32.0	51.5	55.0	82.0
Corrections System Development		18.5	8.0	16.8	52.0	65.0
Counternarcotics Justice & Anti-Corruption		-	-	-	4.0	8.0
<i>Justice Reform Sub Total</i>	1.9	26.5	40.0	68.3	122.0	155.0
Demand Reduction	2.6	2.6	2.0	1.9	11.0	5.0
Total INL Counternarcotics Programs	\$278.3	\$170.1	\$226.7	\$269.9	\$340.0	\$435.0

Source: Office of Resource Management, INL

Notes:

^a Includes FY07 and FY07 Supplemental Appropriations

^b Includes FY08 and FY08 Supplemental Appropriations

^c Includes redistribution of funding directed by the Special Representative for Afghanistan and Pakistan

^d Request as of February 23, 2009

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APPENDIX III: COMMENTS FROM THE SPECIAL REPRESENTATIVE FOR AFGHANISTAN AND PAKISTAN AND THE BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS

UNCLASSIFIED MEMORANDUM

TO: OIG – Harold W. Geisel

FROM: SRAP and SCA – Deputy Assistant Secretary and Deputy SRAP Paul W. Jones

SUBJECT: Comments on OIG’s Draft Report on INL Afghanistan Counternarcotics Programs , October 2009 (MERO-A-10-02)

The Office of the Special Representative for Afghanistan and Pakistan (S/SRAP) and the Office of Afghanistan Affairs in the Bureau of South and Central Asian Affairs (SCA/A) appreciate the opportunity to provide comments and generally agree with the draft audit report. Overall, SCA/A and SRAP would note that many of the OIG recommendations have been fulfilled by our INL and Embassy colleagues, and we would be happy to meet further with the OIG to clarify the current state of efforts within our interagency teams. Our specific comments regarding recommendations involving SCA/A and SRAP action are as follows:

Recommendation 1: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and the Office of the Special Representative for Afghanistan and Pakistan, should formulate a defined end state to be pursued through U.S. Government-supported counternarcotics programs in Afghanistan. The end state should include clearly defined objectives and performance measures, and milestones for achieving the stated objectives. (Action: INL in consultation with Embassy Kabul and SRAP)

SRAP and SCA/A strongly agree with the recommendation and have already worked closely with INL, Embassy Kabul and the Washington interagency to develop two-year goals and measurements within the USG Counternarcotics Strategy. These goals and measurements are intended to further progress toward an endstate in which the Afghan government, in partnership with its neighbors and the international community, can effectively fight the drug trade within its own borders and break the narcotics-insurgency link by denying drug funding to the insurgents.

Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and the Bureau for South and Central Asian Affairs, should establish benchmarks designed to transition responsibilities to the Government of Afghanistan for each of the bureau’s counternarcotics programs in Afghanistan. (Action: INL in consultation with Embassy Kabul and SCA)

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SRAP and SCA/A strongly agree with the recommendation and have already developed such benchmarks as a part of the USG Counternarcotics Strategy and subsequent implementation plans.

Recommendation 3: Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should routinely provide updates to Provincial Reconstruction Teams (PRT) on counternarcotics programs, request that the PRTs apprise provincial officials and local citizens of counternarcotics programs and seek their support for these programs, and request the PRTs report the results of their efforts to the Embassy. (Action: Embassy Kabul in coordination with INL)

SRAP and SCA/A strongly agree with the recommendation and will work closely with Embassy Kabul to implement. Already our INL colleagues support the Counternarcotics Advisory Teams (CNAT) in 7 provinces that liaise directly with the PRTs.

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should develop a workforce plan to ensure sufficient, experienced, and trained personnel are assigned as in-country contracting officer's representatives and direct-hire staff for the Narcotics Affairs Section. (Action: INL in consultation with Embassy Kabul)

SRAP and SCA/A strongly agree with the recommendation and note that INL has already undertaken efforts to expand the International Contracting Officer Representatives (ICORs) in Kabul from 7 to 11 personnel.

Recommendation 5: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should establish procedures to ensure in-country contracting officer's representatives are conducting periodic assessments of contractor performance and its impact. The bureau, in consultation with the Embassy, should also ensure contractor files, as required by Federal Acquisition Regulations, are properly maintained and available, including approved work plans, contract modifications, progress reports, and documentation of acceptability/unacceptability of contract deliverables. (Action: INL in consultation with Embassy Kabul)

SRAP and SCA/A strongly agree with the recommendation and note that our INL colleagues are already undertaking these efforts in conjunction with the ICOR expansion and contract review.

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Recommendation 6: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should modify counternarcotics program contracts so they include more accurate statements of work, meaningful performance measures, and specific reporting requirements that allow the bureau and the Embassy to evaluate both program and contractor effectiveness. (Action: INL in consultation with Embassy Kabul)

SRAP and SCA/A strongly agree with the recommendation and note that our INL colleagues have already undertaken this review and are in the process of re-drafting the counternarcotics contracts.

Recommendation 7: Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should reinstitute regularly scheduled coordination meetings and include representatives from each department or agency with responsibility for counternarcotics programs in Afghanistan. (Action: Embassy Kabul in coordination with INL)

SRAP and SCA/A strongly agree with the recommendation and note that Kabul and Washington have already established interagency working groups on counternarcotics efforts. The two sets of meetings reflect the interagency process at work in both capitals to ensure programs and policy align with overall USG goals in Afghanistan.

Recommendation 8: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should develop a workforce plan to ensure sufficient, knowledgeable, and experienced personnel are assigned to execute counternarcotics programs in the poppy-producing southern provinces. (Action: INL in consultation with Embassy Kabul)

SRAP and SCA/A strongly agree with the recommendation and note that INL has two experienced officers working in the Combined Joint Interagency Task Force in Kandahar, with another slated to arrive within the next three months. Once all three officers are in place, INL plans to have at least one of them rotate between Helmand and Kandahar, thus expanding State presence in both provinces. In addition, State is expanding overall civilian effort in ensuring Regional Command – South and Embassy Kabul are sufficiently and properly staffed to coordinate with our military and Afghan counterparts.

If you have any additional questions or concerns, please contact (b) (6)
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APPENDIX IV: COMMENTS FROM THE BUREAU OF
INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS

MEMORANDUM

NOV 3 2009

TO: OIG – Harold W. Geisel

FROM: INL – David T. Johnson 

SUBJECT: INL Comments on OIG's Draft Report on INL Afghanistan
Counternarcotics Programs, October 2009 (MERO-A-10-02)

The Bureau of International Narcotics and Law Enforcement Affairs (INL) welcomes the opportunity to provide comments on this draft report. Generally, INL agrees with the draft recommendations and notes that most have been addressed by INL, SCA/A, the Special Representative for Afghanistan and Pakistan (S/SRAP), and Embassy Kabul, including the Narcotics Affairs Section (NAS). The remaining recommendations are in the process of implementation. Nevertheless, INL appreciates the opportunity to update OIG on the status of our efforts.

INL also has several substantive counternarcotics achievements within the context of the review that were included within the audit's scope, but were either omitted from the report or could be more prominently highlighted. Attachment I also details a number of technical corrections.

Key concerns with the draft report include the following issues:

- A description of INL's integrated program management and contract oversight infrastructure, including the rationale for associated roles and responsibilities at post and in Washington;
- The value of INL's use of Personal Services Contractors (PSCs), which provide continuity in program management and contract oversight;
- Progressive improvements in INL contract management and oversight for Afghanistan;
- A description of Afghanistan's changing political will and the unstable security conditions that significantly impact the success of INL's counternarcotics programs;

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- Context for broad statements pertaining to multiple agencies for which INL has no oversight or accountability; and
- The value of INL's significant counternarcotics accomplishments in Afghanistan.

INL's Integrated Program Management and Contract Oversight

INL's fully integrated team for program management and contract oversight has three main components which provide accountability through the separation of duties: (a) In-country Contract Officer's Representatives (ICORs) perform on-the-ground administrative contract support and technical monitoring; (b) program officers assess contract performance; and (c) primarily due to space limitations at post and the need for continuity, a Washington back-office, including the COR, provide additional contract support and review with full access to contract files as prescribed by the Federal Acquisition Regulations.

Further, INL notes that the term ICOR, while unique to State, was developed to satisfy post's concerns in 2007 over distinguishing the position from a Contracting Officer's Technical Representative (COTR). However, ICOR duties are analogous to those of a COTR. Previous OIG audit reports have acknowledged INL's use of ICORs as responsive to the conditions in Iraq and Afghanistan.¹

Although the term is unique, INL delegates duties to ICORs based on the Contracting Officer Representative's (COR's) authority as provided by the Federal Acquisition Regulation (FAR). Central ICOR duties include: (a) supporting the Contract Officer and Contract Officer's Representative (COR); (b) monitoring contractor technical performance in Afghanistan; (c) providing technical direction to contractors to ensure regulatory compliance; (d) conducting and validating physical inventories of Government Furnished Equipment (GFE); (e) validating contractor invoice vouchers; (f) resolving issues before they negatively impact the program and its intended results; and (g) providing contractual guidance and support for the development of program requirements. ICORs are not authorized to modify or alter the contract or its terms and conditions. They also are not to waive the government's rights with regard to the contractor's compliance with the specifications, price delivery, or any other term or condition. Moreover, they are not to approve any action that would result in additional aggregate charges to U.S. Government contracts and task orders.

INL's Use of Personal Services Contractors (PSCs)

¹ See OIG Reports: *Accounting for Government-Owned Personal Property Held by Selected Contractors in Afghanistan*, AUD/IQO-07-48, August 2007 and *Review of DynCorp International LLC, Contract Number S-LMAQM-04-C-0030 Task Order 0338, for the Iraqi Police Training Program Support*, DOS-OIGAUD/IQO-07-20, January 20, 2007.

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INL hires PSCs based on the Bureau's authority derived from Section 636 (a) (3) amended of the Foreign Assistance Act of 1961. That authority is denoted in FAR Part 37.101 and was adopted from USAID upon INL's transition into State. Under this authority, the Bureau's PSCs can be assigned or delegated any authority, role or duty delegable to U.S. citizen direct hire personnel with relatively few exceptions. Among other duties, PSCs can supervise other PSCs and non-US citizen employees.

Through the National Security Decision Directive-38 (NSDD-38) process, INL currently is authorized seven positions at post for filling the ICOR positions with Personal Services Contractors (PSCs). The Bureau has taken steps via the NSDD-38 process requesting an increase to eleven positions. We currently have five personnel assigned to post plus two via TDY to conduct contract oversight.

As a matter of context, INL notes that OIG's site visit happened to coincide with a staffing low point resulting from exigencies, including security clearance delays, personnel withdrawing from consideration, and other personal emergencies. This anomaly illustrates INL's rationale for seeking an increase in the number of ICORs as well as our reliance on PSCs since they typically extend well beyond the one-year tour of duty. In this capacity, PSCs help mitigate INL's management control risk based on their expertise and continuity, thus improving INL's technical monitoring and NAS coverage during staffing gaps.

Progressive Improvements in Contract Management and Oversight

INL's progressive improvements in contract management and oversight for Afghanistan are not apparent in the draft. For example, a series of public information contracts (or contract components) involving Hill & Knowlton, DynCorp and CPI are presented in different sections of the report; however, they were consecutive iterations of public information contracts. Collectively, they demonstrate progressive improvements in contract management.

The report also does not acknowledge INL's incorporation of lessons learned that developed as the level of effort grew over time. This progression led to strengthened statements of work, greater specificity in deliverables, improved contract competitions, and improved contract performance and cost reductions. Although additional developments are underway, INL's contract administration for Afghanistan has steadily improved since 2005.

Specifically since 2005, INL has significantly improved our performance measurements within the task orders; we increased the number of reporting mechanisms, which now focus on funding, contract and program deliverables; with

each newly issued competed task order, extension, or modification, INL improves the ability and capacity to define and articulate program and contractual requirements. Much of INL's improvements are cumulated in the new award of the Afghanistan Civilian Advisor Support (ACAS) contract last year and its intended award on its five year base contract next year.

Moreover, INL continues strong efforts to improve upon the Bureau's contractual capacity each year. The bureau evaluates internal performance and progress at least once per quarter with the intent of improving on the development of Statements of Work (SOW), mechanisms for timely processing of funding, and contract modifications. Internal program reviews also increase INL's ability to define and articulate program requirements with greater contractual specificity. Since December 2005, INL has made significant refinements in our acquisition process, providing a strong base of support for our contract efforts within the context of this war theater. It is integrated strategically and technically.

Impact of Political Will and Security Conditions

The lack of emphasis in the draft report on the importance of political will and security conditions is concerning since these factors underlie the implementation of all INL and other USG programs in Afghanistan. For example, the report cites concerns over the US military's increasing role in counternarcotics efforts for Afghanistan. However, it does not indicate that only three or four southern provinces continue to be major poppy producers, which are areas requiring a disproportionate amount of security that only the military can provide. Furthermore, the report does not highlight counternarcotics efforts that greatly increased the number of poppy free and near-poppy free provinces over the past few years.

The report also does not recognize that the limited success of the Poppy Eradication Force (PEF) in southern Afghanistan is strongly correlated with inadequate security resources that were preoccupied with counterinsurgency efforts. In contrast, INL efforts to support the Ministry of Counternarcotics' Governor-Led Eradication (GLE) program have demonstrated success in several provinces, require minimal U.S. financial input, and develop significant province-level political will for counternarcotics efforts in those areas.

As OIG is likely aware, these considerations have already been carefully evaluated as the United States revised its eradication policy in Afghanistan in June 2009 to discontinue its support for centrally-led Afghan eradication forces (i.e., PEF), as well as to increase its efforts on interdiction, demand reduction, public information, rule of law, and agricultural development (USAID and USDA only). Future INL eradication

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assistance will only support provincial Afghan-led eradication in limited areas on a case-by-case basis, and evaluated based on the progress experienced through GLE in past years. This context is essential for illustrating the environment in which INL has been operating our programs and contract management since 2005.

Broad Context for INL Accountability for Multiple USG Agencies' Efforts

A precondition for planning the handover of counternarcotics efforts to the Afghan Government is the restoration of security in poppy and drug cultivation areas. With a continuing deterioration in security, it is unclear how a realistic handover plan can be developed in the near term. This is why, in the new Counternarcotics Strategy for Afghanistan, INL has chosen to focus on measurable results that are achievable within the next two years – building the capacity of Afghan government institutions to take on more counternarcotics responsibilities (with the help of the U.S. interagency and the international community) figures prominently in this strategy.

INL Counternarcotics Accomplishments

INL programs in Afghanistan over the past several years have recorded numerous noteworthy accomplishments, in spite of significant challenges in the realm of security. More recent accomplishments include INL's Counternarcotics Advisory Teams (CNATs), which operate in seven provinces, along with the INL-funded Colombo Plan Public Information officers, holding over 400 public information events in 2008 alone. These events reached almost 80,000 people to educate them about the harms of the narcotics trade. INL-sponsored treatment centers provide residential, outpatient, and home-based assistance to an estimated 3,700+ addicts per year, including services exclusively for women and their children. In addition, the INL and DEA-supported Counternarcotics Police of Afghanistan have increased their capacity to conduct their own operations, request warrants, and execute them.

There has even been significant progress in the insecure Helmand province, thanks to strong Afghan leadership by Governor Mangal, who has made counternarcotics a centerpiece of his tenure. Although cultivation continues to occur in Helmand, the Governor was successful in driving down poppy cultivation by thirty-three percent over the past year amid increasing violence and intimidation. Governor Mangal has worked with NATO's International Security and Assistance Force (ISAF), USAID, and INL's Helmand-based CNAT to develop a comprehensive plan to engage directly with farmers and community leaders to provide wheat seed and fertilizer, discourage poppy planting through public information outreach, and engage in a vigorous law enforcement campaign.

Opium poppy cultivation in Afghanistan has decreased significantly in the past two years, with a nineteen percent decline in 2008 and a twenty-two percent drop in 2009. Cultivation is almost entirely limited to seven southern and western provinces, including the most insecure areas in the country. These provinces account for 99 percent of Afghanistan's poppy cultivation. Helmand alone cultivated 57 percent of the country's opium poppy in 2009. At the same time, poppy cultivation continues to decline in many of Afghanistan's northern, central, and eastern provinces. In 2008, eighteen of Afghanistan's thirty-four provinces were declared poppy-free by UNODC, up from thirteen in 2007 and six in 2006. By 2009, the number of poppy-free provinces had risen to twenty, with only marginal cultivation in four others. According to UN estimates, Nangarhar province alone shifted from having the second highest area of poppy cultivation in 2007 (18,000 ha) to achieving poppy free status in 2008. Nationwide, UNODC estimates that nearly ten percent of Afghans were involved in poppy cultivation in 2008, down from 14.3 percent in 2007. Additionally, the UN reports that the farm-gate value of opium production in Afghanistan has steadily dropped from its record high of twenty-seven percent of the country's GDP in 2002, to twelve percent by 2007, and four percent in 2009.

Response to Specific Recommendations

INL's specific comments relevant to each of the recommendations are as follows:

Recommendation 1: *The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and the Office of the Special Representative for Afghanistan and Pakistan, should formulate a defined end state to be pursued through U.S. Government-supported counternarcotics programs in Afghanistan. The end state should include clearly defined objectives and performance measures, and milestones for achieving the stated objectives. (Action: INL in consultation with Embassy Kabul and SRAP)*

INL agrees with the recommendation and has been working with SCA/A, S/SRAP, Embassy Kabul NAS and the Washington interagency workgroup to develop two-year goals and measurements within the U.S. Government's Counternarcotics Strategy. These goals and measurements are intended to further progress toward an end-state in which the Afghan government, in partnership with its neighbors and the international community, can effectively fight the drug trade within its own borders and break the narcotics-insurgency link by denying drug funding to the insurgents.

The new U.S. Counternarcotics Strategy for Afghanistan, in its final stages of approval, includes objectives aiming to disrupt the nexus between narcotics and the insurgency, as well as address linkages between narcotics and official corruption.

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These objectives include improving the capacity of the Afghan government to conduct interdiction, public information, and development programs, as well as overall objectives aimed at reducing the percentage of the Afghan population that is dependent on the drug trade.

The new strategy includes measures of effectiveness for each objective. Currently, INL/AP is in the process of negotiating a grant with the UN Office of Drugs and Crime to devise tangible methods of measuring the level of dependence on the drug trade within Afghan society beyond simply measures of opium cultivation. INL is also considering funding a potential cannabis survey similar to the annual Opium Cultivation survey. In addition, once the final strategy is approved, each lead agency for counternarcotics efforts will draft implementation plans for their key objectives, with measures also included in these plans.

Recommendation 2: *The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and the Bureau for South and Central Asian Affairs, should establish benchmarks designed to transition responsibilities to the Government of Afghanistan for each of the bureau's counternarcotics programs in Afghanistan. (Action: INL in consultation with Embassy Kabul and SCA)*

INL agrees with the recommendation and supported the NSC-led exercise to develop and monitor such benchmarks, in coordination with the U.S. interagency to support the President's Afghanistan-Pakistan Strategy. The implementation of that Strategy, including the subsequent development of the U.S. Counternarcotics Strategy for Afghanistan, is in the final stages of approval. However, it must be recognized that any transition of responsibilities to the Government of Afghanistan will be gradual in nature, depend on the security situation in Afghanistan, and require Government of Afghanistan's approval and budget development, as well as significant capacity-building efforts in order to be successful.

Recommendation 3: *Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should routinely provide updates to Provincial Reconstruction Teams (PRT) on counternarcotics programs, request that the PRTs apprise provincial officials and local citizens of counternarcotics programs and seek their support for these programs, and request the PRTs report the results of their efforts to the Embassy. (Action: Embassy Kabul in coordination with INL)*

INL agrees with the recommendation and will work closely with Embassy Kabul to implement. Currently, INL supports the Counternarcotics Advisory Teams (CNAT) in seven provinces; the responsibilities of CNAT include serving as a liaison between

the Ministry of Counternarcotics, NAS Kabul, the provincial governors, the PRTs, and ISAF. In the coming years, INL hopes to expand CNAT to additional provinces. In addition, INL will have three counternarcotics advisors to provide liaison and coordination functions to southern Afghan PRTs and military commands by the end of 2009. These advisors are based in Kandahar and Helmand, but future plans include providing similar counternarcotics support functions to PRTs in the east and north.

Recommendation 4: *The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should develop a workforce plan to ensure sufficient, experienced, and trained personnel are assigned as in-country contracting officer's representatives and direct-hire staff for the Narcotics Affairs Section. (Action: INL in consultation with Embassy Kabul)*

INL agrees with the recommendation and notes that we have already undertaken efforts to expand the number of ICORs in Kabul from seven to eleven ICORS within the next several months. The increase in staffing will enhance NAS' contract oversight capability for activities such as: monitoring the technical progress of the contractor and contract expenditures, performing contract inspections, and accepting work on behalf of the U.S. Government.

Recommendation 5: *The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should establish procedures to ensure in-country contracting officer's representatives are conducting periodic assessments of contractor performance and its impact. The bureau, in consultation with the Embassy, should also ensure contractor files, as required by Federal Acquisition Regulations, are properly maintained and available, including approved work plans, contract modifications, progress reports, and documentation of acceptability/unacceptability of contract deliverables. (Action: INL in consultation with Embassy Kabul)*

INL agrees with the recommendation due to existing INL practices to monitor the contractor's technical progress. However, some clarification is needed for distinguishing the various duties involved with our integrated model for program management and contract oversight. Specifically, three main components are involved with INL's oversight for Afghanistan which provide accountability through the separation of duties: (a) ICORs perform administrative contract support and technical monitoring; (b) program officers assess contract performance; and (c) primarily due to space limitations at post and the need for continuity, a Washington back-office, including the COR, provide additional contract support and review with full access to contract files as prescribed by the Federal Acquisition Regulations.

Recommendation 6: *The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should modify counternarcotics program contracts so they include more accurate statements of work, meaningful performance measures, and specific reporting requirements that allow the bureau and the Embassy to evaluate both program and contractor effectiveness. (Action: INL in consultation with Embassy Kabul)*

INL agrees with the recommendation and is re-writing the statements of work for some task orders and is initiating the contract process anew for others. For example, in 2008, INL's budget for public information did not allow for large-scale contracts. However, for FY2009, INL is in the process of revising the contract to reflect a year-round, nationwide public information campaign in accordance with the new Counternarcotics Strategy.

Recommendation 7: *Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should reinstitute regularly scheduled coordination meetings and include representatives from each department or agency with responsibility for counternarcotics programs in Afghanistan. (Action: Embassy Kabul in coordination with INL)*

INL agrees with the recommendation and notes that Kabul and Washington have already established interagency working groups on counternarcotics efforts. The two sets of meetings reflect the interagency process at work in both capitals to ensure programs and policy align with overall U.S. Government's goals in Afghanistan, with participation by DEA, ONDCP, INL, SCA/A, S/SRAP, DOJ, USAID, and other interested parties. The working group meetings are held bi-monthly in Washington, DC and in Kabul.

Recommendation 8: *The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should develop a workforce plan to ensure sufficient, knowledgeable, and experienced personnel are assigned to execute counternarcotics programs in the poppy-producing southern provinces. (Action: INL in consultation with Embassy Kabul)*

INL agrees with the recommendation and notes that we have two experienced officers working in the Combined Joint Interagency Task Force in Kandahar, with another slated to arrive within the next three months. Once all three officers are in place, INL plans to have at least one of them rotate between Helmand and Kandahar, thus expanding State presence in both provinces. There are also Counternarcotics Advisory Teams funded by INL based in Helmand, Kandahar, and Uruzgan, with plans to potentially expand to add teams in other southern provinces. In addition,

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State is expanding overall civilian effort in ensuring Regional Command – South and Embassy Kabul are sufficiently and properly staffed to coordinate with our military and Afghan counterparts.

We hope this response clarifies many issues referred to in the report. Attachment I details several technical corrections within the body of the October 2009 draft report. If you have any additional questions or concerns, please contact (b) (6)(b) (6)(b) (6)
(b) (6)(b) (6)

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Drafted by:

INL/AP (b) (6)(b) (6)(b) (6)

Clearance by:

INL/RM: (b) (6) (ok)

INL/AP: (b) (6)(b) (6)(b) (6) (ok)

INL/RM/AIJS: (b) (6)(b) (6)(b) (6) (ok)

INL/RM/MS: (b) (6) (info)

INL/RM: (b) (6)(b) (6) (info)

SCA/A (b) (6)(b) (6) (ok-info)

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APPENDIX V: COMMENTS FROM EMBASSY KABUL

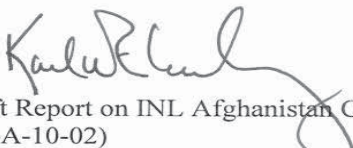


Embassy of the United States of America
Kabul, Afghanistan

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MEMORANDUM

November 9, 2009

TO: OIG – Harold W. Geisel

FROM: Ambassador Karl W. Eikenberry 

SUBJECT: Embassy Comments on OIG Draft Report on INL Afghanistan Counternarcotics Programs, October 2009 (MERO-A-10-02)

Embassy Kabul welcomes the opportunity to provide comments on this draft report. Reducing production and trafficking of narcotics and breaking the narcotics-insurgency link is one of the biggest challenges facing the United States in Afghanistan, both in its own right and through its broader impact on Afghan society, including funding for insurgent activities, corruption and rule of law. While recent trends in poppy cultivation and production have begun to move in the right direction, much difficult work remains to be done. INL's programs will be an important tool in addressing this situation, in conjunction with other U.S. inter-agency efforts. The analysis and recommendations in this study will be useful as we continue to refine the U.S. counternarcotics strategy in Afghanistan and the INL programs that support it.

The Embassy's comments on the specific recommendations cited in the draft report are outlined below. We also note that some of the recommendations in the report are already being addressed; Embassy staff would be pleased to meet with the OIG to provide additional information, if desired.

Recommendation 1: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and the Office of the Special Representative for Afghanistan and Pakistan, should formulate a defined end state to be pursued through U.S. Government-supported counternarcotics programs in Afghanistan. The end state should include clearly defined objectives and performance measures, and milestones for achieving the stated objectives. (Action: INL in consultation with Embassy Kabul and SRAP)

- Embassy Kabul agrees with this recommendation and believes progress is being made toward meeting it. Embassy Kabul is working with Washington agencies to formulate a new U.S. Government Counternarcotics Strategy that will lay out clearly defined counternarcotics objectives and measures of effectiveness in achieving them. Additionally, at a program-specific level and as part of our ongoing review of INL counternarcotics programs in country, INL/Kabul is working to define a desired end state for each of those programs and to ensure that each program achieves measurable success against that goal.

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Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul and the Bureau of South and Central Asian Affairs, should establish benchmarks designed to transition responsibilities to the Government of Afghanistan for each of the bureau's counternarcotics programs in Afghanistan. (Action: INL in consultation with Embassy Kabul and SCA)

- Embassy Kabul agrees with this recommendation. INL's programs in Afghanistan are designed to build host country capacity; a core element of these programs must be to prepare for the day when we transfer these responsibilities to the Government of the Islamic Republic of Afghanistan (GIROA). As INL/Kabul reviews its counternarcotics programs, including for their consistency with the new Counternarcotics Strategy under development, the Narcotics Affairs Section is focusing on how to prepare for that transition, including through the establishment of benchmarks to measure progress toward that goal. Several INL counternarcotics programs in Afghanistan are already showing progress: the Good Performers Initiative (GPI) is now largely managed by the GPI office at the Afghan Ministry of Counter-Narcotics (MCN), albeit with oversight measures that ensure transparency and the appropriate use of U.S. funds, while the Counternarcotics Advisory Teams (CNATs), which pair one or two international advisors with eight or nine MCN officials on teams in seven provinces, are explicitly designed to pave the way for eventual Afghan stewardship of the program. Afghan NGOs manage INL's 16 Drug Demand Reduction clinics, located in provinces throughout the country. Identifying Afghan government financing for these programs will be a long-term challenge.

Recommendation 3: Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should routinely provide updates to Provincial Reconstruction Teams (PRT) on counternarcotics programs, request that the PRTs apprise provincial officials and local citizens of counternarcotics programs and seek their support for these programs, and request the PRTs report the results of their efforts to the Embassy. (Action: Embassy Kabul in coordination with INL)

- Embassy Kabul agrees with this recommendation. One of the challenges INL/Kabul currently faces is to adjust the historically centralized management of its counternarcotics programs in Afghanistan to the growing regional Mission presence, including four Senior Civilian Representatives (in Kandahar, Bagram, Mazar-e Sharif, and Herat) and 26 Provincial Reconstruction Teams. Much ad hoc coordination between INL/Kabul and SCRs and PRTs already occurs in areas where INL/Kabul operates counternarcotics programs, including Counternarcotics Advisory Teams (CNATs), Good Performers Initiative (GPI) projects, and Drug Demand Reduction clinics. After the U.S. Government Counternarcotics Strategy is approved, INL/Kabul intends, to draw up systematic guidelines on INL counternarcotics programs for dissemination to PRT and

other regional USG officials, both to guide their interactions with Afghan officials and citizens on these programs and issues and to enable them to help exercise oversight of the activities in their region/province. (Note: INL/Kabul has already created and disseminated comparable guidelines for PRTs for INL's Administration of Justice/Rule of Law programs).

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should develop a workforce plan to ensure sufficient, experienced, and trained personnel are assigned as in-country contracting officer's representatives and direct-hire staff for the Narcotics Affairs Section. (Action: INL in consultation with Embassy Kabul)

- Embassy Kabul agrees with this recommendation and is already taking steps to meet it. INL/Kabul's ability to engage in effective oversight of its counternarcotics programs and contracts depends largely on having sufficient staff. Since this report was researched in April to July 2009, we have made important progress. The number of in-country contracting officers (ICORs) working in INL/Kabul has increased twofold (from three to six over that period), while the overall number of INL/NAS ICOR positions (including those currently unfilled) has increased from seven to eleven. The number of direct-hire staff in the INL/Kabul Counternarcotics Unit has grown from two to three with the creation of a new position (currently being advertised) for an FS-01 Counternarcotics Program Manager. Overall, INL staff dedicated to counternarcotics issues in Afghanistan (both in Kabul and the provinces) is expanding from four in July 2009 to seven by January 2010, including contract personnel (but excluding ICORs, who work on the full range of INL programs including those unrelated to counternarcotics).

Recommendation 5: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should establish procedures to ensure in-country contracting officer's representatives are conducting periodic assessments of contractor performance and its impact. The Bureau, in consultation with the Embassy, should also ensure contractor files, as required by Federal Acquisition Regulations, are properly maintained and available, including approved work plans, contract modifications, progress reports, and documentation of acceptability/unacceptability of contract deliverables. (Action: INL in consultation with Embassy Kabul)

- Embassy Kabul agrees with this recommendation. Through mid-2009, the relatively high number of unfilled in-country contracting officer (ICOR) positions in INL/Kabul required ICORs in country to focus principally on administrative contract support and technical monitoring. The increase in the number of filled ICOR positions will enable INL/Kabul to increase assessments of contractor performance, including through visits to the various sites throughout Afghanistan where INL counternarcotics programs are implemented.

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Recommendation 6: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should modify counternarcotics program contracts so they include more accurate statements of work, meaningful performance measures, and specific reporting requirements that allow the bureau and the Embassy to evaluate both program and contractor effectiveness. (Action: INL in consultation with Embassy Kabul)

- Embassy Kabul agrees with this recommendation. As part of INL/Kabul's current evaluation of our counternarcotics programs, the Section, in conjunction with INL/Washington, is reviewing how counternarcotics programs' statements of work might be revised to reflect current circumstances and policies, including through the incorporation of meaningful performance measures and reporting requirements. This review would apply both to counternarcotics contracts (currently the CNAT program is the only one) and programs conducted through grants. The approval of the U.S. Government Counternarcotics Strategy will serve as a benchmark for these efforts.

Recommendation 7: Embassy Kabul, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should reinstitute regularly scheduled coordination meetings and include representatives from each department or agency with responsibility for counternarcotics programs in Afghanistan. (Action: Embassy Kabul in coordination with INL)

- Embassy Kabul agrees with this recommendation and believes it has made significant progress toward meeting it. Throughout the summer of 2009, INL/Kabul worked with representatives of ISAF and the British Embassy (the other most active bilateral donor and one which has served as G8 lead on counternarcotics in Afghanistan) to establish an executive level inter-agency Counternarcotics Working Group (CNWG) that brings together agencies with responsibility for counternarcotics to coordinate policy. The CNWG is co-chaired by the (U.S.) Coordinating Director for Development and Economic Affairs (Ambassador E. Anthony Wayne) and the (UK) Deputy Ambassador (Thomas Dodd), with INL/Kabul and the Counternarcotics Team of the British Embassy serving as the coordinators. Other USG agencies represented in the CNWG include: the Drug Enforcement Agency; the Department of Defense, including U.S. Forces Afghanistan (USFOR-A) and the Combined Security and Training Command – Afghanistan (CSTC-A); the Department of Justice; the U.S. Agency for International Development (USAID); and the U.S. Department of Agriculture. The CNWG meets monthly (and, as of early November, has met twice), while a working level coordinating group continues work, including on action items emerging from the group, between executive level meetings.

Recommendation 8: The Bureau of International Narcotics and Law Enforcement Affairs, in consultation with Embassy Kabul, should develop a workforce plan to ensure sufficient, knowledgeable, and experienced personnel are assigned to execute counternarcotics programs in the poppy-producing southern provinces. (Action: INL in consultation with Embassy Kabul)

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- Embassy Kabul strongly agrees with this recommendation and believes significant progress has been made toward meeting it. Reflecting the growing concentration of poppy cultivation and narcotics production in southern Afghanistan, in Fall 2009 INL/Kabul assigned one officer to Kandahar Province (where he works with the Combined Joint Interagency Task Force on Narcotics at Kandahar Air Field) and one officer to Helmand Province (where he covers counternarcotics issues at the Provincial Reconstruction Team in Lashkar Gah, the capital of Helmand). Both officers provide counternarcotics expertise to the U.S. presence in those provinces; they coordinate their work with INL/Kabul through weekly teleconferences and activity reports. A third INL officer to handle counternarcotics issues in Afghanistan's southern provinces is expected to arrive in January 2010 (his final placement in southern Afghanistan will be in part determined by the evolving security situation).

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