

Transition in Afghanistan: Losing the Forgotten War?

The Need to Reshape US Strategy in Afghanistan, Pakistan, and Central Asia

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Request for comments:

This report is a draft that will be turned into an electronic book. Comments and suggested changes would be greatly appreciated. Please send any comments to Anthony H. Cordesman, Arleigh A. Burke Chair in Strategy, at acordesman@gmail.com.

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On December 29, 2014, the US President and Secretary of Defense announced the formal end to Operation Enduring Freedom, its combat mission in Afghanistan, which had begun in the aftermath of the September 11, 2001 attacks. They also stated that the US would begin its follow-on mission, Operation Freedom's Sentinel, at the start of 2015.

The President and the Secretary of Defense made these announcements with all the usual rhetorical flourishes and statements about success, future commitments, and host government progress of the kind top US officials made at the end of the Vietnam and Iraq conflicts. The President also implied that this Transition had ended America's longest war, although Secretary of Defense Chuck Hagel made it clear that relabeling the mission did not fully end America's military role: ¹

Operation Freedom's Sentinel, the United States will pursue two missions with the support of the Afghan government and the Afghan people. We will work with our allies and partners as part of NATO's Resolute Support Mission to continue training, advising, and assisting Afghan security forces. And we will continue our counterterrorism mission against the remnants of Al-Qaeda to ensure that Afghanistan is never again used to stage attacks against our homeland.

US officials announced this Transition in Afghanistan without issuing any meaningful assessment of what some thirteen years of war had accomplished. They did so without any public attempt to provide a meaningful strategic assessment of the future US role and commitments in Afghanistan or the region, and without providing any meaningful public analysis or metrics of the combat situation. They did not issue any assessment of the political and economic prospects for Afghan security, and did not make any attempt to link its posture in Afghanistan to what was happening in Pakistan and Central Asia.

Their announcements came after the US had completed the withdrawal of almost all of its combat forces from Afghanistan. They came after the US had also announced that it would reduce its troop presence some 10,800 personnel in 2015, plus a small counterterrorism force, then cut that total in half that by the beginning of 2016, and finally reduce it to a few hundred men in a small office of military cooperation by the beginning of 2017.

Both the President and the Secretary of Defense sharply understated the risks inherent to this approach to Transition. Secretary Hagel did not mention the risks involve at all, and President Obama mixed claims that the war had succeeded in "devastating the core al-Qaida leadership, delivering justice to Osama bin Laden, disrupting terrorist plots and saving countless American lives," and "helped the Afghan people reclaim their communities, take the lead for their own security, hold historic elections and complete the first democratic transfer of power in their country's history" with a short comment that, "'Afghanistan remains a dangerous place, and the Afghan people and their security forces continue to make tremendous sacrifices in defense of their country.'"²

As was the case in Vietnam and Iraq in 2011, however, the US largely ended its combat presence at a time when this involved a serious risk that the war would fail to achieve any form of security and stability. The combat situation was intensifying rather than declining, and the Afghan government was still partially paralyzed by the crisis growing out of the 2014 Presidential election, and Afghanistan did finally have newly elected leaders and had signed a bilateral security agreement (BSA) and a status of forces agreement.

For all the bursts of favorable political rhetoric that followed the political compromises that came out of grossly corrupt election and signing a BSA, Afghanistan had virtually become a “forgotten war” at a time when the Taliban was making steady gains, civilian casualties were rising, and the Afghan forces were experiencing major problems. Afghan governance remained weak, corrupt, and ineffective. It was unclear that the political compromises made following the corrupt election could work, the Afghan budget faced a massive deficit and was dependent on equally massive US and donor aid indefinitely into the future. The Afghan economy was in crisis, and there were no public plans or meaningful efforts to provide official transparency on any major aspect of post-2014 Transition.

Afghanistan was also only part of the story. Pakistan was in near-political chaos, had not eased its tensions with India, faced rising challenges from terrorism, had made uncertain progress in its latest military campaign, and had made no progress in dealing with the mix of economic and educational reforms that were critical to a stable future and shaping its broader strategy in South Asia. While US forces have effectively left Central Asia, the US had not announced any strategy to deal with Central Asia in the future, or to adjust to the impact of its growing tensions with Russia. And help try to shape the future of the region.

The end result is that United States s failed to define meaningful future strategies for Afghanistan, Pakistan, and Central Asia. More than that, setting a fixed deadline for withdrawal from Afghanistan has meant cutting its overall presence in Afghanistan so quickly that its Transition efforts may well fail. As for Pakistan, Central Asia, and South Asia, the US had decoupled transition out of Afghanistan from any visible attempt to shape a future posture in the region.

A Lack of Meaningful Strategy

In all four cases – Afghanistan, Pakistan, Central Asia, and South Asia -- the US needs to come to grips with the fact that strategy does not consist of concepts, good intentions, or public statements that will not be implemented in any meaningful form. It consists of making realistic assessments that shape US options, building on the policies and actions that are already in place, and developing practical plans that can be – *and are* – actually implemented.

Rhetoric is the natural enemy of realism. It would be nice to see Afghanistan suddenly emerge in 2015 or 2016 as a unified, peaceful, developing democracy. It would be nice to see Pakistan put on the same path. It would be nice to resolve the tensions and risk of conflict between India and Pakistan. It would be nice to see Central Asia develop as a region, and do so in ways that are peaceful while making the same progress towards democracy.

But, these are not meaningful and practical strategic objectives for the US, its European allies, or NATO. The current realities on the ground strongly indicate that the present US approach to Transition in Afghanistan will fail at the military, political, economic, and governance levels.

This analysis shows that:

- The security situation in Afghanistan is far worse than the NATO (ISAF) and the US Department of Defense have publically reported and creates more serious challenges to Transition,

- Every element of the Afghan security forces faces serious issues in operating without US and other allied support.
- The allocation of only some 11,000 US troops at the beginning of 2015, cutting that number in half by the end of 2015, and then removing all trainers and enablers by the end of 2016 – except for a small office of military cooperation – presents serious risks, and should – at a minimum – be cut on a conditions-based level rather than to a fixed schedule.
- The political structure of Afghanistan, and grave flaws in the structure of its governance, add another major threat to the success of Transition.
- US, UN, and other reporting on the Afghan economy and development has sharply exaggerated progress, and understated the economic risks of Transition. More aid over a longer period, and better planned and executed aid, will be equally essential to success.

As for the broader US approach to Pakistan and the region, the analysis shows that Pakistan is taking some steps that may reduce its status as an in sanctuary for Afghan insurgents and broaden its fight against terrorism, but it is still unclear that these steps will bring stability to Pakistan or aid transition in Afghanistan. It is equally unclear that Afghanistan's other neighbors will be a major source of help to Afghanistan at the political, security, and economic levels.

The analysis also indicates that the US withdrawal from Afghanistan has further reduced US interest in Central Asia, and that US has not developed any clear strategy for the region. This may well leave it largely to Russian and Chinese influence. At the same time, both Central and South Asia will face at least another decade of uncertain development and stability – if not actual conflict.

The end result is a near vacuum in US ability to form, resource and implement a strategy that offers a real hope of addressing the key challenges in Afghanistan, Pakistan, and Central and South Asia. A stream of White House rhetoric cannot disguise the fact that Obama Administration has substitute rhetoric and public relations spin for integrity and transparency, has an unworkable and under-resourced Transition plan for Afghanistan, no meaningful public strategy for Pakistan, and little more than statements of good intentions for Central Asia as it withdraws the forces that supported the war in Afghanistan.

Repeating the Mistakes of Vietnam and Iraq

The report also shows that the current US Transformation effort may well repeat key previous US failures in Vietnam and Iraq. In fact, the current US effort attempt to rush military and civil Transformation in Afghanistan at rates quicker than in Vietnam, or that the US planned in Iraq before it failed to negotiate a workable basis for staying in country.

There are major difference between all three conflicts. Afghan politics, security forces, governance, economics, and social structures have many unique qualities that will affect Transformation, and the role of outside power and key neighbors is different. The insurgent sanctuaries in Pakistan have only a tenuous similarity to the role of North Vietnamese forces and the post-Tet conflict or the limited role of Iran and Syria after 2003. Each conflict must be addressed as a separate case study where the uniqueness of its own problems and complexities is a constant warning about the false character of broad theories about counterinsurgency, stability operations, and “nation building.”

Yet, the way the US has fought the war in Afghanistan, approached Transition, and dealt with neighboring states, still has far too many parallels in the failures and lessons of the

Vietnam and Iraq conflicts. Each conflict represented a US failure to constantly reassess its strategic importance in both national and regional terms, and adjust its level of efforts accordingly.

Each war was initiated on the basis of limited and inadequate strategic analysis of overall US priorities and then allowed to escalate without adequate analysis of the cost-benefits of US actions. The Afghan War, like Vietnam and Iraq, became a US attempt at transformational combat that required the US to both win a conflict and restructure the host nation. Each war became an exercise in armed nation building -- rather than an effort to defeat the enemy and help the country do things its own way. As in Vietnam and Iraq, the sheer scale of US goals, ambitions, and spending left a legacy of critical problems in every aspect of Afghan Transformation that could effectively destroy the transformation effort unless the US is more realistic about the time and resources needed to correct its past mistakes.

As in Vietnam and Iraq, the US attempted a “whole of country” approach to the civil-military aspects of the war, and a coherent approach to Afghanistan’s problems in politics, governance, security and economic. In practice, however, the US had deep divisions between its military and civil efforts, and its military focused on tactical success and its civilian focus on improved governance and economic development in ways that were often decoupled from the fact Afghanistan was at war.

The US military sometimes tried to address the political and ideological level of the insurgency, and the weaknesses in Afghan governance. As in Vietnam and Iraq, however, the US military generally focused on winning tactical victories rather than on defeating the insurgency at both the military and political levels. It measured success in terms of combat and largely meaningless metrics like enemy initiated attacks (EIAs), rather than success in creating stable secure areas under Afghani governance and reducing or eliminating insurgent influence.

Each war showed that the US military could not properly assess – or act upon – a realistic picture of the limits and problems in dealing with the host country, neighboring states, and allies. Each war showed that the US military attempted to either create whole new force elements based on its own models or restructure host country forces to achieve the same goals, and that its “force generation” process failed to produce sustainable combat capability in host country forces.

Each war showed that that the US military could not evolve an effective politico-military-economic approach to counterinsurgency above the battalion level, had no workable approach to stability operations, and confused such operations with the need to create a self-sustainable state that could both win an insurgency on its own after transition and operate as an effective state. Moreover, in each case the US military progressively attempted to spin the course of the war into some form of victory and suppress negative data on the course of the fighting and the limits to the host country’s forces and actions. This progressive loss of transparency and honesty both ultimately field to “sell” the war to the American people and the Congress, it created unrealistic plans and expectations that ultimately backfired and made the situation worse.

At the same time, the Afghan conflict, Iraq conflict, and Vietnam showed that the civilian side of the US effort could neither effectively assess the overall problems in governance

and the economy that affect the war, or develop overall plans to deal with key civil issue as distinguished from a “project” approach to aid. At the same time, the US underestimated the level of internal tension and conflict within the government of host country, and the seriousness of its own problems in dealing with the host country government.

Each showed the civilian side – effectively the State Department and USAID -- had far less capability to plan and actually execute plans than the military, could not develop coherent plans or resourcing, suffered from poor fiscal and contract management, failed to perform effective cost control and audits, and suffered from weak or no real measures of effectiveness –what one senior USAID official called a war fought by “golden silos.”

At the end of all three wars, it was unclear what the bulk of civilian aid had accomplished. Efforts to restructure the politics and governance of each country have proved to be deeply flawed. Large amounts of aid money had been wasted and contributed to high levels of corruption. US efforts had created serious tension with the central government and had not brought broad public support. Significant ethnic and sectarian challenges had become worse. Government in the field was often weak and corrupt, and US efforts to reform the justice system and rule of law had been ineffective or made things worse.

The work of historians and independent US government assessments of the war in Vietnam, the work of GAO and the Special Inspector General for Iraqi Reconstruction (SIGIR) in Iraq, and work of GAO and the Special Inspector General for Afghan Reconstruction (SIGAR) in Iraq, all have common threads. They show a consistent lack of effective planning, a lack of proper audits and financial controls, and a lack of meaningful measures of effectiveness. They also show a focus on project aid and longer-term development rather than the nation’s immediate wartime needs, a failure to develop overall plans and assessments of national priorities,

Like Vietnam and Iraq, the Transformation effort in Afghanistan also suffered from the legacy of the problems inflicted by the rapid rotation of both inexperienced military and civil personnel, an almost annual set of efforts to reshape key aspect of the effort with little real analysis of overall trends. Each of the three wars suffered from constantly changing priorities, erratic boom and bust funding levels in key aspects of both the military and civil war efforts, a lack of cost control and ability to prevent gross corruption, and the inability to link spending to realistic (and often any) measures of effectiveness.

Failing to Objectively Assess the Threat: The Afghanistan “Follies”

The Transformation effort in Afghanistan has been similar to that in Vietnam and Iraq in that each conflict involved a major escalation of cost and casualties that went far beyond the level estimated in going to war. The US failed to create serious measures of progress and effectiveness and never developed a sound and honest base for winning US domestic political support. As a result, each war led to a steady shift towards “spin” and exaggerating progress or success that helped lose the support of the American people, the Congress, and the media.

The end result in Vietnam was a premature set of cutbacks in the US effort that helped lose the war in Vietnam. The end result in Iraq was a willingness to accept Iraqi political resistance to keeping a workable level of US military and advisory efforts that has now created yet a third US war in Iraq since 1990. In the case of Afghanistan, it was setting

fixed deadlines for withdrawal and fixed and limited levels of support for Transition that do not reflect real Afghan needs and are not conditions-based.

There Three Threats in Every Major Insurgency: The Enemy, Your Host Country and Your Allies, and Yourself

While this analysis focuses on the Afghan conflict, Pakistan, and the surrounding region, all of these factors should be kept in mind. In all three wars the US failed to honestly address the key issues in going to war, the limits in the host country and US effort. As a result, it failed to plan and manage an integrated war effort tailored to host country limits. It focused on threat at the military level and on US-driven transformation at the civil level transformation.

The, US has failed to show in Vietnam, Iraq, and Afghanistan that it can come to grips with the fact that every major counterinsurgency effort involves three major threats and not just one: The enemy, the host country, and the limits in the US capabilities. Out of all three threats, the most important one may now be the rigidities, the parochialism and other limits in the US effort. As this analysis makes all too clear, the US has failed to either see the full threat posed by its host country but its most important failure has been to look closely enough in the mirror.

In Spite of Past Mistakes, there is still a Possibility of Some Form of Success

There are no quick or easy solutions to the problems the US faces in Afghanistan, Pakistan, and the region. There is no possibility of meeting all the over-ambitious goals of documents like the Afghan Compact, or the expectations some have shown regarding human rights, reducing corruption, and putting Afghanistan on a rapid path towards development. Even the most successful form of Transition in the period after 2014 will have critical limits for at least the next decade.

The most anyone can realistically hope for is a relatively stable and secure country will emerge over the next five to ten years. What many of the more realistic military and aid personnel serving in Afghanistan have come to call “Afghan good enough.” In fact, limited engagement or actual disengagement may be the best US strategy given the limitations of US resources, the probability of sustained success at a credible level of effort, and competing strategic priorities in other regions. The analysis in this report does indicate, however, that the marginal additional cost of helping Afghanistan make a successful Transition may be relatively limited compared to the current effort, which may well end in failure.

Making the size and duration of the US military efforts dependent on the actual conditions that emerge after 2014 does not require redeploying major land combat units, allocating major amounts of air power, or spending anything like the past level of expenditure. Providing enough aid to help Afghanistan through the economic impact of withdrawing US and allied troops, and the economic strains of Transition, may also be affordable. Much will depend on Afghan politics and governance, but much depends on the level of outside aid as well. There is no way to be sure, given the current lack of honesty and transparency in US government reporting on the Afghan conflict, Pakistan, and the region, but some form of “Afghan good enough” may well be affordable, and have sufficient prospects for

success. The tragedy, however, may well be that the US has already made so many mistakes that no one can now shift to a real-world, conditions-based approach.

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I. The Strategic Vacuum in Afghanistan, Central and South Asia

For all the rhetoric the contrary, the US strategy for Afghanistan, Pakistan, Central Asia, and South Asia, is now driven largely by the real world impact of US decisions to cut the US effort in Afghanistan to predetermined levels, and to leave Afghanistan according to a fixed timescale, regardless of the conditions in the country and the region. As Secretary Gates's memoirs make clear, the Obama Administration's priorities shifted away from Afghanistan even as the President approved a military surge in Afghanistan in 2010.

Even at the time the President announced the surge, he set a deadline of 2014 for a US combat role over the uncertain objections of several members of his cabinet and senior military advisors.³ The key portions of President Obama's speech at West Point on December 1, 2009, laid out a path the President continued to pursue through the end of 2014,⁴

But while we've achieved hard-earned milestones in Iraq, the situation in Afghanistan has deteriorated. After escaping across the border into Pakistan in 2001 and 2002, al Qaeda's leadership established a safe haven there. Although a legitimate government was elected by the Afghan people, it's been hampered by corruption, the drug trade, an under-developed economy, and insufficient security forces.

Over the last several years, the Taliban has maintained common cause with al Qaeda, as they both seek an overthrow of the Afghan government. Gradually, the Taliban has begun to control additional swaths of territory in Afghanistan, while engaging in increasingly brazen and devastating attacks of terrorism against the Pakistani people.

Now, throughout this period, our troop levels in Afghanistan remained a fraction of what they were in Iraq. When I took office, we had just over 32,000 Americans serving in Afghanistan, compared to 160,000 in Iraq at the peak of the war. Commanders in Afghanistan repeatedly asked for support to deal with the reemergence of the Taliban, but these reinforcements did not arrive. And that's why, shortly after taking office, I approved a longstanding request for more troops. After consultations with our allies, I then announced a strategy recognizing the fundamental connection between our war effort in Afghanistan and the extremist safe havens in Pakistan. I set a goal that was narrowly defined as disrupting, dismantling, and defeating al Qaeda and its extremist allies, and pledged to better coordinate our military and civilian efforts.

Since then, we've made progress on some important objectives. High-ranking al Qaeda and Taliban leaders have been killed, and we've stepped up the pressure on al Qaeda worldwide. In Pakistan, that nation's army has gone on its largest offensive in years. In Afghanistan, we and our allies prevented the Taliban from stopping a presidential election, and -- although it was marred by fraud -- that election produced a government that is consistent with Afghanistan's laws and constitution.

Yet huge challenges remain. Afghanistan is not lost, but for several years it has moved backwards. There's no imminent threat of the government being overthrown, but the Taliban has gained momentum. Al Qaeda has not reemerged in Afghanistan in the same numbers as before 9/11, but they retain their safe havens along the border. And our forces lack the full support they need to effectively train and partner with Afghan security forces and better secure the population. Our new commander in Afghanistan -- General McChrystal -- has reported that the security situation is more serious than he anticipated. In short: The status quo is not sustainable.

... And as Commander-in-Chief, I have determined that it is in our vital national interest to send an additional 30,000 U.S. troops to Afghanistan. After 18 months, our troops will begin to come home. These are the resources that we need to seize the initiative, while building the Afghan capacity that can allow for a responsible transition of our forces out of Afghanistan.

I do not make this decision lightly. I opposed the war in Iraq precisely because I believe that we must exercise restraint in the use of military force, and always consider the long-term consequences of our actions. We have been at war now for eight years, at enormous cost in lives and resources. Years of debate over Iraq and terrorism have left our unity on national security issues in tatters, and created a highly polarized and partisan backdrop for this effort. And having just experienced the worst economic crisis since the Great Depression, the American people are understandably focused on rebuilding our economy and putting people to work here at home.

.... To meet that goal, we will pursue the following objectives within Afghanistan. We must deny al Qaeda a safe haven. We must reverse the Taliban's momentum and deny it the ability to overthrow the government. And we must strengthen the capacity of Afghanistan's security forces and government so that they can take lead responsibility for Afghanistan's future.

We will meet these objectives in three ways. First, we will pursue a military strategy that will break the Taliban's momentum and increase Afghanistan's capacity over the next 18 months.

The 30,000 additional troops that I'm announcing tonight will deploy in the first part of 2010 -- the fastest possible pace -- so that they can target the insurgency and secure key population centers. They'll increase our ability to train competent Afghan security forces, and to partner with them so that more Afghans can get into the fight. And they will help create the conditions for the United States to transfer responsibility to the Afghans.

Because this is an international effort, I've asked that our commitment be joined by contributions from our allies. Some have already provided additional troops, and we're confident that there will be further contributions in the days and weeks ahead. Our friends have fought and bled and died alongside us in Afghanistan. And now, we must come together to end this war successfully. For what's at stake is not simply a test of NATO's credibility -- what's at stake is the security of our allies, and the common security of the world.

But taken together, these additional American and international troops will allow us to accelerate handing over responsibility to Afghan forces, and allow us to begin the transfer of our forces out of Afghanistan in July of 2011. Just as we have done in Iraq, we will execute this transition responsibly, taking into account conditions on the ground. We'll continue to advise and assist Afghanistan's security forces to ensure that they can succeed over the long haul. But it will be clear to the Afghan government -- and, more importantly, to the Afghan people -- that they will ultimately be responsible for their own country.

Second, we will work with our partners, the United Nations, and the Afghan people to pursue a more effective civilian strategy, so that the government can take advantage of improved security.

This effort must be based on performance. The days of providing a blank check are over. President Karzai's inauguration speech sent the right message about moving in a new direction. And going forward, we will be clear about what we expect from those who receive our assistance. We'll support Afghan ministries, governors, and local leaders that combat corruption and deliver for the people. We expect those who are ineffective or corrupt to be held accountable. And we will also focus our assistance in areas -- such as agriculture -- that can make an immediate impact in the lives of the Afghan people.

... In the past, we too often defined our relationship with Pakistan narrowly. Those days are over. Moving forward, we are committed to a partnership with Pakistan that is built on a foundation of mutual interest, mutual respect, and mutual trust. We will strengthen Pakistan's capacity to target those groups that threaten our countries, and have made it clear that we cannot tolerate a safe haven for terrorists whose location is known and whose intentions are clear. America is also providing substantial resources to support Pakistan's democracy and development. We are the largest international supporter for those Pakistanis displaced by the fighting. And going forward, the Pakistan people must know America will remain a strong supporter of Pakistan's security and prosperity long after the guns have fallen silent, so that the great potential of its people can be unleashed.

These are the three core elements of our strategy: a military effort to create the conditions for a transition; a civilian surge that reinforces positive action; and an effective partnership with Pakistan.

I recognize there are a range of concerns about our approach. So let me briefly address a few of the more prominent arguments that I've heard, and which I take very seriously.

First, there are those who suggest that Afghanistan is another Vietnam. They argue that it cannot be stabilized, and we're better off cutting our losses and rapidly withdrawing. I believe this argument depends on a false reading of history. Unlike Vietnam, we are joined by a broad coalition of 43 nations that recognizes the legitimacy of our action. Unlike Vietnam, we are not facing a broad-based popular insurgency. And most importantly, unlike Vietnam, the American people were viciously attacked from Afghanistan, and remain a target for those same extremists who are plotting along its border. To abandon this area now -- and to rely only on efforts against al Qaeda from a distance -- would significantly hamper our ability to keep the pressure on al Qaeda, and create an unacceptable risk of additional attacks on our homeland and our allies.

Second, there are those who acknowledge that we can't leave Afghanistan in its current state, but suggest that we go forward with the troops that we already have. But this would simply maintain a status quo in which we muddle through, and permit a slow deterioration of conditions there. It would ultimately prove more costly and prolong our stay in Afghanistan, because we would never be able to generate the conditions needed to train Afghan security forces and give them the space to take over.

Finally, there are those who oppose identifying a time frame for our transition to Afghan responsibility. Indeed, some call for a more dramatic and open-ended escalation of our war effort -- one that would commit us to a nation-building project of up to a decade. I reject this course because it sets goals that are beyond what can be achieved at a reasonable cost, and what we need to achieve to secure our interests. Furthermore, the absence of a time frame for transition would deny us any sense of urgency in working with the Afghan government. It must be clear that Afghans will have to take responsibility for their security, and that America has no interest in fighting an endless war in Afghanistan.

As President, I refuse to set goals that go beyond our responsibility, our means, or our interests. And I must weigh all of the challenges that our nation faces. I don't have the luxury of committing to just one. Indeed, I'm mindful of the words of President Eisenhower, who -- in discussing our national security -- said, "Each proposal must be weighed in the light of a broader consideration: the need to maintain balance in and among national programs."

Over the past several years, we have lost that balance. We've failed to appreciate the connection between our national security and our economy. In the wake of an economic crisis, too many of our neighbors and friends are out of work and struggle to pay the bills. Too many Americans are worried about the future facing our children. Meanwhile, competition within the global economy has grown more fierce. So we can't simply afford to ignore the price of these wars.

All told, by the time I took office the cost of the wars in Iraq and Afghanistan approached a trillion dollars. Going forward, I am committed to addressing these costs openly and honestly. Our new approach in Afghanistan is likely to cost us roughly \$30 billion for the military this year, and I'll work closely with Congress to address these costs as we work to bring down our deficit.

It was clear at the time that President Obama set these deadlines that Afghanistan lacked an effective government, was one of the most corrupt countries in the world, and had not made major progress towards development as a result of outside aid. It was clear that Afghanistan faced a prolonged budget and economic crisis the moment outside aid and military spending was seriously cut, and that it would be unable to create and sustain effective security forces indefinitely without major outside financial aid, military advisors, and military support.

This may explain why several senior US officials said in the days following the President's speech that the process of steadily cutting US forces beginning in the summer of 2011, and withdrawing all combat forces by the end of 2014, would be conditions-based. The President never said this, however, and in a background briefing following speech, a senior US official stated that the President had rejected efforts to not include a deadline in his speech and to imply that withdrawal would be conditional.⁵

The President also did not describe any broader strategy for Pakistan, Central Asia, or South Asia. By the time the President gave his December 2009 speech, however, the US already saw Pakistan as a key center of gravity in the war, but also as a source of aid and comfort to an enemy base in part on its soil. It was also clear at the time that the Pakistani Army was still using its Inter-Service Intelligence (ISI) branch to covertly support the Taliban and other Afghan insurgents, and was providing cover and sanctuary to Osama Bin Laden and Al Qaeda as well to the Quetta Taliban and Haqqani network. This history is described in detail in Carlotta Gall's *The Wrong Enemy* – a book broadly endorsed by a number of US officers and experts who were actually working in Pakistan at the time.⁶

US Strategy Writes Off Afghanistan Pakistan, and the Region

This lack of conditionality and a broader regional strategy, however, has presented problems ever since. The *rhetoric* of US strategy from 2009 onwards implied continued support for Afghanistan without really addressing its weaknesses or its failures as a partner, and left the issue of Pakistan largely unaddressed because of Pakistan's critical role as a route for US supplies and movements.

The *reality* of US strategy moved towards a broader disengagement from Afghanistan, Pakistan, and Central Asia. The new Defense Strategic Guidance that the Department of Defense issued in January 2012 made it clear that US intended to leave Afghanistan, and focus on other regions of the world. It called for the US to only fight where its strategic interests were directly involved and only in proportion to the importance of those interests. It explicitly said the US should avoid fighting wars major like the ones in Iraq and Afghanistan in the future, avoid large-scale land force commitments to limited wars of limited strategic value, and focus on strategic partnerships where the partner would play a major role.

A QDR That Largely Wrote Off the Region

The US then repeated key elements of this guidance in every Department of Defense and State Department budget request from FY2013 onwards. This was not true of its FY2015 budget submission, but of the new Quadrennial Defense Review (QDR 2014) of long term US national security policy that the US issued in March 2014.

The executive summary to the 2014 QDR only provided a token reference to leaving Afghanistan, focused on the Middle East and Asia, and discussed virtually every other region than Central and South Asia – which it effectively did not mention at all: ⁷

Rebalancing and sustaining our presence and posture abroad to better protect U.S. national security interests. In striving to achieve our three strategic objectives, the Department will also continue to rebalance and sustain our global posture. We will continue our contributions to the U.S. rebalance

to the Asia-Pacific region, seeking to preserve peace and stability in a region that is increasingly central to U.S. political, economic, and security interests.

Faced with North Korea's long-range missiles and WMD programs – particularly its pursuit of nuclear weapons – the United States is committed to maintaining peace and security on the Korean Peninsula. As part of our broader efforts for stability in the Asia-Pacific region, the United States will maintain a robust footprint in Northeast Asia while enhancing our presence in Oceania and Southeast Asia.

As we end combat operations in Afghanistan, we are prepared to transition to a limited mission focused on counterterrorism and training, advising, and assisting Afghan security forces. The United States also has enduring interests in the Middle East, and we will remain fully committed to the security of our partners in the region. We will continue to maintain a strong military posture in the Gulf region – one that can respond swiftly to crisis, deter aggression, and assure our allies and partners – while making sure that our military capabilities evolve to meet new threats.

Given our deep and abiding interests in maintaining and expanding European security and prosperity, we will continue our work with allies and partners to promote regional stability and Euro-Atlantic integration, as well as to improve capacity, interoperability, and strategic access for coalition operations. Across the globe, we will ensure the access needed to surge forces rapidly in the event of a crisis.

The QDR did not mention Central or South Asia at all in the section in the QDR on regional trends.⁸ The two regions were only mentioned in a passing -- and as a vague priority -- in the final passages of the section on Building Global Security towards the end of the document – as much because the authors had to say something as because of any serious strategic focus on any state other than India:⁹

We will continue efforts to help stabilize Central and Southwest Asia and deepen our engagement in the Indian Ocean region to bolster our rebalance to Asia. The stability of Pakistan and peace in South Asia remain critical to this effort. The United States supports India's rise as an increasingly capable actor in the region, and we are deepening our strategic partnership, including through the Defense Trade and Technology Initiative.

President Obama's Statement on Afghanistan on May 27, 2014

In late May of 2014, President Obama issued a statement that made the limits to any continued role in Afghanistan explicitly clear. He made the US frustration with Karzai and the then uncertain outcome of Afghan election all too clear. His main focus, however, was on the fact that the future US role would set fixed limits to the US presence in 2015 and 2016, cutting down to 9,800 men at the start of 2015, cutting this total in half by the end of 2015, and eliminating virtually all military personnel by the end of 2016,¹⁰

We have now been in Afghanistan longer than many Americans expected. But make no mistake -- thanks to the skill and sacrifice of our troops, diplomats, and intelligence professionals, we have struck significant blows against al Qaeda's leadership, we have eliminated Osama bin Laden, and we have prevented Afghanistan from being used to launch attacks against our homeland. We have also supported the Afghan people as they continue the hard work of building a democracy. We've extended more opportunities to their people, including women and girls. And we've helped train and equip their own security forces.

Now we're finishing the job we started. Over the last several years, we've worked to transition security responsibilities to the Afghans. One year ago, Afghan forces assumed the lead for combat operations. Since then, they've continued to grow in size and in strength, while making huge sacrifices for their country. This transition has allowed us to steadily draw down our own forces -- from a peak of 100,000 U.S. troops, to roughly 32,000 today.

2014, therefore, is a pivotal year. Together with our allies and the Afghan government, we have agreed that this is the year we will conclude our combat mission in Afghanistan. This is also a year of political transition in Afghanistan. Earlier this spring, Afghans turned out in the millions to vote in the first round of their presidential election -- defying threats in order to determine their own destiny. And in just over two weeks, they will vote for their next President, and Afghanistan will see its first democratic transfer of power in history.

In the context of this progress, having consulted with Congress and my national security team, I've determined the nature of the commitment that America is prepared to make beyond 2014. Our objectives are clear: Disrupting threats posed by al Qaeda; supporting Afghan security forces; and giving the Afghan people the opportunity to succeed as they stand on their own.

Here's how we will pursue those objectives. First, America's combat mission will be over by the end of this year. Starting next year, Afghans will be fully responsible for securing their country. American personnel will be in an advisory role. We will no longer patrol Afghan cities or towns, mountains or valleys. That is a task for the Afghan people.

Second, I've made it clear that we're open to cooperating with Afghans on two narrow missions after 2014: training Afghan forces and supporting counterterrorism operations against the remnants of al Qaeda.

Today, I want to be clear about how the United States is prepared to advance those missions. At the beginning of 2015, we will have approximately 98,000 U.S. -- let me start that over, just because I want to make sure we don't get this written wrong. At the beginning of 2015, we will have approximately 9,800 U.S. service members in different parts of the country, together with our NATO allies and other partners. By the end of 2015, we will have reduced that presence by roughly half, and we will have consolidated our troops in Kabul and on Bagram Airfield. One year later, by the end of 2016, our military will draw down to a normal embassy presence in Kabul, with a security assistance component, just as we've done in Iraq.

Now, even as our troops come home, the international community will continue to support Afghans as they build their country for years to come. But our relationship will not be defined by war -- it will be shaped by our financial and development assistance, as well as our diplomatic support. Our commitment to Afghanistan is rooted in the strategic partnership that we agreed to in 2012. And this plan remains consistent with discussions we've had with our NATO allies. Just as our allies have been with us every step of the way in Afghanistan, we expect that our allies will be with us going forward.

Third, we will only sustain this military presence after 2014 if the Afghan government signs the Bilateral Security Agreement that our two governments have already negotiated. This Agreement is essential to give our troops the authorities they need to fulfill their mission, while respecting Afghan sovereignty. The two final Afghan candidates in the run-off election for President have each indicated that they would sign this agreement promptly after taking office. So I'm hopeful that we can get this done.

The bottom line is, it's time to turn the page on more than a decade in which so much of our foreign policy was focused on the wars in Afghanistan and Iraq. When I took office, we had nearly 180,000 troops in harm's way. By the end of this year, we will have less than 10,000. In addition to bringing our troops home, this new chapter in American foreign policy will allow us to redirect some of the resources saved by ending these wars to respond more nimbly to the changing threat of terrorism, while addressing a broader set of priorities around the globe.

I think Americans have learned that it's harder to end wars than it is to begin them. Yet this is how wars end in the 21st century -- not through signing ceremonies, but through decisive blows against our adversaries, transitions to elected governments, security forces who take the lead and ultimately full responsibility. We remain committed to a sovereign, secure, stable, and unified Afghanistan. And toward that end, we will continue to support Afghan-led efforts to promote peace in their country through reconciliation. We have to recognize that Afghanistan will not be a perfect place, and it is not America's responsibility to make it one. The future of Afghanistan must be

decided by Afghans. But what the United States can do -- what we will do -- is secure our interests and help give the Afghans a chance, an opportunity to seek a long, overdue and hard-earned peace.

President Obama's New Strategy Speech at West Point

The real world limits to the US commitment to Afghanistan became even more apparent in a much broader strategy speech that President Obama gave at West Point on May 28, 2014 – the day after his statement on Afghanistan. President Obama delivered this speech only one day after announcing he would maintain a significant US advisory role in Afghanistan only during 2015 and phase that presence out on 2016.

He used his new strategy speech to both declare victory in the wars in Iraq and Afghanistan and to highlight the fact the US now going to focus a different approach to war and more important areas. The key portions of his speech made this shift in strategic focus all too clear:¹¹

When I first spoke at West Point in 2009, we still had more than 100,000 troops in Iraq. We were preparing to surge in Afghanistan. Our counterterrorism efforts were focused on al-Qaida's core leadership -- those who had carried out the 9/11 attacks. And our nation was just beginning a long climb out of the worst economic crisis since the Great Depression.

Four and a half years later, as you graduate, the landscape has changed. We have removed our troops from Iraq. We are winding down our war in Afghanistan. Al-Qaida's leadership on the border region between Pakistan and Afghanistan has been decimated, and Osama bin Laden is no more. (Cheers, applause.) And through it all, we've refocused our investments in what has always been a key source of American strength: a growing economy that can provide opportunity for everybody who's willing to work hard and take responsibility here at home.

In fact, by most measures America has rarely been stronger relative to the rest of the world. Those who argue otherwise -- who suggest that America is in decline or has seen its global leadership slip away -- are either misreading history or engaged in partisan politics.

But the world is changing with accelerating speed. This presents opportunity, but also new dangers. We know all too well, after 9/11, just how technology and globalization has put power once reserved for states in the hands of individuals, raising the capacity of terrorists to do harm.

Russia's aggression towards former Soviet states unnerves capitals in Europe while China's economic rise and military reach worries its neighbors.

From Brazil to India, rising middle classes compete with us, and governments seek a greater say in global forums. And even as developing nations embrace democracy and market economies, 24-hour news and social media makes it impossible to ignore the continuation of sectarian conflicts, failing states and popular uprisings that might have received only passing notice a generation ago.

It will be your generation's task to respond to this new world. The question we face, the question each of you will face, is not whether America will lead but how we will lead, not just to secure our peace and prosperity but also extend peace and prosperity around the globe.

As the Syrian civil war spills across borders, the capacity of battle-hardened extremist groups to come after us only increases. Regional aggression that goes unchecked, whether in southern Ukraine or the South China Sea or anywhere else in the world, will ultimately impact our allies, and could draw in our military. We can't ignore what happens beyond our boundaries.

And beyond these narrow rationales, I believe we have a real stake -- abiding self-interest -- in making sure our children and our grandchildren grow up in a world where schoolgirls are not kidnapped; where individuals aren't slaughtered because of tribe or faith or political belief.

I believe that a world of greater freedom and tolerance is not only a moral imperative; it also helps keep us safe.

But to say that we have an interest in pursuing peace and freedom beyond our borders is not to say that every problem has a military solution. Since World War II, some of our most costly mistakes came not from our restraint but from our willingness to rush into military adventures without thinking through the consequences, without building international support and legitimacy for our action, without leveling with the American people about the sacrifices required. Tough talk often draws headlines, but war rarely conforms to slogans. As General Eisenhower, someone with hard-earned knowledge on this subject, said at this ceremony in 1947, "War is mankind's most tragic and stupid folly; to seek or advise its deliberate provocation is a black crime against all men."

Like Eisenhower, this generation of men and women in uniform know all too well the wages of war, and that includes those of you here at West Point. Four of the service members who stood in the audience when I announced the surge of our forces in Afghanistan gave their lives in that effort. A lot more were wounded.

I believe America's security demanded those deployments. But I am haunted by those deaths. I am haunted by those wounds. And I would betray my duty to you, and to the country we love, if I sent you into harm's way simply because I saw a problem somewhere in the world that needed to be fixed, or because I was worried about critics who think military intervention is the only way for America to avoid looking weak.

...First, let me repeat a principle I put forward at the outset of my presidency: The United States will use military force, unilaterally if necessary, when our core interests demand it -- when our people are threatened; when our livelihoods are at stake; when the security of our allies is in danger.

In these circumstances, we still need to ask tough questions about whether our actions are proportional and effective and just. International opinion matters, but America should never ask permission to protect our people, our homeland or our way of life. (Applause.)

On the other hand, when issues of global concern do not pose a direct threat to the United States, when such issues are at stake, when crises arise that stir our conscience or push the world in a more dangerous direction but do not directly threaten us, then the threshold for military action must be higher. In such circumstances, we should not go it alone. Instead, we must mobilize allies and partners to take collective action. We have to broaden our tools to include diplomacy and development, sanctions and isolation, appeals to international law, and, if just, necessary and effective, multilateral military action. In such circumstances, we have to work with others because collective action in these circumstances is more likely to succeed, more likely to be sustained, less likely to lead to costly mistakes.

This leads to my second point. For the foreseeable future, the most direct threat to America, at home and abroad, remains terrorism, but a strategy that involves invading every country that harbors terrorist networks is naive and unsustainable. I believe we must shift our counterterrorism strategy, drawing on the successes and shortcomings of our experience in Iraq and Afghanistan, to more effectively partner with countries where terrorist networks seek a foothold.

And the need for a new strategy reflects the fact that today's principal threat no longer comes from a centralized al-Qaida leadership. Instead it comes from decentralized al-Qaida affiliates and extremists, many with agendas focused in the countries where they operate. And this lessens the possibility of large-scale 9/11-style attacks against the homeland, but it heightens the danger of U.S. personnel overseas being attacked, as we saw in Benghazi. It heightens the danger to less defensible targets, as we saw in a shopping mall in Nairobi. So we have to develop a strategy that matches this diffuse threat, one that expands our reach without sending forces that stretch our military too thin or stir up local resentments.

We need partners to fight terrorists alongside us. And empowering partners is a large part of what we have done and what we are currently doing in Afghanistan. Together with our allies, America struck huge blows against al-Qaida core and pushed back against an insurgency that threatened to overrun the country.

But sustaining this progress depends on the ability of Afghans to do the job. And that's why we trained hundreds of thousands of Afghan soldiers and police. Earlier this spring, those forces -- those

Afghan forces -- secured an election in which Afghans voted for the first democratic transfer of power in their history. And at the end of this year, a new Afghan president will be in office, and America's combat mission will be over.

Now -- (applause) -- that was an enormous achievement made because of America's armed forces. But as we move to a train and advise mission in Afghanistan, our reduced presence there allows us to more effectively address emerging threats in the Middle East and North Africa. So earlier this year I asked my national security team to develop a plan for a network of partnerships from South Asia to the Sahel.

Somewhat ironically, the President used this speech to make transparency a key aspect of his shift in strategy:¹²

Let me make one final point about our efforts against terrorism. The partnerships I've described do not eliminate the need to take direct action when necessary to protect ourselves. When we have actionable intelligence, that's what we do, through capture operations, like the one that brought a terrorist involved in the plot to bomb our embassies in 1998 to face justice, or drone strikes, like those we've carried out in Yemen and Somalia.

There are times when those actions are necessary and we cannot hesitate to protect our people. But as I said last year, in taking direct action, we must uphold standards that reflect our values. That means taking strikes only when we face a continuing, imminent threat, and only where there is no certainty -- there is near certainty of no civilian casualties, for our actions should meet a simple test: We must not create more enemies than we take off the battlefield.

I also believe we must be more transparent about both the basis of our counterterrorism actions and the manner in which they are carried out. We have to be able to explain them publicly, whether it is drone strikes or training partners. I will increasingly turn to our military to take the lead and provide information to the public about our efforts. Our intelligence community has done outstanding work and we have to continue to protect sources and methods, but when we cannot explain our efforts clearly and publicly, we face terrorist propaganda and international suspicion, we erode legitimacy with our partners and our people, and we reduce accountability in our own government.

And this issue of transparency is directly relevant to a third aspect of American leadership, and that is our effort to strengthen and enforce international order.

After World War II, America had the wisdom to shape institutions to keep the peace and support human progress -- from NATO and the United Nations, to the World Bank and IMF. These institutions are not perfect, but they have been a force multiplier. They reducing the need for unilateral American action and increase restraint among other nations.

As for the rest of the speech, the President focused on Europe and Ukraine, the Middle East, and Asia, and touched upon Latin America and Africa, but never mentioned Central of South Asia at all.¹³

No Clearer Lead from NATO

Like Washington, NATO provided a great deal of positive rhetoric About the Afghan conflict during the period following the President's speech at the end of 2009, but US allies had no more desire to stay in Afghanistan than the US. In fact, almost all allied public opinion polls showed their publics had cease to support the war before the President spoke. It was clear from the start that the rest of the ISAF coalition would follow the US lead and almost all allied troops would also be gone by the end of 2014. .

A corrupt and failed second round in the Afghan election in the spring of 2014 did not help matters. The first round on April 5, 2014, had failed to give any candidate a majority. It was the runoff between Ashraf Ghani and Abdullah Abdullah on June 16, 2014, however,

which was so corrupt that it put Ashraf Ghani's apparent victory into serious doubt and threatened to divide the country.

It led to months in which the Afghan government had no effective leadership, and the resulting paralysis reached the point where NATO formally highlighted its lack of an effective security partner in its Ministerial Summit meeting in early September 2014. NATO issued a press release on September 4th asking the two rival Afghan Presidential candidates to reach some compromise in their struggle over the outcome of the election that had first been held on April 5, 2014 – some five months earlier:¹⁴

NATO Leaders at the Wales Summit reaffirmed on Thursday (4 September 2014) their commitment to supporting Afghanistan and called on the two presidential candidates to work together and to conclude the necessary security agreements as soon as possible, as they have said they will. The ISAF Heads of State and Government also asked the two candidates to “swiftly deliver a peaceful outcome of this election, acceptable to the Afghan people,” the NATO Secretary General, Anders Fogh Rasmussen said.

Leaders from NATO nations joined by ISAF partner countries reaffirmed their readiness to launch a non-combat mission in Afghanistan after 2014 to help train, advise and assist Afghan security forces, providing necessary legal arrangements are signed without delay. *“I cannot stress too strongly how important this is,”* Mr. Fogh Rasmussen said. *“Without a signature, there can be no mission. Our planning is complete but time is short.”* The post-2014 Resolute Support Mission is one of the three pillars of NATO's long-term engagement in Afghanistan, along with a contribution to the long-term sustainment of the Afghan National Army and the strengthening of long-term political and practical cooperation with Afghanistan. *“With the end of ISAF in December, we will change the nature and the scope of our involvement in Afghanistan,”* said the Secretary General. *“But our commitment will endure because stability in Afghanistan also means security for us.”* This three-pronged engagement is aimed to build on the gains achieved throughout the thirteen-year long ISAF mission, particularly in the development of strong, professional and capable security forces, as well as in the fields of education, health, economic development, human rights and fundamental freedoms, notably for women.

During the meeting, ISAF leaders underlined the importance of continued support by the international community, and of sustained efforts by the Afghan Government, notably in continuing to increase its financial accountability and contribution, improve governance and rule of law, promote and protect human rights for all. The meeting also provided the opportunity to pay tribute to the men and women from Afghan and international forces who have served in the country and in other NATO operations. *“This is the right time to remember what we have sacrificed and what we have achieved”*, NATO Secretary General said. *“Their courage, effort and sacrifice have made all our nations safer and improved global security.”*

Afghan Defence Minister Bismullah Khan Mohammadi, leaders from Japan, Central Asian states, as well as representatives from key international community partners from the United Nations and the European Union also attended the meeting.

By the time of this NATO Ministerial Summit occurred, however, it was Russian action in the Ukraine and the rising war against the Islamic State in Iraq and Syria that had priority. A total of 31 paragraphs of the full Ministerial statement dealt with Russia and the Ukraine. This discussion of Afghanistan was some four paragraphs long, and was all political rhetoric:¹⁵

- We met yesterday in an expanded meeting on Afghanistan and, together with our International Security and Assistance Force (ISAF) partners, we issued a Wales Summit Declaration on Afghanistan.

- For over a decade, NATO Allies and partner nations from across the world have stood shoulder to shoulder with Afghanistan in the largest operation in the history of the Alliance. This unprecedented effort has enhanced global security and contributed to a better future for Afghan men, women, and children. We honour the Afghan and international personnel who have lost their lives or been injured in this endeavour.
- With the end of ISAF in December 2014, the nature and scope of our engagement with Afghanistan will change. We envisage three parallel, mutually reinforcing strands of activity: in the short term, NATO Allies and partner nations stand ready to continue to train, advise, and assist the Afghan National Security Forces (ANSF) after 2014 through the non-combat Resolute Support Mission; in the medium term, we reaffirm our commitment to contribute to the financial sustainment of the ANSF; in the long term, we remain committed to strengthening NATO's partnership with Afghanistan. We count on Afghanistan's commitment and cooperation.
- We recognise the particular importance of advancing regional cooperation and good neighbourly relations for the security and stability of Afghanistan. We remain determined to support the Afghan people in their efforts to build a stable, sovereign, democratic, and united country, where rule of law and good governance prevail, and in which human rights for all, especially the rights of women, including their full participation in decision making, and those of children, are fully protected. Working with the Government of Afghanistan and the wider international community, our goal remains to never again be threatened by terrorists from within Afghanistan. Our commitment to Afghanistan will endure.

NATO did, however, issue a separate statement on Afghanistan called the Wales Declaration on September 4, 2014. This statement did not provide any major new details or plans beyond those NATO had repeated since 2012. The discussions that led to the Wales Declaration did, however, note that the annual cost of the ANSF had risen from \$4.1 billion to \$5.1 billion. As a result, NATO highlighted the growing funding challenges and problems in Afghanistan's ability to carry out a Transition after 2014.¹⁶

... ISAF will conclude at the end of 2014 as planned. For over a year, the ANSF have been in the lead for combat operations throughout the country. Although many challenges remain, they have demonstrated that they are an effective force, gaining the respect and confidence of the Afghan people and able to prevent insurgents from achieving their objectives. When ISAF operations end, the Afghan authorities will assume full responsibility for security. However, our commitment to Afghanistan will endure beyond ISAF along with our determination to ensure that we are never again threatened by terrorists from within Afghanistan.

With the end of ISAF, the nature and scope of our engagement with Afghanistan will change. We envisage three parallel, mutually reinforcing, strands of activity:

...In the short term, the Resolute Support Mission. As decided at the Chicago Summit in 2012, at the invitation of the Government of the Islamic Republic of Afghanistan, and in the context of the broader international effort to help Afghanistan, NATO Allies and partner nations stand ready to continue to train, advise and assist the ANSF after 2014. This will be done through a new, non-combat mission with a sound legal basis. The mission's establishment is contingent on the signing of the U.S.-Afghanistan Bilateral Security Agreement and NATO-Afghanistan Status of Forces Agreement. The Resolute Support Mission should ideally, in consultation with the Government of Afghanistan, be supported by a United Nations Security Council Resolution.

...In the medium term, our contribution to the financial sustainment of the ANSF. At Chicago, NATO allies and ISAF partners decided to provide support to the ANSF, as appropriate, through the Transformation Decade, on the understanding that the Afghan Government will make an increasing financial contribution to this endeavor. Today, nations renewed their financial commitments to support the sustainment of the ANSF, including to the end of 2017. We also urge the wider international community to remain engaged in the financial sustainment of the ANSF. We will maintain and strengthen the transparent, accountable and cost-effective funding mechanisms we have established since Chicago, including the Oversight and Coordination Body, which will

ensure donors can confidently commit this support. Realizing the full promise of the pledges made at Chicago on the financial sustainment of the ANSF, which we have reaffirmed today, will require transparency, accountability, and cost-effectiveness of the relevant international funding mechanisms. We encourage the Afghan Government to continue and strengthen efforts to fight corruption. We look forward to working with the Afghan authorities to review the force structure and capabilities of the ANSF to achieve a sufficient and sustainable force. We restate the aim, agreed at Chicago, that Afghanistan should assume, no later than 2024, full financial responsibility for its own security forces.

...In the long term, NATO-Afghanistan Enduring Partnership. NATO Allies remain committed to the NATO-Afghanistan Enduring Partnership, agreed at the Lisbon Summit in 2010. The strengthening of this partnership will reflect the changing nature of NATO's relationship with Afghanistan whilst complementing the Resolute Support Mission and continuing beyond it. Both the political and practical elements of this partnership should be jointly owned and strengthened through regular consultation on issues of strategic concern. NATO is ready to work with Afghanistan to develop this partnership in line with NATO's Partnership Policy, possibly including the development of an Individual Partnership Cooperation Program at an appropriate time.

We will continue to support an Afghan-led, Afghan-owned and inclusive peace process, as stated at the 2011 Bonn Conference and at the Chicago Summit in 2012. We welcome efforts by all parties that further this process.

Good neighbourly relations, as well as regional support and cooperation will remain essential. This has been strengthened notably by the Istanbul Process in the Heart of Asia region.

A stable Afghanistan will be able to make a positive contribution to the wider region including through delivering progress in the fight against narcotics trafficking, illegal migration, terrorism and crime.

We are resolved to support Afghanistan in making further progress towards becoming a stable, sovereign, democratic and united country, where rule of law and good governance prevail and in which human rights, and notably those of children, are fully protected. We emphasize the particular importance of strengthening efforts to implement the rights of women and the United Nations Security Council Resolutions on Women, Peace and Security, and to include women fully in political, peace and reconciliation processes. We further recognize the need for the protection of children from the damaging effects of armed conflict as required in relevant United Nations Resolutions. We also welcome continued work to strengthen the protection of civilians by all parties concerned. Thus, we are committed to continue working with Afghanistan to further strengthen these values and principles.

Today we have extended significant offers of support and partnership to Afghanistan as it determines its own future. We remain steadfast and resolute in our commitment to the Afghan people.

As for the Afghan side of the equation, Ashraf Ghani and Abdullah Abdullah reached an awkward compromise in late September 2014 that was brokered in part by the US. This compromise made Ashraf Ghani the new president, but created a new–non-constitutional post for Abdullah Abdullah called the Chief Executive. This compromise, however, left the relative role of Ghani and Abdullah unclear. It also failed to produce a new government, and in spite of the fact US Secretary of State John Kerry called a triumph of “statesmanship and compromise.”¹⁷ Ghani dismissed the existing cabinet following his inauguration on September 29, 2014, and Ghani and Abdullah had still not agreed on a new government, or any major appointments by the end of 2014.¹⁸

A Civil Failure by USAID, the UN and Other Donors

These decisions affecting US and ISAF forces, and support for the ANSF, were only half of the story. While the US and ISAF military effort had its limits, as the following analysis shows, it did have plans, structure, supporting analysis, and something approaching measures of effectiveness. The civil effort consisted largely over-ambitious concepts, a lack of meaningful economic analysis and planning, efforts to improve governance and the rule of law which largely failed, and cosmetic efforts at integrating civil-military planning which left the civil side large in the form of concepts without any meaningful plans, milestones, metrics, cost analysis, or measures of effectiveness.

The lack of any serious control and management of aid money grossly increased corruption in Afghanistan, and led to massive waste, fraud, and abuse. It also led the World Bank and Transparency International to rank Afghanistan as one of the most corrupt governments in the world.

The problems in the Afghan election in 2014 were only a symptom of problems that built up steadily after the fall of the Taliban in 2001-2002. A nation that had the image of a democracy was effectively governed by a series of power brokers, and far too many political appointments at the Ministerial, provincial, and district level were so corrupt or incompetent that they alienated the people from the government. UN and World Bank estimates discussed later in this study show that very real surge of progress that occurred after the Taliban were ousted in 2001-2002 largely came to a halt in 2005-2007, that poverty began to increase, and the near flood of civil aid only impact on a small percentage of the population.

Aid donors and international organizations did little better than the Afghan government. The United Nations Assistance Mission in Afghanistan (UNAMA) proved to be a total failure in shaping and coordinating the international aid effort, never produced a meaningful development plan for Afghanistan, and never produced a useful report of any kind on the levels of civilian aid expenditure or its effectiveness. As is shown later in this analysis, the World Bank and IMF produced serious analyses of the Afghan economy in 2012-2014, yet unrealistic development plans based on peace that was unlikely to exist and impossible real-world levels of progress. Seven dealt with the Islamic state and the Middle East.

International conferences did make some progress in establishing conditionality for economic and civil aid. The Afghan government did provide a broadly structured aid plan and reform program at the Tokyo Conference in early July 2012. However, the Afghan government made little – if any – substantive progress in implementing its reform plan in the years that followed.

At the end of 2014, the Afghan government was still discussing the Tokyo Mutual Accountability Framework (TMAF) as a revised work in progress that would be agreed a Senior Officials Meeting (SOM) in 2015, based on the new priorities of the Afghan Government, although some unspecified TMAF hard deliverables would be implemented “in the interim period.”

The United Kingdom and Afghanistan did co-host a London Conference on “Afghanistan and International Community: Commitments to Reforms and Renewed Partnership on

December 4, 2014.” The Conference had representatives of 59 countries and co-chaired by H.E. President Mohammad Ashraf Ghani, President of the Islamic Republic of Afghanistan, Rt Hon David Cameron MP, Prime Minister of the United Kingdom, Afghanistan’s Chief Executive, Dr. Abdullah Abdullah, and the United Kingdom’s Foreign Secretary Phillip Hammond. The meeting broadly reaffirmed each country’s partnership with Afghanistan after 2014. It was also attended by NGOs, representatives of Afghan civil society, and multilateral organizations and was preceded by meetings civil society engagement, private sector development and regional economic cooperation.

The Conference declaration, however, was almost all rhetoric, and provided no new plans or substance. The closest it came to addressing any real issues was to state:¹⁹

The Participants welcomed the Afghan Government’s plans to enhance productivity, increase its domestic revenue mobilization to attract more private sector investment, and stimulate growth and employment opportunities. Over time, this approach will reduce Afghanistan’s dependence on external support. However, Participants recognised that this is a long-term endeavor and that the Afghan Government will continue to have significant economic requirements that cannot be met solely by domestic revenues.

To help ensure that Afghanistan remains on a path towards a more sustainable future for all Afghans, the International Community reaffirmed its Tokyo commitment of providing sixteen billion US dollars through 2015, and sustaining support, through 2017, at or near the levels of the past decade. Going forward, the International Community reiterated its commitment, as set out in the Tokyo Declaration, to direct significant and continuing but declining financial support towards Afghanistan’s social and economic development Priorities through the Transformation Decade.

Further, the International Community reaffirmed that its ability to sustain support for Afghanistan depends upon the principle of mutual accountability and the Afghan Government delivering on its commitments under the TMAF process.”

President Ashraf Ghani did deliver a statement outlining a reform agenda and plans to bring economic stability, and security to the country at the conference. He presented a paper on the government of Afghanistan’s reform program entitled “Realizing Self Reliance: Commitments to Reforms and Renewed Partnership” that both recognized the challenges Afghanistan faced, and some of the key economic problems that were driving transition. It did not outline specific plans, milestones, or needs but it was far more realistic in addressing key problems than statement by NATO, the US, or other outside nations, and did highlight key reforms in many areas and stated that the Afghan program was:²⁰

...built around four propositions. The first proposition is that Afghanistan is facing an economic crisis with the transition taking a heavier than expected toll on the economy and the pace of reforms. Private sector confidence has slumped and a fiscal crisis is underway, with the government failing to mobilize adequate revenue to meet its financing priorities. Restoring confidence and improving revenue mobilization are the essential pre-conditions for surviving transition and successfully building a democratic state.

The second proposition is that in order to realize self-reliance in the transformation decade, in the face of likely reductions of donor assistance, more private investments and revenue-generating sources will be needed to trigger growth. Building infrastructure for regional integration, trade and transit agreements, connectivity, cross-border investments, will be a fundamental part of our national strategy. Public funds will have to be channeled to sectors with maximum potential for growth, revenue and employment. Aid-effectiveness will have to be substantially improved.

The third proposition is that what look like economic and social problems have at their root failures of governance and a lack of serious commitment to fixing problems. Actions to fight corruption,

end patronage, and avoid collusive practices have been undertaken half-heartedly or undermined from within. The fourth proposition is that the lessons of the past decade show the urgent need for the senior most levels of the national government to take a stronger hand in managing the overall implementation of policy reforms and development assistance. Government leadership is needed to ensure that the agenda matches national priorities, capacities, and resource envelopes within a multiyear strategic planning framework; to monitor performance and enforce accountability; and to exercise appropriate flexibility to enable changes in response to a highly uncertain environment.

Each of these propositions is matched by a series of actions and commitments intended to give credibility to the claims through immediate and near-term actions, and to trigger a longer process of reform. Where possible, we will move quickly to implement actions. However, in many areas the reform process must involve consultation and coordination across a broad range of stakeholders. For these domains we will be signaling the government's overall policy direction and roadmap for change and then using the time between the London Conference and SOM to develop more detailed action plans.

... Economic growth and tangible service delivery provide the critical anchors for stability as the Afghan economy and society begin their difficult re-adjustment to a civilian economy. Too sharp a cutback in the role of the state will sow the seeds for future problems. Weakened governments that are unable (or unwilling) to deliver basic services to their people are easy prey for dissident or radical groups, which spread beyond the confines of any one state. By contrast, a functioning Afghan state that can continue down a path of reform that promotes growth and delivers basic services will be the best defense against instability in the region.

... While it is important to acknowledge Afghanistan's achievements, it is equally important to acknowledge its failures. First and foremost has been corruption, a plague that infuriates the ordinary Afghan as much as it does our international partners. Second, because of the way aid has been delivered so far, Afghanistan became addicted to help from the international community rather than using aid for moving towards sustainable economic growth, job creation, infrastructure development, investments and trade. Third, while the criminal economy has flourished in Afghanistan, the legal economy has been hampered by regulatory incoherence and parallel institutions. Fourth, despite Afghanistan's tremendous endowment of natural resources, which could lift the Afghan economy and improve the welfare of people, we have not yet been able to manage them well because of a lack of needed infrastructure and weak institutions and regulations. And last, while the urgency of ending the conflict and achieving a sustainable peace should be obvious, for more than a decade an agreeable path has not been formulated that could move disputes from the battlefield to the political field.

... Poverty remains high, with more than 36 percent of Afghans living below the poverty line. Stunting and malnutrition, particularly among women and children, affect nearly half of the population. Another overwhelming challenge is to create sufficient number of jobs that can provide productive employment to the poor. While most Afghan children have access to education, many are still deprived, and the current low quality of education will require greater attention going forward. Basic health services, mainly financed by donors, will need to increase further with particular attention to excluded and vulnerable groups, while also addressing concerns about cost effectiveness and sustainability of delivery and financing models. While the status of women has improved, the level of female participation in the economy remains far too low, and violence against women is a problem that must come to an end. Finally, corruption, production and handling of narcotics, illicit economy and personal insecurity remain critical impediments to development progress across the board, but particularly to the private sector.

... The infusion of ISAF expenditure drove economic growth, but the massive withdrawal that was planned for on the security side did not receive sufficient attention. The social and economic impacts of the sharp scale-down of activities were considered to be marginal, but it is now clear that this was a miscalculation and the economic effects of withdrawal have been and will continue to be severe, creating a sizable fiscal gap in the Afghan economy. Political uncertainty coupled with the deteriorating security situation aggravated the decline. Economic growth has fallen sharply to 1.5

percent (estimated) in 2014 from an annual average of 9.4 percent during 2003-12. Domestic revenues have fallen to 8.7 percent of GDP (projected) in 2014 from the peak of 11.6 percent in 2011. Despite austerity measures, the government faces an un-financed fiscal gap in 2014, with depleted cash balances and accumulating arrears. The crisis calls for urgent and immediate reforms, but it also provides Afghanistan with an opportunity to take bold actions.

As for outside nations, the overall record was dismal and public reporting consisted largely of dubious successes in project aid. Donor cooperation with UNAMA was token level at best, UNAMA never tried to force the issue of coordinating aid activity, and the many donor countries never complied with the requirement to report all aid activity to the Afghan government. NGOs often acted arbitrarily on their own, sometimes increasing Afghan tensions and feuding.

The US State Department never produced a serious report of any kind on the civil efforts in war; USAID never produced a meaningful aid plan or measures of effectiveness and its reporting was limited to exaggerate claims on progress in pamphlets like *USAID in Afghanistan: Partnership, Progress, and Perseverance* – a report that gave USAID credit for favorable rainfall, projected increases in domestic revenues that never occurred, used questionable health statistics, and focused more on money spent than any other measure of effectiveness.²¹

II. Uncertain Priorities for US Strategy

It is a grim reflection on the Obama Administration and the US Congress, that there has never been a serious public debate over whether the US should play a key role in meeting the challenges Afghanistan will face from 2015 onwards. As President Obama's May 2014 strategy speech at West Point has indicated, is also unclear what the outcome of an honest and meaningful debate would be.

Even if the US focuses properly on the impact of its current actions in Afghan, Pakistan, and the region and their consequences after 2014, and does adequately assesses its options and their relative risks and benefits, it might well decide that the best solution to dealing with the complex problems in South Asia and Central Asia should be a minimalist approach.

US “Strategic Triage” is Critical

No vital US national security priorities seem to be involved that require a sustained major US presence or capability to intervene, and strategic triage indicates that other areas and problems have a higher priority for US resources. Such choices, however, should be made on the basis of hard analysis, and made openly and explicitly, and not through silence, neglect, or default.

The US cannot solve every problem or meet every challenge, and any effort to deal with the US strategic vacuum in Afghanistan, Pakistan, and Central Asia must be judged in a broader global context. The US is scarcely reducing its overall strategic and defense commitments.

The US may cutting the warfighting or Overseas Contingency Operations (OCO) part of its military expenditures as it ends the war in Afghanistan, but it is re-engaging in Iraq and building up its forces in the Gulf. It is changing its force posture in the Pacific and strengthening its security partnerships in the region, and is giving new priority to its commitments in NATO as a result of the Ukraine crisis.

The Issue is Not Resources, But Strategic Priority

At the same time, one needs to be careful about making such judgments when the cost of providing the necessary resources may be limited. There is no way to know what additional US forces, or US civil and military aid spending, would be required to help Afghanistan be able to achieve security and stability on its own. The lack of any serious transparency on the course of the fighting, current aid plans, the role of the forces that US already plans to leave in Afghanistan, and virtually every other tangible aspect of a serious public policy debate makes this impossible.

The US does, however, have a massive pool of national security resources to draw upon. Neither the FY2013-FY2014 actual spending nor the FY2015-FY2019 baseline defense spending plans – the spending not tied to war in Afghanistan – project a further decline in real US spending. Moreover, the current levels of US national security efforts need to be kept in a global perspective. SIPRI estimates that the United States spent 37% of all world military expenditures in 2013 versus 11% for China, 5% for Russia, 3.5% for France, 3.3% for the UK, and 2.8% for Germany. In contrast, SIPRI estimates that Western and Central Europe cut military expenditures by 6.5% during 2004-2013.²²

The Secretary General's 2013 report for NATO sends the same message about the size of the overall US national security effort. Like the US QDR, it did not foresee any potential risk from Russia – in fact the one minor mention of Russia largely praises Russia for its aid in Afghanistan. At the same time, when the report talks about military spending, it has a graph showing that the US *increased* its share of total NATO military spending from 68% in 2007 to 73% in 2013. In contrast, NATO Europe dropped from 30.2% of the total to 25.5% during that same period. Germany kept spending constant at 4.7% of the total but made massive force cuts and shifted money to pay for the equivalent of an all-professional force. Britain dropped from 7.3% to 6.6%, France from 6.6% to 4.9%, and Italy from 2.9% to 2.0%.

As for allied countries, the recent NATO ministerial summit called for all NATO countries to raise their defense spending to 2%. US defense spending is and will remain at nearly twice that level. The US is spending as much on its baseline military expenditures as it did before it began these wars in 2001, and doing so at a time it has a serious budget deficit, a massive federal debt, and faces steady rises in the cost of its domestic entitlement programs.

The Cost-Benefits of Upping the Ante

This mix of problems and fiscal pressures does not mean the US must or should back away from Afghanistan, Pakistan, or Central and South Asia. It does mean the US needs to exercise strategic triage. The US must use its resources where they meet the highest priority in terms of American interests and they have the most effect. The US' resources must be used where the US has strategic partners that actually do their share, and US commitments and aid must be conditional and dependent on how well its partners actually perform.

This, in turn, means being grimly realistic about the state of Afghan leadership and politics. It means analyzing Afghan capability to achieve anything approaching “Afghan good enough,” the real-world security situation and threat, the state of the ANSF, and the state of Afghan governance and the Afghan economy.

It also means taking decisions that are both transparent and based on a detailed examination of the options, explicit cost benefit and risk analysis, and plans and budgets that can be openly debated. It is all very well to talk about “transparency.” The US and its Presidents have effectively abandoned transparency for two wars, and they have not benefited from the result.

As a result the US urgently needs to decide just how important any form of lasting strategic success in Afghanistan really is. The US does have many higher foreign and domestic priorities, and operates in a world where Afghanistan presents only a relatively marginal threat of terrorism to the US and its ISAF allies relative to other extremist threats. At the same time, the marginal cost to the US and its allies of greatly increasing the probability of success may well be a tiny portion of the kinds of expenditures it made during some thirteen years of war.

III. The Threat from Afghan Politics, Leadership, Governance, and Prospects for Stability

As Vietnam and Iraq have demonstrated, any effort at strategic triage must recognize the “threat” posed by the weaknesses and failures of the host government. The US must assume some of the blame for these the weaknesses and failures. It helped create an unworkable constitution that failed to create local and regional elected officials -- a constitution that gave the President power over far too much of the nation’s funds, and a legislature whose main function to date has been to consume state funds.

The constitution and initial structure of the Afghan government failed to create an effective system for managing state funds. The US and other donor nations then compounded the government’s spending problems with annually massive, sharply varying amounts of outside military and civil aid spending that r came without proper planning and controls, and helped make an acceptable level of Afghan corruption into a dysfunctional government and an unacceptable mess.

The US was far too slow to accept the threat the resurgence of the Taliban presented, and the need for a level of politics and governance that could win the people’s trust. During the period between 2002 and 2007, the US attempted to push too much responsibility off on to its allies and the UN. It gave priority to the invasion and war in Iraq, and at least some of its long series of clashes with President Karzai were the result of US insensitivity to Afghan values and the fact that Afghanistan’s de facto government was ruled by a power broker and not the elected legislature in “Kabulstan.”

A Divided, Poor, and Struggling, Nation

No one, however, should understate the difficulties in dealing with Afghanistan. The legacy of the Soviet invasion, civil war, and the Taliban have left its central government weak, divided, and corrupt. Its power brokers are divided and usually self-seeking. It is deeply divided along geographic, ethnic sectarian, and tribal lines. Although there are no reliable population data, the CIA is certainly correct in noting there are deep ethnic divisions (Its estimate the population is Pashtun 42%, Tajik 27%, Hazara 9%, Uzbek 9%, Aimak 4%, Turkmen 3%, Baloch 2%, other 4%.) There are significant religious divisions (The CIA estimates the population is Sunni Muslim 80%, Shia Muslim 19%, other 1%).²³

There are deep linguistic divisions (Afghan Persian or Dari (official) 50%, Pashto (official) 35%, Turkic languages (primarily Uzbek and Turkmen) 11%, 30 minor languages (primarily Balochi and Pashai) 4%.) The population is very young (42% is 14 years of age or younger, and has rapidly seen a shift towards urbanization (Roughly 37% in 2014 versus 23.5% in 2001, and urbanizing at 4.4% per year.) Something like a tenth of the population now lives in Kabul alone.)²⁴

All of these divisions are compounded by many local feuds between families and villages, conflicts over water and land rights, and deep divisions with – as well as between – given ethnic groups and tribes. As is analyzed later, poverty and drugs present additional problems, as does the fact some powerbrokers are the equivalent of warlords and other are drug kingpins. The per capita income is only around \$1,100, which ranks a dismal 215th in the world. There are no current poverty and unemployment data but past CIA estimates would put each figure at 35-40%. Some 392,000 men and 370,000 women annually reach the age where they enter a labor force estimated at only around 7.5 million.²⁵

These divisions play out in the struggle between the various insurgent groups and the Afghan military and government at the local level throughout the country. To paraphrase Tip O'Neill, insurgency, like politics, "is local." The constitution the US helped draw up after the fall of the Taliban and that was ratified in January 2004, however, places almost all control over legislation and the allocation of money and force in the central government in Kabul, and gives extraordinary authority to the President. At the same time, the Karzai government failed to create an effective structure for either collecting or spending state revenues, and tolerated gross levels of corruption as part of a system of government that was based more on juggling power brokers than seeking to create effective governance

Much of the effort to shape Transition in Afghanistan remained in limbo during the long period from 2012 to 2014 when Karzai refused to sign a bilateral security agreement and status of force agreement. It stayed in limbo during the preparations for the 2014 election, and during the rest of 2014 -- when Afghan politics attempted to deal with the outcome of a disputed and corrupt Presidential election.

Largely as a result of the actions of President Karzai, and the mess following a corrupt Afghan election in the spring of 2014, plans and decisions that should have been made as early as 2012 were kept on hold, only partially implemented, or simply forgotten under the pressure of other events. In spite of a constant flow of reassuring political rhetoric during a period of over two critical years, Afghanistan became a nation with no clear plans for the future and increasingly uncertain stability. The Taliban and other insurgents made steady gains, civilian casualties rose, and the Afghan economy descended into crisis.

Inaugurating a deeply divided Afghan government in late September 2014 – nearly six months after a disputed election on April 5th -- scarcely solved these problems. Afghan and U.S. officials did finally sign the Bilateral Security Agreement (BSA)—whose formal title is the Security Cooperation and Defense Agreement between the United States of America and the Islamic Republic of Afghanistan on September 30, 2014, one day after Ashraf Ghani's inauguration as President. Afghan and NATO officials also signed the NATO Status of Forces Agreement the same day.

This timing only allowed the US to move forward well over a year after the BSA and status of force agreements should have already been signed, and the agreements only gave the US a basis for staying in Afghanistan rather than represented any agree plan for moving forward after transition.

The Special Inspector General for Afghan Reconstruction (SIGAR) summarized the impact of signing the two documents as follows:²⁶

The BSA enumerates protections that will be afforded to Department of Defense (DOD) military and civilian personnel. As under the 2003 status of forces agreement, under the BSA contractors are not immune from prosecution under the Afghan legal system, but U.S. soldiers are...Among the many issues covered in the BSA, the agreement also:

- Reaffirms the United States' obligation to develop, equip, and seek funding to support the ANSF
- Establishes agreement to develop measures for analyzing Afghanistan's use of defense and security resources
- Requires semiannual assessments of actual performance of Afghanistan's use of defense and security resources

- Develops a process for making timely cooperative assessments of internal and external threats to Afghanistan
- Directs that specific recommendations are made on enhancing information and intelligence sharing
- Makes available facilities and areas, without fee, to U.S. forces and authorizes those forces to control entry into those facilities and areas
- Authorizes U.S. forces to move freely by land, water, or air without being subject to fees
- Provides for the United States to enter into contracts in Afghanistan and directs both countries to “work together to improve transparency, accountability, and effectiveness of contracting processes in Afghanistan, with a view to preventing misuse and bad contracting practices.”

... a Status of Forces Agreement was signed by the Afghan national-security advisor and NATO’s senior civilian representative to...provide the legal framework for the United States, NATO, and its partner nations to continue their commitment to train, advise, and assist the ANSF.

Moreover, the US had already made decisions about the size and duration of its future military presence in Afghanistan that may well lead to a major military crisis or defeat in Afghanistan during 2015-2016 almost regardless of what the Afghan government, Pakistan, and America’s allies in ISAF now do. As noted earlier, President Obama has chosen to limit the number, duration, and role of the US military advisory presence in Afghanistan in ways that that placed critical limits on the US role in Afghanistan at a time when the US is also sharply reducing its role in Pakistan and Central Asia.

Uncertain Afghan Leadership and Governance: Two Years Too Late?

Any meaningful US decision to provide more resources to Afghanistan requires the US to examine all three key elements of Transition: governance, security, and economics. As for governance, much of the blame for today’s problems does lie with a failed Afghan leader. It is an open contest as to which leader did the most damage to his country in his second term, Karzai or Maliki of Iraq.

The fact remains, however, that Karzai led his country through power brokering and corruption, and never seriously focused on the quality of his forces or the security dimension of the war. His failure to reach a security agreement with the US has also delayed many critical aspects of transition planning that originally were supposed to have been completed by the end of 2012 through the present.

An Unworkable Partnership?

It is still unclear that an effective Afghan government will now come into being. Abdullah Abdullah and Ashraf Ghani did not reach even a tentative agreement to share power until September 21, 2014--one that divided power by making Ashraf Ghani President and Abdullah Abdullah a Chief Executive – an arrangement where Ghani wanted all the powers of the President and Abdullah wanted to be a kind of Prime Minister. This uncertain agreement only came after US Secretary of State Kerry was forced to warn both Abdullah Abdullah and Ghani that,²⁷

If you don’t come to an agreement now, today, the possibilities for Afghanistan will become very difficult, if not dangerous,” Kerry told them, according to the partial transcript. “I really need to emphasize to you that if you do not have an agreement, if you do not move to a unity government, the United States will not be able to support Afghanistan.

It also came after months of wrangling over a disputed election, threats by Abdullah Abdullah to form his own government regardless of the final vote count, and an agreement by Ahmad Yousuf Nuristani, the chairman the UN Independent Election Commission that there were “grave flaws” and its audit could not detect all of it, but said that the commission still had a duty to state that, "The Independent Election Commission of Afghanistan declares Dr. Ashraf Ghani Ahmad as the president of Afghanistan." ²⁸

Like a somewhat similar failed attempt at creating a national unity government in Iraq after a disputed Iraqi election in 2010, the Afghan agreement laid out several key steps, but was more than a little vague as to the powers of each leader. A summary by SIGAR notes that the Technical and Political Framework issued on July 12, and the Joint Declaration issued on August 8, and the September agreement committed Ghani and Abdullah to the following:

- Convening a *loya jirga* (grand assembly) to amend the Afghan constitution and to consider the proposal to create the post of executive prime minister
- Completing distribution of electronic/computerized identity cards to all citizens as quickly as possible
- Creating, by presidential decree, the position of chief executive officer (CEO), supported by two deputies, with the functions of an executive prime minister
- Proposing reforms in all government agencies and decisively combating official corruption
- Acknowledging that the president, as the head of state and government, will lead the cabinet
- Acknowledging that the CEO will be responsible for managing the cabinet’s implementation of government policies and will head a council of ministers distinct from the cabinet
- Ensuring parity between the president and the CEO in selecting personnel at the level of head of key security and economic institutions and independent directorates, and
- Establishing a special commission to reform the election system.

At the end of 2014, it was still unclear when – and if – Ashraf Ghani and Abdullah Abdullah could form a new government, what such a new government would be like, and whether it could actually provide reform, effective governance, and effective security forces. It meant that there still was no formal structure for Transition roughly three months before the end of 2014, and nearly two years after a structure was supposed to be in place that could make an effective Transition possible. It said nothing about the future role of Pakistan or NATO’s role in Central Asia.

An Election that Did More to Divide than Unite

Both leaders will also have to live with the heritage of a failed election. Papering over the corruption in the Afghan election has left the nation deeply uncertain as to how far the corruption went and not resolved any differences over its outcome. The UN Independent Election Commission avoided reporting the results of the UN audit. Ashraf Ghani’s office released results that showed just how deeply the nation had divided during the two votes and the extent to which the north polarized around Abdullah Abdullah and the largely Pashtun areas coalesced around Ghani.

These formal election results are shown in **Figure 1**, but members of the Independent Election Commission are reported to have said that it disguises a far higher level of false ballots than is shown in **Figure 1**, and US and other outside experts privately agree.

Abdullah Abdullah publically rejected this reporting once Ghani's office made it public, and threatened not to attend Ghani's inauguration. He then got into a dispute with Ghani over whether he should be inaugurated and sworn in and over office space with Ghani's running mate as first vice president, Abdul Rashid Dostum.²⁹

The SIGAR Quarterly Report issued in October 2014 noted that,

Five hours after the signing of the national-unity government agreement, the IEC announced that Ashraf Ghani was the winner of the election. As a condition of the national-unity government deal, the IEC did not immediately announce the full elections results...On September 26, however, the IEC presented then President-Elect Ghani with a winner's certificate stating that Ghani won 55.27% of the total votes (3.93 million out of 7.12 million votes). At the same event, the IEC chairman was quoted saying that "the IEC was not the only institution involved in fraud. Fraud was wide ranging." The Abdullah campaign issued a statement complaining that the results certificate was contrary to the agreement reached between the campaigns and that the certified results were not authentic. Assuming the results listed on the IEC certificate given to Ghani are accurate, the audit reduced Ghani's share of the vote by 1.17% and increased Abdullah's by 1.21%.

... The European Union Election Assessment Team (EU EAT) deployed one of the largest international-observer missions to support the runoff audit, with up to 410 observers.... It labeled the audit process "unsatisfactory" and claimed the audit produced clear evidence of large-scale fraud, particularly ballot stuffing.... EU EAT estimated that between two and three million runoff votes were fraudulent.

...A senior State Department official, in a background briefing, noted that while the runoff audit sought to meet best international standards, institutionalized fraud by the IEC prevented any audit from resolving all allegations of fraud.

... The National Democratic Institute (NDI) issued a statement on September 24 that "while electoral fraud as well as certain problems in the audit process make it impossible for any official results to precisely reflect the votes cast, evidence was not unveiled that would cause the outcome to be reversed."

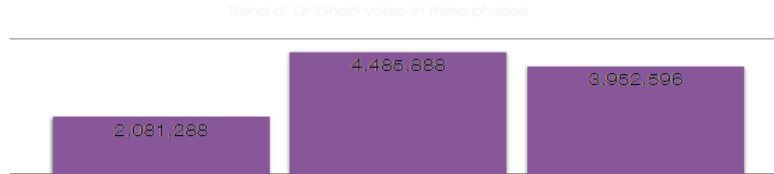
...This quarter, USAID declined to assess the conduct of the IEC and ECC during the 2014 elections and said it will be unable to do so until the process, including the provincial council elections, is concluded

As of the end of December 2014, Afghanistan had still not worked a new form of power sharing at the top – or shown that such an arrangement could be any more workable than a similar effort in Iraq. Moreover, the government had done little to show that it could work out a way to manage political appointments and the allocation of funds at the provincial and district levels – the levels where the struggle against the Taliban, Haqqani Network, and other insurgent movements goes on.³⁰

Figure 1: Afghan Power Struggles: The Uncertain Results of the Election

elections final result after audit

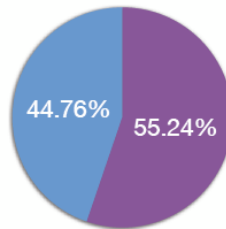
	Round 1	Round 2	Round 2 %	Round-2 Audit	Round-2 Audit
Dr Ashraf Ghani	2,081,288	4,485,888	56.44%	3,952,596	55.24%
Dr Abdullah Abdullah	2,970,582	3,461,639	43.56%	3,203,295	44.76%
Total	5,051,870	7,947,527		7,155,891	



total votes calculator

	Dr Ashraf Ghani	Dr Abdullah Abdullah	#horizontal total
valid votes	3,952,596	3,203,295	7,155,891
invalid and disqualified votes	533,292	258,344	791,636
second round votes	4,485,888	3,461,639	7,947,527
#vertical total	4,485,888	3,461,639	

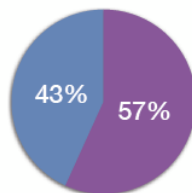
% of votes each candidate has secured in the second round of elections.



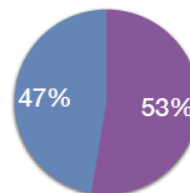
gender segregation

	Male voters	%	Female voters	%
Dr Ashraf Ghani	2,554,933	56.79%	1,397,663	52.60%
Dr Abdullah Abdullah	1,943,779	43.21%	1,259,516	47.40%
#total votes by gender	4,498,712		2,657,179	
#grand total	7,155,891			
% by gender		62.87%		37.13%

Male voters by candidate



Female voters by candidate



Source: Ashraf Ghani campaign office; Tim Craig, "Ghani Named Afghan Victor," *Washington Post*, September 21, 2014, pp. A1, A8.

The Heritage of Corruption and Power Brokering

The political threat, however, is only part of the story. It is matched by the “threat” posed Afghan governance, and corruption. A separate Burke Chair study shows the full range of the challenges posed by Afghan governance, corruption, and economics: **The Civil Transition in Afghanistan**, (http://csis.org/files/publication/140630_Gov_Econ_Transition_Afghanistan_0.pdf).

It shows that that the challenges posed by Afghan governance are as serious as the challenges posed by its politics, the military situation, and Afghan economics. It shows a steady rise in poverty, failure to collect revenues and manage the budget, the lack of realistic goals for economic development, critical problems in governance and corruption, and the data that supports SIGAR and World Bank analyses that show that much of the aid effort has been waste and or distorted the economy.

Corruption and Incompetence

Some Afghan leaders like Ashraf Ghani deserve great credit for trying to reform the Afghan government, create a more effective national approach to development, and reduce corruption back to the levels where the government can operate a more effective and popular level. Both Ghani and Abdullah have called for reform, and – as has been noted earlier -- Ghani proposed detailed steps in the plan for *Realizing Self Reliance: Commitments to Reforms and Renewed Partnership* that he issued at the London Conference in early December 2014.³¹ This report highlighted the critical steps that Afghanistan needed to take at the level of civil governance, and which now present major challenges to Afghan security and stability:³²

- **Tackling the Underlying Drivers of Corruption**
 - Actions to root out corruption from critical institutions
 - Diagnosis of sources of corruption
 - Establishing credibility through a series of high profile actions
 - Intense efforts to control narcotic production and sale
- **Building Better Governance**
 - Reforming the electoral system
 - Justice sector reform
 - Professionalizing public administration
 - Improving government efficiency and effectiveness
 - Civil service reforms
 - Strengthening public financial management (PFM)
 - Improving sub-national governance
 - Making cities the economic drivers for development
- **Restoring Fiscal Sustainability**
 - Strengthening enforcement and fighting corruption in customs
 - Creating an Independent Revenue Authority
 - Increasing tax income and strengthening tax enforcement
 - Using budget to manage policy
 - Strengthening fiscal discipline
- **Reforming Development Planning and Management**
 - Improving strategic management
 - Consolidating and streamlining priorities
 - Reducing Development costs
- **Bolstering Private Sector Confidence, Promoting Growth, and Creating Jobs**
 - Improving the investment climate

- Strengthening the financial sector
- Strengthening regulatory and supervisory capacity of the central bank
- Promoting growth in key economic sectors
- **Ensuring Citizen's Development Rights**
 - Developing services but through new delivery models
 - Empowering women
 - Preparing a National Economic Empowerment Plan for Women
 - Supporting Human Rights
 - Improving the well-being of refugees and internally displaced persons (IDPs)

Carrying out these reforms, however, takes political unity, requires honest and competent government personnel at every level from the district to Kabul, and must overcome a massive set of existing problems in the face of an ongoing conflict that will at best take years to accomplish. It is clear from even the summary reporting of outside international organizations and NGOs that permeating corruption and the broad level of incompetence at every level of Afghan governance are now as much of a host country threat as the problems in Afghan politics.

Figure 2 shows the World Bank estimate of the scale of the problems in Afghan governance. These problems go far beyond corruption, and affect every aspect of government operations. They not only affect the operations of the central government, but far too many provincial and district governments, as well as a wide range of foreign and native contractors and firms that are dependent on funding from the Afghan government. The full report on *The Civil Transition in Afghanistan* shows that World Bank, UN, and IMF estimates provide equally serious warnings about Afghan capability for economic and human development.

It is corruption, however, which may do most to limit popular loyalty to the government. Transparency International ranks Afghanistan as the third most corrupt country in the world.³³ A December 2013 poll by Democracy International that sought to determine the single most important issue the new President should focus upon found that 29% of Afghans said corruption was the issue versus only 21% for security – a measure that also included abuses and corruption by the police and government. Another 7% said reconciliation with the Taliban, 5% said roads, 4% education, and 3% medical care. Only 5% gave defeating the Taliban top priority.³⁴

A November 2014 poll by the Asian Foundation had somewhat similar results, and showed that corruption was a steadily rising source of popular concern, but also found that security remained a more important issue than corruption – a finding that may partly reflect the deteriorating security conditions in Afghanistan during the course of 2014. These results are shown in **Figure 3**.

The Special Inspector General for Afghan Reconstruction (SIGAR) has issued repeated warnings about corruption, and the problems in the government's budget and use of aid. John F. Sopko, the Special Inspector General stated in a speech on September 12, 2014 that,

To date, the United States government has provided over \$104 billion for Afghanistan reconstruction which has been intended: to build the Afghan government and its security forces, bolster Afghanistan's economy, build its infrastructure, expand its health and education sectors, and improve Afghanistan's quality of life and rule of law. ... That's an extraordinary amount of money, but in many ways it has gone unnoticed almost hidden in plain sight. When was the last time you

heard mention of the massive amount of money being spent on reconstruction in Afghanistan? Or what have we gotten for the investment?

Let's put that figure in some context . . . Let's just state this simple fact that's more money than we've spent on reconstruction for any one country in our nation's entire history. For those of you who are historians, at the end of this year we will have committed more funds to reconstruct Afghanistan, in inflation-adjusted terms, than the U.S. spent to rebuild Europe after World War II under the Marshall Plan. . . . In relative terms to current foreign policy hot spots, we're spending more money just this year to rebuild Afghanistan than we will spend for the next four largest countries that receive U.S. foreign assistance, Israel, Egypt, Pakistan, and Iraq combined.

. . . As you well know, by December of this year, the President plans to leave just 9,800 U.S. troops in Afghanistan, and by the end of 2015 just around 5,000. As a result, many people believe America's involvement in Afghanistan will therefore end. That is wrong. Despite the drawdown, our reconstruction mission is far from over and I would say will continue at a high tempo for some years to come if we want to keep the Afghan military and government afloat and protect our reconstruction successes.

In that regard, right now there is nearly \$16 billion in the pipeline, money that Congress has appropriated, but that U.S. agencies have not yet spent. . . . That's right \$16 billion in the bank waiting to be pushed out the door for Afghan reconstruction projects and programs. Furthermore, it is widely believed the U.S. will continue to fund reconstruction at another \$5 billion to \$8 billion annually for years to come. . . . As an example, just last week at the NATO conference in Wales, the Coalition agreed to fund the Afghan security forces alone at the rate of \$5.1 billion a year through 2017, a \$1 billion commitment increase, with the U.S. shouldering the majority of that cost. . . . It's a tremendous amount of money. Ensuring it's spent correctly is not only important to American taxpayers it's critical to advancing our foreign policy goals. That is why it's essential that someone is tasked with overseeing these efforts and ensuring that money is being spent appropriately.

. . . . Reconstruction programs must take into account a recipient country's ability to operate and sustain the assistance provided. If they don't, we put the programs and tax dollars at risk. There's no real benefit in setting up projects or programs that the Afghans cannot or will not sustain once international forces depart and international aid declines. Unfortunately, Afghanistan is a case study in projects and programs set up without considering sustainability.

The sheer size of the U.S. government's reconstruction effort has placed both a financial and operational burden on the Afghan economy and its government that it simply cannot manage by itself. . . . For example, last year the Afghan government raised about \$2 billion in revenues. Next year, it hopes to raise \$2.4 billion, although recent reports we have received put this goal in serious doubt. With stated budget needs of approximately \$7.6 billion, unfortunately the Afghan government will not be able to meet its budget without continued and significant donor assistance.

Currently, the United States and other international donors fund more than 60% of the Afghan national budget, as well as countless reconstruction programs and projects that currently operate off-budget. With the troop withdrawal, greater responsibility for those off-budget programs and projects is being given to the Afghan government.

Looking at the Afghan National Security Forces or ANSF it's clear why this problem is so immense. The latest independent assessment, by the Center for Naval Analysis, concludes that the ANSF will require a force of 373,000. This would cost roughly \$5 billion to \$6 billion per year, at a time when the Afghan government struggles to raise \$2 billion a year.

At these levels, if the Afghan government were to dedicate all of its domestic revenue toward sustaining the Afghan army and police, it still could only pay for about a third of the cost. Moreover, all other costs from paying civil servants to maintaining all roads, schools, hospitals and other non-military infrastructure would also have to come from international donors.

While paying for Afghanistan's security forces will be challenging, the cost of ongoing non-military development aid is also a major contributor to the ballooning expenses the Afghan government is

responsible for. Each new development project that the U.S. and our allies funds, increases overall operation and maintenance costs that the Afghan government will ultimately be responsible for.

The bottom line: It appears we've created a government that the Afghans simply cannot afford.

Corruption is another enormous inter-agency challenge facing reconstruction in Afghanistan. The consensus among everyone I speak with is that if corruption is allowed to continue unabated it will likely jeopardize every gain we've made so far in Afghanistan....Corruption destroys the populace's confidence in their elected officials, siphons off funds that would be used to combat insurgents or build infrastructure, and ultimately leads to a government that is ineffectual and distrusted.

The threat from unabated corruption is especially exemplified right now in light of the ongoing election crisis. A crisis spawned from corruption, which many fear is putting Afghanistan's entire future in jeopardy. ...However, the problem of corruption isn't new. Experts and SIGAR have been highlighting concerns about corruption for a long time.

Top U.S. officials are very much aware of Afghan corruption. A report commissioned by General Dunford last year noted that "Corruption directly threatens the viability and legitimacy of the Afghan state." USAID's own assistant administrator for Afghanistan and Pakistan, Larry Sampler, told Congress that Afghanistan is "the most corrupt place I've ever been to." And Retired Marine Gen. John Allen identified corruption as the biggest threat to Afghanistan's future an even bigger threat than the Taliban.

The Afghans are also concerned with corruption. In June, Integrity Watch Afghanistan (an Afghan NGO) issued their latest national corruption survey. It found that corruption tied for second as the greatest challenge facing Afghanistan, after security. While 18% of respondents in the 2012 survey said they faced corruption within the last 12 months, 21% of respondents said they faced corruption in the 2014 survey.

The survey also noted that Afghans believe corruption in most public sectors undermined their access to services. The same services the U.S. invested billions in establishing....For example, 28% of respondents believed that their households were deprived of access to electricity because of corruption and 18% said corruption blocked their access to higher education. The exact same areas where U.S. agencies commonly claim great success. In fact, the corruption percentages for electricity and education are not only up from 2012 but they are also higher than for justice by the courts and security by the police.

In June, the Carnegie Endowment for International Peace singled out Afghanistan as an example of a state where governing systems have been bent to benefit one or a very few networks. According to the report, President Karzai regularly calls his attorney general to influence cases or personally orders the release of suspects from pre-trial detention, quashing the cases against them.

This is the same Attorney General that recently threw a respected New York Times reporter out of the country because he didn't like his reporting. The DOD and the State Department have repeatedly noted that the Afghan AG has deliberately avoided prosecuting either senior officials or individuals with ties to senior officials and stymied the work of the investigatory arm of his own internal-control and monitoring unit....SIGAR has also had problems with the Attorney General. In one case, SIGAR worked to freeze and seize nearly \$70 million in funds, stolen from the U.S. government, that was sitting in Afghan banks. For months we pressed the Attorney General's Office to freeze the money and begin the legal process to seize the cash. At first, we were told the bank account was frozen and the money protected. Unfortunately, as is too often the case, we later learned that the money was mysteriously unfrozen by some powerful bureaucrat in Kabul.

SIGAR has issued a number of reports on U.S. efforts to combat corruption. These reports have continually pointed out that the United States lacks a unified anti-corruption strategy in Afghanistan. This is astonishing, given that Afghanistan is one of the most corrupt countries in the world, and a country that the United States is spending billions of dollars in....Yet there has been no progress made toward developing a unified anti-corruption strategy. In fact, things could get worse with the drawdown.

We cannot shy away from the challenge of corruption. We need a strategy, and we need to hold the Afghans feet to the fire on this issue. SIGAR will continue to point out how well or poorly not only U.S. officials but also Afghan officials perform in their promises to reduce corruption.

...Directly tied to corruption is the final inter-agency challenge I wanted to talk about today countering the growth of the drug trade. This challenge is no secret to anyone; the U.S. has already spent nearly \$7.6 billion to combat the opium industry. Yet, by every conceivable metric, we've failed...Production and cultivation are up, interdiction and eradication are down, financial support to the insurgency is up, and addiction and abuse are at unprecedented levels in Afghanistan.

During my trips to Afghanistan I've met with U.S., Afghan and international officials involved in implementing and evaluating counternarcotics programs. In the opinion of almost everyone I've met, the counternarcotics situation in Afghanistan is dire, with little prospect for improvement.

As with sustainability and corruption, the expanding cultivation and trafficking of drugs puts the entire Afghan reconstruction effort at risk. The narcotics trade poisons the Afghan financial sector and fuels a growing illicit economy. This, in turn, undermines the Afghan state's legitimacy by stoking corruption, nourishing criminal networks and providing significant financial support to the Taliban and other insurgent groups...There are already signs that elements within the Afghan security forces are reaching arrangements with rural communities to allow opium poppy cultivation even encouraging production to build local patronage networks and generate illicit income.

Given the importance of this problem, I was astonished to find that the counternarcotics effort isn't a top priority during this critical transition period and beyond. For example, the latest U.S. Civil-Military Strategic Framework for Afghanistan, which articulates the "vision for pursuing U.S. national goals in Afghanistan," barely mentions counternarcotics. It notes that the U.S. counternarcotics strategy for 2010 "informs" the framework, but for the first time since the U.S. government began outlining its reconstruction goals, it didn't include counternarcotics as a major focus area.

When I've met with Department of Justice, State Department and DOD officials, no one's been able to convincingly explain to me how the U.S. counternarcotics efforts are making a meaningful impact on the narcotics trade or how they'll have a significant impact after the 2014 transition. That's troubling...

Virtually every observer agrees that the levels of corruption common to virtually all developing states were driven to massive levels by the wave of foreign military and aid spending in each country between 2002 and 2014, by the lack of meaningful management and control over the funds involved as well as an emphasis on spending rate rather than any meaningful measures of performance and effectiveness. Corruption has been by the insecurity of Afghan officials and security officers who often saw little alternative than taking the money while they could, and by government favoritism to power brokers and their influence.

Corruption has been driven by the willingness of both Afghan and foreign contractors to misuse funds and make false claims about levels of effort and performance, and by Ministers and ministries that have been all willing to do the same. It has been driven by a financial system where the abuses of the Kabul Bank have only been the most egregious example of internal fraud and threat. And, corruption developed at every level of the justice system from the Attorney General's office down.³⁵

There is no way to know how much of the military and aid funds actually spent in Afghanistan were wasted in this manner, or how much of the corruption money left the country and was deposited in Gulf and other foreign banks, but shipments of money worth millions of dollars have been intercepted at Kabul Airport. The work of then Brigadier

General H.R. McMaster in commanding ISAF's Task Force Shafafiyat, or Task Force Transparency, as well as the work of the Special Inspector General for Afghan Construction has shown the pivotal impact of the lack of US military and USAID control of funds spent in Afghanistan in encouraging corruption.³⁶

One of many tragedies in the way the US managed its role in the war was that it focused on formal top down anti-corruption task forces, and efforts to force the Afghan government to confront the key power brokers and people it depended upon for power, rather than assessing the impact of its own spending, controlling and auditing the flow of money and making serious efforts to control its flow and measuring its effectiveness. The end result was that virtually no senior official or well-connected Afghan was successfully prosecuted and imprisoned, and every major anti-corruption effort triggered a major political battle which the anti-corruption official lost – often at great personal cost.

By the time that General Petraeus tasked General McMaster with actually addressing the real and controllable causes of the worst corruption by controlling the flow of money in 2012, the US was already committed to withdrawal, at odds with Karzai, and it was too late to really implement the reforms proposed by the Task Force Shafafiyat (Transparency) that McMaster's led. At the time of Transition at the end of 2014, anti-corruption measures remained as ineffective as ever, and many observers the growing fear of the impact of ISAF withdrawal and Afghanistan's economic future was making corruption and capital flight even worse.

Figure 2: Afghanistan: One of the Worst Governed and Most Corrupt and Countries in the World – Part One

World Bank Estimate of Trends in Governance

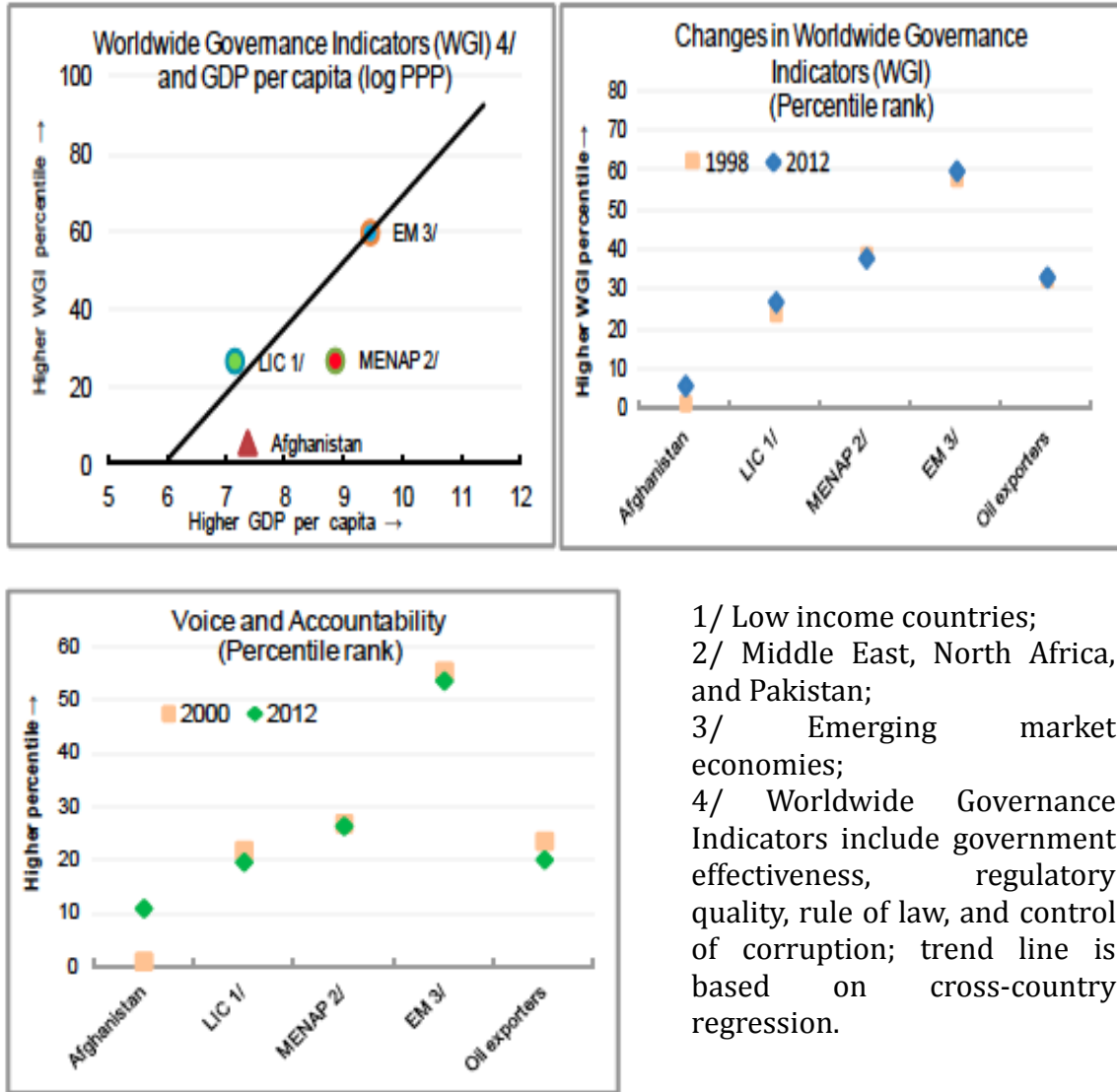
Income Group, Region, or Country: **Afghanistan**



Source: World Bank, <http://data.worldbank.org/data-catalog/worldwide-governance-indicators>.

Figure 2: Afghanistan: One of the Worst Governed and Most Corrupt and Countries in the World – Part Two

IMF Estimate of Trends in Governance



1/ Low income countries;
 2/ Middle East, North Africa, and Pakistan;
 3/ Emerging market economies;
 4/ Worldwide Governance Indicators include government effectiveness, regulatory quality, rule of law, and control of corruption; trend line is based on cross-country regression.

Note: IMF Sources are World Bank Doing Business Report (2014); World Bank Worldwide Governance Indicators; World Bank Business Environment and Enterprise Performance Survey; and IMF staff calculations.

Source for graphs: ISLAMIC REPUBLIC OF AFGHANISTAN. 2014 ARTICLE IV CONSULTATION—STAFF REPORT; PRESS RELEASE; AND STATE STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF AFGHANISTAN, <http://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>, p. 14.

Figure 3: Afghan Perceptions of the Biggest Problems Facing Afghanistan as a Whole

BIGGEST PROBLEM: NATIONAL LEVEL BY YEAR

	2006	2007	2008	2009	2010	2011	2012	2013	2014
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
INSECURITY / ATTACKS / VIOLENCE / TERRORISM	27	46	36	36	37	38	28	30	34
CORRUPTION	19	16	14	17	27	21	25	26	28
UNEMPLOYMENT	32	27	31	35	28	23	27	25	26
POOR ECONOMY	24	19	17	20	11	10	11	10	11
LACK OF EDUCATION / SCHOOLS / LITERACY	10	11	9	11	11	10	10	9	8
POVERTY	13	5	8	11	10	12	9	9	7
PRESENCE OF TALIBAN	6	13	13	8	8	4	8	7	7
SUICIDE ATTACKS	-	-	-	4	5	4	5	9	6

FIG. 1.11: Q-5A/B. *In your view, what is the biggest problem facing Afghanistan as a whole? (Q-5A and Q-5B responses combined)*

Respondents from all regions rank insecurity, corruption, and unemployment interchangeably as the three biggest problems facing Afghanistan. Insecurity is cited most often in the West (42.0%) and least often in the North East (24.5%). The presence of the Taliban is cited most frequently in the West (13.8%) and least frequently in the South West (4.9%). People in the East region are most likely to say corruption is the biggest problem facing Afghanistan (34.1%) and people in the Central/Hazarajat region are the least likely (22.4%). Meanwhile, unemployment is cited most often in the Central/Kabul (35.9%) region and least often in the South East (19.7%) region.

Source: Asia Foundation, *Afghanistan in 2014, A Survey of the Afghan People*, November 2014, pp. 24-25.

The Budget Crisis in Revenues and Expenditures

The Afghan government must also cope with a massive gap between its revenues and expenditures for at least the next half decade even if the ANSF proves to be full effective in dealing with the Taliban and other insurgents without more aid and outside assistance than is currently planned. This gap has grown steadily more serious than was originally estimated in 2012. Once again, the numbers and trends are complex and are laid out in more detail in *The Civil Transition in Afghanistan* (http://csis.org/files/publication/140630_Gov_Econ_Transition_Afghanistan_0.pdf).

The summary estimates of SIGAR and the World Bank in late 2014 do, however, make the challenges the Afghan government faces all too clear, as do the summary estimates shown in **Figure Four**. The situation was so bad towards the end of 2014 that the Afghan government could not pay its civil servants without additional outside aid. As SIGAR notes,³⁷

The World Bank reported this quarter that Afghanistan is headed for a fiscal crisis. Government cash balances are low and it is behind in operations and maintenance as well as discretionary development spending...The Ministry of Finance (MOF) reported that Afghanistan is suffering from acute budgetary

Shortfalls... and the World Bank estimates a shortfall of \$500 million in FY 1393 (December 21, 2013–December 20, 2014), threatening to affect payments of civil servant salaries, pensions, and operating and development spending. However, the Bank warns that the fiscal gap will be even larger if revised government-revenue targets are not reached and donor grants are not paid.

...In May, the Afghan Minister of Finance was quoted saying that donors have not released on-budget development funding to the Afghan government, creating “a major hole in [the Afghan government’s] development budget.” In August, a MOF spokesman warned that a host of development projects to build and maintain roads, schools, and clinics had been suspended for lack of funds.⁴⁷³ The MOF instituted control measures to reduce discretionary spending and operations and maintenance expenses.

... Afghanistan has one of the lowest rates of domestic-revenue collection in the world, averaging 9% of GDP from 2006–2013, according to the IMF. Revenue collection continues to decline against budget projections. In the first seven months of FY 1393, total domestic revenues—tax and non-tax revenues, and customs duties—missed MOF targets by \$274 million (-22%) so far, and decreased by approximately \$39.46 million from the same period in FY 1392 (-3.8%).

The World Bank estimated a budgetary shortfall of around \$500 million in FY 1393 (December 21, 2013–December 20, 2014), and reported that Afghanistan is headed for a fiscal crisis. Government cash balances are low and it is behind in operations and maintenance as well as discretionary development spending.⁶⁷³ Afghanistan is suffering from acute budgetary shortfalls in FY 1393, threatening to affect payments of civil servant salaries, pensions, and operating and development spending. However, should revised government revenue targets not be reached and donor grants not paid, the World Bank warns that the fiscal gap will grow.

Afghan officials have largely attributed this gap to donor failure to release on-budget development aid, and the protracted presidential election that depressed consumer spending and led to an overall decline in imports—major sources of government tax and customs revenue. State said continuing drawdown of international forces, whose presence traditionally helped bolster imports, is compounding Afghanistan’s revenue shortfalls.

... State attributed Afghanistan’s fiscal crisis to economic inertia, stemming from the drawn-out political transition, and Afghanistan’s unrealistic budget. While expressing a willingness to work with the new government to improve revenue collection measures and budget formulation, State said the new government bears ultimate responsibility for fixing these problems. Officials said

Afghanistan has been warned that the United States will not respond favorably to repeated requests for emergency funds.

SIGAR asked State for a U.S. government point of contact with access to the Afghanistan Financial Management Information System (AFMIS), the country's government-wide accounting system, as well as a description of any efforts undertaken by the United States or the international community to validate AFMIS data. State responded it does not currently have access to AFMIS. DOD relies upon AFMIS for tracking Ministry of Interior and Ministry of Defense spending and has access to certain AFMIS data, but acknowledges that the data is entered by Afghan ministry staff, making its reliability dependent on those same individuals. DOD is not aware of any periodic data-validity checks...

SIGAR believes U.S. government agencies should press the MOF for complete access to AFMIS and help the Afghan government ensure the data is accurate and verifiable. While the AFMIS data is far from perfect, without it, SIGAR believes the United States lacks a holistic view of what the Afghan government reports to be spending its money on and at what rate, cannot confirm whether and to what degree budgetary shortfalls exist, and has insufficient basis to inform the U.S. response.

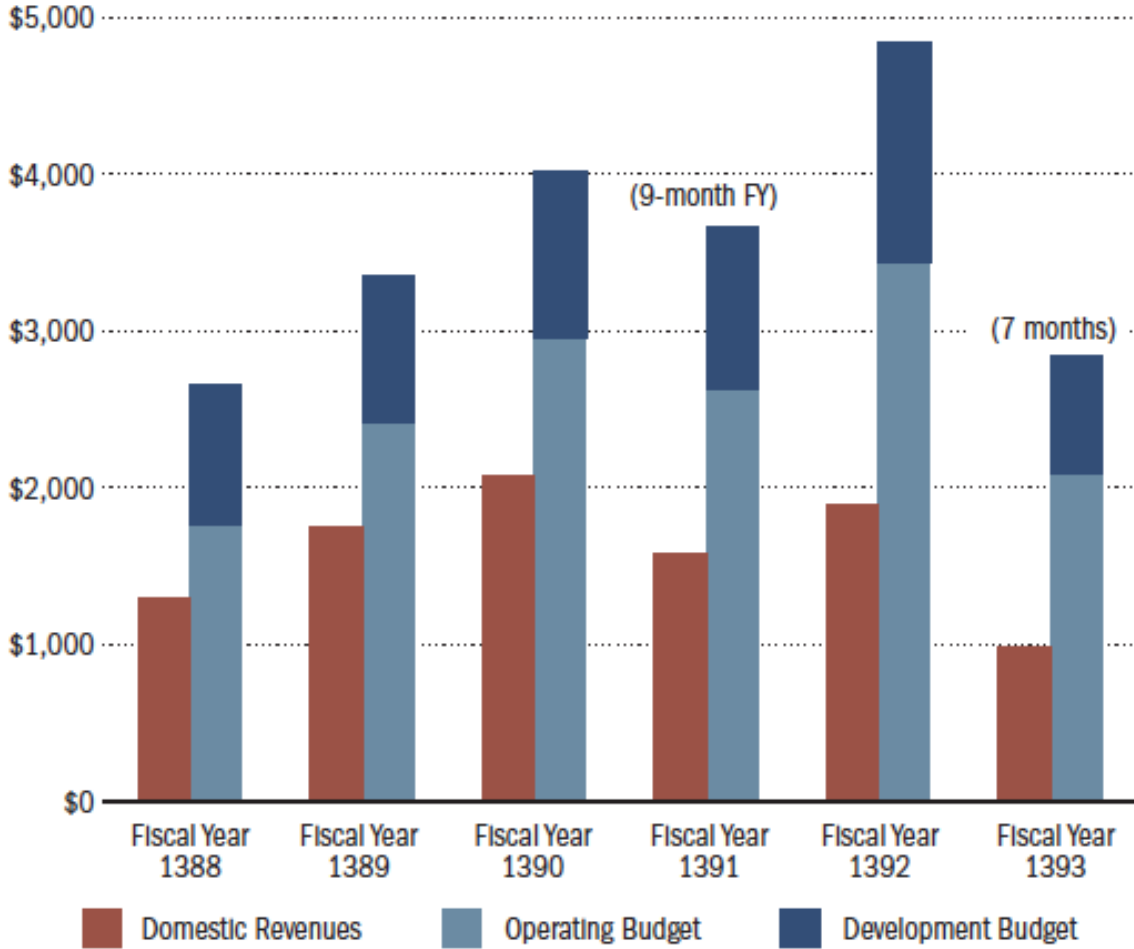
SIGAR questions the Afghan government's management of billions of dollars in U.S. and international donor assistance. Afghanistan's budgetary shortfalls, excluding donor grants, have been documented by SIGAR, the World Bank, IMF, and Afghanistan's Ministry of Finance, among others, long before the protracted presidential elections and its associated economic impacts. Afghanistan has suffered from a lack of political will to address corruption, which permeates many Afghan government institutions, and from weak enforcement of revenue measures. SIGAR agrees with State that a new Afghan administration brings fresh opportunities to tackle these issues...

It is the World Bank and IMF estimates of the longer-term trends in the budget deficit in **Part Two of Figure 4**, however, that should be the subject of the greatest concern. They show massive deficits indefinitely into the future –extending to 2025 and 2030. Much depends on the security situation –which can be either better or worse than the estimates in **Figure 4**. Even the civil side of demand, however, can present major problems.

Any such projections for the future have massive uncertainties, and Afghanistan should be able to close some of the projected gap by increasing its revenue collection. The only practical ways that Afghanistan can deal the full level of such deficits, however, are to have massive foreign aid long beyond the timeframes currently discussed in US policy documents and international conferences, to have a form of victory or peace settlement that allows truly massive cuts in security spending, and/or to further impoverish one of the poorest countries in the world.

Figure 4: The Crisis in the Afghan Budget – Part One

AFGHANISTAN'S DOMESTIC REVENUES COMPARED TO OPERATING AND DEVELOPMENT BUDGET EXPENDITURES (\$ MILLIONS)



Note: Until recently, Afghan fiscal years ran approximately March 21 to March 20 of consecutive Gregorian calendar years. FY 1388 corresponds to March 21, 2009, to March 20, 2010, and so on. Nine-month data for fiscal year 1391 reflect a change in the timing of the Afghan fiscal year. Afghan fiscal years now run December 21 through December 20. FY 1393 represents the first seven months only.

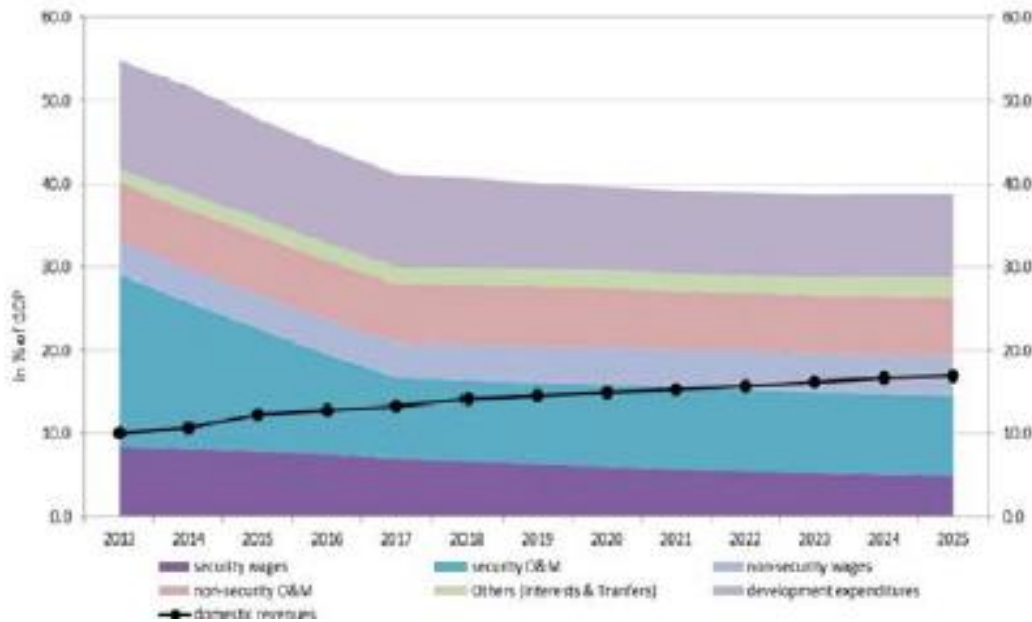
Source: MOF, "Annual Fiscal Report 1391," accessed 6/20/2013; MOF, "1393 National Budget," accessed 4/14/2014; MOF, "FY 1392 Monthly Fiscal Bulletin, Month 12," 2/14/2014, accessed 4/14/2014; MOF, "FY 1393 Monthly Fiscal Bulletin, Month 7," 9/6/2014, accessed 10/18/2014; Da Afghanistan Bank, "Daily Exchange Rates of Selected Currencies to Afghani," 2/14/2014, accessed 4/14/2014; Da Afghanistan Bank, "Daily Exchange Rates of Selected Currencies to Afghani," 8/17/2014, accessed 10/18/2014.

Special Inspector General for Afghan Reconstruction, (SIGAR), *Quarterly Report, October 30, 2014*, pp. 85-86.

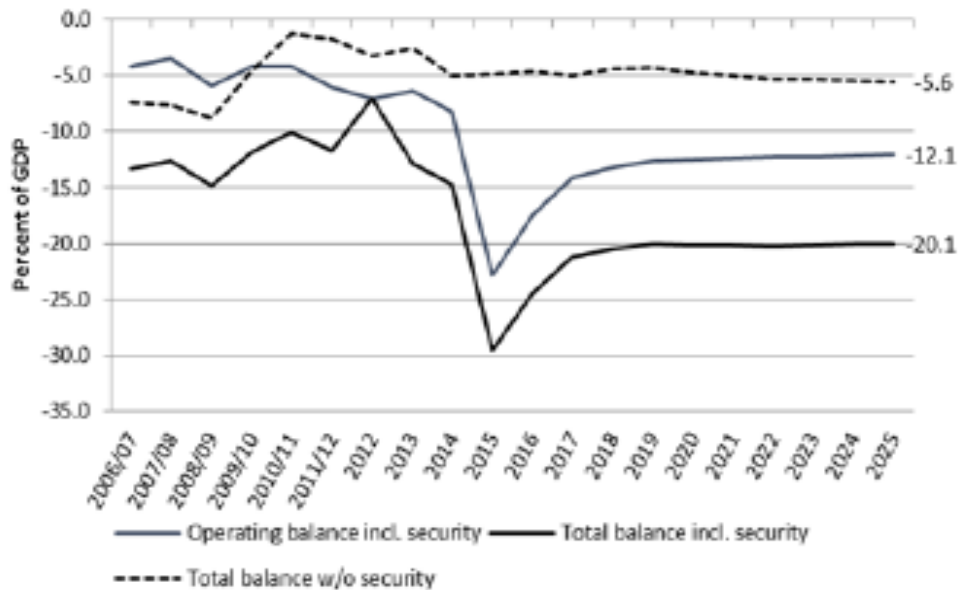
Figure 4: The Crisis in the Afghan Budget – Part Two

World Bank Estimates of Future Gap Between Afghan Budget Revenues and Expenditures

Projected Expenditure & Domestic Revenue



Financing Gaps, incl. & excl. Security



. Note: Much of civilian and military aid has been delivered outside of the budget through external, budget contributions. Of the US\$15.7 billion in aid to Afghanistan in 2010/11, only a small portion, roughly 11 percent, was delivered on-budget. Nevertheless, on-budget aid is an important financing source. While domestic revenues significantly increased between from 3 percent in 2002 to 11.4 percent in 2012, they have been insufficient to sustain the government’s operation and investment. In 2012, domestic revenues only financed 40 percent of total expenditures; the remainder was financed by foreign grants. The fiscal sustainability ratio, which measures domestic revenue over operating expenditures, was only

60 percent in 2012, which means that Afghanistan can currently not even fully meet the recurrent costs of its public service provision. This renders the operations of the government unsustainable without additional external financing.

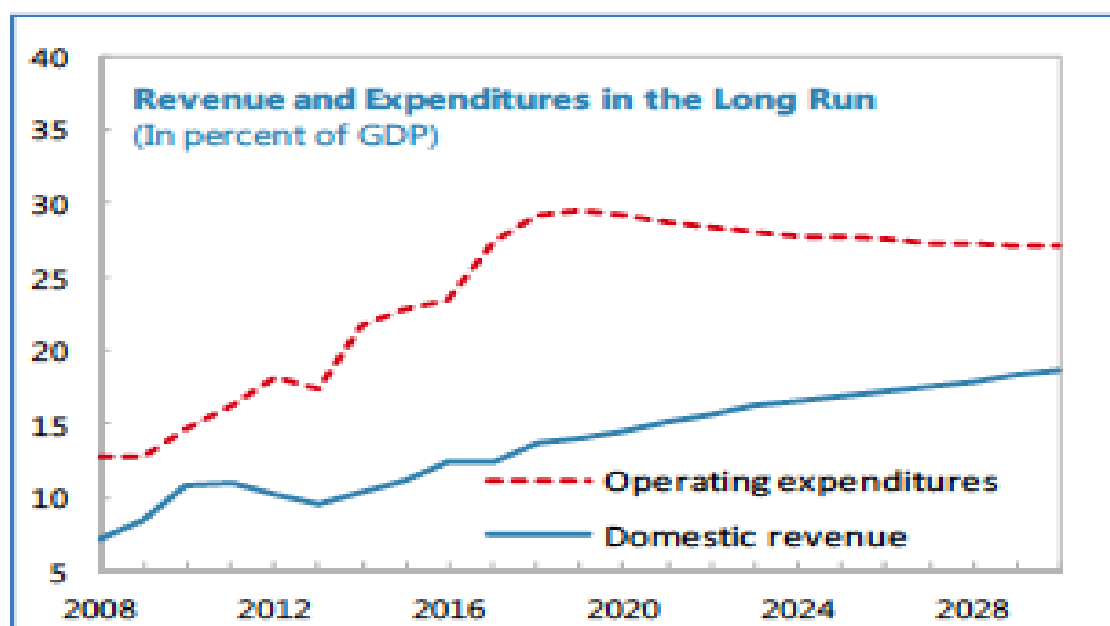
The analysis projects revenues to reach more than 17 percent of GDP by 2025 (from current levels of 11 percent), assuming good performance in revenue collection and continued development of extractive Industries. However, on-budget expenditures are expected to grow much faster, largely as a result of rising security spending for both operations and maintenance (O&M) and wages for the army and police, which were historically funded by donors outside of the budget.... But it will also be driven by non-security spending, which will increase due to additional O&M liabilities associated with the handover of donor-built assets and with a rising government payroll as civil service reforms unfold.

Security spending is projected to be more than 15.2 percent of GDP in 2021 (about as much as total projected domestic revenue in that year), the civilian wage bill 4.8 percent, and the civilian nonwage O&M bill 7.2 percent. Depending on how many of the O&M liabilities the government takes on, total government spending could assume between 38 percent and 54 percent of GDP by 2025. This would result in a total financing gap of 20 percent of GDP in 2025, and even higher levels in the intermediate years

Source: Nassif, Claudia; Joya, Omar; Lofgren, Hans; Gable, Susanna; Redaelli, Silvia; Jordan, Luke; Jaffrin, Guillemette Sidonie. 2014. *Full report*. Vol. 2 of *Afghanistan - Pathways to inclusive growth*. Washington, DC : World Bank Group, Report No: ACS8228, Islamic State of Afghanistan, Pathways to Inclusive Growth, Full Report, March 2014, SASEP, SOUTH ASIA 53-54

Figure 4: The Crisis in the Afghan Budget – Part Three

IMF Estimates of Future Gap Between Afghan Budget Revenues and Expenditures



Domestic revenues have stagnated due to the economic slowdown, faltering efforts, and leakages, and are expected to rise only slowly, while operating budget expenditures, which were at 15 percent of GDP in 2010 are projected to increase to over 29 percent of GDP by 2018 as part of the security transition. The combination of these factors generates large fiscal vulnerabilities. Afghanistan has one of the lowest domestic revenue collections in the world, with an average of about 9 percent of GDP in 2006–13 compared to about 21 percent in low-income countries. Factors behind this poor performance include a very low starting point, low compliance, opposition to new taxes, and a limited set of taxes.

Source: ISLAMIC REPUBLIC OF AFGHANISTAN. 2014 ARTICLE IV CONSULTATION—STAFF REPORT; PRESS RELEASE; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF AFGHANISTAN, <http://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>, p. 14.

The Failure to Win US and Other Outside Domestic Political Support

The trends in Figure 4 are also important because they highlight an issue that is important both to sustaining anything like the level of aid Afghanistan may need, and any increase in US and allied military support if the security situation should demand this. It is unclear that there is anywhere near the level of US domestic political support necessary to sustain a serious US military and civil aid effort that might well have to last to at least 2018-2020 – and possibly far longer.

The Administration, the Congress, and the American people may want to “win” in Afghanistan to the degree this means some form of relatively stable Afghanistan, and one free of Taliban and extremist control.

As **Figure 5** shows, however US public opinion polls have long provided a clear warning about the limits to popular support for continued US intervention in Afghanistan. More recent polling has been even more negative. The AFP reported on December 26, 2014 that, “A large majority of Americans now say the war was not worth it, and only 23 percent of US soldiers believe the mission has been a success, according to recent polls.”³⁸

A BBC poll in October 2014 found that, “Fewer than half of respondents said the conflict was worthwhile for the US....Two-thirds of participants were skeptical that US involvement left the Afghan government able to defend its own people without assistance, (and) only 28% of respondents say America is safer as a result.”³⁹

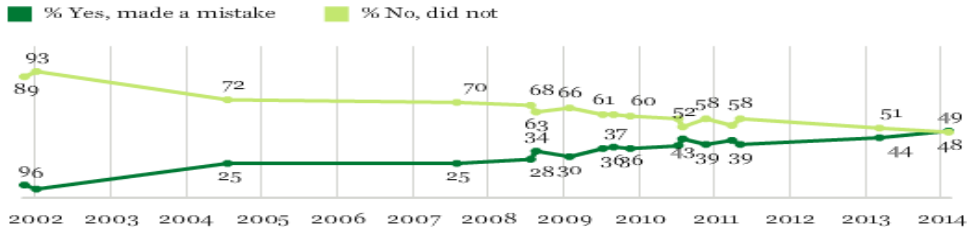
As was the case in Vietnam, it also seems likely that if the US government is found to have understated the risks in the need for aid or for US military support, the resulting backlash may make things worse. It is also worth noting that public support for the Afghan conflict in most other ISAF countries became negative far earlier than in the US, and has dropped even more sharply over time.

As **Figure Six** shows, the history of past wars should be a warning to anyone in the US government that feels that the promises made at the end of conflicts really mean sustained aid and support.

Figure 5: US Public Opinion on the Afghan War – Part One

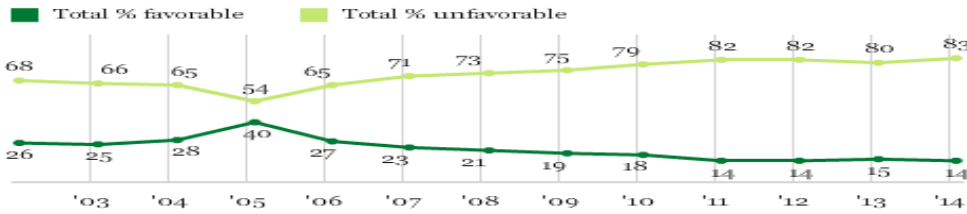
Gallup Poll: February 2014

Thinking now about U.S. military action in Afghanistan that began in October 2001, do you think the United States made a mistake in sending military forces to Afghanistan, or not?



GALLUP

Next, I'd like your overall opinion of some foreign countries. What is your overall opinion of Afghanistan? Is it very favorable, mostly favorable, or very unfavorable?



GALLUP

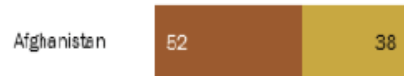
Source: Gallup, *Afghanistan*, <http://www.gallup.com/poll/116233/Afghanistan.aspx>

Pew Poll: January 2014

Negative Views of U.S. Efforts in Iraq, Afghanistan

In achieving its goals in Iraq/Afghanistan, U.S. has ...

Mostly failed (dark brown) | Mostly succeeded (light brown)

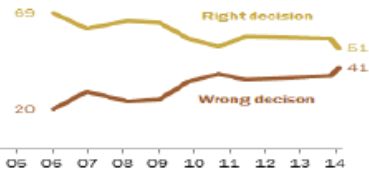


Survey conducted Jan. 15-19, 2014. Don't know responses not shown.

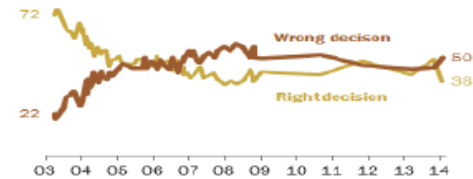
PEW RESEARCH CENTER/USA TODAY

Views of Decisions to Use Military Force in Afghanistan, Iraq

Decision to use military force in Afghanistan ...



Decision to use military force in Iraq ...



Survey conducted Jan. 15-19, 2014. PEW RESEARCH CENTER/USA TODAY

Source: Pew Research Center, January 30, 2014, http://www.people-press.org/2014/01/30/more-now-see-failure-than-success-in-iraq-afghanistan/1-30-2014_05/.

Figure 5: US Public Opinion on the Afghan War – Part Two

Quinnipiac University. June 24-30, 2014. N=1,446 registered voters nationwide. Margin of error ± 2.6.

"From what you've read and heard, do you think Barack Obama is removing U.S. troops from Afghanistan too quickly, not quickly enough, or is he handling this about right?"

	Too quickly %	Not quickly enough %	About right %	Unsure %
6/24-30/14	26	20	46	8

NBC News/Wall Street Journal Poll conducted by Hart Research Associates (D) and Public Opinion Strategies (R). June 11-15, 2014. N=1,000 adults nationwide. Margin of error ± 3.1.

"When it comes to Afghanistan, do you think the war was worth it or not worth it?"

	Worth it %	Not worth it %	Depends (vol.) %	Unsure %
6/11-15/14	27	65	2	6
1/12-15/13	40	51	2	7

ABC News/Washington Post Poll. May 29-June 1, 2014. N=1,002 adults nationwide. Margin of error ± 3.5.

"Obama has said he will reduce U.S. troop levels in Afghanistan to 9,800 by the end of this year, half of that next year and near zero by 2016. Do you support or oppose this troop-reduction plan?"

	Support %	Oppose %	Unsure %
5/29 - 6/1/14	77	19	4

Pew Research Center/USA Today. Jan. 15-19, 2014. N=739 adults nationwide. Margin of error ± 4.2.
5/2/11: Co-sponsored by The Washington Post.

"Do you think the U.S. made the right decision or the wrong decision in using military force in Afghanistan?"

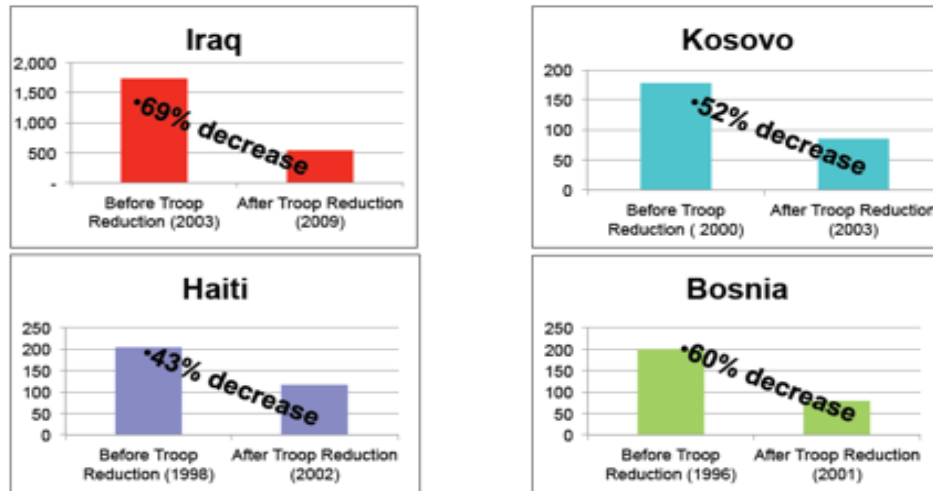
	Right decision %	Wrong decision %	Unsure %
1/15-19/14	51	41	8
10/30 - 11/6/13	56	37	8

The Combined Threat from Host Country Politics, Governance, and Budgeting

If the civil side of Transition comes to consist of a failed election, unstable Afghan politics, and an incompetent and corrupt Afghan government, the end result may well pose as much of a threat over time as the Taliban and other insurgents. It is not clear that an Afghan government that cannot honestly and effectively administrate aid, carry out economic reform, or use aid to stabilize the economy can either maintain the domestic popular support it needs to win or the outside support it needs to provide the necessary levels of aid.

Figure 6: The Past History of Wartime Aid: Declare Victory and Leave

Development Assistance Levels Before and After Troop Reductions



- Following the withdrawal or significant reduction in troop levels, Iraq, Kosovo, Haiti, and Bosnia saw significant decreases in development assistance levels.

Source: USAID, *USAID Afghanistan: Towards an Enduring Partnership*, January 28, 2011.

IV. The Threat from an Intensifying Conflict and the Problems in Developing An Effective ANSF

Important as the political and governance challenges are, the security challenges are just as great. The Afghan security forces have been rushed into being and expanded at rates that leave major gaps and flaws. Its key ministries -- the Ministry of Defense (MoD) and the Ministry of the Interior (MoI) – are still very much works in progress. The Afghan National Army (ANA) is the most competent service, but many of its units lack experience leadership, it suffers from serious attrition problems, its combat support and service support units are only beginning to have to do the job on their own, and the Army as whole lacks experience in functioning effectively as a self-sustaining force.

The Afghan National Police have some effective units, but far too many are weak and corrupt, and it lacks the support of the other elements of an effective justice system. Many elements are more loyal to their commander or local political leaders than the central government, and deeply involved in district or provincial politics. Only a few elements are trained and equipped for the paramilitary missions they must now perform. The police are taking high casualties, and are unable to operate outside their base areas or in significant portions of the area they are supposed to cover in areas with any significant insurgent presence.

The role of the Afghan Local Police (ALP) has provided important local security in some areas, and been a source of power brokering and abuse in others. It is unclear that the ALP can be effectively controlled by the central government over time, or how well it will interface with the ANP and MoI. Future plans for the ALP were being reevaluated at the end of 2014, and it is unclear what role they will really play in the future. The capability and future role of the Afghan Public Protection Forces (APPF) is even more uncertain at a time when US and other ISAF withdrawals have made the protection of facilities and transport even more critical. It is unclear that the APPF can become an effective force or adequately replace the role played by private security contractors.

The President's "Sell By Date:" Slashing Advisors and Support Regardless on Conditions in Afghanistan

All of these factors highlight the risks inherent in President Obama's decisions to set a fixed deadline for ending almost all combat support for Afghan forces, and rapidly phase out almost all other US forces during 2015-2016. They create major risks that substantial parts of the country will come under insurgent control that the role of the central government will weaken as other regions develop their own security forces, and that the struggle with the Taliban will go on indefinitely into the future.

As has been noted earlier, the President made a statement at the White House on May 27, 2014, that he would end any major US role in the war by the time he left office, regardless of the conditions that emerged are Transition, and would only provide something approaching the number of post-Transition military advisors, enablers, and counterterrorism officers that the ISAF and CENTCOM commander had requested from a single year. The key portions of this statement were:⁴⁰

....

...2014, therefore, is a pivotal year. Together with our allies and the Afghan government, we have agreed that this is the year we will conclude our combat mission in Afghanistan. This is also a year of political transition in Afghanistan. Earlier this spring, Afghans turned out in the millions to vote in the first round of their presidential election -- defying threats in order to determine their own destiny. And in just over two weeks, they will vote for their next President, and Afghanistan will see its first democratic transfer of power in history.

...Our objectives are clear: Disrupting threats posed by al Qaeda; supporting Afghan security forces; and giving the Afghan people the opportunity to succeed as they stand on their own.

Here's how we will pursue those objectives. First, America's combat mission will be over by the end of this year. Starting next year, Afghans will be fully responsible for securing their country. American personnel will be in an advisory role. We will no longer patrol Afghan cities or towns, mountains or valleys. That is a task for the Afghan people.

Second, I've made it clear that we're open to cooperating with Afghans on two narrow missions after 2014: training Afghan forces and supporting counterterrorism operations against the remnants of al Qaeda.

... At the beginning of 2015, we will have approximately 9,800 U.S. service members in different parts of the country, together with our NATO allies and other partners. By the end of 2015, we will have reduced that presence by roughly half, and we will have consolidated our troops in Kabul and on Bagram Airfield. One year later, by the end of 2016, our military will draw down to a normal embassy presence in Kabul, with a security assistance component, just as we've done in Iraq.

...our relationship will not be defined by war -- it will be shaped by our financial and development assistance, as well as our diplomatic support. Our commitment to Afghanistan is rooted in the strategic partnership that we agreed to in 2012. And this plan remains consistent with discussions we've had with our NATO allies. Just as our allies have been with us every step of the way in Afghanistan, we expect that our allies will be with us going forward.

This speech made it clear that the US would slash and then end virtually every aspect of the US military role in helping Afghan forces do so regardless of the conditions already emerging on the ground. It put clearly domestic politics before workable military plans and maintaining a capacity to provide a conditions-based response if Afghanistan encountered major military challenges.

The Impact of A Late and Erratic Effort to Create Effective Afghan Forces

Deadlines, however, were scarcely the only problem. To put the impact of President Obama's decisions in perspective, it is important to note that the problems the US has created for Afghanistan in creating an effective ANSF are not simply those created by imposing a fixed and somewhat arbitrary deadline for US withdrawal, it is also shaped by just how erratic the entire history of the US presence in Afghanistan, and US efforts to build up Afghan forces have been.

The problems very element of the Afghan forces are shaped by impact of taking so long to decide to create effective Afghan forces in the first place, suddenly rushing their expansion forward without adequate numbers of qualified advisors, and then rapidly deprive the Afghan forces of the outside support they need.

The US as a Self-Inflicted Threat

Figure 7 shows that the Bush Administration kept US troop levels low during 2002-2009 – largely because of the war in Iraq. As a result, the Taliban and other insurgents had

something approaching a free ride in recovering their capabilities in Afghanistan in the period from 2003 to 2008 – and could take full advantage of their de facto sanctuary in Pakistan. The fact that the Taliban, Haqqani Network, Hekmatyer faction and other insurgent groups could take sanctuary in Pakistan meant that most tactical victories had little lasting effect.

The problems created by a focus of tactical victories were further compounded by other problems in the US military effort. The aid that US forces could provide through the Commander's Emergency Response Program (CERP), and local USAID personnel could provide through the Provincial Reconstruction Team (PRT) efforts, did help offset Afghan power brokering and corruption, but often suffered from the fact that well-intentioned personnel lacked the background and experience to plan and administrate such efforts, focused on the immediate tactical priority at the expense of lasting security and stability, wasted money or fed the local process of corruption, and funded one local faction at the expense of another. These problems were made far worse in many areas by contract programs that sharply overpaid Afghans for security duties and were ineffective and added outside to local and regional corruption.

The problems in US troop levels were further compounded by annual tours of duty, a focus on defeating the enemy in the field rather than creating secure civil-military areas that made Afghan loyal to the government. Annual tours of duty, rotations from one part of the country to another in following tours of duty, and a basic lack of sound accounting procedures further compounded the problem. So did the fact that the creation of a police force initially focused on local policing at a time when police need paramilitary capabilities to function, and the police were never properly funded and trained for the rising level of combat that occurred after the mid-2000s.

The creation of an AFPAK Hands program intended to provide military and civilians with the area expertise and language skills necessary to function effectively in the field, and who would serve for several years to provide continuity and true local area expertise, did not deploy its first class to Afghanistan until mid-2010 – some eight years into the war.⁴¹ The program did have some successes, and led to plans to create similar capabilities for the Pacific theater.⁴² By the time it began to deploy, however, the surge was ending, the US was beginning to move towards cutbacks and withdrawal, and there was so much turbulence in the military and civil efforts in Kabul and the field that most of the people trained in the program were never assigned to effective positions that could use their expertise, and the program turned into a failure where many of those trained not only were never given a proper assignment but suffered career penalties for having volunteered and trained for hardship tours.

The timing of the “surge” in US forces, and the fact the insurgents knew that US and ISAF forces would be sharply cut after 2012 and end their combat role in 2014 also meant that they knew they could ride out both the “surge” shown in Figure 2, and the period in which the ANSF had serious outside support.

Furthermore, the impact of the “surge” was undermined by the firing of General Stanley A. McCrystal, and by concentrating much of the “surge” in a Marine Corp command in Helmand at the expense of a meaningful national campaign plan and priorities. The end result was that much of the surge was wasted in winning temporary tactical advantages in

Helmand, and that ISAF came under growing pressure to focus on tactical encounters as US and allied forces were steadily cut between 2012 and the end of 2014 – a “boom and bust” cycle that did little to effectively prepare for Transition.

The Host Country Threat

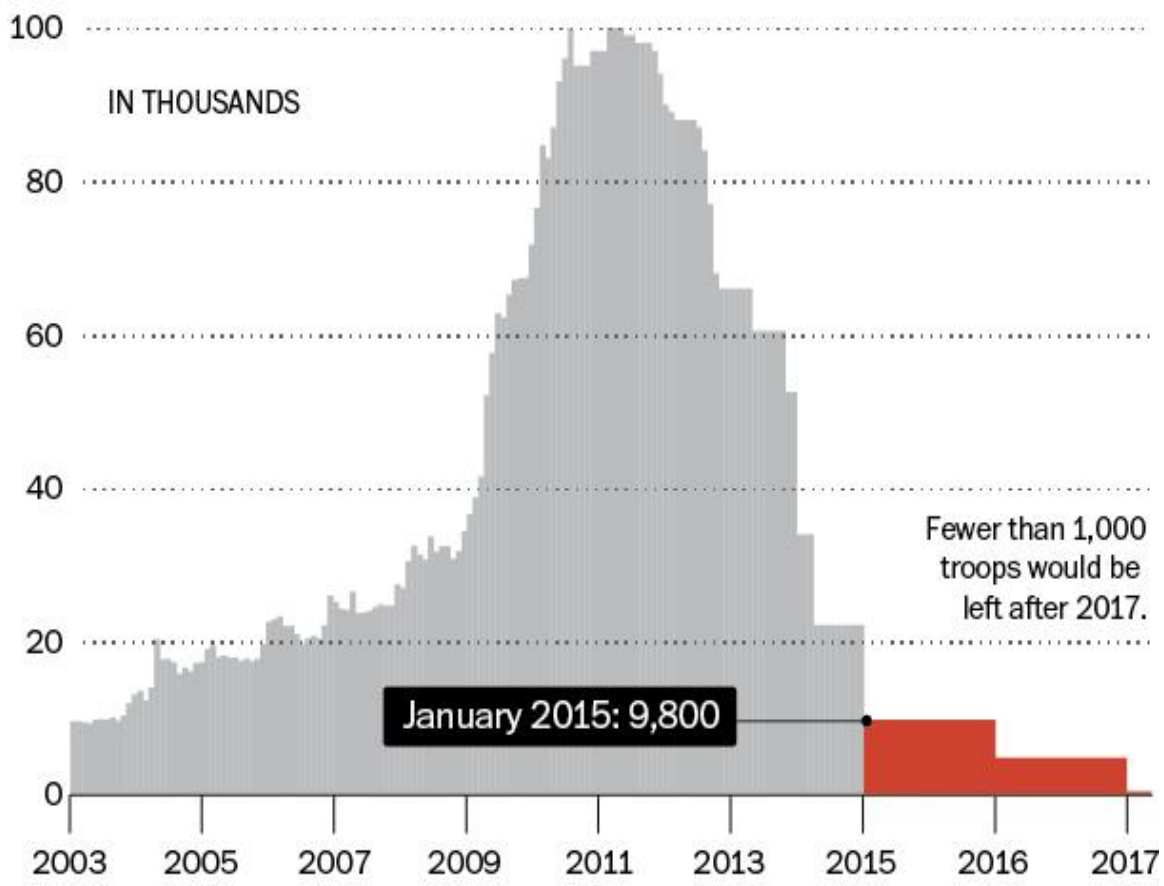
The host country threat was even more serious. The fact President Karzai controlled virtually all provincial and district administrative and police positions and put loyalty and power brokering ahead of honesty and effectiveness created a serious host country threat, compounded by Karzai’s focus on power-brokering and lack of interest in the effectiveness of the overall campaign. The US and ISAF did make attempts to push for the replacement of corrupt and ineffective officials, but had only limited success and even “successes” often meant that a corrupt or ineffective official was simply moved to a position elsewhere.

The ISAF emphasis on winning tactical victories in the field, particularly against enemy-initiated attacks (EIAs), meant there was far too little emphasis on depriving the Taliban and other insurgent movements of the ability to establish political influence in given areas, become involved in extortion and drugs, and take over the local justice system at a time when most aid efforts focused on reforming the rule of law by Western standards from the top down. Tribal and local feuds made prompt justice an essential part of security at the local level in many areas, and gave the insurgents a significant edge, particularly in the many areas where corrupt or ineffective local officials and a lack of all the elements of the formal justice system made turning to the Afghan government a nightmare of delay and corruption.

As has been described in the previous chapter, these problems have not yet been affected by President Karzai’s departure from office, and it is unclear whether Ashraf Ghani and Abdullah Abdullah can agree on an effective program for reform – particularly given each leader’s need to protect his own power base and the fact they much also compromise on appointments that meet Afghanistan’s power brokering needs at least as much as its needs for effective provincial and local governance.

*Figure 7: The Erratic US Military Role in Afghanistan:
Surging Too Late and Running for the Exits*

- US surge came several years after insurgent surge reflected in following graphs, and US troops will actually drop in a downward curve in 2015-2016, not steps.
- Original US plans called for substantial conditions-based US advisory presence through 2016, and US commanders recommended higher levels than President decided upon.



- US forces will only be based in Kabul and Bagram air base after end 2015. They will be further reduced in size by end 2017 to an advisory component at the U.S. Embassy in Kabul, “most likely numbering several hundred.”

Source: US Department of Defense, and Washington Post, http://www.washingtonpost.com/world/us-troops-in-afghanistan/2014/09/30/45477364-490d-11e4-b72e-d60a9229cc10_graphic.html, accessed October 1, 2014.

Rushing Force Development Beyond Afghan and ISAF Capacity

These problems in the US and ISAF effort were still further compounded by constantly changing the plans and goals for Afghan forces once the US and ISAF began to take Afghan force development seriously as a result of the President's deadlines for withdrawal. These deadlines and the growing insurgent threat led to a steady increase in Afghan force goals and put more and more pressure on the ANSF to rush its expansion.

They also were compounded by erratic aid funding that made effective development impossible because of the need to adjust the force development effort to a boom and bust cycle in aid money and in advisors. ISAF was suddenly required to create a far stronger advisory and training effort without being given the money and experienced advisors it needed. These problems in the US force generation efforts for the ANSF were also affected by high rates of US military rotation. Many personnel were assigned to training duties with no prior experience and on a one-year tour. More broadly, the US national security community failed to learn the cost of constant changes in the details of critical plans and strategy was largely been forgotten or ignored.

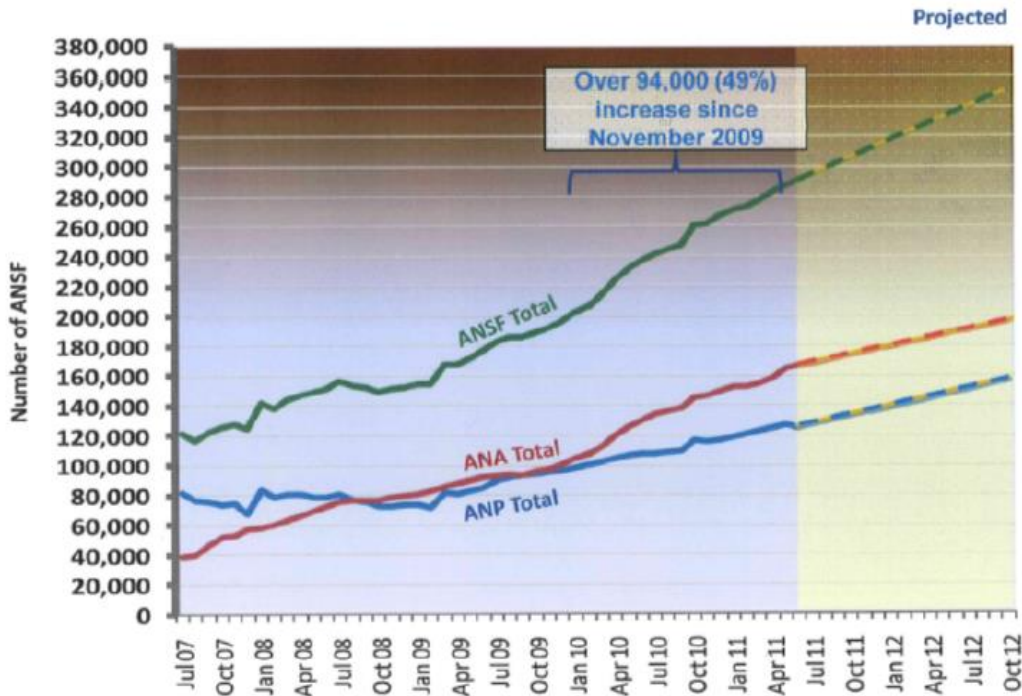
Figure 8 provides some summary data and just shows how late and erratic the effort to build effective Afghan combat forces was in terms of money, force, goals, and training resources. It helps explain many of the problems in Afghan forces that are now unfairly blamed on the Afghan government and ISAF/NTM-A training effort, but were actually driven by US policy and funding decisions. It should be noted that these charts are only a few of the metrics that show how rushed and erratic the ANSF build-up and force development effort was, and that a wider range of metrics is available in other reports cited later in this study.

It is major tribute to all concerned at NTM-A and ISAF that most of sudden expansion of Afghan forces could be manned between 2009 and 2014, that it was possible to bringing in a larger and better qualified advisory force, improve partnering, provide the required equipment and facilities, and transition many units to a high degree of self-reliance during 2013-2014.

As **Figure 8** also shows, however, this process had to be rushed, presented major problems in terms of the attrition of experience personnel, and did not mean that the most elements of the ANSF were truly ready to lose all US and other allied advisory personnel, could stand alone without foreign advisors, and could come close to matching the ISAF force in offensive operations or maintaining security in the areas where they were deployed. Afghan forces began to take unacceptable levels of casualties as ISAF withdrawals proceeded during 2013-2014, and the reassuring statistics that ISAF issued about the growth of ANSF capabilities to take the lead in combat said nothing about the scale and impact of the operations involved or the ability to sustain the same level of security without ISAF support.

Figure 8: Late and Erratic Efforts to Create Effective Afghan National Security Forces – Part One

The Rush to Build Effective Forces After 2009



Source: ISAF, May 2001

Critical Shortages in Advisors Through 2011 – *Note that these numbers count advisors allocated to the mission but not present as present and that many – if not most advisors actually present had no prior area or training experience of the kind required.*

CJSOR Trainer Status (Version 11.0, as of September 30, 2011)

Requirement	In-Place	Pledged	Shortfall
2,778	1,816	477	485

NTM-A/CSTC-A CJSOR (Version 11.0) Summary¹¹

485 Short of 2,778 Required		
Department	Percent Sourced	Trainers Short
AIR FORCE	71%	65
POLICE	80%	177
MEDICAL	72%	41
LOG	62%	16
ARMY	87%	186
INTEL	100%	0

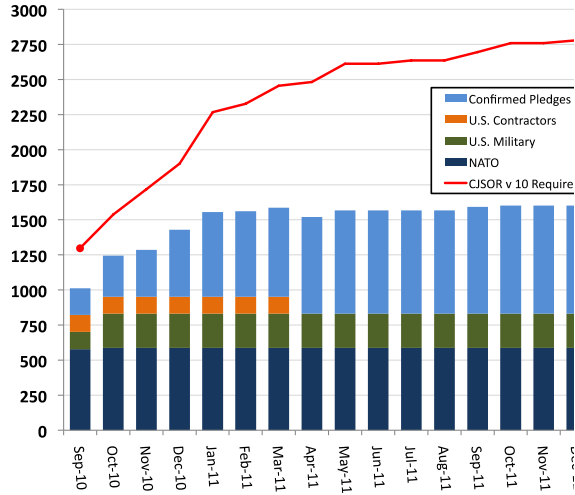
CJSOR v11.0 is the current document supporting trainer requirements. As of the end of the reporting period, the shortfall in institutional trainers is 485 trainers, a decrease of 255 from the March 2011 shortfall of 740, with 1,816 deployed trainers currently in-place against the total requirement of 2,778 trainers.

The United States currently sources 1,331 non-CJSOR trainer positions. In order to temporarily address the NATO CJSOR shortfall and fill the U.S.-sourced non-CJSOR requirements as quickly as possible, the United States has implemented a series of requests for information from other coalition partners, including unit-based sourcing solutions to address short-term training needs.

Source: DoD, "Report on Progress Towards Security and Stability in Afghanistan; US Plan for Sustaining the Afghan National Security Forces, Section 1203 Report, October 2011, p. 207.

Figure 8: Late and Erratic Efforts to Create Effective Afghan National Security Forces – Part Two

Critical Shortfalls in ANSF Trainers Existed Continued Through 2012



Only 32% of Trainers Actually in Place on September 1, 2010

Authorized	In Place	Pledged	Shortage
2,796	896	980	920

Following the September 23, 2010 NATO Force Generation Conference, in-place trainers and pledges increased by 18 percent and 34 percent, respectively, which decreased the remaining shortage of trainers by 35 percent. The total requirement in CJSOR v10 is 2,796, a net growth of 471 personnel.

To address the NATO CJSOR v10 shortfall temporarily, the United States is providing an additional 868 personnel with skills not found in the deployed units. For the fielded ANSF Force, the current shortfall is 16 Operational Mentor and Liaison Teams (OMLTs) and 139 Police Operational Mentor and Liaison Teams (POMLTs). In 2011, the shortfalls will increase with the departure of the Canadian brigade in Kandahar and the additional growth of the ANSF. By 2011, the shortfall is projected to be 41 OMLTs and 243 POMLTs

Source: *NTM-A, Year In Review*, November 2009 to November 2010, p. 25: *Report on Progress Toward Security and Stability in Afghanistan*, Report to Congress In accordance with section 1230 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181), as amended, November 2010, p. 20-21

Efforts to Partner with Afghan Units Did Not Really Pay Off Until 2011, and Also were Not Properly Staffed with Experienced Personnel
ANA Partnering Status

Regional Command	Embedded		Partnered		Mentored		Uncovered		Total Partnered		Total Reported	
	Kandaks	HQ	Kandaks	HQ	Kandaks	HQ	Kandaks	HQ	Kandaks	HQ	Kandaks	HQ
RC Capital	0	0	3	3	5	0	8	0	8	3	16	3
RC East	16	4	30	5	1	0	1	0	47	9	48	9
RC West	0	0	6	3	7	1	3	0	13	4	16	4
RC North	0	0	7	1	9	3	1	0	16	4	17	4
RC Southwest	7	2	10	2	4	0	0	0	21	4	21	4
RC South	7	1	9	3	11	1	2	0	27	5	29	5
Commando	8	1	4	0	1	0	0	0	13	1	13	1
Total	38	8	69	17	38	5	15	0	145	30	160	30
Grand Totals									175		190	

Source: JIC CUOPS Security Partnering CUAT CYCLE 10
 As of Date: 06 August 2011
 NOTE: Partnering numbers differ from the Effectiveness numbers due to shortages in partners/instructors.

ANP Partnering Status

ANP Units	Embedded	Partnered	Mentored	Uncovered	Total Partnered ANP Units	Total Units in KTD
AUP (Districts) in KTD Minus HQ	21	59	12	3	92	95
AUP (Precincts) in KTD Minus HQ KTD	15	30	20	17	65	82
ABP (Kandak Minus HQ)	8	20	5	7	33	40
ANCOP (Kandaks Minus HQ)	8	18	5	4	31	35
Provincial Response Companies (PRC)	2	10	1	0	13	13
Grand Total	54	137	43	31	234	265

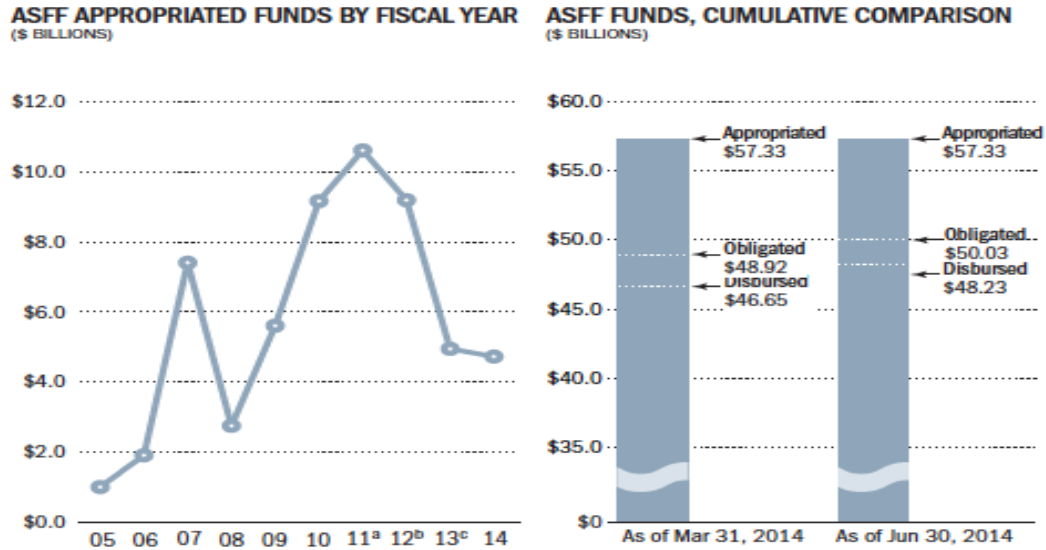
As of September 30, 2011, there are seven critical shortfalls for the ANA and 88 shortfalls in the ANP in focus districts (31 AUP, 22 ANCOP, and 35 ABP). These shortfalls do not account for U.S. forces departing theater without backfills due to the ongoing surge recovery, and shortfalls are expected to increase as U.S. and coalition forces continue to draw down. The figure below depicts the partnering status of fielded ANA kandaks and headquarters.

Source: DoD, "Report on Progress Towards Security and Stability in Afghanistan; US Plan for Sustaining the Afghan National Security Forces, Section 1203 Report, October 2011, pp. 40-41

Figure 8: Late and Erratic Efforts to Create Effective Afghan National Security Forces – Part Three

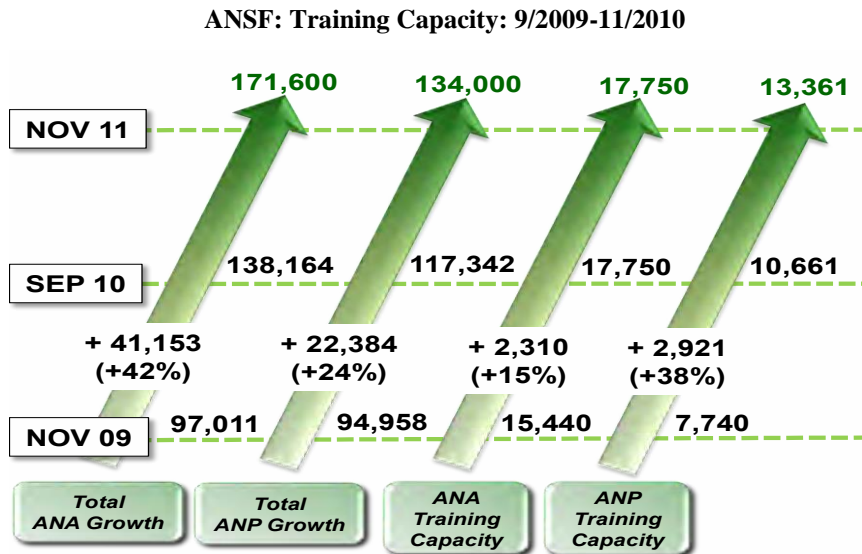
Erratic US Aid Funding of Afghan Security Forces Cripples Development

Delays between appropriation by Congress and ability to spend effectively in Afghanistan mean that major US funding only had an impact from 2010 onwards and then dropped sharply after 2011.



Source: SIGAR, *Quarterly Report to Congress*, July 30, 2014, p. 76.

Suitable ANSF Force Growth and Adequate Training Capacity Do Not Occur Until 2011



Source: NTM-A, *Year In Review, November 2009 to November 2010*, p. 8.

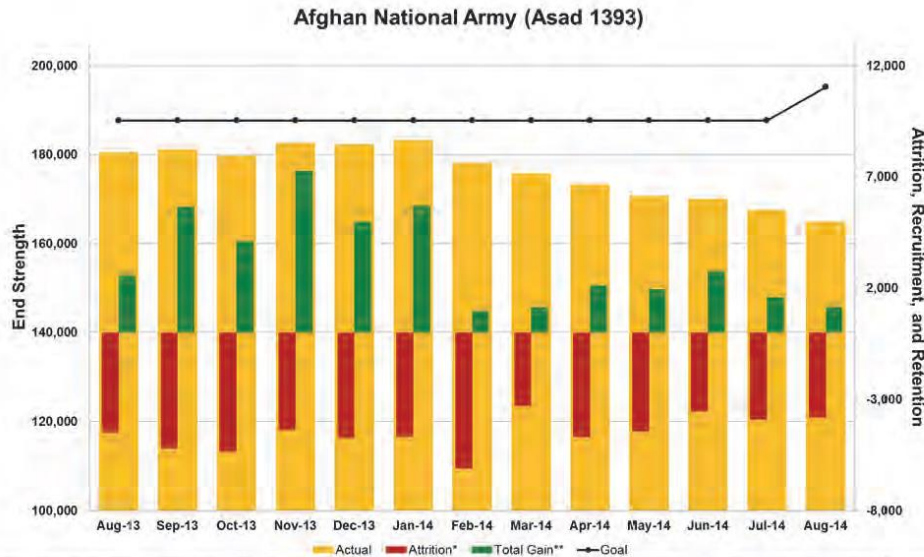
Figure 8: Erratic Efforts to Create Effective Afghan National Security Forces After 2011 – Part Four

Forces Totals Are High in 2014, But Count Many Missing Personnel and Some 11,000 Civilians are Counted as Military

ANSF ASSIGNED FORCE STRENGTH, AUGUST 20, 2014			
ANSF Component	Current Target	Status as of 8/2014	Difference Between Current Strength and Target End-Strength Goals
Afghan National Army	187,000 personnel by December 2012	181,439 (97%)	-5,561 (-4.1%)
Afghan National Police	157,000 personnel by February 2013	152,123 (97%)	-4,877 (-2.4%)
Afghan Air Force	8,000 personnel by December 2014	6,731 (84%)	-1,269 (-5.9%)
ANSF Total	352,000	340,293 (97%)	-11,707 (-3.4%)
ANA Civilians	8,004 personnel authorized	8,749 (109.3%)	745 (8.5%)
AAF Civilians	278 personnel authorized	227 (81.7%)	51 (-22.5%)
ANSF Total with Civilians	360,282	349,546 (97.0%)	10,736 (-3.1%)

Source: DOD, Report on Progress Toward Security and Stability in Afghanistan, 12/2012, p. 56; CSTC-A response to SIGAR data call, 10/2/2014; SIGAR analysis 10/2/2014.
 Source: SIGAR, Quarterly Report, October 30, 2014, p. 92

High ANA Attrition Rates Symbolize a Force Still in Development with Serious Retention and Attrition Problems



	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Actual	180,593	181,077	179,783	182,585	182,256	183,262	178,076	175,850	173,231	170,758	169,972	167,622	164,906
Goal	187,630	187,630	187,630	187,630	187,630	187,630	187,630	187,630	187,630	187,630	187,630	187,630	195,204

Following extensive work with the GSG1 staff, civilian personnel occupying civilian designated Tashkil positions have been separated from the military strength data. Following the issue of Tashkil 1393-2014, there are 8,004 ANA civilian billets within the 203,004 total Tashkil strength. GSG1 now reports the civilian strength separately within their monthly Personnel Accountability Strength Report (PASR). Strength above is ANA - AAF + Cadets + Civilians.

* Total Losses (Attrition) encompass unplanned and planned losses.

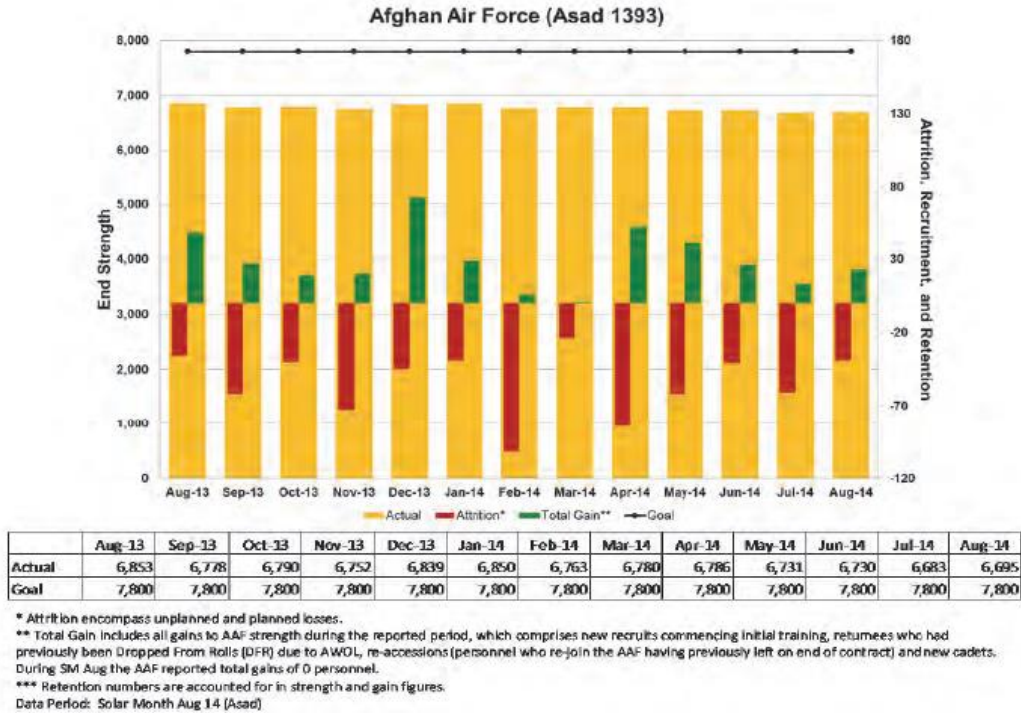
** Total Gain - this data includes all gains to ANA strength during the reported period. This includes new recruits to training, returned from the Dropped From Rolls (DFR) population, and re-contracts.

*** Retention numbers are accounted for in strength and gain figures.

Source: Department of Defense, p. 42, Progress Towards security and Stability in Afghanistan, October 2014, p. 42.

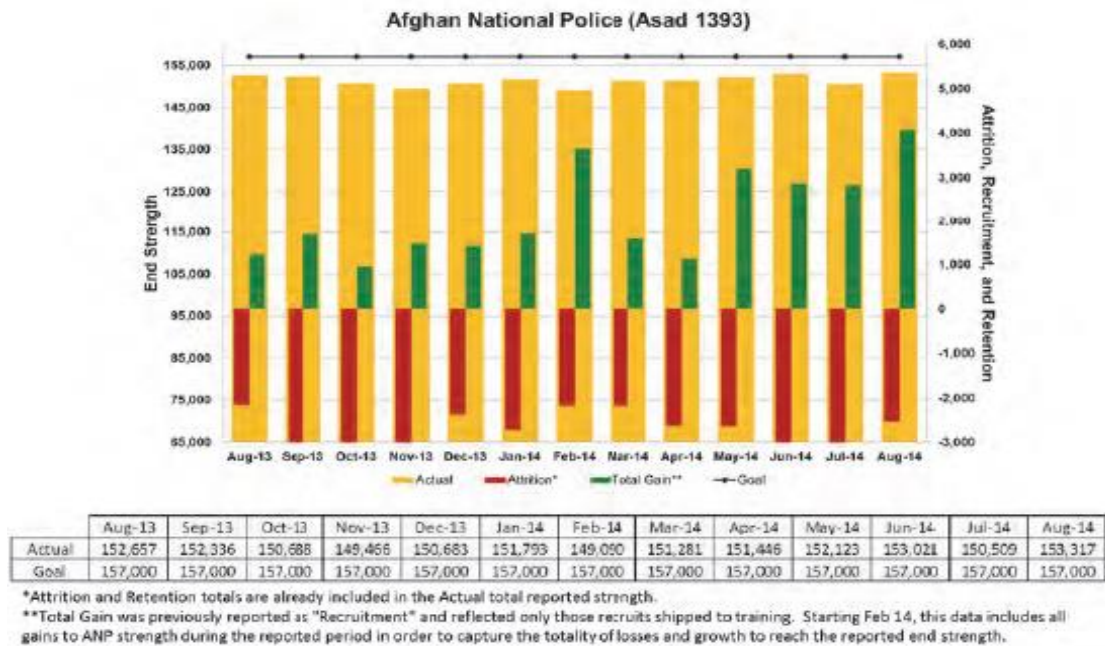
Figure 8: Erratic Efforts to Create Effective Afghan National Security Forces After 2011 – Part Four (Cont.)

High ANAF Attrition and turnover Rates are Also a Problem



Source: Department of Defense, p. 42, *Progress Towards security and Stability in Afghanistan*, October 2014, p. 48.

The Same is True of the Police, Which Have Extremely High Turnover



Source: Department of Defense, p. 42, *Progress Towards security and Stability in Afghanistan*, October 2014, p. 53.

The Threat and the Growing Security Challenge

It was increasingly clear during the 2013 and 2014, that the security challenges posed by the Taliban, the Haqqani Network, and the Hekmatyer Hezbi Islami continued to increase, and that the Afghan forces were having growing problems in dealing with these threats. Media reports, UN reporting, and reports from other sources made this clear – as did reports on the rising level of ANSF casualties -- although the US and ISAF engaged in a public relations effort to “spin” the war by avoiding bad news. A slow but steady decline took place in the public transparency of US and ISAF assessments of the military situation after 2011.

This decline accelerated when ISAF had to admit in 2013 that the favorable data it had published in 2001-2013 on the downward trends in enemy initiated attacks or EIAs were incorrect in claiming success and had to withdraw the data.⁴³ By this time, however, the US and ISAF had already begun to provide little or no details and metrics on the course of the fighting. The only meaningful unclassified summaries they provided focused on unexplained and undefined percentages of change in the tactical situation without any analysis of the growth of the insurgent threat by area, why the casualty data rose so sharply, and why casualties increased in some many areas.

These ISAF data are provided in **Figure 9**, and the last Department of Defense semi-annual report issued before the end of 2014 explained the trends as follows:⁴⁴

Security incidents are insurgent-initiated incidents, which include direct fire (DF) attacks, indirect fire (IDF) attacks, surface-to-air fires (SAFIRE), improvised explosive device and mine explosions, IEDs and mines that were found and cleared, as well as IEDs that prematurely detonated or were turned in to coalition or Afghan forces by the Afghan populace. Comparing April to August 2014 to the same period last year, nationwide security incidents fell by approximately 30 percent. By comparison, nationwide security incidents fell by 10 percent for the April to August 2013 period compared to the same time frame in 2012. These numbers also reflect a growing reliance on Afghan-provided data.

Enemy-initiated attacks (EIAs) are insurgent-initiated incidents against coalition and Afghan forces. Like security incidents, EIAs include DF, IDF, SAFIRE, and IED and mine explosions. EIAs exclude IEDs and mines that were found and cleared (including premature IED detonations and IED turn-ins). EIAs decreased by 27 percent from April 1 through August 31, 2014, as compared to the same period last year. This is an improvement from the decrease of four percent which occurred from 2012 to the same period in 2013, but may also reflect data reporting changes as noted previously

The majority of attacks comprised direct fire attacks and IED attacks. Insurgents continue to conduct high-profile and complex attacks against individuals, population centers, and remote outposts. The insurgency conducted more than ten high-profile attacks in Kabul District during this reporting period. Although the resulting media coverage has promoted local and international perceptions of insecurity, such attacks have not generated strategic momentum for the insurgency.

From April 1 through August 31, 2014, violence remained highly concentrated with 80 percent of nationwide EIAs occurring in regions where only 46 percent of the population lives (including Kabul District with approximately 13 percent of the population)

. Fifty percent of nationwide EIAs occurred where approximately 13 percent of the population lives. The ten most violent districts in Afghanistan account for approximately just over three percent of the population and 21 percent of the violence nationwide. Attacks against ISAF and ISAF-partnered units declined by approximately 60 percent year-over-year from April to August 2014, compared to the same period in 2013. The number of EIAs involving only the ANSF (and ALP) decreased 15

percent in 2014 from 2013. As displayed in Figure 4 the percentage of EIAs involving only ANSF units continued to rise, while those involving ISAF units fell.

The problems with these ISAF data and comments is that they ignore the fact that the insurgents could concentrate on taking territory and increasing their influence at the regional and local levels once they saw ISAF forces depart, did not have to challenge ANSF forces directly when they began to largely stay in their bases or the immediate area, and could simply wait out the withdrawal of US and allied forces.

The surge in Afghanistan did produce at least temporary gains in the more populated areas of Helmand and more important gains in securing Kandahar, but **Figure 9** shows that it had no meaningful overall impact on Afghan security.

Moreover, the data on overall combat trends and casualties in **Figure 10** present a very different story and one that tracks with independent media reporting. They show how ineffective the US “surge” in Afghanistan was on a national level and in comparison with a similar effort in Iraq.

Figure 9: The ISAF Data on Combat Trends in Recent 1230 Reports

April 1 – September 15, 2012 vs. April 1 – Sept 15, 2013.

Metric	EIAs	HPA	Direct Fire	IED Events	IED/Mine Explosions	Complex/ Coordinated Attack	IDF
% YoY Change	-6%	1%	-1%	-22%	-5%	5%	-18%

October 1, 2012 – March 13, 2013 vs. October 1, 2013 – March 13, 2014.

Metric	EIA	HPA	Direct Fire	IED Events	IED/Mine Explosions	Complex/ Coordinated Attack	IDF
% YoY Change	-2%	43%	5%	-24%	-11%	-8%	-15%

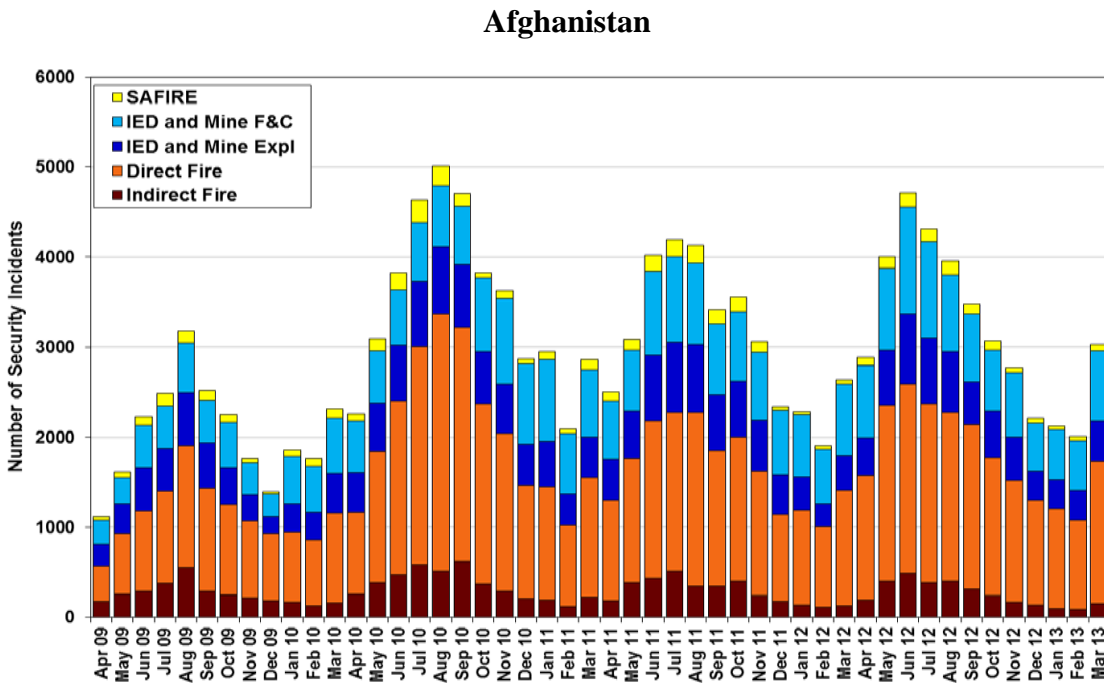
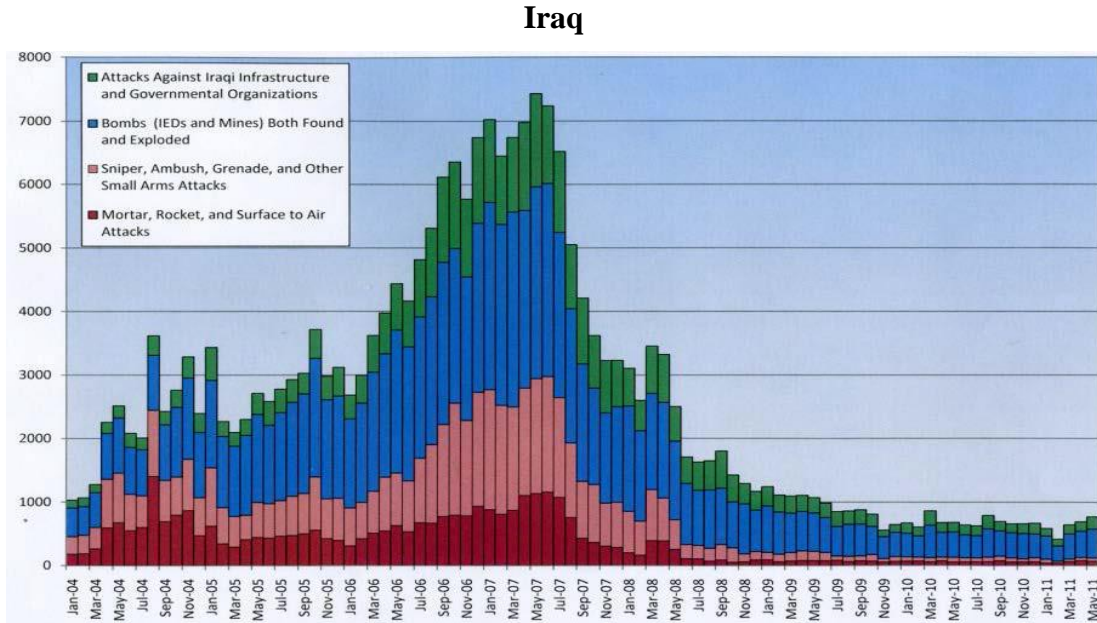
April 1, 2013 – August 31, 2014, compared to April 1 – August 31, 2014

Metric	Enemy Initiated Attacks	High Profile Attacks	Direct Fire	IED/ Mine Explosions	Complex/ Coordinated Attacks	Indirect Fire Attacks
Percentage Year Over Year Change	-27%	16%	-23%	-34%	-31%	-37%

Source: Department of Defense, *Report on Progress in Afghan Security and Stability*, October 2013, p. 17, April 2014, p. 11, October 2014, p. 15.

Figure 10: A Failed Surge in Afghanistan versus a Successful Surge in Iraq

The Surge in Iraq vs. the Surge in Afghanistan



Source: MNSTC-I and Department of Defense, Report on Progress Toward Security and Stability in Afghanistan, p. A-2.

The data from ISAF, US Department of Defense, and UN shown in **Figure 11** make it clear that casualties continued to rise, and violence spread steadily more widely in Afghanistan during 2010-2014. Similarly, State Department data show a massive rise in the level of terrorist incidents.

The UN casualty data in the first part of **Figure 11** also highlight the risks in relying on counts of tactical incidents without assessing their overall impact. Civilian deaths show a steady rise over time, and provide a clear measure of the intensity of a conflict. It is also obvious from the different trends in casualties by area that national totals can be highly misleading in showing the impact of an insurgency in given regions and the support insurgents receive. A drop in casualties does not necessarily mean the government is winning, it may well mean that insurgent influence has increased to the point where conflict has dropped accordingly.

Other UN data call the ISAF data in **Figure 9** into further question. SIGAR reports that the UN data show a steadily intensifying level of conflict, serious ANSF casualties, and different attack patterns:⁴⁵

Attrition continues to be a major challenge for the ANSF. Between September 2013 and August 2014, more than 36,000 ANA personnel were dropped from ANA rolls. Moreover, the ANA continues to suffer serious combat losses. Between March 2012 and August 2014, more than 2,850 ANA personnel were killed in action (KIA) and 14,600 were wounded in action (WIA)...For the ANP, attrition fell from 2.35% for the month of July to 1.68% in the month of August, the latest period for which SIGAR was provided data. Unlike the ANA, the ANP does not report on personnel present for duty, absent without leave, or killed or wounded in action. The ANP remains short of its goal to maintain less than 1.4% monthly attrition.

According to the UN Secretary-General, the conflict in Afghanistan continues to intensify. In his September 9 report to the UN Security Council, the Secretary-General said insurgent groups, international terrorists, and associated networks took advantage of the protracted electoral crisis and political uncertainty to mount major assaults around the country...the number of security incidents continued to increase, with this period reflecting the second-highest level of violence, after 2011, since the fall of the Taliban.

The majority of the security incidents once again occurred in the south, south-east, and east. The UN recorded 211 assassinations and 30 failed assassination attempts, an increase of 7.1% for both over the same period in 2013... Armed clashes (47.3%) and improvised explosive device (IED) events (29.1%) accounted for 76.4% of all security incidents....

The UN reported that some insurgents attempted not only to capture but also to hold territory through the use of "swarm attacks" consisting of several hundred attackers attempting to overwhelm district administrative centers and security checkpoints.

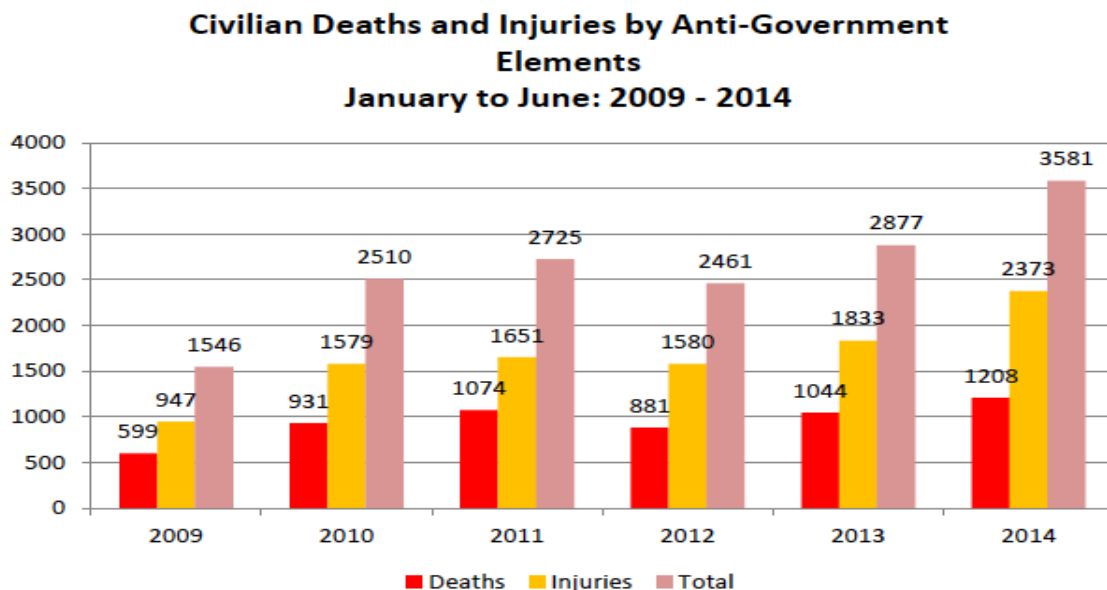
...Afghan and American commanders say the ANSF is holding well near main cities, but are being tested as more remote districts come under heavy attacks...Afghan interior minister Mohammad Omar Daudzai testified to the Afghan parliament that the past six months had been the deadliest of the 13-year-long conflict, with 1,368 ANP personnel killed and 2,370 wounded since the beginning of the current Afghan year. Police casualties have generally run at twice the level of Afghan Army casualties through much of the war

It is worth noting in this regard, that it was the US command in Iraq that had to correct its casualty data during the Iraq conflict from 2003-2011, and not the UN. As part Two of Figure 11 shows, UNAMA also issued an assessment of civilian deaths and casualties at the end of 2014 that did not break down the cause by whether it was insurgents, the government, ISAF, or unknown, but showed even sharper growth in casualties than the

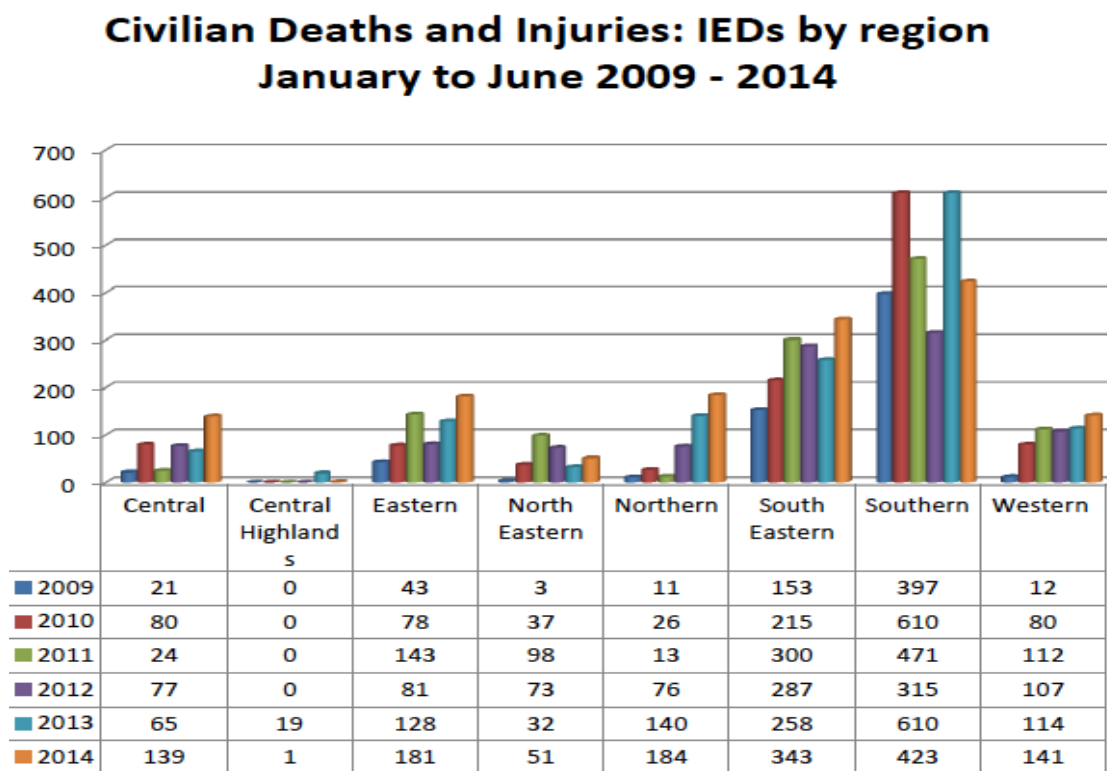
previous data. There is no clear way to assess the uncertainty in such data, but it seems likely that they understate the true level of casualties, many of which are not formally reported— particularly for wounded, and that it became harder to track the data in 2013 and 2014, as ISAF and ANSF forces came to play a less active role in the field.

Figure 11: Rising and Spreading Violence During 2011-2014 – Part One

Steady Rise in UN Estimate of Civilian Casualties in Inflicted by Taliban, Haqqani Network, and Other Insurgents



Steady Expansion in UN Estimate of Key Areas of Violence



Source: UNAMA/UNHCR, **Afghanistan Midyear Report on Protection of Civilians in Armed Conflict:2014**http://unama.unmissions.org/LinkClick.aspx?fileticket=m_XyrUQDKZg%3d&tabid=12254&mid=15756&language=en

US, July 20

**Figure 11: Rising and Spreading Violence During 2011-2014
– Part Two**

SIGAR Estimate on Pattern of Casualties in 2014

NUMBER OF SECURITY INCIDENTS			
Time Period	Number of Incidents	Number of Days	Average Number of Incidents per Day
November 16, 2013–February 15, 2014	4,649	92	50.5
March 1–May 31, 2014	5,864	92	63.7
June 1–August 15, 2014	5,456	76	71.8
Total	15,969	260	61.4

Source: UN Security Council, *The Situation in Afghanistan and its implications for international peace and security*, 9/9/2014, p. 6, 6/18/2014, p. 5, and 3/7/2014, p. 5.

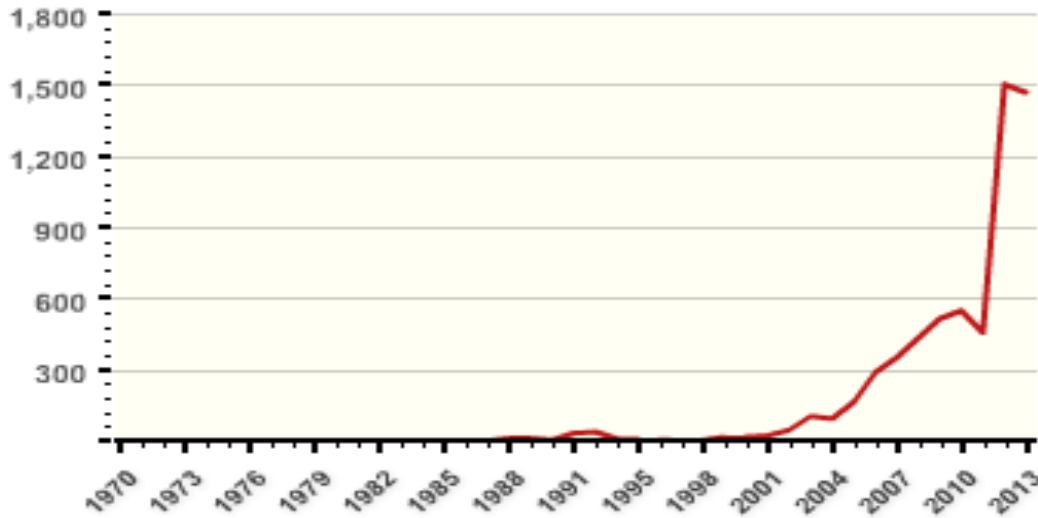
UNAMA Revised Estimate of Civilian Casualties at the End of 2014

Year	2009	2010	2011	2012	2013	2014	2009-2014
Civilian Injuries	3,586	4,343	4,507	4,805	5,656	6,429	-
% Change	-	21%	4%	7%	18%	14%	79%
Civilian Deaths	2,412	2,777	3,021	2,754	2,959	3,188	-
% Change	-	15%	9%	-8%	7%	8%	32%
Total Civilian Casualties	5,998	7,120	7,528	7,559	8,615	9,617	-
% Change	-	19%	6%	.4%	14%	12%	60%

Source: UNAMA as shown in *Washington Post*, January 1, 2015, p. A9

**Figure 11: Rising and Spreading Violence During 2011-2014
– Part Three**

Rise in State Department Data Base Estimate of Total Terrorist Incidents: Global Terrorism Database: Afghanistan – Incidents Over Time, 1970 – 2013



Source: US State Department, Country Reports on Terrorism, 2013, Statistical Annex, April 2014, <http://www.start.umd.edu/gtd/search/Results.aspx?search=afghanistan&sa.x=0&sa.y=0>

Asia Foundation Survey of Sympathy for Armed Opposition Groups Showed a Drop But still a Significant Regional Support



FIG. 2.15: Q-57. Thinking about the reasons why armed opposition groups have been fighting during the past year, in general, would you say that you have a lot of sympathy, a little sympathy, or no sympathy at all for these groups? (percentage who say "a lot" or "a little" sympathy)

61 Asia Foundation, Afghanistan in 2014, A Survey of the Afghan People, November 2014, pp. 46.

Mixed Data on Popular Support for the ANSF

It is also worth noting that the US data on the popularity of the ANSF differ from polls from other sources. The first part of **Figure 12** shows polling data that are generally reassuring in terms of popular support for the ANA, ANP, and central government relative to the Taliban – although ABC and other polls have shown a more negative trend over time.

The following data showing the results of an Asian Foundation poll asking who brings the most security to your area seems to reflect the fact that most of the Afghans polled have not been exposed to conflict that involved ANA forces. Most people do not see regular forces fight or operate near them and do see the police.

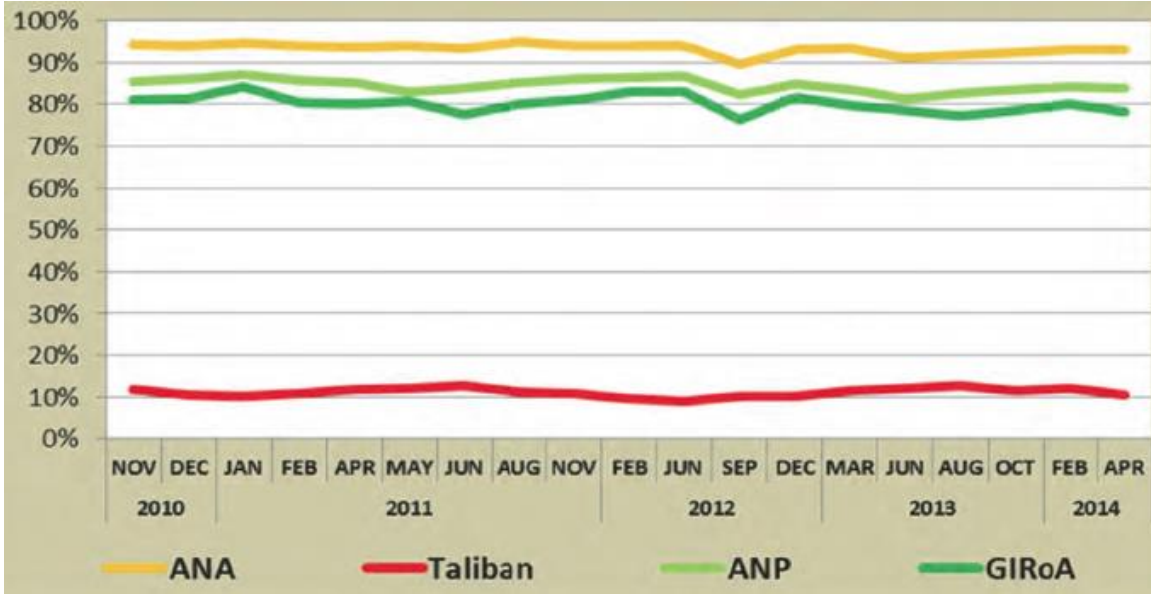
It is also interesting to note the contrast between these results and the data in the Asian Foundation poll in response to questions on which service is honest and fair and which does most to preserve security. The ANP gets better ratings than the ANA for honest and fair in spite of other polling data reflecting a high level of corruption, and the ANA gets a better rating for overall help security in spite of the much higher rating the ANP got for maintaining local security.

It is also interesting to note that the polling data on fear by activity show that Afghans are much less happy with both the ANA and ANP when they actually come into contact with them – although Afghans had a much greater fear of contact with ISAF. This is a warning that the future conduct and capability of Afghan forces will be a critical factor in shaping popular perceptions of the government and security forces, and in both Vietnam and Iraq, tension with the national security forces increased significantly after US advisors left and the level of local conflict increased.

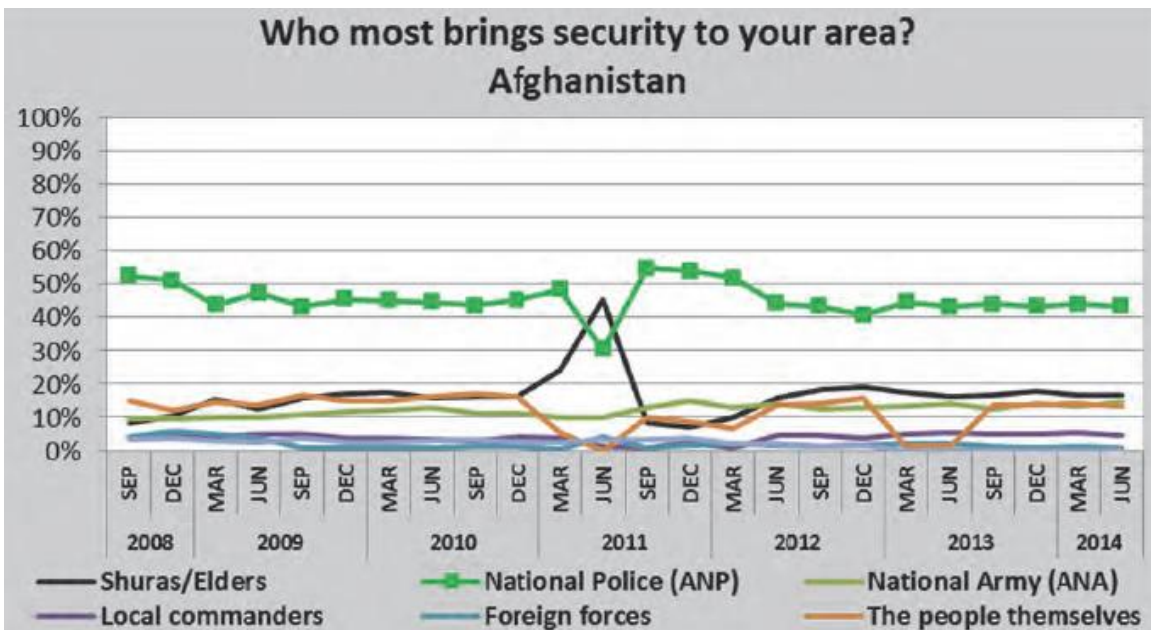
It is the final set of polling data in **Figure 12**, however, that may deserve the most attention. The results vary sharply by area – another warning about focusing on nationwide results when conflict and insurgent activity varies sharply by area. At the same time, the results reflect a consistent focus on material wellbeing and security, with little focus on the ANA and ANP per se -- as well as on governance outside the greater Kabul area. These attitudes again seem to be shaped by the fact most Afghans did not see a serious risk of the renewal of conflict in their areas. These results – along with support for the government – could become far more negative if the ANSF is not able to keep the fighting and other insurgent activity from spreading into populated areas in 2015, 2016, and beyond. This is a serious risk.

Figure 12: Comparative Polls on the Popularity of the ANSF – Part One

DoD Report Estimate of Percentage of Afghan Survey Respondents that have a *Very Favorable* or *Somewhat Favorable* View of the Afghan Government, Afghan Security Forces, and the Taliban



DoD Report Estimate of Percentage of Afghan Survey Respondent Answers to Question of “Who Most Brings Security to Your Area?”



Source: Department of Defense, *Report on Progress in Afghan Security and Stability*, October 2013, p. 17, April 2014, p. 11, October 2014, p. 26.

Figure 12: Comparative Polls on the Popularity of the ANSF – Part Two

Asian Foundation Survey of Popularity of the ANA and ANP

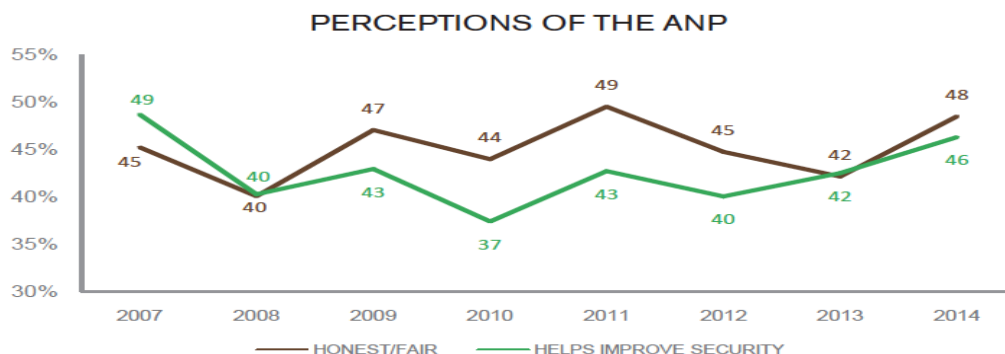


FIG. 2.10: Q-18A. Please tell me if you agree or disagree with each statement: a) The ANP is honest and fair with the Afghan people; b) The ANP helps improve security in Afghanistan. (percentage who “strongly agree”)

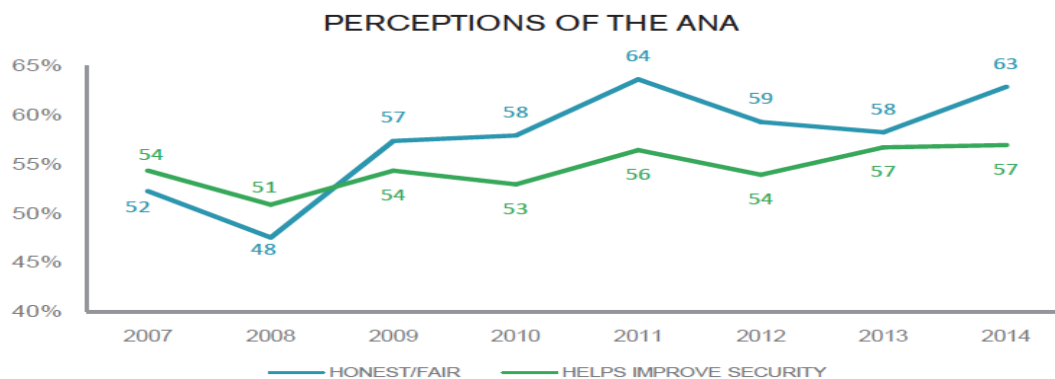


FIG. 2.11: Q-17A. Please tell me if you agree or disagree with each statement: a) The ANA is honest and fair with the Afghan people; b) The ANA helps improve security. (percentage who “strongly agree”)

LEVEL OF FEAR BY ACTIVITY

ACTIVITY	NO FEAR	SOME FEAR	A LOT OF FEAR	REFUSED	DON'T KNOW	TOTAL
	%	%	%	%	%	%
VOTING IN A NATIONAL / PROVINCIAL ELECTION	54	37	9	0	0	100
PARTICIPATING IN A PEACEFUL DEMONSTRATION	28	45	25	1	2	100
RUNNING FOR PUBLIC OFFICE	25	45	26	1	3	100
ENCOUNTERING ANP	54	33	12	0	1	100
ENCOUNTERING ANA	58	29	12	0	1	100
TRAVELING FROM ONE PART OF AFGHANISTAN TO ANOTHER PART OF THE COUNTRY	23	50	26	0	1	100
ENCOUNTERING INTERNATIONAL FORCES	22	44	32	0	1	100

FIG. 2.3: Q-31. I will read you a list of different activities that you could participate in. Please, tell me whether you would participate in the following activities with no fear, some fear, or a lot of fear?

*Figure 12: Comparative Polls on the Popularity of the ANSF
– Part Three*

Asia Foundation Estimate of relative Popularity by Region

REASONS FOR RIGHT DIRECTION: BY REGION

	CENTRAL / KABUL	EAST	SOUTH EAST	SOUTH WEST	WEST	NORTH EAST	CENTRAL / HAZARAJAT	NORTH WEST
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
RECONSTRUCTION / REBUILDING	40	34	28	29	24	44	30	44
GOOD SECURITY	36	28	22	36	24	35	52	39
IMPROVEMENT IN EDUCATION SYSTEM	18	12	18	20	10	13	20	11
DON'T KNOW	17	5	9	10	13	9	32	10
HAVING ACTIVE ANA AND ANP	5	16	19	15	10	8	1	9
ECONOMIC REVIVAL	10	10	7	12	10	7	6	5
DEMOCRACY / ELECTIONS	14	7	10	5	8	8	4	7
PRESIDENTIAL ELECTIONS	7	14	15	5	7	7	4	5
SCHOOLS FOR GIRLS HAVE OPENED	8	6	10	9	11	7	2	4

FIG. 1.4: Q-2A/B. (Ask if answered "1 - Right direction" to Q-1) What are two reasons that Afghanistan is going in the right direction? (Q-2A and Q-2B responses combined)

Asia Foundation, *Afghanistan in 2014, A Survey of the Afghan People*, November 2014, p. 19

No Public ANSF Development Plans and Steadily Fewer Data on Effectiveness

It is hard to assess just how serious the mix of limitation in the ANSF and the lack of credible data on the intensity of the threat really are. Unclassified ISAF and Department of Defense reporting has only hinted at how they intend to carry out the detailed aspects of the “train and assist” mission in Afghanistan after the end of 2014, what their assessment is of the probable combat situation, how the steadily declining advisory effort will work, how Afghan forces will be reshaped and funded, and how the ISAF command will change.

ISAF and the US have cut back sharply on public reporting on the weaknesses in Afghan forces that have been addressed in past US Department of Defense semiannual “1230” reports. In fact, the last such report before the end of 2014 – the October 2014 edition of the DOD *Report on Progress Toward Security and Stability in Afghanistan* – classified all of the past detail on progress in the readiness of Afghan army units, and ceases to provide metrics on the Ministry of Defense, and Ministry of Interior – although it did reveal continuing critical problems with attrition in the Afghan Army and ANP – a cutback in reporting criticized by the Special Inspector General for Afghan Reconstruction (SIGAR) in its quarterly report for the same period.⁴⁶

The October 2014 report indicated that the police would be reorganized without providing details, made the same report on the Afghan Local Police (ALP) and left the status of the Afghan Public Protection Force (APPF) in near limbo. It did not provide any clear plan for future budgets and aid for the security services, or attempt to provide any clear link between plans for the security forces and plans for the civil sector.⁴⁷

What is clear is that Afghanistan faces major security challenges even with outside aid. While ISAF and the US Department of Defense have eliminated almost all reporting on the trends in combat, other sources show that the military situation in Afghanistan continued to deteriorate during 2013 and 2014 and the Afghan security forces face major challenges even if the country preserves political unity.

Many of the unclassified data that are available are too complex to do more than touch upon in this report, but the Burke Chair has prepared a series of separate reports showing trends in both the combat situation and the problems in the Afghan National Security Forces (ANSF):

- *Afghan Forces on the Edge of Transition– I: Introduction, US Policy, and Cuts in US Forces and Spending*, available on the CSIS web site at http://csis.org/files/publication/141118_I_Security_Transition_in_Afghanistan_17_NOV_2014_0.pdf
- *Afghan Forces on the Edge of Transition – II: Sharply Contradictory Data on Levels of Violence*, which is available on the CSIS web site at http://csis.org/files/publication/141216Security_Transition_in_Afghanistan_II_2.pdf.
- *Afghan Forces on the Edge of Transition– III: Measuring the Transition from ISAF to ANSF*, available on the CSIS web site at http://csis.org/files/publication/141118_III_Security_Transition_in_Afghanistan_17_NOV_2014_0.pdf
- *Afghan Forces on the Edge of Transition– IV: Progress in Afghan Force Development*, available on the CSIS web site at

http://csis.org/files/publication/141118_IV_Security_Transition_in_Afghanistan_17_NOV_2014_0.pdf

Too Few Are Not Enough

What is clear is that the Transition has been rushed, there has been little or no recent progress towards security and stability, setting fixed deadlines for withdrawal has made the challenges to the ANSF more serious. These challenges also help explain why some key US commanders had recommended before the President spoke that the US leave some 16,000 troops after 2014, be ready to provide air support, and stay at conditions-based levels until Afghanistan was secure. The President, however, chose the absolute minimum (or substantially less). The initial total was cut to 9,500-9,800 and assumed that significant additional manning from German and Italian cadres would be in place and add to the US total.

Getting to 9,800 by the end of 2014 meant the advisory and support effort had to be largely eliminated at the Kandak and small combat unit level during the course of US force withdrawal from the field. Keeping only 9,800 troops at the start of 2015 also meant there would not be enough US forces to provide effective advisory efforts for every Afghan corps at the start of the year and that coverage of any given corps would have to drop steadily during 2015 and be minimal or eliminated during the course of 2016.

The President's May 2014 decisions also limited the number of enablers and the size of intelligence support to levels significantly below what senior military commanders had initially advised. They meant that the US would have to concentrate many of the remaining 4,800 to 5,500 personnel at Baghram by the end of 2015, and there would only be a few hundred advisors in an Office of Military Cooperation in the US Embassy in Kabul after the end of 2016.⁴⁸ They also meant the US and ISAF would only token air assets and no real land combat capability to deal with the 2015 campaign season, and that the cuts to come during 2015 and would have virtually no capability in 2016.

These totals did not include a small US counterterrorism force that the US said would be deployed but did not describe for security reasons. The US, however, indicated that it would make major cuts in its intelligence effort. Press sources also reported that similar cuts were also taking place in the US military counterterrorism force and CIA and civilian intelligence. The CIA was to go from the largest CIA station in the world, with a staff approaching 1,000 to one below 200, and virtually eliminate its drone strike capability – which had already dropped from a peak of around 122 in 2010 to 72 in 2011, 48 in 2012, 28 in 2013, and only seven through mid-September 2014. It was far from clear that the US would either have a meaningful counterterrorism capability to operate in either Afghanistan or Pakistan after mid-2015, or the ability to support Afghan army and police forces with the technical intelligence they would desperately need at the Corps level and in the field.

⁴⁹

The timing of these decisions also effectively deprived the next President of any real options. It would be extremely difficult for the new President to reverse course once US forces had gone and impossible if the ANSF had already suffered major defeats.

Focusing on Force Generation rather than Combat Capability

Limiting size and duration of the US effort has also ignored the same critical difference between apparent success in force generation and actual success in creating combat capability. As the US should have learned in Vietnam and Iraq the ability to rapidly train and equip new combat units has never meant such newly generated units will be effective in combat, and providing mentors and trainers to these forces when they do go into combat is a critical stage in giving new forces real capability.

No matter how good the trainers and advisors who generate new forces are – and the US and other advisors in NTM-A have been pushed into creating key elements of Afghan forces nearly two years ahead of the original schedule-- it takes time to create combat leaders, make new units functional in combat, and provide combat support, service support, and logistics support on a sustained basis.

The US experience in Vietnam and Iraq is also warning as to just how dangerous it can be to take an optimistic view of force development, and focus on the ratings given by trainers and “force generators,” and combat experience before a force actually has to stand on its own over an extended period of time. Moreover, the history of far too many recent major US military advisory efforts has been history of imposing a US approach to generating military forces on countries which lack the experience and resources to do things the US way once US forces and advisors leave.

In both Vietnam and Iraq, a rapid US departure showed each host country force needed several more years of outside support for entire “transformed” allied military structure to become an effective war fighting machine, in addition to a host of problems in coordinating, as well as the problems in sustaining combat operations. The problems in generating new forces have also been compounded by the problems in staffing new units with officers and NCOs that can make their way through the formal training process, but cannot make the transition to combat leader – particularly in a country where promotion is often political and affected by high levels of corruption and divided and uncertain civil government.

Developing forces need combat advisors to be deployed with their forward elements for at least several years to help them acquire the leadership skills, ability to operate complex systems and tactics in combat, coordinate effectively, and advise when combat leaders need to be replaced or retrained. The fact Afghans often are excellent fighters does not make them excellent warfighters.

The ISAF Command View in Late 2014

The US military has largely accepted the President’s decision. Senior US officers and the ISAF command did not publically challenge the President’s deadline and plans to cut and eliminate most of the remaining US and allied troop presence during 2015-2016-- although some key officers and former commanders did privately make it clear that their views were different.

Recent statements by top commanders do, however, provide additional insight as to the challenges the ANSF face even when these statements accept the coming deadlines and lack of conditions-based caveats to executing them according to schedule. General Joseph Dunford transferred command of ISAF to General John Campbell on August 26, 2014, and

General Campbell gave a broad endorsement to the Presidents plans in a press conference on October 2nd.

It was an endorsement that said little about future plans for the Afghan forces, future funding, the limits to the US and allied advisory presence, and how the coming drawdown in the advisory effort would work. Nevertheless, General Campbell's comments provided the first really substantive public statement about the Transition and drawdown plans that either the US or ISAF had issued in months.⁵⁰

If I had one word to tell you what I've seen so far in the six weeks, it's transition, transition, transition. And that is transition from ISAF to the mission of resolute support. It's the political transition with a new president, the BSA signing the SOFA signing, and this really complete political transition.

We're currently with about 40,000 troops on the ground, just less than 40,000. We're moving to 12.5 by the end of this year. That's NATO forces and the United States. The number for the United States, you know, was 9,800. We continue to go there.

We're on a very good glide path to make that by the end of December, and I think that the BSA and the SOFA really has boosted the confidence of the Afghan people and -- also our coalition partners provide the necessary forces for the Resolute Support Mission. I've seen huge difference just in the attitude since the last week since the BSA and the SOFA and the inauguration came this week.

I had the opportunity to be there at the inauguration with Ambassador Cunningham. And really, the two things that struck me immediately from President Ghani that I did not see prior to that date was: one, the appreciation for the coalition forces; and number two: the appreciation for the ANSF. And President Ghani has embraced the Afghan security forces, the police and the army, that made an immediate impact on them and their morale. And again, I think that's going to be a great window of opportunity for Afghanistan as we move forward.

I do look forward to continuing to work with the NATO forces as we move toward this resolution support set. It's a fundamentally different mission, as we really work at train, advise, and assist at the corps level, and we'll be on four of the six corps, and then really at the ministerial level. And that's different from when I was here last time, when we were all the way down to kandak level.

...But I've been focusing on the security institutions, the ministry of interior, the ministry of defense, the national security adviser, NDS, and then working with both President Ghani and the CEO, Mr. Abdullah, so that's been my focus here the first six weeks.

I do think there's going to be some challenges as we move forward, working through the national unity government. I look forward to working with both President Ghani and Mr. Abdullah on that. And, again, I will take any questions on that as we go forward.

...We continue to have great success on the ground in many areas, and I think a lot of that has been taken away from the news through the last several weeks with Iraq and Syria, and I really do want to emphasize that you have men and women out there that continue to be in harm's way, that do great things for all of our countries, working with the Afghan security forces, and I'm proud to be part of that.

... we're absolutely on glide path right now. We've been on a glide path to get to the resolute support set, probably by the 1st of November, and we're on that glide path and we're actually -- in some places, we're ahead of schedule, so I really have no concerns on the retrograde piece. There's been a lot of very hard work done by all the units here.... We've gone from -- when I was here last time, about 300 COPs [combat outpost] and FOBs [forward operating base]. We're just a little under 30 at this point in time. And so, I feel very confident that we have a good glide slope and we'll make the resolute support set by the end of December.

When General Campbell was asked, "do you believe that 9,800 is enough troops for Afghanistan? And can you tell us what their new mission will be?" he focused on recent

reports of problems in the Afghan forces, rather than the adequacy of the planned advisory effort during 2015 and 2016:

Afghanistan is fundamentally different than Iraq, in almost -- you can't compare those two. We now have a great window of opportunity after signing the BSA and the SOFA where the entire country of Afghanistan wants the coalition, not just the United States, but over probably 38, 39 countries, once we hit resolute support. You got to remember, we've had over 50 countries tied into this ISAF mission in the last 13 years. I don't think -- that's unprecedented. I don't think we've ever had that many -- that many countries stick together in a time of conflict.

So this is fundamentally different where we're at. And, again, President Ghani, by signing the BSA, by signing the SOFA, has said they are a sovereign country but they do continue to want the assistance that the coalition provides. And I think we're in a different place than we were with Iraq...The military here, the Afghan security forces, completely different than when I left Iraq, and they're completely different than when I was here just a couple of years ago. They've taken on the security mission from last June of '13. They had it mostly entirely by themselves for the summer of '14. I think they've done very well, supporting both the elections and through some of the major events.

The last couple of weeks, there has been an uptick with the Taliban trying to make a statement as they close out the fighting season...What you may be getting in the -- in the media, probably in the Western part of Ghazni in a place called Ajristan, where you heard about potential beheadings, 250 houses burning, 150 people killed, that's absolutely false....And we've worked very hard with the Afghans to make sure they get that message out to show that the -- the Afghan security forces can hold the terrain. There's nowhere that we have Afghan security forces that the Taliban can get the terrain and hold the terrain.

The Taliban may take over a district center or something, but only temporarily. Once the ANSF understand that piece of it, they go after that, they get the terrain back. So I'm very confident in their abilities.

They do have some shortfalls that we'll continue to work on, and that's what part of resolute support is. We'll work very hard on their aviation, on their intelligence, on their sustainment, those things that are very, very hard for any army, especially hard here in Afghanistan. We'll continue to work with them on that...We have at least two years here to continue to build on the security for the Afghan people, to continue to work with the ministries, the MOI and MOD.

You mentioned 9,800. That's just the U.S. contribution. We'll be at about 12.5, 12.7 with the NATO contribution. And we will have forces in the north, in the west, in the east, and in the south, and then in Kabul center.

So we're going to really a spoke and hub, and come 1 January, in the east, we'll have forces in Jalalabad, in Gamberi, in Bagram. In the north, they'll be in Mazar-e-Sharif, in the west, they'll be in Herat, and in the south, they'll be in Kandahar....We'll be covered down on four of the six corps, and two of the corps will continue to advise, but just less frequently than we can the other four corps.

...we're not out on patrol with the Afghans; they've taken over the fight. We're focused on the systems and processes that they have at the corps level. We're no longer with the brigades. We're no longer with the Kandaks.

Again, I said earlier in the opening statement in a place called Ajristan, which is western part of Ghazni, very remote area, that was part of our RC-East, continues to be part of our RC-East. I had issues when I was here -- a very remote location. For about the past week, there's been an uptick in activity out there, but nothing near like what the local media has provided here.

The district governor, the provincial governor, the district police, the provincial police made some phone calls back into the capital. They made phone calls to the press. They were exaggerated. We've had both our special operating forces that are partnered with the Afghan special operating forces, which are probably the very best in this part of the world, have been down in the Ajristan area for about the last four days. All of the reports that I get back show probably six Afghan military killed,

maybe 12 civilians. That was as of yesterday was the last update. I was out of the net most of today down in RC-South.

But again, there's no terrain down there in Ajristan that the Afghans do not control. And there are some very exaggerated reports. I very -- feel very confident that Ajristan, western part of Ghazni is not an issue.

And Helmand, for the last several week, there's been an uptick in the last four or five days. There's been a pretty substantial fight. And again, both the commandos, the 215th Corps and the police, I think you'll see in the next day or two with the Afghans coming out and reporting the success that they've had there.

The problem we've had in the past is we've encouraged the Afghans to go ahead and report this to show the success that they have. And quite candidly, they've been afraid to do that. And they've been inhibited in some places to -- to tell some of the good news stories. But I think, again, under President Ghani and Mr. Abdullah, you will see the police, the army, senior leadership, come out and speak with the media more and show you the great success that they're having.

There are casualties on both sides, but I think here in the next 24 to 48 hours, what you'll see in Helmand is that the Taliban do not own any of the ground that they've tried to get, and that they'll end the fighting season '14 here very discouraged, and that their leadership continues not even to be in Afghanistan and that their morale of the Taliban continues to be low.

They have, quite frankly, won the information war because I think -- all of you back there -- Taliban have made success, and they haven't. And so, we have not done a good job in telling that story. But I'm here to tell you in the six weeks I've been on the ground, I've been very, very confident of what the Afghan security forces can do. We'll continue to provide ISR close air support. Some of those things that we will build up their capabilities, but we're not there yet. And that's why we'll continue to do the train, advise, assist as part of resolute support in both '15 and into '16.

When General Campbell did address the problems in the ANSF, he did little describe the scale of current challenges or how they would be met:

The gaps and seams that were identified early on, aviation, close air support, intelligence, logistics, how to sustain their force are the processes that we continue to work on.

We've developed eight essential functions as we move into resolute support that will continue to work with the Afghan forces. Those include the joint fires piece. It includes working with their force generation. ... And again, I'm very confident that the Afghan forces have the capability to withstand the fight internally inside here in Afghanistan. They're very confident as well.

But quite candidly, the last couple years, there's been some impediments to them, based on maybe some political decisions within their own country that prevented them from even going further... And now, with a new administration in, with President Ghani, who has embraced the military here, that will probably change some of the directives that were out there that may have inhibited the military. I believe that they'll continue to grow... The Afghan military is the most respected institution in Afghanistan. Every poll taken in the last two years, they're at the very, very top.

And again, I feel confident that there're some areas and challenges that we'll have to continue to work on, but there is no place that once the Taliban or any other insurgents take over, that the Afghan military can't take that back from them.

And the places that the Taliban and the insurgents are going after are going after are very remote locations where we don't have a lot of police, we don't have a lot of army, and they're trying to make these very high-profile attacks, spectacular attacks. And once we have the security forces in those areas, then the Taliban are quickly defeated.

Will we be in a position to provide air support, medevac to the Afghans in '15? The number of platforms that we have, the amount of ISR, the amount of CAS, the amount of medevac we'll have

will be greatly diminished from what we have today, in proportion to where we're going with the 12.5.

We continue to work through the Afghans what we will be able to provide and what we won't be able to provide to the Afghans starting on 1 January. And I have to have that discussion both with President Ghani, Mr. Abdullah. And I have to have that discussion with General Austin out of CENTCOM and General Breedlove, SACEUR.

General Campbell did note how uncertain the structure of the new government was and some of the issues in creating effective Ministries of Defense and the Interior,

... And we are working very hard with both the ministry of interior, the ministry of defense to strengthen the controls as we move into 2015 on how we leverage the funding....I just brought in Minister Atmar. He's the new national security adviser. I had Major Kevin Wendell in probably two days ago brief him on a change in business and how we will tighten those controls to give us better accountability and oversight of how we use the money.

I'll just -- in fact, I wrote down a couple of bullets here on the reporting requirements, new procedures to really minimize expenditure of the budget codes. There's a mandatory use of the electronic payroll system and the monthly reconciliation of the payroll submissions. There's a greater emphasis now on linking the payments to contracts. There's a simple thing like we're going to pay them in Afghanis as opposed to dollars.

There is a new piece on contract transition and how we work that. We brought, again, the national security adviser in to give him a little bit of oversight on that. We're working now probably starting next week as we work through these commitment letters that I sign, and personally talk to the MOI and the MOD to make sure they understand how we will tighten up those controls.

And quite frankly, from Mr. Atmar, he was very appreciative of the increased scrutiny that we'll put on any oversight that we'll have both over the MOI and MOD. President Ghani has stressed many, many times about the issues of corruption. And we want to make sure that we continue to fall in line with that, learn from what we've done in the past, work with the SIGAR, work with both the MOI and MOD, and have a little bit better ability to see that.

Now, we're not going to be out in numbers that we were in the past, so we won't have the touch points out in the brigades, kandaks. We'll continue to have that at the corps, and we're actually increasing the numbers that we've ever had in the ministries. And because of that, I think that will really help us in really the central function number one which is plan, program, budget and execution -- really, the PPBE system which is, you know, really hard for U.S. to understand as well. But I think we've been working that very well with the Afghans.

We are trying to do something else that will help us, and that's really build up the civilian positions inside both ministries. The MOI is a little bit better than the MOD at this point, but to bring in young people that really understand the programming, the budgeting, and that execution, and to bring in that young talent as civilians so they continue to grow and have continuity.

The MOI has embraced that. I've had discussions with the MOD. I believe they will embrace it as well. And I think that also will help us with our transparency and the accountability oversight.

... And, again, I'm very comfortable at this point in time with the plan and the ramp of the drawdown and, quite frankly, the organization that's set up to leverage the folks that we'll have here, getting the right people with the right skill sets at the right level in the ministries. And, again, I feel comfortable that we're on the right -- the right path to do that.

I have to measure it in risk to the force and risk to the mission. And, again, some of that will change based on the new administration. Some of the policies that the new president puts out will -- will come into my mind as I take a holistic look on how to evaluate some of the gaps and seams that we identified and the goals and objectives that we wanted to get at in resolute support.

I think it's really, really early right now for me to be able to do that, because, again, we're just starting this political transition and we haven't even started resolute support yet. I think I have the ability to

make those recommendations to the chain on command at the appropriate time, but right now, it's really way too early.

We're going to still try to figure out who the new governors are, who the new MOI or MOD, if they switched out, who within those ministries. So we've got to try to work toward that continuity and continue to work that base.

But, really, the advisers that we have, that's our new weapon system. And those are the folks that will be out there, engaged at the right levels to really work on the gaps and seams that we identified probably a year and a half ago with our Afghan partners here.

And I feel very confident that we have a good plan, but as any commander on the ground, you know, I reserve the right to be able to take a look at the risk to the force, risk to the mission, and then provide my assessments to my chain of command as we move forward.

He addressed the issue of rising Afghan casualties as follows

...there has been an uptick in the number of casualties that the Afghan security forces have taken. But that was expected because they're in the lead...There's much greater percentage rate on the police because that's really the first line of defense. The police are not trained. They're not equipped the same level that the Afghan army and the special operating forces are equipped. So they've probably taken the brunt of those casualties.

Helmand, again, for the last six weeks has been a pretty good fight, but I think, again in the next 48 hours you'll see reports from the Afghans that show that they've done very, very well there.

But the number of casualties for the Afghan security forces for the summer of '14 is just slightly higher, actually, than '13. But the last month or so, that percentage has gone up to kind of get it to where it was in '13. But that's because they've been in the lead almost completely this summer, more so than they were last year.

...I think the overall average of casualties, and this is probably both wounded and killed, is slightly higher, not very much higher, than the summer of '13. The last month or so it's spiked to reach that level, otherwise it would have probably been lower than '13....The number that's been floating around out there, and, again, sometimes hard to measure based on working through our Afghan systems, for overall casualties, this includes both wounded and killed, is in the neighborhood of 7,000 to 9,000 for '14. And, from '13, I think it's about the same number....So again, not -- not much higher than '13, in fact, the big spike here in the last couple weeks, because of the fighting done in Helmand and a little bit down in Ajristan.

When it came to the Afghan Air Force, a force that was originally only supposed to reach something approach full operational status in 2016, General Campbell limited his comments to the Mi-17,

... There's about 84 or so Mi-17s here in Afghanistan. The requirement's about 87, so we have three to go....We continue to work both with the Afghan air force and the special mission wing, which supports the special operating forces.

I had an opportunity to go on a flight line here a couple weeks ago and sit down both with the air force and then with the special operating -- or the special mission wing.

The capability that the special mission wing -- just think the comparison between -- that's their Task Force 160 -- and the ability they have to take Afghan soldiers, to fly very low and put them on an LZ to provide resupply is pretty incredible...And I think that they've been a force multiplier for the special operating forces. And for the conventional forces, the army and the police, they've been mostly moving forces and then providing resupply.

And I think that capability continues to build confidence in the Afghan security forces, in the Afghan people, but I've been really, really impressed....And they also have an ISR capability with an aircraft that provides them full motion video that they work with the special operating forces, and they've used that quite extensively in the last couple of days in Helmand.

...So the Mi-17s are a -- General Dunford used the word many, many months, a "game changer," and I absolutely believe that as well, that they provide them a capability that gives them confidence, boots their confidence to continue to -- continue to fight.

The Question of Size and Cost

As the previous chapter has shown, all the factors affecting the development of ANSF, and its ability to meet threat have to be put in the perspective of what Afghanistan can afford and can sustain over time. The subject of Afghan funding capability and what future levels of aid are credible has been debated since the first efforts to create Afghan forces, and "affordability" was one of the reasons the US and ISAF were slow to push the development of the ANSF during 2002-2006.

None of these issues have diminished with time. Earlier plans to reorganize and cut the ANSF at some point after Transition seem to have been abandoned or delayed, or simply left in limbo. There is no public future development plan for any element of the ANSF, and has been shown earlier, many aspects of force development are awaiting decisions by a new government that did not yet exist at the end of 2014.

Somewhat arbitrary total cost figures of \$4.1 billion to \$5.1 billion a year have been quoted in various reports, but there are far too few details about how such totals have been developed, or how the funds involved will be allocated, to given any such totals much credibility. Asserting the same total repeatedly without explanation does not make it more credible.

- **Figure 13** shows the patterns in US security assistance to Afghanistan through 2014. The total US funding reached \$65.56 billion or % of a total of \$104.08 billion in US aid. The security aid had five elements: Afghan Security forces Fund (ASSF), Commander's Emergency Relief Fund (CERP), Afghan Infrastructure Fund (AIF), Task Force for Business and Stability Operations (TFBSO) and DoD Counter-Narcotics (DoD CN). The ASSF and AIF were the key elements actually building and supporting afghan forces and totaled \$58.37 through 2014.⁵¹
- **Figure 13** shows that the security aid for FY2014 totaled \$5.34 billion and the request from FY2015 was \$4.277 billion. Security aid had dropped sharply during FY2011 to FY2013, but had become more level in FY2014 and FY2015.
- **Figure 13** also shows US estimate of the Afghan budget cost of the ANA and ANP. It is far from clear how these costs are derived, since they are only a tiny fraction of the total Afghan security budget, total past US aid, and the much larger \$4.1 to \$5.1 billion total often being estimated for the total Afghan budget and grant aid costs of the ANSF
- **Figure 14** provides a World Bank estimate that highlights the problem in terms of Afghan budget expenditures on security. It should be stressed, however, that the costs included do not equal the estimates of US and ISAF experts, and that the rises shown in these costs illustrate the fact that much will depend on the future intensity of combat. It is equally clear that no one can predict the level of outside imports and support that will be required until the ANSF stand fully on their own – a process that is not currently scheduled to be complete until the end of 2016.

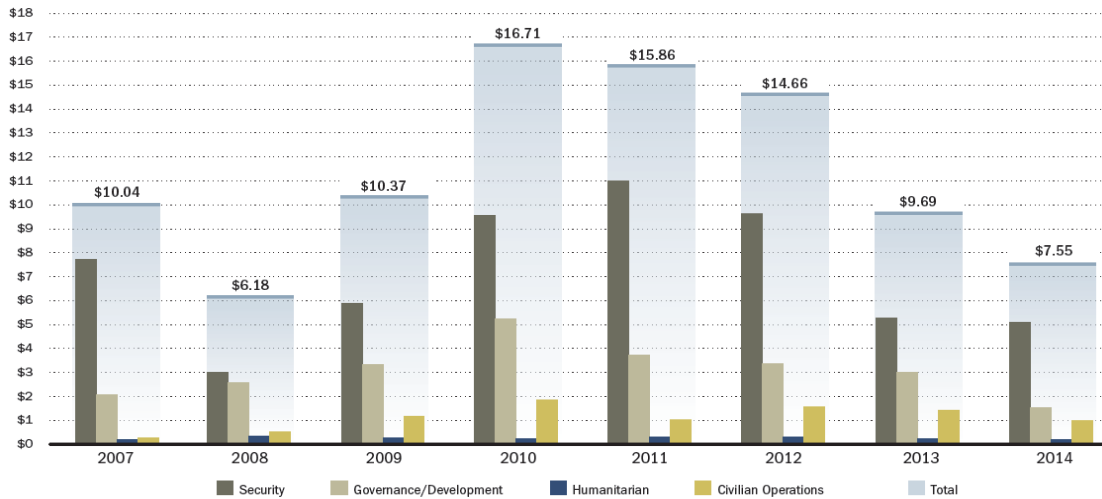
The end result is a fiscal mess with no clear plan for the future, uncertain sustainability, and massive dependence on outside US aid.

Figure 13: US Grant Aid to Afghan Security Forces Versus US Estimate of On Budget Costs of ANA and ANP

US Annual Aid Expenditures on Afghan Security Forces

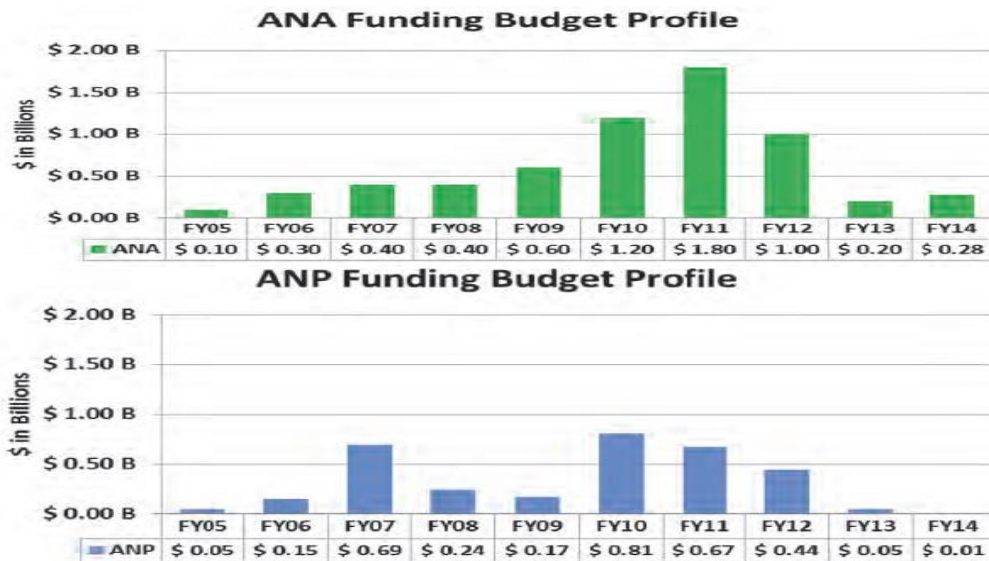
FY 2014 APPROPRIATIONS COMPARED TO THE FY 2015 BUDGET REQUEST (\$ MILLIONS)		
	FY 2014	FY 2015 Req
ASFF	\$4,726	\$4,109
CERP	30	15
AIF	199	0
TFBSO	64	5
DOD CN	321	148
ESF	852	1,225
INCLE	225	325
TOTAL	\$6,417	\$5,827

ASFF: Afghanistan Security Forces Fund
CERP: Commander's Emergency Response Program
AIF: Afghanistan Infrastructure Fund
TFBSO: Task Force for Business and Stability Operations



SIGAR, *Quarterly Report to Congress*, October 30, 2014, <http://www.sigar.mil/pdf/quarterlyreports/2014-10-30qr.pdf>, p. 71

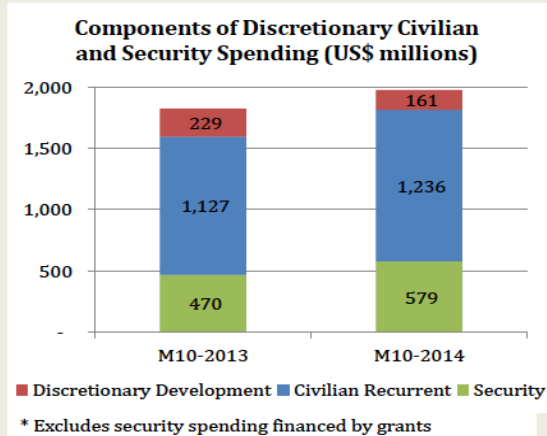
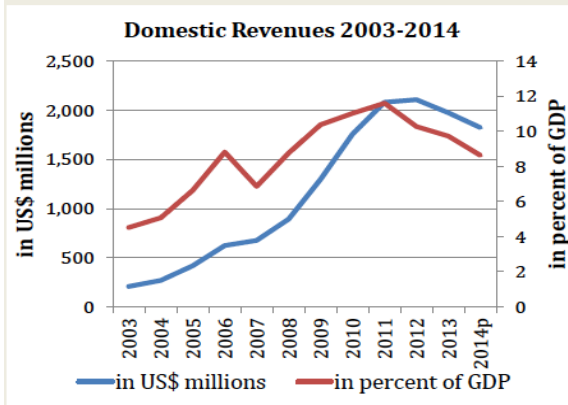
US Department of Defense estimate of ANA and ANP Afghan Budget Funding Profile



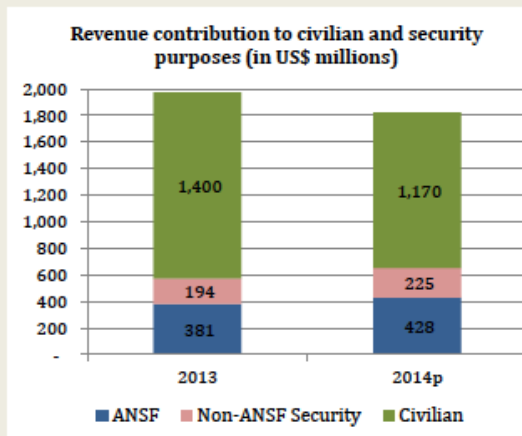
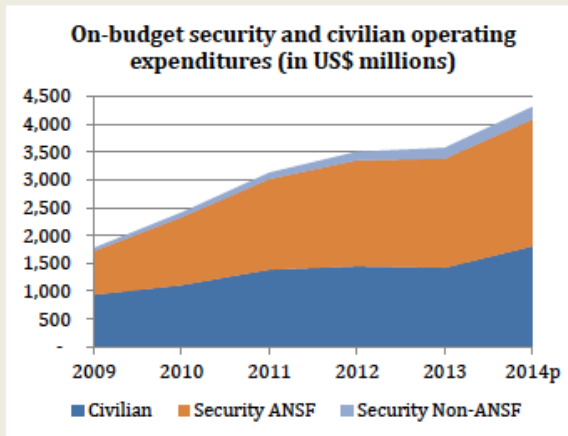
Source: Department of Defense, *Report on Progress Toward Security and Stability in Afghanistan*, October 30, 2014, pp. 61-62.

Figure 14: Uncertain World Bank Estimates of the Budget Impact of the ANSF (Less Foreign Grants)

- Revenues projected at 8.7% of GDP in 2014, down from 11.6% in 2011 (due to the economic slowdown plus weaknesses in enforcement)
- In first 10 months of 2014, a large unfinanced fiscal gap led to depleted cash balances and accumulating arrears
- Expenditures were higher due to security and mandated social spending



- Risks from security expenditure pressures exacerbated by a number of factors:
 - Uncertain revenue prospects and rising revenue contribution to security
 - Rising non-ANSF security spending, which need to be fully financed by revenues
 - Potential mismatch between security needs and Chicago financing scenarios (e.g. troop levels), with residual financing needs falling on revenues



The Need for Transparency and to Decide on a Conditions-based Policy

Only time can determine how well the ANSF can justify General Campbell's optimism. Only much greater Transparency can show how effective the US and ISAF assessment of the combat situation really is, and how credible post-2014 plans for the development of the ANHSF truly are. The spring and summer campaign season will be one critical test, and the outcome of the political struggle between Ashraf Ghani and Abdullah Abdullah – one that still blocked the appointment of an MoD and MoI and the creation of any effective structure for the Afghan government at the end of 2014 – provide more tangible indicators during the course of 2015.⁵²

One thing is certain, the Administration may have talked about transparency, but it increasingly has tried to sell its policies without it. The clichés that President Obama issued after a newly-elected President Ghani finally signed the bilateral security and status of forces agreements on September 29, 2014 did little more than disguise the real challenges to Transition:⁵³

Today we mark an historic day in the U.S.-Afghan partnership that will help advance our shared interests and the long-term security of Afghanistan. After nearly two years of hard work by negotiating teams on both sides, earlier today in Kabul the United States and the new Afghan Government of National Unity signed a Bilateral Security Agreement (BSA). This agreement represents an invitation from the Afghan Government to strengthen the relationship we have built over the past 13 years and provides our military service members the necessary legal framework to carry out two critical missions after 2014: targeting the remnants of Al Qaeda and training, advising, and assisting Afghan National Security Forces. The signing of the BSA also reflects the implementation of the Strategic Partnership Agreement our two governments signed in May 2012.

Today, Afghan and NATO officials also signed the NATO Status of Forces Agreement, giving forces from Allied and partner countries the legal protections necessary to carry out the NATO Resolute Support mission when ISAF comes to an end later this year.

These agreements follow an historic Afghan election in which the Afghan people exercised their right to vote and ushered in the first peaceful democratic transfer of power in their nation's history. The BSA reflects our continued commitment to support the new Afghan Unity Government, and we look forward to working with this new government to cement an enduring partnership that strengthens Afghan sovereignty, stability, unity, and prosperity, and that contributes to our shared goal of defeating Al Qaeda and its extremist affiliates.

There has been some possible progress towards more realistic US force levels since the President made these statements, but it seems to be temporary at best. General Campbell did announce a new effort to determine whether Afghan forces would be ready for the last US forces to leave Afghanistan in 2016 in November 2013. He was quoted as saying in a phone interview that he was:⁵⁴

"beginning now to take a hard look" at what effect delays in concluding a bilateral security agreement between the United States and Afghanistan and the months of uncertainty over the country's presidential elections have had on the preparedness of the Afghan military. Afghan forces have been taking heavy casualties in recent months while they battle the resurgent Taliban... Do I come back and do I alert my leadership and say we are coming down to this number, we need to hold a little bit longer to take advantage of some of the things that President [Ashraf] Ghani has put in place and we need more NATO forces in certain locations for longer?"...I've got to do that analysis and we're just starting that now."

Secretary of Defense Chuck Hagel followed these reports up on December 6, 2014, by announcing in a joint press conference with Ashraf Ghani that that up to 1000 more US troops might stay in Afghanistan, raising the total to 10,800 troops in Afghanistan for the first few months of 2015 and then restart the drawdown – although Hagel carefully qualified the limits to the change and said it would “last for a few months only.”⁵⁵

Are there (security) gaps? Are there continued challenges? And threats? Absolutely...The recent wave of Taliban attacks has made it clear that the international community must not waver in its support for a stable, secure and prosperous Afghanistan...We have not forgotten what brought America to Afghanistan over a decade ago...And we will take appropriate measures against Taliban members who directly threaten U.S. and coalition forces in Afghanistan or provide direct support to al Qaeda.

(President Obama) has provided U.S. military commanders the flexibility to manage any temporary force shortfall that we might experience for a few months as we allow for coalition troops to arrive in theater...But the president's authorization will not change our troops' missions or the long-term timeline for our drawdown."

General Campbell followed Secretary Hagel by indicating that the US was ready to provide more air support than it has previously planned. Secretary Hagel also stressed that the US would keep pursuing a "limited" counterterrorism mission in Afghanistan after 2014.⁵⁶ However, these announcements were followed by background briefings that indicated that the key reason for the increase was that allies were slow providing the full contribution of 2,200 allied troops that the US and ISAF had previously counted upon.

The situation did not become more reassuring when the US announced the formal end to Operation Enduring Freedom on December 29, 2014, and announced that it would begin its follow-on mission, Operation Freedom's Sentinel in 2015 – a statement made the same day as a Taliban statement that it had “defeated” the US and that “ISAF rolled up its flag in an atmosphere of failure and disappointment without having achieved anything substantial or tangible.”⁵⁷

The US made its announcement with all the usual rhetorical flourishes and statements about success, future commitments, and host government progress it made at the end of the Vietnam and Iraq conflicts. President Obama implied that it had ended America’s longest war, although Secretary of Defense Chuck Hagel made it clear that relabeling the mission did not fully end America’s military role:⁵⁸

Operation Freedom's Sentinel, the United States will pursue two missions with the support of the Afghan government and the Afghan people. We will work with our allies and partners as part of NATO's Resolute Support Mission to continue training, advising, and assisting Afghan security forces. And we will continue our counterterrorism mission against the remnants of Al-Qaeda to ensure that Afghanistan is never again used to stage attacks against our homeland.

The US had already withdrawn almost all of its combat forces from Afghanistan at the time the President and Secretary Hagel made their statements about Operation Enduring Freedom, and it ended the Operation without having issued any meaningful assessment of what some thirteen years of war had accomplished.

Both the President and the Secretary of Defense sharply understated the risks inherent in the current US approach to Transition. Secretary Hagel did not mention the risks involve at all, and President Obama mixed claims that the war had succeeded in “devastating the core al-Qaida leadership, delivering justice to Osama bin Laden, disrupting terrorist plots

and saving countless American lives,” and “helped the Afghan people reclaim their communities, take the lead for their own security, hold historic elections and complete the first democratic transfer of power in their country's history” with a short comment that, ““Afghanistan remains a dangerous place, and the Afghan people and their security forces continue to make tremendous sacrifices in defense of their country.”⁵⁹

The US did not make any public attempt to provide meaningful strategic assessment of its future role and commitments in Afghanistan or the region, and did not provide any meaningful public analysis or metrics of the combat situation. It also did not issue any assessment of the political and economic prospects for Afghan security, and did not make any attempt to link its posture in Afghanistan to what was happening in Pakistan.

No public plan existed at the end of 2014 for shaping and funding any element of the ANSF after 2014. The statement says that there are “two critical missions after 2014: targeting the remnants of Al Qaeda and training, advising, and assisting Afghan National Security Forces.” Cuts in US military and intelligence personnel strongly indicate that the first mission will only have marginal support, and it is unclear what caveats will exist on US operations and whether the kind of caveats included the letter transferring responsibility for security and limiting US operations that the US and Afghanistan signed in June 2013 will have a major impact.⁶⁰

If the US does not abandon fixed deadlines, provide adequate military personnel and support, and shift to a condition-based approach to aiding the ANSF, it seems all too likely that US force levels will be too low, too short in duration, and too limited in their role to adequately support the transition of Afghan National Security Forces over the next few years. These are problems only a more realistic and conditions-based approach to the US advisory and support role can address, and no amount of spin and selling the war will be a substitute for providing such aid before some form of security crisis develops – a point where the size and cost of a US effort will be far higher, even if success is still possible.

V. The Threat From Afghan Economic Challenges

It is difficult to put the threat posed by Afghan economics into anything approaching an accurate perspective. Most of the data on the Afghan economy and population are based on uncertain estimates. Many are little more than “guesstimates,” although this is sometimes disguised by computer models and other ways of generating data that appear to be far more precise than they are and are extrapolated down to the district level with little or no meaningful input data.

The failure to honestly express the uncertainty in most data on the Afghan population, economy, and impact of aid is one of the many areas where international organizations, donor countries, the Afghan government, and NGOs have lied by omission throughout the course of the war, and often issued data and estimates that exaggerate their accomplishments or serve their own interests. In fact, the need to provide honest assessment of uncertainty and the sources and limits to the data being issued is as important a priority as the need for transparency, and one where few governments and organizations can even begin to claim a meaningful degree of integrity.

There are enough data, however, to warn that the exaggerated progress claims that the Afghan government and many aid donors made through 2010 to 2011 disguised major problems in the Afghan economy. They sharply underestimated the strains that would follow the withdrawal of US and other ISAF forces, and cuts in outside spending. Chapter III has already shown that Afghanistan faces a major budget crisis for at least the next half-decade—a crisis that inevitably has a major impact on the more developed sector of an economy so dependent on government spending.

Current aid pledges will ease the strain, but it is far easier to pledge aid than it is to actually deliver it and then make it effective – particularly in dealing with broad national economic problems. The international community has made significant pledges to sustain aid after 2014. The NATO summit in Chicago in February 2012 resulted in pledges to finance Afghanistan’s security spending, estimated at around \$4 billion annually over the following decade, although donors were assured that Afghanistan would make gradually increasing and substantial contributions toward security.

A conference in Tokyo in July 2012 led to pledges for development aid of \$16 billion through 2015 and to sustain aid at similar levels through 2017, although such aid was linked to the progress in reforms under a Tokyo Mutual Accountability Framework.⁶¹ A series of additional conferences during 2012-2014 – including the London Conference at the end of 2014 -- broadly reaffirmed these commitments.

None of these conferences, or the supporting staff work, however, developed credible plans to show the timing of such aid, how it will be used, how the allocation of aid will be made and managed, how the Afghan government will improve its capability to use aid, how waste and corruption will be reduced, and how better audits and measure of effectiveness will be introduced. Much of the currently pledged economic aid is also tied to development and project aid, and not to dealing with the economic problems cause by Transition.

Similarly, the Afghan government, the World Bank, and IMF have regularly issued a series of reform plans that could increase Afghan revenues, cut Afghan expenditures, reduce waste and corruption, and use both domestic revenues and outside aid more effectively.

They have also shown that Afghanistan could benefit from reduce the current barriers to business development. The World Bank and IMF have also issued estimates showing that the full implementation of such plans could sharply reduce the economic risks in Transition, and even avoid them in the best case.⁶²

Yet, all of these efforts remain largely conceptual. Major reform has not taken place. The real world budget and economic situation has continued to deteriorate. More and more aid activity has left the field and either concentrated in Kabul moved activity out of the country, The Afghan government has not been able to deploy competent (or in many cases, any) personnel to fully staff the administration of many of its programs at the provincial and the district level.

It is also clear from recent World Bank and IMF reports that fantasies like the “New Silk Road” will not have a major impact on the Afghan economy at any point in the near future, and the same is true of mines and petroleum resources. The World Bank and IMF also make it clear that poverty has already been increasing, and that here is a serious risk of recession – an economic downturn that already is leading to capital flight and an Afghan brain drain, and has far more impact on a near-substance economy than a more developed one.

This lack of effective governance, planning and management now makes projections based on reform largely moot, threatens to reduce popular support for the government, and cut its already limited revenue base. It also can have a major impact on those Afghans who have benefited most from foreign military spending and aid in past years:

- At one level, some of those who have profited most from foreign spending, and the massive increase in corruption made possible by the lack of proper fiscal controls and measures of effectiveness, have already begun to stop investing in the country, moved more of their capital outside Afghanistan, and sometimes left the country. Few will be missed at the personal level, but their money will be and at least some departures have illegally taken money out of enterprises and contract efforts.
- At another level, Afghans who have developed legitimate enterprises, Afghans in the construction and service industries that have had foreign contracts or served foreign military and aid worker, Afghans in government, and Afghans in the security services all face major uncertainties as to whether the government and outside aid can sustain the more modern sector of the Afghan economy as well as government operations and security efforts. Some may now be motivated to leave the country or find ways of ensuring they have enough “black” income and capital to compensate for reductions in profits and salary. Major problems may occur in morale and motivation, compounded by a desire to avoid service in the field or other high-risk positions given a combination of a growing threat and uncertain income.
- Power brokers and warlords - the real core of Afghan political power and many aspects of its governance - may find it harder to fund their power base without added corruption, extortion, intimidation, and siphoning off revenues that should go to the government.
- A recession and decline in outside funding will increase the incentive to grow, process, and export narcotics at every level. This trend is already broadly apparent in the increase in acreage and output of opium.
- Young men with guns are not a normal sector for estimates of the behavior of the work force, but a broad decline in income and employment, coupled to uncertain security, makes them both a key aspect of the Afghan economy, and a potential source of violence, shifts to power brokers, and shifts to the insurgents.
- A decline in the more modern and market-oriented aspects of the economy may push farmers back towards subsistence farming as well as narcotics, increase the number of Afghans working at jobs

with marginal productivity and who are unemployed, make young men more willing to accept money from the Taliban and other insurgents, and create growing unrest in both rural and urban areas. It is likely to push youth out of school and into marginal jobs and slow the overall rate of modernization and development.

There are many different metric and indicators that warn how serious these problems may become. As is the case with many of the other trends analyzed in this study, the full range of estimates and factors shaping the threat posed by the Afghan economy are too complex to do more than summarize in this analysis. They are, however, laid out in detail in a separate Burke Chair study shows the range of governance and economic challenges. (**The Civil Transition in Afghanistan**, http://csis.org/files/publication/140630_Gov_Econ_Transition_Afghanistan_0.pdf.)

Understanding the Pressure on the Afghan Economy

Some key pressures on the Afghan economy, and the current threat they pose to Afghan Transition, are all too clear. As has been noted in the introduction to this study, Afghanistan is a state with deep ethnic, sectarian, cultural, and linguistic divisions. While estimates differ sharply from source to source, all agree that Afghanistan is still one of the poorest countries in the world. The CIA estimates it has a per capita income that is only around \$1,100, which ranks a dismal 215th in the world, and high poverty and direct and disguised unemployment (past CIA estimates would put each figure at 35-40%).

A Population at Economic Risk

The UN World Food Program (WFP) puts the poverty percentage at more than 50%.⁶³ The WFP provides food aid to some 3.6 million Afghans and describes the Afghan economy and Afghan living conditions as follows:⁶⁴

Afghanistan faces enormous recovery needs after three decades of war, civil unrest and recurring natural disasters. Despite recent progress, millions of Afghans still live in severe poverty with a crumbling infrastructure and a landscape that is suffering from environmental damage. This rugged, landlocked country remains one of the poorest in the world, with more than half the population living below the poverty line.

Nearly one-third of Afghanistan's people are food-insecure, which means they cannot get enough nutritious food to support an active, healthy lifestyle. With an estimated total population of 27 million, Afghanistan still faces enormous challenges after more than three decades of war and civil unrest. Despite recent progress, millions of Afghans still live in severe poverty with limited access to food and other basic requirements.

According to the findings of the 2011/2012 National Risk and Vulnerability Assessment, 7.6 million people, roughly one-third of the population, are food-insecure, and a further 14 percent are considered to be borderline food-insecure. Insecurity is a major and growing concern. Insurgent activity and military operations have affected food security in some regions, undermined reconstruction efforts and restricted humanitarian interventions.

Environmental degradation is also a severe problem. War, uncontrolled grazing, pastureland encroachment, illegal logging and the loss of forest and grass cover have worsened drought conditions and reduced agricultural productivity.

The country suffers from one of the highest infant and maternal mortality rates in the world. Over half of children under 5 years are chronically malnourished (stunted) and one-fifth of Afghan women of child-bearing age are underweight. Average life expectancy is 62 years, and adult literacy stands at just 28 percent. Nearly one-third of Afghanistan's people are food-insecure, which means they cannot get enough nutritious food to support an active, healthy lifestyle.

World Bank studies support these conclusions, and note that Afghanistan falls significantly below the level of grain production necessary to feed its people in years of bad rains. In 2011, for example, the overall deficit in wheat production was nearly 1.86 million tons out of a requirement of 4,687 million tons. Afghanistan is self-sustaining in wheat in a year of good rains like 2012, but had a deficit in every year from 2007-2011.⁶⁵

Demographic Pressure on Afghan Stability

Afghanistan is a state that has suffered from invasion, war, and crisis since the Soviet invasion of Afghanistan in December 1979 – a period of roughly 35 years. In spite of conflict and turmoil, the US Census Bureau estimates that the Afghan population more than doubled between 1979 and 2014 rising from 15.6 million in 1979 to 31.8 million in 2014, and is projected to rise to 36.6 million in 2020, 45.7 million in 2030 and 54.7 million in 2040.⁶⁶ UN, US Census Bureau, the CIA and other sources all agree that Afghanistan has an extremely young population. The CIA estimates that it has a rate of population growth where the Agency estimates that 392,000 men and 370,000 women annually reach the age where they enter a labor force estimated at only around 7.5 million.⁶⁷

A World Bank study summarizes the demographic pressures created by this population growth as follows:⁶⁸

The country is facing huge demographic challenges which will add pressures to the labor market. The Afghan labor market is characterized by a young and fast-growing workforce. Decades of conflict, international migration and relatively high fertility rates make Afghanistan – together with Pakistan and Nepal – one of the youngest countries in South Asia. The proportion of population aged 15 or below is as high as 51.3 percent, meaning that more than one in every two Afghans is economically dependent.

Afghanistan's population pyramid is characterized by a wide base that will maintain a sustained rate of growth in the number of new labor-market entrants for decades to come. Between

2010/11 and 2015/16 alone, the labor force is expected to increase by 1.7 million people, and by an additional 4 million by 2025/26, not accounting for any return migration or changes in participation rates. This means that every year 400,000 to 500,000 will potentially seek jobs.

Afghanistan has one of the highest fertility rates in the world – 5.1 percent in 2011/12. Unless the fertility rate decreases, demographic pressures will continue to rise and reduce the demographic dividend. A high fertility rate, coupled with declining mortality rates, tends to produce a “youth bulge”. Normally, a youth bulge presents an opportunity for growth in the impending years, since it would lower the age dependency ratio, i.e., the population younger than 15 or older than 64 as a share of the number of people of working age.

A decreasing dependency ratio means that a higher proportion of the population contributes to productive, income-raising work, relative to non-active dependents (e.g., elderly and children) which would consequently increase domestic savings and GDP per capita growth. But, a youth bulge could also pose a risk to stability if young people are left without viable jobs or other economic opportunities.

While estimates of the total population in Afghanistan often differ by several million, it is still clear that this kind of population growth, along with war and political extremism, has severely affected the pattern of traditional life in much of the country as well as ethnic and sectarian relations.⁶⁹

Moreover, war and crisis have pushed substantial refugee and other parts of the Afghan population into urban areas. Some 5.8 million Afghan refugees have returned since 2002,

often to dependence on outside aid for some of their income, and leaving something approaching 1.6 million Afghans in Pakistan and substantial numbers in Iran.⁷⁰ The formal count of internally displaced persons is roughly 800,000, but the reality is substantially higher.

Limited Progress in Human Development, and Uncertain Progress in Life Expectancy and Education

The UN Human Development Indicators provide additional insight into both Afghanistan's level of development and how it compares to other poor neighboring states. These data are shown in **Figure 15**. They show that Afghanistan has made progress in many areas, although its real per capita income is still lower than in the past.

They also show, however, that Afghanistan then ranked (175th in the world) well below two other very poor countries: Bangladesh (157th) and Nepal (146th). (Afghanistan improved to 169th in 2014).

Furthermore, the data in the supporting tables raise serious questions about the claims made by the Afghan government about increases in life expectancy, as well as similar claims by the US and various aid agencies – where some reports put the figure at 60 years rather than the 49-50 estimated by the UN and CIA.

SIGAR notes that,⁷¹

USAID's Afghanistan Mortality Survey (AMS) results are frequently used as evidence that U.S. intervention efforts have contributed to remarkable improvements in Afghanistan's health system.

In a *Washington Post* op-ed published on May 30, 2014, Dr. Rajiv Shah, the Administrator of USAID, cited Afghanistan's "largest increase in life expectancy" to highlight Afghanistan's progress in health.

However, there is an enormous gap between USAID estimates and the estimates of other institutions.... Most institutions estimate a two- to five-year increase in life expectancy over six years, while the mortality survey finds a 20-year increase for the same time period. Reasons why USAID's estimates differ from those of other institutions could include factors such as AMS inability to survey completely in insecure southern provinces, and Afghan cultural reluctance to speak about female and infant mortality with strangers

They also raise questions about the level of education in Afghanistan. There is no doubt that Afghanistan has made major progress over the days of the Taliban. The UN notes, however, that actual school years (3.1) fall far below the government's goal of 8 years. The World Bank comparisons with other poor countries in the region in **Figure 16** also show also that Afghanistan ranks far below similar countries, and its education is biased heavily towards government employment.

SIGAR has also addressed this issue in its recent reporting:⁷²

The number of students attending school in Afghanistan is often cited as evidence of Afghanistan's progress in education. For example, in a

Washington Post op-ed published on May 30, 2014, Dr. Rajiv Shah, the Administrator of USAID wrote, "Education is another bright spot [in Afghanistan.] Three million girls and 5 million boys are enrolled in school." However, the reliability of EMIS—the only database at the MOE tracking education metrics—cannot be confirmed. Data is not available on time, and indicators such as net enrollment ratios, repetition rate, and dropout rate are unavailable. Insecurity limits visits to schools. In the most recent EMIS Statistical Analytical

Report from FY 1390, the MOE admitted that only 1,000 schools (7% of all general education schools) were visited for data verification in FY 1390.

Additionally, schools may be tempted to inflate their attendance figures because access to funding (such as EQUIP II School Grants) can be linked to enrollment levels. This quarter, SIGAR learned that USAID’s definitions of enrollment used in EMIS last quarter were double counting the number of students enrolled in Afghanistan. The previous definition of total enrollment added three figures: enrolled, present, and absent students. However, as USAID clarified this quarter, the number of enrolled students is actually the sum of present and absent students. Thus, the total enrollment figures reported last quarter counted each student twice.

...SIGAR is concerned about the accuracy of the data provided on Afghanistan’s educational system.

According to the most recent data available from the Ministry of Education’s (MOE) Education Management Information System (EMIS), Afghanistan had a total of 14,166 primary, lower-secondary, and upper-secondary schools in FY 1391 (March 21, 2012–December 20, 2012).

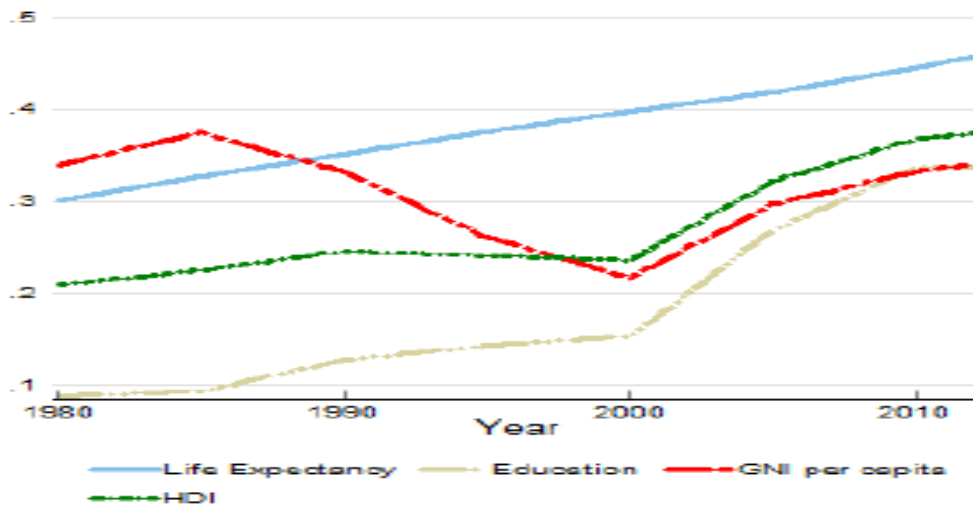
This quarter, USAID provided two inconsistent sets of MOE data for the number of students enrolled in 1391. Data generated from EMIS shows approximately 7.62 million students were enrolled in primary, lower-secondary, and upper-secondary schools in FY 1391. Of the enrolled students, 6.26 million were categorized as present, while 1.36 million students were considered absent.

Another unspecified MOE source showed higher enrollment numbers—7.78 million students (an additional 160,000 students over EMIS data) enrolled in primary, lower-secondary, and upper secondary schools in FY 1391, with 6.86 million students present and approximately 922,000 students absent.

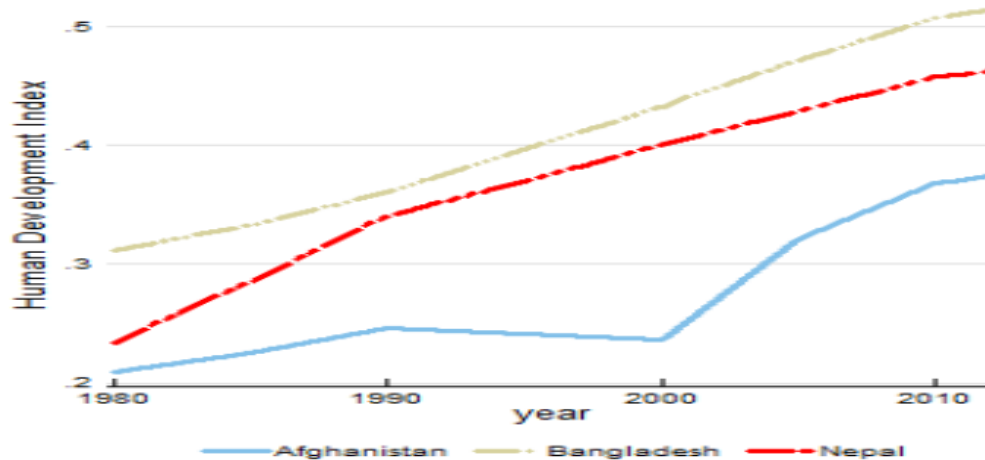
USAID also provided a third MOE source containing Afghanistan’s total enrollment in general education for FY 1392—8.2 million students enrolled. This number was not broken down into the numbers of students present and absent. The number of days of attendance required for a student to be counted as “present” for the entire year was not known as this report went to press.

According to USAID, the MOE includes absent students in the enrollment total until three years have elapsed, because absent students are considered to have the potential to return to school. However, a MOE Education Joint Sector Review from September 2013 recommended the MOE revise its regulations and no longer consider permanently absent students to be counted as enrolled.

Figure 15: Afghanistan: The UN Human Development Assessment



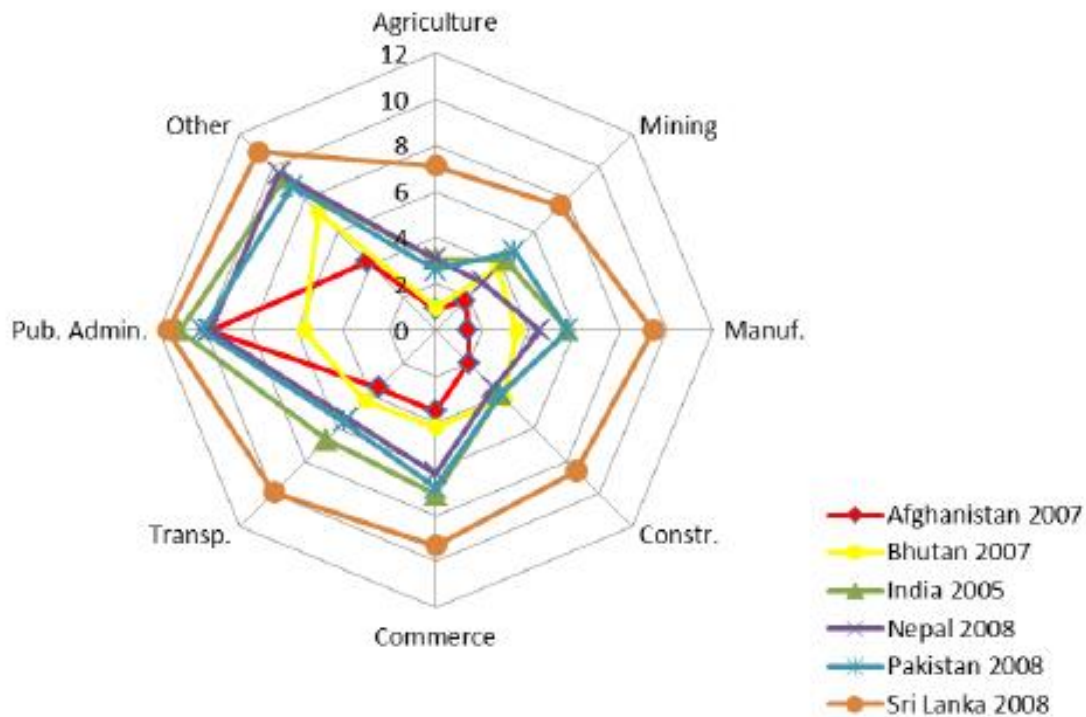
	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2005 PPP\$)	HDI value
1980	39.2	2.3	0.8	1,002	0.209
1985	40.8	1.7	1.2	1,271	0.225
1990	42.3	2.5	1.5	0,948	0.246
1995	43.8	2.5	1.8	0,589	0.241
2000	45.3	2.5	2.1	0,435	0.236
2005	46.6	6.6	2.5	0,750	0.322
2010	48.3	8.1	3.1	0,953	0.368
2011	48.7	8.1	3.1	0,979	0.371
2012	49.1	8.1	3.1	1,000	0.374



	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Afghanistan	0.374	175	49.1	8.1	3.1	1,000
Nepal	0.463	157	69.1	8.9	3.2	1,137
Pakistan	0.515	146	65.7	7.3	4.9	2,566
South Asia	0.558	—	66.2	10.2	4.7	3,343
Low HDI	0.466	—	59.1	8.5	4.2	1,633

Source: <http://hdr.undp.org/sites/default/files/Country-Profiles/AFG.pdf>, may 5, 2014

Figure 16: World Bank Comparison of Education Quality in South Asia



Source: World Bank 2011 "More and Better Jobs in South Asia"

- Decades of conflict have had a long-lasting impact on the human capital stock of the country.
- Despite significant improvements in school enrollment rates and education achievement in younger (urban) cohorts, the education gap remains substantial by international standards, also taking into account country's level of development.
- In each sector of the economy, the education level of the Afghan labor force is the lowest among South Asia countries.
- Particularly challenging are education gaps in sectors crucial for future economic growth and development such as agriculture, mining, construction, commerce and manufacturing

Source: Nassif, Claudia; Joya, Omar; Lofgren, Hans; Gable, Susanna; Redaelli, Silvia; Jordan, Luke; Jaffrin, Guillemette Sidonie. 2014. *Full report. Vol. 2 of Afghanistan - Pathways to inclusive growth*. Washington, DC : World Bank Group, Report No: ACS8228, Islamic State of Afghanistan, Pathways to Inclusive Growth, Full Report, March 2014, SASEP, SOUTH ASIA 43- 44.

Uncertain Economic Growth and Over-Dependence Agriculture

While some official statements highlight Afghanistan's economic growth and imply that living standards have been steadily rising, World Bank and other reporting warn that Transition is occurring at a time when claims of GDP growth have been highly dependent on the exceptional agricultural output that occurred from highly favorable rains in 2012, and that the level of poverty has actually been increasing. This has led to a number of highly misleading statements about the Afghan economy, including some from the White House, State Department, and USAID.

Over-Reliance on Agriculture and Favorable Rains

The key trends in Afghan GDP Growth and the impact of agriculture and favorable rains on GDP growth are shown in **Figure 17**. A World Bank study notes that,⁷³

... there are indicators as to why growth has failed to produce more jobs and income for the poor. First, the volatility of agricultural growth likely affects prospects for poverty reduction since agriculture accounts for more than half of employment. Although agriculture grew by 45 percent in 2009, it actually contracted in 2008, 2010, and 2011, with limited irrigation and dependence on rain-fed crops contributing to volatility. Poor households in Afghanistan, especially those who subsist on agriculture, have only few risk-coping mechanisms and are more strongly affected by agricultural output contractions than richer, wage-earning households. In many cases, livelihood risks are being managed by disposing household assets or deferring expenditures for health and education services which, in turn, have negative dynamic effects for future income. This would not only explain why growth has not benefited the poor but could also explain the increase in inequality.

Second, the persistent high level of un- and underemployment implies that growth in Afghanistan did not produce sufficient employment opportunities, especially for the poor and underprivileged segments of the population. Finally, the increase in violence over the same period might have disproportionately affected the poor. A deteriorated security situation restricts public service delivery, the reach of humanitarian development efforts, and access to markets for the poor. Moreover, insecurity also restricts access to public services, especially for women and children who might refrain from visiting clinics or going to school

The Risks in Transition

It is still unclear that aid and military spending will be cut to the point where a major recession takes place, but a World Bank study that warned of the economic risks in Transition as early as 2011 noted:⁷⁴

Underemployment will increase because the activities affected by declining financial inflows (services, construction) are relatively labor-intensive. Unemployment and especially underemployment in Afghanistan—respectively estimated at 8% and 48%—are already high, even with today's rapid economic growth. Roughly 6–10% of the working population has benefited from aid-financed job opportunities, most of these in short-term employment. Declining aid, therefore, can be expected to exacerbate underemployment levels (with fewer casual labor opportunities and lower pay for skilled employees).

The impact of the decline will affect some groups more than others. Aid has not been evenly spread across the country. Because of the choices made by donors, and the predominant role of stabilization and military spending, the conflict-affected provinces have had significantly higher per capita aid than the more peaceful (and often poorer) provinces. As a result, the slowdown in aid will be felt more acutely in the conflict-affected areas and in urban centers. If aid declines gradually so that it

can be partly offset by growth of the security, mining, and civilian public sectors, the impact could be softened and spread over time. This would allow labor markets more time to adjust.

The impact of declining aid on economic growth may be less than expected. Why? Because most international spending “on” Afghanistan is not spent “in” Afghanistan, and much of what is spent in Afghanistan leaves the economy through imports, expatriated profits and outward remittances. Nevertheless, projections suggest that, under even favorable assumptions, real GDP growth may fall from 9% a year over the past decade to 5-6% during 2011–18. Given Afghanistan’s annual population growth of 2.8%, this would mean only limited improvement in average per capita income, continuing high rates of underemployment and little progress in reducing poverty. Only growth at the very maximum of the range of plausible scenarios would enable Afghanistan to achieve meaningful reductions in poverty and higher average per capita incomes. For example, with real GDP growth of 6% a year, average per capita income – currently one of the world’s lowest at \$528 dollars – would take 22 years or about a generation to double.

Much Depends on Agriculture and Rainfall

One of the key problems in assessing the economic impacts of Transition is that there is no clear basis for assessing the current distribution of the Afghan economy by sector, but the CIA estimates that 20% of the GDP comes from agriculture (excluding opium), 25.6% from industry, and 54.4% from services in 2011.⁷⁵

Much of this income in industry and services was dependent on outside aid and military spending, but the US and other sources have never been able to estimate how much military spending aid money has actually been spent in Afghanistan and on Afghans, as distinguished from total spending – where as much as 40% of even the aid money may have been spent outside the country or on foreign staff and contractors.

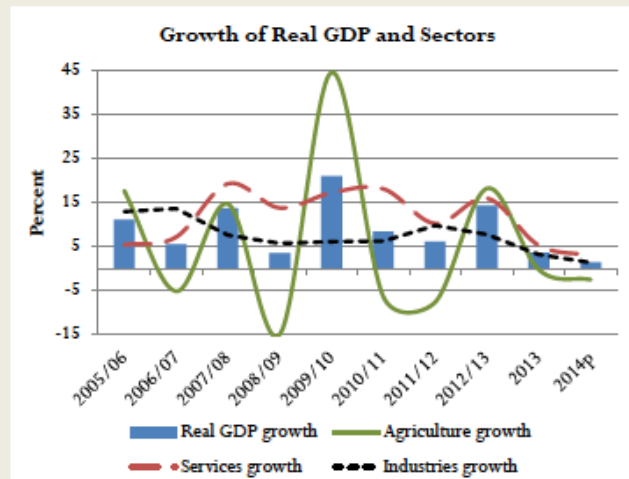
There are no reliable data on the labor force by occupation, but a CIA guesstimate dating back to 2008 makes a sharp contrast with the data on the role of each sector in the GDP: Agriculture is 78.6%, industry 5.7%, and service 15.7%.⁷⁶

A focus on such numbers may seem academic, but the data in **Figure 17** show all too clearly that the Afghan economy -- and much of the vulnerability of the Afghan population to cuts in military spending and aid – depends heavily on how the state of the Afghan economy during 2015 through roughly 2020 affects each of the major categories of the population discussed at the beginning of this chapter.

It also highlights the importance of estimating how many Afghans are largely self-supporting in subsistence agriculture in relying on the kind of macro-economic data that assesses the economy in the entire country. Some estimates put the total at around 80%, although the CIA puts urbanization at around 32%. Accordingly, there is only an uncertain basis for estimating the human impact of the economic shifts that will occur with Transition, particularly if the fighting produces more population shifts and internally displaced persons.

Figure 17: Afghan Economic Growth and Its Dependence on Agriculture and Rainfall- Part One

- Uncertainty since 2013 over the political and security transition, compounded by the protracted elections impasse in 2014, has led to a slump in investor confidence
- Growth, down sharply to 3.7% in 2013, has fallen further to 1.5% (proj.) in 2014, from average of 9.4 percent per year during 2003-12



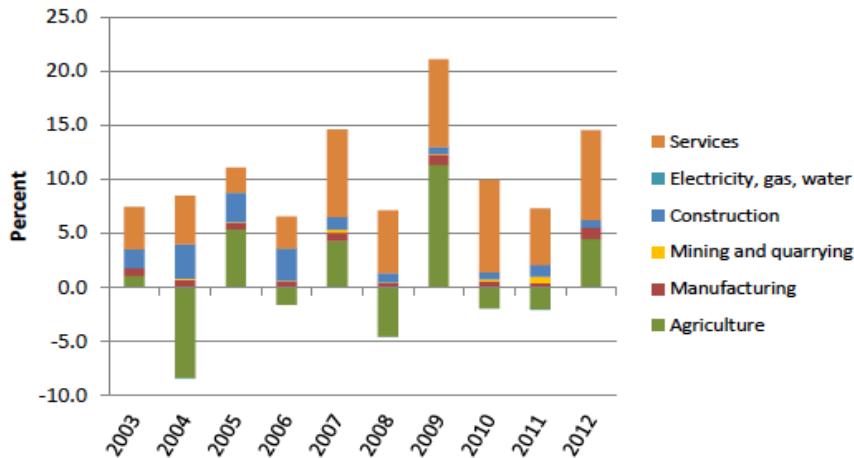
- Real GDP growth (excluding opium production) was 14.4% in 2012, which represented a sharp uptick from 6.1% in 2011.
- This strong performance was in large part due to an exceptional agricultural harvest supported by favorable weather conditions.
- Agriculture accounts for about a quarter of GDP (excluding opium). As a result, economic growth is influenced heavily by the volatile agricultural sector.

Source: World Bank, *Afghan Recent Economic Developments*, April 2014, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/04/23/000456286_20140423092911/Rend/d/PDF/875740WP0Afgha00Box382171B00PUBLIC0.pdf, and *Afghanistan Transition Economics Update*, <http://www.worldbank.org/content/dam/Worldbank/Feature%20Story/sar/Afghanistan/Af-WB-Transition-Presentation-Nov2014.pdf>, November 27, 2014.

Figure 17: Afghan Economic Growth and Its Dependence on Agriculture and Rainfall- Part Two

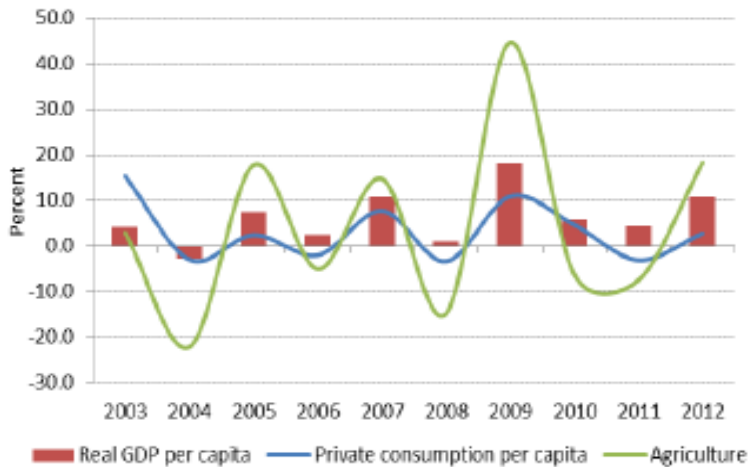
Agriculture, together with services, is still the largest contributor to economic growth. In spite of the structural shift in Afghanistan’s economy, agriculture remains one of the largest contributors to economic growth. In 2012, for instance, it contributed over half of the 14.4 percent of GDP growth, thanks to favorable weather conditions and an exceptionally rich harvest. Depending on the harvest in any given year, agriculture accounts for one-fourth to one-third of GDP.

Figure 1.8: Sector Contributions to Real GDP Growth (percentage points)



Source: World Bank staff calculations based on CSO data

Afghanistan’s economy is dominated by agriculture in more than one dimension. Aside from its direct contribution to GDP, agricultural production feeds into the economic growth process through its impact on aggregate demand and significance in manufacturing. In 2011/12, 49 percent of all households derived their income from agriculture; for 30 percent of all households agriculture constitutes the main income source. Not surprisingly, private aggregate demand is highly correlated with agricultural production (Figure 1.9). Moreover, 96 percent of the manufacturing sector depends on agricultural products for inputs (food and beverages, textiles, and leathers).



Source: CSO

Source: Nassif, Claudia; Joya, Omar; Lofgren, Hans; Gable, Susanna; Redaelli, Silvia; Jordan, Luke; Jaffrin, Guillemette Sidonie. 2014. *Full report*. Vol. 2 of *Afghanistan - Pathways to inclusive growth*. Washington, DC : World Bank Group, Report No: ACS8228, Islamic State of Afghanistan, Pathways to Inclusive Growth, Full Report, March 2014, SASEP, SOUTH ASIA, pp 23-24, 30-31.

Economic Stress and Poverty

Once again, it is important to note that poverty per se is only one of the pressures that will affect the success of Transition. As has been outlined at the start of this chapter, educated Afghans, Afghans in government and the more modern market-driven sector of the economy, and Afghans in the security services will be sharply affected by any cut in aid, military spending in country, and overall economic activity.

The economic pressure on this mix of wealthier Afghans will have a critical impact in increasing capital flight, the Afghan brain drain, and incentives for corruption, make it difficult to motivate and retain military personnel, and aid recruiting by the Taliban and other insurgents if they can find outside sources of money.

At the same time, a serious recession would also increase poverty levels in urban areas and rural areas whose economy relies on cash transactions. It will increase the incentive to grow and process narcotics, and inevitably affect education, government services, and the ability to maintain infrastructure. Almost inevitably, it will also reduce support for both the government and the war.

World Bank Assessments of Poverty

The World Bank gave the following warning in March 2014,⁷⁷

Growth has so far failed to produce more jobs and income for the poor: First, the volatility of agricultural growth likely hampers prospects for poverty reduction since agriculture accounts for more than half of employment. Poor households in Afghanistan, especially those who subsist on less than richer, wage-earning households. This would explain why growth has not benefited the poor and also perhaps why inequality has increased. Second, the persistent high level of un- and underemployment implies that growth in Afghanistan did not produce sufficient employment opportunities, which might have reduced the poverty impact. Finally, the increase in violence over the same period might have disproportionately affected the poor. Deterioration in the security situation limits the possibilities for public service delivery, the outreach of humanitarian development efforts, and access to markets for the poor. Moreover, insecurity also restricts access to public services, especially for women and children who might refrain from visiting clinics or going to school.

... four main population segments that have been largely excluded from the growth process and are at risk of being disadvantaged in future:

- **The low-skilled workforce.** Literacy levels in the Afghan working population are extremely low, especially among adults and women. Both literacy and education level tends to correlate with lower levels of poverty in Afghanistan.
- **The rural poor.** Agriculture provides income for around half of Afghanistan's population; for 30 percent of households it constitutes the most important source of income. Agriculture is the main source of livelihood and subsistence for 70-80 percent of the rural population in Afghanistan. Employment in agriculture is characterized mainly by small family businesses that produce mainly for subsistence.
- **Youth.** The proportion of population aged 15 or below is as high as 51.3 percent, meaning that more than one in every two Afghans is economically dependent. Young people tend to be better educated on average, especially in urban areas. However, they are also less likely to find paid employment.
- **Women.** While almost every man in the age range of 25-50 is economically active, only one in every two women participates in the labor market. While the female participation rate does not appear very low within the South Asian cultural context, women in

Afghanistan are much less engaged in wage-earning employment. At the same time, the fertility rate is very high, at 5.1 percent in 2011/12. Increasing the share of female labor market participation will key to reducing fertility and reducing demographic pressures in the future.

Given Afghanistan's annual population growth of 2.8 percent, this would mean only limited improvement in average per-capita income, continuing high rates of un- and underemployment, and little progress in reducing poverty. For example, at a rate of 4.8 percent GDP growth per year, it would take Afghanistan more than 20 years to increase real GDP per capita from its current estimated level to that of the South Asian region (2011), which is US\$786. Convergence to South Asian income levels would then become an even further distant goal. Only growth at the upper level of the range of plausible scenarios would enable Afghanistan to meaningfully reduce poverty and achieve higher per-capita incomes.

It warned of slowing growth in April 2014:⁷⁸

Economic growth slowed considerably in 2013 despite robust agricultural production as heightened uncertainty surrounding the political and security transition led to a slump in investor and consumer confidence. Agricultural output reached record levels for a second consecutive year in 2013 due to favorable weather conditions, with cereals production increasing 2.7 percent over the bumper crop of 2012. On the other hand, uncertainty surrounding the political and security transition led to a slump in investor and consumer confidence, thus resulting in a sharp slowdown in private investment and growth in the non-agricultural sectors.

Economic growth in 2013 is estimated at 3.6 percent, down sharply from strong growth of 14.4 percent in 2012. Uncertainty remains over the security outlook after most international forces withdraw in 2014 and over whether a cohesive and broadly accepted government will take hold within a reasonable period of time following the April 2014 elections. Growth is projected to remain weak in 2014.

A smooth political and security transition would help restore confidence in the economy and enable a pickup in growth in 2015. Revenue collection weakened in 2013, while Afghanistan's large security expenditure obligations and high aid dependence pose the risk of crowding out important civilian operating and development spending. After a decade of strong revenue growth, domestic revenues declined to 9.5 percent of GDP in 2013 from 10.3 percent in 2012 and the peak of 11.6 percent in 2011. In nominal terms, revenues amounted to Afs 109 billion in 2013, almost level with the pro-rated figure for 2012.

The decline in revenue collections is a result of the economic slowdown as well as weaknesses in enforcement in both tax and customs administration. In order to preserve fiscal sustainability, a concerted effort will be required going forward to improve revenue mobilization by strengthening tax and customs enforcement and by expediting introduction and implementation of the planned value-added tax. At the same time, given Afghanistan's extraordinary security expenditure obligations, safeguarding important civilian operating and development expenditures is a priority. As security expenditures have continued to grow, austerity measures in 2013 disproportionately affected civilian expenditures and the 2014 budget projects a considerable further increase in

And, it warned in October 2014 that,⁷⁹

Economic growth fell sharply in 2013 as uncertainty over the political and security transition led to a considerable slowdown in the nonagricultural sectors. Real (non-opium) GDP growth is estimated to have fallen sharply from 14.4 percent in 2012 to 3.7 percent in 2013. With uncertainty leading to a slump in investor and consumer confidence, growth weakened significantly across the board in the non-agricultural sectors, including manufacturing, construction and services.

Growth in the services sector, which accounts for about half of GDP, fell from 16 percent in 2012 to 5.3 percent in 2013, driven by a sharp slowdown in wholesale and retail trade and government services. Transport and communications, which accounts for half of the services sector, also experienced weaker growth, but fared somewhat better from the continued repatriation of international forces and increased number of broadband subscribers. Evidence on roads and building

constructed suggests that the construction sector also experienced slower growth in 2013. Meanwhile, manufacturing growth declined from 7.3 percent in 2012 to 2 percent in 2013, driven in large part by the food and beverages sector.

Agriculture production was robust in 2013 but did not exceed the record levels of 2012. Total agriculture value added in 2013 was about flat (declining very slightly by 0.2 percent) from the record levels of 2012. Given favorable weather conditions, the cereals sector (which accounts for 43 percent of agriculture value added) grew by 2.3 percent in 2013, reaching the highest level achieved over the past decade. The fruits sector also grew by 2.3 percent, but livestock and other products declined by 1.7 percent and 4.5 percent respectively. Agriculture accounts for about a quarter of GDP and also has strong links to the rest of the economy, so that the robust agricultural output in 2013 would normally have buoyed overall GDP growth. However, with total agriculture production flat from the bumper level of 2012, it was not sufficient to counterbalance the overall slowdown in GDP growth in 2013

... **The protracted political uncertainty has taken a further toll on Afghanistan's economy in 2014.** A number of available short-term indicators on new firm registrations, imports, and fiscal and monetary trends indicate that the economic slowdown deepened during the first half (H1) of 2014. Private investment across all nonagricultural sectors appears to have dropped considerably in the first half of 2014 due to the increased uncertainty. Initial reports on the agriculture sector point toward another rich harvest in 2014, although overall agricultural production is expected to decline modestly. Economic growth could decline further to 1.5 percent in 2014.

... **New investment activity dropped further across the board in the first half of 2014.** The number of new firm registrations had already fallen in 2013 to its lowest level in five years, with a reduction in both local and foreign new fixed investments... This downtrend worsened during the first half of 2014, when only half as many new firms were registered compared to the same period of the previous year... The further decline in new firm registrations occurred across all nonagricultural sectors, with construction and services particularly hard hit ... Although no high frequency data are available on firm inventories and gross fixed capital formation, new firm registrations should be a relatively good proxy for business confidence and investment activity in the private sector. Decisions to establish new fixed investments in Afghanistan or to expand existing investments, horizontally (expanding existing products) or vertically (investing in the supply chain), are highly sensitive to confidence in market conditions and the political environment. The number of new firm registrations would particularly reflect new fixed investments and vertical investments in the economy. Though this is not a perfect proxy for level of economic activity, it can fairly reflect the level of confidence of both local and foreign investors.

Poverty is high and persistent in Afghanistan. According to the 2011-12 household survey, the poverty rate was 36 percent, meaning that about 9 million individuals (3 of every 8 Afghans) had consumption levels below the national poverty line. The national poverty rate remained substantially unchanged between 2007-08 and 2011-12. A number of factors could have contributed to this measured trend. First, the volatility of agriculture would affect measured trends, with the two years preceding the 2011-12 survey both featuring negative agriculture growth. Second, Afghanistan faces a daunting demographic challenge, with around 400,000 new entrants into the labor force each year and underemployment pervasive. Third, the high dependency ratio and low female labor force participation both serve as a drag on improving Afghanistan's poverty profile.

The IMF Risk Assessment Matrix

IMF reporting has tracked closely with the World Bank assessments, and the IMF has developed the risk assessment matrix shown in **Figure 18**.⁸⁰

Figure 18: IMF Risk Assessment Matrix for Transition in Afghanistan

Risk Assessment Matrix			
Nature/Source of Risk	Likelihood ¹	Expected Economic Impact if Realized	Possible Mitigating Measures
Near-term risks			
Deteriorating political and security situation (regional and/or domestic). Disputed election results and/or the withdrawal of international troops lead to greater violence.	High	High - Political uncertainty is accompanied by higher violence levels leading to lower confidence and investment in the economy. - Worsening security results in lower growth and imports. - As imports account for half of government revenues, lower imports and growth lead to lower revenue and a higher fiscal deficit.	Continue to implement policies to maintain macroeconomic stability. If there is fiscal space, consider countercyclical policy.
Inadequate policy implementation , particularly in the fiscal and monetary sectors, and inconsistent exchange rate policy.	High	Medium - Slow growth or a decline in revenue leads to spending cuts and possible wage arrears and stagnating living standards. - Inconsistent monetary policy and/or intervention in foreign exchange market (i.e., an inappropriate mix of intervention and sterilization) results in exchange rate volatility and depreciation, capital flight, loss of reserves, and higher inflation.	Improve policy implementation through greater revenue mobilization, expenditure restraint, tighter monetary policy, and possibly more exchange rate flexibility.
Medium-term risks			
Inadequate policy implementation , deterioration in governance and in the investment and business climates lead to low growth.	Medium	High - Lower investment and slow growth or a decline in revenue leads to spending cuts and possible wage arrears. - Possible exchange rate volatility and depreciation, capital flight, loss of reserves, and higher inflation. - Low access to finance, ineffective resource allocation and intermediation by financial sector, and constrained access to global financial system, because of inadequate bank governance, legislative, institutional, and regulatory frameworks, and law enforcement to prevent and address economic crime.	Strengthen policy implementation to maintain macro stability and improve economic governance and the investment and business climates, including stronger legislative, institutional, and regulatory frameworks, and law enforcement.
Lower donor inflows to the budget and to finance development projects.	Medium	High - Lack of progress in implementing the Tokyo Mutual Accountability Framework or donors fatigue results in lower donor inflows, especially to the budget. - The decline in inflows leads to lower employment, public investment, confidence, and growth, stagnant living standards, and/or exchange rate pressures.	Take measures to mobilize additional revenue and reprioritize and reduce expenditure.
Deteriorating banking system soundness , associated with the stalling of banking supervision reforms.	Medium	Medium - Slower growth of financial sector, less access to finance, or decline in banking services (payments and lending). - Worse allocation of resources via banking sector, greater risk of inadequate governance, vulnerability to fraud and money laundering, and bank failure(s) and consequent need for government funds to cover bank losses. - Negative impact on economic development and growth and possible fiscal liability.	Recruit more supervisors, step-up training of existing supervisors, and ensure prudential regulations and enforcement actions are implemented promptly. Central bank to communicate its determination to strengthen banking supervision and publicize the measures taken.
Delays in developing natural resources and export capacity.	Medium	Medium - Lack of progress in developing natural resources results in lower fiscal revenue. - Fiscal pressure may ensue if these delays stymie revenue growth and the government does not cut spending. - Fiscal pressures may lead to exchange rate depreciation and higher inflation. - Lack of progress in developing natural resources could result in higher narcotics production.	Strengthen policy implementation to maintain macro stability and improve business climate, including a sound fiscal regime for natural resources.
Smooth security and political transitions.	Low	High - Smooth transitions result in higher confidence, investment, and growth.	Adjust the policy mix to take into account likely higher budget revenue, foreign exchange inflows, and investment by allowing for higher spending and possible exchange rate appreciation.
¹ Staff assessment of the likelihood of realization in the next three years.			

Source: IMF, ISLAMIC REPUBLIC OF AFGHANISTAN, 2014 ARTICLE IV CONSULTATION—STAFF REPORT; PRESS RELEASE; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF AFGHANISTAN, IMF Country Report No. 14/128, May 2014, <http://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>, p. 10.

Narcotics

There are other problems that will further complicate the economic “threat.” The history of counter-narcotics efforts in Afghanistan may not be an exercise in futility, but it is hard to describe it as anything else. Years of reporting of favorable trends were largely reversed well before the end of 2014. Moreover, much of this reporting followed the path of lying by omission that has distorted so much of the security and aid reporting on Afghanistan during the course of the war.

Most economic studies chose to ignore the impact of narcotics on the overall economy. Reports on narcotics per se generally focused on the farm gate price, and the theoretical motivation of farmers in terms of alternative crop prices, rather than the real world economics of opium as it entered the distribution and processing system, grew sharply in value, impacted on power brokering throughout the country, and involved a massive network of narco-traffickers.

The focus on the farmer to the exclusion of a massive criminal network involving key Afghan officials and power brokers, and massive amounts of corruption, was absurd. So was the focus on farm gate prices – although it reversed the kind of statistical exaggeration law enforcement officials use when they report the size of drug seizures in street prices – to the exclusion of the actual loss in value to narco-traffickers – common in the US.

As noted in **Figure 17**, many estimates of Afghan agricultural output do not take account of the nation’s leading cash and export crop. The World Bank did, however, provide a far more realistic assessment of the economic importance of narcotics in a report issued in October 2014:⁸¹

Both opium production and area under poppy cultivation increased considerably in 2013 – and is expected to remain at a high level in 2014. According to UNODC data, opium production increased by almost 50 percent to 5,500 tons in 2013, while the total area under poppy cultivation expanded by 36 percent to 209,000 hectares...Opium production in 2013 appears to have recovered from the decline in 2012 triggered by adverse weather and disease. While the total value of opium production at farmgate prices remained at about 4 percent of GDP (or \$950 million) in 2013 due to a decline in the farm-gate price, the export value of opiates (including drugs) increased from 11 percent of GDP in 2012 to 15 percent of GDP – or \$3.1 billion – in 2013. A number of factors could have contributed to the recent increase in poppy production, including (i) the introduction of new production technologies (e.g. irrigation); (ii) fewer livelihood opportunities or the expectation thereof; and (iii) the rollback of international forces and associated counternarcotic efforts from the provinces. Although opium’s importance in GDP has been declining over time (down from 13 percent of GDP in 2007 to 4.1 percent in 2013 at farm-gate prices), it is likely an important source of livelihood for a segment of the rural population.

SIGAR also provided an important assessment of the trends in opium growing and output in its October 2014 report,⁸²

Afghanistan is by far the world’s largest source of opium, producing over 90% of global supply...Opium production accordingly plays a key role in the political economy of Afghanistan. While occupying less than 3% of land under cultivation, opium is Afghanistan’s most valuable cash crop, and opiates—opium, morphine, and heroin—are its largest export, with an estimated value of \$3 billion at border prices.² Furthermore, the opium economy directly provides up to 411,000 full-time-equivalent jobs—more than the entire Afghan National Security Forces (ANSF)—and supports additional secondary-effect jobs in the licit economy...In the coming weeks, the United Nations Office of Drugs and Crime

(UNODC) is expected to report further increases in the amount of opium poppy grown. Levels of cultivation have risen by more than 200,000 hectares (1 hectare, or ha, equals roughly 2.5 acres) since 2001... There is reason to believe that cultivation will continue to increase in 2015, after the NATO combat mission in Afghanistan has drawn to a close.

... As Special Inspector General John F. Sopko told Congress earlier this year, “The narcotics trade is poisoning the Afghan financial sector and fueling a growing illicit economy. This, in turn, is undermining the Afghan state’s legitimacy by stoking corruption, nourishing criminal networks, and providing significant financial support to the Taliban and other insurgent groups.” In sum, Sopko warned, “the expanding cultivation and trafficking of drugs is one of the most significant factors putting the entire U.S. and international donor investment in the reconstruction of Afghanistan at risk.”

... despite the threat that the burgeoning opium economy poses to the Afghan state and reconstruction, counternarcotics has largely fallen off the Afghan agenda of both the U.S. government and the international community. It rarely appears in the declarations and communiqués from the conferences on Afghanistan reconstruction that have become a mainstay of the international effort. And there are only oblique references to the issue...

... UNODC estimates that opium poppy was grown on 209,000 hectares— more than half a million acres—in 2013, up 36% from 2012 and a “record high” for Afghanistan.¹¹ This was not the first time Afghanistan set records for opium production. In 1999, at the height of the Taliban regime, opium poppy cultivation had reached an “unprecedented level” of approximately 91,000 hectares.... Another “unprecedented” level of 131,000 hectares of opium poppy was cultivated in 2004.¹³ This occurred shortly after then finance minister Ashraf Ghani warned of the dangers of the burgeoning opium economy....

Despite President Karzai’s declaration of a “*jihad* against opium” and redoubled U.S. efforts, another “unprecedented” peak of 193,000 hectares of poppy cultivation occurred in 2007... Nangarhar Province in eastern Afghanistan, declared “poppyfree” by the UN in 2008, “saw a fourfold increase in opium poppy cultivation between 2012 and 2013.” Farm-gate opium prices remain relatively high¹⁷ at around \$140 per kilogram.¹⁸ The Afghan economy remains fragile: economic growth has declined, real wages are falling, and inflation has increased.¹⁹ The security situation in many rural areas of the country is increasingly uncertain. In such conditions, opium production should be expected to rise.

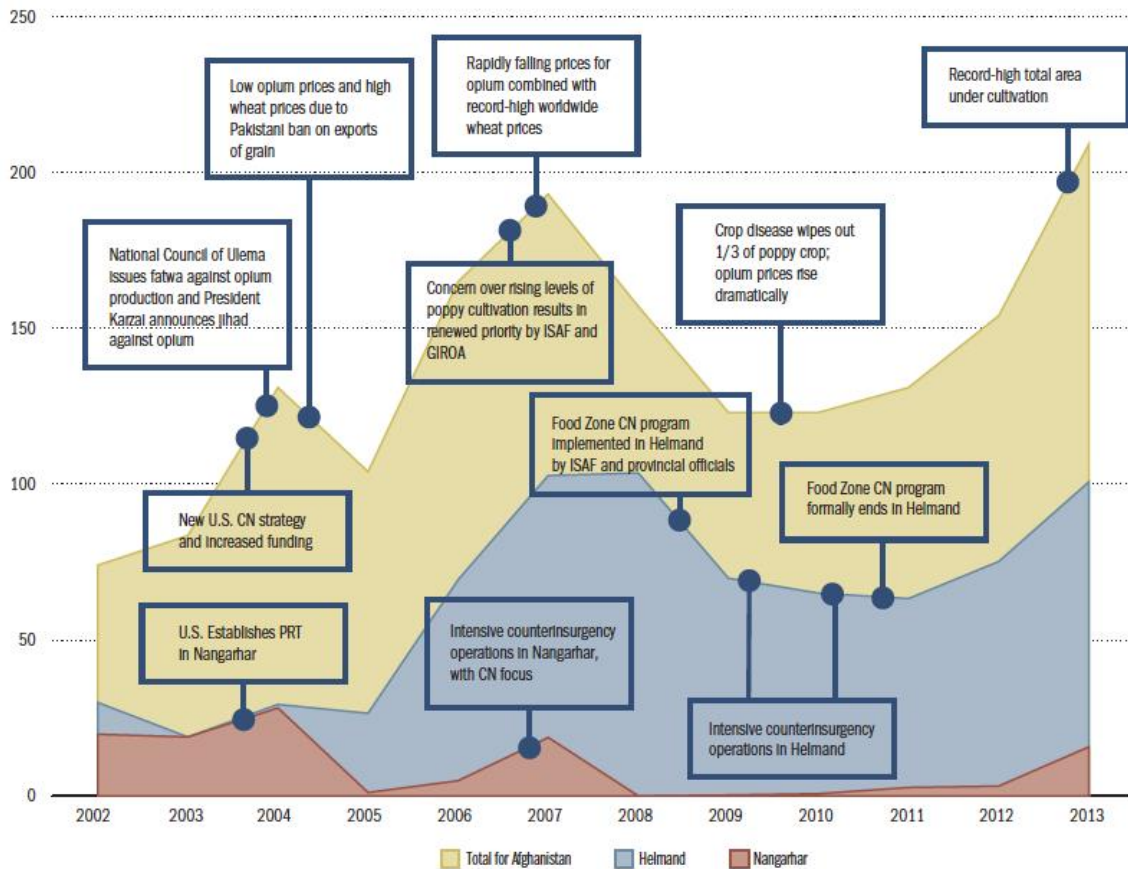
Some of the key trends in Afghan narcotics activity are shown in **Figure 19**. It is all too clear that any major economic downturn is likely to make Afghanistan even more dependent on drug growing and exports – as well as be seen as a threat by Afghanistan’s neighbors, raise questions about aid to Afghanistan in outside nations, and increase the already massive drug use by Afghans – a problem endemic in the Afghan security services.

That said, the US has already spent some \$7.8 billion in counternarcotics to little effect. Although UNDOC, the World Bank, IMF, and organizations like SIGAR all propose a new round of attention to such efforts, it seems all too likely that such efforts will have marginal impact at best until and unless Afghanistan can achieve a far higher degree of security and economic stability and create a climate where enforcement efforts can be more effective and less corrupt, and there are fewer incentives for narco-trafficking at every level of the Afghan economy. In fact, it is more likely that the economic pressure on Afghanistan will lead to an even heavier emphasis on drugs over at least the period from 2015-2018 than most of the reforms proposed by the Afghan government, IMF, and Work Bank will actually be implemented.

Figure 19: Afghanistan as a Narco-Nation – Part One

SIGAR Estimate of Key Trends in Cultivation and Effectiveness of Eradication

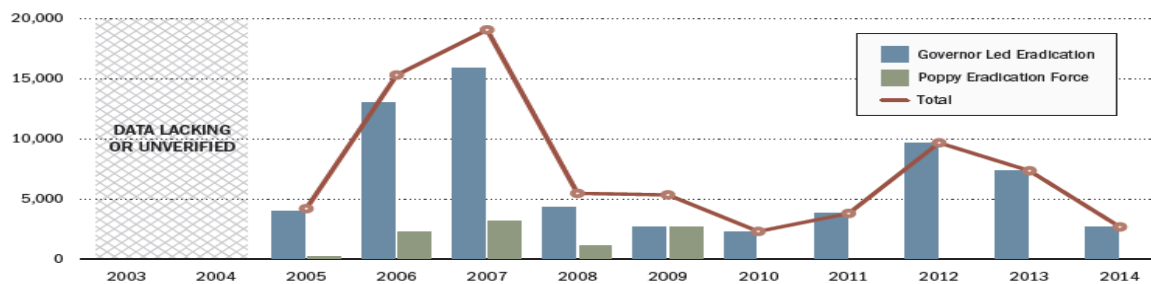
FLUCTUATIONS IN OPIUM-POPPY CULTIVATION AND KEY EVENTS IN AFGHANISTAN, 2002–2013 (THOUSANDS OF HECTARES)



Note: PRT = Provincial Reconstruction Team. CN = counternarcotics.

Source: SIGAR, Special Project Report 15-10-SP, *Poppy Cultivation in Afghanistan: After a Decade of Reconstruction and Over \$7 Billion in Counternarcotics Efforts, Poppy Cultivation Levels Are at an All-Time High*, 10/14/2014.

POPPY ERADICATION IN AFGHANISTAN (HECTARES)

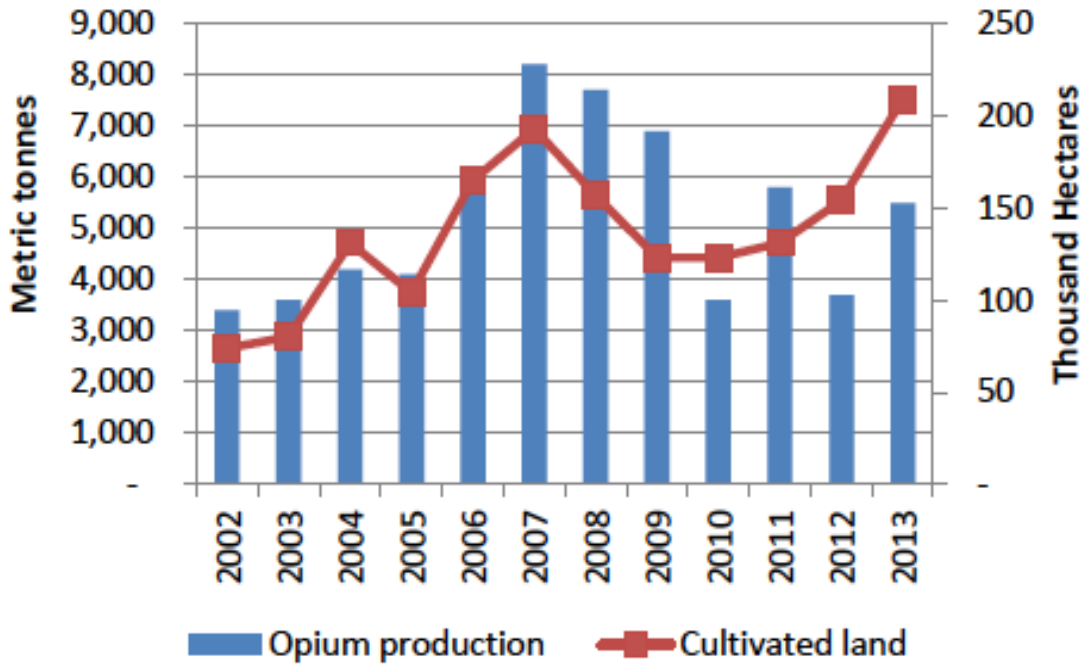


Source: UNODC, *Afghanistan Opium Survey 2003*, 10/2003, pp. 53, 96; UNODC, *Afghanistan Opium Survey 2004*, 11/2004, p. 77; UNODC, *Afghanistan Opium Survey 2010*, 12/2010, p. 45; UNODC, *Afghanistan Opium Survey 2013*, 10/2013, p. 35; UNODC, *Afghanistan Poppy Eradication Verification Report*, 8/2014, p. 4.

Source: SIGAR, *Quarterly Report*, October 30, 2014, pp. 6, 10,

Figure 19: Afghanistan as a Narco-Nation – Part Two

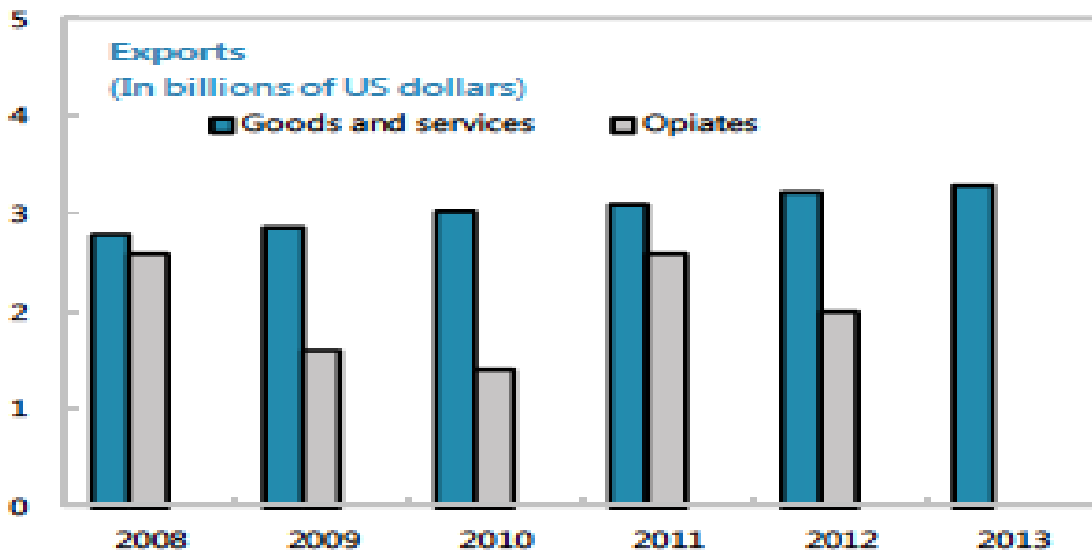
World Bank Estimate of Key Trends in Cultivation and Opium Output



Source: UNODC

World Bank, *Afghanistan: Economic Update*. The World Bank, 91691, October, 2014, p. 4

IMF Estimate of Comparative Value of Opium versus Non-Opium Exports



Source: ISLAMIC REPUBLIC OF AFGHANISTAN. 2014 ARTICLE IV CONSULTATION—STAFF REPORT; PRESS RELEASE; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF AFGHANISTAN, <http://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>, p. 35

A Major Trade Deficit and No Miracles from a “New Silk Road” or Mineral Extraction

Afghanistan also has a massive trade deficit – at least as measured in terms of the non-narcotics aspect of its economy. This deficit is summarized in **Figure 20**. It has not been critical in the past because of the volume of outside military spending and aid. However, the downward trend in imports in 2013 shown in **Figure 20** warns it could become a very serious problem if aid is not sustained or delivered on time, and it is difficult to see how Afghanistan could both begin to make a major reduction in its deficit and sustain its economy and security efforts before it can find a major new source of exports like mines or petroleum – developments unlikely to have a major impact before 2020.

Neither the World Bank or IMF see any form of “New Silk Road” as having a significant near-term impact on the Afghan economy. Moreover, the efforts to create an Afghan “ring road” to meet even Afghan needs now present steadily growing maintenance and security problems. SIGAR reporting notes that:⁸³

Afghanistan’s lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said restoring the transportation sector is imperative for economic development. Afghanistan’s infrastructure shortcomings particularly constrain the service and agriculture sectors, currently the leading contributors to GDP. They also hold back the mining industry, whose future revenues the Afghan government and international donor community are counting on to offset declining aid. This quarter, the United States continued its efforts to assist Afghanistan in developing ministry capacity, sustaining operations and maintenance, and complying with international Standards.

...While the United States has provided \$2.2 billion cumulatively for road construction and O&M and currently spends about \$5 million annually for O&M efforts, the World Bank said 85% of Afghan roads are in poor shape and a majority cannot be used by motor vehicles. Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to the U.S. Department of Transportation (DOT). Moreover, the lack of a functioning roads authority has significantly affected road infrastructure across Afghanistan. Although the Cabinet and the President gave approval in August 2013 for the Ministry of Public Works (MOPW) to create a roads authority and road fund, the authority has not yet been established

SIGAR reporting sums up what seems to be a similar consensus on the prospects for mines and mineral extraction,⁸⁴

The United States, the Afghan government, and the international donor community count on development of Afghanistan’s natural resources to underpin future economic growth in the face of declining external aid. Although mining has contributed less than 2% to the country’s GDP to date, the Afghan government expects to eventually receive significant revenues from large-scale investments in the Aynak (copper) and Hajigak (iron-ore) mines, and from oil and gas fields in the Afghan-Tajik basin.

The World Bank estimates annual extractive-sector revenues could reach between \$0.7 billion and \$1.5 billion by 2022–2024. ...8\ However, the United States Institute for Peace warned that revenue projections from mineral extraction are often difficult to make with any accuracy, given commodity-price fluctuations and uncertainty whether identified resources can be fully extracted. Moreover, the government will not necessarily receive the full value of Afghanistan’s mineral wealth in revenues.

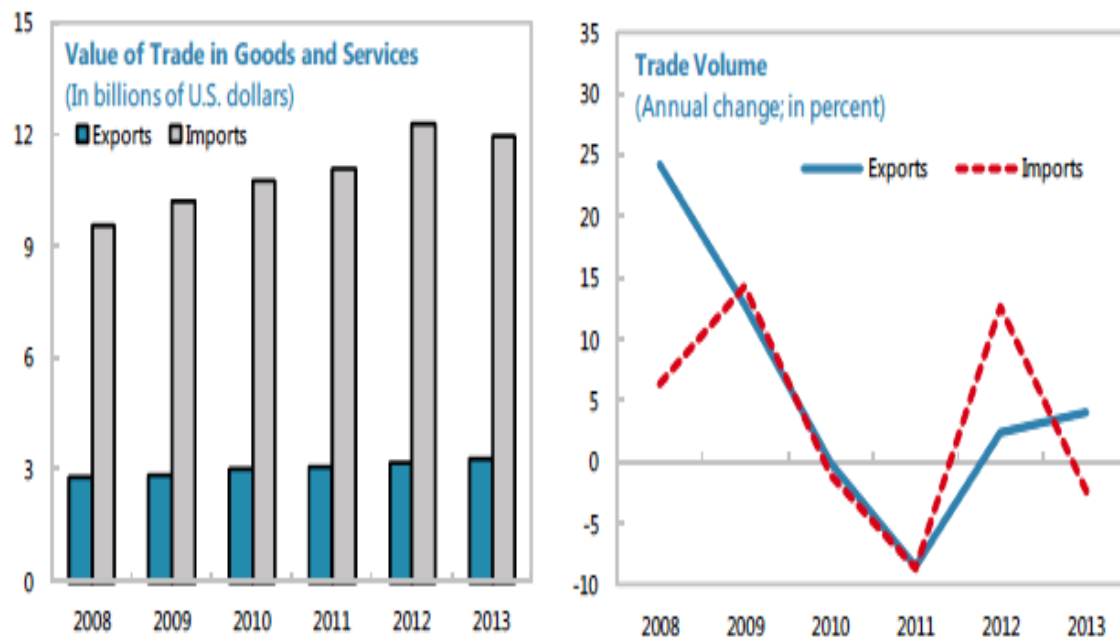
SIGAR has long cautioned that the Afghan government may not be able to earn substantial revenues from Afghanistan’s natural resources any time soon because of the considerable infrastructure investment required to develop them, especially given the difficult security environment. In addition, the Revenue Watch Institute gave Afghanistan a failing grade in 2013 for its minimal oversight of the mining-licensing process and of state-owned mining companies. It said lawmakers do not

receive, regular reports on licensing decisions, which cannot be appealed, and are denied access to certain major mining contracts deemed confidential.

Allegations that members of the executive and legislative branches benefit from contracts won by relatives cannot be confirmed; Afghanistan's Audit and Control Office does not specifically review resource revenues, and the reports it does prepare are not published. An Integrity Watch Afghanistan report this quarter compared Afghanistan's governance of its mining-industry to best practices in six countries in order to help highlight Afghanistan's opportunities and challenges.

It found that corruption is a major investor concern in Afghanistan, and that mining-sector transparency—in licensing process, tax and royalty data, distribution of funds, and public access to information—along with good governance were essential to sustainable development that benefits the public.

Figure 20: The Afghan Trade Deficit



Source: ISLAMIC REPUBLIC OF AFGHANISTAN. 2014 ARTICLE IV CONSULTATION—STAFF REPORT; PRESS RELEASE; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF AFGHANISTAN, <http://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>, p. 33.

Economic Reform and the Need for Aid

The need for economic reform is all too clear, and **Figure 21** shows it affects the need to remove key barriers to private sector investment as well as all of the other problems that have already been listed. Ashraf Ghani, the World Bank, the IMF, and the donors at the London Conference have all called for Afghan economic reform and for improved efforts at Afghan revenue collection.

Such steps, however, will take years to have a major impact and require an effective Afghan government to be in place. Here, some of the World Bank and IMF estimates that correctly assess the country's problems but then go on to make unrealistic assessments of what an Afghan government can do during wartime need to be kept in careful perspective. "Best cases" in reform— even defined in real world terms as the more limited effort possible in an "Afghan good enough" scenario — are improbable possibilities and not probabilities.

As Chapter III has shown, Afghanistan will still require major amounts of outside aid well beyond 2020 if the war continues. The gap between Afghan government revenues and expenditures discussed in Chapter III has shown the real world limits of what Afghanistan can do on its own. SIGAR estimates that Afghanistan's domestic revenues for the Afghan FY 1392 (December 21, 2012–December 20, 2013) missed Ministry of Finance budget targets by 11.9%. Domestic revenues paid for only 37% (\$2 billion) of Afghanistan's total budget expenditures (\$5.4 billion) in FY 1392; donor grants covered the remainder.⁸⁵

A World Bank presentation at the London Conference -- that was held in early December 2014 -- focused on Afghan reform also concluded, however, that even if all the right measures were taken, and Afghanistan could average 5% economic growth, the financing gap between government revenues and spending would still remain series through 2025. In the short term, "revenues might only rise to 12.8% of GDP in 2018 (lower than prior projection of 14% of GDP for 2018).⁸⁶

As a result, the major source of economic stability during the critical period between 2015 and 2017, must be the volume of aid and its actual impact on the Afghan economy. This aid will be necessary to support the Afghan security forces, the ease the Afghan budget deficit, and to limit any recession.

Providing the needed amount of aid will not be an easy sell. The US and its allies have already funded both the vast majority of Afghan reconstruction and development efforts with what the World Bank has assessed was marginal success in a country it sees as extremely corrupt, badly governed, and still largely reliant on agriculture in areas unaffected by aid and outside spending.⁸⁷

In the case of the US, the US government has never issued an official estimate of the cost of the war, but Amy Belasco of the Congressional Research Service has estimated that the U.S. spent \$557.1 billion on the Afghan War as of FY 2011. Later requests for OCO funding totaled \$254 billion between FY2012 the FY2015 budget request, for a total of \$811.1 billion. In the process, the US alone appropriated approximately \$103.2 billion in reconstruction aid through FY2014, and still budgeted \$6.5 billion in civil and military aid in FY2014.

Some cuts have already taken place in US aid spending. SIGAR reported at the end of July 2014 that US aid would drop from a total appropriation of \$6,417 million in FY2014 to \$5,827 in FY2015. The money available to the Afghan security forces was cut from about \$5.2 billion to \$4.4 billion, although economic and governance aid rose from \$852 million to \$1.2 billion. Many other categories of aid were largely eliminated and counternarcotics funding was cut by more than 50%.⁸⁸

Getting the required aid will be almost certainly be impossible if Afghanistan cannot achieve stable political leadership and more effective governance. It will be equally hard, however, without effective plans, management, and coordination of the aid effort.

The US and other donors pledged at the London Conference to keep up a flow of military and civil aid after 2014, but there are no plans and reports that show the level of aid needed, how aid money would be spent and managed, what measures of effectiveness can be developed and reported, and that explore what would happen if the fighting continued to

serious intensity or Afghanistan faced a truly serious economic crisis after 2014-2105, as past aid money and military spending ran out.

Both the Afghan government and donors also need some form of international help in planning, coordinating, managing, auditing and evaluating Afghan needs and making the aid effort effective. The UN created the UN Aid Mission in Afghanistan (UNAMA) to perform these tasks, and made it, “responsible for the direction and oversight of all UN relief, recovery and reconstruction activities in Afghanistan. One of the main functions of UNAMA’s Aid Coherence Unit is to coordinate the humanitarian development activities of UN agencies and to promote aid effectiveness and good development practice. The UN Secretary-General's reports to the Security Council provide an update on the implementation of the Kabul Process and aid coherence, and humanitarian assistance.”⁸⁹

In practice, UNAMA did a great deal of useful work in political and security areas, but never got the cooperation from donor countries or from the Afghan government to play a role in actually planning and coordinating aid, and never published plans and detailed reports on aid or its effectiveness. This will not be an effective approach to dealing with aid in the future, and it strongly argues that the World Bank rather than the UN could do a better job.

So far, the closest thing to a real world plan for dealing with the civil elements of Transition are World Bank reports like the one on the *Islamic State of Afghanistan: Pathways to Inclusive Growth*, but this report can only have meaning if the World Bank and Afghan government can find a meaningful path to cooperate and implement it.⁹⁰

Figure 21: World Bank Ranking of Ease of Doing Business in Afghanistan

(Afghanistan ranks only 164th out of 189 Countries)

REGION	South Asia	DOING BUSINESS 2014 RANK	DOING BUSINESS 2013 RANK**	CHANGE IN RANK
INCOME CATEGORY	Low income	164	170	↑ 6
POPULATION	29,824,536			
GNI PER CAPITA (US\$)	622	DOING BUSINESS 2014 DTF** (% POINTS)	DOING BUSINESS 2013 DTF** (% POINTS)	IMPROVEMENT IN DTF** (% POINTS)
CITY COVERED	Kabul	42.45	41.62	↑ 0.83
TOPICS	DB 2014 Rank	DB 2013 Rank	Change in Rank	
Starting a Business ✓	24	31	+ 7	
Dealing with Construction Permits	167	170	+ 3	
Getting Electricity	104	111	+ 7	
Registering Property	175	176	+ 1	
Getting Credit ✓	130	154	+ 24	
Protecting Investors	189	189	No change	
Paying Taxes	98	95	+ -3	
Trading Across Borders	184	181	+ -3	
Enforcing Contracts	168	170	+ 2	
Resolving Insolvency	115	118	+ 3	

World Bank, Doing Business in Afghanistan, <http://www.doingbusiness.org/data/exploreeconomies/afghanistan/>.

Developing Effective Conditions-Based Aid

If there is feasible policy recommendation for dealing with the economic threat in the near term, it is that the US needs to apply the same conditions-based approach to civil aid that it needs to provide to military support. However, the US cannot and should not issue a blank check, or repeat the same lack of planning and effective management that aid has had up to date. It needs to convince the American people, the Congress, and key allies that an effective mix of civil and military aid, and an adequate US military presence – is affordable, will be used effectively and with reasonable honesty, and that Afghanistan has sufficient strategic value to justify the required level of effort.

This requires a level of objectivity, honesty, transparency, credible planning, and risk-benefit analysis that US has failed to develop since 2001, and failed to provide in Vietnam, the Balkans, and Iraq.

It also requires a successful resolution to the divisive mess that has emerged out of the Afghan election, a credible degree of national unity, and Afghan leadership that is interested in meaningful leadership rather than power brokering and corruption. No case can be made for reversing current US policy without a shift in the quality of Afghan governance that now seems all too improbable.

As noted earlier, Afghanistan has not yet shown itself to be a meaningful partner in terms of effective leadership and unity. Afghanistan has not set forth meaningful plans for future aid needs for either maintaining economic stability or moving towards post-Transition economic stability development that it can show it can implement or fund. It has not shown it can reduce corruption to acceptable levels or provide the quality of governance needed to become the “other half” of an effective counterinsurgency effort.

Afghan leaders must take ultimate responsibility for both the success and failure of Afghan governance, security and civil programs, and do so with the clear understanding that the US commitment to Afghanistan will be steadily more dependent on their competence and integrity, and that Afghanistan is of limited strategic importance to the US. While no US political leader can openly say so, the risk of some form of Afghan failure now seems acceptable if Afghan leaders fail.

Much depends on the new Afghan President, the future degree of Afghan unity, how well Afghan forces do as US advisors phase down below a critical minimum in 2015, and whether Afghanistan proves able to deal with the economic impact of the coming cuts in aid and military spending.

At the same time, the US and its allies need to do more, and present clearly defined, practical, and fundable plans for providing the military and civil aid. They need to provide far more transparency with far more integrity. They need to develop a more functional organization to shape and coordinate aid and development. Most of all, the US needs to recognize that it cannot succeed in Afghanistan if the level and duration of its military advisory effort is so limited.

VI. Regional Threats: The Uncertain Impact of Pakistan

Throughout the Afghan conflict, Pakistan has been a classic example of the fact that the “threat” posed by allies and regional powers can be as serious as the “threat” posed by the host country. Ever since 2001, the US and Pakistan have been caught up in the tensions caused by the fact that they have had different objectives in Afghanistan and the region, and by the real world tensions between the US and Pakistan over Pakistan’s tolerance of Taliban, Haqqani, and al Qaeda sanctuaries in Pakistan. While public opinion polls show that many Pakistanis see the US as more of a threat than India, the private US official view of Pakistan is equally negative.

The US sees Pakistan as a deeply divided and unstable country whose economy and social infrastructure is drifting towards the status of a failed state, and whose military presents a constant threat of taking power. While Pakistan finally made a peaceful transition in a democratic election in May 2013, that election has led to divisive and nearly paralyzing political tensions between Prime Minister Nawaz Sharif and two opposing political leaders seeking to push him out of power -- Imran Khan and Tahir ul-Qadri.

Some aspects of this situation may be changing. Prime Minister Nawaz Sharif seems to have ridden out the immediate political threat posed by Imran Khan and Tahir ul-Qadri. Sharif’s attempts to negotiate with the Pakistani Taliban failed, and the Pakistani Army has conducted steadily more intensive counterinsurgency campaigns in the areas where the Pakistani Taliban have operated in western Pakistan. Pakistani and Afghan relations seems to improve after the election of President Ghani and his discussions with Sharif.

The Pakistani Taliban, or Tehreek-e-Taliban Pakistan (TTP), did much to alienate public support when it launched a bloody attack on a military school in Peshawar on December 16, 2014; an attack that killed 145 people, most of which were young students. The attack did much to alienate the Pakistani public. Prime Minister Sharif and the Pakistani Chief of Staff, Raheel Sharif, sharply stepped up Pakistani counter-insurgency and counter-terrorism activity against the Pakistani Taliban immediately after the attack, and did so while requesting at least some support from US UCAVs.

It is still not clear, however, that the Pakistani government will launch a major campaign against Afghan insurgents, or deny Al Qaeda, the Afghan Taliban, or other insurgent groups like the Haqqani Network de facto sanctuary in Pakistan. As of the end of December, the Pakistani government did not seem to have taken any steps to suppress the Quetta Taliban – the center of the Taliban’s operations and probable residence of its leader Sheik Omar in Pakistan.

It also is not clear how much Pakistani and Afghan relations will really improve or lead to real military cooperation in their border area. It is not clear how much Pakistan and US relations will improve on any lasting basis. And, it is not clear how Indian and Pakistan rivalry for influence in Afghanistan will play out. Furthermore, it is not clear how well Pakistan can deal with the broader threat of violence throughout much of the country. Pakistan’s politics remain uncertain, and it has so far done little to improve the life of most of its people.

Strategic Differences

The US and Pakistan do have common interests, but they also have important differences in their strategic objectives. Both countries saw a common need to support the Afghan resistance against the Soviet Union after the Soviet invasion, although Pakistan's military also saw this as an opportunity to strengthen Pakistani influence, secure what Pakistan regarded as its rear area against India, reduce any problems over its disputed border with Afghanistan, and support its then Chief of Staff, General Zia's interest in aiding Islamist extremist elements in Afghanistan. The US, in contrast, focused on weakening the Soviet Union and reducing the threat it might pose to the Gulf.

Similar Pakistani strategic interests have affected Pakistani relations with Afghanistan ever since, and led to serious differences with a US that has given priority to defeating the Taliban and Afghan security and stability, while Pakistan has focused on its perceived local and regional strategic interests. These differences have been compounded by Pakistan's past shift to military dictatorship, support of Islamist extremist terrorists in operation against India, focus on preparing for another conflict with India rather than dealing with its internal threats and problems, and the growing risks the US sees in the Pakistani-India nuclear and missile arms race.

Before 9/11 and the start of the US military intervention in Afghanistan, Pakistan was a key supporter of the Afghan Taliban. Its key military intelligence and special operations center – the Inter-Services Intelligence (ISI) branch – established close relations with both the Taliban and relations with Al Qaeda once Bin Laden relocated to Afghanistan. Pakistan's then military dictator, Pervez Musharraf, was a top army officer who had toppled Pakistan's then Prime Minister Nawaz Sharif in a military coup d'état in 1999.

Pakistan only agreed to support the US against the Taliban in 2001 after senior US officials effectively warned him that Pakistan would either side with the US or be seen as against it. The end result was the shell of an alliance where the US provided Pakistan with a massive aid package in return for military cooperation, overflight rights, and land transit for the supply of US and ISAF forces in Afghanistan.

Pakistan's military cooperation was always limited, and it used aid provided to deal with the Taliban threat to build up its capabilities with India. It came to treat Indian influence in Afghanistan as a major threat to Pakistan's "rear area," and gave the Taliban de facto sanctuaries and training areas in Pakistan while it at least tolerated significant command, propaganda, and fund raising operations by Al Qaeda central from within Pakistan.

This led to serious tension between the supposed "allies" on a number of occasions in the years that followed. The situation only marginally improved when Musharraf fell from power, following the assassination of Benazir Bhutto in December 2007, and the election of her husband –Asif Ali Zardari -- as Prime Minister. Pakistan's deeply divided politics limited what the government could do from 2007-2014, and the fact it had real elections did not cripple the power of its military.

Things did not improve as the US moved towards Transition. The then Chief of Staff, General Ashfaq Pervaiz Kayani – who first came to power in 2007 -- did not attempt to change Pakistan's strategic priorities, challenge the Afghan insurgents based in Pakistan, or limit the role of the ISI in intervening in Pakistan. The end result continued to be the

rhetoric of alliance mixed with clashes over security in the border area, Pakistani ties to Afghan insurgents, tensions over the US raid that killed Bin Laden and US UCAV strikers, tensions over the size and use of US aid, and occasional Pakistani suppression of ISAF use of its land supply routes to put pressure on the US. A BBC World Service Poll in 2014 found that, “16% of Pakistanis view U.S. influence positively, with 61% expressing a negative view, while 5% of Americans view Pakistan's influence positively, with 85% expressing a negative view, the most negative perception of Pakistan in the world.”⁹¹

This situation may, however, be improving. As noted earlier, Pakistan and US relation have improved since Nawaz Sharif became Prime Minister on June 5, 2013. Senior US officers and officials also feel that General Raheel Sharif, who replaced Kayani as Chief of Staff on November 27, 2013, has been more forthcoming and focused on the internal threats Pakistan faces and the need to secure Pakistan's border areas with Afghanistan than his predecessors.

A Rising Tide of Internal Violence

Differing strategic interests, the Pakistani military and ISI's role in Afghanistan, and Pakistan's divisive and dysfunctional politics are only part of the problem that now shapes the Pakistani “threat.” Pakistan has not clearly abandoned the use of proxy extremist and terrorist groups in trying to pressure India over Kashmir, and its weak governance and uncertain development have triggered considerable internal instability and violence.

The annual US State Department Country Reports on Terrorism issued in April 2014 reported that Pakistan was making efforts to improve its counterterrorism programs but that no progress had been made in reduced the rising level of violence in 2013.⁹²

In 2013, Pakistan continued to confront terrorist groups, including al-Qa'ida (AQ), Tehrik-e Taliban Pakistan (TTP), the Punjabi Taliban, and Lashkar I Jhangvi (LJ), all of whom mounted attacks against police, military and security forces, or engaged in sectarian violence and criminal activities against all sectors of society. Pakistan did not confront Lashkare-Tayyiba, however, who continued to operate, rally, and fundraise in Pakistan with its front organizations.

...In 2013, terrorists used remote-controlled improvised explosive devices (IEDs) in bicycles, motorcycles, parked cars, rickshaws, donkey carts, and alongside roads, used vehicle-borne IEDs, suicide bombers (including females), targeted assassinations, rocket-propelled grenades, and other armed combat tactics in attacks on mosques, churches, markets, journalists, aid workers, government institutions and officials. AQ and HQN continued to plot against U.S. interests in the region, including U.S. diplomatic facilities. TTP posed a threat to both U.S. and Pakistani interests, and carried out numerous attacks against Pakistani armed forces, Pakistani civilians, and government institutions.

The May 2013 national elections brought in new civilian leadership, which was reviewing a new counterterrorism strategy at year's end. In the pre-election period, some terrorist groups forged alliances with certain political parties, including religiously-based political parties. Some violent extremists conducted election-related terrorist attacks against political parties, candidates, and government officials. Pakistan's government has pursued negotiations with TTP while also targeting the group militarily. Pakistan continued to support the Afghan peace process.

Karachi continued to suffer from political and ethnic violence inflicted by different groups, including militant organizations, fundamentalist religious groups, and the militant wings of political parties. Some militant groups worked to assert control over political parties and criminal gangs operating in the city and surrounding areas of southern Sindh. The security situation in Karachi was a priority concern for Pakistan's president, prime minister, parliament, Supreme Court, and the military and law enforcement agencies.

...During 2013, terrorist groups targeted the Pakistani government and military, engaged in sectarian violence, and perpetrated attacks against civilians. Terrorists organized armed assaults on police stations, judicial centers, border check posts, military convoys, and polio vaccination teams. Terrorists plotted against and attacked judges, prosecutors, police officers, defense lawyers, anti-TTP peace committee members, intelligence officers, and elected officials. In the months leading up to the May national elections, terrorists attacked and killed political party workers and candidates, bombed political rallies, and, after the elections, killed newly elected and appointed officials. Terrorists mounted an armed attack on a Pakistan military and Inter-Services Intelligence (ISI) office in Sukkur, and days later stormed a major prison, releasing several dozen imprisoned high-profile terrorists.

In separate incidents, terrorists assassinated a high-ranking Army general in the tribal areas, the Karachi Chief of Police, and the president's chief of security. Terrorists targeted Shia and other religious minorities in all areas of Pakistan, especially in Sindh, Khyber Pakhtunkhwa (KP), and Balochistan. Terrorists killed an international team of mountain climbers, including one U.S. citizen, on Pakistan's famed Nanga Parbat Mountain.

As of mid-December, over 1,025 civilians and more than 475 security forces personnel had been killed in terrorist-related incidents in Pakistan during the year. The presence of AQ, TTP, and other militant groups continues to pose a threat to U.S. citizens throughout Pakistan. The TTP claimed responsibility for the majority of the frequent attacks that targeted civilians and security personnel. Terrorist incidents occurred in every province.

Pakistan not only faces a threat from its Taliban, but broader threat of violence from a wide mix of extremist and separatist groups. The terrorism data base attached to the State Department report showed a sharp rise in in the number of terrorism incidents in Pakistan from 2005 onwards and nearly vertical rise from 2010 to 2013, rising from less than 800 incidents in 2010 to nearly 2,300 in 2014.⁹³

There are serious uncertainties in all terrorism statistics, and changes in the management of the data base, and reporting made it difficult to make some of the comparisons provided in the text of the 2013 and previous year's report. **Figure 22** does show, however, that the 2013 report found Pakistan to be the second most violent of the ten countries, with the second highest level of terrorist attacks in the world. Pakistan had 1,404 attacks in 2012, with 1,848 killed, and 3,463 wounded. It had 1,920 attacks in 2013, with 2,315 killed, and 4,989 wounded. Only Iraq had more casualties, and attacks: Iraq had 2,495 attacks in 2013, and Afghanistan had 1,144 attacks. No other country exceeded 1,000, India was the fourth ranking country and had only 622 attacks.⁹⁴

The State Department country profile for Pakistan in the 2013 report, -- which was issued in April 2014 and which does not count the rise in violent terrorist killings in 2014 --notes that:⁹⁵

- The total number of terrorist attacks reported in Pakistan increased 36.8 percent between 2012 and 2013. Fatalities increased 25.3 percent and injuries increased 36.9 percent.
- The Tehrik-i-Taliban ranked as the fifth most violent terrorism group in the world in 2013, with 134 attacks and 589 killed.,
- No specific perpetrator organization was identified for 86.2 percent of all attacks in Pakistan. Of the remaining attacks, nearly half (49%) were carried out by the Tehrik-i- Taliban Pakistan (TTP). Attacks attributed to the TTP killed more than 550 and wounded more than 1,200 in 2013.
- Twenty other groups, including a number of Baloch nationalist groups such as the Baloch Republican Army, the Baloch Liberation Army, the Baloch Liberation Front, and the Baloch Liberation Tigers, carried out attacks in Pakistan, particularly in Balochistan.

- More than 37 percent of all attacks in Pakistan took place in Khyber Pakhtunkhwa province, 28.4 percent took place in Balochistan, and 21.2 percent took place in Sindh province. The proportion of attacks in the Federally Administered Tribal Areas (FATA) decreased from 19.6 percent in 2012 to 9.4 percent in 2013.
- The most frequently attacked types of targets in Pakistan were consistent with global patterns. More than 22 percent of all attacks primarily targeted private citizens and property, more than 17 percent primarily targeted the police, and more than 11 percent primarily targeted general (non-diplomatic) government entities.
- However, these three types of targets accounted for a smaller proportion of attacks in Pakistan (51.1%) than they did globally (61.7%). Instead, terrorist attacks in Pakistan were almost twice as likely to target educational institutions (6.4%) and more than three times as likely to target violent political parties (4.4%), organizations that have at times engaged in both electoral politics and terrorist violence

Independent analysts see the same trends. A study by Saira Yamin and Salma Malik of the US Institute for Peace found the patterns of violence that are also shown in **Figure 23**, and concluded that:⁹⁶

- Over the past decade, Pakistan has experienced a significant rise in violence in terms of frequency, scope, and magnitude. The origins and intensity of violence vary regionally and involve both longstanding conflict actors and new groups.
- Violence is most concentrated along the Afghan border in the Federally Administered Tribal Areas (FATA) and the province of Khyber Pakhtunkhwa (KP). Other regions of Pakistan lying along the border with Afghanistan, including Balochistan and Gilgit Baltistan, have also experienced a significant escalation in violence. This escalation is in part a result of the nexus between sectarian militants and terrorist outfits.
- In Sindh, most of the violence is concentrated in Karachi, which witnessed a tenfold increase in violence between 2006 and 2013. _The security landscape there has become increasingly complex over the years with the addition of many types of actors, including sectarian militant groups, terrorist outfits, political parties, and criminal gangs.
- The scale, scope, and magnitude of violence in Balochistan, the largest province in Pakistan in terms of territory, remain unprecedented and unabated. Sectarian and terrorist activities targeting the Shia Hazara community have compounded the effects of a high intensity conflict between a secessionist insurgency and the military that has been under way in the province since 2006. Balochistan also provides safe haven to the Quetta Shura, a key Afghan Taliban group headed by Mullah Omar.
- For the past decade, Punjab has experienced the least violence of any province in Pakistan. However, the province is increasingly a breeding ground for terrorist and militant recruits engaged in violence in other regions.
- Given the diverse and broad spectrum of conflicts affecting Pakistan, it is important to analyze and address each conflict in its own context and plan for comprehensive states stabilization and peace building processes entailing both short and long-term measures.

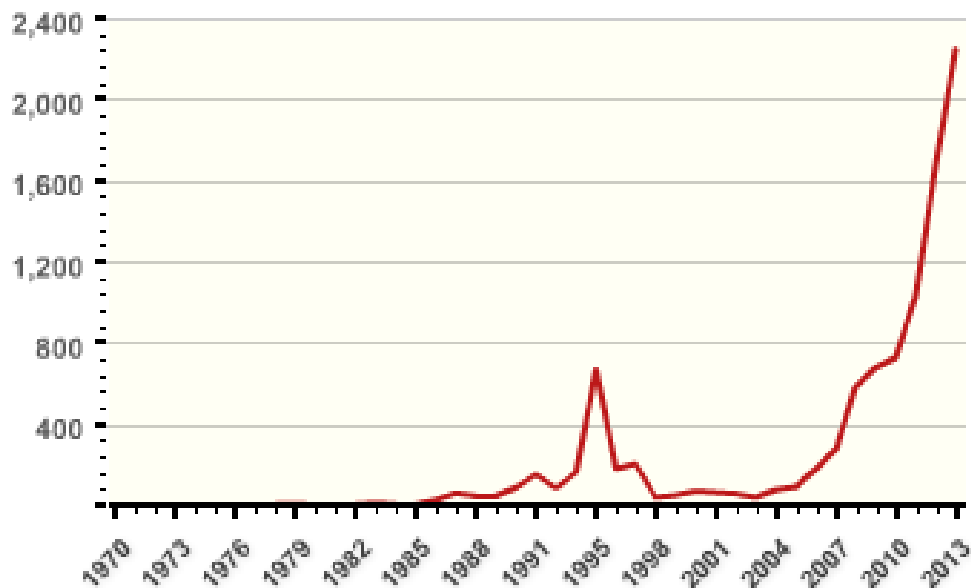
Figure 22: The Broadening Patterns of Internal Violence in Pakistan – Part One

State Department Estimate of Ten Countries with Most Terrorist Attacks: State Department Statistical Annex for 2013

Country	Total Attacks	Total Killed	Total Wounded	Average Number Killed per Attack	Average Number Wounded per Attack
Iraq	2495	6378	14956	2.56	5.99
Pakistan	1920	2315	4989	1.21	2.60
Afghanistan	1144	3111	3717	2.72	3.25
India	622	405	717	0.65	1.15
Philippines	450	279	413	0.62	0.92
Thailand	332	131	398	0.39	1.20
Nigeria	300	1817	457	6.06	1.52
Yemen	295	291	583	0.99	1.98
Syria ²	212	1074	1773	5.07	8.36
Somalia	197	408	485	2.07	2.46

Bureau of Counterterrorism, Statistical Annex, *Country Reports on Terrorism 2013*, US State Department, April 2014, pp. 4. For trend graph through 2013, see <http://www.start.umd.edu/gtd/search/Results.aspx?chart=overtime&search=Pakistan>.

State Department Data Annex Trend Analysis of Pakistani Terrorist Incidents

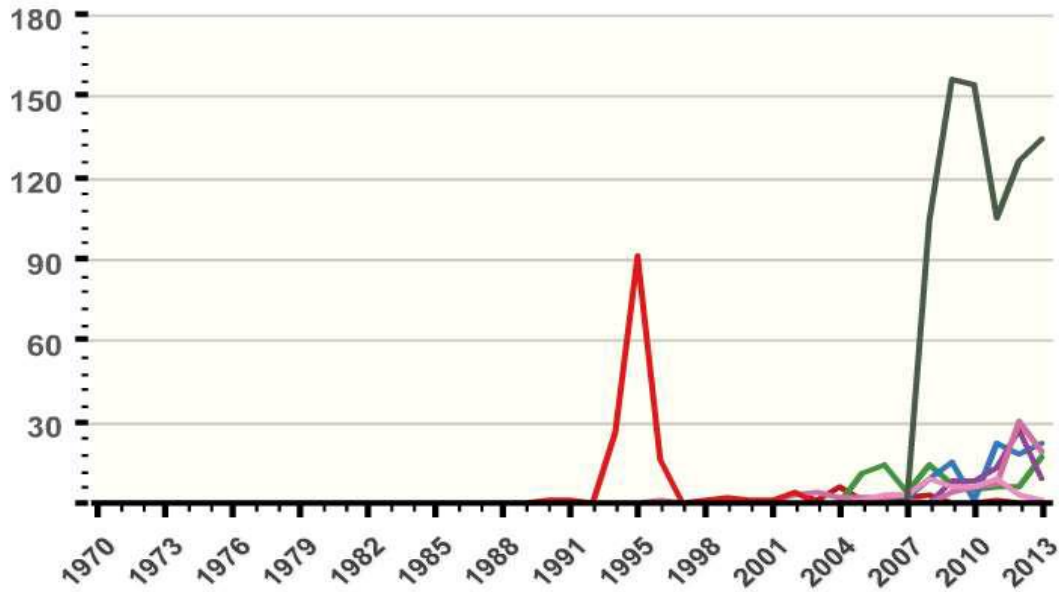


GTD, Global terrorism Data Base, "Pakistan,"

<http://www.start.umd.edu/gtd/search/Results.aspx?chart=overtime&search=Pakistan>.

Figure 22: The Broadening Patterns of Internal Violence in Pakistan – Part Two

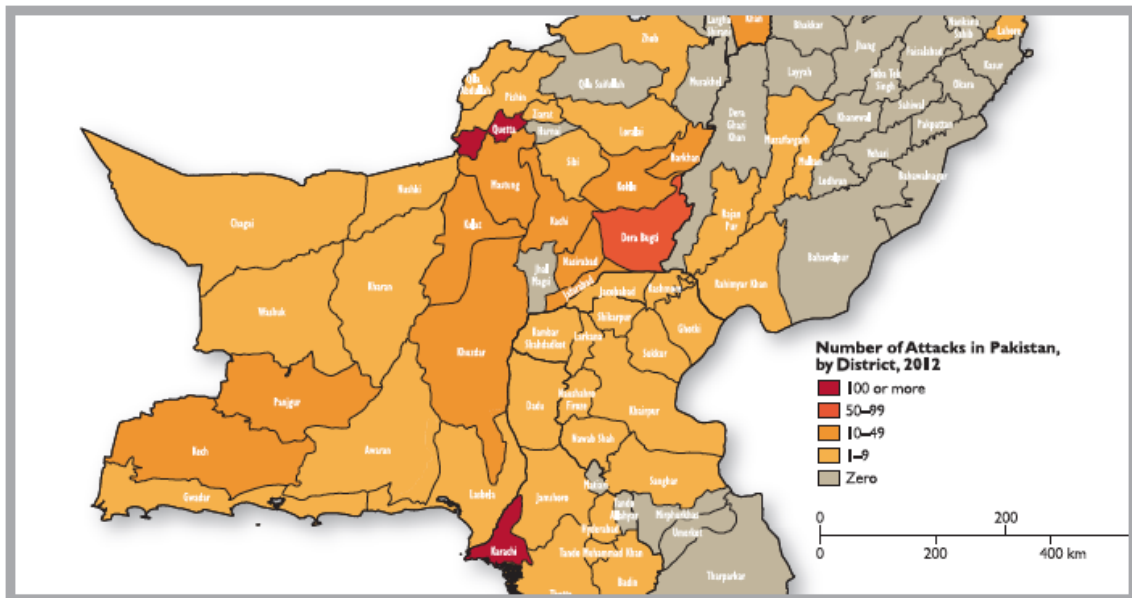
State Department Data Annex Trend Analysis of Perpetrators of Pakistani Terrorist Incidents



GTD, Global terrorism Data Base, “Pakistan,”

<http://www.start.umd.edu/gtd/search/Results.aspx?chart=overtime&search=Pakistan>.

USIP Map of Terrorist Incidents



http://www.usip.org/sites/default/files/PW93-Mapping_Conflict_Trends_in_Pakistan.pdf

An Ally that Has Also Been a Threat

While US officials, officers, and experts will not say so publically, many have seen Pakistan as much as of a threat as an ally. Many US officers and officials who have worked on Pakistan privately see Pakistan as a country whose military refused to take advantage of US efforts to help it in counterinsurgency warfare, and whose military is still committed to aiding Islamist extremist elements that threaten Afghanistan and Pakistan while increasingly fighting a domestic Islamist threat it has done much to generate. The US has seen Pakistan create a de facto sanctuary for the Taliban and Haqqani Network, somehow fail to detect Bin Laden's presence near a key military base, and be "unable" to find Omar and the headquarters of the Taliban in Quetta.

They do not believe that Pakistan made serious efforts to find Bin Laden, deal with the Al Qaeda presence on its soil, limit the flow of arms and volunteers into Afghanistan, capture or expel the Quetta Taliban, or conduct counterinsurgency campaigns that were not limited to threats against Pakistan.

They have equally little tolerance for Pakistani arguments that the US has illegally attacked targets in Pakistan territory. Nations must either secure their territory and borders or see outside states counter the enemy forces on their soil. At the same time, US officials note that Pakistan has often attacked the US for the UCAV strikes shown in **Figure 23**, even when Pakistan provided some of the targeting data, lacked the capacity to act on its own, and the strikes occurred against extremist elements threatening Afghanistan that the Pakistani government claimed it did not tolerate or support. Pakistan has not secured its borders or denied the Afghan Taliban and Haqqani Network effective sanctuaries on its territory.

Figure 23: US Air and UCAV Strikes in Pakistan, Yemen, and Somalia: 2002-9/2014

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	to 9/2014
Pakistan	-	-	1	2	3	5	35	53	117	64	46	28	7
Yemen	1	-	-	-	-	-	-	2	4	10	41	26	16
Somalia	-	-	-	-	-	3	2	1	-	1	1	1	2

Source: *The Long War Journal* and *New York Times*, September 12, 2014, <http://www.nytimes.com/2014/09/12/world/middleeast/us-pins-hope-on-syrian-rebels-with-loyalties-all-over-the-map.html?smprod=nytcore-ipad&smid=nytcore-ipad-share>.

US officials and officers see Pakistan's claims to having fought Islamic extremists and insurgents as having focused almost exclusively on insurgents that threatened Pakistan, while tolerating the presence of Al Qaeda leaders like Bin Laden, and the Afghan leaders, cadres, training camps and bases of Afghan insurgents. They see the ISI as a threat and not as an ally, and still as a major political force in Pakistan. It is also interesting to note that Chinese experts now see the ISIS as a major problem in allowing the training of Islamic extremist from China to take place in Pakistan.⁹⁷

This helps explain why tensions between the US and Pakistan approached an open break in 2011, when Admiral Mike Mullen, then Chairman of the US Joint Chiefs, publicly

described the Haqqani network as “a veritable arm” of the ISI.⁹⁸ No currently serving US senior official or official has publically gone so far making such charges, or as Carlotta Gall has in *The Wrong Enemy*, but several privately make it clear that they do not regard Pakistan as a meaningful ally and see its conduct as having sustained the threat in Afghanistan. It is also interesting to note that Chinese experts now see ISIS as a major problem in allowing the training of Islamic extremist from China to take place in Pakistan.⁹⁹

It also helps explain why there has been little – if any – past real world US tolerance of Pakistani arguments that the US has somehow failed to support a Pakistan making sacrifices for the US. The US sees Pakistan as serving its own interests in ways that have ended in supporting Islamic extremism and making the war in Afghanistan far worse. A CRS report issued in 2013 reflected the private views of many US officials in noting that, “Pentagon officials have for some time been frustrated by the allegedly feckless counterinsurgency efforts of the internally squabbling Islamabad government.

A Movement Towards Real Alliance?

The election of Sharif as Prime Minister made some improvement in US-Pakistani relations, and the new Pakistani military campaign in the FATA area in 2014 has had some US intelligence aid and support in the form of drone strikes. The campaign has had uncertain execution and success. It has sometimes displaced Taliban and Haqqani elements rather than really defeated them, and has turned many civilians into IDPs. Several US experts feel the Pakistani military has been far too slow to shift away from a conventional war strategy focused on India, and has focused on a rising nuclear and missile arms race at a time it badly needs United States assistance in reorienting its army for counterinsurgency efforts.¹⁰⁰

Many Afghan officials and officers have seen the campaign as having pushed some insurgents back into Afghanistan, making things worse in Afghanistan’s troubled east, and see Pakistan as likely to launch growing efforts to control the region once the US leaves.

President Karzai raised such charges to ridiculous extremes on leaving office in September 2014, accusing both Pakistan and the US as being the cause of the fighting in Afghanistan, “One of the reasons was that the Americans did not want peace because they had their own agenda and objectives... Today, I tell you again that the war in Afghanistan is not our war, but imposed on us and we are the victims... No peace will arrive unless the US or Pakistan want it.” He also had his National Security Council publically say that Pakistan was deliberately pushing fighters out of the FATA and to attack Afghan government targets in a de facto “declaration of war.”¹⁰¹

These words ignored positive trends in Pakistan. Karzai’s statement came days after the new Pakistani military chief, Gen. Raheel Sharif, had made Lt. Gen. Rizwan Akhtar, a close ally the new head of the Inter-Services Intelligence agency. Akhtar had a reputation as a strong opponent of Islamist extremist forces and had led the paramilitary Sindh Rangers. He was to replace Lt. Gen. Zaheer ul-Islam, who had headed the ISI since 2012, and was a sign that the Army recognized at least some of the problems in the ISI.¹⁰²

There was at least some truth, however, in the charges made at roughly the same time by figures like Mohammad Umer Daudzai, the Afghan Minister of the Interior. He Stated that,

“We know they have not given up their dream of controlling Afghanistan...They want Afghanistan to be their satellite.” Afghanistan had lost some 2,000 soldiers and police in the previous year – roughly twice the total in the same period in 2013. Part came as a result of the US and ISAF withdrawal, but others were killed in the border area and Afghan intelligence officers felt that Pakistan’s ISI and Army had sent in Advisors and commandos to train and aid the Taliban and Haqqani fighters.¹⁰³

It was also clear from a wide range of media sources that the campaign that Pakistan started in the Waziristan area in June 2014 pushed both Pakistani and foreign fighters across the border – including Maulana Fazlullah, the commander of the Pakistani Taliban. While Pakistan accused Afghanistan of becoming a sanctuary for the Pakistani Taliban, Pakistani officers knew all too well that Afghan forces could not secure the border area.

Pakistani forces had not tried to secure the border, and had fired extensively into Afghanistan to push fighters out of Pakistan, while failing to do anything to limit the operations of Al Qaeda central in Pakistan, check the operations of the Haqqani network, or those of Mohammed Omar, the head of the Afghan Taliban.¹⁰⁴ Few US experts doubted that Ayman al-Zawahiri, the head of Al Qaeda central operated out of Pakistan, and he raised new questions about the Pakistani ties to al Qaeda when he announced a new Al Qaeda affiliate in India in September 2014.¹⁰⁵

Ashraf Ghani has taken a more positive approach to Pakistan. He visited Islamabad in mid-November 2014, after Pakistan’s acting foreign minister, army chief and the head of the ISI had visited Kabul to deliver “messages of support and cooperation.”¹⁰⁶ Both Afghanistan and Pakistan have since emphasized options for cooperation rather than tensions between them, although Ghani still made it clear at a November 26, 2014 meeting of South Asian leaders in Kathmandu that ““We will not permit anybody (India and Pakistan) to conduct proxy wars on our soil.”¹⁰⁷

Much will depend on an improvement in Pakistani and Afghan relations that ignores past disputes of the border and the Durand line, and focused on both countries real security needs. Once again, the horrifying Pakistani Taliban, or Tehreek-e-Taliban Pakistan (TTP), attack on a military school in Peshawar that killed 145 students may be a catalyst in achieving such a goal, along with Ghani’s pragmatism. As of the end of December 2014, however, it is far too early to tell.

Bribery Rather than True Alliance

Much will also depend on the size and nature of future US aid. Until recently, US aid to Pakistan has been seen in the US as a necessary bribe to keep overflight and land transit rights – now totaling a more than \$26 billion bribe. The US also recognizes that far too much of this aid has not gone to counter-insurgency and counter-terrorism forces, but has been used to build up Pakistani conventional warfare capabilities against India at a time when the steady increase in the nuclear armed missile forces on both sides, and steady increases in the number of Pakistani tactical nuclear weapons are sharply increasing the risks and costs of any future war.

As a Congressional Research Service report notes,¹⁰⁸

The Defense Department has characterized F-16 fighters, P-3C patrol aircraft, and anti-armor missiles as having significant anti-terrorism applications. The State Department has claimed that,

since 2005, FMF funds have been “solely for counterterrorism efforts, broadly defined.”⁵⁴ Such claims elicit skepticism from some observers, and analysts who emphasize the importance of strengthening the U.S.-India strategic partnership have called U.S. military aid to Pakistan incompatible with U.S. strategic goals in the region.

Moreover, U.S. officials are concerned that Pakistan has altered some conventional U.S.-supplied weapons in ways that could violate the Arms Export Control Act. Such alleged modifications include expanding the capability of both Harpoon anti-ship missiles and P-3C naval aircraft for land-attack missions. The Islamabad government categorically rejects the allegations.⁵⁵ Indian observers were unsurprised by the claims; New Delhi’s leaders continuously complain that Pakistan diverts most forms of U.S. defense assistance toward India. Some more suspicious analysts even see purpose in such a dynamic: a U.S. wish to maintain Pakistan’s viability as a regional balancer to Indian hegemony

The same report lists aid and EDA related arms transfers, plus Pakistani arms purchases, whose value in counterinsurgency and counterterrorism is questionable at best:¹⁰⁹

- Eight P-3C Orion maritime patrol aircraft and their refurbishment (valued at \$474 million; four delivered, but three of these were destroyed in a 2011 Islamist militant attack on Pakistan Naval Station Mehran);
- 2,007 TOW anti-armor missiles (\$186 million);
- Six AN/TPS-77 surveillance radars (\$100 million);
- Six C-130E transport aircraft and their refurbishment (\$76 million);
- the *USS McInerney*, an ex-Perry class missile frigate (via EDA, \$65 million for refurbishment, delivered and now the *PNS Alamgir*);
- Up to 60 Mid-Life Update kits for F-16A/B combat aircraft (valued at \$891 million, with \$477 million of this in FMF; Pakistan’s plans are to purchase 45 such kits, 8 have been delivered); and
- 115 M-109 self-propelled howitzers (\$87 million, with \$53 million in FMF).
- 18 new F-16C/D Block 52 combat aircraft (valued at \$1.43 billion);
- F-16 armaments including 500 AMRAAM air-to-air missiles; 1,450 2,000-pound bombs; 500 JDAM bomb tail kits for gravity bombs; and 1,600 Enhanced Paveway laser-guided bomb kits, also for gravity bombs (\$629 million);
- 100 Harpoon anti-ship missiles (\$298 million);
- 500 Sidewinder air-to-air missiles (\$95 million);
- six Phalanx Close-In Weapons System naval guns (\$80 million).
- 14 F-16A/B combat aircraft;
- 59 T-37 military trainer jets.

The US feels that significant portions of its aid have been wasted or effectively stolen by a government and military that rival Afghanistan in terms of corruption and a failure to meet the needs of its people. Once again, World Bank, IMF, and UN reporting raise deep concerns about the degree to which Pakistan is becoming a failed state.

Many US officials and experts privately see Pakistan as a nation whose politics have paralyzed effective action that still suffers from rising tensions with India, and has made little progress in the mix of economic and educational reforms that are critical to a stable future. There is a great deal of outside analysis that supports such conclusions. The key trends involved are summarized in a CSIS report called **Pakistan and Afghanistan:**

International Indicators of Progress
(http://csis.org/files/publication/140820_afghan_pakistan_indicators.pdf).

It is important to note, however, that Pakistan has considerable potential to make more effective use of aid. Pakistan is better off in many metrics of human development than India and Bangladesh, and far better off than Afghanistan, although the summary data on Domestic trends in Pakistan shown in **Figure 24** shows that it desperately needs economic growth, jobs, and social infrastructure, rather than arms.

It also is all too clear that even if US military aid was focused on Pakistan's need to fight terrorism and fully secure its FATA and other troubled areas, this could not bring stability or security. Security and stability can only come with fundamental improvements in governance and security. Transparency International ranks Pakistan as the 127th most corrupt country in the world, and **Figure 25** shows that the World Bank ranks it only marginally higher than Afghanistan in the overall quality of governance.

*Figure 24: Pakistan and the Human Development Challenge
– Part One*

Trends in Key Elements of Pakistan' HDI: 1980-2012

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2005 PPP\$)	HDI value
1980	57.9	3.6	1.8	1,320	0.337
1985	59.4	4.2	2.1	1,543	0.367
1990	60.7	4.4	2.3	1,689	0.383
1995	62	4.4	2.8	1,795	0.403
2000	63.1	4.4	3.3	1,826	0.419
2005	64.1	6.5	4.5	2,190	0.485
2010	65.2	7.3	4.9	2,505	0.512
2011	65.4	7.3	4.9	2,526	0.513
2012	65.7	7.3	4.9	2,566	0.515

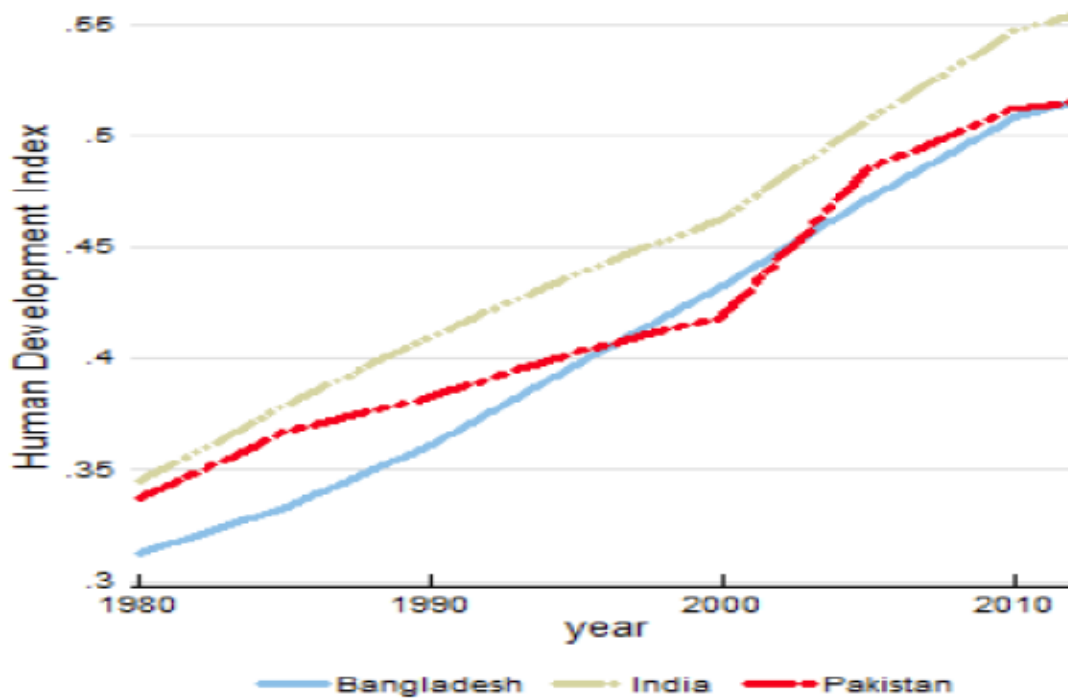
	Survey year	MPI value	Headcount (%)	Intensity of deprivation (%)	Population			Contribution to overall poverty of deprivations in		
					Vulnerable to poverty (%)	In severe poverty (%)	Below income poverty line (%)	Health	Education	Living Standards
Pakistan	2006/2007	0.264	49.4	53.4	11	27.4	21	37.9	30.8	31.2
India	2005/2006	0.283	53.7	52.7	16.4	28.6	32.7	35.7	21.8	42.5
Bangladesh	2007	0.292	57.8	50.4	21.2	26.2	43.3	34.5	18.7	46.8

Trends in Key Elements of Afghanistan's HDI: 1980-2012

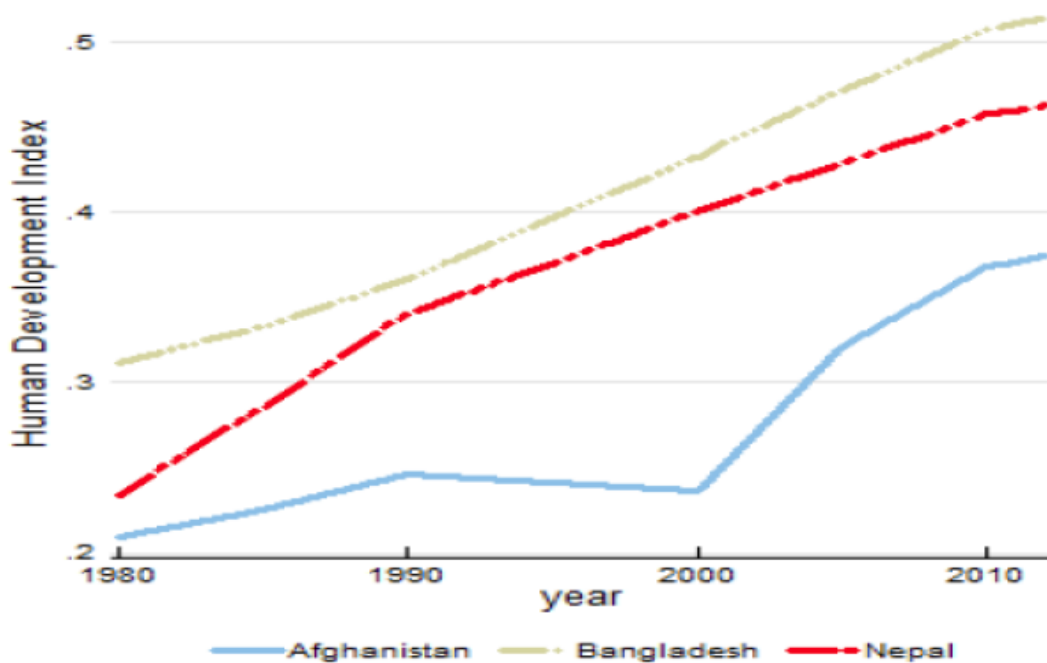
	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2005 PPP\$)	HDI value
1980	39.2	2.3	0.8	1,002	0.209
1985	40.8	1.7	1.2	1,271	0.225
1990	42.3	2.5	1.5	0,948	0.246
1995	43.8	2.5	1.8	0,589	0.241
2000	45.3	2.5	2.1	0,435	0.236
2005	46.6	6.6	2.5	0,730	0.322
2010	48.3	8.1	3.1	0,953	0.368
2011	48.7	8.1	3.1	0,979	0.371
2012	49.1	8.1	3.1	1,000	0.374

Source: UN Human Development Reports, <http://hdr.undp.org/sites/default/files/Country-Profiles/PAK.pdf>, and <http://hdr.undp.org/sites/default/files/Country-Profiles/AFG.pdf>.

Figure 25: Pakistan and the Human Development Challenge – Part Two
Trends in Pakistan' HDI 1980-2012



Trends in Afghanistan's HDI 1980-2012



Source: UN Human Development Reports, <http://hdr.undp.org/sites/default/files/Country-Profiles/PAK.pdf>, and <http://hdr.undp.org/sites/default/files/Country-Profiles/AFG.pdf>.

Figure 25: The World Bank Assessment of Pakistan: High Violence and Corruption; Poor Governance



Source: World Bank, <http://data.worldbank.org/data-catalog/worldwide-governance-indicators>.

Transition in Afghanistan Means Transition in Pakistan

Pakistanis often accuse the US of abandoning it when Pakistan is not critical to US interests. At the same time, their anger at the US is matched by more quiet US anger with Pakistan, and by a near total lack of real world US tolerance for Pakistani rhetoric about its role in counterterrorism, sacrifices, and the lack of continued US support. **Figure 26** shows a sharp decline in US aid is already taking place, and seems likely that US relations with Pakistan will be reduced to little more than diplomatic norms by the end of 2016.

While Pakistani and US relations improved in 2014, limited steps forward will not be enough. Without sustained shifts in Pakistan's effort to deal with both its own terrorists and Afghan insurgents, and real improvements in Pakistan's security cooperation with Afghanistan, the US will not see Pakistan as a real strategic partner. The US will also have steadily less reason to provide more than limited aid and proper diplomatic relations.

There is still serious US doubt that that Pakistan can become a meaningful partner in counterterrorism, that the US can really change Pakistani behavior in Afghanistan or dealing with terrorism, that US aid will be used where Pakistan really needs it, or that Pakistan will be a meaningful strategic partner in the future. Actions like Pakistan's offensive against its own Islamist extremists are not seen as any substitute for ISI and other efforts that have been a constant source of problems since 2002.

In spite of some reporting to the contrary, there also is little belief among senior US military planners that US ties to Pakistan affect the security of Pakistan's nuclear weapons, or that bases and forces in Afghanistan can play any role in the unlikely event that Islamist extremists somehow acquire control of some weapons.¹¹⁰ There is equally little belief that any form of US civil or military aid – or aid from any other power – will materially affect Pakistan's tensions with India, ties to China, or be decisive in limiting its decline towards becoming a failed state without far stronger political unity and effort than Pakistan has shown to date.

This does not mean the US will write off Pakistan, cancel all aid, give up on diplomatic efforts to bring an end to the India-Pakistan conflict, cease cooperation of some kinds in counterterrorism and military aid. At least for the next few years, the US will take account of the fact that Pakistan will continue to play an important role in shaping the success of Transition in Afghanistan given the critical role that Pakistan plays as a trade route, giving the United States and NATO air-sea-land access to Pakistan, and in providing a sanctuary to the Taliban and other Afghan rebels.

The acid test for the US will be whether Pakistan directly takes on the Afghan Taliban, the Haqqani Network, and the elements of Al Qaeda that still remain in Afghanistan, and establishes good relations with the new President and government of Afghanistan. Any major continued flow of US aid would also require Pakistan to seriously deal with its overall extremist and terrorist threats, and see its government actually make good on decades of promises regarding reform. The Sharif government may now be making a start in such efforts, but unless it proves to be serious, the US has no particular reason to help a Pakistan that will not help itself.

Figure 26: US Aid to Pakistan: FY2002 to FY2014

Direct Overt U.S. Aid and Military Reimbursements to Pakistan, FY2001-FY2012 (available funds via appropriations, with disbursements in parentheses, rounded to the nearest millions of dollars)

Program or Account	FY2002 -							FY2013	FY2002 -	
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	(est.)	FY2013 Total	FY2014 (req.)
I206	28	14	131	139	—	*	—	n/a	312	—
CN	32 (25)	49 (37)	54 (72)	47 ^d (25)	43 (n/a)	39 ^a (n/a)	1	n/a	265 (159)	*
FMF	971 (971)	297 (297)	298 (298)	300 (300)	294 ^b (83)	295 (148)	296	n/a	2,751 (2,097)	300
IMET	7 (7)	2 (2)	2 (2)	2 (2)	5 (5)	4 (0.4)	5	n/a	27 (18)	5
INCLE	224 (140)	24 (10)	22 (33)	88 ^e (35)	170 ^b (16)	114 (29)	75	n/a	717 (263)	74
NADR	33 (28)	10 (6)	10 (1)	13 ^e (5)	24 (3)	25 (14)	20	n/a	135 (57)	18
PCF/PCCF	—	—	—	400 (125)	700 (160)	800 (376)	452	n/a	2,352 (661)	0
Security Aid Total	1,295	396	517	989^e	1,236	1,277	849	n/a	6,559	397
CSH/GHCS	105 (43)	22 (25)	30 (18)	34 (31)	30 (21)	28 (19)	—	n/a	249 (157)	—
DA	161 (93)	95 (29)	30 (32)	—	— (45)	— (19)	—	n/a	286 (218)	—
ESF	1,639 ^c (1,419)	394 ^d (269)	347 (86)	1,114 (209)	1,292 ^b (672)	919 (658)	905	n/a	6,610 (3,313)	766
Food Aid ^f	133 (133)	—	50 (50)	55 (55)	124 (124)	51 (51)	96 (96)	63 (63)	572 (572)	—
HRDF	6	11 (1)	—	—	— (1)	— (1)	—	n/a	17 (3)	—
IDA	70 (53)	50 (9)	50 (6)	103 (27)	232 (245)	145 (127)	54 (54)	n/a	704 (521)	—
MRA/ERMA	38 (38)	4 (4)	— (10)	60 (61)	91 (49)	43 (45)	12 (12)	n/a	248 (219)	—
Economic Aid Total	2,152	576	507	1,366^e	1,769	1,186	1,067	63	8,686	766
CSF ^g	4,947	731	1,019	685 ^a	1,499	1,118	688	n/a	10,687	
Grand Total	8,394	1,703	2,043	3,040^e	4,504	3,581	2,604	63	25,932	1,163

Sources: Susan B. Epstein and K. Alan Kronstadt, *Pakistan: U.S. Foreign Assistance*, CRS R41856, July 1, 2013, and U.S. Departments of State, Defense, and Agriculture; U.S. Agency for International Development

VII. Regional Threats: Strategic Minimalism in Central Asia

Central Asia has not presented a threat to US interests or the security and stability of Afghanistan, but the US withdrawal from Afghanistan, and competing US strategic interests in other areas, do call for strategic triage.

US forces have effectively left Central Asia, but the US has not announced a strategy to deal with Central Asia in the future and adjust to the growing tension with Russia that has resulted from its invasion of the Ukraine. The war in Afghanistan no longer requires the US to seek basing and transit rights through Central Asia, and the days in which the Central Asian “front-line” states provided easy over-flight support and Kyrgyzstan, Tajikistan, and Uzbekistan hosted coalition forces, provided airbase facilities, and, Kazakhstan and Uzbekistan supported military action in Iraq are long over.

Uzbekistan ended U.S. basing rights to support operations in Afghanistan in 2005 after United States criticized the government for killing civilians and Kyrgyzstan notified the US it would not extend its basing agreement and use of the “Manas Transit Center” after mid-2014 and move operations to other locations in June 2013. The US and its allies have no clear need for the Northern Distribution to move supplies into and out of Afghanistan after the end of 2014.¹¹¹

As for US strategic and economic interests in Central Asia, the near vacuum in current US strategic statements seems to reflect the fact that in spite of all its usual diplomatic activity and rhetoric, the US increasingly sees Central Asia as of marginal interest to the US. The US will not maintain a military presence in Central Asia, and limited interest in regional trade. It has even less to gain in the real world from US investment in pipelines and mines, developing the region’s natural resources, or from encouraging the now largely discredited myth of a “New Silk Road.”

Making Central Asia a Routine US Diplomatic Interest

The recent and current levels of US aid to Central Asia are shown in **Figure 27**. They seem to approach the practical limit of what aid may do to serve US interests, if not exceed them.

Figure 27: U.S. Foreign Assistance to Central Asia, FY1992 to FY2015

(millions of current dollars)

Central Asian Country	FY1992 thru FY2010 Budgeted ^a	FY2011 Actual ^b	FY2012 Actual ^b	FY2013 Actual ^b	FY2014 Estimate ^b	FY2015 Request ^b
Kazakhstan	2,050.4	17.57	19.29	12.526	9.761	8.347
Kyrgyzstan	1,221.71	41.36	47.4	47.11	45.287	40.05
Tajikistan	988.57	44.48	45.09	37.47	34.479	26.89
Turkmenistan	351.55	11.01	9.2	5.468	5.473	4.85
Uzbekistan	971.36	11.34	16.73	11.378	11.278	9.79
Regional	130.44	23.15	8.22	17.105	25.928	23.8
Total	5,714.03	148.91	145.92	131.057	132.206	113.727
As a percentage of aid to Eurasia	14%	26%	34%	37%	40%	54%

Sources: State Department, Office of the Coordinator of U.S. Assistance to Europe and Eurasia; State Department, *Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs for FY2015*, March 4, 2014 (Account Tables added March 21, 2014).

- Includes funds from the Aid for Europe, Eurasia, and Central Asia (AEECA) account and Agency budgets. Excludes some classified coalition support funding.
- Includes funds from the Aid for Europe, Eurasia, and Central Asia account (AEECA) and other "Function 150" programs through FY2012; since FY2013, aid to Central Asia has been included in the Economic Support Fund and other "Function 150" programs. Does not include Defense or Energy Department funds or funding for exchanges. Country totals for FY2013-FY2015 do not include NADR, which is not broken out in the account tables cited above.

Source: Jim Nichol, "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service, RL33458, March 21, 2014, p. 76.

Unstable and Unpleasant Regimes

The US now has little incentive to tie itself closely to any current Central Asian government. **Figure 28** shows, the authoritarian character of the regimes in all of the Central Asian states, and this and their internal tensions make relations with existing regimes uncertain at best. The US should continue to make human rights an issue in each country, and an important aspect of its annual State Department Country Reports on Human Rights, but it is all too clear that deeper US involvement and more US aid will not make any Central Asia regime give human rights a new precedence over its perceived desire to maintain itself in power, or move that state towards added stability.

Figure 28: The Uncertain Regimes of Central Asia

State Department Country Reports on Human Rights for 2013, summarized by Jim Nichol of the US Congressional Research Service

- *Kazakhstan*: the president and his Nur Otan Party dominated the political system. Significant human rights problems included severe limits on citizens' rights to change their government and restrictions on freedom of speech, press, assembly, religion, and association. There was lack of due process in dealing with abuses by law enforcement and judicial officials. Other reported abuses included: arbitrary or unlawful killings; detainee and prisoner torture and other abuse; arbitrary arrest and detention; prohibitive political party registration requirements; restrictions on the activities of NGOs; sex and labor trafficking; and child labor. Corruption was widespread, although the government took modest steps to prosecute some officials who committed abuses.
- *Kyrgyzstan*: the constitution established a parliamentary form of government intended to limit presidential power and enhance the role of parliament and the prime minister. Some security forces appeared at times to operate independently of civilian control in the South and committed human rights abuses. Significant human rights problems included abuses related to continued ethnic tensions in the South; denial of due process and lack of accountability in judicial and law enforcement proceedings; law enforcement officials' use of arbitrary arrest; and various forms of mistreatment, torture, and extortion against all demographic groups, particularly against ethnic Uzbeks. The following additional human rights problems existed: harassment of NGOs, activists, and journalists; pressure on independent media; restrictions on religious freedom; pervasive corruption; discrimination and violence against ethnic and religious minorities; child abuse; trafficking in persons; and child labor. The central government allowed security forces to act arbitrarily, emboldening law enforcement officials to prey on vulnerable citizens, and allowing mobs to disrupt trials by attacking defendants, attorneys, witnesses, and judges.
- *Tajikistan*: an authoritarian president and his supporters, drawn mainly from one region of the country, dominated the political system. The government obstructed political pluralism. Security forces reported to civilian authorities. Significant human rights problems included torture and abuse of detainees and other persons by security forces; repression of political activism and the repeated blockage of several independent news and social networking websites; and poor religious freedom conditions. Other human rights problems included arbitrary arrest; denial of the right to a fair trial; corruption; and trafficking in persons, including sex and labor trafficking. Officials in the security services and elsewhere in the government acted with impunity. There were very few prosecutions of government officials for human rights abuses.
- *Turkmenistan*: an authoritarian president and his Democratic Party controlled the government. Significant human rights problems included arbitrary arrest; torture; and disregard for civil liberties, including restrictions on freedoms of speech, press, assembly, and movement. Other continuing human rights problems included citizens' inability to change their government; interference in the practice of religion; denial of due process and fair trial; arbitrary interference with privacy, home, and correspondence; and trafficking in persons. Officials in the security services and elsewhere in the government acted with impunity. There were no reported prosecutions of government officials for human rights abuses.
- *In Uzbekistan*: the authoritarian president dominated political life and exercised nearly complete control over the other branches of government. Significant human rights problems included torture and abuse of detainees by security forces; denial of due process and fair trial; and widespread restrictions on religious freedom, including harassment of religious minority group members and continued imprisonment of believers of all faiths. Other continuing human rights problems included: incommunicado and prolonged detention; arbitrary arrest and detention; restrictions on freedom of speech, press, assembly, and association; governmental restrictions on civil society activity; restrictions on freedom of movement; and government-organized forced labor. Authorities subjected human rights activists, journalists, and others who criticized the government, as well as their family members, to harassment, arbitrary arrest, and politically motivated prosecution and detention. Government officials frequently engaged in corrupt practices with impunity.

CIA World Factbook

- *Kazakhstan*: authoritarian presidential rule, with little power outside the executive branch... Non-Muslim ethnic minorities departed Kazakhstan in large numbers from the mid-1990s through the mid-2000s and a national program has repatriated about a million ethnic Kazakhs back to Kazakhstan. These trends have allowed Kazakhs to become the titular majority again. This dramatic demographic shift has also undermined the previous religious diversity and made the country more than 70 percent Muslim. Kazakhstan's economy is larger than those of all the other Central Asian states largely due to the country's vast natural resources. Current issues include: developing a cohesive national identity; managing Islamic revivalism; expanding the development of the country's vast energy resources and exporting them to world markets; diversifying the economy outside the oil, gas, and mining sectors; enhancing Kazakhstan's economic competitiveness; developing a multiparty parliament and advancing political and social reform; and strengthening relations with neighboring states and other foreign powers.
- *Kyrgyzstan*: Kyrgyzstan became a Soviet republic in 1936 and achieved independence in 1991 when the USSR dissolved. Nationwide demonstrations in the spring of 2005 resulted in the ouster of President Askar Akaev, who had run the country since 1990. Former prime minister Kurmanbek Bakiev overwhelmingly won the presidential election in the summer of 2005. Over the next few years, he manipulated the parliament to accrue new powers for the presidency. In July 2009, after months of harassment against his opponents and media critics, Bakiev won re-election in a presidential campaign that the international community deemed flawed. In April 2010, violent protests in Bishkek led to the collapse of the Bakiev regime and his eventual fleeing to Minsk, Belarus. His successor, Roza Otunbaeva, served as transitional president until Almazbek Atambaev was inaugurated in December 2011, marking the first peaceful transfer of presidential power in independent Kyrgyzstan's history. Continuing concerns include: the trajectory of democratization, endemic corruption, poor interethnic relations, and terrorism..
- *Tajikistan*: Tajikistan became independent in 1991 following the breakup of the Soviet Union, and experienced a civil war between regional factions from 1992 to 1997. Tajikistan endured several domestic security incidents during 2010-12, including armed conflict between government forces and local strongmen in the Rasht Valley and between government forces and criminal groups in Gorno-Badakhshan Autonomous Oblast. The country remains the poorest in the former Soviet sphere. Tajikistan became a member of the World Trade Organization in March 2013. However, its economy continues to face major challenges, including dependence on remittances from Tajikistanis working in Russia, pervasive corruption, and the major role narco-trafficking plays in the country's informal economy with impunity. There were very few prosecutions of government officials for human rights abuses.
- *Turkmenistan*: defines itself as a secular democracy and a presidential republic; in actuality displays authoritarian presidential rule with power concentrated within the presidential administration... President for Life Saparmurat Nyyazow died in December 2006, and Turkmenistan held its first multi-candidate presidential election in February 2007. Gurbanguly Berdimuhamedow, a deputy cabinet chairman under Nyyazow, emerged as the country's new president; he was chosen as president again in February 2012, in an election that the OSCE said lacked the freedoms necessary to create a competitive environment.
- *Uzbekistan*: authoritarian presidential rule with little power outside the executive branch... Independent since 1991, the country has lessened its dependence on the cotton monoculture by diversifying agricultural production while developing its mineral and petroleum export capacity and increasing its manufacturing base. However, long serving septuagenarian President Islom Karimov, who rose through the ranks of the Soviet-era State Planning Committee (Gosplan), remains wedded to the concepts of a command economy, creating a challenging environment for foreign investment. Current concerns include post-Karimov.

Source: U.S. Department of State, *Country Reports on Human Rights Practices for 2013*, February 27, 2014; Jim Nichol, "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service, RL33458, March 21, 2014, pp. 40-41; CIA World Factbook, country

sections as listed, <https://www.cia.gov/library/publications/the-world-factbook/geos/kz.html>, accessed September 25, 2014,

Investment, Trade and Strategic Linkage: The Real Silk Road Doesn't Go Through Afghanistan or Serve UN Interests

The strategic geography of Central Asia is shown in **Figure 30**. Its key feature is that the Central Asian states are former FSU states caught in the middle between Russian and China, and whose key infrastructure is based on links to Russia and China, and growing trade to the north.

To the extent there is any new major link from Central Asia to the south, it consists of road and potential rail links that India is partially funding and that go from Iran's port of Chah Bahar to Mashhad in northeastern Iran, with links to Ashkabad and Mary in Turkmenistan, and potentially to Shindand and Herat in Afghanistan. These improved road links, and any rail links, seem likely to have only marginally increased impact on Afghanistan's economy and Central Asian independence from Russia even when *and if* they are completed.¹¹²

The US should encourage Central Asia cooperation with Afghanistan, but should not exaggerate the probable result or assume that any such efforts somehow will weaken Russian and Chinese influence in Central Asia. For example, Kazakhstan did announce that it would increase its support of Afghanistan in December 2014, but it had also formally recognized the referendum that annexed the Crimea to Russia in March 2014. It seems unlikely that Kazakhstan is going to choose the US over Russia in a crisis, and much more likely that it will focus on its own interests in its immediate region.

The US should also encourage Central Asia trade, pipelines, and other measures that would make such states less dependent on Russia, and potentially encourage cooperation between Pakistan and India in securing such pipelines. The US has no reason, however, to offer any investment incentives or guarantees to US or any other firms in supporting such efforts, and the timescales and political tensions that affect the real-world creation of such pipelines make any arguments about ending or containing Iran's nuclear weapons efforts moot.

US trade and investment may grow as a result of natural market forces, but scarcely seem likely to achieve the kind of volume that will give the US major strategic leverage. The occasional efforts of Central Asia states to use the US and play it off against Russia seem unlikely to give the US any serious strategic leverage in either the region or in dealing with Russia, and the US needs to focus its tensions with Russia on resolving the Ukraine crisis, and securing the Baltic States, Poland, and other members of NATO. The US role in Central Asia is more likely to be a strategic irritant to Russia in an area of the "near abroad" of marginal practical interest to the US that will play out negatively in other more important areas.

As for the US trade volume shown in **Figure 29**, it justifies normal US diplomatic support, but scarcely any subsidies, guarantees, or special strategic emphasis.

Figure 29: US Imports and Exports from Central Asia in 2013

(Millions of Current Dollars)

County	U.S. Imports from	Main Categories of U.S. Imports	U.S. Exports to	Main Categories of U.S. Exports	Total Turnover
Kazakhstan	1,390.4	petroleum refinery products, iron & steel, inorganic chemicals	1,095.7	civilian aircraft, railroad rolling stock, other engine equipment, poultry	2,486.1
Kyrgyzstan	3.5	paper, textiles, fish, coffee, liquor	106.1	automobiles, poultry	109.6
Tajikistan	0.7	measuring devices, dried food	52.6	poultry, communications equipment, civilian aircraft	53.3
Turkmenistan	31.1	agricultural products, linens, fabrics, petroleum refinery products	260.8	poultry, industrial valves, oil & gas field machinery, turbines, air & gas compressors, civilian aircraft	291.9
Uzbekistan	26.6	inorganic chemicals, spices, dried foods	320.9	poultry, petroleum refinery products, pharmaceuticals, turbines, air & gas compressors, industrial furnaces, civilian aircraft	347.5

Source: U.S. Department of Commerce, U.S. International Trade Data; Jim Nichol, "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service, RL33458, March 21, 2014, p. 44.

The reality is that Afghanistan and Pakistan are not going to be critical trade partners with Central Asia states, and the volume of Afghan trade with Central Asia will only have a limited impact in aiding Afghan development and stability. The central focus of trade and transit is not a new Silk Road based on rail or road transit through Afghanistan. It will be trade and transit from Central Asia to Russia and China with steadily improving links to the north of Afghanistan.

Minimal Strategic and Security Interests

It is also unclear what the US can gain by playing off Central Asian states against Russia and China. Simply adding to the tension that already exists does not serve any clear purpose, and letting Central Asia remain a growing Russian and Chinese sphere of influence might actually ease tension in any areas where the US has no reason to become deeply involved.

Russian efforts to recreate a Soviet bloc level of economic and political influence seem tenuous at best, and China is a natural competitor for economic influence. Organization like the Shanghai Cooperation Organization may help produce stability and development, but seem unlikely to create some firm bloc that will threaten US interests.

The US does have an incentive to offer low-level cooperation in counterterrorism and in helping Turkmenistan, Uzbekistan, and Kyrgyzstan work with Afghanistan, but it scarcely seems to have a reasons to provide them with serious aid to meet their own strategic needs, and it is far from clear that any amount of aid or US strategic involvement will have a material impact on how they treat developments in Afghanistan after Transition occurs at the end of 2014.

In practical terms, the US should see Central Asia as a region with uncertain authoritarian leaders and that is primarily of interest to China and Russia. It can virtually count on Russia and China to intervene in dealing with extremism and terrorism, to compete to some extent in terms of trade and influence, and have each state in the region try to play Russia, China, and other states off against each other in an effort to serve its own interests.

Once again, it is important to stress that this kind of strategic triage does not mean the US should write off the region, or fail to encourage development and democracy. It does mean that Central Asia should be treated as a region where a limited US role seems suitable and where the US can best serve its interests by shifting as much of the strategic burden as possible to other states and the Shanghai Cooperation Organization.

Figure 30: The Strategic Geography of Central Asia



Source: Jim Nichol, "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service, RL33458, March 21, 2014, p. 78.

VIII. Regional Threats: The Real US Strategic Interest in India

The US has a strong strategic interest in India's emergence as a successful and major part of the world's economy, and as a strong and secure voice for democracy in Asia. It shares a common interest in fighting terrorism and religious extremism, and in India's security. India is also a potential counterweight to China, and an increasingly important player in a multipolar world.

At the same time, the US has no strategic interest in tilting towards India at the expense of Pakistan, and should not give up on diplomatic efforts to bring an end to the India-Pakistan conflict. It is important to note, however, that years of past efforts, and attempts to create some kind of broad regional security negotiations, have had no more success than the repeated direct negotiating efforts between the two countries.

As **Figure 31** and **Figure 32** show, the India-Pakistan arms race continues, and so does the destabilizing impact of having both nations deploy more nuclear weapons and nuclear-armed missiles. Their competition for influence in Afghanistan also remains yet another divisive and disruptive aspect of an already uncertain Transition.

Limiting the US Role in Easing India-Pakistani Tensions and the Role in Afghanistan

It is one thing to encourage peace and another to commit major diplomatic resources with there is little practical chance such US efforts will achieve it. The US should only make peace efforts a major US diplomatic effort *if* (a.) India and Pakistan reach a point of confrontation where giving such action such priority becomes vital in spite of the chances of success, or if events should create a major new opportunity in which to act, and one where the US can do so while avoiding any serious strategic risks or military involvement in the tensions between the two states.

For all of the reasons discussed earlier, the US is also unlikely to be able to play more than a largely diplomatic role in limiting the continuing Indian and Pakistani struggle for influence in Afghanistan if this accelerates after 2014. The US expects Afghanistan's neighbors to take a more active role, and sometimes to compete with each other and the government in Kabul.

It is not surprising, therefore, that the US has moved a long way in real world terms from the statement Secretary of State Hillary Clinton and Minister of External Affairs S.M. Krishna issued at the U.S.-India Strategic Dialogue in June 2012,¹¹³

The two leaders stressed the importance of sustained international commitment to Afghanistan as it assumes full responsibility for governance, development and security. They intend to explore opportunities to work together to promote Afghanistan's development, including in areas such as agriculture, mining, energy, capacity building and infrastructure. Noting the importance of women's economic empowerment for Afghanistan's economic success, they plan to work to further increase their ongoing vocational training and empowerment initiatives.

To support their efforts in Afghanistan, they agreed to hold a trilateral dialogue with the Government of Afghanistan. They welcomed the announcement at the 2012 NATO Summit in Chicago of progress in the security transition process and the participants' commitment to supporting Afghanistan's security and development needs into the "transformation decade" (2015-2024). The

two leaders discussed the vision for enhanced regional connectivity through South and Central Asia. They reiterated the importance of taking concrete steps to promote expanded private investment and trade in Afghanistan.

They acknowledged the critical importance of improving Afghanistan's integration and linkages within the South and Central Asia region . . . They acknowledged that success in Afghanistan requires, in addition to building up Afghanistan's capacity to defend itself, an Afghan-led and Afghan-owned reconciliation process. They reiterated that success in Afghanistan and regional and global security require elimination of safe havens and infrastructure for terrorism and violent extremism in Afghanistan and Pakistan.

The US also has many higher priorities than India-Pakistani relations or their role in Afghanistan. It will support efforts at "regional solutions" and development in the abstract, but do little above the level of working diplomacy unless the chance of real progress is far greater than it seems today. It will be more than happy to leave "bright ideas" that do not have such support in the inbox of conference building measures and diplomatic indifference.

Focusing on the Real US Strategic Interest

The key US strategic interest in India that remains is the possibility that India may emerge as a major counterweight to China, and that its increasing air and sea power in the Indian Ocean will help stabilize and secure maritime and air traffic throughout the Indian Ocean Region. Some US policymakers hope for a close strategic and military relationship to achieve this, but the history of such efforts to date indicates that India will pursue its own strategic interests in ways that may help bring broader stability in Asia but will not make the US a direct strategic partner in dealing with China or other regional security issues.

If one looks beyond the issue of the war in Afghanistan, this indicates the US should be careful about the extent to which it should try to form a direct and meaningful strategic partnership with India. While former US Secretary of Defense Leon Panetta may have described it as a "linchpin" of US strategy in Asia in 2012, India has so far seemed more determined to treat the US as one more country that can sometimes serve India's interests than as a partner.¹¹⁴

A report by the US Congressional Research Service puts the issue as follows:¹¹⁵

...although considerable enthusiasm for deepened security engagement is found in both capitals—and not least in the U.S. Congress—there is also a persistent sense that this aspect of the bilateral relationship lacks purpose and focus. Some observers argue that the potential of the relationship has been oversold, and that the benefits either hoped for or expected may not materialize in the near future. While Obama Administration officials variously contend that India is now or will be a net provider of security in its region, many independent analysts are skeptical that this aspiration can be realized, at least in the near-term.

Nongovernmental analyses of the course and pace of U.S.-India security relations are oftentimes incompatible or even conflicting in their assumptions and recommendations. Such incompatibility is frequently the result of the differing conclusions rooted in short-term versus long-term perspectives. The Obama Administration—along with numerous pro-India analysts in Washington—has tended to emphasize the anticipated benefits of long-term engagement as opposed to a short-term approach that seeks gains derived through more narrow transactions. This latter tack can have the effect of raising and then thwarting expectations in Washington, as was the case with the ultimate failure of U.S. defense firms to secure the multi-billion-dollar contracts to supply new combat aircraft to India. At the same time, frustrations among many in the United States have arisen

from the sense that India's enthusiasm for further deepening bilateral security cooperation is limited, and that New Delhi's reciprocity has been insufficient.

Looking ahead, there is widespread concurrence among many officials and analysts that the security relationship would benefit from undergirding ambitious rhetoric with more concrete action in areas of mutual agreement. In their view, defining which actions will provide meaningful gains, even on a modest scale, appears to be the central task facing U.S. and Indian policy makers in coming years.

A Good Strategic Ally Does not Necessarily Make a Good Military Partner

Indian forces and arms imports do not yet reflect major ties to the US in spite of considerable US efforts to sell such arms and strengthen US and Indian military ties. US estimates indicate that India ranked second in the world new arms transfer agreements during 2008-2011, with \$21.3 billion (in current dollars), or 10.3% of the value of all developing-world arms-transfer agreements. Many came from Russia, although a report by the Congressional Research Service notes that.¹¹⁶

India, while the principal Russian arms customer, during recent years has sought to diversify its weapons supplier base, purchasing the Phalcon early warning defense system aircraft in 2004 from Israel and numerous items from France in 2005, in particular six Scorpene diesel attack submarines. In 2008 India purchased six C130J cargo aircraft from the United States. In 2010, the United Kingdom sold India 57 Hawk jet trainers for \$1 billion. In 2010 Italy also sold India 12 AW101 helicopters. In 2011, France secured a \$2.4 billion contract with India to upgrade 51 of its Mirage-2000 combat fighters, and the United States agreed to sell India 10 C-17 Globemaster III aircraft for \$4.1 billion. This pattern of Indian arms purchases indicates that Russia will likely face strong new competition from other major weapons suppliers for the India arms market, and it can no longer be assured that India will consistently purchase its major combat systems. Indeed, India in 2011 had eliminated Russia and the US from the international competition to supply a new-generation combat fighter aircraft, a competition won by France.

A 2014 estimate by the Stockholm International Peace Research Institute (SIPRI) indicated that India was spending some \$11 billion a year on arms and had some \$39 billion in outstanding arms orders. It also estimated that Russia had provided 79% of India's arms imports during 2008-2012, Britain had provided 6%, Uzbekistan had provided 6%, Israel 4% and the US only 2% -- although SIPRI also felt that India wanted to reduce its future dependence on imports from Russia.¹¹⁷

India's current order of battle reflects this lack of dependence on the US. The CRS estimates that:¹¹⁸

- The Indian army, comprised of 1.13 million active duty personnel, operates some 3,300 main battle tanks (the vast majority of them Russian-built T-72s and outdated T-55s, but also including at least 444 modern T-90s, along with 124 indigenously designed *Arjuns*); 3,000 towed artillery tubes; 1,500 armored infantry fighting vehicles; and 232 multirole helicopters.
- The Indian air force (IAF) flies 798 combat-capable aircraft. Of these, 698 are ground attack jets, more than one-third of which are deteriorating Russian-built MiG-21s, but also including 153 late-model Su-30 MKI *Flankers*, as well as 52 French-built *Mirage* and 106 Anglo-French *Jaguar* aircraft (the MiG-21s are to be phased out by 2017). The 64-plane fighter fleet is entirely MiG-29 *Fulcrums*. The IAF also possesses modest airborne early warning (AEW) and in-flight refueling capabilities, the latter provided by six Russian-made Il-78 *Midas* tankers. Russian-built Il-76 platforms have been fitted with advanced Israeli-supplied suites to provide three *Phalcon* airborne AEW planes.

- India's navy has grown rapidly in recent years, currently operating 21 principal surface combatants (1 aircraft carrier, 10 guided-missile destroyers, 10 missile frigates) and 15 tactical submarines, one of which is a nuclear-powered acquisition from the Russian Navy. There are more than 60 patrol and coastal combatants, nearly half of them missile-capable corvettes (the coast guard operates another 63 smaller patrol boats). The IN also has a significant amphibious capacity: 17 landing ships (the largest acquisition from the U.S. Navy) can carry 4,000 troops or 88 tanks. The navy is developing an indigenous nuclear-powered attack submarine (INS *Arihant*) to be armed with nuclear-tipped cruise missiles, as part of its "sea-based strategic deterrence.

The same CRS analysis shows that India's major arms import agreements had little US content as of 2013.¹¹⁹ More recent work by SIPRI, IHS Jane's, and the 2014 edition of the IISS *Military Balance* all indicate that this remains the case. The US also needs to be careful about arms transfers to India for the same reason it needs to be careful about arms transfers to Pakistan. It does not want to be seen as either taking sides or exacerbating the arms race between the two states, or become caught in the middle politically and strategically between two powers whose political efforts at accommodation are offset by a steady rise in their nuclear forces.

Moreover, India's long history of seeking outside aid in creating what is probably the least competent and most wasteful defense industry per dollar in the world, and in playing off one arms supplier against another, is not a game the US has great incentive to play. The US needs to be very careful about arms deals with India, and to avoid deals that do more to profit India's defense industry than India's security.¹²⁰

Finally, it is one thing for the US to encourage India's rise as a counterweight to China in a multipolar world, and another to create links that China may see as a conspiracy to contain it and reason for confrontation with the US, and India may see as some form of US commitment to supporting it in boundary claims and other India disputes with China.

Figure 31: The India-Pakistan-China Conventional Balance

		China	India	Pakistan
Number of Troops	Army	1,600,000	1,129,900	550,000
	Navy/ Marine	235,000	58,350	23,800
	Air Force	398,000	127,200	70,000
	Reserves	510,000	1,155,000	
	Strat Missile Forces	100,000		
	Paramilitary	660,000	1,403,700	304,000
	Total Troops:	3,503,000	3,874,150	947,800
Army	MBT	6,840	2,874	2,501
	LT TK/ RECCE	1,023	110	
	APC	4,502	336	1,390
	AIFV	3,450	1,455	
	Artillery	13,054	9,702	4,472
	Total Land Forces:	28,869	14,477	8,363
Navy & Coast Guard	Amphibious	240	40	4
	Aircraft Carrier	1	1	
	Mine Warfare/ Countermeasures	53	8	3
	Patrol and Coastal Combatants	216	84	33
	Principle Surface Combatants	69	24	12
	Submarines	70	14	8
	Support	212	55	14
	Total Naval Forces	861	226	74
Air Force, Navy & Army Aviation	Fighter	890	78	199
	Bomber	120		
	Fighter/Grnd Attack	759	748	174
	Transport	393	278	37
	Training	1,056	281	143
	Support Helicopters	71	105	63
	ISR	51	11	40
	Total Air Forces:	3,340	1,501	656

Source: Adapted From IISS, *The Military Balance, 2014*, Chapter Six: Asia.

Figure 32: The India-Pakistan Nuclear Delivery System Balance

India	Pakistan
Combat Missile Units	Strategic 60
1 gp with <i>Agni I</i>	MRBM ε 30 <i>Ghauri/Ghauri II (Hatf-5)/Shaheen-2; (Hatf-6- in test)</i>
1 gp with <i>Agni II</i>	SRBM ε 30 <i>Ghaznavi (Hatf-3 - PRC M-11)/Shaheen-1(Hatf-4);</i>
1 gp (reported forming) with <i>Agni III</i>	LACM Babur (Hatf-7 - in development);
2 gp with SS-150/250 <i>Prithvi I/II</i>	Ra'ad (<i>Hatf-8- in development</i>)
Missile Strength	ARTY • MRL Nasr (Hatf-9 - likely nuclear capable in development)
Strategic: 54	Aircraft
IRBM/ICBM: Agni V (in test)	1-2 sqn of F-16A/B or <i>Mirage 5</i> may be assigned a nuclear strike role
IRBM: 24+; ε 12 Agni I (80–100 msl);	Space
12 <i>Agni II</i> (20–25 msl); some <i>Agni III</i> (entering service);	Satellites ISR 3: 1 Cartosat 2A; 2 RISAT
<i>Agni IV</i> (in test)	Aircraft
SRBM 30+; ε 30 SS-150 Prithvi I/SS-250 Prithvi II;	<i>Mirage 2000H</i> or Su- 30MKI) may be tasked with a strategic role in development)
Some SS-350 <i>Dhanush</i> (naval testbed)	
LACM Nirbhay (likely nuclear capable);	

Source: Adapted From IISS, *The Military Balance, 2014*, Chapter Six: Asia.

The Need to Focus on Other Aspects of US Relations with India

There is a case to be made for close diplomatic US relations with India, close cooperation in counterterrorism in fighting extremism, US efforts to help India emerge as a modern economic power, and for maintaining what has become a regular US and Indian Strategic Dialogue.

President Obama provided a more realistic focus for US relations with India in a speech to a Joint Session of Indian Parliament in 2010, and one that focused far more on common interests than strategic partnership – although he could not resist such a reference:¹²¹

...India is not the only emerging power in the world. But the relationship between our countries is unique. For we are two strong democracies whose constitutions begin with the same revolutionary words—“We the people.” We are two great republics dedicated to the liberty and justice and equality of all people. And we are two free market economies where people have the freedom to pursue ideas and innovation that can change the world. And that’s why I believe that India and America are indispensable partners in meeting the challenges of our time

At the same time, there seems to be an equal case for avoiding policies that appear to try to create a formal alliance with India, particularly one that focuses India’s development as natural counterbalance to the emergence of China. It seems doubtful that the US can ever

create a strategic partnership with India as distinguished from being one more outside power that India seeks to exploit for its own strategic interests. It is also very possible that such efforts would increase tension between China and the US without increasing regional stability.

Much will depend in the near term, on how Narendra Modi and the Bharatiya Janata party approach Indian strategy in the future. Modi made it clear it he wanted better strategic relations during his May 2014 campaign, and for all the near silence on India in the 2014 QDR and the President's West Point speech, the US clearly sees India as a critical power in Asia and the Indian Ocean Region in ways that go far beyond its limited strategic interest in Afghanistan, Central Asia, and South Asia per se.

The US might do best by responding to Indian initiatives of the kind that Modi discussed in broad terms in his speech to the UN and visit to the US in September 2014, and in the statement he issued on the US and Indian strategic partnership.

Modi's speech at the UN stated that,¹²²

I am prepared to engage in a serious bilateral dialogue with Pakistan in a peaceful atmosphere, without the shadow of terrorism, to promote our friendship and cooperation. However, Pakistan must also take its responsibility seriously to create an appropriate environment. Raising issues in this forum is not the way to make progress towards resolving issues between our two countries. Instead, today, we should be thinking about the victims of floods in Jammu and Kashmir. In India, we have organized massive flood relief operations and have also offered assistance for Pakistan Occupied Kashmir.

The world is witnessing tensions and turmoil on a scale rarely seen in recent history. There are no major wars, but tensions and conflicts abound; and, there is absence of real peace and uncertainty about the future. An integrating Asia Pacific region is still concerned about maritime security that is fundamental to its future. Europe faces risk of new division. In West Asia, extremism and fault lines are growing. Our own region continues to face the destabilizing threat of terrorism. Africa faces the twin threat of rising terrorism and a health crisis. Terrorism is taking new shape and new name. No country, big or small, in the north or the south, east or west, is free from its threat. Are we really making concerted international efforts to fight these forces, or are we still hobbled by our politics, our divisions, our discrimination between countries. We welcome efforts to combat terrorism's resurgence in West Asia, which is affecting countries near and far. The effort should involve the support of all countries in the region. Today, even as seas, space and cyber space have become new instruments of prosperity, they could also become a new theatre of conflicts.

His statement on the US-Indian "Strategic Partnership" -- 'Chalein Saath Saath: Forward Together We Go' -- deserves even closer attention,¹²³

As leaders of two great democratic nations with diverse traditions and faiths, we share a vision for a partnership in which the United States and India work together, not just for the benefit of both our nations, but for the benefit of the world.

We have vastly different histories, but both our founders sought to guarantee freedoms that allow our citizens to determine their own destiny and pursue their personal aspirations. Our strategic partnership rests on our shared mission to provide equal opportunity for our people through democracy and freedom.

The currents of kinship and commerce, scholarship and science tie our countries together. They allow us to rise above differences by maintaining the long-term perspective. Every day, in myriad ways, our cooperation fortifies a relationship that matches the innumerable ties between our peoples, who have produced works of art and music, invented cutting-edge technology, and responded to crises across the globe.

Our strategic partnership is a joint endeavor for prosperity and peace. Through intense consultations, joint exercises, and shared technology, our security cooperation will make the region and the world safe and secure. Together, we will combat terrorist threats and keep our homelands and citizens safe from attacks, while we respond expeditiously to humanitarian disasters and crises. We will prevent the spread of weapons of mass destruction, and remain committed to reducing the salience of nuclear weapons, while promoting universal, verifiable, and non-discriminatory nuclear disarmament.

We will support an open and inclusive rules-based global order, in which India assumes greater multilateral responsibility, including in a reformed United Nations Security Council. At the United Nations and beyond, our close coordination will lead to a more secure and just world.

Climate change threatens both our countries, and we will join together to mitigate its impact and adapt to our changing environment. We will address the consequences of unchecked pollution through cooperation by our governments, science and academic communities. We will partner to ensure that both countries have affordable, clean, reliable, and diverse sources of energy, including through our efforts to bring American-origin nuclear power technologies to India.

We will ensure that economic growth in both countries brings better livelihoods and welfare for all of our people. Our citizens value education as a means to a better life, and our exchange of skills and knowledge will propel our countries forward. Even the poorest will share in the opportunities in both our countries.

Joint research and collaboration in every aspect—ranging from particles of creation to outer space -- will produce boundless innovation and high technology collaboration that changes our lives. Open markets, fair and transparent practices will allow trade in goods and services to flourish.

Our people will be healthier as we jointly counter infectious diseases, eliminate maternal and child deaths, and work to eradicate poverty for all. And they will be safer as we ensure the fullest empowerment of women in a secure environment.

The United States and India commit to expand and deepen our strategic partnership in order to harness the inherent potential of our two democracies and the burgeoning ties between our people, economies, and businesses. Together we seek a reliable and enduring friendship that bolsters security and stability, contributes to the global economy, and advances peace and prosperity for our citizens and throughout the world.

We have a vision that the United States and India will have a transformative relationship as trusted partners in the 21st century. Our partnership will be a model for the rest of the world.

This is scarcely a call for military partnership. The US should not ignore India's critical role in establishing a broader balance of security in Asia, and the value of India's growing security ties to a US ally like Japan, and both countries set the right tone in dealing with security issues in the statement the White House issued after the two leaders met on September 30, 2014,¹²⁴

The Prime Minister and the President stated their intention to expand defense cooperation to bolster national, regional, and global security. The two leaders reaffirmed that India and the United States would build an enduring partnership in which both sides treat each other at the same level as their closest partners, including defense technology transfers, trade, research, co-production, and co-development.

To facilitate deeper defense cooperation, they welcomed the decision to renew for ten more years the 2005 Framework for the U.S.-India Defense Relationship and directed their defense teams to develop plans for more ambitious programs and activities. The two leaders also agreed to reinvigorate the Political-Military Dialogue and expand its role to serve as a wider dialogue on export licensing, defense cooperation and strategic cooperation.

The leaders welcomed the first meeting under the framework of the Defense Trade and Technology Initiative in September 2014 and endorsed its decision to establish a Task Force to expeditiously

evaluate and decide on unique projects and technologies which would have a transformative impact on bilateral defense relations and enhance India's defense industry and military capabilities.

The President and Prime Minister welcomed cooperation in the area of military education and training, and endorsed plans for the United States to cooperate with India's planned National Defence University. They also decided to expand military-to-military partnerships including expert exchanges, dialogues, and joint training and exercises. They also committed to enhancing exchanges of civilian and military intelligence and consultation.

The leaders agreed to intensify cooperation in maritime security to ensure freedom of navigation and unimpeded movement of lawful shipping and commercial activity, in accordance with accepted principles of international law. To achieve this objective, the two sides considered enhancing technology partnerships for India's Navy including assessing possible areas of technology cooperation. They also agreed to upgrade their existing bilateral exercise MALABAR.

The leaders reaffirmed their deep concern over the continued threat posed by terrorism, most recently highlighted by the dangers presented by the ISIL, and underlined the need for continued comprehensive global efforts to combat and defeat terrorism. The leaders stressed the need for joint and concerted efforts, including the dismantling of safe havens for terrorist and criminal networks, to disrupt all financial and tactical support for networks such as Al Qaeda, Lashkar-e Taiba, Jaish-e-Mohammad, the D-Company, and the Haqqanis. They reiterated their call for Pakistan to bring the perpetrators of the November 2008 terrorist attack in Mumbai to justice.

They pledged to enhance criminal law enforcement, security, and military information exchanges, and strengthen cooperation on extradition and mutual legal assistance. Through operational cooperation through their law enforcement agencies, they aimed to prevent the spread of counterfeit currency and inhibit the use of cyberspace by terrorists, criminals, and those who use the internet for unlawful purposes, and to facilitate investigation of criminal and terrorist activities. The leaders also committed to identify modalities to exchange terrorist watch lists. President Obama pledged to help India counter the threat of improvised explosive devices with information and technology. The leaders committed to pursue provision of U.S.-made mine-resistant ambush-protected vehicles to India.

The President and Prime Minister looked forward to easing travel between their two countries, as India introduces visa-on-arrival for U.S. citizens in 2015 and works toward meeting the requirements to make the United States' Global Entry Program available to Indian citizens.

There are reasons the two leaders issued a statement focused on climate change and other civil aspects of US and Indian relationships – and stressed this focus in an Op Ed that Obama and Modi placed in the *Washington Post* just after Modi's visit.¹²⁵ Strategic partnerships do not have to have an overt military focus, and sometimes work better if they define security in much broader terms and focus on other areas.

IX. Regional Threats: Iran, China, Russia, and Other External Powers

The US needs to be careful about extending its strategic tensions and problems with states outside Afghanistan, Central Asia, and South Asia into Afghanistan and the region. Iran has never confronted the US at more than the most marginal levels in Afghanistan, and the US has much to gain if Russia and China are forced to engage more deeply at the security and economic level in Afghanistan and deal with the broader threat of violent Islamic extremism. The interests of other states like Turkey do not conflict with US interests, and having bodies like the Shanghai Cooperation Council expand their role may help both Afghanistan and Pakistan.

The US does need to be careful, but Iran has so far played a stabilizing role in northwest Afghanistan, is a key route for grain and food shipment into Afghanistan, and has a strong interest in trying to stabilize western Afghanistan and counter its narco-trafficking. Unless US and Iranian tensions in the MENA region lead to Iranian actions that threaten Afghan stability, this may well be a case where both the US and Iran can benefit from acting in parallel at a time they cannot formally cooperate.

As has been noted earlier, the US has no clear strategic incentive to compete with Russia and China, and may well benefit if it makes it clear it is not attempting to use the region to contain them. Russia and China have an obvious interest in regional and Afghan stability, and China is the most likely nation to place major investments in Afghan mines if Afghanistan becomes more secure. Both countries are reluctant to expand their security and aid roles in Afghanistan, and have tended to try to put the focus on action by the “international community.”

The US withdrawal of most of its forces from Afghanistan also seems likely to force Russia and China to expand both their regional counter-terrorism role and their role in supporting Afghanistan to protect their own strategic interests – which are far more direct than those of the US. They also seem far more likely to try to expand their influence and role in states actually in the Indian Ocean than to try to create some kind of direct route south in seeking ports or other facilities – if indeed these should become a goal.

These are not trends that can be taken for granted, or where the interest of key state like Iran, China, and Russia may not change over time in ways that may change US priorities. At least for the present, however, the US seems to have more to gain from open or tacit cooperation than anticipating problems. It also seems probable that all three states – as well as other outside regional powers – will be natural competitors with each other in many ways, even though they will cooperate in others. At least in the near term the resulting checks and balances may again serve US interests – as well as those of Afghanistan and the other states in the region.

X. US Strategy: Conditions-Based Commitments or Limit the US Role in Afghanistan and the Region

The US now seems all too likely to fill the present strategic vacuum in its policies towards Afghanistan, Pakistan, and Central Asia by default. It will end most of its combat presence in the region by the end of 2014, and end virtually all of its military commitments in the region by the end of 2016. It will then focus on a set of limited strategic goals – using diplomacy and sharply cut levels of aid -- with the possible exception of encouraging India's emergence as a major regional power and counterweight to China.

Is Strategy by Default a Good Strategy?

There are good reasons to limit the US strategic role in the region. The US needs to use its resources far more carefully, it must apply strategic triage to its military commitments, and the region seems to offer limited opportunity and limited cost-benefits. As the current US involvement in Yemen and Iraq makes all too clear, the legacy of 9/11 has shifted to other threats in other areas and countries.

The case for minimal involvement seems strongest in Central Asia. Central Asia is a marginal US strategic interest at best, and one that may well be left to the internal competition between Central Asian states as well as the competition for influence and bring some form of stability and security between Russia, China, and its other neighbors. To paraphrase the US film "Wargames," the best way for the US to win any new Great Game in Central Asia is not to play it.

Pakistan is not an ally today, and may become steadily less useful or necessary as the US withdraws from Afghanistan. It is unclear what the US has to gain from more than correct diplomatic relations until –and if – Pakistan achieves effective political stability, focuses on its rising internal violence, creates meaningful reasons to provide military and economic aid, and shows it will secure its border with Afghanistan. If this happens, it would both strengthen the role US ties to Pakistan and significantly lower the cost of conditions-based support to Afghanistan. It should be stressed, however, that this is now only a possibility and the US should only act if it becomes a strong probability or a reality.

The US has reason to see India as a potential counterweight to China, but has not seen its past efforts to build closer strategic relations produce significant results or benefits. The US is also focusing on "rebalancing to Asia" on Pacific states, and less on the Indian Ocean. It is unclear that the US has a role to play beyond encouraging India military and economic development and better Indian and Pakistani relations – a role that is largely diplomatic. The best options lie in encouraging India to make the right choices on its own, and not in some dramatic US intervention.

The US also has little current reason to try to increase its direct military role in the region, and once needs to be careful about the seemingly unending calls from area experts for the US to play a major role in trying to shape regional cooperation or play a major role in ending the military tensions between India and Pakistan. While the US does want to see peaceful and stable relations between the two states, neither seems likely to make more progress because of outside efforts that each state will make on its own.

The US cannot intervene if there is another round of fighting, or use more than diplomacy to try to ease the region's nuclear and missile arms race.. The US also little reason to maintain a major role military or aid role in the region beyond its maritime and air presence in the Indian Ocean or to make major expenditures in military aid.

This form of strategic triage may not reflect the policy choices desired by US and European area specialists. Area experts and diplomats tend to focus on their own areas of interest. But if the US is to make different choices, they need to make a much better and more realistic case for different options. They also need to take full account of the challenges the US faces in strategic triage given Russian actions in the Ukraine, and challenges in the Middle East because of events in Iraq, Syria, Iran and other states.

The Afghan Dilemma

As the previous chapters make clear, however, there is an urgent need for an honest debate over the current US approach to Transition. It may ending in imposing a relatively a high cost in aid while enforcing deadlines and an approach to military support that poses unacceptable risks to Afghanistan's chances of success. The key practical issue is the cost benefits to the US in shifting to a more pragmatic and conditions-based approach to Afghanistan, and the case is unclear.

The Case for Conditions-Based Involvement

There is a case for more serious US involvement in Afghanistan. While the US is formally committed to maintaining a military presence in Afghanistan through 2016, the previous analysis warns that the currently planned US presence and aid effort is probably to be too small and too short to help Afghanistan through Transition. The same is true of the lack of clear plans to ensure the effective use of US military and civil aid present equal problems, as do the prospects for Afghan unity and ability to make the necessary reforms.

Current developments could strengthen the case for the US to stay longer. This would, however, require the new Afghan government to remain unified, and be far proactive in both reform and making Afghan forces effective. It would also require the government and aid to be successful in fundamental adjustments in the Afghan economy to far lower levels of outside spending, effective governance and economic planning, and progress in reform.

The issue of ethical and moral responsibility cannot be ignored. The previous analysis has shown that the US played a critical role in Afghanistan's present lack of readiness to deal with the security aspects of Transition, and that there are critical weaknesses in the US approach to Afghanistan and key uncertainties in what will actually happen in Afghanistan once US and allied combat forces are gone.

The Case Against Conditions-Based Involvement

At the same time, there is also a case for pursuing the current policy of rigid deadlines and US force withdrawals. Past military involvement is not a reason for future strategic commitments, and the world has already largely discounted the impact of US withdrawal from Afghanistan. The Taliban, Haqqani Network and other insurgents in Afghanistan and Pakistan do present security challenges, but – as the war against the Islamic State shows – so do many other movements whose challenges are now more immediate and serious.

Afghanistan and Pakistan are no longer *the* key centers of terrorist threats to the US. The US has already said it will not maintain bases in Afghanistan, and US planners have never seriously believed that a forward US presence could somehow effectively secure Pakistani nuclear weapons against internal upheavals in Afghanistan.

There also is little current US or allied public support for the war. As for the political cost of a “defeat” in Afghanistan, the world already effectively sees the US as having lost in Afghanistan and is far more concerned with US involved in Iraq and other regions. Ending the conflict will cost the US little and will free it to better pursue its interests in other areas.

Moreover, America’s European allies face the same challenges, and no one now seems to give much credence to the idea that Afghanistan is a critical test of NATO. Once NATO ministers have papered over NATO’s departure with suitable rhetoric and vague promises, it is increasingly unclear that that the last NATO country will even bother to shut the door on the way out.

It is also important to stress that the time window for shift to such a US effort is also becoming a problem, and seems unlikely to extend much beyond 2015. There is also the fact that all aspects of US policy towards the Afghan conflict should be tied to Afghan success in the field, and the success of the Afghan government. There is little reason for the US to pursue such an option unless the new Afghan government makes the necessary changes for such a policy to be successful. Afghans need be held accountable and promises cannot be treated as a substitute for performance.

Choosing Between the Options

Unfortunately, public relations spin, and strategic momentum have all combined to help make outside efforts to fully assess the marginal cost of shifting the US position impossible to determine in spite of all the Obama Administration’s talk about transparency. The US is still pursuing fixed force cuts at fixed time windows without having never publically examined the implications of such decision, having made public choices about strategic triage, or having announced meaningful public plans, cost-benefit analysis, risk assessment to justify its current policy choices.

A major shift towards a conditions-based US effort would require also far more leadership and transparency in dealing with the Congress and the American people than the US has shown in the past. It would also require the Obama Administration to be willing to make a fundamental shift in US plans and to provide adequate advisors and enablers for as long as it takes on a conditions-based timetable.

Given the past history of US warfighting, the unfortunate outcome may be that the US will pursue its present policies by default, or change them only when and if they conspicuously fail and there is some new political reason to try to salvage the cost of past mistakes.

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